

STRICTLY NOT TO BE FORWARDED TO ANY OTHER PERSONS

IMPORTANT: You must read the following before continuing. The following applies to the attached prospectus (the “**Prospectus**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Sofline Holding PLC (the “**Company**”) as a result of such access. The Prospectus has been prepared solely in connection with the proposed offering of the securities to certain institutional and professional investors as described herein. You acknowledge that this electronic transmission and the delivery of the Prospectus is confidential and intended only for you and you agree you will not copy, download, forward, reproduce (in whole or in part), disclose or publish the attached Prospectus (electronically or otherwise) to any other person. If you are not the intended recipient of this electronic transmission, please do not distribute or copy the information contained in this electronic transmission or the Prospectus, but instead delete and destroy all copies of this electronic transmission and the Prospectus.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS PROSPECTUS MAY ONLY BE DISTRIBUTED IN “OFFSHORE TRANSACTIONS” AS PERMITTED BY REGULATION S UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITHIN THE UNITED STATES TO QIBs (AS DEFINED BELOW) IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR IN ANY OTHER JURISDICTION, OTHER THAN THE UNITED KINGDOM, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “**QIB**”), OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

CANADIAN INVESTORS ARE ADVISED THAT THIS ELECTRONIC TRANSMISSION AND THE PROSPECTUS ATTACHED HERETO MAY ONLY BE TRANSMITTED IN THOSE JURISDICTIONS IN CANADA AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. THE PROSPECTUS ATTACHED HERETO IS NOT AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THE PROSPECTUS ATTACHED HERETO OR THE MERITS OF THE SECURITIES DESCRIBED THEREIN AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THE DISTRIBUTION OF THE SECURITIES CONTAINED IN THE PROSPECTUS ATTACHED HERETO IS BEING MADE ON A PRIVATE PLACEMENT BASIS ONLY AND IS EXEMPT FROM THE REQUIREMENT THAT THE COMPANY PREPARE AND FILE A PROSPECTUS WITH THE RELEVANT CANADIAN SECURITIES REGULATORY AUTHORITIES.

For persons in member states of the European Economic Area (the “**EEA**”) (each a “**Relevant State**”), this Prospectus and the offering when made are only addressed to, and directed at, persons who are “qualified investors” within the meaning of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) (“**Qualified Investors**”). In any Relevant State, the attached Prospectus is directed only at Qualified Investors and must not be acted on or relied on by persons who are not Qualified Investors. Any investment or investment activity to which the attached Prospectus relates is available in any Relevant State only to Qualified Investors, and will be engaged in only with such persons.

For persons in the United Kingdom, this Prospectus and the offering when made are only addressed to, and directed at, persons who are “qualified investors” within the meaning of the Prospectus Regulation, as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”) (the “U.K. Prospectus Regulation”) who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); (ii) fall within Article 49(2)(a) to (d) of the Order; or (iii) are otherwise persons to whom it may otherwise lawfully be communicated (all such persons being referred to as “Relevant Persons”). In the United Kingdom, the attached Prospectus is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the attached Prospectus relates is available in the United Kingdom only to Relevant Persons, and will be engaged in only with such persons.

Confirmation of Your Representation: By accepting electronic delivery of this Prospectus, you are deemed to have represented to Credit Suisse Bank (Europe) S.A., J.P. Morgan AG, VTB Capital plc, Alfa Capital Markets Ltd, Bank GPB International S.A., Citigroup Global Markets Limited and Sberbank CIB (UK) Limited (the “Managers”) and the Company and Softline Group Inc., Da Vinci Private Equity Fund II L.P., Investment Partnership Da Vinci Pre-IPO Fund and Zubr Capital Fund I LP (the “Over-allotment Shareholders”) that (i) you are acting on behalf of, or you are either (a) an institutional investor outside the United States (as defined in Regulation S under the Securities Act, or (b) in the United States and a QIB that is acquiring securities for your own account or for the account of another QIB; (ii) if you are in the United Kingdom, you are a Relevant Person; (iii) if you are in a Relevant State, you are a Qualified Investor; (iv) the securities acquired by you in the offering have not been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may constitute or give rise to an offer of any securities to the public other than their offer or resale in any Relevant State to Qualified Investors; and (v) if you are outside the US, the United Kingdom and EEA (and the electronic mail addresses that you gave us and to which this Prospectus has been delivered are not located in such jurisdictions) you are a person into whose possession this Prospectus may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

For investors resident in British Columbia, Alberta, Manitoba, Ontario, Quebec, New Brunswick, Newfoundland and Labrador, Nova Scotia and Saskatchewan (the “Relevant Provinces”), you acknowledge and agree that (a) the securities described in the attached Prospectus are only being distributed to investors resident in the Relevant Provinces, (b) you are (i) an “accredited investor” as such term is defined in National Instrument 45-106 Prospectus Exemptions and (ii) a “permitted client”, as such term is defined in National Instrument 31-101 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) and are purchasing the Shares from a dealer registered in Canada or relying on the “international dealer exemption” contained in NI 31-103; and (c) where required by law, you are participating in the offering as principal for your own account and not as agent.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Company and the Over-allotment Shareholders in such jurisdiction.

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. This Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 (as amended, the “FSMA”) does not apply to the Company.

Information contained herein is not a public offer or advertisement of securities in the Russian Federation, and is not an offer to sell, or an invitation to make offers to purchase, any securities in the Russian Federation, except to the extent permitted under Russian law. Neither the securities mentioned herein nor any prospectus or other document relating to them have been, or are intended to be, registered with the Bank of Russia. Therefore, “placement” in the meaning of the initial issue of the securities mentioned herein in the Russian Federation is prohibited.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Over-allotment Shareholders, or the Managers, nor any of their respective affiliates nor any of its or their respective directors, officers, employees or agents accepts any liability or responsibility

whatsoever in respect of any difference between the document distributed to you in electronic format and any hard copy version available to you on request from the Managers. By accessing the linked Prospectus, you consent to receiving it in electronic form.

You are reminded that this Prospectus has been made available to you solely on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this Prospectus, electronically or otherwise, to any other person.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

None of the Managers, or any of their respective affiliates, or any of its or their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of this Prospectus or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the offering. The Managers and any of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such Prospectus or any such statement. No representation or warranty express or implied, is made by any of the Managers or any of their respective affiliates as to the accuracy, completeness, reasonableness or sufficiency of the information set out in this Prospectus.

The Managers are acting exclusively for the Company and no one else in connection with the offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their client in relation to the offering and will not be responsible to anyone other than the Company for providing the protections afforded to their clients nor for giving advice in relation to the offering or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of this Prospectus via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

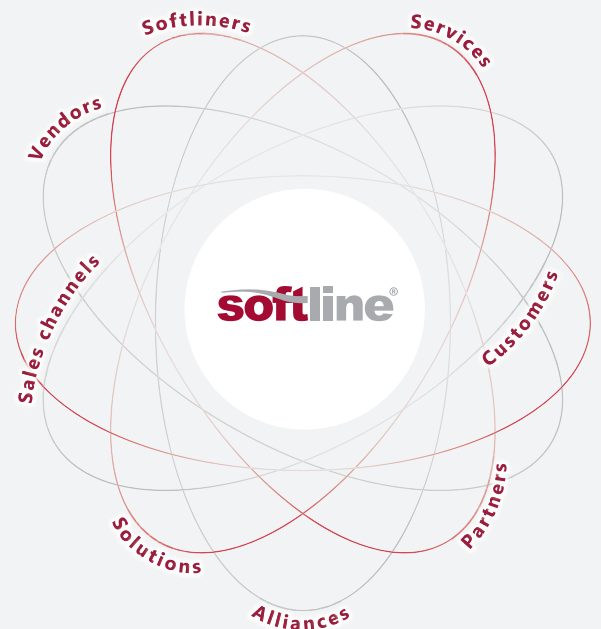
softline[®]

We know we can

Prospectus October 2021



Digital Transformation.
Accelerated. Secured.





Softline Holding PLC

(a company organised and existing under the laws of the Republic of Cyprus with company number 242943)

Global Offering of up to 61,333,334 Global Depositary Receipts representing Shares Offer Price: \$7.50 per Global Depositary Receipt

This document comprises a prospectus (the “**Prospectus**”) for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”), as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**U.K. Prospectus Regulation**”) relating to an offering (the “**Offering**”) by Softline Holding PLC (the “**Company**”), a company organised and existing under the laws of the Republic of Cyprus, and the Over-allotment Shareholders (as defined below) of up to 61,333,334 global depositary receipts (the “**GDRs**”) (including the GDRs to be issued pursuant to the Over-allotment Option), representing 61,333,334 ordinary shares of the Company (the “**Shares**”). One GDR represents an interest in one Share.

This Prospectus has been approved by the United Kingdom Financial Conduct Authority (the “**FCA**”) as competent authority under the U.K. Prospectus Regulation as a prospectus relating to the Company prepared in accordance with the Prospectus Regulation only in relation to the admission to listing and to trading of the GDRs. This Prospectus will only be made available to the public in accordance with the U.K. Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the U.K. Prospectus Regulation and such FCA approval should not be considered as an endorsement of the Company or the quality of the securities that are the subject of this Prospectus.

Neither the Shares nor the GDRs have been or will be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and neither the Shares nor the GDRs may be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The GDRs will be offered: (i) in the United States to qualified institutional buyers (“**QIBs**”), as defined in, and in reliance on, Rule 144A under the Securities Act (“**Rule 144A**”); and (ii) outside the United States, to institutional investors in “offshore transactions” as defined in, and in reliance on, Regulation S under the Securities Act (“**Regulation S**”); and (iii) to retail investors in the Russian Federation.

The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. Prospective purchasers of the GDRs in the United States are hereby notified that the sellers may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The GDRs are subject to selling and transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions described under “**Selling Restrictions**”, “**Transfer Restrictions**” and “**Plan of Distribution**”.

Softline Group Inc., Da Vinci Private Equity Fund II L.P., Investment Partnership Da Vinci Pre-IPO Fund and Zubr Capital Fund I L.P. (the “**Over-allotment Shareholders**”) have granted to Credit Suisse Bank (Europe) S.A., J.P. Morgan AG, VTB Capital plc, Alfa Capital Markets Ltd, Bank GPB International S.A. (Gazprombank), Citigroup Global Markets Limited and Sberbank CIB (UK) Limited (collectively, the “**Managers**”), an option (the “**Over-allotment Option**”), exercisable in the period during which stabilising transactions may take place, to purchase up to a maximum of 15 per cent. of the total number of the GDRs being sold by the Company in the Offering solely to cover over-allotments, if any, in the Offering. See “**Plan of Distribution**”.

AN INVESTMENT IN THE GDRS INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE DOCUMENT AND, IN PARTICULAR, SEE THE SECTION HEADED “RISK FACTORS” WHEN CONSIDERING AN INVESTMENT IN THE COMPANY. The GDRs are of a specialist nature and should normally only be purchased and traded by investors who are particularly knowledgeable in investment matters.

The Company has applied (1) to the FCA for a block listing of up to 183,692,834 GDRs (of which (i) 53,333,334 GDRs are expected to be issued on or about 1 November 2021 (the “**Closing Date**”), (ii) up to 8,000,000 GDRs that may be issued pursuant to the Over-allotment Option, if exercised, and (iii) up to 122,359,501 GDRs that may be issued from time to time against the deposit of Shares with The Bank of New York Mellon, as custodian (the “**Custodian**”) on behalf of The Bank of New York Mellon as depositary (the “**Depositary**”), to the standard segment of the official list (the “**Official List**”) and (2) to the London Stock Exchange plc (the “**London Stock Exchange**”) to admit such GDRs to trading under the symbol SFTL on its main market for listed securities (the “**Main Market**”) through its International Order Book (regulated market segment) (the “**IOB**”). The IOB is an EU regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments and a regulated market in the United Kingdom for the purposes of Regulation (EU) 600/2014, as it forms part of domestic law in the United Kingdom by virtue of the EUWA. Admission to the Official List, together with admission to the Main Market, (together, the “**LSE Admission**”) constitutes listing on a stock exchange. The Company expects that conditional trading in the GDRs on the London Stock Exchange through the IOB will commence on a “when and if issued” basis on or about 27 October 2021 (the “**Pricing Date**”) and that unconditional trading in the GDRs on the London Stock Exchange through the IOB will commence on or about the Closing Date. **All dealings in the GDRs prior to the commencement of the unconditional dealings will be of no effect if the LSE Admission does not take place and will be at the sole risk of the parties concerned.**

On 8 October 2021, the Public Joint-Stock Company Moscow Exchange MICEX-RTS (the “**Moscow Exchange**”), a part of the Moscow Exchange Group, approved (1) the public circulation in the Russian Federation of the GDRs to be issued from time to time and (2) the admission of the GDRs to be issued from time to time to trading on the Moscow Exchange under the symbol SFTL (together, the “**Moscow Exchange Admission**”). Dealings in the GDRs on the Moscow Exchange are not permitted until unconditional trading commences on the London Stock Exchange. Rule 144A GDRs (as defined below) will not be admitted to trading on the Moscow Exchange. Although the Moscow Exchange Admission has been approved, no assurance can be given that the GDRs will continue to be admitted to trading on the Moscow Exchange. See “**Risk Factors—The GDRs may be de-listed from the Moscow Exchange**”.

The GDRs offered and sold outside the United States (the “**Regulation S GDRs**”) will be evidenced by a Master Regulation S Global Depositary Receipt (the “**Master Regulation S GDR**”) registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon as common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, *societe anonyme* (“**Clearstream, Luxembourg**”). Euroclear and Clearstream, Luxembourg are expected to accept the GDRs for settlement in their respective book-entry settlement systems. The GDRs offered and sold to QIBs in the United States (the “**Rule 144A GDRs**”) will be evidenced by a Master Rule 144A Global Depositary Receipt (the “**Master Rule 144A GDR**”) and, together with the Master Regulation S GDR, the “**Master GDRs**”) registered in the name The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon for Euroclear and Clearstream, Luxembourg. The Company expects that delivery of the GDRs will be made through Euroclear and Clearstream, Luxembourg on or about the Closing Date. Except as set forth herein, investors may hold beneficial interests in and transfer the GDRs only through Euroclear or Clearstream, Luxembourg and their direct and indirect participants, as applicable, including the Russian National Settlement Depository (“**NSD**”). It is expected that delivery of the GDRs will be made against payment therefor in U.S. Dollars in same day funds through Euroclear and Clearstream, Luxembourg, in each case on or about the Closing Date. Delivery of the GDRs through facilities of the NSD may be made in Russian Roubles. See “**Settlement and Transfer**”.

Joint Global Coordinators and Joint Bookrunners

Credit Suisse

J.P. Morgan

VTB Capital

Joint Bookrunners

ALFA-BANK

Citigroup

Gazprombank

SberCIB

The date of this Prospectus is 27 October 2021

NOTICE TO CERTAIN INVESTORS

By accepting delivery of this Prospectus, you agree to the following. This Prospectus is being furnished by the Company solely for the purpose of enabling you to consider the purchase of the GDRs. Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the GDRs is prohibited, except to the extent that such information is otherwise publicly available.

If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or financial adviser. It should be remembered that the price of securities (including GDRs) and the income from them can be volatile and go down as well as up.

None of the Managers, the Depositary, the Over-allotment Shareholders nor any of their respective affiliates or advisers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus, and accordingly disclaims to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement. Nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or the future. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Over-allotment Shareholders, the Managers or the Depositary that any recipient of this Prospectus should subscribe for or purchase the GDRs. Each potential subscriber or purchaser of the GDRs should determine for itself the relevance of the information contained in this Prospectus, and its subscription or purchase of the GDRs should be based upon such investigation as it deems necessary.

This Prospectus has been approved by the FCA as a Prospectus issued in compliance with the U.K. Prospectus Regulation, for the purpose of giving information with regard to the Company and the GDRs.

The Company accepts responsibility for the information provided in this Prospectus. To the best of the Company's knowledge, the information in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

This Prospectus is personal to each offeree and does not constitute an offer to any other person or the public generally to purchase or otherwise acquire any GDRs. In making an investment decision, you should rely on your own investigation, examination and analysis of the Company (together with its consolidated subsidiaries, the "Group"), the Group, the terms of the Offering, including the merits and risks involved, your own determination of the suitability of any such investment, with particular reference to your own investment objectives and experience and any other factors that may be relevant to you in connection with an investment in the GDRs. Any decision to buy the GDRs should be based solely on the information contained in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Offering other than those contained in this Prospectus. If any such information is given or any such representations are made, such information or representations must not be relied upon as having been authorised by the Company, the Over-allotment Shareholders or the Managers, any of their respective affiliates, advisers or any other person.

No prospective investor should consider any information in this document to be investment, legal, tax or other advice. Each prospective investor should consult its own counsel, accountant and other advisers for such advice. Neither the Company, the Over-allotment Shareholders, nor any of the Managers or any of their respective representatives, makes any representation to any offeree or purchaser of the GDRs regarding the legality of an investment in the GDRs by such offeree or purchaser. Each of the Managers is acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to any other person for providing the protections afforded to their clients nor for providing advice in relation to the Offering or any transaction or arrangement referred to herein.

The Company, the Over-allotment Shareholders and the Managers reserve the right to reject any offer to purchase GDRs, in whole, or in part, and to sell to any prospective investor less than the full amount of GDRs sought by such investor. The Offering cannot be terminated once unconditional dealings in the GDRs have commenced.

The investors also acknowledge that: (i) they have not relied on the Managers or any person affiliated with the Managers in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this document, and

(iii) that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the GDRs (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Over-allotment Shareholders or the Managers.

The contents of the Group's websites do not form any part of this Prospectus.

Any reproduction or distribution of this document, in whole or in part, any disclosure of its contents, except to the extent that such contents are otherwise publicly available, and any use of any information herein for any purpose other than considering an investment in the GDRs in this Offering, is prohibited. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information contained herein is correct at any time subsequent to such date. Each prospective investor, by accepting delivery of this document, agrees to the foregoing.

This Prospectus does not constitute an offer to sell, or a solicitation by or on behalf of the Company, the Over-allotment Shareholders, the Depositary or any Manager to any person to subscribe for or purchase any of the GDRs in any jurisdiction where it is unlawful for such person to make such an offer or solicitation. The distribution of this document and the offering or sale of the GDRs in certain jurisdictions is restricted by law. Persons into whose possession this document may come are required by the Company, the Over-allotment Shareholders and the Managers to inform themselves about and to observe such restrictions. No action has been taken by the Company, the Over-allotment Shareholders or the Managers that would permit, otherwise than under the Offering, an offer of the GDRs, or possession or distribution of this document or any other offering material or application form relating to the GDRs in any jurisdiction where action for that purpose is required. This document may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. Further information with regard to restrictions on offers and sales of the GDRs is set forth below and under "*Plan of Distribution*", "*Selling Restrictions*" and "*Transfer Restrictions*".

The Regulation S GDRs and the Rule 144A GDRs will be delivered by the Depositary, pursuant to an agreement between the Company and the Depositary, dated on or about the Pricing Date, for the "Regulation S Facility" and for the "Rule 144A Facility" (such agreement, as amended from time to time, being hereinafter referred to as the "**Deposit Agreement**"). The Shares represented by the GDRs will be held by the Custodian and registered in the name of the Depositary.

In connection with the issue of the GDRs, Credit Suisse Bank (Europe) S.A. acting as the stabilising manager (the "Stabilising Manager") (or persons acting on behalf of any Stabilising Manager) may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on the Pricing Date when the Offer Price is publicly disclosed and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter (the "Stabilisation Period"). Any stabilisation action must be undertaken in accordance with applicable laws and regulations.

In connection with the Offering, the Stabilising Manager or any persons acting for it, may, for stabilisation purposes, over-allot GDRs up to a maximum of 15 per cent. of the total number of GDRs comprised in the Offering. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of GDRs effected by the Stabilising Manager during the Stabilisation Period, the Over-allotment Shareholders have granted to the Managers the Over-allotment Option pursuant to which the Stabilising Manager may require the Over-allotment Shareholders to sell additional GDRs representing additional Shares, to be issued by the Depositary as GDRs, up to a maximum of 15 per cent. of the total number of GDRs to be sold by the Company in the Offering, at the Offer Price. The Over-allotment Option is exercisable in whole or in part, upon notice by the Stabilising Manager, at any time during the Stabilisation Period. Any GDRs made available pursuant to the Over-allotment Option will be issued on the same terms and conditions as the GDRs being issued in the Offering and will form a single class for all purposes with the other GDRs.

In making an investment decision, prospective investors must rely on their own examination of the Company, the Group, the GDRs and the terms of this document, including the risks involved.

A copy of this Prospectus can be obtained for a limited time at the registered office of the Company. See “*General Information*”. The information set forth in this document is only accurate as at the date on the front cover of this Prospectus. The Group’s business and financial condition may have changed since that date.

Notice to Investors in the United States of America

The GDRs have not been and will not be registered under the Securities Act and are being offered and sold in the United States only to QIBs in reliance on Rule 144A. Prospective purchasers in this Offering are hereby notified that the seller of any Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The GDRs are not transferable except in accordance with the restrictions described under “*Selling Restrictions*” and “*Transfer Restrictions*”.

THE GDRS OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Notice to Investors in the European Economic Area

For persons in member states of the European Economic Area (the “EEA”) (each a “**Relevant State**”), this Prospectus and the Offering are only addressed to, and directed at, persons who are “qualified investors” within the meaning of the Prospectus Regulation (“**Qualified Investors**”). In any Relevant State, the GDRs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with Qualified Investors. This Prospectus and its contents should not be acted upon or relied upon in any Relevant State by persons who are not Qualified Investors.

This Prospectus has been prepared solely for the purpose of LSE Admission of the GDRs and on the basis that all offers of GDRs following approval by the FCA will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to produce a Prospectus for offers of the GDRs. Accordingly, any person making or intending to make any offer within a Relevant State of the GDRs should only do so in circumstances in which no obligation arises for the Company, any of the Over-allotment Shareholders or any of the Managers to produce a prospectus for such offer. None of the Company, the Over-allotment Shareholders or the Managers has authorised or authorises the making of any offer of the GDRs through any financial intermediary, other than offers made by the Managers which constitute the final placement of the GDRs contemplated in this Prospectus.

Notice to Investors in the United Kingdom

For persons in the United Kingdom, this Prospectus and the Offering are only addressed to, and directed at, persons who are “qualified investors” within the meaning of the U.K. Prospectus Regulation who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (ii) fall within Article 49(2)(a) to (d) of the Order; or (iii) are otherwise persons to whom it may otherwise lawfully be communicated (all such persons being referred to as “**Relevant Persons**”). In the United Kingdom, the GDRs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with Relevant Persons. This Prospectus and its contents should not be acted upon or relied upon in in the United Kingdom by persons who are not Relevant Persons.

Information to Distributors in the U.K.

Solely for the purposes of the product governance requirements contained within: (a) Regulation (EU) 600/ 2014 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (“**U.K. MiFIR**”); and (b) the FCA Handbook Product Intervention and Product Governance Sourcebook, (together, the “**U.K. MiFIR Product Governance Rules**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of U.K. MiFIR) may otherwise have with respect thereto, the GDRs have been subject to a product approval process, which has determined that the GDRs are: (i) compatible with an end target market of investors who meet the criteria of eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in U.K. MiFIR; and (ii) eligible for distribution through all distribution channels as are

permitted by U.K. MiFIR (the “**U.K. Target Market Assessment**”). Notwithstanding the U.K. Target Market Assessment, distributors should note that: the price of the GDRs may decline and investors could lose all or part of their investment; the GDRs offer no guaranteed income and no capital protection; and an investment in the GDRs is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The U.K. Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the U.K. Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties for the purposes of the U.K. MiFIR Product Governance Rules.

For the avoidance of doubt, the U.K. Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the U.K. MiFIR Product Governance Rules; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the GDRs.

Each distributor is responsible for undertaking its own target market assessment in respect of the GDRs and determining appropriate distribution channels.

Notice to Investors in the Russian Federation

This Prospectus does not constitute an offer or advertisement of the GDRs in the Russian Federation and is not an offer, or an invitation to make offers, sell, purchase, exchange or transfer any GDRs in the Russian Federation, except to the extent permitted under Russian law. Neither the GDRs nor any prospectus or other document relating to them have been or will be registered with the Central Bank of Russia (“**CBR**”). Therefore, “placement” in the meaning of the initial issue of the GDRs in the Russian Federation is prohibited.

Notice to Investors in Japan

The GDRs have not been and will not be registered under the Financial Instruments and Exchange Act of Japan and have not been offered or sold, and will not be offered or sold, directly or indirectly, any Securities in Japan or to, or for the account or benefit of, any resident of Japan or to, or for the account or benefit of, any persons for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Notice to Investors in Canada

No Securities have been or will be qualified by a prospectus for sale to the public in Canada under applicable Canadian securities laws and, accordingly, any offer or sale of any Securities in Canada will be made pursuant to an exemption from the applicable prospectus filing requirements, and otherwise in compliance with applicable Canadian laws. Investors in Canada should refer to “*Selling Restrictions—Canada*”.

Notice to Investors in Australia

This Prospectus (a) does not constitute a prospectus, a product disclosure statement or other disclosure document as defined in section 9 of the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”); (b) does not purport to include the information required in a prospectus, a product disclosure statement or other disclosure document under the Corporations Act; (c) has not been, nor will it be, lodged as a disclosure document with, or registered by, the Australian Securities and Investments Commission (“**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (d) may not be provided in Australia other than to select investors (“**Exempt Investors**”) who are able to demonstrate that they both (i) are “sophisticated investors” or “professional investors” (as defined in sections 708(8) and 708(11) of the Corporations Act and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act. Accordingly, if you receive this Prospectus in Australia, you confirm and warrant that you are an Exempt Investor, and you warrant and agree that you will not offer any of the GDRs sold to you pursuant to this Prospectus for resale in Australia within 12 months of those GDRs being sold unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act or where a compliant disclosure document has been prepared and lodged with ASIC. Investors in Australia should refer to “*Selling Restrictions—Australia*”.

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SUMMARY

1. *Introduction and warnings*

a **Name and International Securities Identification Number (“ISIN”) of securities**

Name: Global Depositary Receipts (“GDRs”) representing ordinary shares of Softline Holding PLC (the “Shares”); International Securities Identification Number (ISIN) of the Rule 144A GDRs is US83407L1089 and ISIN of the Regulation S GDRs is US83407L2079.

b **Identity and contact details of the Company**

Name: Softline Holding PLC (the “Company”, and together with its consolidated subsidiaries, the “Group”); Address: Kosta Charaki 11, Flat/Office 302, 3041, Limassol, Cyprus; Tel: +357-25211456; Legal Entity Identifier (“LEI”): 984500985DEC92D98C87

c **Contact details of the Financial Conduct Authority**

Financial Conduct Authority, 12 Endeavour Square, London E20 1JN, United Kingdom;
Tel: +44 (0) 20 7066 1000

d **Date of approval of the Prospectus**

27 October 2021

e **Warnings**

This summary should be read as an introduction to this Prospectus and any decision to invest in the GDRs should be based on consideration of this Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the GDRs.

2. *Key information on the Company*

a **Who is the issuer of the securities?**

i *Domicile and legal form, LEI, applicable legislation and country of incorporation*

The Company is a company limited by shares incorporated under the laws of the Republic of Cyprus with company number 242943 with its registered office at Kosta Charaki 11, Flat/Office 302, 3041, Limassol, Cyprus. The Company’s LEI is 984500985DEC92D98C87. The Company operates under the laws of the Republic of Cyprus.

On 27 October 2021, the Company and The Bank of New York Mellon (the “Depositary”) entered into a deposit agreement for the establishment and maintenance of: (i) the Regulation S GDR programme and the Regulation S GDRs issued pursuant thereto; and (ii) the Rule 144A GDR programme and the Rule 144A GDRs issued pursuant thereto (the “Deposit Agreement”). The Depositary is a state-chartered New York institutional bank and a member of the U.S. Federal Reserve System, subject to regulation and supervision principally by the U.S. Federal Reserve Board and the New York State Department of Financial Services. The principal office of the Depositary is located at 240 Greenwich Street, New York, New York 10286. Its principal administrative office is located at 240 Greenwich Street, New York, New York 10286. The GDRs will be issued pursuant to the Deposit Agreement.

ii *Principal activities*

The Group is a leading global solutions and services provider in digital transformation and cybersecurity, with its headquarters in London. The Group drives customers’ digital journey. It enables, facilitates and accelerates the digital transformation of its customers’ businesses, connecting over 150,000 enterprise customers across a comprehensive range of industries with over 6,000 best-in-class IT vendors and delivering its own services and proprietary solutions. With almost 6,000 employees globally, the Group operates in more than 50 countries with significant growth potential (including Brazil, India, Malaysia and Russia), addresses the entire range of its customers’ IT needs and is positioned at the centre of the digital transformation megatrend. The Group’s IT solutions and services are delivered through three product lines: (i) Software & Cloud, (ii) Hardware and (iii) Services.

iii *Major shareholders*

The Company is the parent company of the Group.

The following table sets forth the ownership of the Shares of the Company immediately prior to the Offering, immediately following the Offering and immediately following the exercise of the Over-allotment Option, assuming that were to occur.

<u>Name of Shareholder</u>	<u>Immediately before the Offering</u>		<u>Immediately after the Offering</u>		<u>Immediately after the Offering (assuming the Over-allotment Option is exercised in full)</u>	
	<u>Number of Shares</u>	<u>% of Shares</u>	<u>Number of Shares</u>	<u>% of Shares</u>	<u>Number of Shares</u>	<u>% of Shares</u>
Softline Group Inc. ⁽¹⁾	101,104,364	77.6%	101,104,364	55.0%	97,904,364	53.3%
Da Vinci Funds ⁽²⁾	16,669,124	12.8%	16,669,124	9.1%	13,101,124	7.1%
Broadreach Limited ⁽³⁾	6,966,619	5.3%	20,366,619	11.1%	20,366,619	11.1%
SMALLCAP World Fund, Inc. ⁽⁴⁾	—	—	10,650,000	5.8%	10,650,000	5.8%

(1) The Shares held by Softline Group Inc., a company incorporated in the British Virgin Islands, are beneficially owned by Igor Borovikov.

(2) Consisting of Shares held by Da Vinci Private Equity Fund II L.P. (8.4% immediately before the Offering and 4.5% immediately after the Offering), with the remainder held by Investment Partnership Da Vinci Pre IPO Fund, Da Vinci Capital Group Ltd, and ITI Group Limited.

(3) Shares held by Broadreach Limited (a company incorporated in Jersey and beneficially owned by Sergei Popov) were acquired in September 2021 from Softline Group Inc, Da Vinci Capital and Zubr Capital (on a close to pro-rata basis to their respective shareholdings).

(4) A fund managed or advised by Capital World Investors.

None of the Company's shareholders has voting rights different from those of any other shareholder in the Company.

iv *Board of Directors*

At the LSE Admission, the board of directors of the Company (the "**Board of Directors**") will be as follows: Igor Borovikov, Sergey Chernovolenko, Karl Robb, Jacques Guers, Alexander Galitsky, Marc Kasher and Oleg Zhelezko.

v *Independent Auditor of the Group*

Ernst & Young Cyprus Ltd, independent auditor, registered in Cyprus, registration no. CY3069.

b What is the key financial information regarding the issuer?

Selected historical financial information

The selected financial information set forth below as at and for the years ended 31 March 2019, 2020 and 2021 has been extracted without material adjustment from the Group's audited consolidated financial statements for each of the years ended 31 March 2019, 31 March 2020 and 31 March 2021, all prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113. The Group's audited consolidated financial statements for each of the years ended 31 March 2019, 31 March 2020 and 31 March 2021 contain no qualifications.

The selected financial information set forth below as at and for the three months ended 30 June 2020 and 2021 has been extracted without material adjustment from the Group's unaudited interim condensed consolidated financial statements for the three months ended 30 June 2020 and 2021, prepared in accordance with IAS 34 *Interim Financial Reporting*.

Selected consolidated statement of profit or loss and other comprehensive income information

	<u>Year ended 31 March</u>			<u>Three months ended 30 June</u>	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
				(unaudited)	
	(in thousands of U.S. dollars)				
Revenue from contracts with customers	1,129,469	1,361,659	1,516,911	349,819	443,553
Cost of sales	(925,422)	(1,139,942)	(1,290,982)	(301,397)	(381,257)
Gross profit	204,047	221,717	225,929	48,422	62,296
Selling, general and administrative expenses . .	(182,558)	(192,793)	(192,218)	(42,422)	(55,896)
Share of net income in associates	9	—	—	—	—
Other operating income	2,085	3,727	1,966	320	297
Other operating expense	(3,842)	(3,060)	(10,464)	(375)	(108)

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars)				
Operating profit	19,741	29,591	25,213	5,945	6,589
Gain on bargain purchase	—	—	1,892	—	—
Foreign exchange loss	(2,869)	(857)	(1,721)	(1,372)	(771)
Finance income	1,038	1,791	2,266	547	361
Finance costs	(14,076)	(17,463)	(13,222)	(2,596)	(4,279)
Profit before profit tax	3,834	13,062	14,428	2,524	1,900
Income tax expense	(3,432)	(3,521)	(16,618)	(522)	(552)
Net profit/(loss) for the year	402	9,541	(2,190)	2,002	1,348

Selected consolidated statement of financial position information

	As at 31 March			As at 30 June
	2019	2020	2021	2021
	(in thousands of U.S. dollars)			
Total non-current assets	84,588	101,025	239,819	205,714
Total current assets	259,905	293,765	392,206	509,781
Total assets	344,493	394,790	632,025	715,495
Total non-current liabilities	61,388	13,008	108,504	114,706
Total current liabilities	251,147	332,892	430,454	544,062
Total liabilities	312,535	345,900	538,958	658,768
Total equity and liabilities	344,493	394,790	632,025	715,495

Selected consolidated statement of cash flows information

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars)				
Net cash from operating activities	14,992	45,996	39,109	(5,197)	(2,456)
Net cash used in investing activities	(22,783)	(11,834)	(37,463)	(7,824)	(18,569)
Net cash from financing activities	17,583	(21,894)	34,809	23,833	11,099
Foreign exchange difference	(3,938)	(1,416)	(1,820)	(1,652)	(1,610)
Net increase in cash and cash equivalents	5,854	10,852	34,635	9,160	(11,536)

Historical financial information on Acquired Entities

The audit opinion for the financial statements of Embee for the year ended 31 March 2019 is qualified on the basis that it has been presented without full comparative information for the previous period. The audit opinion for the financial statements of NCSD for the year ended 31 December 2018 is qualified on the basis that it has been presented without full comparative information for the previous period. Presentation of comparative information is a requirement of IFRSs. Consequently, in this regard alone, the financial statements of Embee and NCSD do not comply with IFRSs.

c What are the key risks that are specific to the Company?

The Company is exposed to the following key risks:

- The Group is significantly dependent on its ability to sell and offer software, hardware and cloud products from a broad range of software, hardware and cloud vendors, particularly Microsoft, and to earn incentives on such sales. If the Group's relationships with one or more of its key vendors were to deteriorate, if the Group does not continue to receive incentives from vendors under their incentive programmes, if the Group were to lose one of its designations as a Microsoft LSP or CSP in a key market, or if vendors increase the scope of their direct to customer sales channels, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects;

- The Group competes in a highly competitive market. If the Group is unable to compete effectively with its current and potential competitors, it may lose market share and/or be unable to sustain or increase its gross profit margins, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects;
- Weak economic conditions or prolonged economic uncertainties globally and in the markets in which the Group operates, or any perception thereof by the Group's customers, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects;
- The future success of the Group is dependent on its ability to adapt, expand and develop its IT solutions, services and digital platform in response to changes in technology and customer demand and preferences. If the Group does not sufficiently invest in new solutions and services to adapt to industry developments, or if the Group does not make the right strategic investments to respond to these developments, its ability to execute its growth strategy and remain competitive could be jeopardised, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects;
- The Group's ability to provide prompt and efficient service to its customers is significantly dependent on the uninterrupted performance of its IT systems. Damage or disruption to the Group's IT systems may disrupt the Group's operations and adversely affect its ability to provide prompt and efficient service to its customers, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects;
- As part of its business strategy, the Group intends to continue to pursue strategic acquisitions to enhance its technological capabilities and broaden its geographical footprint. Any merger and acquisition activity may be unsuccessful, require significant resources or result in significant unanticipated losses, costs or liabilities, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects;
- The Group is subject to laws and regulations in numerous jurisdictions, and failure to properly comply with such laws and regulations, or the introduction of more stringent laws and regulations, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects;
- The Group's compliance, internal control and risk management systems may fail to prevent and discover non-compliance. Any failure to effectively prevent, identify or address breaches of the Group's legal obligations through its internal controls, compliance management and risk management systems could result in administrative, civil and criminal sanctions, the assertion of damages claims by third parties and reputational damage, each of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects;
- The Group's operations are subject to sanctions, anti-bribery and corruption, money-laundering and antitrust laws and regulations. Violation of anti-corruption laws, sanctions, money-laundering and antitrust laws and regulations is punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any violation could result in adverse media coverage, have an impact on the Group's reputation and consequently on its ability to maintain long-term commercial relationships with its customers and win new business, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects; and
- Emerging markets, such as those in which the Group operates, are subject to greater risks as compared to more developed markets, including, in some cases, increased political, economic and legal risks. Moreover, emerging markets are often affected by developments in other emerging markets and, accordingly, adverse changes in emerging markets could have a negative impact on the markets in which the Group operates, which could in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3. Key information on the securities

a What are the main features of the securities?

i Type, class and ISINs of the securities being admitted to trading on a regulated market

The GDRs represent Shares in the Company with one GDR representing an interest in one Share registered in the name of the Depositary. The ISIN of the Rule 144A GDRs is US83407L1089 and the ISIN of the Regulation S GDRs is US83407L2079.

ii Currency, denomination, par value, number of securities issued and term of the securities

The GDRs will be denominated in U.S. Dollars. The Offering is of up to 61,333,334 GDRs (including any GDRs issued pursuant to the Over-allotment Option (the “**Over-allotment GDRs**”)) representing Shares with one GDR representing an interest in one Share. The GDRs will have an infinite term.

iii Rights attached to the securities

Each GDR represents an interest in one Share on deposit with the Depositary. Holders of GDRs (“**Holder**” is the person registered as the holder on the books of the Depositary maintained for such purpose) will have the rights set out in the terms and conditions of the GDRs (the “**Conditions**”), and will, among other matters, be entitled to (i) withdraw the Shares represented by the GDRs which are deposited under the Deposit Agreement and held in the name of The Bank of New York Mellon, as custodian (the “**Custodian**”) for the Depositary (the “**Deposited Shares**”), and all rights, securities, property and cash deposited with the Custodian; (ii) receive payment from the Depositary of any cash dividend or other distribution received by the Depositary from the Company in relation to the Deposited Shares; (iii) receive additional GDRs representing additional Shares received by the Depositary from the Company by way of a distribution (or in certain circumstances, the net proceeds of the sale of such Shares); (iv) receive any dividend or distribution in the form of property received by the Depositary (or in certain circumstances, the net proceeds of the sale of such property); (v) instruct the Depositary regarding the exercise of any voting rights notified by the Company, subject to conditions; and (vi) receive copies of notices provided by the Company to shareholders or other material information, in each case, subject to applicable law and the Conditions.

iv Relative seniority of the securities in the Company’s capital structure in the event of insolvency

Holders are entitled to any dividend or other distribution (including any liquidation surplus) received by the Depositary from the Company in relation to the Deposited Shares. If the Depositary becomes insolvent, the insolvency proceedings will be governed by U.S. laws applicable to the insolvency of banks. Cash held by the Depositary for Holders is held by the Depositary as banker. Under current U.S. law, it is expected that any cash held for Holders by the Depositary as banker would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim in the event of the Depositary’s insolvency, and that cash would also be available to satisfy claims of other general creditors of the Depositary. The Deposit Agreement states that the Deposited Shares and other non-cash assets which are held by the Depositary for Holders are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current U.S. laws, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the Conditions would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary’s liquidator to deliver such Deposited Shares and other non-cash assets to the Holders.

v Restrictions on free transferability of the securities

The GDRs may not be offered or sold, directly or indirectly, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The GDRs have not been and will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”) or under the applicable securities laws of any state of the United States and may not be offered, sold or transferred, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The GDRs are freely transferable, subject to certain transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee, including the United States, the United Kingdom, the EEA and other jurisdictions, contractual lock-ups for certain shareholders and the Company and the Conditions. The Depositary shall refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in a violation of any applicable laws.

Each purchaser of GDRs, by accepting delivery of this Prospectus, will be deemed to make certain representations to ensure compliance with the applicable securities laws of the United States.

vi Dividend policy

vii The Company intends to distribute at least 25 per cent. of net profit to its shareholders through dividends over the medium term. The Company currently expects that the first annual dividend payment will be paid in 2023 based on the Group’s net profit for the year ending 31 March 2023.

The Board of Directors may declare interim dividends at a time and of an amount it thinks is justified by the profits of the Company, based on interim performance results of the Company. To the extent that dividends are declared and paid by the Company in the future, holders of GDRs on the relevant record date will be entitled to

receive dividends payable in respect of Shares underlying the GDRs, subject to the terms of the Deposit Agreement. If dividends are not paid in U.S. dollars, they will be converted into U.S. dollars by the Depositary and paid to holders of GDRs. Any future decision to declare and pay dividends will be subject to applicable law and commercial considerations (including without limitation, applicable regulations, restrictions, the Group's results of operations, financial condition, cash requirements, contractual restrictions and the Group's future projects and plans). In particular, because the Company is a holding company, its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to it in accordance with the relevant legislation and contractual restrictions. The payment of dividends by those subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves.

b Where will the securities be traded?

The GDRs are being offered or admitted to trading on the London Stock Exchange and the Moscow Exchange.

c What are the key risks that are specific to the securities?

The GDRs have the following key risks:

- Because there has been no prior active public trading market for the GDRs, the Offering may not result in an active or liquid trading market for the GDRs, and their price may be highly volatile;
- Holders of GDRs may have limited recourse against the Company, its directors and Senior Management;
- The U.K. Corporate Governance Code does not apply to the Company and investor protections for Cypriot companies may not be of the same standard as those in the United Kingdom, Western Europe and the United States. Accordingly, there are fewer protections for investors than would otherwise be the case were the Company to comply with the U.K. Corporate Governance Code principles on corporate governance or similar standards of certain EEA Member States or the United States;
- Holders of GDRs are not able to exercise pre-emption rights in relation to future issues of Shares or the GDRs; and
- The Group is significantly influenced by its principal shareholder, which will continue to be the largest shareholder of Shares after the Offering and whose interests could conflict with the interests of other holders of the GDRs or Shares.

4. Key information on the admission to trading on a regulated market

a Under which conditions and timetable can I invest in this security?

i General terms and conditions

The Offering consists of an offering of: (i) 53,333,334 Shares in the form of the GDRs by the Company; and (ii) up to 8,000,000 Shares in the form of Over-allotment GDRs made available by the Over-allotment Shareholders, in each case, at an Offer Price of \$7.50 per GDR.

ii Expected Timetable

Expected date that conditional dealings in the GDRs will commence on the London Stock Exchange: 27 October 2021

Expected date that LSE Admission and unconditional dealings in the GDRs will commence on the London Stock Exchange: 1 November 2021

Expected date that unconditional dealings in the GDRs will commence on the Moscow Exchange: 1 November 2021

Each of the times and dates set out above is subject to change without further notice. References to a time of day are to London times (unless stated otherwise). If LSE Admission does not occur, all conditional dealings will be of no effect and such dealings will be at the sole risk of the parties concerned. Dealings in the GDRs on the Moscow Exchange are not permitted until unconditional trading commences on the London Stock Exchange.

iii Details of admission to trading on a regulated market

Application has been made: (i) to the FCA for the GDRs to be admitted to the standard listing segment of the Official List; and (ii) to the London Stock Exchange for the GDRs to be admitted to trading under the symbol SFTL on the London Stock Exchange's Main Market.

Admission to the Official List and unconditional trading in the GDRs on the London Stock Exchange through its IOB is expected to take place on or around the Closing Date. The Company expects that conditional trading in

the GDRs on the London Stock Exchange through the IOB will commence on a “when issued” basis on or about 27 October 2021. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if LSE Admission does not take place and will be at the sole risk of the parties concerned.

iv Plan for distribution

The Offering comprises an offering of GDRs (1) within the United States to QIBs, as defined in, and in reliance on, Rule 144A under the Securities Act, or another exemption from, the registration requirements of the Securities Act and (2) outside the United States to institutional investors in “offshore transactions” as defined in, and in reliance on, Regulation S.

v Estimate of the total expenses of the issue

The total expenses payable by the Company in connection with the Offering are expected to be approximately \$27.4 million.

vi Estimated expenses charged to the investor

The investors will not be charged any expenses by the Company, the Over-allotment Shareholders or the Managers in connection with the Offering. The Depositary will be entitled to charge certain fees to the holders of the GDRs.

b Why is this Prospectus being produced?

i Reasons for the admission to trading on a regulated market

The primary purposes of this Offering are to raise the Group’s profile with the international investment community and gain access to international capital markets, to invest proceeds into the further development and execution of the Group’s growth strategy as well as (if the Over-allotment Option is exercised), to allow the Over-allotment Shareholders to dispose of a portion of their shareholding to monetise their investments.

ii The use and estimated net amount of the proceeds

The Company will receive gross proceeds of approximately \$400.0 million from the sale of GDRs under the Offering and net proceeds of approximately \$372.6 million (following deduction of underwriting commissions, fees and expenses payable by the Company in connection with the Offering). The Directors intend to use the net proceeds of the Offering received by the Company for the following:

- approximately \$300 million to fund acquisitions in accordance with the Group’s M&A strategy; and
- the remainder as cash on the Group’s balance sheet to fund future organic and inorganic investments and for general corporate purposes.

The Over-allotment Shareholders will receive gross proceeds of approximately \$60.0 million, assuming that the Over-allotment Option is exercised in full, reduced by a commission payable to the Managers by the Over-allotment Shareholders, as applicable. If the Over-allotment Option is not exercised, the Over-allotment Shareholders will not receive any proceeds from the Offering.

iii Underwriting

Under the terms of, and subject to the conditions contained in, the Underwriting Agreement, the Company has agreed to sell, and each Manager has agreed, severally but not jointly or jointly and severally, to procure purchasers for, or, failing that, to purchase themselves, the GDRs at the Offer Price in accordance with their respective commitments under the Underwriting Agreement. In addition, if the Over-allotment Option is exercised, each of the Over-allotment Shareholders have agreed to sell, and each Manager has agreed, severally but not jointly or jointly and severally, to procure purchasers for, or, failing that, to purchase themselves, the Over-allotment GDRs at the Offer Price in accordance with their respective commitments under the Underwriting Agreement.

iv Material conflicts of interest

There are no interests, including conflicting interests, that are material to the Offering.

RISK FACTORS

An investment in the GDRs involves a high degree of risk. Prospective investors should read the entire document and consider carefully the risks set forth below and the other information contained in this Prospectus prior to making any investment decision with respect to the GDRs. The risks described below, individually or together, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. If any of these risks materialise, the trading price of the GDRs could decline, and investors may lose some or all of their investment. Prospective investors should note that the risks described below are not the only risks the Group faces. The Company has described the risks it considers to be material, but there may be additional risks that the Company considers immaterial as at the date of this Prospectus or of which it is currently unaware, and any of these risks could have the effect set forth above.

1. Risks related to the Group's business and industry

1.1 The Group is dependent on its relationships with key vendors, particularly Microsoft, to be able to offer their products for sale to its customers.

The Group is significantly dependent on its ability to sell and offer software, hardware and cloud products from a broad range of software, hardware and cloud vendors (“**vendors**”) and to earn incentives on such sales. The sale of software, hardware and cloud products from the Group's top ten strategic vendors accounted for 58 per cent., 58 per cent. and 59 per cent. of the Group's turnover in the years ended 31 March 2019, 2020 and 2021, respectively. If the Group's relationships with one or more of its key vendors were to deteriorate, the Group may fail to find suitable replacements on terms acceptable to the Group, on a timely basis, or at all. The Group is particularly dependent on Microsoft as a vendor, the sale of whose products and services accounted for 46 per cent., 46 per cent. and 48 per cent. of the Group's turnover in the years ended 31 March 2019, 2020 and 2021, respectively. Therefore, the loss of Microsoft as a vendor, or any significant deterioration in the Group's relationship with Microsoft, would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is authorised by each of its vendors to sell some or all of their products subject to certain terms and conditions. In addition, many vendors, including Microsoft, provide the Group with substantial incentives in the form of rebates, investments, marketing funds and other payments, which enable the Group to partially offset its cost of sales. Qualification for such incentives may be based, for example, on the Group's revenues and volume of sales, levels of accreditation and certifications held, growth rate of net sales or purchases and marketing programmes. If the Group does not meet the goals of these programmes or if the Group is not in compliance with the terms of these programmes, in particular with respect to Microsoft, it may have an adverse effect on the amount of incentives paid to the Group, which could, in turn, impact the Group's gross profit margins. There can be no assurance that the Group will continue to receive such incentives or that Microsoft or other vendors will not eliminate their incentive programmes, reduce the amount of available incentives or change the requirements for earning incentives, in particular given these programmes are reviewed on an annual basis. If the Group is unable to react in a timely manner to any fundamental changes in such programmes, including the elimination of, or significant reductions in, amounts of incentives made available to it under such programmes, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group's ability to sell certain Microsoft products and services to customers and the level of incentives it receives are tied to the Group's status as a Licensing Solutions Provider (“**LSP**”) and Cloud Services Provider (“**CSP**”), both of which are non-exclusive designations the Group is required to renew annually for each of the territories in which it sells Microsoft products and services. If the Group were to lose one of these designations in a key market, for example as a result of failure to meet the required minimum sales volume or noncompliance with the terms and conditions of the accreditation, the Group could lose authorisation to market the relevant products in that geography. Alternatively, if a competitor were to receive one of these designations in a key market, the Group may face increased competition for customers, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

While the Group has long-term incentive or other contracts with some of its vendors, many of these agreements may be amended or terminated by the vendor upon 30 to 90 days' notice without cause. Vendors may therefore generally terminate or limit the Group's right to sell some or all of their products, change the fee structure or terms and conditions or reduce, or discontinue the incentives that they offer.

Finally, Microsoft and certain other vendors that also sell products to customers directly have from time to time elected to transition certain of the Group's large customers to a direct sales relationship. There can be no

assurance that vendors will not increase the scope of direct sales and service certain customers exclusively through their direct channels. Moreover, there can be no assurance that the cloud marketplaces certain vendors have built around their platforms will not become a source of competition for the Group. A disruption of the business-to-business sales model, on which the Group relies for a significant portion of its business, could result in a significant decrease in its sales volume.

Any of the foregoing factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.2 The Group competes in a highly competitive market.

The global IT market is highly fragmented and continually changing. A substantial number of IT services and solutions providers offer products and services that overlap and compete with the Group's offering. Such competitors include a large number and wide variety of international and local hardware, software and services providers and value added resellers ("VARs"), some of which are larger and may have significantly more resources than the Group. Further, new competitors, some of which may be more nimble than the Group, may disrupt the IT infrastructure and services market globally and/or gain market share at the Group's expense.

The Group competes with different IT infrastructure and services providers in each of the categories of products and services that it offers and in each of the customer segments that it serves, and the Group may encounter increased competition as it grows its business internationally. The Directors believe that the Group competes with other IT infrastructure and services providers primarily based on price, solutions offering and customer service, with customer service being the differentiating factor when its products and services are otherwise competitively priced. To a limited extent, the Group also competes with the direct sales arms of certain of its vendors. In addition, vertically integrated companies that provide hardware, software and cloud services, or those formed through industry consolidation, may compete with the Group. The Group's current and potential competitors may be able to offer the same or new solutions at lower prices and/or provide better customer service, which may result in the Group losing business to them or in the Group's gross profit margins being negatively impacted. Its competitors also may be able to respond more quickly to new or emerging technologies and changes in customer demands or devote greater resources to the development, promotion and sales of their products and services than the Group is able to, which may have material adverse effect on the Group's business, financial condition, results of operations and prospects.

New IT products may be easier for customers to set up or maintain themselves, which may reduce the demand for installation-related services from IT infrastructure and services providers such as the Group. As a result, the Group may not earn revenue on the installation of such products or may earn reduced gross profit on sales of such products if other competitors begin to resell the same products, including at lower prices which may drive price competition.

Some of the Group's current and potential competitors have established, or may establish, financial and strategic relationships among themselves or with existing or potential customers and vendors, or other third parties, to increase the ability of their solutions to address customer needs. Accordingly, it is possible that new competitors or alliances among the Group's competitors could emerge and acquire significant market share.

If the Group is unable to compete effectively as a result of any of the above factors, it may lose market share and/or be unable to sustain or increase its gross profit margins, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.3 Weak economic conditions or prolonged economic uncertainties globally and in the markets in which the Group operates could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Weak general economic conditions and sustained uncertainty about global economic and political conditions could adversely affect the Group's business, results of operations or financial condition in a number of ways. A prolonged slowdown in the global economy or in a particular region or industry sector, whether as a result of the COVID-19 pandemic or any other reason, may cause businesses to reduce their IT budgets or otherwise delay or forgo decisions to upgrade or expand their existing IT environments, license new software or purchase services or solutions. Similarly, existing customers may decrease their purchasing volume under existing contracts, decide not to renew existing contracts or terminate contracts. Economic or industry downturns may also result in longer payment cycles, increased collection costs and defaults in excess of the Group's expectations, particularly due to customer insolvency. Further, the onset or continuation of adverse economic conditions may make it more difficult for the Group to obtain financing to fund its operations, growth opportunities or strategic acquisitions.

Any economic downturn, lower than expected growth or an otherwise uncertain economic outlook either globally or in the markets in which the Group operates, or any perception thereof by the Group's customers, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.4 The future success of the Group is dependent on its ability to adapt, expand and develop its IT solutions, services and digital platform in response to changes in technology and customer demand and preferences.

The Group operates in an industry which is subject to continuous and fast-paced technological change, with new products and services being introduced to the market frequently and existing products and services becoming outdated or obsolete at an increasing rate. Therefore, the Group's success depends, in part, on its ability to develop its offering in line with changing customer demands and preferences for IT products and services, which may be driven by industry innovation. The Group may be required to invest significant time and resources to develop or establish the necessary expertise, experience and vendor relationships to effectively sell and deliver new solutions to its customers.

The Group also invests significant resources in product development and the development of proprietary technologies, tools and technical solutions, including the "Softline Digital Platform", an ecosystem for interaction with customers, vendors and partners in all countries of presence; CloudMaster, a cloud management platform; and ActivePlatform, a billing and provisioning platform. However, there can be no certainty that these investments will result in commercially attractive solutions, that the Group has the expertise necessary to be able to commercialise them in a timely manner, or that such offerings will succeed in the marketplace. Market developments are, moreover, difficult to predict, and the Group may focus its investments on perceived market opportunities that fail to materialise. Finally, changing technologies and customer requirements may also require the Group to acquire capabilities externally through strategic acquisitions of complementary businesses or technologies, which may be unsuccessful, require significant resources or result in significant unanticipated losses, costs or liabilities. If the Group does not sufficiently invest in new solutions and services to adapt to industry developments, or if the Group does not make the right strategic investments to respond to these developments, its ability to execute its growth strategy and remain competitive could be jeopardised.

Further, to the extent that customers focus on new products and services, customer demand for ongoing upgrading and refreshing of existing IT infrastructure may decline significantly, which may result in a reduction in the Group's revenue or growth prospects. Failure to adapt in response to changes in customer demand and preferences may limit the Group's ability to serve its customers effectively and restrict the Group's ability to execute its growth strategy, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.5 Undetected errors or defects in the Group's services and solutions, or in the products of the Group's vendors, could reduce the demand for the Group's services and solutions.

The Group's services and solutions, as well as hardware, software and services provided by vendors, could contain errors or defects that could adversely affect the performance of such services, solutions or products and negatively impact the demand therefor.

While the Group generally will not have responsibility for any error or defects in software or hardware provided by vendors, it can be costly and time consuming for the Group to defend any claims. Any such errors or defects could result in adverse customer reactions and negative publicity, because many of the Group's customers and potential customers are highly sensitive to defects in the products, services or solutions they use.

Furthermore, any errors in products, services or solutions provided by the Group could result in the need to provide concessions and corrective measures to existing customers in order to maintain their business. In addition, product failures could cause system or other failures for customers who may assert warranty and other claims for substantial damages against the Group.

Any defects or errors in the Group's services or solutions, or in the products of the Group's vendors, could result in the loss of orders or a delay in the receipt of orders and could result in reduced revenue, delays in market acceptance, diversion of development resources, product liability claims or increased service and warranty costs, any of which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.6 Damage or disruption to the Group's information technology systems could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's ability to provide prompt and efficient service to its customers is significantly dependent on the uninterrupted performance of its IT systems as they affect the Group's ability to manage its sales, customer service, accounting systems, professional services and the reliability of its cloud services and managed services offerings. The Group is particularly dependent on the uninterrupted performance of its internal data centres in Moscow (which provides the main information services for Russia and RoE), Singapore (which provides the main information services for Asia) and Buffalo, USA (which provides the main information services for Latin America), as well as its six data centres in Russia, which facilitate the Group's cloud services offering. The Group is also dependent on the performance of the IT systems underlying its distribution channels, including its e-commerce platform and the "Softline Digital Platform".

While the Group has extensive business continuity policies and measures in place and has transitioned a significant portion of its infrastructure to the cloud, any IT infrastructure failure or disruption, natural disasters or accidents, such as a serious flood or fire, or other interruption, malfunction or adverse occurrence with respect to the Group's data centres, including as a result of cyber-attacks, may disrupt the Group's operations and adversely affect its ability to provide prompt and efficient service to its customers. This, in turn, may cause the Group's customers to experience disruption in their critical business functions, including managing their cloud consumption and accessing the Group's managed services for backups of their data. If any of these events were to occur, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.7 Breaches in the security of the electronic and other confidential information collected, processed, stored and transmitted by the Group may give rise to significant liabilities and reputational damage.

The Group collects, processes, stores and transmits proprietary information and sensitive or confidential data, including personal information of employees, customers, vendors and others, as well as credit card information of customers. In addition, the Group offers co-location of its customers' data-related IT infrastructure and may store and transmit both business-critical data and confidential information on behalf of such customers. In connection with the Group's services offering, employees also have access to customers' confidential data and other information. The Group has privacy and data security policies in place that are designed to prevent security breaches; however, a third party or a rogue employee or employees may be able to bypass the Group's network security, "hack into" its systems or otherwise compromise customers' personal information. Employees may seek to copy customer or commercially sensitive information prior to leaving the Group for use in a competing business, which may result in a loss of business by the Group. In addition, as newer technologies evolve, the Group may be exposed to increased risk of breaches in security. Breaches in security could expose the Group, its customers or other individuals to a risk of public disclosure, loss or misuse of this information, resulting in legal claims or proceedings or liability or regulatory penalties under laws protecting the privacy of personal information, as well as the loss of existing or potential customers and damage to the Group's brand and reputation. In addition, the cost and operational consequences of implementing further data protection measures could be significant. In the event of a severe breach involving the loss of customer credit card information, credit card providers may prevent the Group from accepting their credit cards as a method of payment from customers. Such breaches, costs and consequences may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.8 Any merger and acquisition activity may be unsuccessful, require significant resources or result in significant unanticipated losses, costs or liabilities.

As part of its business strategy, the Group intends to continue to pursue strategic acquisitions to enhance its technological capabilities and broaden its geographical footprint.

Acquisitions involve numerous risks that vary depending on their scale and nature. The identification of suitable acquisition candidates can often be difficult, and the Group may not be able to complete such acquisitions on favourable terms, if at all. If the Group does complete future acquisitions, the transaction may ultimately fail to strengthen its competitive position or help the Group achieve its goals and business strategy. Diligence reviews of acquisition targets may not identify all of the material issues necessary to accurately estimate the cost or potential loss contingencies with respect to a particular transaction, including potential exposure to regulatory sanctions resulting from an acquisition target's previous activities. The Group may incur unanticipated costs or expenses, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, litigation and other liabilities. The Group may also encounter difficulties in integrating acquisitions with its operations, including with its technology systems, and applying its internal

controls processes to these acquired businesses. The Group may also face challenges in integrating personnel from acquired businesses into its corporate culture. Target companies may be located in countries in which the underlying legal, economic, political and cultural conditions do not correspond to those customary in the markets in which the Group operates or have other national peculiarities with which the Group is not familiar. Moreover, any planned acquisition may be subject to review and approval by the competition and other regulatory authorities of a number of jurisdictions, which may impede a planned transaction.

The Group may not realise the anticipated capability gains or the targets for growth, economies of scale or cost savings that it seeks from the acquisition to the extent or in the timeframe anticipated and the attention of management and other personnel may be diverted for long periods of time. Moreover, the purchase price may prove to have been too high or unforeseen restructuring or integration expenses may become necessary.

The materialisation of any of the foregoing risks could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.9 The Group may not be successful in managing its anticipated growth.

The Group's future success will depend, in part, on its ability to manage and successfully execute its planned growth while maintaining its culture. The Group's ability to effectively manage its growth is subject to a number of risks, including:

- failure to develop and successfully market services and solutions responding to rapidly evolving technology trends, industry standards and customer demands;
- difficulties in recruiting, training and retaining a salesforce with the necessary technical expertise, qualified technology professionals and other employees with the skills necessary to support the growth of the Group's business;
- challenges in maintaining and scaling the IT infrastructure and applications necessary to support the Group's business growth;
- challenges in maintaining internal controls across a growing business in multiple jurisdictions;
- insufficient management resources to manage the execution of the Group's business strategy and its past and future growth; and
- challenges in preserving the Group's culture, values and performance-focused work environment in the face of growth.

Accordingly, as the Group grows, additional demands may be placed on the senior management team, support functions, including accounting and sales and marketing, and other resources. If the Group is unable to manage its growth effectively, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.10 The success of the Group depends on its ability to recruit, train and retain a workforce of highly skilled sales, technology and other professionals.

The Group's future success is significantly dependent on its ability to attract, hire, train and retain experienced personnel with the skills necessary for the effective operation of its business. In particular, as a global IT solutions and service provider, the Group is dependent on its ability to recruit, retain and train highly qualified sales personnel with the necessary technical background and qualified technology professionals and engineers, including those with the relevant vendor expertise. The employment markets for professionals with the advanced skills necessary to support the Group's business needs are highly competitive, and there can be no assurance that it will be able to attract and retain a sufficient number of sufficiently qualified personnel at all times. For example, the Group believes that a positive workplace culture has in the past been an asset to its talent recruitment and retention efforts. If the Group is unable to maintain its culture, including as a result of corporate acquisitions, this may adversely affect its ability to recruit or retain qualified personnel. Furthermore, while the Group has historically benefited from its multinational presence, particularly in emerging markets that have provided access to a pool of experienced personnel at lower cost, the shift in working practices due to the increase in remote work opportunities following Covid-19 has increased competition for experienced personnel in emerging markets and is expected to continue to increase competition for experienced personnel. In connection with these recent trends, the Group has seen and expects to continue to see wage inflation for experienced personnel. If the Group fails to pass personnel cost increases on to customers or mitigate rising wages by increasing its operational efficiency, this may have a material adverse effect on the Group's profitability.

Rapidly changing technology and customer requirements in the IT solutions and services industry moreover require that the Group constantly adapt the skill set of its workforce. Training its workforce, including to enable employees to maintain the necessary vendor certifications or learn new technology solutions, can be costly and there can be no assurances that the Group's training efforts will be effective. If the Group is unable to hire, retain and train its professionals to keep pace with the continuing changes in technology, this could adversely affect its ability to meet customer needs and win new business, and jeopardise its competitiveness.

Any of the above factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.11 The Group operates internationally, which exposes it to a number of global and regional political, economic, legal, regulatory and operational risks.

The Group is a globally operating business with operations in over 50 countries and offices in almost 100 cities, including a number of emerging markets. In addition, the Group has regularly expanded its geographical footprint through acquisition opportunities throughout its 30-year history and may continue to do so as part of its ongoing strategy. As a result, the Group is subject to a number of risks inherent in international business operations, including, but not limited to:

- political and economic instability in the jurisdictions in which the Group operates and exposure to potentially undeveloped or underdeveloped legal systems;
- the need to adapt and localise the Group's solutions and services for specific countries;
- unexpected or unfavourable changes in foreign laws, regulatory requirements and related interpretations;
- difficulties in recruiting and retaining qualified management, sales and IT professionals in each jurisdiction and challenges relating to works councils, labour unions and immigration laws;
- challenges inherent in efficiently managing, and the increased costs associated with, an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits, and compliance programs that are specific to each jurisdiction;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems and regulatory systems;
- increased travel, real estate, infrastructure and legal compliance costs associated with international operations;
- logistical and communications difficulties;
- power losses, telecommunications failures and external interference with the Group's IT systems;
- limited protection of intellectual property rights in certain jurisdictions;
- difficulties enforcing contractual and intellectual property rights in certain jurisdictions;
- laws and business practices favouring local competitors or general market preferences for local vendors;
- divergent data protection and privacy laws;
- the complexity of managing competing and overlapping tax regimes;
- foreign currency exchange rate fluctuations and currency controls;
- greater risk of uncontrollable accounts and longer collection cycles;
- an outbreak of a contagious disease, including COVID-19, which may cause the Group or its customers to temporarily suspend its or their respective operations in the affected city or country;
- increased risk of fraud and political corruption, terrorism or acts of war; and
- exposure to economic sanctions laws and regulations, trade barriers and import and export licensing requirements.

The Group's overall success as a global business depends to a considerable extent on its ability to anticipate and effectively manage the diverse legal, political, social and regulatory landscapes, economic conditions and operational challenges associated with its broad geographic footprint. If the Group is not successful in

managing such risks globally and in each of the jurisdictions in which it operates, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.12 The Group's financial results may be affected by fluctuations in exchange rates.

The Group operates worldwide and is therefore exposed to risks arising from currency exchange rate fluctuations. The Group's predominant exposures are in U.S. dollar, Russian rouble, Argentine peso, Kazakh tenge, Belarussian rouble, Brazil real, Indian rupee and Chilean peso. Transactional risks arise when one of the Group's group companies enters into a sale or purchase transaction in a currency other than its functional currency. The Group's most significant transactional exposure arises from the fact that it sources and sells hardware across different jurisdictions, resulting in a mismatch in the currencies in which vendors invoice the Group and the currencies in which the Group invoices its customers. Additionally, the Group is subject to transactional exchange rate exposure in connection with its funding activities, including intra-group funding. Translational currency risk arises in connection with the translation of the financial condition and results of operations of the Group's international subsidiaries with non-U.S. dollar reporting currencies. The Group's primary translational currency exposure is to the Russian rouble and Indian rupee.

While the Group uses hedging instruments, such as futures and forwards, to hedge against its foreign currency exchange rate risks, there can be no assurance that such measures will offset any adverse financial impact resulting from currency variation. As a result, any inability to manage its currency risk could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.13 The Group's work with public sector customers exposes it to additional risks inherent in the public sector contracting environment.

The Group provides its services and solutions to a number of national and local public sector organisations, predominantly in the government, healthcare and education sectors, including military and law enforcement agencies. Projects involving public sector customers carry various risks inherent in the public sector contracting process. These risks include:

- terms and conditions of public sector contracts tend to be more onerous for the Group than commercial contracts in the private sector and may include, for example, more punitive service level penalties, less advantageous limitations on the Group's liability or obligations to conduct self-audits to track performance;
- terms and conditions of public sector contracts typically have limited or no room for negotiation, with a risk of rejection from the tender if the Group includes reservations that are deemed material;
- public sector contracts are often subject to more publicity than other contracts, and any negative publicity related to such contracts, regardless of the accuracy of such publicity, may adversely affect the Group's business or reputation;
- such projects differ from commercial contracts in the private sector in that they are generally subject to public procurement rules. Under these rules and depending on the jurisdiction, IT services are generally re-tendered on a regular basis, and, as a result, the Group is required to participate in a tender to maintain existing public contracts and is subject to the risk of losing the public sector customer as a result of the tender process; and
- such projects may in some instances be subject to a higher risk of reduction in scope or termination than commercial contracts due to political and economic factors, such as changes in government, pending elections or the reduction in, or absence of, adequate funding.

If the Group is unable to manage these unique risks associated with public sector work, the Group could lose these contracts, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.14 The Group is dependent on its good relationship with its workforce.

As a people-driven business, the Group is dependent on its good employee relations. A deterioration in the relationship with its workforce could result in low employee morale, which could adversely affect both the Group's sales performance and the quality of its service delivery and, if severe, could result in a loss of customers and employees or the Group's ability to recruit new employees. In the ordinary course of business, the Group is from time to time involved in employment-related disputes with employees or former employees relating to, among other things, compensation and termination matters, which, although individually of low

importance, could, as a whole, have a material effect on the Group if adversely determined or result in adverse publicity. Any deterioration in the Group's relationship with its workforce could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.15 The Company is dependent on its senior management team and its board of directors.

The Group's future success is substantially dependent on the continued services and performance of its senior management team ("**Senior Management**") and its board of directors (the "**Board of Directors**"), who have significant knowledge of the Group's industry and experience at the Group. There can be no assurance that members of Senior Management or the Board of Directors will continue their services at the Group for the full duration of, or beyond, the terms of their existing service agreements. Furthermore, the Group does not maintain key employee insurance in respect of such persons and, while such persons are subject to restrictive covenants that restrict their ability to compete with the Group or from soliciting the Group's vendors, customers or employees following termination of their employment, there can be no assurance that the Group will be able to enforce such restrictive covenants. In addition, the Group may face challenges in attracting suitably qualified new members of Senior Management or the Board of Directors. Certain of the Group's financing agreements also contain covenants relating to Igor Borovikov, the Group's founder, and his controlling stake in the Group. As a result, the loss of the services of one or more members of Senior Management or the Board of Directors, particularly Mr. Borovikov, or the inability to hire additional members of the Senior Management or the Board of Directors, could disrupt the Group's operations or delay the Group's ability to achieve its strategic initiatives, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.16 The ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, or other epidemics or pandemics, could have a significant adverse impact on the Group's business, financial condition, results of operations and prospects.

A novel strain of coronavirus causing COVID-19, identified in China in late 2019, has spread throughout the world. On 11 March 2020, the World Health Organization confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of COVID-19 resulted in authorities, including those in Russia, India, Brazil and other markets in which the Group operates, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, lockdowns, quarantines and shutdowns of business and workplaces, and has led to materially increased volatility in financial markets and significant worsening of the global macroeconomic outlook. The extent and scope of such restrictions is highly uncertain and subject to change and stricter measures may be put in place in the future.

The spread of COVID-19 has led the Group to modify certain of its operational practices, and it may take further actions required by authorities or that it determines are in the best interests of its employees, customers and other stakeholders. In 2020, the Group implemented a work-from-home policy that was used by many of the Group's employees. For the Group's employees who could not work remotely, the Group implemented additional protective procedures, including equipping employees with sanitising equipment (e.g. disinfectants and hand sanitisers), implementing social distancing, staggering employees working hours as required to comply with restrictions and increasing the frequency of cleaning in the Group's facilities. These practices may continue for an indefinite amount of time and represent a significant disruption in how the Group operates its business. The operations of the Group's vendors and customers have likewise been disrupted. COVID-19 has also had, and may continue to have, an impact on the Group's supply chains, particularly with respect to its vendors' hardware products, including as a result of the global semiconductor chip shortage.

The degree to which COVID-19 impacts the Group's business, financial condition, results of operations and prospects will depend on future developments, which are uncertain and cannot be predicted. These developments may include, but are not limited to, the duration, spread and severity of COVID-19 in the markets in which the Group operates (including India and Brazil, which have experienced widespread and deadly outbreaks of COVID-19 in the last year), actions taken to contain the virus or treat its impact, including the effectiveness and rate of deployment of vaccines, the extent and effectiveness of economic stimulus and the speed at which and to what extent normal economic and business activity can resume. Future waves or strains of COVID-19 may result in national or local governments taking further severe countermeasures. Any future measures could impose similar or more stringent restrictions or may lead to greater economic distress and reductions in the markets that the Group serves, which could impair the Group's growth. If any of the foregoing were to occur, there could be a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.17 The Group's success depends on its ability to retain existing customers and procure additional work from existing customers as well as expand its customer base.

In the years ended 31 March 2019, 2020 and 2021, the Group had approximately 108,000 B2B customers, approximately 132,000 B2B customers and approximately 150,000 B2B customers, respectively. While the Group attempts to increase customer spend as a relationship matures by identifying additional products and services that may be needed or useful, there can be no assurance that revenue from customer relationships will be maintained or continue to grow. Furthermore, certain of the Group's contracts are re-tendered on a regular basis and, as a result, the Group is subject to the risk of losing customers as a result of such tender processes. Customers may terminate their relationships with the Group, or elect not to award contracts to the Group following a procurement tender process, for a variety of reasons, including as a result of dissatisfaction with products and services, prices and quality, some of which may be outside of the Group's control, and without notice and/or cause. Further, as account managers typically act as customers' primary point of contact from the start of the customer relationship, the Group may face a deterioration in, or loss of, customer relationships if account managers leave the Group. If the Group is unable to maintain or grow its existing customer relationships or win tender processes, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.18 The Group's ability to attract and retain customers, vendors and employees is dependent on its reputation.

The Directors believe that the Group's brand name and reputation are important corporate assets that help distinguish its solutions and services from those of competitors, allow it to maintain strong relationships with vendors and also contribute to its efforts to recruit and retain talented employees. However, the Group's reputation is potentially susceptible to material damage by events such as misconduct or compliance violations by its employees, agents, vendors or business partners, disputes with customers, cybersecurity breaches or service outages, internal control deficiencies, errors or perceived deficiencies in its solutions and services, government investigations or legal proceedings. Similarly, the Group's reputation could be damaged by actions or statements of current or former customers, employees, competitors, vendors and members of the investment community or the media. Damage to the Group's reputation could be difficult, costly and time-consuming to repair and result in lost business from customers or difficulty attracting talent, each of which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.19 The Group's targets and the assumptions and judgments underlying its financial outlook and other forward-looking performance measures may prove inaccurate, and as a result, the Group may be unable to successfully meet its expectations or achieve its targeted financial results.

Various estimates are presented in this Prospectus relating to the Group's medium term financial outlook in respect of turnover, gross profit margin, Adjusted EBITDA margin, future contributions from mergers and acquisitions ("M&A"), leverage, capital expenditure and working capital and other forward-looking performance measures. The information in respect of the Group's medium term outlook and other forward-looking performance measures represent the Group's estimates only and should not be relied upon to predict or forecast actual medium term results or future events. Such estimates and beliefs reflect a number of assumptions relating to turnover, gross profit margin, Adjusted EBITDA margin, future contributions from "M&A", leverage, capital expenditure and working capital, any of which may not be borne out due to both known and unforeseen risks, uncertainties and other important factors beyond the control of the Group that could affect actual performance. Such forecasts, assumptions, estimates and valuations carry an inherent degree of uncertainty and may not take into account all relevant considerations. If the assumptions upon which the estimated data is based prove to be inaccurate, this may indicate lower than expected growth rates or a less favourable position of the Group in the market, which in turn may have a material adverse impact on the Group's business, financial condition, results of operations and prospects in the medium term.

1.20 The Group depends on the timely availability of its vendors' products.

The Group's ability to resell particular products, particularly hardware products, in the required quantities and to fulfil customer orders in a timely manner is important to its success. While the Group has guide pricing and delivery service level agreements ("SLAs") in place with most vendors, such SLAs can be customised or changed depending on the exact requirements and specifications when detailed configurations are known or vendor supply chain exceptions occur. Although the Group benefits from integration with its vendors' supply chains to provide up-to-the-minute stock and availability information to the Group's sales team, such systems may fail or be disrupted due to circumstances outside of the Group's control. Timely fulfilment of the Group's

customer orders may occasionally be adversely affected by a supply shortage of certain products as a result of strong demand or production or delivery problems experienced by its vendors, their distributors and/or third-party logistics providers, or as a result of an industry-wide shortage in the product. For example, there has been a sharp increase in demand for computer and medical equipment over the past year due to the COVID-19 pandemic. As a result, there has been a global shortage of semiconductor chips used in the IT, medical, automotive and other industries, which has affected the stock supply of almost all of the Group's hardware vendors and has significantly delayed delivery times. If shortages or delays persist, the Group's customers may cancel their orders and the Group will be unable to generate the associated revenue. In addition, the Group may experience shortages or delays if its vendors decide to increase the proportion of the products they sell to other geographies or directly to the Group's customers and end-users. Accordingly, if the Group's vendors are not able to fulfil the Group's customer orders on a timely basis, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.21 The Group's insurance cover may not be adequate to cover all possible losses that it could suffer and its insurance costs may increase.

The Group maintains insurance coverage which the Directors believe is appropriate for the scope of its business. Although the Group carries insurance for its freehold property, its leased properties and business interruption, as well as professional indemnity insurance where required by law and directors' and officers' liability insurance, its insurance policies do not cover all types of losses and liabilities and are subject to limits and excesses. There can be no assurance that the Group's insurance will be sufficient to cover the full extent of any losses or liabilities it may incur and there can be no guarantee that it will be able to renew its current insurance policies on favourable terms, or at all. Were the Group's insurance coverage to be inadequate to cover actual losses or its insurance costs to increase significantly, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.22 The Group is exposed to liability and reputational risks in respect of its use of third parties to provide certain services to its customers or to provide services internally.

At times, the Group supplements its own specialist workforce with resources from its preferred IT infrastructure and services partners to provide certain services to its customers. Although the Group maintains a list of preferred partners, it may have limited control over such third parties' actions. Further, because customers only contract with the Group, the performance of such third parties can reflect negatively on the Group.

The Group has also outsourced certain IT services relating to the CloudMaster platform since the Group's acquisition of the CloudMaster IP in 2019. While the Group is currently in the process of transferring such services to be fully managed internally, it takes time to hire and train internal technical specialists and transfer knowledge.

Poor, inappropriate or illegal performance or behaviour by a third party engaged by the Group may result in a deterioration or loss of the Group's customer or vendor relationships, which may have an adverse effect on the Group's revenue and profitability. Further, the Group's revenue and results of operations may be adversely affected if any of its preferred partners choose to offer to the Group's customers, either directly or through the Group's competitors, services of the type that the Group provides. If the Group were to face any such risks in respect of its third party service providers, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.23 The Group is subject to customer credit risk, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group extends credit terms to its customers for a small proportion of its sales to them, typically on one-month payment terms. In addition, the Group offers financial instruments that facilitate IT procurement for business purposes through "Softline Finance", which enables customers to pay for any mix of products (including software, hardware, cloud and services) in instalments for terms of 90 days to up to one year. As a result, the Group is subject to the risk that its customers will not pay or will delay the payment for the products and services they purchase. This credit exposure risk may increase due to liquidity or solvency issues experienced by either the Group's customers or their end-users as a result of an economic downturn or an adverse change in their business. Customers may also initiate payment disputes, including as a result of dissatisfaction with the purchased IT infrastructure and/or services or employee fraud. If the Group were to experience delays in collecting payment for invoiced amounts, or were unable to collect them at all, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.24 The Group's debt obligations could adversely affect the Group's business.

The Group currently has debt service obligations, and is subject to customary financial covenants under the terms of its debt. The Group maintains a number of revolving credit line agreements to finance its working capital and grant loans to members of the Group. The Group has also issued a number of bonds with varying terms and maturity dates.

The Group's debt obligations may in the future require it to dedicate a greater portion of its cash flow from operations to making payments on its debt, thereby reducing the availability of assets for other purposes. Such debt obligations may also increase the Group's vulnerability to adverse general economic or industry conditions that are beyond its control, and may place the Group at a competitive disadvantage compared to its competitors that may have less debt. Increased interest rates could also increase the Group's debt interest costs under its variable rate debt. A significant increase in the amount of interest payable by the Group could adversely affect the Group's business, results of operations, profitability and prospects. In addition, if in the longer term the Group wishes to take on additional borrowings (for example, to finance future growth), the Group's current debt obligations may increase the cost of such additional borrowings. This could have a material adverse effect on the Group's business, results of operations, profitability and prospects.

2. Risks related to regulation, legal and intellectual property matters

2.1 The Group is subject to laws and regulations in numerous jurisdictions, and failure to properly comply with such laws and regulations, or the introduction of more stringent laws and regulations, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group operates in over 50 countries, including in Russia, Asia Pacific ("APAC"), Latin America ("LATAM"), the Rest of Eurasia ("RoE") and Europe, the Middle East and Africa ("EMEA"). The Group's operations are therefore subject to a broad range of increasingly complex legal and regulatory requirements in a number of jurisdictions, including in the areas of anti-corruption, money laundering, sanctions and anti-trust compliance and laws and regulations regarding sales practices, employment and labour, data protection and tax.

In particular, regulatory authorities in emerging markets often exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits and in monitoring licensees' compliance with license terms, which may lead to inconsistencies in enforcement. Authorities in certain jurisdictions have the right to, and frequently do, conduct periodic inspections of operations and properties of companies throughout the year. Any such future inspections may conclude that the Group has violated applicable laws, decrees or regulations. Findings that the Group failed to comply with existing laws, regulations or directions resulting from government inspections may result in the imposition of fines, penalties or more severe sanctions, including the suspension, amendment or termination of the Group's licenses or permits, or in requirements that it suspends or ceases certain business activities, or in criminal and administrative penalties being imposed on the Group's officers, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, laws and regulations are subject to continual changes, and some legislative changes may be either disadvantageous to the Group's business or could require the Group to change its course of business or amend its business strategy to a less profitable strategy. Any failure to comply with applicable national or international laws could lead to costly litigation, penalties and other sanctions, and, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.2 The Group's compliance, internal control and risk management systems may fail to prevent and discover non-compliance.

While the Group maintains internal controls, procedures, compliance systems and risk management systems, there can be no assurance that employees, contractors, agents or vendors will comply with the Group's policies and procedures and that they will not violate applicable laws and regulations. Further, there can be no certainty that as of yet undetected breaches of law or regulations have not occurred in the past and that the discovery of such breaches would not result in significant liability or reputational damage for the Group.

In addition, in light of continuously evolving legal and regulatory requirements and internal developments such as corporate reorganisations and acquisitions, there can be no certainty that the Group's risk management, internal controls and compliance function and related governance structures will be followed at all times or effectively detect and prevent violations of applicable laws. Any failure to effectively prevent, identify or

address breaches of the Group's legal obligations through its internal controls, compliance management and risk management systems could result in administrative, civil and criminal sanctions, the assertion of damages claims by third parties and reputational damage, each of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.3 The Group's operations are subject to sanctions, anti-bribery and corruption, money-laundering and antitrust laws and regulations.

The Group is subject to economic sanction programs imposed by multiple authorities, such as the United Nations, the European Union and the United States through the Office of Foreign Asset Control ("OFAC"). The Group's international operations are also subject to anti-corruption laws and regulations in the jurisdictions in which they operate, such as the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010. In addition, the Group is subject to anti-money-laundering laws and regulations and antitrust laws and regulations prohibiting collusive and other anti-competitive practices.

Sanctions, anti-bribery and corruption, money-laundering and antitrust regimes evolve over time and it is difficult to predict the interpretation, implementation or enforcement of governmental policies with respect to the Group's activities. Some of the countries in which the Group operates lack a legal system as developed as other countries and are perceived to have higher levels of corruption and other illegal sales practices. The Group's high geographical diversification, including in emerging markets, increases the risk of violation of anti-corruption laws, sanctions or similar laws. While the Group continuously reviews its policies, controls and procedures to ensure compliance with applicable laws and regulations, there can be no assurance that these policies and procedures will be followed by its employees, consultants, agents or partners at all times or that the internal controls will effectively detect and prevent any violations.

Violation of anti-corruption laws, sanctions, money-laundering and antitrust laws and regulations is punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any violation could result in adverse media coverage, have an impact on the Group's reputation and consequently on its ability to maintain long-term commercial relationships with its customers and win new business.

Any failure on the Group's part to manage the above risks could have a material adverse effect the Group's business, financial condition, results of operations and prospects.

2.4 The Group is exposed to risks of legal, arbitration and regulatory claims or disputes, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

From time to time, the Group may become involved in legal or arbitration proceedings in the ordinary course of its business, including disputes with vendors, customers, employees or business partners concerning, among other things, breaches of contract, professional liability, intellectual property, employment law or shareholder rights issues. The Group may also become subject to proceedings by governmental authorities in connection with its compliance with laws and regulatory requirements, including in the areas of labour, tax and data protection.

The outcome of pending or potential future legal, arbitration or regulatory proceedings is, as a general matter, difficult to predict. If such proceedings are resolved against the Group, it may be subject to damages, civil, criminal or other penalties, or it may be required to change its business practices. The Group records a provision for litigation risks when it is probable that a liability has been incurred and the associated amount can be reasonably estimated. The Group also maintains liability insurance for its directors and officers at levels the Directors believe to be appropriate and consistent with industry practice. However, the Group may incur losses relating to litigation beyond the scope or limits of such insurance coverage, and the Group's provisions for litigation-related losses may not be sufficient to cover its ultimate loss or expenditure. Even if the Group ultimately prevail in legal, arbitration and regulatory proceedings, defending such actions can be costly and result in diversion of management's attention away from its business.

Any legal, arbitration or regulatory proceeding pending or threatened could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.5 The Group is subject to laws restricting acquisitions of control by foreign investors, which may have the effect of making a takeover of the Group more difficult or less attractive.

On 7 May 2008, Federal Law No. 57-FZ, “On the Procedure for Implementing Foreign Investments in Commercial Enterprises Having Strategic Importance to Secure Defence and Security of the State” (the “**Foreign Investments Law**”), came into force. It regulates foreign investments in, and other transactions, which may lead to foreign control over, companies with strategic importance for the national defence and security of the Russian Federation (“**Strategic Companies**”). Certain of the Group’s material subsidiaries in Russia produce and distribute cryptographic technologies and render services involving the use of cryptographic technologies. On this basis, each of these Russian subsidiaries qualifies as a “strategic company” for the purposes of the Foreign Investments Law.

Under the Foreign Investments Law, acquisition of direct or indirect control over a company that falls under the definition of the “strategic company” by a foreign investor or an entity controlling, controlled or under the common control with a foreign investor would require prior approval or, in certain cases, post-transaction approval by the special commission under the Russian government. “Control” is defined broadly as an ability to determine, directly or indirectly, decisions taken by a Strategic Company, whether through voting at the general shareholders’ (participants’) meeting of the Strategic Company, participating in the board of directors or management bodies of the Strategic Company, or acting as the external management organisation of the Strategic Company, or otherwise (“**Control**”).

In addition, prior approval is required for acquisitions by certain categories of foreign investors of direct or indirect control of more than 25 per cent. of the voting right in a strategic company or other ability to block decisions of the management bodies of such entity. Transactions aimed at the acquisition of Control by these categories of foreign investors over the Strategic Company are absolutely prohibited under the Foreign Investments Law.

A failure to obtain prior approval or, where absolutely prohibited, obtaining control will result in the investor having to dispose of such number of shares so as to bring its shareholding into compliance with the requirements of the Foreign Investments Law, failing which the applicable authorities may initial court proceedings to deprive the investor of its voting rights with respect of such securities.

This approval requirement, as well as any restrictions on foreign investment which may be imposed in the future and unfavourable interpretation of respective legal requirements by courts and competent authorities may have the effect of requiring shareholders to dispose of shares or losing voting rights with respect to such shares and may make a future takeover of the Group more difficult or less attractive, and may prevent or delay a change of control of the Group, which could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

2.6 The Group is subject to prevailing tax laws in every jurisdiction it operates and there can be no assurances that its understanding of applicable tax law is correct. Any misapprehension of such may have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

The Group operates in over 50 jurisdictions and will be subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof. Tax laws and regulations are highly complex and subject to interpretation. The Group’s income tax expense will be based upon its interpretation of the tax laws in effect at the time that the expense will be incurred. If applicable laws, treaties or regulations change, this could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

If any tax authority successfully challenges the Group’s operational structure, intercompany pricing policies, the taxable presence of its subsidiaries in certain countries, or if taxing authorities do not agree with the Company’s and/or any subsidiaries’ assessment of the effects of applicable laws, treaties and regulations, or the Group loses a material tax dispute in any country, or any tax challenge of the Group’s tax payments is successful, the Group’s effective tax rate on its earnings could increase substantially and the Group’s business, financial condition, results of operations and prospects could be materially and adversely affected. In particular, certain transactions by the Group are subject to Russian transfer pricing rules, which are highly complex and may be subject to challenge by the Russian tax authorities.

2.7 The Group may be unable to protect its intellectual property adequately.

As proprietary technologies are becoming an increasingly important asset of the Group’s business, its future success depends in part upon the successful protection of its intellectual property. The Group seeks to protect

its intellectual property through a combination of trademarks, trade secret protections and, in certain circumstances, confidentiality agreements. The Group may in the future also seek patent protection for certain of its innovations.

The steps the Group takes to protect its intellectual property and proprietary information may not be adequate to prevent misappropriation of its technology, as the existence of laws or contracts prohibiting such actions may not always serve as sufficient deterrents. Policing the unauthorised use of the Group's intellectual property may be expensive and time consuming. The Group's intellectual property rights may be challenged, and it may not be able to secure such rights in the future. In addition, the laws of certain countries in which the Group operates may not protect its proprietary rights to the same extent as the laws of Europe or the United States. Consequently, third parties, including competitors, may be able to use the technology behind the Group's solutions and services without a license. The undue exploitation of the Group's intellectual properties by third parties may reduce or eliminate the competitive advantage the Group derives from its own technology. In addition, while it is the Group's policy to require employees and contractors who may be involved in the conception or development of intellectual property to enter into agreements assigning such intellectual property rights to the Group, it may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that the Group regards as its own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached.

The Group may be forced to bring claims against third parties, including former employees and contractors, to determine the inventorship or ownership of what it regards as its intellectual property. If the Group fails in asserting such claims, it may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property. Even if the Group is successful in actions to enforce its intellectual property rights, litigation could result in substantial costs and be a distraction to management and employees.

The occurrence of any of these risks could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.8 The Group may be subject to intellectual property infringement claims.

The technology industry is characterised by frequent claims and related litigation regarding patents, copyrights and other intellectual property rights. These claims may be asserted by operating companies and companies that do not manufacture or sell products and whose sole purpose is to assert patent rights against third parties in an attempt to collect license fees. Third parties may in the future seek to assert their intellectual property rights against the Group. Such claims, whether with or without merit, may be time-consuming, may result in costly litigation and may not be resolved on terms favourable to the Group.

Successful claims of infringement, misuse or misappropriation by a third party against the Group or a third party that it indemnifies could prevent the Group from distributing certain products or performing certain services or could require it to pay substantial damages, an account of profits, royalties or other fees. Such claims also could require the Group to cease making, licensing or using products that are alleged to infringe or misappropriate the intellectual property rights or misuse the confidential information of others, to expend additional development resources to attempt to redesign its products or services or otherwise to develop alternative technology that does not infringe, misuse or misappropriate, or to enter into potentially unfavourable royalty or license agreements in order to obtain the right to use necessary technologies, confidential information or intellectual property rights. Any of these outcomes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.9 The Group licenses technology from third parties, and its inability to maintain those licenses could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Certain of the Group's solutions incorporate licensed third party software. For example, the Group licenses technology from a third party for use in certain of its software asset management solutions. Some of the Group's agreements with licensors may be terminated by them for convenience, or otherwise provide for a limited term. If the Group is unable to continue to license technology because of intellectual property infringement claims brought by third parties against its licensors or against the Group, or if the Group is unable to continue its license agreements or enter into new licenses on commercially reasonable terms, the Group's ability to develop and sell solutions and services containing that technology would be limited, and the Group's business could be harmed. Additionally, if the Group is unable to license technology from third parties, it may be forced to acquire or develop alternative technology, which it may be unable to do in a commercially acceptable manner or at all, and may require the Group to use alternative technology of lower quality or

performance standards. This could limit or delay the Group's ability to offer new or competitive solutions and increase its costs. Any of the above factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3. Risks related to the markets in which the Group operates

3.1 Emerging markets, such as those in which the Group operates, are subject to greater risks as compared to more developed markets.

The majority of jurisdictions in which the Group operates are generally considered to be emerging markets by international investors. Emerging markets, such as those in which the Group operates, are subject to different risks as compared to more developed markets, including, in some cases, increased political, economic and legal risks. Investors should also note that emerging markets are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly. Emerging markets are typically thought to have certain characteristics and be subject to many risks, including:

- adverse changes in economic and governmental policy;
- abrupt changes in currency values;
- high levels of inflation;
- relatively low levels of disposable consumer income;
- relatively high levels of crime;
- social unrest;
- volatility in capital markets;
- relatively unstable institutions;
- selective or arbitrary governmental action; and
- relatively high levels of abuse and corruption.

In particular, emerging markets are frequently characterised by underdeveloped legal systems and rapid development. In the markets in which the Group operates, fundamental laws may have only become effective within the past five to ten years, and many have recently been amended. The recent nature of such laws and the rapid evolution of the legal systems in these emerging markets may place the enforceability and underlying constitutionality of laws in doubt and result in ambiguities, inconsistencies and anomalies. Furthermore, many new laws remain untested, and such laws may leave substantial gaps in regulatory infrastructure. Among the risks of the legal systems of the emerging markets in which the Group operates, to varying degrees, are:

- inconsistencies among (i) federal laws, (ii) decrees, orders and regulations issued by the government, heads of state, federal ministries and regulatory authorities and (iii) regional and local laws, rules and regulations;
- inconsistent application of existing laws and regulations;
- limited judicial and administrative guidance on interpreting the law;
- the possibility of undue influence on or manipulation of judges and the judicial system;
- substantial gaps in the regulatory structure due to delay or absence of implementing legislation;
- instances of the judicial system being used in furtherance of commercial interests;
- a high degree of discretion on the part of governmental authorities; and
- bankruptcy procedures that can be subject to abuse.

These weaknesses could affect the Group's ability to enforce its rights under contracts, or to defend against claims by others under the jurisdiction of such emerging markets, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Moreover, emerging markets are often affected by developments in other emerging markets and, accordingly, adverse changes in emerging markets could have a negative impact on the markets in which the Group operates. Furthermore, financial or economic crises, whether global or limited to a single large emerging market country, tend to adversely affect prices in equity markets of most or all emerging market countries as investors move their money to more stable, developed markets. As has happened in the past, financial problems or an

increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in the regions in which the Group operates, including Russia and those in APAC, LATAM, RoE and EMEA, and adversely affect the economy of such regions. Due to the Group's geographic mix, these factors could affect it more than its competitors with less exposure to developing markets, and any general decline in developing markets as a whole could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.2 The Group may be materially adversely affected by changes in the economic, political and other conditions of Russia.

While the Group operates globally, the majority of its revenue is sourced from Russia (60.5 per cent. in the year ended 31 March 2021). As a result, the Group's results of operations are, and are expected to continue to be, significantly affected by changes in the economic, political and other conditions of Russia.

Over the last two decades, the Russian economy has experienced or continues to experience at various times:

- volatility in its GDP;
- the impact of international sanctions;
- high levels of inflation;
- increases in, or high, interest rates;
- sudden price declines in oil and other natural resources;
- instability in the local currency market;
- lack of reform in the banking sector and a weak banking system;
- budget deficits;
- the continued operation of loss-making enterprises due to the lack of effective bankruptcy proceedings;
- capital flight; and
- increases in poverty rates, unemployment and underemployment.

Any deterioration in the general economic conditions in Russia, whether or not as a result of the factors mentioned above, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

While the political situation in Russia has been relatively stable in recent years, future policy and regulation may be less predictable than in less volatile markets. Any future political instability could result in a worsening overall economic situation, including capital flight and a slowdown of investment and business activity. Furthermore, according to some commentators, politically motivated actions, including claims brought by the Russian authorities against several major Russian and international companies, have called into question the security of property and contractual rights, the progress of the market and political reforms, the independence of the judiciary and the certainty of legislation in Russia. This has, in turn, resulted in significant fluctuations in the market price of Russian securities and had a negative impact on foreign investments in the Russian economy, over and above the general market turmoil recently. Any similar actions by the Russian authorities which result in a further negative effect on investor confidence in Russian business and legal environment could have a further material adverse effect on the Russian securities market and prices of Russian securities or foreign securities originating from Russian business, including the GDRs. Local and international press have also reported relatively high levels of corruption in Russia. Corruption and other illegal activities could disrupt the Group's ability to conduct business effectively, and claims that the Group was involved in such corruption or illegal activities could generate negative publicity and harm the Group's business.

Over the past decade, there have also been a number of conflicts, both economic and military, involving Russia. On several occasions, such conflicts have resulted in the deterioration of relations between Russia and other members of the international community, including the United States and various countries in Europe. Many of these jurisdictions are home to financial institutions and corporations that are significant investors in Russia and whose investment strategies and decisions may be affected by such conflicts and by worsening relations between Russia and its immediate neighbours. For example, the continuing political instability and deteriorating economic conditions in Ukraine and the conflict in Eastern Ukraine have affected relations between Russia and Ukraine. In March 2014, following a public referendum, the Crimean peninsula and the city of Sevastopol

became new separate constituents of Russia. The events relating to Ukraine and Crimea prompted condemnation by members of the international community and have been strongly opposed by the European Union and the United States, with a resulting material negative impact on their relationships with Russia. Tensions between Russia and the EU and between Russia and the United States have further increased recently as a result of the conflict in Syria. The emergence of new or escalated tensions between Russia and other states could negatively affect the Russian economy, which, in turn, may result in a general lack of confidence among international investors in the region's economic and political stability and in Russian investments generally. Such lack of confidence may result in reduced liquidity, trading volatility and significant declines in the price of listed securities, including the GDRs.

Any of the above, individually or in aggregate, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.3 Disputes between Russia and other countries and related sanctions imposed by the United States, the European Union and certain other countries, as well as expansion of these sanctions, may materially adversely affect the Group's business, financial condition, results of operations and prospects.

The United States, the European Union and certain other countries have imposed economic sanctions on certain Russian government officials, private individuals and Russian companies, as well as "sectoral" sanctions affecting specified types of transactions with named participants in certain industries. In the ordinary course of business, the Group, like many other Russian companies, conducts commercial operations with Russian persons and entities that are currently subject to the U.S. or EU sectoral sanctions. For example, the Group raises financings and engages in routine transactions with Russian state owned financial institutions, including Sberbank, that have been designated under U.S. and EU sectoral sanctions. In addition, in April 2021, the U.S. President announced sanctions on six Russian technology companies for supporting Russian intelligence agencies engaged in "dangerous and disruptive cyber attacks", including Positive Technologies, one of the Group's key vendors. Although such transactions and relationships are not currently prohibited by U.S. and EU sanctions, in the event the scope of these sanctions is expanded or if these entities become subject to blocking sanctions, the Group's ability to raise financing or to transact with such parties may be hindered, which would adversely affect its business.

Political and economic sanctions may impede the Group's ability to effectively manage its legal entities and operations in and outside of Russia. Although no individual or entity within the Group is a target of U.S. or EU sanctions, the Group's business may be adversely affected by the impact of sanctions on the broader economy in Russia and there can be no assurance that any such individual or entity will not be the target of sanctions in the future. Although the Group has no reason to believe that it would be targeted by any sanctions in the future, further expansion of sanctions on Russia and Russian entities may have an adverse effect on the Group's ability to expand and grow its business and raise financings to fund the development of its business. Any non-compliance with the U.S., EU and other sanctions programmes could expose the Group to significant fines and penalties and to enforcement measures, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

There could be calls from foreign countries for a further strengthening and broadening of sanctions against Russian persons. Existing and new sanctions could have the effect of damaging the Russian economy by, among other things, further accelerating capital flight from Russia, weakening of the Russian Rouble, exacerbating the negative investor sentiment towards Russia and making it harder for Russian companies, including the Group, to access international financial markets for debt and equity financing. If individuals or entities with whom the Group does business were sanctioned as "designated nationals", this could interfere with the Group's operations. Furthermore, ongoing expanded business with sanctioned parties might result in the Group's becoming the subject of expanded U.S. or EU sanctions. More expansive sanctions targeting broader segments of the Russian economy could also interfere with the Group's operations, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

4. Risks related to Russian taxation

4.1 The Russian taxation system is relatively underdeveloped.

The Russian Government is continually reforming the tax system by redrafting parts of the Tax Code of the Russian Federation (the "**Russian Tax Code**"). Since 1 January 2009, the corporate profits tax rate has been 20 per cent. From 1 January 2021, personal income tax from most types of income of individuals who are tax residents of Russia is levied at progressive scale of rates. In particular, annual income up to RUB 5 million is

subject to tax at the rate of 13 per cent. and annual income of more than RUB 5 million at 15 per cent. Since 1 January 2019, the general rate of value added tax (“VAT”) has been 20 per cent.

Russian tax laws, regulations and court practices are subject to frequent change, varying interpretations and inconsistent and selective enforcement. In accordance with the Constitution of the Russian Federation, laws that introduce new taxes or worsen a taxpayer’s position cannot be applied retrospectively. Nonetheless, there have been several instances when such laws have been introduced and applied retrospectively.

The Russian government regularly reforms the tax system by redrafting the Russian Tax Code, resulting in changes being introduced to existing tax laws and their interpretation. In particular, a large number of changes have been introduced to various chapters of the Russian Tax Code since its adoption. There can be no assurance that the current tax rates will not be increased, that new taxes will not be introduced or that additional sources of revenue or income, or other activities, will not be subject to new taxes, charges or similar fees in the future. There also can be no assurance that the Russian Tax Code will not be changed in the future in a manner adverse to the stability and predictability of the tax system. The consequent uncertainties could also expose the Group to significant fines and penalties and potentially severe enforcement measures despite the Group’s best efforts at compliance, and could result in a greater than expected tax burden. This, in turn, could have a material adverse effect on the Group’s business, results of operations, financial condition and prospects.

Generally, taxpayers are subject to tax audit for a period of three calendar years immediately preceding the year in which the decision to carry out a tax audit was taken. In certain circumstances, repeated tax audits (i.e., audits with respect to the same taxes and the same periods) are possible. Generally, the statute of limitations for a tax offense is three years after the date on which the tax offense was committed or from the date following the end of the tax period during which the tax offense was committed (depending on the nature of the tax offense). Nevertheless, according to the Russian Tax Code and based on current judicial interpretation, there may be cases where the statute of limitations for tax offences may extend beyond three years.

Tax audits or inspections may result in additional costs to the Group, in particular if the relevant tax authorities conclude that the Group did not satisfy its tax obligations in any given year. Tax audits may also impose additional burdens on the Group by diverting the attention of the management.

In October 2006, the Plenum of the Supreme Arbitrazh Court of the Russian Federation issued a resolution concerning judicial practice with respect to unjustified tax benefits. The resolution provides that where the true economic intent of business operations is inconsistent with the manner in which it has been taken into account for tax purposes, a tax benefit may be deemed to be unjustified. As a result, a tax benefit cannot be regarded as a separate business objective. On the other hand, the fact that the same economic result might have been obtained with a lesser tax benefit accruing to the taxpayer does not constitute grounds for declaring a tax benefit to be unjustified. Moreover, there are no rules and little case law applicable to distinguishing between lawful tax optimisation and tax avoidance or evasion. The above Arbitrazh Court approach was to a certain extent further implemented in Article 54.1 of the Russian Tax Code.

Under these provisions, a taxpayer is not able to reduce the tax base and/or the amount of tax payable by misrepresenting information regarding economic events or the objects of taxation which are required to be disclosed in a taxpayer’s tax and/or accounting records or tax statements. As a result of these rules, it is possible that despite the best efforts of the Group to comply with Russian tax laws and regulations, certain transactions and activities of the Group that have not been challenged in the past may be challenged in the future, resulting in a greater than expected tax burden, exposure to significant fines and penalties and potentially severe enforcement measures for the Group.

Recent developments show that the Russian tax authorities are scrutinising various tax planning and mitigation techniques used by taxpayers, including international tax planning. In particular, Russia introduced “controlled foreign companies” (“CFC”) rules, the concept of “tax residency for an organisation” and the “beneficial ownership” concept, and is increasingly engaged in the international exchange of tax and financial information (including through country-by-country reporting standards and common reporting standards developed and approved by the Organisation for Economic Co-operation and Development (the “OECD”).

In 2017, the Russian Federation signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (“MLI”) implementing a series of tax treaty measures to update international tax rules and lessen the opportunity for tax avoidance. On 1 October 2019, the Russian Federation ratified MLI. However, it will come into effect only after special conditions reflected in article 35 of MLI are met. In particular, both Russia and the relevant double tax treaty (“DTT”) partner country, are required to exchange notices and deliver a notice to the OECD, affirming completion of national MLI adoption legislative procedures. Russia notified

the OECD on the completion of internal procedures for the entry into effect of the provisions of the MLI on 26 November 2020. MLI became enforceable in Russia from 1 January 2021 in respect of taxes with sources within the Russian Federation.

In March 2020, the president of Russia proposed to increase some tax treaty rates on income to 15 per cent. with certain DTT partner countries, noting that Russia is ready to withdraw from DTTs with countries that do not agree with such measures. Based on this approach Russia has signed amendments to the DTTs with Malta, Cyprus (effective as of 1 January 2021) and Luxembourg (to become effective as of 1 January 2022). In September 2021 it was announced that the Russian Ministry of Finance initiated revision of DTT with Switzerland. The Russian Ministry of Finance has announced that DTTs with Hong Kong and Singapore could be revised as well. It is possible that some other DTTs will also be renegotiated by the Russian Ministry of Finance.

In December 2020, the Russian Ministry of Finance publicly announced that several rounds of negotiations concerning the revision of certain provisions of the current DTT with the Netherlands were unsuccessful and therefore the process of denunciation (termination) of the DTT with the Netherlands was launched. Afterwards, Russia has unilaterally terminated DTT with the Netherlands due to the fact that the Netherlands does not agree to the tax increase and termination will enter into force on 1 January 2022.

Given that the Group has a holding company in Cyprus, it is currently unclear how the Russian tax authorities will interpret and apply the new tax provisions and what will be the possible impact on the Group. Therefore, it cannot be excluded that the Group might be subject to additional tax liabilities if these changes are applied to transactions carried out by the Group.

The Russian tax law provides for a number of incentives for IT companies, some of which apply to the Group. These incentives are ambiguous and may be subject to arbitrary interpretation by the Russian tax authorities. It is currently unclear how the Russian tax authorities will interpret and apply the tax provisions and what the impact on the Group will be. It cannot be excluded that the Group might be subject to additional tax liabilities as a result of the application of such changes to transactions carried out by the Group.

Furthermore, Russian tax legislation is consistently becoming more sophisticated. It is possible that new revenue-raising measures could be introduced. Although it is unclear how any new measures would operate, the introduction of such measures may affect the Group's overall tax efficiency and may result in significant additional taxes becoming payable. No assurance can be given that no additional tax exposures will arise for the Group.

All the aforesaid evolving tax conditions create tax risks in Russia that are greater than the tax risks typically found in countries with more developed taxation, legislative and judicial systems. These tax risks impose additional burdens and costs on the Group's operations, including the Group's management resources.

There can be no assurance that the Group would not be required to make substantially larger tax payments in the future and that certain transactions and activities of the Group that have not been challenged in the past will not be challenged in the future, resulting in a greater than expected tax burden. These risks and uncertainties complicate tax planning as well as related business decisions, and could possibly expose the Group's subsidiaries to significant fines, penalties and enforcement measures, despite the Group's best efforts at compliance, and could result in a greater than expected tax burden.

Any of the above factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

4.2 Russian transfer pricing rules may subject the Group's transfer prices to challenge by the Russian tax authorities.

Certain transactions by the Group are subject to Russian transfer pricing rules. Russian transfer pricing legislation allows the Russian tax authorities to make transfer pricing adjustments and impose additional tax liabilities with respect to "controlled" transactions. The list of "controlled" transactions under the transfer pricing legislation includes transactions performed with related parties (excluding transactions between related parties that are located in Russia and apply the same corporate profits tax rate (i.e. 20 per cent.)) and certain types of cross-border transactions with unrelated parties. Legislation also shifts the burden of proving market prices from the Russian tax authorities to the taxpayer. Although Russian transfer pricing rules were modelled based on the transfer pricing principles developed by the OECD, there are some peculiarities as to how the OECD transfer pricing principles are reflected in the Russian rules. Special transfer pricing rules continue to apply to transactions with securities and derivatives.

Accordingly, due to uncertainties in the interpretation of the Russian transfer pricing legislation and undeveloped court practice, no assurance can be given that the Russian tax authorities will not challenge the Group's transfer pricing transactions and require adjustments, which could adversely affect the Group's tax position. As such, the Russian transfer pricing rules could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

4.3 The Company and its foreign subsidiaries may be exposed to taxation in Russia if they are treated as having a Russian permanent establishment or as a Russian tax resident.

The Russian Tax Code contains the concept of a permanent establishment. Under the Russian Tax Code, foreign legal entities that maintain a permanent establishment in Russia, i.e., that carry on regular entrepreneurial activities in Russia beyond preparatory and auxiliary activities, are subject to Russian profits tax. Russia's DTTs with a variety of other countries also contain a similar concept.

If a foreign company is treated as having a permanent establishment in Russia, it would be subject to Russian taxation in a manner broadly similar to the taxation of a Russian legal entity, but only to the extent of the amount of the foreign company's income that is attributable to the permanent establishment in Russia. However, the practical application of the concept of a permanent establishment under Russian domestic law is relatively underdeveloped and even foreign companies with limited operations in Russia, which would not normally satisfy the conditions for creating a permanent establishment under foreign or DTT rules, may be at risk of being treated as having a permanent establishment in Russia and hence being exposed to Russian taxation.

Although the foreign subsidiaries of the Company intend to conduct their affairs so that they are not treated as having a permanent establishment in Russia, no assurance can be given that they will not be treated as having such a permanent establishment.

Furthermore, the Russian Tax Code contains attribution rules, which are not sufficiently developed as well, and there is a risk that the tax authorities might seek to assess Russian tax on the global income of a foreign company. Having a permanent establishment in Russia may also lead to other adverse tax implications, including challenging a reduced withholding tax rate on dividends under an applicable DTT, potential effect on VAT and property tax obligations. There is also a risk that penalties could be imposed by the tax authorities for failure to register a foreign company having a Russian permanent establishment with the Russian tax authorities. Any such taxes or penalties could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

There are tax residency rules for legal entities in the Russian Tax Code. Based on these rules, the following categories of legal entities should be viewed as Russian tax residents:

- (a) Russian companies;
- (b) foreign companies recognised as tax residents of Russia in accordance with DTTs, for the purposes of application of the treaty; and
- (c) foreign companies whose place of effective management is in Russia, unless provided otherwise by DTTs. Russia is recognised as a place of effective management of a company in the following cases:
 - (i) its executive body conducts business in Russia on a regular basis, or
 - (ii) its executive officers exercise the management of the company primarily from Russia (i.e. authorised to plan and control activities of the company, authorised to manage activities of the company and to be responsible for it).

If a foreign company is treated as a tax resident in Russia, it would be recognised as a taxpayer for Russian profits tax purposes.

Although the Company and its foreign subsidiaries intend to conduct their affairs so that they are not treated as either having a permanent establishment in Russia, or tax residents in Russia, no assurance can be given that they will not be treated either as having such permanent establishment in Russia, or as being tax residents for the Russian tax purposes, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

4.4 Changes to the Russia-Cyprus DTT could increase the Group's tax burden, and the Group may encounter difficulties in obtaining lower rates of Russian withholding income tax for dividends distributed from our Russian subsidiaries.

In 2020, the Russian government was directed to revise Russian DTTs to increase withholding tax rates up to 15 per cent. for Russian-sourced dividend and interest income or, if negotiations are unsuccessful, to terminate them. Consequently, on 8 September 2020, Cyprus and Russia signed a protocol amending the existing DTT, increasing the maximum withholding tax rates (i) in relation to dividends, from 5 per cent. to 15 per cent. and (ii) in relation to interests, from 0 per cent. to 15 per cent. The new rates came into force on 1 January 2021.

According to the amended DTT, the reduced 5 per cent. rate for withholding tax applicable to dividends and interests may nevertheless apply if the recipient company simultaneously (i) is the beneficial owner; (ii) has its shares listed on a registered stock exchange, and at least 15 per cent. of its voting shares are in free float; and (iii) which directly holds (during at least 365 days including the day of dividend payment) more than 15 per cent. of the capital stock of the Russian companies paying dividends.

According to unofficial clarifications of the Russian Ministry of Finance "recognised stock exchange" for the purposes of the DTT between Cyprus and Russia (as amended by the Protocol signed on 8 September 2020) is any recognised stock exchange established and regulated as such by the laws of any of the contracting states (i.e. Cyprus and Russia). Thus, in case the GDRs are at any point in time de-listed from the Moscow Stock Exchange, no assurance can be given that any DTT benefits provided by the DTT between Cyprus and Russia could be applied that may adversely affect the taxation of dividend distributions from the Group.

Any further amendments to the DTT between Cyprus and Russia or its renunciation by Russia may adversely affect the taxation of dividend distributions from the Group's Russian subsidiaries and, consequently, the Group's business and financial condition.

Further, the Russian Tax Code explicitly requires that in order to enjoy the benefits under an applicable DTT, the person claiming such benefits must be the beneficial owner of the relevant income. In addition to a tax residence certificate, the Russian Tax Code requires confirmation from the recipient of the income that it is the beneficial owner of the income. Russian tax law provides neither the form of such confirmation nor a list of documents that can demonstrate the beneficial owner status of the recipient with respect to the received income. In recent years, the Russian tax authorities started to challenge structures involving the payments outside of Russia, and in most cases, Russian courts tend to support the tax authorities' position. Thus, there can be no assurance that treaty relief at source will be available in practice, should the income recipient fall unable to document its beneficial ownership status.

5. Risks related to the GDRs and the Trading Market

5.1 Because there has been no prior active public trading market for the GDRs, the Offering may not result in an active or liquid trading market for the GDRs, and their price may be highly volatile.

Before the Offering, there has been no public trading market for the GDRs or Shares. Although the GDRs have been admitted to trading on the Moscow Exchange and will be admitted to trading on the London Stock Exchange, an active, liquid trading market may not develop or be sustained after this Offering on any or both of these markets. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. If an active liquid trading market for the GDRs does not develop, the price of the GDRs may be more volatile and it may be difficult to complete a buy or sell order for the GDRs.

The trading prices of the GDRs may be subject to wide fluctuations in response to many factors, including some which are unrelated to the Group or its performance, such as:

- variations in the operating results and those of other retail companies;
- market conditions in the broader stock market;
- variations in national and industry growth rates;
- issuance of new or amended analyst reports and research;
- the Group's performance vis-a-vis its competitors;
- changes in governmental legislation or regulation;
- general economic conditions within the Group's business sector, in Russia and other countries where the Group operates; and

- price and volume fluctuations on the London Stock Exchange, the Moscow Exchange and other stock exchanges.

In addition, the market price of the GDRs may decline below the Offer Price.

5.2 The GDRs may be de-listed from the Moscow Exchange.

As part of the Offering, the GDRs have been admitted to trading on the Moscow Exchange with such trading expected to commence on the Closing Date. To date, there have been a limited number of admissions of foreign securities to trading on the Moscow Exchange upon applications of the issuers of such securities. Russian securities law rules applicable to foreign issuers are still being developed and in many cases do not clearly distinguish between the issuer of the foreign depositary receipts and the issuer of the foreign underlying securities. In particular, the relevant Russian regulations governing the admission eligibility criteria and the listing criteria for foreign securities are open to different interpretations. There has been little official guidance from the CBR as to interpretation and implementation of the rules applicable to non-Russian issuers. Consequently, it may not always be clear how to apply such rules with respect to the Company. Therefore, the interpretation of the admission eligibility criteria by the Moscow Exchange or the CBR may be different from the meaning which the Company expects to be applicable or may be challenged, which may result in subsequent cancellation of the Moscow Exchange Admission and de-listing of the GDRs from the Moscow Exchange.

Upon the application for admission of the GDRs to trading on the Moscow Exchange, the Company became subject to regulation under certain Russian securities laws, including the rules relating to insider trading and market manipulation, which have not been yet tailored for non-Russian issuers. In addition, in order to maintain such admission or listing on the Moscow Exchange, the Company will be required to comply with Russian securities law rules, including certain listing, reporting and disclosure requirements. A material failure to comply with these rules may constitute grounds for de-listing of the GDRs from the Moscow Exchange. Such compliance may be particularly problematic due to the new, untested nature of the relevant Russian regulations and the lack of official guidance from the CBR on their interpretation and implementation.

The Company can provide no assurance that trading of the GDRs will commence on the Moscow Exchange or that the Company will be able to maintain its Moscow Exchange Admission or inclusion in the quotation list.

5.3 The GDRs will trade on more than one market, and this may result in increased volatility and price variations between such markets.

It is expected that on or about the Closing Date the GDRs will be able to be traded on both the London Stock Exchange and the Moscow Exchange. Trading in the GDRs on these markets could be made in different currencies (British pounds, U.S. Dollars and Euros on the London Stock Exchange and Russian Roubles on the Moscow Exchange) and at different times (due to different time zones, trading days and public holidays in the United Kingdom and Russia). The trading prices of the GDRs on these two markets may differ due to these and other factors. The liquidity of trading in the GDRs on the Moscow Exchange will likely initially be limited. Trading of a small number of GDRs on that market could adversely impact the price of the GDRs on that market significantly and could, in turn, impact the price on the London Stock Exchange. The GDRs will be fully fungible between both markets. Any decrease in the trading price of the GDRs on one of these markets could cause a decrease in the trading price of the GDRs on the other market. Additionally, as there is no direct trading or settlement between the two stock markets, the time required to move the GDRs from one market to another may vary, and there is no certainty of when GDRs that are moved will be available for trading or settlement.

5.4 GDR holders may have limited recourse against the Company, its directors and Senior Management.

The Company is a company organised under the laws of the Republic of Cyprus. The members of Senior Management named in this Prospectus reside in Portugal, Russia and the United Kingdom. In addition, the members of the Board of Directors reside in Portugal, France, Spain, the United States and the United Kingdom. A substantial portion of the Company's assets and the assets of its Board of Directors and Senior Management are located outside the United States and the United Kingdom. As a result, investors may not be able to effect service of process within the United States or the United Kingdom upon the Company or its directors or Senior Management or to enforce U.S. or U.K. court judgments obtained against the Company or its directors or Senior Management in jurisdictions outside the United States and the United Kingdom, including actions under the civil liability provisions of U.S. securities laws. In addition, it may be difficult for

investors to enforce, in original actions brought in courts in jurisdictions outside the United States and the United Kingdom, liabilities predicated upon U.S. or U.K. securities laws.

5.5 *The U.K. Corporate Governance Code does not apply to the Company and investor protections for Cypriot companies may not be of the same standard as those in the United Kingdom, Western Europe and the United States.*

The Company is not required to comply with the U.K. Corporate Governance Code published by the Financial Reporting Council in July 2018, as amended from time to time (the “**U.K. Corporate Governance Code**”). In addition there are no compulsory corporate governance rules applicable to the Company either under Cyprus law or Russian law (and, in any event, the corporate governance regimes in Cyprus and Russia are less extensive than that of the United Kingdom). Accordingly, there are fewer protections for investors than would otherwise be the case were the Company to comply with the U.K. Corporate Governance Code principles on corporate governance or similar standards of certain EEA Member States or the United States.

As the Company is incorporated in Cyprus, the City Code on Takeovers and Mergers (the “**City Code**”) does not apply to it. The Company is also not subject to the jurisdiction of the Panel on Takeovers and Mergers in the United Kingdom (the “**Takeover Panel**”). While the Company will implement certain takeover protections in its Articles of Association, the Company is not subject to any takeover rules or protections in any jurisdiction as a matter of law.

As the Company is incorporated in the Republic of Cyprus, the rights of shareholders will be governed by the Cyprus Companies Law, Cap. 113, as amended (the “**Cyprus Companies Law**”), Cyprus laws and its Articles of Association. The rights of shareholders under Cyprus law, and the corresponding remedies available, differ from the rights of shareholders of companies incorporated in other jurisdictions. For instance, the Cyprus Companies Law does not make extensive distinctions between public and private companies and some of the protections and safeguards that investors may expect to find in relation to a public company are not provided for under Cyprus law. There is also limited statutory protection for minority shareholders, other than the provisions of the Cypriot Companies Law providing remedies for unfairly prejudicial, oppressive or unfairly discriminatory conduct.

In any event, Cyprus law does not treat holders of GDRs as shareholders and, as such, the protections available to shareholders will not be directly available to the holders of GDRs. There can be no assurance that the Depositary will exercise rights on behalf of the holders of GDRs and, accordingly, it may be necessary to exchange GDRs for Shares under the terms of the Deposit Agreement in order to enforce these rights.

5.6 *Holders of GDRs are not able to exercise pre-emption rights in relation to future issues of Shares or the GDRs.*

In order to raise funding in the future, the Company may issue additional Shares, including in the form of additional GDRs. While Cypriot law provides for statutory pre-emption rights in respect of issuances of shares for cash by public companies, the Company’s existing shareholders have authorised the disapplication of pre-emption rights in accordance with the provisions of the Companies Law, Cap. 113, for a maximum period of 5 years and have provided for a general disapplication for future issuances post-IPO in connection with incentive plans and other purposes (and in each case, in respect of the full amount of the Company’s current authorised share capital). Accordingly, holders of GDRs may not be offered any form of pre-emption rights on future issuances of Shares or GDRs, and, as a result, their ownership interest in the Company may be diluted. Since the Principal Shareholder will have the ability to effectively control the outcome of the Company’s decisions in relation to new issuance of shares (and the GDRs), such dilution may be caused by the decisions taken or initiated by the Principal Shareholder.

5.7 *Voting rights with respect to the Shares represented by the GDRs are limited by the terms of the Deposit Agreement for the GDRs and relevant requirements of Cypriot law.*

GDR holders will have no direct voting rights with respect to the Shares represented by the GDRs. GDR holders will be able to exercise voting rights with respect to the Shares represented by GDRs only in accordance with the provisions of the Deposit Agreement and relevant requirements of Cypriot law. Therefore, there are practical limitations upon the ability of GDR holders to exercise their voting rights due to the additional procedural steps involved in communicating with them. Holders of Shares will receive notice directly from the Company and will be able to exercise their voting rights either personally or by proxy. GDR holders, by comparison, will not receive notice directly from the Company. Rather, in accordance with the Deposit Agreement, the Company will provide copies of relevant notices and voting materials containing

voting instructions to the Depositary (provided that no U.S., English or Cypriot legal prohibition exists). The Depositary has undertaken, in turn, as soon as practicable after receipt from the Company, to distribute to GDR holders such notices and voting materials. In order to exercise their voting rights, GDR holders must then instruct the Depositary how to vote the Shares represented by the GDRs they hold. As a result of this additional procedural step involving the Depositary, the process for exercising voting rights may take longer for GDR holders than for holders of the Shares. The Company will make all reasonable efforts to cause the Depositary to extend voting rights to the GDR holders in a timely manner, but the Company cannot assure GDR holders that they will receive voting materials in time to enable them to return voting instructions to the Depositary in a timely manner. Shares underlying GDRs for which the Depositary does not receive timely voting instructions will not be voted.

5.8 The Group is significantly influenced by its principal shareholder, which will continue to be the largest shareholder of Shares after the Offering and whose interests could conflict with the interests of other holders of the GDRs or Shares.

Following the Offering, Softline Group Inc., a company owned by the Group's founder and the Chairman of the Board of Directors, Igor Borovikov (the "**Principal Shareholder**") will own 55.0 per cent. of the Shares (assuming no exercise of the Over-Allotment Option) and 53.3 per cent. of the Shares (assuming the exercise of the Over-Allotment Option in full). Accordingly, the Principal Shareholder will continue to be in a position to significantly influence the strategy, management, policies and affairs of the Group and all matters requiring shareholder approval. Under the terms of the relationship agreement entered into between the Company and the Principal Shareholder (the "**Principal Shareholder Relationship Agreement**"), the Principal Shareholder will have the right to appoint up to four directors to the Board of Directors, whilst its and its associates' shareholding in the Company exceeds 50 per cent. The Principal Shareholder will also have the ability (under Cypriot law) to amend the Articles of Association, issue additional shares and approve corporate actions and transactions requiring the approval of a majority of the Company's shareholders. While the Group believes that such influence has been, and will continue to be, important for the development, pursuit and implementation of the Group's strategy, policies and affairs, there can be no assurance that the interests or views of the Principal Shareholder in relation to the development of the Group's business will coincide with those of other shareholders (including holders of GDRs). The ability of GDR holders to influence the conduct of the Company will be limited. Potential conflicts may arise if the Principal Shareholder chooses not to approve matters which would otherwise be in the interests of the remaining shareholders (including holders of GDRs). The Principal Shareholder will be able to control the outcome of the Company's decisions in relation to new issuance of shares (and GDRs), which may result in dilution for other shareholders (including holders of GDRs) to a material extent or to an extent that substantially deprives them of the value of their investment. Any divergence of interests as between the Principal Shareholder, on one hand, and other shareholders (including holders of GDRs), on the other hand, may lead to conflicts or may restrict the Group's ability to implement its business strategy, which could materially adversely affect the Group's business, financial condition, results of operations and prospects and the trading price of the GDRs.

5.9 The Shares underlying the GDRs are not listed and are illiquid.

Unlike many other GDRs traded on the London Stock Exchange, the Shares are neither listed nor traded on any stock exchange, and the Company does not intend to apply for the listing or admission to trading of its Shares on any stock exchange or register its Shares with any national securities regulator. As a result, a withdrawal of Shares by a holder of GDRs, whether by election or due to certain events described in the Deposit Agreement, may be impossible under law applicable to such GDR holder or will result in that holder obtaining securities that are non-tradable securities as compared to the GDRs, and the price of those Shares may be discounted as a result of such withdrawal.

5.10 Future sales of Shares or GDRs may affect the market price of the GDRs.

Following the Offering, new issuances and sales, or the possibility of new issuances and sales, of a substantial number of Shares, or GDRs, onto the public markets, or a sale of Shares by any significant holders of Shares could have an adverse effect on the trading prices of the GDRs or could affect the Group's ability to obtain further capital through an offering of equity securities. The Company may pursue such new issuances and sales to finance its organic growth, acquisitions or for other reasons. Subsequent equity offerings may also reduce the percentage ownership of the Company's existing shareholders. In addition, the Company may issue securities convertible or exchangeable for Shares or GDRs. As a result, any future sales of Shares or GDRs may affect the market price of GDRs.

5.11 The Company may elect not to pay dividends in the future.

To the extent that the Company declares and pays dividends on its Shares, owners of the GDRs on the relevant record date will be entitled to receive dividends payable in respect of Shares underlying the GDRs, subject to the terms of the Deposit Agreement. The Company declared dividends in the amount of \$10.2 million in the year ended 31 March 2021. In the years ended 31 March 2020 and 31 March 2019, the Company did not declare dividends. Going forward, the Company intends to distribute at least 25 per cent. of net profit to its shareholders through dividends over the medium term. The Company currently expects that the first annual dividend payment will be paid in 2023 based on the Group's net profit for the year ending 31 March 2023. However, any future decision to declare and pay dividends will be subject to applicable law and commercial considerations (including without limitation, applicable regulations, restrictions, the Group's results of operations, financial condition, cash requirements, contractual restrictions and the Group's future projects and plans). In particular, because the Company is a holding company, its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to it in accordance with the relevant legislation and contractual restrictions. The payment of dividends by those subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The Company can give no assurance that it will pay any dividends in the future. As a result, GDR holders may not receive any return on their investment in the GDRs unless they sell their GDRs for a price greater than that which they paid for them.

5.12 Payment of dividends (if any) on the GDRs and income in the form of material benefit from the acquisition of the GDRs below the fair market value may be subject to taxation.

Payments of dividends by the Company to a Holder that is an individual or a legal entity are generally subject to tax in the jurisdiction where such Holder is a tax resident. In certain circumstances, taxable income in the form of a so-called material benefit (imputed income) may arise for shareholders who are individuals, whether resident in an applicable jurisdiction or not, if the GDRs are purchased at a price below market value. Holders should consult their own tax advisers with respect to the tax consequences of the receipt of dividend income and material benefit in respect of the GDRs.

5.13 Capital gains from the sale of GDRs may be subject to Russian income tax.

The proceeds (capital gain) of a Non-Resident Holder—Legal Entity (as defined herein) from the sale (or other disposal) of the GDRs should not be subject to Russian withholding tax provided that (a) the GDRs qualify as securities traded on an organised securities market as defined in the Russian Tax Code, or (b) not more than 50 per cent. of the asset base of the Company directly or indirectly consists of immovable property located in Russia. While the Company believes that the aforementioned requirements are met, there is a risk certain criterion for the recognition of GDRs as securities traded on an organised securities market as defined in the Russian Tax Code are not fulfilled as at the trade date or that a Russian tax withholding agent may not have sufficient information with respect to the Company's asset base composition and may therefore seek to apply a 20 per cent. Russian withholding tax rate (or such other tax rate as may be effective at the time of such sale or other disposal) to the amount of consideration paid to, or capital gain realised by, a Non-Resident Holder—Legal Entity that sells (or otherwise disposes of) the GDRs.

Where the proceeds from the sale (or other disposal) of the GDRs are treated as received from a source within the Russia by a Non-Resident Holder—Individual (as defined herein), Russian personal income tax at the rate of 30 per cent. (or such other tax rate as is effective at the time of such sale or other disposal) will apply to the gross amount of proceeds from the sale or other proceeds from the disposition of the GDRs less any available deduction of expenses incurred by the shareholder (which includes the purchase price of the GDRs) subject to any available DTT relief.

The imposition or possibility of imposition of the above tax liabilities in Russia, as applicable, could adversely affect the value of the GDRs. In addition, while some shareholders might be eligible for an exemption from or a reduction in Russian withholding tax under an applicable DTT, there is no assurance that such exemption or reduction will be available in practice.

5.14 If the Company is a passive foreign investment company for United States federal income tax purposes for any taxable year, United States holders of the GDRs or the Shares could be subject to adverse United States federal income tax consequences.

Depending upon the value and the nature of the Company's assets and the amount and nature of the Company's income over time, the Company could be classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes.

The Company will be classified as a PFIC in any taxable year if either: (i) 75 per cent. or more of the Company's gross income for such year consists of certain types of "passive" income or (ii) 50 per cent. or more of the value of the Company's assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash is categorised as a passive asset and the Company's unbooked intangibles associated with active business activity are taken into account as a non-passive asset. The Company will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which the Company owns, directly or indirectly, 25 per cent. or more (by value) of the stock. Because value of the Company's gross assets is likely to be determined in large part by reference to the Company's market capitalisation, the Company would likely become a PFIC for a given taxable year if the market price of the GDRs or Shares were to decrease significantly. The application of the PFIC rules is subject to uncertainty in several respects, and the Company must make a separate determination after the close of each taxable year as to whether the Company is a PFIC for such year. If the Company is a PFIC for any taxable year during which a U.S. investor held the GDRs or Shares, the U.S. investor might be subject to increased U.S. federal income tax liability and to additional reporting obligations. The Company does not intend to provide the information necessary for the U.S. investor to make a qualified electing fund election with respect to the GDRs or Shares.

Based on the Company's income and assets, and the value of the GDRs, the Company does not believe that it was a PFIC, for U.S. federal income tax purposes, for the taxable year ended 31 March 2021, and does not anticipate becoming a PFIC for the current taxable year or for the foreseeable future. Nevertheless, because PFIC status is a factual determination made annually after the close of each taxable year on the basis of the composition of the Company's income and assets, there can be no assurance that the Company will not be a PFIC for the current taxable year or any future taxable year.

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

Available Information

For so long as any GDRs are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such person pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

Service of Process and Enforcement of Civil Liabilities

The Company is incorporated under the laws of the Republic of Cyprus. Softline Group Inc. is incorporated under the laws of the British Virgin Islands. Da Vinci Private Equity Fund II L.P. is incorporated under the laws of Guernsey. Investment Partnership Da Vinci Pre-IPO Fund is incorporated under the laws of Russia. Zubr Capital Fund I LP is incorporated under the laws of Jersey.

A number of the Company’s directors and Senior Management (as defined herein) named in this Prospectus reside outside the United States and the United Kingdom. In addition, a substantial portion of the assets of the Company and its directors and Senior Management are located outside the United States and the United Kingdom.

As a result, investors may not be able to effect service of process within the United States or the United Kingdom upon the Company, the Company’s directors or Senior Management or the Over-allotment Shareholders that are located in jurisdictions outside the United States and the United Kingdom or enforce U.S. or U.K. court judgments obtained against the Company, its directors or Senior Management or the Over-allotment Shareholders in jurisdictions outside the United States and the United Kingdom, including actions under the civil liability provisions of U.S. securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions outside the United States and the United Kingdom, liabilities predicated upon U.S. or U.K. securities laws.

Cyprus

Under the terms of the Deposit Agreement between the Company and the Depositary, any dispute, controversy or cause of action against the Company and/or the Depositary arising out of the GDRs, the Deposit Agreement or any transaction contemplated therein (including any dispute relating to the existence, validity or termination of the Deposit Agreement, or any non-contractual obligation arising therefrom), the Shares or other deposited securities may be referred to and resolved by arbitration in accordance with the Rules of the London Court of International Arbitration (the “LCIA”), as more fully described in the Deposit Agreement.

Enforcement of Judgments of High Court of England

Any final and conclusive monetary judgment obtained against a person in a court of law in the United Kingdom (including the High Court of England), British dominions, protectorates and mandated territories as well as other foreign countries which accord reciprocal treatment to judgements given in the Republic of Cyprus, may be registered in Cyprus pursuant to the Foreign Judgments (Reciprocal Enforcement) Law of 1935, Cap. 10, as amended by the Reciprocal Execution of certain Judgements of the Commonwealth Countries Law, Law 130(I)/ 2000. The judgment must concern a definite sum (not being in respect of multiple damages, or a fine, penalty, tax or other charge of similar nature). The judgement may be registered provided that (i) application is made for registration of the judgment within six years of its date (ii) the person against whom judgment was obtained is not appealing or does not have the right or intention to appeal and (iii) the Cyprus court considers it just and convenient that the judgment be so enforced. If not registered, the judgment may be treated as a debt upon which the foreign judgment debtor may bring an action so that no retrial of the underlying issues giving rise to the original judgment would be necessary. It is necessary that the judgment (not being in respect of multiple damages, penalties, fines, taxes or similar fiscal or revenue obligations of the person in question) is final, for a liquidated sum, was not obtained in a fraudulent manner, is not of a kind the enforcement of which is contrary to the public policy in the Republic of Cyprus, is not contrary to the principles of natural justice and provided that the courts of England had proper jurisdiction in the matter and the person against whom it was obtained either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process. In appropriate circumstances, a Cyprus

court may give effect in Cyprus to other kinds of final foreign judgments, such as declaratory orders, orders for performance of contracts and injunctions.

Enforcement of Judgments of Other Foreign Courts

A foreign judgement may be enforceable by direct registration, under the provisions of an applicable statute or of a bilateral or multilateral treaty.

It is notable that Cyprus is a party to a number of bilateral treaties concerning the recognition and enforcement of foreign judgements, including China, Serbia, Russia, Bulgaria, Poland, Greece, Syria, Hungary, Germany and Poland, and it is further a party to a number of multilateral conventions relating to the recognition and enforcement of foreign judgments.

Alternatively, in the absence of any applicable statute or a treaty for the mutual recognition and enforcement between Cyprus and the country from which the judgement emanates, the courts of Cyprus will recognise any other foreign judgment and treat it as a cause of action in itself which may be sued upon as a debt at common law so that no retrial of the issues would be necessary, provided that the judgment is not in respect of multiple damages, penalties, fines, taxes or similar fiscal or revenue obligations of the person against whom it was obtained, is final, is for a liquidated sum, was not obtained in a fraudulent manner, is not of a kind the enforcement of which is contrary to the public policy in Cyprus, the proceedings pursuant to which the judgment was obtained were not contrary to the rules and principles of natural justice in Cyprus and further provided that the courts of the relevant foreign jurisdiction had proper jurisdiction over the parties in the original action, no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of Cyprus, there is due compliance with the correct procedures under the laws of the Republic of Cyprus and the person against whom it was obtained either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process. In appropriate circumstances, a Cyprus court may give effect in Cyprus to other kinds of final foreign judgments, such as declaratory orders, orders for performance of contracts and injunctions.

Enforcement of Arbitration Awards

Foreign arbitration awards may be enforced in Cyprus under the law on the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (Ratification) No 84/1979 (the “**New York Ratification Act**”). Under the New York Ratification Act, a foreign arbitration award may, by action or leave of a Cyprus court, be enforced in the same manner as a judgment or order of a Cypriot court of law to the same effect. Both monetary and non-monetary awards may be enforced.

Enforcement of an award may be refused if: (i) the person against whom it is invoked proves: (a) a party to the arbitration agreement was, under the law applicable to him, under some incapacity; (b) the arbitration agreement was not valid under the law to which the parties subjected it or, failing any indication thereon, under the law of the country where the award was made; (c) the person was not given proper notice of the appointment of the arbitrator or the arbitration proceedings or was otherwise unable to present his case; (d) the award deals with a different matter not contemplated by or not falling within the terms of the submission to arbitration or contains decisions on matters beyond the submission to arbitration (save that in such case an award on matters submitted to arbitration may be enforceable to the extent these matters can be separated from those not submitted); (e) the composition of the arbitral authority or arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, with the law of the country where the arbitration took place; or (f) the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, it was made; or (ii) the award is in respect of a matter which is not capable of settlement by arbitration under the laws of the Republic of Cyprus, it would be contrary to public policy to enforce the award or for any other reasons that courts of Cyprus considers just to do so.

Russia

Judgments rendered by a court in any jurisdiction outside the Russian Federation may not be enforced by courts in Russia unless (i) there is an international treaty in effect providing for the recognition and enforcement of judgments in civil cases between the Russian Federation and the country where the judgment is rendered and/or (ii) a federal law of the Russian Federation provides for the recognition and enforcement of foreign court judgments.

The Company is not aware of such federal law or a treaty or convention directly providing for the recognition and enforcement of judgments in civil and commercial matters between the Russian Federation and certain other jurisdictions (including the United Kingdom and the United States).

However, the Company is aware of at least one instance in which Russian courts have recognised and enforced an English court judgment. The basis for this was a combination of the principle of reciprocity and the existence of a number of bilateral and multilateral treaties to which both the United Kingdom and the Russian Federation are parties. The courts decided that such treaties constituted grounds for the recognition and enforcement of the relevant English court judgment in Russia. In the absence of established court practice, however, it is difficult to predict whether a Russian court would be inclined in any particular instance to recognise and enforce an English court judgment on these grounds.

In addition, Russian courts have limited experience in the enforcement of foreign court judgments. The limitations described above may significantly delay the enforcement of any court judgment, or completely deprive investors of effective legal recourse for claims related to their investment in the GDRs.

The Russian Federation is party to the New York Convention. Consequently, Russian courts should generally recognise and enforce in the Russian Federation an arbitral award from an arbitral tribunal, on the basis of the rules of the New York Convention (subject to qualifications provided for in the New York Convention and compliance with Russian procedural regulations and other procedures and requirements established by Russian legislation).

However, it may be difficult to enforce arbitral awards in the Russian Federation due to a number of factors, including: limited experience of the Russian courts in international commercial transactions; official and unofficial political resistance to the enforcement of awards against Russian companies in favour of foreign investors; and the inability of Russian courts to enforce such awards.

The Arbitrazh Procedural Code of the Russian Federation (the “**Arbitrazh Procedural Code**”) sets out certain grounds for Russian courts to refuse to recognise and enforce any such arbitral award. The Arbitrazh Procedural Code and other Russian procedural legislation could change. Therefore, amongst other things, other grounds for Russian courts to refuse the recognition and enforcement of foreign courts’ judgments and foreign arbitral awards could arise in the future. In practice, reliance upon international treaties may meet with resistance or a lack of understanding on the part of a Russian court or other officials, thereby introducing delay and unpredictability into the process of enforcing any foreign judgment or foreign arbitral award in the Russian Federation.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Certain Terminology

Currencies

In this Prospectus all references to “**RUB**” and “**Russian Rouble**” are to the currency of the Russian Federation; all references to “**€**” and “**Euro**” are to the single currency of the participating member states in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; and all references to “**\$**” and “**U.S. Dollar**” are to the currency of the United States of America.

Certain Other Terms

In this Prospectus, all references to the “**Group**” or “**Softline**” means the Company and its consolidated subsidiaries, taken as a whole. See “*Definitions*” for certain other terminology used in this Prospectus.

Presentation of Certain Financial Information

The financial information set forth herein as of and for the years ended 31 March 2019, 31 March 2020 and 31 March 2021 has, unless otherwise indicated and as discussed below, been extracted without material adjustment from the Group’s audited consolidated financial statements as at and for the years ended 31 March 2019, 2020 and 2021 (the “**Consolidated Financial Statements**”), prepared in accordance with IFRS as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

The financial information set forth herein as of and for the three months ended 30 June 2020 and 30 June 2021 has, unless otherwise indicated and as discussed below, been extracted without material adjustment from the Group’s unaudited interim condensed consolidated financial statements as at and for the three months ended 30 June 2020 and 2021 (the “**Interim Financial Statements**”), prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Consolidated Financial Statements and the Interim Financial Statements are referred to collectively herein as the “**Financial Statements**”. The term “**periods under review**” means years ended 31 March 2019, 2020 and 2021 and three months ended 30 June 2020 and 2021. The U.S. Dollar is the presentation currency adopted by the Group in the Financial Statements.

The Interim Financial Statements were unaudited and the Consolidated Financial Statements were audited in accordance with International Standards on Auditing by Ernst & Young Cyprus Ltd, independent auditor, registered in Cyprus, registration no. CY3069.

Presentation of Certain Financial Information on Acquired Entities

The audited financial statements of Embee as at and for the years ended 31 March 2019, 2020 and 2021 included in this Prospectus are prepared in accordance with IFRS as issued by the International Accounting Standards Board (“**IASB**”) (the “**Embee Financial Statements**”).

The audited financial statements of the LLC National Centre of Support and Development (“**NCSD**”) as at and for the years ended 31 December 2018, 2019 and 2020 included in this Prospectus are prepared in accordance with IFRS as issued by the International Accounting Standards Board (“**IASB**”) (the “**NCSD Financial Statements**”), together with the Embee Financial Statements, the “**Certain Acquired Entities Financial Statements**”).

The audit opinion for the financial statements of Embee for the year ended 31 March 2019 is qualified on the basis that it has been presented without full comparative information for the previous period. The audit opinion for the financial statements of NCSD for the year ended 31 December 2018 is qualified on the basis that it has been presented without full comparative information for the previous period. Presentation of comparative information is a requirement of IFRSs. Consequently, in this regard alone, the financial statements of Embee and NCSD do not comply with IFRSs.

Presentation of Non-IFRS Financial Information

In this Prospectus, the Group has presented certain financial measures that are not measures of performance specifically defined by IFRS. These include Adjusted EBITDA, Adjusted EBITDA margin, adjusted profit, turnover, recurring turnover and any such metrics presented on a constant currency (“**CCY**”) basis (the “**Non-IFRS Measures**”).

The Group defines:

- **“Adjusted EBITDA”** as 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, exchange rate gains and losses, other items that it considers to be non-recurring or one-off, and share-based compensation. The Group believes that Adjusted EBITDA should, therefore, be made available to assist securities analysts, investors and other stakeholders in their assessment of the performance of the business of the Group.
- **“Adjusted EBITDA, CCY”** as Adjusted EBITDA calculated on a constant currency basis. To calculate Adjusted EBITDA in constant currency, for every country of operations, the Group applies the prior year’s average exchange rate for that country’s functional currency to U.S. dollar to Adjusted EBITDA in functional currency of the current year. This methodology is applied for every country of operations and then consolidated at the Group level. See “—*Reporting Currency, Local Currency and Constant Currency*” below.
- **“Adjusted EBITDA margin”** as Adjusted EBITDA for the period divided by gross profit for the period.
- **“Adjusted profit”** as profit for the year excluding non-recurring tax expense for previous years.
- **“Capital expenditure”** as the sum of purchase of property, plant, and equipment for the period and purchases of intangible assets, including amounts of costs capitalised for the period.
- **“Gross profit, CCY”** as gross profit calculated on a constant currency basis. To calculate gross profit in constant currency, for every country of operations, the Group applies the prior year’s average exchange rate for that country’s functional currency to U.S. dollar to gross profit in functional currency of the current year. This methodology is applied for every country of operations and then consolidated at the Group level. See “—*Reporting Currency, Local Currency and Constant Currency*” below.
- **“Operating profit to gross profit ratio”** as operating profit for the period divided by gross profit for the period.
- **“Turnover”** as 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. Turnover does not reflect the costs of third-party software products in situations when Softline acts as an agent.

The Group believes that 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.

- **“Turnover, CCY”** as turnover calculated on a constant currency basis. To calculate turnover in constant currency, for every country of operations, the Group applies the prior year’s average exchange rate for that country’s functional currency to U.S. dollar to turnover in functional currency of the current year. This methodology is applied for every country of operations and then consolidated at the Group level. See “—*Reporting Currency, Local Currency and Constant Currency*” below.
- **“Recurring turnover”** as the sum of Subscription, Cloud resale and Softline Cloud turnover, divided by total turnover. Recurring turnover is the portion of the Group’s turnover that is expected to continue in the future.

The Group has included the Non-IFRS Measures because it believes that they enhance an investor’s understanding of the Group’s financial performance, position and cash flows (as described above). Further, the Group uses these Non-IFRS Measures in the Group’s business operations to, among other things, evaluate the performance of operations and develop budgets and measure performance against those budgets. The Group also believes that these Non-IFRS Measures are reported by some comparable businesses and used by some investors in comparing the performance of businesses.

The Non-IFRS Measures disclosed in this Prospectus are unaudited supplementary measures of the Group’s performance and liquidity that are not required by, or presented in accordance with, IFRS. The Group’s use and definition of these metrics may vary from other companies in the Group’s industry due to differences in accounting policies or differences in the calculation methodology. These Non-IFRS Measures have limitations and should not be considered in isolation or as substitutes for financial information as prepared and reported

under IFRS. Therefore, investors should not place undue reliance on the Non-IFRS Measures presented in the Prospectus and are also advised to review them in conjunction with the Financial Statements included in it. Reconciliations for these Non-IFRS Measures to the nearest available IFRS measures, where relevant, are contained in “*Selected Financial and Operating Information—Non-IFRS Measures*”.

Other Information

In this Prospectus, the Group has presented employee numbers. Unless otherwise indicated, the employee numbers are presented as the total number of employees as at the end of the period presented. The Group has presented the employee numbers on this basis as it believes it provides visibility into the actual number of employees employed by the Group at the end of each period. However, within Note 23 (Selling, general and administrative expenses) of the Consolidated Financial Statements, the Group has presented the employee figures on an average basis, which average takes into account the average number of positions occupied by different employees and accounts for inter-group outsourcing.

Reporting Currency, Local Currency and Constant Currency

The results of the Group’s subsidiaries are measured in the currency of the primary economic environment in which the subsidiary operates (its functional currency) and are then translated into U.S. dollars (the reporting currency) for presentation of the Group’s financial results in the consolidated financial statements. Any financial measures presented in this Prospectus on a “**reporting currency basis**” are therefore presented as reported in the Group’s financial results in the consolidated financial statements, translated into U.S. dollars using the daily exchange rates quoted by local central banks and Thomson Reuters and averaged monthly.

Because movements in foreign exchange rates impact the Group’s financial results, the Group has also presented certain financial measures on a “local currency basis” and on a “constant currency basis” in this Prospectus.

Financial measures presented on a “**local currency basis**” have been derived by converting the reporting currency of U.S. dollar to Russian rouble using a daily exchange rate quoted by the CBR, averaged over each year.

Financial measures presented on a “**constant currency basis**” or “**CCY**” have been derived by applying average annual foreign exchange rate of the previous year (“T-1”) to determine the constant currency figure for any year (“T”). This methodology is applied for every country of operations using local country foreign exchange rates and translating to constant currency U.S. dollar numbers before consolidating at the Group level.

Although the Group does not believe that measures presented on a local currency or constant currency basis are a substitute for IFRS measures, the Group does believe that such results, excluding the impact of currency fluctuations year-on-year, provide additional useful information to investors regarding the Group’s operating performance. Accordingly, the financial measures presented on a local currency or constant currency basis should be read in conjunction with the information provided in the Financial Statements.

Presentation of Industry and Market Data

The Group has obtained certain information regarding market size, market data, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. The charts and statements set out in “*Industry Overview*” and “*Business Description*” of this Prospectus and attributed to AMR International Limited (“**AMR International**”) have been extracted from a market report prepared by AMR International on 29 June 2021 and commissioned by the Company (the “**AMR Market Report**”). With the exception of the charts and statements set out in “*Industry Overview*” and “*Business Description*” of this Prospectus and attributed to AMR International for which AMR International has accepted responsibility under item 5.3.2R(2)(f) of the Prospectus Regulation Rules, AMR International does not accept any liability in relation to the information contained in this Prospectus or any other information provided by the Company or any other party in connection with the Offering.

In addition, the following sources have been cited throughout this Prospectus, including:

- CBR
- Banco Central do Brasil

Industry publications and market research generally state that the information they contain has been obtained from sources the Directors believe to be reliable but that the accuracy and completeness of such information is not guaranteed and any estimates or projections they contain are based on a number of significant assumptions. Such statements should be read in the context of the assumptions on which they were made and should not be treated as authoritative statements of fact.

In some cases, there is no readily available external information (whether from trade and business organisations and associations, government bodies or other organisations) to validate market related analyses and estimates, requiring the Group to rely on internally developed estimates. The Group's estimates have been based on information obtained from the Group's subsidiaries, suppliers, trade organisations and other contacts in the markets in which the Group operates. The Group believes these estimates to be accurate in all material respects as at the dates indicated. However, this information may prove to be inaccurate because of the method by which the Group obtained some of the data for these estimates or because this information cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other inherent limitations and uncertainties. The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this document. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this document and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations.

The information sourced from third parties appearing in this Prospectus has been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Prospectus, the source of such information has been identified.

Currencies and Exchange Rates

Russian Rouble

The following table below shows, for the periods indicated, certain information regarding the exchange rate between the Russian Rouble and the U.S. Dollar, based on the official exchange rate quoted by the CBR. These rates may differ from the actual rates used in the preparation of the Financial Statements, the Certain Acquired Entities Financial Statements and other financial information appearing in this Prospectus.

<u>Year ended 31 December</u>	<u>RUB per \$1.00</u>			
	<u>High</u>	<u>Low</u>	<u>Period average</u>	<u>Period end</u>
2018	69.9744	55.6717	62.7078	69.4706
2019	69.4706	61.7164	64.7274	61.9057
2020	80.8815	60.9474	72.1591	73.8757
2021				
January 2021	76.2527	73.3550	74.2291	76.2527
February 2021	76.2527	73.2895	74.3842	74.4373
March 2021	76.1741	72.9619	74.4151	75.7023
April 2021	77.7730	74.3823	76.0977	74.3823
May 2021	75.2567	73.3963	73.9885	73.5870
June 2021	73.4979	71.6797	72.5106	72.3723
July 2021	75.1952	72.7234	73.9194	73.1388
August 2021	74.3640	72.7857	73.5942	73.5744
September 2021	74.4421	72.4329	72.8914	72.7608

Source: CBR

The CBR exchange rate between the Russian Rouble and the U.S. Dollar as at 12 October 2021 was RUB 71.6373 per \$1.00.

No representation is made that the Russian Rouble or U.S. Dollar amounts referred to herein could have been or could be converted into Russian Roubles or U.S. Dollars, as the case may be, at these rates, at any particular rate or at all.

Indian Rupee

The following table below shows, for the periods indicated, certain information regarding the exchange rate between the Indian Rupee and the U.S. Dollar, based on the official exchange rate quoted by the CBR. These

rates may differ from the actual rates used in the preparation of the Financial Statements, the Certain Acquired Entities Financial Statements and other financial information appearing in this Prospectus.

<u>Year ended 31 December</u>	<u>INR per \$1.00</u>			
	<u>High</u>	<u>Low</u>	<u>Period average</u>	<u>Period end</u>
2018	74.3875	63.3482	68.3949	69.7923
2019	72.1899	68.3665	70.4095	71.2740
2020	76.8084	70.8115	74.0927	73.0536
2021				
January 2021				
February 2021	73.4511	72.8176	73.0929	72.9519
March 2021	73.0408	72.2923	72.7875	73.0408
April 2021	73.3800	72.2928	72.7328	73.1300
May 2021	75.4500	73.3070	74.4867	74.0650
June 2021	74.3400	72.5110	73.5226	74.2900
July 2021	74.8510	74.2450	74.5075	74.3370
August 2021	74.4800	73.2920	74.1571	73.2920
September 2021	74.2760	72.9470	73.5390	74.2760

Source: CBR

The CBR exchange rate between the Indian Rupee and the U.S. Dollar as at 12 October 2021 was INR 75.3884 per \$1.00.

No representation is made that the Indian Rupee or U.S. Dollar amounts referred to herein could have been or could be converted into Indian Rupee or U.S. Dollars, as the case may be, at these rates, at any particular rate or at all.

Brazilian Real

The following table below shows, for the periods indicated, certain information regarding the exchange rate between the Brazilian Real and the U.S. Dollar, based on the official exchange rate quoted by the Banco Central do Brasil. These rates may differ from the actual rates used in the preparation of the Financial Statements, the Certain Acquired Entities Financial Statements and other financial information appearing in this Prospectus.

<u>Year ended 31 December</u>	<u>BRL per \$1.00</u>			
	<u>High</u>	<u>Low</u>	<u>Period average</u>	<u>Period end</u>
2018	4.1879	3.1391	3.6558	3.8748
2019	4.2602	3.6519	3.9461	4.0307
2020	5.9372	4.0213	5.1578	5.1967
2021				
January 2021				
February 2021	5.5089	5.1626	5.3562	5.4759
March 2021	5.5302	5.3423	5.4165	5.5302
April 2021	5.8397	5.4951	5.6461	5.6973
May 2021	5.7064	5.3662	5.5621	5.4036
June 2021	5.1633	4.9203	5.0316	5.0019
July 2021	5.2587	5.0055	5.2911	5.1216
August 2021	5.4274	5.1216	5.2558	5.1433
September 2021	5.4394	5.1576	5.2709	5.4394

Source: Banco Central do Brasil

The Banco Central do Brasil exchange rate between the Brazilian Real and the U.S. Dollar as at 12 October 2021 was BRL 5.5161 per \$1.00.

No representation is made that the Brazilian Real or U.S. Dollar amounts referred to herein could have been or could be converted into Brazilian Real or U.S. Dollars, as the case may be, at these rates, at any particular rate or at all.

Chilean Peso

The following table below shows, for the periods indicated, certain information regarding the exchange rate between the Chilean Peso and the U.S. Dollar, based on the official exchange rate quoted by the CBR. These rates may differ from the actual rates used in the preparation of the Financial Statements, the Certain Acquired Entities Financial Statements and other financial information appearing in this Prospectus.

<u>Year ended 31 December</u>	<u>CLP per \$1.00</u>			
	<u>High</u>	<u>Low</u>	<u>Period average</u>	<u>Period end</u>
2018	698.5600	588.2800	641.5296	695.6900
2019	828.2500	649.2200	702.7275	744.6200
2020	867.8300	710.2600	791.8214	711.2400
2021				
January 2021				
February 2021	741.4000	696.1800	722.8852	741.4000
March 2021	737.2300	703.6500	721.8711	708.0400
April 2021	738.4600	716.4600	726.2045	732.1100
May 2021	721.8200	696.8000	708.7057	705.0900
June 2021	749.3400	716.0600	727.0887	735.2800
July 2021	767.2900	727.7600	749.8745	758.5300
August 2021	789.9800	758.5300	779.4765	779.9700
September 2021	803.5300	766.5300	783.1820	803.5900

Source: CBR

The CBR exchange rate between the Chilean Peso and the U.S. Dollar as at 12 October 2021 was CLP 820.18 per \$1.00.

No representation is made that the Chilean Peso or U.S. Dollar amounts referred to herein could have been or could be converted into Chilean Peso or U.S. Dollars, as the case may be, at these rates, at any particular rate or at all.

Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements” and which reflect the Group’s views with respect to its results of operations, financial condition, business strategy and its plans and objectives for future operations.

These forward-looking statements can be identified by the use of forward-looking terminology, including the words “targets”, “proposes”, “plans”, “believes”, “expects”, “aims”, “forecasts”, “intends”, “will”, “may”, “might”, “estimates”, “projects”, “envisages”, “anticipates”, “continues”, “would”, “could” or “should” or similar expressions or, in each case their negative or other variations or by discussion of strategies, plans, objectives, goals, future events or intentions. These forward-looking statements all include matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Group and/or its management concerning, among other things, the results of operations, financial condition, liquidity, capital expenditures, prospects, growth, strategy and dividend policy of the Group and the industry in which it operates.

By their nature, such forward-looking statements are necessarily dependent on assumptions, data or methods which may be incorrect or imprecise and may be incapable of being realised. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Moreover, they involve known and unknown risks, uncertainties and other important factors beyond the Group’s control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause the Group’s actual results to so vary include, but are not limited to:

- the Group’s ability to offer its vendors’ products for sale to customers and to earn incentives on such sales;
- the Group’s ability to compete in the global IT market;
- weak economic conditions or prolonged economic uncertainties globally or in the markets in which the Group operates;
- the Group’s ability to adapt, expand and develop its IT solutions, services and digital platform in response to changes in technology and customer demand and preferences;
- a reduction in demand for the Group’s services and solutions, including as a result of undetected errors or defects in such services and solutions, or in the products of the Group’s vendors;
- damage or disruption to the Group’s information technology systems;
- breaches in the security of the electronic and other confidential information collected, processed, stored and transmitted by the Group;
- the impact of the Group’s M&A activity, including the resources required to complete acquisitions or any resulting unanticipated losses, costs or liabilities;
- failure by the Group to manage its anticipated growth;
- failure by the Group to attract, hire, train and retain experienced personnel with the skills necessary for the effective operation of its business, including highly skilled sales, technology and other professionals;
- risks arising from the Group’s multinational operations, including global and regional political, economic, legal, regulatory and operational risks;
- the Group’s ability to anticipate and effectively manage the diverse legal, political, social and regulatory landscapes, economic conditions and operational challenges associated with its broad geographic footprint;
- fluctuations in exchange rates;
- risks inherent in the public sector contracting environment;
- a deterioration in the Group’s relationship with its workforce;
- failure by the Group to attract or retain its senior management team and its board of directors;

- the impact of the ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, or other epidemics or pandemics;
- the Group's ability to retain existing customers and procure additional work from existing customers as well as expand its customer base;
- material damage to the Group's brand name and reputation;
- failure by the Group to comply with the laws and regulations across the markets in which it operates, including anti-corruption laws, sanctions, money-laundering and antitrust laws and regulations, or the introduction of more stringent laws and regulations;
- the adequacy of the Group's compliance, internal control and risk management systems to prevent and discover non-compliance;
- the impact of legal, arbitration and regulatory claims or disputes, including disputes with vendors, customers, employees or business partners concerning, among other things, breaches of contract, professional liability, intellectual property, employment law or shareholder rights issues;
- failure by the Group to comply with the prevailing tax laws in every jurisdiction in which it operates;
- the Group's ability to adequately protect its intellectual property;
- risks arising from emerging markets, such as those in which the Group operates, including, in some cases, increased political, economic and legal risks;
- changes in the economic, political and other conditions of Russia;
- disputes between Russia and other countries and related sanctions imposed by the United States, the European Union and certain other countries, as well as expansion of these sanctions; and
- other factors set out under "*Risk Factors*".

The list of important factors is not exhaustive. When relying on forward-looking statements, prospective investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Forward-looking statements are not guarantees of future performance and speak only as at the date of this Prospectus. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law, the prospectus regulation rules of the FCA made in its capacity as the competent authority under Part VI of the FSMA, as amended ("**Prospectus Regulation Rules**"), the Listing Rules, the Disclosure Guidance and Transparency Rules of the FCA or the Market Abuse Regulation (Regulation (EU) 596/2014), as it forms part of domestic law in the United Kingdom by virtue of the EUWA. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this Prospectus.

THE OFFERING

The Company	Softline Holding PLC, a company incorporated under the laws of the Republic of Cyprus.
The Offering	<p>The Offering consists of an offering of up to 61,333,334 GDRs (including the Over-allotment GDRs), each representing one Share.</p> <p>The Offering is being made by way of an offer of GDRs (1) within the United States to QIBs, as defined in, and in reliance on, Rule 144A under the Securities Act, or another exemption from, the registration requirements of the Securities Act and (2) outside the United States to institutional investors in “offshore transactions” as defined in, and in reliance on, Regulation S.</p>
Expected Timetable	<p>Expected date that conditional dealings in the GDRs will commence on the London Stock Exchange: 27 October 2021</p> <p>Expected date that the LSE Admission and unconditional dealings in the GDRs will commence on the London Stock Exchange: 1 November 2021</p> <p>Expected date that unconditional dealings in the GDRs will commence on the Moscow Exchange: 1 November 2021</p> <p>The timetable above may be subject to change. Certain events provided therein are beyond the control of the Company, the Over-allotment Shareholders or the Managers. The Company and the Over-allotment Shareholders, in agreement with the Managers, reserve the right to change the above timetable for the Offering. Information about any changes to the proposed timetable of the Offering will be subject to notification to investors and/or supplements to the Prospectus in accordance with applicable regulations.</p>
Offer Price	\$7.50 per GDR
The Over-allotment Shareholders	Softline Group Inc., Da Vinci Private Equity Fund II L.P., Investment Partnership Da Vinci Pre-IPO Fund and Zubr Capital Fund I L.P.
Over-allotment Option	<p>In connection with the Offering, Credit Suisse Bank (Europe) S.A. (the “Stabilising Manager”) or any persons acting for the Stabilising Manager, may, for stabilisation purposes, over-allot GDRs up to a maximum of 15 per cent. of the total number of the GDRs being sold in the Offering. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of GDRs effected by the Stabilising Manager during a period of 30 days after the announcement of the Offer Price (the “Stabilisation Period”), the Over-allotment Shareholders have granted to the Managers the Over-allotment Option pursuant to which the Stabilising Manager on behalf of the Managers, may require the Over-allotment Shareholders to sell additional GDRs, up to a maximum of 15 per cent. of the total number of the GDRs being sold by the Company in the Offering at the Offer Price.</p> <p>The Over-allotment Option is exercisable within 30 days of the announcement of the Offer Price in whole or in part from time to time on one or more occasions only during the Stabilisation Period for the purposes of meeting over-allotments that may be made, if any, in connection with the Offering and short positions resulting from stabilisation transactions, upon written notice from the Stabilising Manager on behalf of the Managers, to the Over-allotment Shareholders (see “<i>Plan of Distribution</i>”). Any GDRs made available pursuant to the Over-allotment Option will be issued on the same terms.</p>

Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offering.

GDRs Each GDR will represent one Share. The GDRs will be issued and delivered by the Depositary pursuant to the Deposit Agreement. The Rule 144A GDRs will be evidenced by the Master Rule 144A GDR, the Regulation S GDRs will be evidenced by the Master Regulation S GDR. See “ *Summary of Provisions Relating to the GDRs while in Master Form* ”. GDRs will initially be created for the purpose of the Offering. Pursuant to the Deposit Agreement, the Shares represented by the GDRs will be held by The Bank of New York Mellon, the Custodian, for the Depositary.

Depositary The Bank of New York Mellon

Lock-up Each of the Company, the Over-allotment Shareholders and Broadreach Limited (an existing shareholder of the Company) has undertaken to each of the Managers that from the date of the Underwriting Agreement until 180 days from the date of the LSE Admission, neither it nor any of its subsidiaries or their affiliates nor any person acting on its behalf (except that the Company has given no undertaking regarding any of the Over-allotment Shareholders or Broadreach Limited) will, without the prior written consent of the Joint Global Coordinators, (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares, any GDRs or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Shares, GDRs or other shares of the Company, or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; or (ii) enter into any swap or any other similar agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, any GDRs or other shares of the Company, whether any such transaction described in sub-clause (i) or (ii) above is to be settled by delivery of Shares, GDRs or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction, save for certain exceptions described under “*Plan of Distribution—Lock-up Arrangements*”.

Each of the Directors and members of the Senior Management has undertaken to the Company and each of the Managers that from the Pricing Date until 360 days from the date of the LSE Admission, he or she will not, subject to certain exceptions, without the prior written consent of a majority of the Joint Global Coordinators, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares, any GDRs or other shares of the Company or any securities convertible into or exercisable or exchangeable for Shares, GDRs or other shares of the Company or any security or financial product whose value is primarily determined directly or indirectly by reference to the price of any underlying securities, including equity swaps, forward sales and options or request or demand that the Company file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of

the foregoing; or (ii) enter into any swap or any other similar agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, any GDRs or other shares of the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares, any GDRs or such other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction. See “*Plan of Distribution—Lock-up Arrangements*”.

Use of Proceeds The Company will receive gross proceeds of approximately \$400.0 million from the sale of GDRs under the Offering and net proceeds of approximately \$372.6 million (following deduction of underwriting commissions, fees and expenses payable by the Company in connection with the Offering). The Directors intend to use the net proceeds of the Offering received by the Company for the following:

- approximately \$300 million to fund acquisitions in accordance with the Group’s M&A strategy, as set out in “*Business—Growth Strategy*”; and
- the remainder as cash on the Group’s balance sheet to fund future organic and inorganic investments and for general corporate purposes.

The primary purposes of this Offering are to raise the Group’s profile with the international investment community and gain access to international capital markets, to invest proceeds into the further development and execution of the Group’s growth strategy as well as (if the Over-allotment Option is exercised), to allow the Over-allotment Shareholders to dispose of a portion of their shareholding to monetise their investments.

Share Capital At the date of this Prospectus, the Company is authorised to issue shares equal to its authorised share capital. The Company has 130,359,500 Shares in issue.

Except in the limited circumstances (see “*Summary of Provisions Relating to the GDRs while in Master Form*”), definitive GDR certificates will not be issued to holders in exchange for interests in the GDRs represented by the Master GDRs. Subject to the terms of the Deposit Agreement, interests in the Master Regulation S GDR may be exchanged for interests in the corresponding number of GDRs represented by the Master Rule 144A GDR and vice versa.

Voting The Deposit Agreement contains arrangements allowing holders of GDRs to instruct the Depositary how to vote the underlying shares in accordance with Cyprus law. See “*Description of Share Capital and Certain Requirements of Cypriot Legislation—Cypriot Law*” and “*Terms and Conditions of the Global Depositary Receipts—Voting Rights*”.

Listing and Trading The Company has applied to the FCA, for the GDRs to be admitted to the Official List of the FCA and to the London Stock Exchange to admit the GDRs to trading under the symbol SFTL on its market for listed securities through its IOB.

The Company expects that conditional trading in the GDRs through the IOB will commence on a “when and if issued” basis on or about 27 October 2021 and that unconditional trading in the GDRs through the IOB will commence on or about 1 November 2021. All dealings in the GDRs before commencement of unconditional dealings will be of no effect if the expected LSE Admission does not take place and will be at the sole risk of the parties concerned.

On 8 October 2021, the Moscow Exchange approved the admission of the GDRs to be issued from time to time to trading on the Moscow Exchange under the symbol SFTL. Dealings in the GDRs on the Moscow Exchange are not permitted until unconditional trading commences on the London Stock Exchange. Although the Moscow Exchange Admission has been approved, no assurance can be given that the GDRs will continue to be admitted to trading on the Moscow Exchange.

Payment and Settlement The GDRs are being offered by the Managers subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part.

In order to take delivery of the GDRs, investors must have an appropriate securities account and, in the case of investors in the Offering, must pay for them in same-day funds on or about the Closing Date.

GDR Security Numbers The security identification numbers for the GDRs are expected to be as follows:

Regulation S GDRs:

ISIN: US83407L2079
CUSIP Number: 83407L 207
SEDOL Number: BMCF9V0
Common Code: 239661947

Rule 144A GDRs:

ISIN: US83407L1089
CUSIP Number: 83407L 108
SEDOL Number: BMV3NN5
Common Code: 239661963

Taxation For a discussion of United States, United Kingdom, Cyprus and Russian considerations of purchasing and holding the GDRs, see “*Taxation*”.

Transfer Restrictions See “*Selling Restrictions*” and “*Transfer Restrictions*” for a detailed description of the restrictions on transfers of the GDRs.

Risk Factors Prospective investors should read the entire document and consider carefully certain risks discussed under “*Risk Factors*” when considering an investment in the Company.

USE OF PROCEEDS

The Company will receive gross proceeds of approximately \$400.0 million from the sale of GDRs under the Offering and net proceeds of approximately \$372.6 million (following deduction of underwriting commissions, fees and expenses payable by the Company in connection with the Offering). The Directors intend to use the net proceeds of the Offering received by the Company for the following:

- approximately \$300 million to fund acquisitions in accordance with the Group's M&A strategy, as set out in "*Business—Growth Strategy*"; and
- the remainder as cash on the Group's balance sheet to fund future organic and inorganic investments and for general corporate purposes.

The Over-allotment Shareholders will receive gross proceeds of approximately \$58.2 million, assuming that the Over-allotment Option is exercised in full, reduced by a commission payable to the Managers by the Over-allotment Shareholders, as applicable. If the Over-allotment Option is not exercised, the Over-allotment Shareholders will not receive any proceeds from the Offering.

The base commissions payable by the Over-allotment Shareholders in connection with the Offering will be approximately \$1.8 million, assuming that the Over-allotment Option is exercised in full. If the Over-allotment Option is not exercised, no commissions will be payable by the Over-allotment Shareholders. The total expenses payable by the Company in connection with the Offering will be approximately \$27.4 million.

The primary purposes of this Offering are to raise the Group's profile with the international investment community and gain access to international capital markets, to invest proceeds into the further development and execution of the Group's growth strategy as well as (if the Over-allotment Option is exercised), to allow the Over-allotment Shareholders to dispose of a portion of their shareholding to monetise their investments.

DIVIDEND POLICY

The Company intends to distribute at least 25 per cent. of net profit to its shareholders through dividends over the medium term. The Company currently expects that the first annual dividend payment will be paid in 2023 based on the Group's net profit for the year ending 31 March 2023.

Pursuant to the Articles of Association, the Board of Directors may declare interim dividends at a time and of an amount it thinks justified by the profits of the Company, based on interim performance results of the Company. For a further description, see "*Description of Share Capital and Certain Requirements of Cypriot Legislation—Articles of Association—Dividends and Other Distributions*".

To the extent that dividends are declared and paid by the Company in the future, holders of GDRs on the relevant record date will be entitled to receive dividends payable in respect of Shares underlying the GDRs, subject to the terms of the Deposit Agreement. If dividends are not paid in U.S. dollars, they will be converted into U.S. dollars by the Depositary and paid to holders of GDRs. See "*Terms and Conditions of the Global Depositary Receipts—Cash Distributions*".

Any future decision to declare and pay dividends will be subject to applicable law and commercial considerations (including without limitation, applicable regulations, restrictions, the Group's results of operations, financial condition, cash requirements, contractual restrictions and the Group's future projects and plans). In particular, because the Company is a holding company, its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to it in accordance with the relevant legislation and contractual restrictions. The payment of dividends by those subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. See "*Risk Factors—The Company may elect not to pay dividends in the future*".

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's consolidated capitalisation as at 30 June 2021 and indebtedness as at 31 July 2021 extracted from the unaudited financial statements as at 30 June 2021 (capitalisation) and the unaudited management accounts as at 31 July 2021 (indebtedness). This information should be read in conjunction with "Selected Financial and Operating Information", "Operating and Financial Review" and the Financial Statements (including the notes thereto) included in this Prospectus and beginning on page F-1. The information as at 31 July 2021 is unaudited. The statement of indebtedness has been extracted without material adjustment from the management accounts, which have been prepared using policies that are consistent with those used in preparing the Financial Statements.

	<u>As at 31 July 2021</u> (unaudited) (\$ thousands)
Total current debt	
Guaranteed ⁽¹⁾	7,988
Secured ⁽²⁾	4,782
Unguaranteed / unsecured ⁽³⁾	<u>140,046</u>
Total current debt	<u>152,817</u>
Total non-current debt	
Guaranteed ⁽⁴⁾	85,773
Secured ⁽⁵⁾	9,160
Unguaranteed / unsecured ⁽⁶⁾	<u>1,369</u>
Total non-current debt	<u>96,301</u>
Total debt	<u><u>249,118</u></u>

- (1) Represents the Group's second bond issuance payable in December 2021.
(2) Represents the short-term lease obligations for internal use which are secured by the lease assets.
(3) Represents short-term borrowings, excluding the Group's second bond issuance which is payable in December 2021.
(4) Represents two issues of bonds payable in December 2022 and December 2023.
(5) Represents long-term lease liabilities which are secured by the lease assets.
(6) Represents the Group's long-term banks loans and borrowings.

	<u>As at 30 June 2021</u> (unaudited) (\$ thousands)
Equity	
Share capital	1
Retained earnings	26,357
Share premium	45,627
Other reserves	(28,728)
Other components of equity	62,685
Translation reserve	<u>(42,353)</u>
Equity and Assets attributable to owners	63,589
Non-controlling interest	(6,862)
Total equity	<u>56,727</u>
Total capitalisation⁽¹⁾	<u><u>288,707</u></u>

(1) Total capitalisation represents Equity for the period plus Long-term borrowings – third parties for the period plus Long-term lease liabilities for the period plus Short-term borrowings – third parties for the period plus Short-term lease liabilities for the period.

There has been no material change in the Group's capitalisation since 30 June 2021.

The following table sets forth the Group's net indebtedness as at 31 July 2021. This information is unaudited and has been extracted without material adjustment from the unaudited management accounts as at 31 July 2021, which management accounts have been prepared using policies that are consistent with those used in preparing the Financial Statements. This information should be read in conjunction with "Selected Financial

and Operating Information”, “Operating and Financial Review” and the Financial Statements (including the notes thereto) included in this Prospectus and beginning on page F-1.

	<u>As at 31 July 2021</u> (unaudited) (\$ thousands)
A. Cash and cash equivalents	77,009
B. Other current financial assets ⁽¹⁾	501,759
C. Liquidity (A + B)	<u>578,768</u>
D. Current financial debt ⁽²⁾	148,034
E. Current portion of non-current financial debt ⁽³⁾	4,782
F. Current financial indebtedness (D + E)	<u>152,817</u>
G. Net current financial indebtedness (F – C)	<u>(425,951)</u>
H. Non-current financial debt ⁽⁴⁾	87,142
I. Debt instruments ⁽⁵⁾	9,160
J. Non-current trade and other payables ⁽⁶⁾	15,072
K. Non-current financial indebtedness (H + I + J)	<u>111,373</u>
L. Total financial indebtedness (G + K)	<u>(314,578)</u>

(1) Represents Advances issued, Other current assets, Prepaid software licenses and inventory, Other receivables, Trade accounts receivable, and Loans issued.

(2) Represents Short-term borrowings.

(3) Represents Short-term lease liabilities.

(4) Represents Long-term borrowings.

(5) Represents Long-term lease liabilities.

(6) Represents Long-term deferred payments for acquisitions and Long-term contingent consideration.

There have been no significant changes in the Group’s indebtedness since 31 July 2021.

The Group had no material indirect or contingent indebtedness as at 31 July 2021.

INDUSTRY OVERVIEW

The information in the following section has been provided for background purposes. The market and industry data and forecasts and statements regarding the Group's position in the relevant market or market segment in this section are based on the AMR Market Report. See "Presentation of Financial and Other Information—Presentation of Industry and Market Data".

Certain statements below are based on the Group's own proprietary information, insights, opinions or estimates, and not on any third-party or independent source; these statements contain words such as "the Directors believe" and as such do not purport to cite or summarise any third party or independent source and should not be read this way.

The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".

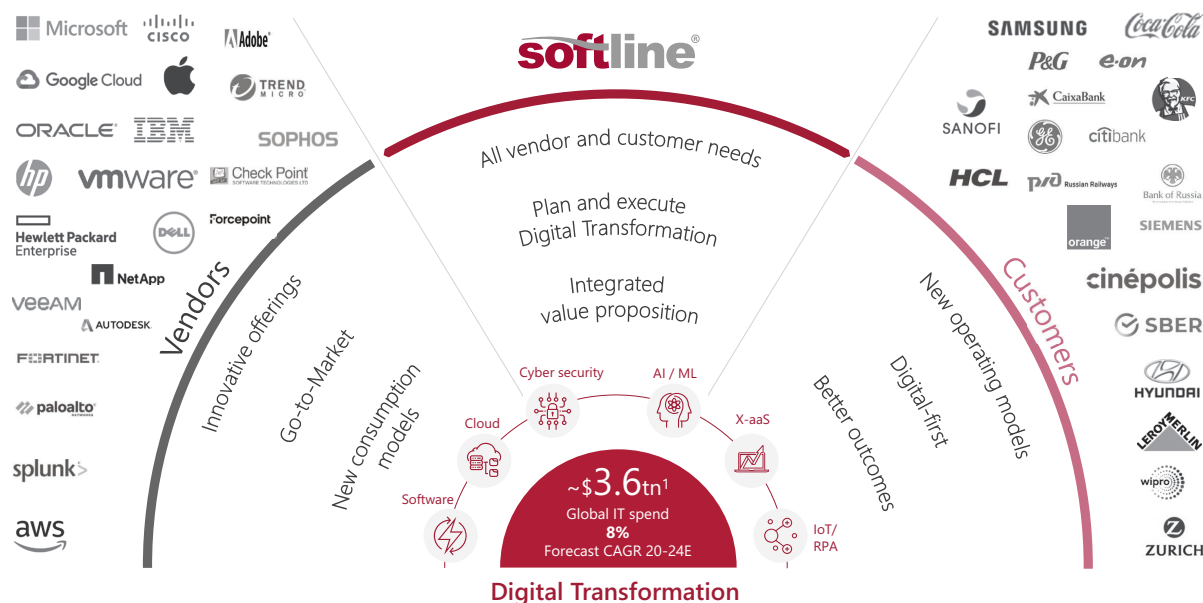
Introduction

The Group is a global IT solutions leader in the large and attractive Emerging Markets (as defined below), which are poised for further digitalisation. The Group enables digital transformation for its customers by leveraging software and Software-as-a-Service ("SaaS"), cloud and next generation technologies, such as internet of things ("IoT"), robotic process automation ("RPA"), application development, "big data" and machine learning ("ML"), analytics and cybersecurity, thereby reshaping and reimagining business processes, customer journeys, product development and delivery. Operating at the centre of the digital transformation ecosystem, the Group connects more than 6,000 vendors with 150,000 customers globally. Given its position in the IT value chain, the Directors believe the Group is in a strong position to become a market leader and drive positive business outcomes for both vendors and customers.

Vendors: Global vendors are regularly reshaping their product portfolio, offering and go-to-market strategy to better serve the needs and capture expanding IT budgets of end customers. Particularly in the Emerging Markets, vendors are increasingly relying on channel partners like the Group for their last mile selling, marketing, compliance and service needs. The emergence of new consumption models (for example, Infrastructure-as-a-Service ("IaaS"), Platform-as-a-Service ("PaaS") and SaaS) have also led to increased cooperation between vendors and IT solutions providers as new subscription and billing models require effective change management and dedicated service support. As a result, the Group is an essential part of vendors' go-to-market and cost optimisation strategy as it provides an effective sales force with local market knowledge and acts as technical consultant, offering high quality project implementation services and after-sales support.

Customers: Digital transformation is a key strategic priority for customers across markets and industries. With technology spend increasingly integral to C-suite decision-making, it has enabled new operating models and transformed every aspect of enterprises' operations, strategic direction and value proposition. The Group's ability to digitally enable enterprises and small and medium businesses ("SMBs") across industry verticals, markets and geographies broadens its total addressable market opportunity and positions it as a trusted advisor to customers on their digital journey.

Digital Transformation Fuels our Market Opportunity



Source: AMR International

Market opportunity

Underlying global IT market

The Group operates in a large and growing global IT market, estimated at \$3.6 trillion in 2020 and forecasted to grow at 8 per cent. per year to reach \$4.9 trillion by 2024 (Source: AMR International). The underlying market encompasses multiple end-markets capturing global customer spend on Software at \$960 billion, Hardware at \$628 billion and Cloud Solutions at \$385 billion in 2020 (Source: AMR International). The market also includes spend on Services, including the design, development, implementation and management of IT environments and applications, totalling \$1,584 billion in 2020 (Source: AMR International). Furthermore, the global IT market can be segmented into the “**Developed Markets**” (comprising (i) North America¹, (ii) mature EMEA² and (iii) mature APAC³) and the “**Emerging Markets**” (comprising (i) Russia, (ii) emerging APAC⁴, (iii) LATAM⁵, (iv) RoE⁶ and (v) emerging EMEA⁷). In 2020, the faster-growing Emerging Markets, where the Group derives the majority of its turnover, accounted for \$389 billion of IT spend (Source: AMR International).

The use of technology to boost business performance and processes is well established. The fundamental growth drivers for technology and digital transformation investments in the future that underpin the Group's large and attractive markets are as follows:

- *Growing importance of IT:* Digital transformation is taking priority in organisations of different types and size, with IT seen as a profit centre compared to a cost centre traditionally. As a result, IT has become a critical part of organisations' infrastructure and budget planning;

¹ The United States and Canada.

² Austria, Belgium, Czech, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.

³ Greater China, Japan, Korea, Australia and New Zealand.

⁴ India, Malaysia, Vietnam, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, Indonesia, Laos, Myanmar, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand and Timor-Leste.

⁵ Brazil, Chile, Colombia, Argentina, Belize, Bolivia, Costa Rica, Ecuador, El Salvador, Guyana, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname and Uruguay.

⁶ Armenia, Azerbaijan, Belarus, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

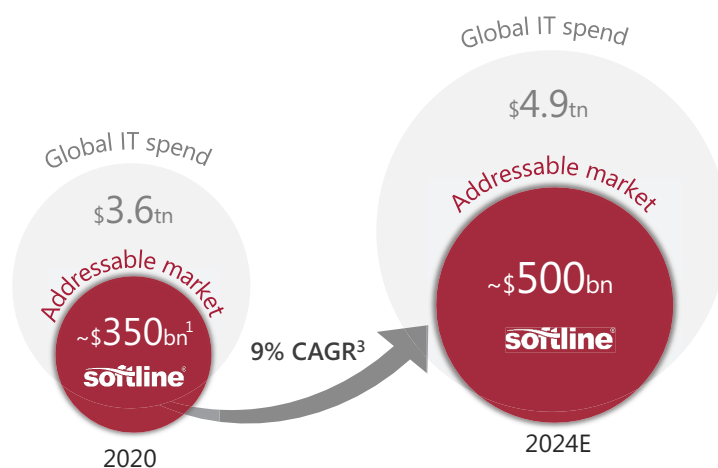
⁷ Albania, Bahrain, Bosnia and Herzegovina, Cyprus, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Malta, Montenegro, North Macedonia, Oman, Qatar, Saudi Arabia, Serbia, Slovenia, Turkey, the United Arab Emirates and more than 30 African countries, including Egypt, Ethiopia, Kenya, Morocco, Nigeria and South Africa.

- **Cybersecurity:** Security is becoming more critical than ever. Today, cybersecurity is a Board-level priority due to the severity of its impact (both financial and reputational), attack sophistication and stringent regulations. Global cybersecurity spend currently was \$125 billion in 2020 and is forecasted to grow at a 9 per cent. CAGR from 2020 to 2024 (*Source: AMR International*);
- **Cloud:** Demand for cloud and the transition to usage-based models have been accelerated by the COVID-19 pandemic. With the Emerging Markets quickly catching up to the Developed Markets, more workloads and data are expected to shift from private, on-premises solutions to public and hybrid cloud infrastructures. Global cloud spend was \$385 billion in 2020 and is forecasted to grow at a 21 per cent. CAGR from 2020 to 2024 (*Source: AMR International*);
- **COVID-19:** The COVID-19 pandemic has transformed the modern workplace, with many employees working remotely from home due to the pandemic and the resulting lockdowns. As a result, IT spend on digital transformation, cybersecurity, cloud and enterprise mobility has also increased significantly;
- **Access to talent:** Organisations globally are facing an acute shortage of talent, which has resulted in rising labour costs and the reduced availability of digitally skilled employees, particularly in areas such as cybersecurity, cloud and digital technologies; and
- **Demand for managed services:** Changes in IT consumption models, the development of SaaS offerings and the increasing complexity of IT are driving an increase in demand for managed services as enterprises are seeking a smaller range of suppliers to address their full range of IT needs.

The Group's addressable market

As an IT solutions leader in the Emerging Markets, the Group is well positioned to address the entirety of the \$389 billion IT spend in the Emerging Markets in 2020 (*Source: AMR International*). Excluding the low-end business process outsourcing and service provider network infrastructure spend, the Group's actual addressable market was \$352 billion in 2020, accounting for all end customer spend on Software, Hardware, Cloud and Services across the Emerging Markets (*Source: AMR International*). The Group's addressable market is forecasted to grow at approximately 9 per cent. per year to reach \$490 billion in 2024, outperforming the global IT spend (*Source: AMR International*). In 2020, the Group captured less than 1 per cent. of the addressable market, which highlights the significant market share opportunity that remains to be addressed (*Source: AMR International*).

Well positioned in a large and growing market



Source: AMR International

Note: Addressable market is the total emerging IT market (including Software, Hardware, Services and Cloud), excluding business process outsourcing and service provider network infrastructure spend.

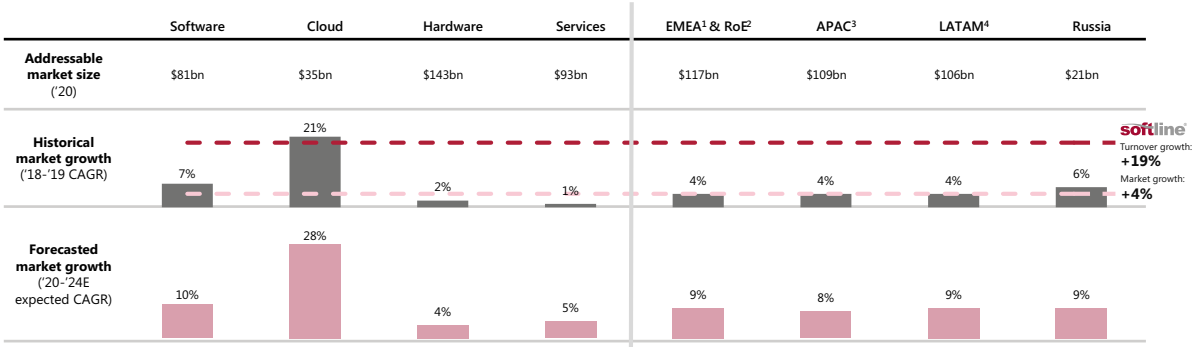
(1) Forecast 2020-2024E CAGR

Across all segments within the Group's addressable market, Cloud remains a key structural growth driver. AMR International forecasts Cloud spend in the Emerging Markets will grow at a 28 per cent. CAGR between 2020 and 2024 given its foundational role in building new technology-enabled business models (*Source: AMR International*). Software is also forecasted to outgrow the broader market at a 10 per cent. CAGR from 2020 to

2024 (Source: AMR International). Growth in Software globally is expected to be driven by strong demand for enterprise software, specifically enterprise application software such as customer relationship management (“CRM”) and business intelligence, as well as security software. Hardware is forecasted to grow at a CAGR of 4 per cent. from 2020 to 2024 and is expected to be driven by device refresh cycles and overall IT infrastructure spend (Source: AMR International). Services spend is projected to grow at a CAGR of 5 per cent. from 2020 to 2024, driven by growth in managed and project-oriented services (Source: AMR International). The continued global shortage of skilled professionals is expected to drive sustained growth in managed services, while project-oriented spend is expected to be driven by demand for systems integration and IT and network consulting.

Geographically, the Group’s addressable markets cover all regions of the Emerging Markets: emerging EMEA, RoE, emerging APAC, LATAM and Russia. Historically, the Group demonstrated its capability to significantly outperform the market growth, both geographically and across technological segments, with the exception of Cloud in 2018 to 2019. The Emerging Markets are expected to grow at a CAGR of 9 per cent. from 2020 to 2024 (Source: AMR International). The following chart shows the key characteristics and structural growth drivers specific to each market:

Track record of outgrowing the market across offerings and markets



Source: AMR International

Emerging EMEA & RoE: The total addressable market size of emerging EMEA and RoE combined was \$116 billion in 2020 (Source: AMR International). In the year ended 31 March 2021, the Group generated \$125 million and \$42 million of turnover in RoE and emerging EMEA, respectively, representing 7 per cent. and 2 per cent. of its total turnover, respectively. While both markets are large and catching up with the Developed Markets in terms of IT penetration, emerging EMEA is investing heavily in digitalisation whereas the RoE market growth has been driven by government policies and an increased focus on cybersecurity. IT spend in emerging EMEA and RoE represented 1.6 per cent. and 0.6 per cent. of GDP, respectively, in 2020 (Source: AMR International).

Emerging APAC: The total addressable market size of emerging APAC was \$109 billion in 2020 (Source: AMR International). In the year ended 31 March 2021, the Group generated \$345 million of turnover in emerging APAC, representing 19 per cent. of its total turnover. IT spend in emerging APAC represented 1.7 per cent. of GDP in 2020 (Source: AMR International). The significant and most attractive for initial expansion for Softline within emerging APAC are the markets of India, Malaysia and Vietnam.

- **India:** The Indian addressable IT market was \$43 billion in 2020 and is forecasted to grow at a CAGR of 8 per cent. from 2020 to 2024, reaching \$60 billion (Source: AMR International). India accounts for around 40 per cent. of the emerging APAC addressable market and continues to benefit from growth driven by rapid digital transformation, the use of software, public cloud migration (with public cloud spend forecasted to grow at a CAGR of 33 per cent. from 2020 to 2024) and increased spending on cybersecurity solutions, especially in the financial services sector (Source: AMR International).
- **Malaysia:** The Malaysian addressable IT market was \$8 billion in 2020 and is forecasted to grow at a CAGR of 9 per cent. from 2020 to 2024 (Source: AMR International). While Malaysia is already a highly digitalised economy, it is expected that the willingness and ability of Malaysian enterprises and SMBs to adopt digital and next generation technology will drive future growth. Additional structural drivers of market growth include accelerating cloud adoption and a sustained focus on cybersecurity solutions.

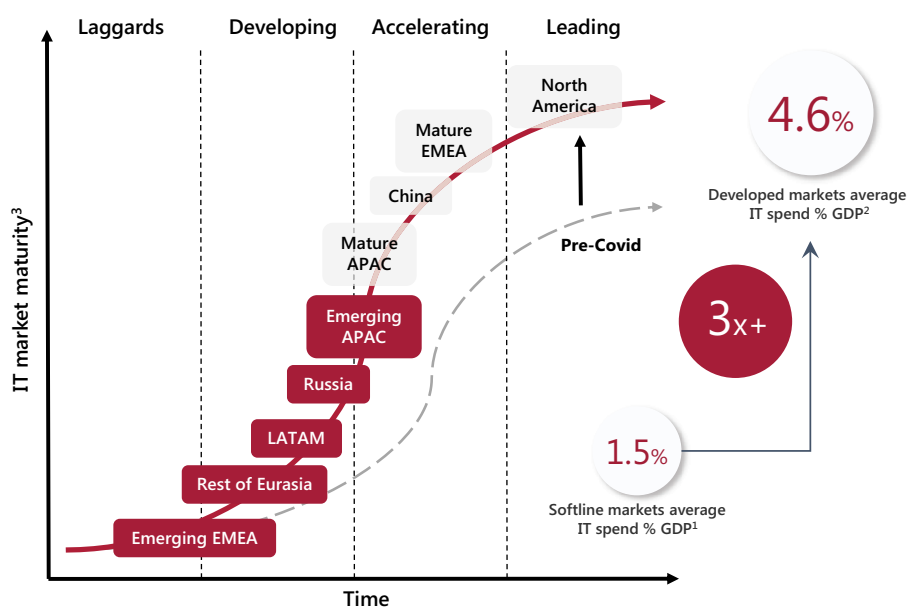
- Vietnam:** The Vietnamese addressable IT market was \$5 billion in 2020 and is forecasted to grow at a CAGR of 7 per cent. from 2020 to 2024 (*Source: AMR International*). This forecasted growth is expected to be driven by the Vietnamese government’s target to expand the digital economy from 5 per cent. of GDP in 2019 to 30 per cent. of GDP in 2030 (*Source: AMR International*). Digital transformation in Vietnam is being led by early adopters of technology, such as the finance industry.

LATAM: LATAM represents a large, attractive addressable market for the Group at \$106 billion in 2020, demonstrating strong growth characteristics and forecasted to grow at a CAGR of 9 per cent. from 2020 to 2024 (*Source: AMR International*). In the year ended 31 March 2021, the Group generated \$208 million of turnover in LATAM, representing 12 per cent. of its total turnover. IT spend in LATAM represented 2.4 per cent. of GDP in 2020 (*Source: AMR International*). Within LATAM, Brazil is the largest IT market, representing over 40 per cent. of the overall LATAM IT market at \$42 billion and forecasted to grow rapidly at a CAGR of 10 per cent. from 2020 to 2024 (*Source: AMR International*). Growth in the Brazilian IT market is expected to be driven by market-leading rates of cloud adoption and the government’s focus on the digital transformation of the economy. Other markets in LATAM, such as Colombia and Chile, are also going through a similar digital transformation journey. Colombia’s recent stability is expected to drive increased growth in the IT market at a CAGR of 9 per cent. from 2020 to 2024 (*Source: AMR International*). Similarly, the Chilean economy is also going through rapid transformation as a result of the COVID-19 pandemic, with most of its forecasted IT market growth (at a CAGR of 8 per cent. from 2020 to 2024) expected to be driven by a strong increase in cyber and cloud spend (*Source: AMR International*).

Russia: The total addressable market size of Russia was \$21 billion in 2020 (*Source: AMR International*). IT spend in Russia represented 1.0 per cent. of GDP in 2020 (*Source: AMR International*). Russia is the original market of the Group, where it derived \$1,082 million of turnover in the year ended 31 March 2021, representing 60 per cent. of its total turnover. Russia has experienced strong growth prior to the COVID-19 pandemic and is expected to continue its growth trajectory due to the continued shift towards the use of cloud solutions and digitalisation.

Structural shifts, such as cloud adoption, increasing client sophistication, penetration of modern technology, consolidation and modernisation of the value chain and pent-up demand induced by the COVID-19 pandemic, are expected to continue to drive growth across the Group’s addressable markets in the Emerging Markets. These structural shifts, combined with low IT maturity, are expected to allow these markets to transition from “Developing” to “Accelerating” on the IT market maturity curve, forecasted to grow at a CAGR of 9 per cent. from 2020 to 2024, outperforming the global IT market, which is forecasted to grow at a CAGR of 8 per cent. over the same period (*Source: AMR International*).

The Group’s markets are in the early phase of digitalisation



Source: AMR International

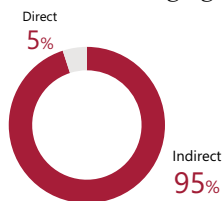
- Includes Russia, LATAM, Emerging APAC, Emerging EMEA and Rest of Eurasia.
- Includes the United Kingdom, the United States and Western Europe.

- (3) IT market maturity qualitatively based on AMR International assessment of IT spend as a percentage of GDP, Hardware as percentage of IT spend and Cloud as percentage of IT spend.

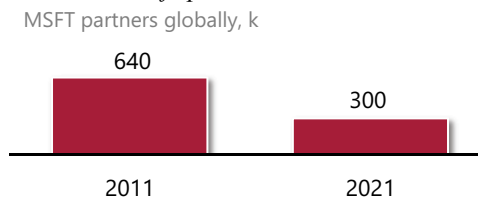
Microsoft

Microsoft is the one of the world’s largest publicly traded companies (with \$2 trillion of market capitalisation) and a go-to vendor of IT solutions and services, with the depth, breadth and width to serve the needs of modern enterprises (*Source: AMR International*). Microsoft’s revenue grew by 14 per cent. per annum between 2018 and 2020, outperforming the global IT market, which grew by 2 per cent. per annum over the same period (*Source: AMR International*). As the most strategic vendor according to a survey of modern enterprises, Microsoft generates the majority of its revenue from enterprise technologies (comprising “Productivity & Business Processes” and “Intelligent Cloud”), where Azure remains a key growth driver and a strategic focus product for Microsoft.

Microsoft channel mix in Emerging Markets (Cloud)



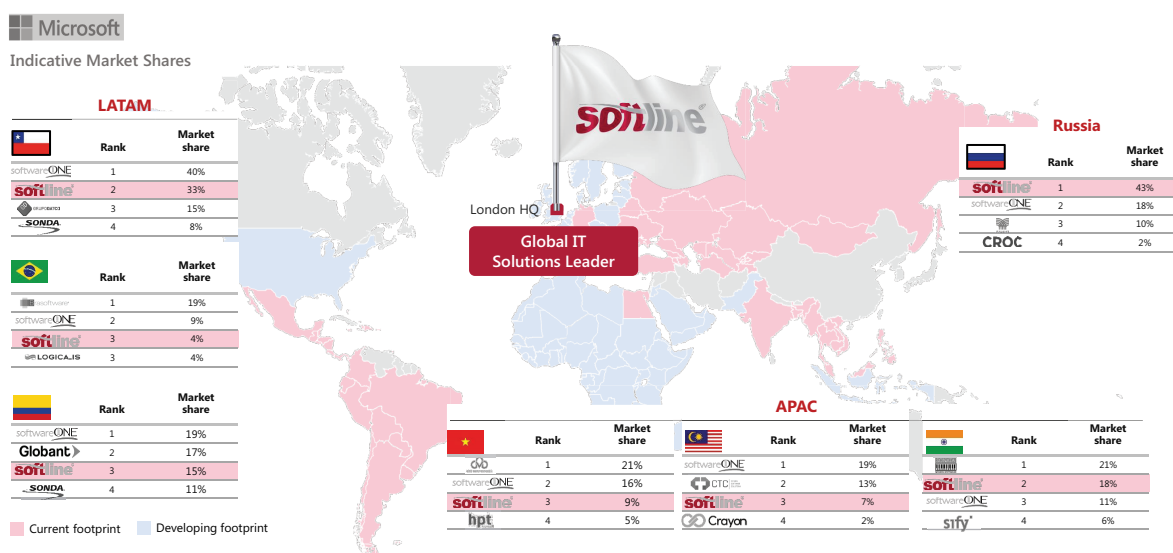
Microsoft partner consolidation



Source: AMR International

Globally, Microsoft relies on upon an extensive partner ecosystem to deliver its suite of enterprise technology, services and solutions. In the Emerging Markets specifically, Microsoft is heavily dependent on channel partners with 95 per cent. of Cloud business sales and 85 per cent. of total sales generated through its channel partners (*Source: AMR International*). With Microsoft’s partner landscape undergoing rapid consolidation, its number of partners has decreased from approximately 640,000 in 2011 to 300,000 in 2020 (*Source: AMR International*). Out these partners, global players such as the Group are at an advantage to develop more cost-effective, high-quality solutions compared to partners with a limited international footprint. Microsoft is also actively streamlining its focus on channel partners with global reach and capabilities to develop and sell solutions at a competitive price in high growth markets.

The Group has a leadership position as Microsoft reseller in its markets: it is #1 in Russia and is top-3 for others such as Chile, Colombia, Malaysia, India and Vietnam. In Brazil it is the 4th largest after Logicalis (similar market share due to rounding)



Source: AMR International

The Group has a strong, historic partnership with Microsoft spanning over the last 28 years and serving 45 countries, including Russia, 21 countries in emerging EMEA and RoE, 16 countries in LATAM and 7 countries in emerging APAC. The Group is one of only ten globally managed Licensing Solution Providers (“LSP”) in

the world and has been named Microsoft Partner of the Year 2020 in Cambodia, Vietnam, Bulgaria and Malaysia. The Group remains one of the top providers for Microsoft's addressable cloud and on-premise licensing business across the Emerging Markets. The majority of other providers are national and regional providers, such as Sonda in LATAM, Sonata in India and Brasoftware in Brazil. The Group has a leading position in Russia with 43 per cent. of the market share in Microsoft products, almost 2.5 times higher than its nearest competitor (*Source: AMR International*). The Group also holds top two and three positions across rest of its key APAC and LATAM (outside Brazil) markets, with significant upside potential embedded in these markets.

For the Group, Microsoft is a natural door opener for accessing new customers and solidifying the Group's positioning within new markets. The Group has a proven track record of landing new customers via Microsoft licensing, followed by expanding the business relationships by cross-selling and up-selling other vendors' services and solutions. Microsoft products represented 27 per cent. of the Group's turnover in Russia in the year ended 31 March 2021 (compared to 36 per cent. in the year ended 31 March 2017) and 87 per cent., 95 per cent. and 41 per cent. of the Group's turnover in APAC, LATAM and EMEA & RoE, respectively, in the year ended 31 March 2021. Due to the Group's win-win value proposition, Microsoft has expressed commitment to support the Group to achieve its growth ambitions, including a number of initiatives to capitalise on digital transformation trends that were accelerated by the COVID-19 pandemic.

IT ecosystem and competitive landscape

The IT solutions and services value chain consists of several key segments covering customers' digital transformation needs, including:

- *Advise & Design*, which involves helping customers map out strategic objectives and advising on a delivery roadmap;
- *Procure & Purchase*, which enables the procurement of appropriate solutions from vendors. the procurement value chain is typically two-tier, involving distributors and IT solutions providers. The Group, as an IT solutions provider, directly engages the end-customer and is responsible for specification, installation and value add services, such as first level support;
- *Develop & Build*, which involves the building process, service and often the provision of bespoke application components on procured solutions and further developing them to meet customer needs;
- *Deploy & Deliver*, which includes delivering offerings to the end-customer, migrating and integrating the solution into the customer's existing IT infrastructure and managing change; and
- *Manage & Optimise*, which involves the continuous management of services throughout the lifecycle, support and maintenance of daily operations, execution of the business function and activities and on-going optimisation of the use of different assets and parts of the IT estate.

The Group's integrated end-to-end solutions and services offerings enable it to fulfil various functions within the value chain, including IT consulting, IT procurement, system integration, bespoke application development and engineering, IT asset management and managed service provision. As a result, the Group is well placed to capture demand from all segments of the value chain and address all customer IT and digital transformation needs. Aside from global IT solution and service providers like the Group, there are several other types of players, each with different models and strengths at different stages of the value chain. The chart below illustrates the key segments and participants across the IT value chain.

Overview of key players in the IT ecosystem

Key player types	IT Solution and Services delivery to end-customers				
	Advise & Design	Procure & Purchase	Develop & Build	Deploy & Deliver	Manage & Optimise
IT consultancies Deloitte, accenture, EY, TCS	✓✓✓✓	✓	✓	✓	✓✓✓
Modern IT Solutions and Services providers Softline, Crayon, softwareONE, Softchoice	✓✓✓	✓✓✓✓	✓✓✓	✓✓✓	✓✓✓
System integrators Capgemini, Cognizant, Infosys, wipro	✓	✓	✓✓✓✓	✓✓✓	✓✓
Next Gen digital services providers endava, epam, Globant	✓	✓	✓✓✓	✓✓✓	✓✓
Managed Services providers GCI, ensora, cloudreach, ZW, Nordcloud	✓	✓	✓	✓	✓✓✓✓
Pure-play reseller Mostly local & regional resellers		✓✓✓✓		✓✓✓	

Area of focus: High ✓✓✓✓ ———— ✓ Low

Source: AMR International

- *IT consultancies*, which are primarily involved in advising organisations on their use of information technology to meet business objectives and to improve the structure and efficiency of IT systems;
- *Global IT solution and service providers*, which are end-to-end solution providers that, on top of functions fulfilled by pure-play resellers, deliver additional offerings across the value chain (including IT services, cloud services, distribution, platform or even proprietary IT products);
- *System integrators*, which are typically local resellers who offer products and value-added services;
- *Next-gen digital service providers*, which are focused on the implementation of digital transformation projects around applications;
- *Managed service providers*, which provide outsourced monitoring and management of IT devices and systems; and
- *Pure-play resellers*, which are primarily local and only specialise in bringing together components (software and hardware) and ensuring that those subsystems function together seamlessly.

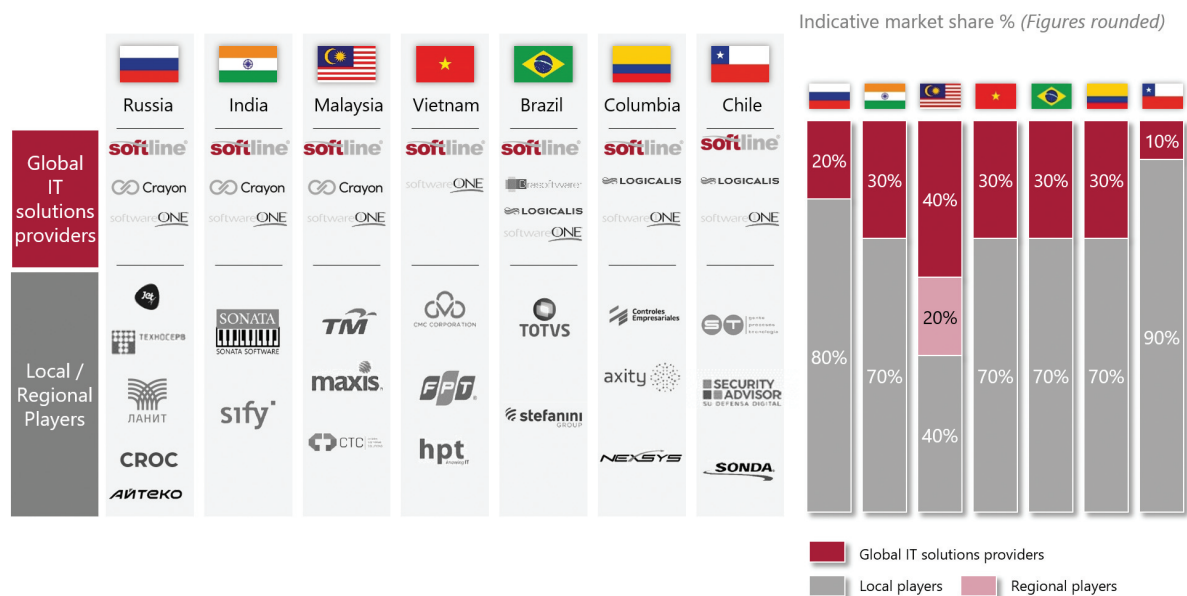
The global IT solutions and services market remains highly fragmented. Given the Group's competitive positioning, focus on the Emerging Markets and integrated offerings, the Directors believe that none of the Group's competitors directly compete across all segments, but instead such competitors vary by market and positioning the value chain.

The Group's competitive positioning across markets

Across the Group's key markets, a limited number of global IT solutions players have been successful due to several barriers to entry, such as the complexity of operating in the Emerging Markets, vendor relationships, access to customers, experience and investments required. SoftwareOne, Crayon and Logicalis are a few of the notable global IT solutions players active in certain of the Group's markets. Local markets are still primarily served by subscale and traditional resellers. With ongoing market consolidation underway, with 234 acquisitions completed by the top 15 IT solutions providers⁸ between 2010 and 2021 compared to 79 acquisitions between 2000 and 2009, global players are expected to further penetrate and gain market share in local markets (Source: AMR International). The Group benefits from favourable competition dynamics and opportunities for future growth in each of its core markets.

⁸ Comprising Bechtle, Atea, Econocom, Tieto, SoftwareOne, Asseco, Cancom, Computacenter, Insight Enterprises, Sirius, Softline, Crayon, CDW, Softchoice and SHI International.

Competitive landscape across the Group's core markets



Source: AMR International

Russia: The Group is the leading IT solutions provider in Russia, with 8 per cent. overall market share and 43 per cent. market share in Microsoft solutions (Source: AMR International). The Group is followed by Lanit and I-Teco, with 6 per cent. and 3 per cent. overall market shares, respectively (Source: AMR International). 80 per cent. of the Russian IT market is served by small local and regional players (Source: AMR International). An increasing shift towards Russian vendor solutions has increased barriers to entry for new global providers. The Group primarily competes with smaller Russia-focused IT solution providers, most of which do not operate outside of Russia and do not benefit from the same level of vendor relationships.

Emerging APAC: In India, global and local IT solutions providers serve distinct customer segments. Global IT solution providers are focused on serving multinational corporations with an Indian presence, while local players primarily serve mid-market Indian enterprises and local governments. The Group and SoftwareOne are the two largest global IT solutions players in India (Source: AMR International). Following the acquisition of Embee, the Group will be the second largest Microsoft solutions provider in India, with an 18 per cent. market share (Source: AMR International). In Malaysia, the market includes global players, such as the Group, SoftwareOne and Crayon, as well as regional players with a strong APAC presence, such as CTC, and multiple local providers. Global players generally offer more sophisticated tools and have established themselves as cloud transformation partners and managed service providers. Local providers mainly offer hardware and less sophisticated software procurement solutions. The Group holds a 7 per cent. market share in Malaysia's Microsoft solutions market (Source: AMR International). The Vietnamese market is dominated by local players. The only global IT solutions providers active in Vietnam are the Group and SoftwareONE, both of which primarily focus on Microsoft. The Group is the third largest Microsoft solutions provider in Vietnam, with 9 per cent. market share (Source: AMR International).

Latin America: In Brazil, local resellers are the primary method of distribution, as customers value strong longstanding relationships. Global IT solutions providers operate similarly in Brazil as in other developing countries, with a focus on large multinational companies. The Group is among the four leading Microsoft solutions providers in Brazil (Source: AMR International). Colombia's recent stability has prompted increased growth in the IT market, with local resellers serving approximately 70 per cent. of the market (Source: AMR International). The competitive advantage of local resellers is price and speed of procurement, and they are usually small to mid-sized with a narrow customer and geographic focus. As in Brazil, global IT solutions providers primarily sell to multinational corporations in Colombia. The Group has a strong presence in Colombia with an approximately 15 per cent. market share in Microsoft solutions, third in the country (Source: AMR International). Chile remains highly reliant on local suppliers (approximately 90 per cent. of the market), with Chilean companies keen to employ local knowledge and valuing local experience. The Group has managed to achieve a 33 per cent. market share in Microsoft solutions in Chile, second in the country (Source: AMR International). There remains significant upside potential for global players as Chilean customers begin their digital transformation journey, similar to other LATAM markets.

The Group continues to outperform local resellers and remains well positioned to gain market share through organic and inorganic means. Global IT solutions providers, like Group, benefit from scale, fully integrated offerings from a large vendor roster, a strong pipeline of global talent and the ability to deliver across markets in a compliant way, which differentiates them from local players with a narrow scope of activities, fewer vendor partnerships and limited financial backing to withstand market volatility.

The Group’s competitive positioning across the value chain

The Group’s combination of scale, capabilities and offering differentiates it from other global IT solutions and services players in the value chain. The Group’s pureplay focus on the Emerging Markets, with local service and delivery capabilities in more than 50 countries, provides the Group scale and operating leverage advantages. The Group’s technical expertise, ability to offer value-added services and breadth of offerings also serve as key differentiators and a competitive advantage compared to other players in the markets in which it operates. Furthermore, the breadth of the Group’s vendor relationships distinguishes it in a crowded IT solutions and services market. The Group is well placed to address the complex challenges of vendors and customers across each stage of the IT value chain.

The Group’s positioning in the IT services and solutions value chain

		softline	Modern IT Solutions Players softwareONE, Crayon, Softcat, Softchoice	Next Gen IT Services endava, epam	System Integrators Capgemini, Infosys, Cognizant, wipro	
Entire range of Enterprise IT needs	Global scale with EM and Software / Cloud focus	# Countries: 50+	2 - 90	35 / 21	~50	
		EM focus:				
		Software / Cloud mix (% GP): 61% / 56%	57% ¹	0%	0% - 5%	
	Comprehensive services portfolio with Next Gen capabilities	Services mix (% GP): 26% / 32%	24% ¹	100%	95%+	
		Next Gen services (Cyber, AI/ML, IoT, RPA):				
	Hybrid IT infrastructure	IT infrastructure offering:				
	Preferred partner to best-in-class vendors and customers	# of vendors: 6k+	68 - 9k+	~50 (Endava)	~70	
		# of customers: c.50k ²	~40k	~500	~1.4k	
	Integrated value proposition	Advise & Design	✓✓✓	✓✓✓	✓	✓
		Procure & Purchase	✓✓✓✓	✓✓✓✓	✓	✓
Develop & Build		✓✓✓	✓✓✓	✓✓✓	✓✓✓✓	
Deploy & Deliver		✓✓✓	✓✓✓	✓✓✓	✓✓✓	
Manage & Optimise		✓✓✓	✓✓✓	✓✓	✓✓	

Source: Management estimates, AMR International, and information publicly available on the websites of the companies listed in the table above

Note: Figures represent averages for each category where data is publicly disclosed, unless showing a range.

- (1) Average does not include Bechtle.
- (2) Excluding Business-to-Vendor-to-Business customers.

The Group has the capabilities, scale and presence to continue to outperform the growing market both organically and through targeted acquisitions, given its role as an industry consolidation platform. The Group’s strong relationship with Microsoft is also a differentiator, given the strategic position of Microsoft with modern enterprises and Microsoft’s ambition, resources and portfolio. While the demand for Microsoft’s technologies offers excellent customer entry possibilities, the Group has also proven in its original market that it can cross-sell solutions “on top” of its Microsoft solutions, offering the Group’s customers a broad range of additional products, solutions and services that meet the IT needs of modern enterprises. The Group is well placed to replicate this success in other markets, with the aim to cement the Group’s position as a global leader of digital transformation.

BUSINESS DESCRIPTION

Overview

The Group is a leading global solutions and services provider in digital transformation and cybersecurity, with its headquarters in London. It enables, facilitates and accelerates the digital transformation of its customers' businesses, connecting over 150,000 enterprise customers across a comprehensive range of industries with over 6,000 best-in-class IT vendors and delivering its own services and proprietary solutions. With approximately 6,000 employees globally, the Group operates in more than 50 countries with significant growth potential (including Brazil, India, Malaysia and Russia), addresses the entire range of its customers' IT needs and is positioned at the centre of the digital transformation megatrend.

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

- *Software & Cloud* (which represented 84.4 per cent. of turnover and 60.8 per cent. of gross profit in the year ended 31 March 2021), comprising (i) software solutions, which incorporate traditional licensing and subscription agreements for a full range of software products, including operating systems, virtualisation, cybersecurity, business productivity, creativity, education and other, from many blue-chip software vendors, such as Microsoft, Adobe, Cisco, IBM and Oracle; and (ii) cloud solutions, which incorporate a diverse portfolio of cloud computing services, including public cloud, dedicated private cloud and hybrid cloud solutions based on leading vendor technologies and services, including Amazon Web Services ("AWS"), Google Cloud Platform and Microsoft Azure, and the Group's own multi-cloud management platform, CloudMaster;
- *Hardware* (which represented 11.2 per cent. of turnover and 13.6 per cent. of gross profit in the year ended 31 March 2021), offering the required capabilities to provide and deploy a full range of workplace, data centre and network infrastructure solutions, from innovating with the customer to supporting the estate, utilising hardware offerings from leading vendors, including, among others, Apple, Cisco, Dell Technologies, Hewlett Packard Enterprise, and HP Inc.; and
- *Services* (which represented 4.3 per cent. of turnover and 25.6 per cent. of gross profit in the year ended 31 March 2021), comprising cybersecurity, future workplace, IT infrastructure, digital solutions, Software Asset Management ("SAM") and the Group's own public cloud services (Softline Cloud), as well as next generation services, such as software and application development and engineering, and co-innovation with customers using artificial intelligence ("AI"), ML, RPA, IoT and other technologies.

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

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

The Group benefits from strong relationships with its vendors. Microsoft is the Group's most notable vendor, with which the Group has collaborated for over 25 years. Microsoft is a strategic vendor for the vast majority of enterprises, delivering the technology that underpins most modern enterprises' digital architecture. The Group is one of only ten Microsoft globally managed LSPs in the world, which provides the Group with advanced selling, marketing and technical support benefits from Microsoft. In the year ended 31 March 2021, turnover from sales of Microsoft products and services constituted 48 per cent. of the Group's total turnover.

The Group also maintains robust relationships with its other strategic vendors, including Adobe, AWS, Apple, Cisco, Dell Technologies, Google, Hewlett Packard Enterprise, HP, IBM and Oracle. These relationships span decades and multiple geographies. The Group has obtained an advanced partner status with all of its strategic vendors. By matching vendors' capabilities with the Group's services in an efficient way, the Group creates, delivers, continuously develops and secures for its customers the entire digital infrastructure required for their digital transformation.

The Group has a long-standing track record of double-digit organic growth, supplemented by strategic acquisitions focused on expansion of its geographic reach and sales channels, portfolio and capabilities. From the year ended 31 March 2007 to the year ended 31 March 2021, the Group delivered a 25 per cent. compound annual growth rate (“CAGR”) in turnover on a reporting currency basis and a 34 per cent. CAGR in turnover on a local currency basis, outperforming the market over the same period. The Group’s Adjusted EBITDA has also grown at CAGR of 32 per cent. on a constant currency basis from the year ended 31 March 2017 to the year ended 31 March 2021. The Group’s share of recurring turnover has grown during the last three years, reaching 56 per cent. of the Group’s total turnover in the year ended 31 March 2021. The Directors therefore believe that the Group is well positioned to further scale its business going forward through geographical, portfolio and sales channel expansion.

For the years ended 31 March 2019, 2020 and 2021, the Group’s turnover was \$1,352 million, \$1,611 million and \$1,788 million, respectively; the Group’s revenue was \$1,129 million, \$1,362 million and \$1,517 million, respectively; and the Group’s Adjusted EBITDA was \$35 million, \$46 million and \$52 million, respectively.

History and Development

The Group was founded in 1993 by Igor Borovikov, a graduate of Moscow State University with a PhD in Mathematics. Since its inception, the Group has grown to its current scope from a local software reseller in Russia with only 10 employees.

The formation era—1993 to 2016

The Group grew rapidly during the early years of the Russian post-communist economy. As the country’s economy stabilised and evolved, the Group experienced significant growth due to strong underlying demand for software, with the Group consistently investing in its business.

Over the years, the Group has employed a consistent three-dimensional growth strategy:

1. *Geographical expansion:* Since 2001, the Group has been expanding in Russia, the CIS, and further internationally. For example, between 2008 and 2010, it established operations in Turkey and Vietnam and started its expansion in Latin America, followed by India in 2014.
2. *Portfolio expansion:* In 1998, the Group became the leading software licencing partner for Microsoft in the Russian market and signed a formal partnership agreement with the vendor. By 2000, the Group had expanded its portfolio to 500 vendors across software and hardware. The Group also started building or acquiring its services capability—Softline Consulting Service and Solutions—initially complementing vendors’ offerings but always focusing on the underlying customer needs. This portfolio expansion continued in line with the evolution of the industry, as the vendor landscape changed and customers’ needs transformed.
3. *Sales channel expansion:* The Group has grown organically and from strategic acquisitions, moving from a direct sales organisation to a diverse business with multiple sales channels, adding indirect (distribution) capability in 2001 and a number of e-commerce solutions in 2004. Targeted acquisitions also allowed the Group to build its customer base.

During its initial history, the Group demonstrated its ability to identify new business areas, consistently develop them and make them an inseparable part of the main business. Over its first 20 years of growth and investment, the Group obtained intellectual, reputational and human capital as well as the execution capability for the next phase of growth that followed.

Transformative growth—2016 to today

In order to drive further growth, the Group attracted equity capital from Da Vinci Capital in 2016 and from Zubr Capital in 2017.

In 2018, the Group appointed Sergey Chernovolenko as Chief Executive Officer, with strong international experience at Xerox and Cisco, to further drive its three-dimensional growth strategy and other structural changes, such as development of its global operating model. The Group continued to expand its international management team and, in 2020, established its global headquarters in London, the United Kingdom.

The Group also worked on building an experienced and engaged Board of Directors, which now is chaired by the Group’s founder and includes a majority of independent directors who possess strong international experience in successfully leading technology companies. Furthermore, the Group has consistently invested in its compliance function to comply with the multitude of regulations and vendors’ practices around the world,

which the Directors believe is a competitive advantage when dealing with both customers and vendors. The Group also developed its global operational model, effective execution capability, highly capable HR function and efficient back-office structure to further support its global reach.

The Group continued to apply its three-dimensional growth strategy during this period:

1. *Geographical expansion:* The Group extended its operations into new regions and countries to benefit from attractive growth profiles in emerging markets, strengthen its position with global vendors, and gain scale benefits. The Group expanded into Myanmar, Thailand, the Philippines, Ecuador and five CEE countries and supported expansion in key strategic markets, Brazil and India, with targeted acquisitions. The Group's global presence reached 12 countries in RoE, 16 in LATAM, 9 in APAC and a further 15 in EMEA, with 40 per cent. of turnover generated outside of Russia (the "original market") in the year ended 31 March 2021.
2. *Portfolio expansion:* The Group anticipated evolving customer demand for more complex and comprehensive solutions, including not only software but also cloud, hardware and services. Capitalising on this opportunity, the Group expanded its portfolio, with a focus on next generation services. For example, the Group introduced and expanded "Softline Digital Laboratory", "Softline Premier Services" and "Softline Digital Platform" and launched workplace-as-a-service, hardware-as-a-service and managed services offerings. The Group fuelled organic development of new capabilities with targeted acquisitions in the areas of application development and engineering, cybersecurity and SAM. This portfolio expansion proved to be successful and helped the Group to increase recurring turnover to 56 per cent. in the year ended 31 March 2021 from 51 per cent. in the year ended 31 March 2020.
3. *Sales channel expansion:* The Group continued to invest in its sales channels to anticipate evolving customer needs and expand its customer reach, particularly through the enhancement of SDP and complementary acquisitions, such as the acquisition of FreshStore LLC ("Enaza"), a subscription-based software distributor, in 2017. The components of SDP now cater to subscription and multi-cloud business. ActivePlatform, which is part of SDP, handled 90 per cent. more turnover in the year ended 31 March 2021 than in the previous financial year.

Key Strengths

The Directors believe the Group benefits from the following strengths, which have contributed to its success historically and are expected to continue to support its competitive position and business going forward.

1) *The Group is at the centre of digital transformation*

Digital transformation is a global secular trend, driven by the increasing importance of adopting digital technologies across all industries. The global investment in digital transformation has intensified as a result of the COVID-19 pandemic and is expected to grow to approximately \$3.1 trillion in 2024 from \$1.8 trillion in 2020 at a CAGR of 16 per cent. (*Source:* AMR International).

Many enterprises are challenged with inadequate digital skills and increased complexity as they need to navigate the growing vendor landscape, different approaches to digital transformation, growth of data and management of cybersecurity. Vendors are also facing challenges relating to digital transformation, as they encounter the changing expectations of customers, including with respect to their approach to buying and their preferred engagement models, as well as a challenging compliance environment.

The Group has significant technological knowledge and capabilities, both from its vendors and from its organic investments in its portfolio, with a range of services geared to changing customer demands. The Group's skilled workforce of approximately 2,600 sales and marketing specialists and approximately 1,900 services specialists (including engineers, developers and other IT specialists) help the Group deliver the required transformation for customers. The Group also shares its nuanced customer knowledge with vendors to help them manage multi-faceted customer relationships. The Group is therefore able to connect over 6,000 vendors with over 150,000 enterprise customers and over 2.7 million consumers, placing the Group in the centre of the digital transformation.

2) *The Group addresses a large and growing underlying market, with a focus on the most attractive segments*

Growing and attractive addressable market by product segment

Growth in the Group's product areas (Software & Cloud, Hardware and Services) across the Group's addressable emerging markets, consisting of emerging APAC (including India), LATAM (including Brazil), Russia, RoE and emerging EMEA (the "AEMs") is expected to be greater than the global rate from 2020 to 2024 (Source: AMR International).

Software & Cloud

According to AMR International, Software & related Cloud spending in the AEM was estimated to be \$116 billion in 2020 and is forecasted to reach \$213 billion in 2024 (growing at a CAGR of 16.4 per cent.), predominantly driven by:

- digital advancement of businesses, which will place increased emphasis on data management solutions, enterprise software and other systems as emerging markets wrestle with the enhanced software needs associated with a digitally advancing economy;
- increased migration to cloud, which will support the application development and deployment segment, as user, data, security and language requirements will push cloud services and applications to be synced with local platforms and other local enterprise systems;
- an uptick in sales for e-commerce and remote selling management software, driven by COVID-19 and a parallel rise in digitalisation across economies; and
- further growth in cloud spend is expected across emerging markets, with growth rates greater than 30 per cent. in the majority of the regions.

Hardware

According to AMR International, AEM Hardware spending was estimated to be \$143 billion in 2020 and is forecasted to reach \$165 billion in 2024 (growing at a CAGR of 4 per cent.), predominately driven by:

- COVID-19, which has reignited demand for hardware (mostly devices such as PCs, tablets and laptops) to support remote working with the necessary user equipment, network and data storage architecture, and security;
- increased spend towards infrastructure, wireless network equipment and servers as countries resume their digital transformation efforts; and
- further increases in data volumes accumulated and processed by enterprises and public sector organisations, the democratisation of high-performance computing and delayed demand for modernised technology solutions.

Services

According to AMR International, Services spending in the AEM was estimated to be \$93 billion in 2020 and is forecasted to grow to \$112 billion in 2024 (growing at a CAGR of 5 per cent.), predominantly driven by:

- increasing complexity of solutions required to update legacy IT systems, move them to cloud and support digitalisation efforts. Project-oriented services, such as systems implementation and custom application development, are expected to be the cornerstone of this trend;
- higher governmental and enterprise attention towards risks posed by weak cybersecurity infrastructure, supporting the demand for managed security services;
- rapid cloud adoption, requiring sophisticated expertise to manage associated applications as well as protect data on-premises and on cloud from security risks; and
- COVID-19, which led to rapid changes in business models and processes, resulting in increased demand for IT outsourcing, subscription and SaaS options, which have offset any decline in spend from lower budgets.

Growing and attractive addressable market by region

According to AMR International, the Group's addressable market was estimated to be \$352 billion in 2020, which mainly comprised emerging EMEA (\$111 billion), emerging APAC (\$109 billion) and LATAM (\$106 billion), with the remainder represented by Russia (\$21 billion) and RoE (\$5 billion) (*Source: AMR International*). The AEMs are currently at the developing stage and are expected to enter "acceleration", translating to strong long-term growth driven by similar forces as elsewhere in the world.

AMR International forecasts the AEMs will reach \$490 billion by 2024, growing at a CAGR of approximately 9 per cent. (*Source: AMR International*).

- Emerging APAC (including India): The emerging APAC addressable market was estimated to be \$109 billion (of which India represented \$43 billion) in 2020 and is forecasted to reach \$150 billion by 2024 (growing at a CAGR of 8 per cent., with India growing at 8 per cent.) (*Source: AMR International*).
- LATAM (including Brazil): The LATAM addressable market was estimated to be \$106 billion (of which Brazil represented \$42 billion) in 2020 and is forecasted to reach \$147 billion by 2024 (growing at a CAGR of 9 per cent., with Brazil growing at 10 per cent.) (*Source: AMR International*).
- Russia: The Russian addressable market was estimated to be \$21 billion in 2020 and is forecasted to reach \$30 billion by 2024 (growing at a CAGR of 9 per cent.) (*Source: AMR International*).
- RoE: The RoE addressable market is at the similar level of development to LATAM, estimated to be \$5.4 billion in 2020 and forecasted to reach \$7.3 billion by 2024 (growing at a CAGR of 8 per cent.) (*Source: AMR International*).
- Emerging EMEA: The emerging EMEA addressable market can be split into three broad regions, from most to least developed: the Middle East, the Balkans and Africa. The emerging EMEA addressable market was estimated to be \$111 billion in 2020 and is forecasted to reach \$155 billion by 2024 (growing at a CAGR of 9 per cent.) (*Source: AMR International*).

Compared to global IT companies like the Group, general purpose enterprise and public sector organisations, as well as smaller local IT players, in any part of the world will struggle to find, pay for and retain talent with the right IT and digital transformation skills. This is expected to lead to further demand for IT outsourcing and managed services (such as systems implementation, integration services, cybersecurity, IT asset consulting and application development) and support spend on such services from the Group.

Historically, the Group has outperformed the IT market in each of the regions in which it operates. From 2019 to 2020, the emerging APAC addressable market fell by 6 per cent., while the Group's revenue in the region grew by 25 per cent. (*Source: AMR International*). This trend was reflected in the other markets, with the LATAM, RoE and emerging EMEA addressable markets decreasing by 6 per cent., 5 per cent. and 6 per cent., respectively, from 2019 to 2020, while the Group's revenue in each region grew by 23 per cent., 1 per cent. and 8 per cent., respectively (*Source: AMR International*). According to AMR International, the Group's revenue growth is expected to continue to outpace the growth of the IT market in each of its AEMs.

3) *The Group's unique platform connects vendors and customers worldwide, delivering a broad range of products and solutions*

The Group's role as a unique global platform, providing a comprehensive suite of expertise, products and services to customers worldwide, including from its vendors and its proprietary IP, is based on the following pillars.

Multinational footprint with global expansion focus

The Group is a truly multinational business, with a presence in over 50 countries and almost 100 cities spread across four continents. The Group's broad geographic footprint allows it to utilise and share the knowledge and expertise of its international team across different geographies, delivering best-in-class solutions to address the needs of its customers. The Group benefits from its multinational presence, particularly in emerging markets that have provided access to a vast pool of talent at lower cost.

Given the growing demand for digital transformation and an overall shortage of talent specialising in most modern and sophisticated technologies, the Directors believe that the Group's access to skilled talent in multiple markets across the world differentiates the Group from local players and gives it a strong competitive

advantage. The Group's approximately 6,000 talented and skilled international full-time employees ("FTE") as of 31 March 2021 continuously engage with customers across multiple languages while the Group's business infrastructure includes one global delivery centre, three regional delivery centres and ten local delivery centres in Europe, Southeast Asia, the Middle East and South America. The Group's international scope also provides it with increased access to vendors' programs, related technical and business information and often commercial conditions as compared to many local competitors. This global business approach facilitates further international expansion and supports the Group's growth prospects.

Covering the entire range of customers' IT needs

The Group serves a large and diversified customer base, including blue-chip names such as Citibank, Coca-Cola, P&G, Toyota, VW and others, which has enabled the Group to accumulate deep expertise across various sectors with no reliance on any particular industry or customer. The Group enjoys high customer satisfaction, demonstrated by its NPS score of 83 per cent. in 2020, which drives customers' IT spending with the Group.

End customers are seeking partners who can engage with them throughout the whole digital transformation journey and cover the entire range of their IT needs. The Group, being in the centre of the digital transformation, is well placed to address such customers' requirements. The Group delivers a full portfolio of solutions and services and offers broad geographical coverage.

Modern enterprises are increasingly relying on custom-developed applications run on-premises or in the cloud. The Group's investment in its application development and engineering capability allows it to help organisations transform their ways of operating.

SAM and IT asset management services ("ITAM") more broadly are critical for customers to ensure licensing compliance and the optimisation of their software estate to reduce overall costs. Additionally, delivering this service allows the Group to have an ongoing view into the IT estate of its customers and offer other solutions from the Group's portfolio. Cybersecurity is another major concern at the board level of any organisation today. The Group's extensive portfolio of solutions from blue-chip security vendors, coupled with the Group's own capabilities, enable the Group to cater to the cybersecurity requirements of its customers.

The Group's investment in next-generation services, through the "Softline Digital Laboratory" and through relationships with new disruptive vendors, also allows the Group to address customers' new and evolving needs. This includes vertical use cases, data management from edge to core, deeper data insights and further automation in various parts of the enterprise, from the back-office and factory floor to the front-office and C-suite.

Throughout the customer relationship, the Group promotes its proprietary platforms, CloudMaster and ActivePlatform, which enable deeper integration in the customer's IT system and higher visibility of customers' needs. This valuable technical information is collected (with customer consent) and analysed by the Group in order to further refine and customise its product and services portfolio.

Breadth and depth of vendor relationships

Since its inception, the Group has prioritised building strong partnerships. Currently, the Group works with over 6,000 best-in-class vendors worldwide and offers a clear value proposition for them: international scale and the ability to transact in more than 50 countries across emerging markets, significant product reach and adoption across over 150,000 customers, a comprehensive services portfolio, last mile delivery capabilities and 24/7 technical support in 13 languages, as well as a commitment to compliance and ethical business practices. The Group has leveraged market trends to grow its multi-vendor portfolio, from 1,632 vendors in 2016 to 6,389 vendors in 2021, and has driven turnover growth for all of its vendors, with turnover for the Group's vendors (excluding the top ten vendors) growing from \$284 million in the year ended 31 March 2017 to \$673 million in the year ended 31 March 2021.

Vendors significantly benefit from the partnership with the Group as their sales via Softline often grow faster than their overall turnover. For example, revenue growth for certain Microsoft products sold by the Group has outperformed Microsoft's overall sales for such products in the three months ended 31 March 2021, including 63 per cent. revenue growth for sales of Microsoft Azure sold via Softline versus 46 per cent. revenue growth for Microsoft Azure more broadly and 49 per cent. revenue growth for sales of Microsoft Office 365 sold via Softline versus 19 per cent. for Microsoft Office 365 more broadly. In turn, the Group benefits from its relationships with vendors by obtaining C-suite access and industry recognition, strategic customer referrals, early engagement and insights into their product and technology roadmaps, attractive incentive programs, and investments of time and resources into training and transforming the Group's workforce.

The Group has a long-standing partnership with Microsoft as one of only ten globally managed LSPs. This relationship accounted for 48 per cent. of the Group's turnover in the year ended 31 March 2021. Thanks to its global reach, emerging markets focus and omnipresence in the modern enterprise, Microsoft serves as a key entry point to target markets and customers and allows the Group to offer an increasing number of customers a broad range of products and services on top of Microsoft's on-premises, SaaS and cloud offerings.

Unique differentiation with comprehensive Softline Digital Platform

The Group's comprehensive list of products and services is complemented by its own distinctive proprietary digital platform, SDP, the mechanism for interaction with the Group's customers, vendors and partners. SDP has e-commerce (E-store), subscription (ActivePlatform) and multi-cloud management (CloudMaster) capabilities, allowing enterprises to effectively engage with the Group as a one-stop-shop for all IT procurement. At the same time, customers can leverage CloudMaster and ActivePlatform to simultaneously utilise and manage various cloud services to achieve higher IT infrastructure flexibility, automation and cost optimisation. The Group is currently the only one of its competitors that provides the simultaneous capability to manage multi-cloud deployments and subscriptions and make IT purchases. Finally, given the Group's multinational footprint and expertise, its full suite offering can be applied globally.

4) The Group operates a resilient business and scalable operating model

The Group has an attractive financial profile based on a proven business model that has delivered strong turnover growth and margin expansion with a strong recurring revenue base, underpinned by scalable operations.

Strong track record of turnover growth and growing recurring turnover base

From the year ended 31 March 2007 to the year ended 31 March 2021, the Group delivered a 25 per cent. CAGR in turnover on a reporting currency basis and a 34 per cent. CAGR in turnover on a local currency basis, which demonstrates the Group's capability to continuously scale its business over a long period of time through geographical, portfolio and sales channel expansion.

The Group has focused on expanding its share of recurring turnover generated by subscription, cloud resale and own cloud services while retaining its solid growth trajectory. As a result, the Group has increased its share of recurring turnover and strengthened its focus on attractive market segments compared to one-off software and hardware purchases. In the year ended 31 March 2019, recurring turnover accounted for 38 per cent. of the Group's total turnover and over the following two years, while continuing to grow total turnover, the Group increased the share of recurring turnover to 56 per cent., further supporting its strategy aimed at sustainable and profitable growth. As demand for subscription software and cloud services continue to increase globally, the Group sees further potential for growth in the recurring turnover.

The Group's history of profitable growth is reflected in the gross profit and Adjusted EBITDA evolution over recent years. Gross profit grew at a CAGR of 12 per cent. on a reporting currency basis and 18 per cent. on a constant currency basis from the year ended 31 March 2017 to the year ended 31 March 2021, and over the same period Adjusted EBITDA grew at a CAGR of 21 per cent. on a reporting currency basis and 32 per cent. on a constant currency basis. The Group's Adjusted EBITDA margin increased from 16.9 per cent. in the year ended 31 March 2017 to 23.1 per cent. in the year ended 31 March 2021, driven by the Group's turnover mix shifting to more profitable services and cloud offerings, improved employee productivity, ongoing operational optimisation and increasing operating leverage as the Group benefitted from scale efficiencies.

Diversified business

The Group's business is well diversified in terms of its customer and vendor base, geographical presence, and product portfolio. The Group serves a broad range of customers, from large enterprises to individuals and home offices, through multiple sales channels, which enables the Group to understand its customers' digital transformation needs.

- *Customer base:* The Group had over 150,000 customers (comprising approximately 2,600 direct enterprise customers, approximately 22,000 SMB customers, approximately 3,800 indirect customers and approximately 124,000 e-commerce customers and buyers) as at 30 June 2021, with no reliance on a particular sector, vertical or customer. For the year ended 31 March 2021, the Group's top five, top ten and top 50 direct B2B customers represented 7.0 per cent., 10.7 per cent. and 24.7 per cent., respectively, of the total payments received from the Group's direct B2B customers (calculated as payments received from the Group's top five, top ten and top 50 direct B2B customers, divided by

total payments received from direct B2B customers, with payments received calculated as the amount billed to the customer which is captured in the Group's internal billing system).

- *Vendor base:* The Group had a diversified vendor mix, with only Microsoft, the leading enterprise IT vendor, accounting for significant percentage (48 per cent.) of the Group's turnover in the year ended 31 March 2021, and the Group's other top nine vendors together accounting for 11 per cent. of turnover in the same period and the remainder distributed between over 6,000 other vendors across the world.
- *Geographical presence:* The Group operates in almost 100 cities in over 50 countries. While the original market accounted for 60 per cent. of the Group's turnover in the year ended 31 March 2021, the Group is continuously expanding its global presence, with other markets accounting for 40 per cent. of turnover in the year ended 31 March 2021 (19 per cent. APAC, 12 per cent. LATAM, 7 per cent. RoE and 2 per cent. EMEA).
- *Portfolio:* The Group offers a comprehensive services portfolio, with next generation capabilities and proprietary IP, including cybersecurity, future workplace, IT infrastructure, digital solutions, cloud services, industry complex projects, software engineering and other custom services. The Software & Cloud (including Software and licenses, Subscriptions, Cloud resale), product line accounted for 84 per cent. of the Group's turnover in the year ended 31 March 2021. Furthermore, in the year ended 31 March 2021, the Group implemented over 1,000 service projects (of which approximately 200 related to cybersecurity, approximately 200 to future workplace, approximately 400 to IT infrastructure, approximately 80 to digital solutions and approximately 130 to cloud services) that generated 26 per cent. of the Group's total gross profit, which highlights the increasing importance of the Services product line.

Optimised and scalable operating model

The Group has built an optimal operating model to promote global practices, access to talent and tools while maintaining local autonomy and entrepreneurial spirit. The Group also employs a combined delivery model, with a global delivery centre ("GDC") and security operations centre ("SOC") based in India, which dovetail with the Group's regional delivery capabilities to enable cost-efficient support and utilisation of expert resources.

The Group constantly looks for ways to improve its execution capability by further automating and enhancing its internal systems and processes. The recent introduction of a modern Human Resources Management System ("HRMS") and recruiting system, the ongoing delivery of a new enterprise resources planning ("ERP") system for its international business and the implementation of an integrated marketing and CRM system are expected to further boost the Group's efficiency and the standardisation of its sales and operational models across the world, as well as facilitate close relationships with customers.

In addition, the Group is scaling its ISO9001-compliant quality management system into its international operations and into the companies it has acquired to ensure a consistent approach to quality.

For a further discussion of the Group's operating model, see "*Operating Model*" below.

5) The Group's solid M&A platform augments its organic growth

The Group set up a dedicated M&A team in 2016, which has reviewed over 100 potential targets and completed 16 M&A transactions since its inception.

The Group pursues M&A opportunities to augment and accelerate organic growth, targeting IT solution providers to expand its portfolio and resellers to extend its geographic reach and sales channels. It operates in a consolidating market, where many local players are struggling to stay competitive in an increasingly complex industry that requires global scope of business, which allows for attractive valuations. The Group has achieved an effective EV/EBITDA multiple of 5x for most of its acquisitions due to this ongoing market consolidation, as well as deal structuring through deferred payments.

The Group's multi-sided approach to M&A and ongoing market consolidation empower the Group's acquisition targets with a highly value-accretive "platform" effect. This allows substantial up-sell opportunities from replicating and scaling newly acquired expertise across the Group's international footprint and cross-sell opportunities from taking the Group's broad range of offerings to newly acquired customers. At the same time, the Group is improving its strategic vendor positioning and global competitiveness.

To deliver on these opportunities, the Group transforms resellers or niche service providers with relatively limited portfolios and homogenous customer bases that it acquires into well-diversified and modern IT solution providers. The Group's integration and transformation process involves sharing best practices in business management and compliance, investing in up-skilling and recruitment, marketing and research and development (“**R&D**”) empowerment, and integrating back-office operations into the Group's multinational operating model. The Group prioritises customer and talent retention.

The Group's M&A activities have significantly enhanced its multinational footprint, enabling expansion in (among others):

- Brazil through the acquisition of Compusoftware Informática Ltda (“**Compusoftware**”) in 2016;
- Egypt through the acquisition of Digitech for Information Technology J.S.C. (“**Digitech**”) in 2021; and
- Eastern Europe through the acquisition of SIA Squalio Group (“**Squalio**”) in 2021.

The Group's M&A activities have also increased its portfolio, with additions in:

- cybersecurity through the acquisition of Infosecurity LLC and Infosecurity Service LLC (together, “**Infosecurity**”) in 2017;
- software development through the acquisitions of High Technologies Center LLC and Engineering Informatics LLC (together, “**HTC**”) in 2019, Aplana Software, Inc., Aplana International Projects LLC, Aplana Development Center LLC and Software Development Center Limited (altogether, “**Aplana**”) in 2020 and Belitsoft International JLLC (“**Belitsoft**”) in 2021; and
- business consulting services through the acquisition of Softline AG in 2020.

The Group's M&A activities have also increased its customer base by more than 3,000 customers and additionally by more than 1,000 customers taking into account the Group's most recent acquisitions of NCSD, Digitech, Belitsoft and Squalio.

The Group's strategic approach to M&A growth can be highlighted by the acquisition of Embee, a mature provider of IT services and solutions in India. The Directors believe Embee strengthens the Group's position in a strategically important geography, one of the largest markets globally, and complements the Group's existing operations with its presence in the eastern region of the country and a distinct focus on the SMB and mid-sized corporate customer segments. Furthermore, it enhances the Group's portfolio with expertise in technical system integration services, provides significant potential for cross-sell and cost synergies, and strengthens the Group's GDC and SOC based in India with additional service delivery capabilities.

With a proven track record of sourcing, structuring, negotiating and integrating acquisitions, the Directors believe the Group is well-positioned to continue to use M&A as a complement to organic growth, an instrument to strengthen strategic positioning and a catalyst to evolve the Group's digital transformation capabilities.

6) *The Group is a people-first organisation, with sales and services in its DNA, led by its visionary founder and experienced international management team*

The Group's multinational team is at the core of its business as the Group is committed to trust-based, honest and respectful partnership with its talented employees. The historical success and international scale of the Group were made possible by its large, highly qualified and diverse workforce, comprising approximately 6,000 professionals from over 50 countries with an approximately equal gender split.

The Group considers people to be its greatest asset. The Directors believe that the Group's commitment to employees' professional development, the results-driven, rewarding and transparent compensation structure, training programs and opportunities to participate in diverse and international projects incentivise and retain the Group's employees, driving operational efficiency and productivity gains. As of June 30 2021, approximately 45 per cent. of the Group's FTEs are highly motivated sales and marketing specialists (approximately 2,600 employees) and 33 per cent. are engineers, developers and other IT specialists (approximately 1,900 employees). This team composition reflects the Group's results-oriented culture allowing it to grow business and improve its profitability.

From the year ended 31 March 2017 to the year ended 31 March 2021, the Group's headcount outside of its original market (35 per cent. of the Group's total headcount as of 30 June 2021, including the impact of the Group's recent acquisitions (Aplana, Embee, Sofline AG, NCSD, Digitech, Squalio and Belitsoft) grew at a CAGR of 20 per cent., which was approximately two times faster than for the Group in total, demonstrating the Group's focus on global expansion and recruitment of talent in emerging markets.

The Group's team is supported by a highly experienced and cohesive international leadership team with a strong IT sector track record, led by Igor Borovikov, the Group's visionary founder with almost 30 years of industry experience who is now the Chairman of the Board of Directors.

Using modern HR practices and tools, the Group proactively seeks and hires the best talent in the emerging markets in which it operates, consistently works to develop and improve the skills of its existing employees and continuously labours to efficiently motivate and retain employees. The level of commitment to the organisation at the individual level is demonstrated by high employee engagement, supported by an Employee Engagement Index of 84 per cent. in April 2021, measuring the overall engagement of the Group's workforce using regular surveys.

Growth Strategy

Continuing and enhancing the Group's proven three-dimensional growth strategy to strengthen market leadership and accelerate growth in key business segments

The Group's strategy aims to take advantage of underlying industry trends and is focused on three dimensions—geographical, portfolio and sales channel expansion through both organic means and M&A activity. For a further discussion on the Group's M&A activity, see “—*Systematic value-accretive M&A to support the Group's three-dimensional growth strategy*” below. Historically, this strategy has allowed the Group to outperform the market and has positioned the Group at the centre of the digital transformation megatrend.

The primary industry drivers that have influenced the Group's decisions historically are expected to continue or strengthen in the coming years.

First, the technology market segments that the Group addresses are expected to continue to grow at a significant pace from 2020 to 2024, ranging from an expected CAGR of 5 per cent. for Services to an expected CAGR 28 per cent. for Cloud (*Source: AMR International*).

Second, the Directors also believe that, as the importance of IT is growing and it is increasingly seen as an enabler and value creator, the complexity of customers' IT needs will increase. This increase is due to more complex business models, the pursuit for increased agility, multiple purchasing points leading to issues with full cloud and software assets visibility, the need to improve return-on-data and continuous pressure on enterprises' security posture.

Third, the Directors believe that Microsoft, the Group's primary vendor partner, is likely to remain the most strategic digital transformation technology vendor for modern enterprises and public sector organisations.

1) Geographical expansion

Emerging markets focus

The Group plans to extend its geographic coverage further to over 80 countries from its current footprint of more than 50 countries. The Group is working both to deepen its presence in the regions in which it currently operates and to establish a material presence in the Middle East and Africa. The existing global footprint of the Group also exhibits clear growth opportunities, with key geographical markets forecasted to grow at a CAGR of 8 to 9 per cent. from 2020 to 2024 (*Source: AMR International*).

The Group's partnership with Microsoft remains a significant growth driver for the Group's targeted global expansion, enabling the Group to acquire customers in new markets more easily and to increase its market share faster. The Directors believe that the Group will continue to benefit from the combination of Microsoft's power in enterprise IT and the Group's selling capabilities and relationships with other vendors, as evidenced by the following:

- The Group has a track record of outsized Microsoft growth, demonstrated by a 17 per cent. CAGR from the year ended 31 March 2019 to the year ended 31 March 2021 for the Group's turnover of Microsoft products and services. Specifically, the Group's turnover attributable to Microsoft products and services grew at a CAGR of 7 per cent. in its original market during 31 March 2019 to 31 March 2021, where the Group's share in Microsoft's business (as estimated by AMR International) was

43 per cent. in the year ended 31 March 2021, and at a CAGR of 26 per cent. for other markets from the year ended 31 March 2019 to the year ended 31 March 2021. In those markets, the Group's share of Microsoft's business (as estimated by AMR International) currently ranges from 0.4 per cent. to 6.7 per cent. in the year ended 31 March 2021, so the Directors believe the Group has a significant opportunity to capture further market share.

- The Group has years of experience and a strong track record of providing and cross-selling other vendors' and its own solutions and services alongside Microsoft's products and services to grow its share-of-wallet for customers in the Group's original market. Other vendors' solutions represented \$789 million, or 73 per cent., of the Group's turnover in the original market for the year ended 31 March 2021.
- Outside the Group's original market, the Group's turnover attributable to Microsoft products and services was \$568 million in the year ended 31 March 2021, almost double the Group's turnover from Microsoft products and services in the original market (\$292 million). The share of non-Microsoft products and services outside of the Group's original market was also only 21 per cent. of turnover in the year ended 31 March 2021.

The Directors believe the above factors provide the Group with a significant opportunity to grow turnover by replicating its experience in the original market and delivering and cross-selling non-Microsoft solutions to customers outside the original market. As Microsoft remains the primary digital transformation vendor and as the Group grows its capabilities complementary to Microsoft, the Directors believe the Group is well placed to outpace market growth in the regions in which it operates.

Selective expansion into developed markets

The Group will selectively consider opportunities for further expansion in North America, Western Europe and other developed markets. While the Group does not currently operate in developed markets like the United Kingdom, it plans to utilise its access to talent in emerging markets and its existing application engineering and development capabilities to deliver next-generation services in such markets in the future.

The Directors believe that, over time, the Group can grow its market share in these competitive markets by leveraging the high quality of its services and solutions supported by its access to cost-efficient and highly skilled talent. The Directors believe that expansion in these regions will strengthen the Group's strategic positioning in terms of global brand and relationships with global vendors.

2) Portfolio expansion

The Group plans to expand its products and services to further enhance its ability to comprehensively serve customers on their digital transformation journey. Accordingly, the Group intends to expand its portfolio, supported by customer demand and enabled by the Group's proposition. The Group plans to strategically focus on digital transformation solutions and services which are critical for customers, such as:

- cloud, including multi-cloud solutions, as-a-Service offerings and workplace collaboration;
- cybersecurity, including infrastructure protection, antifraud, industrial security and the Group's SOC; and
- next generation services, including RPA, DevOps, IoT, AI/ML and "big data".

As customers increasingly require multi-cloud support, with 92 per cent. of organisations having multi-cloud strategies and using 2.6 public clouds on average in 2020, with the Group's strategic vendors (AWS, Microsoft and Google) accounting for almost 60 per cent. of the market share in 2020 (*Source: AMR International*), the Group intends to further develop its comprehensive portfolio of Cloud and Services offerings, together with its proprietary intellectual property, SDP. The Group intends to continue to strengthen its ability to serve the entire cycle of customers' software subscription and multi-cloud consumption, from procurement to management and operation. The Directors expect SDP to remain the primary tool available to customers to effectively achieve cloud-enabled IT outcomes.

The Group, in the development of its services' capability, continues to utilise its access to the highly talented and relatively inexpensive talent pool available in the markets in which the Group operates. Next generation services, such as application engineering and development, and managed services require access to talent to succeed. The Group has historically capitalised on and, going forward, intends to continue to capitalise on this deep talent pool both organically and through targeted acquisitions.

The Group has grown the share of its Services product line as a percentage of gross profit from 21 per cent. in the year ended 31 March 2019 to 26 per cent. in the year ended 31 March 2021. With healthy gross profit margins of 75 per cent. in the year ended 31 March 2021, and with concerted efforts to grow the Services business line both in the Group's current markets and in more developed markets, the Group aims to drive further increases in gross profit margin.

3) Sales channel expansion

The Group intends to continue to expand its direct B2B sales force, building on the 28 per cent. growth from 1,683 as of 31 March 2017 to 2,156 as of 31 March 2021, and invest in developing the sales force's capabilities to deliver on the Group's growth strategy. The Group typically experiences a net positive contribution to its turnover and gross profit from an increase in the size of its sales force after the on-boarding period, given that a larger sales force allows the Group to pursue more customers in any given market and allows each sales employee to spend more time with customers.

The Group aims to consistently optimise its account coverage, investing in new tools (including CRM systems, AI engines, etc.) to improve the productivity of the sales force and equip it with more customer insights, and will continue to reward entrepreneurship and invest in continuous sales enablement as the industry is changing and the Group expands its portfolio. Through retention, motivation, sales enablement and tools, the Group aims to continue to benefit from the existing trend of growing turnover per sales employee, which has increased from \$506,000 in the year ended 31 March 2017 to \$734,000 in the year ended 31 March 2021.

The Group also intends to continue R&D investment in its digital platforms to adapt to changing purchasing mechanisms. The Group's strategic objective is for SDP to underpin all customer interactions, with SDP integrated in whatever tools customers are using today and tomorrow, such as global procurement networks. The Group also expects to continue growing the e-commerce component of SDP by deploying it in other countries and geographies and by expanding the list of supported payment capabilities locally and globally. The Directors believe that further uptake of SDP by the Group's customers will solidify customers' and vendors' loyalty to the Group and support its target to increase share of recurring revenue.

The Group has strategically focused on efficient global SMB sales and its transaction engine. As a result, the Directors believe the Group can rely on SDP and other on-going initiatives, such as the development of an AI-enabled CPQ engine, to enable efficient delivery for programmes that are strategic for the Group's top vendors, such as Microsoft's CSP.

Increase efficiency of the Group's operating platform and utilise operational leverage

The Group intends to further leverage its lean and scalable global and local operating model to continue to drive profitable growth. To this end, the Group intends to expand its regional and global service delivery centres to further optimise resource utilisation.

In addition, the Group intends to further drive its own digital transformation with the standardisation, robotisation and automation of processes. The deployment of the new ERP system in its multinational business and the introduction of integrated sales and marketing CRM are the ongoing projects with which the Group expects to further strengthen its operating model, reduce costs and improve customer relationships.

The Group plans to further empower its local subsidiaries while maintaining a hands-on approach, standardising the global service catalogue and sharing operational intelligence across its operations.

Systematic value-accretive M&A to support the Group's three-dimensional growth strategy

The Group intends to continue to pursue acquisitions to expand into new markets, strengthen its presence in existing geographies and extend its portfolio and sales channel offerings.

The Group intends to systematically explore M&A opportunities to support (i) the geographic expansion into the MEA, APAC and Eastern Europe regions with the aim to capitalise on ongoing market capitalisation and further increase the Group's share of international turnover, (ii) the scaling of its cloud, cybersecurity, business consulting and custom software development services offerings with the aim to further increase the Group's share of its customers' wallets and drive loyalty and gross margin, and (iii) the development of complementary capabilities in the Group's key markets of operations, such as maturing its multi-cloud offerings in India. Opportunistically, the Group will also consider financially attractive M&A targets in the United Kingdom, Europe, North America and other developed markets, as well as the acquisition of specialist providers of "big data", IoT, AI and ML digital transformation services.

With over 30 qualified targets currently under review, the Group is committed to creating value for its shareholders through the improved management, transformation and integration of acquired businesses. The Group intends to continue its strategy to acquire high growth potential companies at attractive valuations in line with the Group’s M&A criteria. With this in mind, the Group intends to maintain relentless focus on targets with strong leadership, a loyal customer base, a multi-skilled, high-performing salesforce, a material service mix and strong digital transformation expertise.

Medium-term Outlook

The Group has the following medium-term objectives, which it aims to achieve by executing its strategy as described in “—*Growth Strategy*” above:

- *Turnover:* The Group is targeting turnover growth in the mid-20 per cent. range for the year ending 31 March 2022, with growth continuing at a CAGR in the high teens thereafter over the medium term.
- *Gross profit:* The Group is targeting a gross profit margin (based on turnover) of approximately 13 to 14 per cent. in the medium term.
- *Depreciation and amortisation:* The Group is targeting depreciation and amortisation of \$16 million in the year ended 31 March 2022, with a target for annual average growth in depreciation and amortisation expense of 10% compared to the prior year through the medium term.
- *Adjusted EBITDA:* The Group is targeting an increasing Adjusted EBITDA margin (based on gross profit), reaching the low-30 per cent. range in the medium term.
- *Future M&A:* The Group expects contributions from future M&A activity to total turnover to be close to mid-teens each year on average in the medium term. The Group is also targeting a gross profit margin (based on turnover) from future M&A activity around 15 per cent., with Adjusted EBITDA margin (based on gross profit) gradually increasing from the low-20 per cent. range to mid-20 per cent. range in the medium term. The Group is targeting an EV/EBITDA LTM multiple around 5x in the medium term.
- *Leverage:* The Group is targeting an approximately 1.0x net debt to Adjusted EBITDA leverage ratio in the normal course of business over the medium term. The Group is also targeting an effective interest rate not higher than 6.0 per cent.
- *Tax:* The Group expects its effective tax rate to decrease towards the mid-teens over the medium term.

The Group has not defined, and does not intend to define, “medium term”. The statements in this financial outlook section should not be read as forecasts or projections but are merely expectations that result from the Group’s pursuit of its strategy. The Group can provide no assurances that these expectations can be met or that its strategy can be implemented, and the actual results could differ materially. The outlook has been determined based on trends, data, assumptions and estimates that the Group considers reasonable as of the date of this Prospectus but which may change as a result of uncertainties related to its economic, financial or competitive environment and as a result of future business decisions, as well as the occurrence of certain factors, including but not limited to, those described in “*Cautionary Note Regarding Forward-Looking Statements*” and “*Risk Factors*”. Investors are urged not to place undue reliance on any of the statements set out above.

Products and Services

The Group’s IT solutions and services comprise three product lines: Software & Cloud (including Software and licenses, Subscriptions, and Cloud resale), Hardware and Services (including Services and Softline Cloud). The following table presents the Group’s turnover by product line for the periods indicated:

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in millions of U.S. dollars)				
Turnover					
Software & Cloud	1,116	1,353	1,510	350	444
Hardware	175	190	201	44	34
Services	61	68	78	15	25
Total	1,352	1,611	1,788	409	503

Software & Cloud

In the Group's Software & Cloud product line, the Group focuses its efforts on helping customers successfully navigate the changing universe of software. Given the Group's strong relationships with over 3,000 software vendors and years of experience, the Group believes it can act as a trusted and knowledgeable advisor to customers as they seek to identify the correct software and delivery options for their needs. The Group continues this relationship by helping customers manage license compliance and optimise their full software estate. The Directors also believe the Group is trusted by its vendors as being able to understand the complexity of software licensing and delivery. The Group offers corporate licensing and subscription solutions for a full range of software products, such as operating systems, virtualisation, cybersecurity, business productivity, creativity, education and other. The Group maintains a strong position for Software & Cloud in its original market, CNews ranked the Group #1 for IaaS in Russia, #2 for SaaS in Russia in 2020, and #1 as IaaS Enterprise provider in 2021. In the year ended 31 March 2021, the Group's Software & Cloud product line represented 84.4 per cent. of the Group's total turnover and 60.8 per cent. of the Group's total gross profit. On a constant currency basis, turnover of the Software & Cloud product line grew 24.7 per cent. and 25.6 per cent. in the years ended 31 March 2020 and 31 March 2021, respectively.

The Group further divides its Software & Cloud product line into three subsegments, which are distinguished by the type of usage and payment for products and the method of product delivery: Software Licensing, Software Subscription and Cloud. The share of the newer product distribution models (Software Subscription and Cloud) has consistently grown over the period under review, from 44.7 per cent. to 65.2 per cent. of the Software & Cloud product line's combined turnover in the years ended 31 March 2019 and 2021, respectively, and from 64.8 per cent. to 76.3 per cent. of the Software & Cloud product line's combined gross profit in the years ended 31 March 2019 and 2021, respectively.

Licensing agreements typically enable access to software by installing it on a designated number of devices for a certain period of time, but they can be more complicated depending on the nature of the software and the approach by the vendor. The Group's sales and licensing specialists help customers navigate the plethora of licensing schemes and forms and select the most suitable options for their requirements for upgrade, renewal or modification. As the world of software is becoming more complicated, the Group's expertise is also highly valued by vendors, as they can outsource this capability to a trusted partner like the Group.

Licensing agreements can have different terms for using software products, such as perpetual licensing and temporary licensing. Temporary licences (subscriptions) give customers the right to use a product only for a certain period of time under a "subscription agreement". When the payment plan is terminated under a subscription agreement, the user loses right to access the software. By contrast, in a perpetual licence, the customer purchases the right to use the product for any period of time with or without renewals and upgrades. The subscription model means that, instead of paying an upfront fee for a perpetual license (and periodic maintenance fees where applicable), the customer must make regular recurring payments in order to access the software. The current industry trend is for the majority of, if not all, upgrades and renewals to be included in the subscription fee for a product, and the customers pay only when they use product.

There are also two different methods of software delivery. One is on the customer's premises and the other is from the cloud, where software is deployed on public or hybrid cloud infrastructure and the customer not only gets access to the product but also indirectly uses infrastructure that runs this software as well. In this case, there is no border between the product and the infrastructure, so it eliminates the division between software and hardware in cloud infrastructure. Delivery over the cloud is the most modern method, and the volume of products delivered using this method is constantly growing. The majority of products delivered over the cloud utilise the subscription licensing model (including SaaS, IaaS and PaaS).

Customers are seeking to obtain IT outcomes more effectively, efficiently and with increased agility. To do that, customers increasingly rely on cloud-based technologies. The Group offers a diverse portfolio of cloud computing services, including (i) public cloud, dedicated private cloud and hybrid cloud solutions based on leading vendor technologies and services (including AWS, Azure and Google Cloud Platform) and (ii) its own multi-cloud management platform, CloudMaster, which is part of SDP. Cloud provisioning and cloud services are the fastest growing and highest margin segment of the Group's revenues.

The Group's cloud offerings include, among others:

- *Software-as-a-Service ("SaaS")*, an alternative to conventional software licensing whereby the Group provides certain software made available in the cloud in the form of subscription agreements to access the software for a specified number of users over a period of time. SaaS applications are hosted by the Group's and vendors' data centres, so there is no need for a customer to maintain

infrastructure to utilise the software solutions. The Group was ranked #2 in Russia for SaaS by CNews in 2020.

- *Softline Virtual Office*, a ready-to-use productivity cloud service based on the Microsoft platform and charged on a monthly basis, which includes corporate email, unified communication and telephony tools, portal and Microsoft Office subscription.
- *Microsoft 365*, including the classic Office application suite for workstations and integrated Microsoft cloud services, including (among others) Exchange, OneDrive, Teams and SharePoint.
- *Microsoft Azure*, a platform which provides customers access to virtually unlimited virtual computing resources and more than 100 preconfigured services.
- *Google Workplace*, a productivity suite for efficient remote work, including a secure corporate email client with spam protection, video conferencing and chats, synchronised collaboration on documents, spreadsheets and presentations, shared calendars, file storage and more.
- *VMware Horizon*, a workspace virtualisation platform with improved user experience, simplified management and the flexibility of the hybrid cloud.
- *License rental programs*, which are designed for all service providers that provide hosting services to end-users. By joining such programs, a service provider can create its own cloud on a certain platform and rent out its capacity. The Group is an authorised aggregator under the rental programs of VMware (vCAN), Citrix (CSP), Veeam (VCP) and Security Code (vGate).

The Group also provides an innovative instrument to help customers manage their subscription and cloud estate: ActivePlatform. ActivePlatform, which is part of SDP, is a comprehensive automated cloud-based brokerage solution for cloud service providers that simplifies the management and control of cloud service delivery, subscriptions and business profitability. See “—*Softline Digital Platform*” below for a further discussion of ActivePlatform.

The Group’s cloud offering also includes CloudMaster, the Group’s proprietary cloud management platform, part of SDP, which was launched in August 2020 to meet customers’ demand to have a unified interface to efficiently manage their cloud infrastructure, which often spans across multiple clouds, therefore reducing complexity and providing better control over operations and costs. CloudMaster is based on services from major cloud providers, including private, public and multi-cloud services, and its users can manage any combination of clouds in a single window.

CloudMaster offers a universal toolkit for efficient multi-cloud management and self-service. Its key features include infrastructure-as-code automation, role-based access control and a unified application programming interface (“API”) for connection to cloud services, such as AWS, Microsoft Azure, Google Cloud, VMware and OpenStack. The platform also monitors compliance with security requirements and reports suspicious activities. In addition, CloudMaster provides several efficient cost management tools for the use of cloud resources at every level of a customer’s company, including cost overrun alerts, expense limits on subscriptions and accounts, recommendations on cost optimisation and infrastructure automation with Terraform and authorisation mechanisms for the purchase of new resources.

CloudMaster is a framework solution open to integration with other cloud providers and capable of accommodating new technologies. In the near future, the Group is planning to make the platform compatible with other virtualised environments based on Nutanix and Microsoft Hyper-V, as well as add container support.

CloudMaster can support hundreds of thousands of virtual machines at the same time and currently has customers that scale up to 9,000 virtual machines concurrently. CloudMaster has 300,000 virtual machines under management annually, with 20 developers employed as at 31 March 2021. CloudMaster also has a robust development roadmap and is therefore considered by the Group to be an important differentiation point.

Hardware

As hardware is the foundation of any IT infrastructure, the Group has focused on providing the full cycle of work involved in integrated projects, including selection, delivery and installation of hardware from the leading global manufacturers and services following installation, such as support and maintenance. The Group’s Hardware offering includes a full range of workplace and data centre infrastructure solutions, as well as other peripherals, connecting over 200 hardware vendors with over 2,000 customers. In the year ended 31 March 2021, the Group’s Hardware product line represented 11.2 per cent. of the Group’s total turnover and 13.6 per

cent. of the Group's total gross profit. On a constant currency basis, turnover of the Hardware product line grew 9.8 per cent. and 19.4 per cent. in the years ended 31 March 2020 and 31 March 2021, respectively.

While demand for cloud solutions is growing, the importance of on-premises infrastructure has not decreased. Furthermore, it continues to grow more complex as the number of vendors and technologies are growing. Security issues are also applicable to on-premises estates. The Group continues to develop its capabilities, as it is important for modern digital transformation solutions providers to know data centre and workplace infrastructure well.

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

Furthermore, the viability of infrastructures of any complexity, ranging from a modest server infrastructure to a data centre, relies on uninterruptible power supply systems, climate control systems, data transmission networks and the tools to manage these engineering systems. The Group performs all services, ranging from design, architectural preparation of rooms to creating a turn-key data centre and training the customer's operators to work with modern engineering systems. Accordingly, the Group's infrastructure projects cover all engineering systems, including the design and remodelling of premises, the installation of power supply systems, HVAC systems, server racks and cabling, operational control and security. The Group employed approximately 300 engineers as at 31 March 2021 and completed 42 Hardware-as-a-Service contracts in the year ended 31 March 2021.

Services

The Group offers a range of complementary services to supplement its other offerings, including professional and managed services, SAM, training and education and a number of next-generation services, including application development and engineering, disruptive solutions based on AI/ML, IoT and RPA, Softline Cloud and cybersecurity available from Softline Digital Laboratory. The Directors believe that the Services product line will become an increasingly important part of the Group's business going forward, as customers increasingly demand service-based engagements and as vendors' products are embedded in more sophisticated projects. In the year ended 31 March 2021, the Group's Services product line represented 4.4 per cent. of the Group's total turnover and 25.6 per cent. of the Group's total gross profit. On a constant currency basis, turnover of the Services product line grew 11.1 per cent. and 31.1 per cent. in the years ended 31 March 2020 and 31 March 2021, respectively.

Professional and Managed Services

The Group offers a range of professional, consulting and managed services, summarised as follows:

- *Future workplace services:* building and maintaining a collaborative, productive, secure and modern workplace for an increasingly mobile workforce. This also includes after-sales recurring management services and an opportunity to "pull through" personal systems and other workplace technologies. As of 31 March 2021, the Group had completed over 1,000 future workplace projects.
- *IT infrastructure:* IT modernisation and infrastructure products, solutions and services, including the assessment, design, installation, modernisation and support of data centre and other on-premises environments.
- *Digital solutions:* vertical industry-specific process solutions based on such advanced technologies as IoT, analytics, AI and data solutions to enable digital transformation. This service involves process assessment, re-engineering, integration and design through the automation of digital business process solutions.
- *Cloud migration services:* offering customers (i) a comprehensive assessment of their current on-premises environment, including an estimate of the actual cost of infrastructure ownership, a migration plan and a feasibility study for migration; (ii) migration assistance, including actually moving virtual machines, applications, databases and network components to the cloud, testing them and then turning off the local systems; (iii) management and maintenance services, such as

monitoring, technical support, compliance management and cost optimisation; and (iv) security, including incident alerts, response, mitigation and investigation.

- *Multi-cloud assessment, readiness and management services:* including health check service and cloud infrastructure audit, reservation modelling and management services, infrastructure rightsizing services, infrastructure optimisation and cloud governance and policy services.

The Group's managed services offerings include remote support and management of customers' hybrid infrastructure and help desk support for customers. The Group's technical support team assists customers through its knowledgeable certified personnel, together with the resources and facilities needed for professional assistance, acting as an extension, or in place, of a customer's IT department. As at 31 May 2021, the Group employed approximately 250 engineers, approximately 30 solutions sales specialists, over 60 expert technical specialists and more than 50 project managers. Additionally, the Group employed more than 100 service delivery specialists and support staff who operate the Group's 24/7 dedicated phone line, email and service desk as part of the Group's GDC. The Group's support services provide multi-vendor technical support to solve cross-vendor problems, supporting over 150 vendors as at 30 June 2021. The Group's delivery centres in LATAM, India and Russia are aligned to Information Technology Infrastructure Library ("ITIL") and International Organization for Standardization ("ISO") standards. An additional specialist delivery unit, InfoSec, also supports the Group's cybersecurity customers.

The Group provides several multi-vendor support plans from basic to premium, including "Softline Premier Services". Softline Premier Services is aimed at proactively improving the maturity, stability, performance and security of infrastructures that leverage Microsoft solutions. Softline Premier Services aim to guarantee stable risk-free performance and the highest possible return on investment in IT products, offering dedicated expert support and regular on-site support to customers throughout the year. The Group's service professionals are equipped with specially designed tools carry out all work on-site, and each service has a formal description that specifies its concrete result, ultimate value and delivery timeframe. Among other services, Softline Premier Services offers: (i) infrastructure audits for compliance with the vendor's best practices, industry standards and infrastructure support requirements; (ii) performance optimisation, particularly for enterprise solutions powered by a structured query language ("SQL") server; (iii) cybersecurity services, with engineers knowledgeable about the typical vulnerabilities of Microsoft products and equipped with ready-to-use solutions to protect the infrastructure from all known types of attacks; and (iv) the creation of disaster recovery plans and documentation, providing guidance for in-house IT staff in situations when data are damaged or lost.

Software Asset Management

In addition to procuring software products for customers, the Group proactively monitors licensing or subscription agreements to seek to ensure the customer is taking advantage of all of the software's benefits, as well as to keep the customer informed of key milestones concerning upgrades and renewals. These services are provided under the umbrella of the Group's SAM solution, which seeks to help a customer realise the maximum value of its software investment. SAM is a part of overall umbrella offering known as ITAM. The Group had approximately 140 SAM consultants and specialists and closed over 450 SAM projects and has estimated the number of customer contracts at around 200 in the year ended 31 March 2021.

Training and Education

The Group's services include training through the "Softline Training and Education Center", offering proprietary courses that take in-house IT staff on a deep dive into concrete subjects, such as cybersecurity awareness, programming, performance analysis, infrastructure protection and product-specific troubleshooting. The Group has received both domestic and international authorisations from more than 30 vendors to conduct training for their products. The Group has over 18 years of experience with professional education, with over 1,500 courses of varying subjects and difficulty levels and over 9,800 vendor programme participants as of 31 March 2021. The Group offers professional training in each of the countries in which it operates, with courses available in a number of formats, such as on-site (daytime and evening courses) and distance learning (web classes and webinars). Upon completion of a course, students typically receive a training certificate or a professional diploma from the Group and a certificate from the vendor. In addition, students have the opportunity to confirm their qualifications by taking post-training exams in the Group's testing centres and by receiving an international IT professional certificate. The Group's testing centres are authorised by international organisations, such as Pearson VUE (from 2009), Certiport (from 2007) and Prometric (from 2007). The Group provides exams on a number of popular technologies, including, among others, Cisco, Citrix, Microsoft (as an Enterprise Skills Initiative partner), Red Hat and VMware.

Application Development and Engineering

The Group has over ten years of experience developing bespoke software for customers, from sophisticated large-scale platforms to the customisation of individual subsystems and their integration with the existing infrastructure. The Group's custom software development team, which comprised approximately 500 specialists as at 31 March 2021 and an additional approximately 300 specialists taking into account the Group's recent acquisitions of Aplana and Belitsoft, can create, among others, multifunctional websites, e-commerce solutions, mobile apps, billing systems, business portals, solutions for business processes automation and reciprocal payments, electronic document management systems and electronic archives. The team's deep expertise in the industries of fintech, media, retail, manufacturing and telecommunications have attracted approximately 300 customers globally as at 30 June 2021.

Softline Digital Laboratory

The Group's next generation transformational solutions are developed and built, in part, by the "Softline Digital Laboratory", the hub that selects promising topics for the Group's R&D and validates new solutions. It is composed of over 15 industry experts, qualified architects and data scientists that are focused on specific technologies (such as IoT, "big data", AI/ML, RPA and virtual reality). The Softline Digital Laboratory has established a process for selecting promising R&D topics and innovative solutions, through which they thoroughly analyse technology and business opportunities. The primary areas of focus in recent years have been cloud technologies, cybersecurity, automation and robotisation. During each year, the Softline Digital Laboratory identifies and analyses more than 200 solutions in different countries and selects approximately five to seven solutions for further R&D. In addition, the Softline Digital Laboratory validates over 100 new solutions each month. Those solutions are then either further developed as the Group's own new product or introduced as a new customised package of products from a third-party vendor following the accumulation of expertise, piloting and testing of the existing solutions on the market. The Group also has an Expert Council, comprised of the Group's top managers from different business areas, which meets once per quarter to make a final decision on the solutions proposed by the Softline Digital Laboratory. For a further discussion of the Group's R&D process and innovative projects, see "*Innovation, Research and Development*" below. These capabilities are available worldwide.

Softline Cloud

The Group's own public cloud offerings include, among others:

- *Co-location*, where the Group allocates rack space for the customer's hardware at one of its leased data centres and provides power and cooling. The customer has direct access to co-located systems and maintains full control of hardware and software, while enjoying a greater level of security and reliability.
- *Infrastructure as a Service*, where the Group leases servers, data storage, switches and other hardware located either at a remote data centre that is managed, monitored and supported by the Group or on-premises at the customers' offices.
- *Cloud-based back-up*, which allows customers to back up file servers, computers, databases, mailboxes, access rights and passwords, servers, application and operating system settings and virtual machines in order to ensure business continuity.
- *Private cloud as a Service*, where customers can rent a solution that includes servers, data storage and virtualisation systems. Customers can opt to place the equipment in one of the Group's leased data centres or on site at the customers' offices. This service is designed for organisations that do not want to maintain an in-house IT infrastructure, but have requirements that make public cloud unsuitable for them.

For the last five years, the Group was one of the top five largest suppliers of cloud solutions in Russia, according to CNews Analytics, with over 500 corporate clients and over 50 engineers. To facilitate its Cloud offering, the Group leases and operates seven data centre facilities.

Cybersecurity

The Group's cybersecurity offerings include software and tools to rectify vulnerabilities in the customer's information and communications technology environment, as well as proactive security managed services such as testing, monitoring and rectifying external and internal issues using, amongst other instruments, international

SOC infrastructure. In the year ended 31 March 2021, the Group implemented approximately 300 cybersecurity projects, with over 100 sales and pre-sales employees and over 140 engineers employed as at 31 March 2021.

The Group maintains a strong relationship with all major international security vendors, such as Cisco, Fortinet, Microsoft, PaloAlto Networks, Sophos and many others. The Group has developed its own integrated cybersecurity strategy that it utilises for the benefit of its customers. This strategy consists of consolidated architecture with advanced prevention technology, which is highly automated and available. Enhanced visibility and flexible control capabilities allow for immediate action anywhere in the world in any part of the customers' estate. Data and application protection with the most modern capabilities, such as IoT or container security, position the Group as a leader in the global cybersecurity industry, ranked #1 in Russia for 2019 by TAdviser and #3 in Russia in 2019 by CNews. The Group also benefits from certifications such as ISO/IEC 27001:2013, ISO 22301, SWIFT Customer Security Controls Framework and PCI DSS.

Softline Digital Platform

The Group's "Softline Digital Platform" is the core of the Group's ecosystem for interaction with customers and vendors in each of the countries in which the Group operates. SDP aims to facilitate access to cost-efficient and increasingly popular subscriptions and services, and new subscriptions and functions are regularly added to the platform. Rather than waiting for someone to process their subscription management requests, customers can access the necessary software and services, see analytical reports on resource consumption and manage their documents in self-service mode through this automated platform. Customers receive detailed instructions for working with the platform and access to a personal account. Customers can also contact the support team for any platform-related questions and promptly receive a professional response from the Group's support team. The Group views SDP as one of the differentiators against its peers given the comprehensive nature of capabilities available on the platform.

The primary components of SDP are:

1. *ActivePlatform*, a cloud brokerage platform that allows customers to conduct the billing and provisioning of cloud services (both IaaS and SaaS) and subscriptions for products from different vendors. For example, ActivePlatform supports the resale of Microsoft Office 365, Microsoft Azure and other online services under Microsoft CSP, as well as package offers from other vendors, such as Google Workspace. ActivePlatform also provides IaaS consumption statistics for further review and optimisation and allows customers to communicate with the Group's technical support team online. As of 31 March 2021, the Group provided cloud services for approximately 7,400 customers in 14 countries through ActivePlatform and employed 35 developers. Turnover from ActivePlatform was \$25 million in the year ended 31 March 2021, an increase of 94 per cent. compared to the year ended 31 March 2020. Approximately 1.4 per cent. of the Group's revenue was managed through ActivePlatform in the year ended 31 March 2021, and the Group forecasts this proportion will grow to approximately 50 per cent. of revenue in the medium term as more vendors, including hardware vendors, promote subscriptions.
2. *CloudMaster*, a cloud management platform, which is the Group's proprietary product that enables customers to manage their own multi-cloud and hybrid infrastructure, as further described under "*—Products and Services—Software & Cloud*" above. This includes providing governance, life cycle management, brokering and automation for managed cloud infrastructure resources across multiple functional areas. Gartner estimates that the cloud management tooling market exceeded \$1.2 billion in 2020, with a forecasted CAGR of 20 per cent. through 2023.
3. *E-commerce Service*, which provides customers with the opportunity to select and order software and hardware from the Group's extensive list of vendors, the ability to issue an invoice, pay for an order, receive accounting documents that consider country specifics and taxes, licenses and keys, view their purchase history and communicate with the Group's technical support team online. As a result of the API, the E-commerce Service can quickly integrate with global procurement networks (such as SAP Ariba) and vendor systems, updating the products range and price lists in real time.

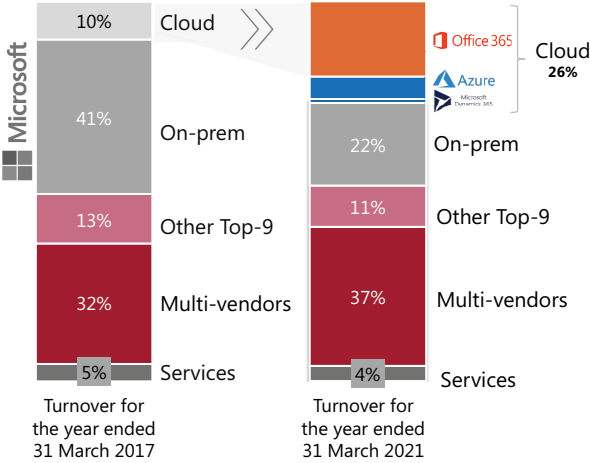
The number of customers using SDP has been growing rapidly in recent years, with approximately 44,000 accounts as of 31 March 2019, approximately 69,000 accounts as of 31 March 2020 and approximately 100,000 accounts as of 31 March 2021.

Vendors and Procurement

The Group has established many long-standing relationships with blue chip vendors and enjoys strong trading relationships with over 6,000 vendors as at 30 June 2021, including:

- software vendors, such as Microsoft, Adobe, Google, Oracle and VMware;
- cloud providers, such as Alibaba Cloud, AWS, Google Cloud Platform and Microsoft Azure;
- hardware vendors, such as Apple, Cisco, Dell, Hewlett Packard Enterprise, HP and IBM; and
- cybersecurity vendors, such as Palo Alto Networks, Check Point, Splunk, Fortinet and Sophos.

The Group’s turnover mix has evolved in recent years, as set out below:



Microsoft

The Group has a particularly strong relationship with Microsoft, with 28 years of collaboration. The Group is a Microsoft LSP in 30 countries and a Microsoft CSP in 41 markets worldwide. The Group is also one of only ten globally managed LSPs in the world, which provides the Group with selling, marketing and technical support benefits. For example, this status allows the Group to sell Microsoft products and services to strategic international accounts (such as Fortune 500 companies), use dedicated resources at Microsoft HQ, enjoy a simplified authorisation process for certain markets and participate in product and programme launches. In addition, the Group holds a number of accreditations from Microsoft, including 17 “Gold” (the highest level attainable) accreditations for application development, application integration, cloud platform, cloud productivity, collaboration and content, communications, customer relations management, data analytics, data platform, datacentre, DevOps, enterprise mobility management, enterprise resource planning, small and midmarket cloud solutions, messaging, project and portfolio management, and windows and devices. The Group has also achieved Azure Expert Managed Service Provider (“MSP”) status, the top-tier accreditation achieved through a two-day third-party audit, and is the only Azure Expert MSP in Russia. In 2018, Microsoft announced a selective global transformational programme for 15 partners, including the Group. The primary goal of the programme was to support these key global partners to accelerate the “go-to-market” of Microsoft’s cloud services with strong cybersecurity expertise. The Group benefited from the programme in three key areas: cloud, services and customer applications and outcomes.

AWS and Google

The Group considers both AWS and Google to be an important part of its portfolio, particularly in the enterprise cloud landscape, where the majority of customers are consuming multiple clouds. This offers the Group the opportunity to deliver extra value with its services, subscription management and multi-cloud management tools and cater to the wide range of customers’ needs, which can be best served by different clouds, considering the nature of the task. The Group maintains Advanced Partner status from AWS in Russia and Cloud Premier Partner status from Google on a worldwide basis. The Group was also identified as an APN Rising Star Partner of the Year 2020 by AWS and as a Best Google Workspace New Business SMB Partner in 2020.

Other Strategic Vendors

The Group has a well-diversified vendor mix, with the sale of Microsoft's products and services representing 48 per cent. of the Group's total turnover in the year ended 31 March 2021 and the products and services of the Group's other top nine vendors (excluding Microsoft) representing 11 per cent. of the Group's total turnover in the year ended 31 March 2021. Over the past five years, the Group's turnover from sales of its top ten strategic vendors' products and services has outperformed such vendors' global revenues in terms of growth. The table below sets out each of the Group's top ten strategic vendor's global revenue growth and the Group's corresponding vendor turnover growth for 2016 to 2020, as well as other key metrics:

	Global revenue growth ⁽¹⁾	Group's vendor turnover growth ⁽²⁾	Number of countries	Years of partnership
Microsoft	14%	24%	45	28
Google Cloud Platform	48%	55%	20	13
Adobe	22%	40%	25	13
Oracle	1%	16%	20	16
Dell	11%	21%	26	9
Apple	6%	159%	14	9
HP	4%	35%	15	6
Cisco	—	16%	29	10
IBM	(2)%	16%	10	16
Hewlett Packard Enterprise	(3)%	9%	14	12

(1) 2016–2020 CAGR of revenue for all vendors, except Google Cloud Platform which shows 2017–2020 CAGR.

Source: Softline company data as of 31 March 2021, company filings.

(2) 2016–2020 CCY CAGR of turnover for all vendors, except Google Cloud Platform which shows 2017–2020 CCY CAGR.

Adobe—The Group maintains Platinum statuses from Adobe in several countries in which it operates.

Apple—The Group has obtained Apple Authorised Enterprise Reseller status in Russia and plans to further introduce Apple's solutions in other markets. The Group has over 60 Apple-trained employees, including seven Apple Practice Team members, five Certified Specialists and over 50 Apple Masters. As a highly valued partner of Apple, the Group benefits from quarterly reviews on marketing strategy, a joint focus on the Group's top 50 customers in Moscow and Apple's major accounts, a dedicated business excellence programme developed by Apple for the Group (called the "Apple Master Program") and a special focus on employee development through the "Apple Employee Choice Program". The Group also benefits from its status as Apple's only partner in Russia, its special authorisation for the education industry, a special rebate programme and preferences for Apple new product introductions. The Group's turnover attributable to the sale of Apple products and solutions grew from \$5 million in the year ended 31 March 2019 to \$23 million in the year ended 31 March 2021, serving over 3,000 customers in the same year.

Cisco—The Group served over 400 customers in 29 countries and had over 50 Cisco-trained employees in the year ended 31 March 2021. In addition, the Group has obtained high level statuses in several of the countries in which it operates, including Gold Integrator and Gold Provider. The Group has also obtained architecture specialisations, such as Enterprise Networks, Data Center, Security and Collaboration based on the Group's engineering expertise and validated each year by Cisco. The Group was awarded the highest achievements in sales by "Technology Excellence Partner of the Year: Data Center (Central Theatre)" in 2020 and "Technology Excellence Partner of the Year: Security" in 2019. As a long-term partner of Cisco, the Group benefits from a dedicated group of business development managers focused on value solutions and portfolio development, as well as an aligned strategic focus on increasing recurring revenue, optimising customer experience and cybersecurity.

Dell Technologies—The Group has a long-term partnership with Dell and VMWare. The Group has obtained Dell's highest Titanium status in Russia and a number of advanced statuses from VMWare, as well as a number of awards in several of the countries in which the Group operates. The Group is VMWare's only professional services subcontractor in Russia and the CIS region, with 172 VMWare-trained and certified employees who served over 2,000 customers in 15 countries in the year ended 31 March 2021.

Hewlett Packard Enterprise—The Group is a Platinum Partner for Hewlett Packard Enterprise in Russia and has various other statuses in other countries in which the Group operates.

HP Inc.—The Group enjoys Platinum status with HP in Russia and advanced statuses in other countries in which the Group operates. In 2019, the Group was selected as Partner of the Year in Eastern Europe.

IBM—The Group has significant expertise in IBM’s traditional technology offerings as well as its newly acquired RedHat suite of software products and tools. The Group enjoys IBM Gold Business Partner status in 2019.

Oracle—The Group has obtained the highest status with Oracle in the majority of countries in which the Group operates (35 countries) and has broad expertise in Oracle’s portfolio.

Vendor Management

The Group aims to further develop relationships and expertise with its vendors in order to grow its market share and revenue globally, including through strategic customer referrals. The Directors believe that the Group’s close relationships with leading vendors also provide the Group with a competitive advantage, enabling it to gain significant insights and knowledge as to new technologies and market developments. In addition, vendors invest time and resources into training and transforming the Group’s workforce or augmenting it with vendor-funded “ambassadors” (approximately 70 as at 30 June 2021). At the same time, the Directors believe the Group provides vendors with a strong value proposition, including the ability to transact in more than 50 countries across emerging markets and access to over 150,000 customers, maximising product reach and adoption. In addition, the Group provides comprehensive value-added services built around vendors’ product offerings and 24/7 technical support across multiple languages. The Group also actively seeks to instil confidence in its vendors as it manages commercial relationships and compliance policies between vendors and customers.

The Group has a dedicated vendor management team that engages with vendors to understand their portfolio and commercial terms and programs. This vendor management team also works internally to promote vendors’ solutions and ensure the Group obtains the required certification levels and runs relevant campaigns, so vendors’ portfolios can be presented to customers in a programmatic manner. The members of the vendor management team are recruited and incentivised to effectively act as entrepreneurs on behalf of their vendor partners within the Group.

For strategically important vendors, the Group maintains executive sponsorship programmes to maintain the relationship. The Group also evaluates its own solutions that can be built using vendors’ components and invests in the integration of information systems for seamless commercial operations, such as in e-commerce, where catalogues, content and pricing can be automatically updated. This integrated approach coupled with its commercial success has allowed the Group to obtain advanced levels of accreditation with a few of its vendors.

AWS Advanced Partner	Huawei Gold Enterprise Partner
Cisco Gold Partner	IBM Gold Business Partner
Citrix Platinum Solution Advisor	NetApp Gold Partner
Commvault Premier Partner	Veeam ProPartner Gold Reseller
Dell Technologies Titanium Partner	Veritas Platinum Partner
Google Cloud Premier Partner	VMware Premier Partner
Hewlett Packard Enterprise Certified Platinum Partner (including Aruba Platinum)	

The Group has also received a number of vendor’s accolades, including, in recent years:

- Microsoft Partner of the Year in Cambodia in 2017, 2018 and 2021;
- Microsoft Partner of the Year in Vietnam in 2021;
- Microsoft Partner of the Year in Bulgaria in 2021;
- Microsoft Partner of the Year in Malaysia in 2021;
- Microsoft Technology Partner of the Year for Security in India in 2021;
- Microsoft Partner of the Year in Chile and Kazakhstan in 2017;
- Microsoft Partner of the Year in Georgia in 2016;
- Dell Partner of the Year Award (New Business) in 2015;
- Dell Partner of the Year Award (New Business / Highest Sales in SMB) in 2017;
- Dell Technologies Award for New Business in MERAT (the Middle East, Russia, Africa & Turkey) in 2017 and 2020;
- Dell Technologies Award for Highest Growth in 2019;

- Cisco “Cloud Partner of the Year in Central Europe” in 2016;
- Cisco “Architectural Excellence: Security in EMEAR (Europe, Middle East, Africa and Russia)” in 2019;
- Cisco “Technology Excellence Partner of the Year: Data Center” in 2020;
- VMware “Partner of the Year in Commercial” in 2020;
- Siemens “Top EMEA Partner for Product Engineering Software FY20” in 2020; and
- Sophos “New Partner of the Year” in Egypt in 2021.

The Group offers to vendors a comprehensive relationship framework under the umbrella of the “Softline Vendor Development Programme” (the “**Programme**”). Under the Programme, the Group jointly works with vendors to increase the efficiency of collaboration and propel partnerships to the next level. For example, the Group offers its international reach to vendors who are seeking international expansion and want to benefit from lower customer acquisition costs, rely on compliant infrastructure and be able to develop projects at the global level. The Group also invests in jointly developing value propositions and core offerings. The Programme comprises four partnership levels: Strategic Vendor, Key Vendor, Advanced Vendor and Emerging Vendor.

Typical Vendor Contracts

The Group’s relationships with vendors are typically governed by global, regional or local reseller agreements, or a combination thereof. The Group’s reseller agreements are non-exclusive for both the vendor and for the Group, typically have a term from 12 months to three years and are typically terminable by either party with 30 to 90 days’ notice. The Group’s obligations under reseller agreements often include the requirement that the Group verifies customers are purchasing sufficient numbers of licenses for their intended use, report customer non-compliance to the vendor, and maintain books and records to satisfy potential audits by a vendor, including for periods post-termination of the reseller agreement.

Vendors rely on a wide range of variable compensation components to incentivise the sale of their products, as determined by their strategic priorities. Incentives for the sale of software under the reseller agreements are generally governed in two ways: via the “indirect” or the “direct” sales model. In the indirect model, the Group purchases software from the vendor and re-sells it to the end customer, keeping the difference between the purchase price agreed with the vendor and the sales price agreed with the customers as the Group’s gross margin. In the direct model, the Group earns revenue from vendors in the form of incentive payments for customer referrals and other fees whereas the vendor charges the purchase price of the software directly to the customer. Incentives are typically contingent upon the Group’s meeting certain performance indicators, including revenue or revenue growth in certain product or service areas, new customers acquired or contract renewals. Vendor incentive programs change periodically, depending on the vendor.

Many vendors require that the Group obtains certain accreditations in order to sell and service their products. Such accreditations have varying requirements, including with respect to the number of sales and service professionals the Group employs with technical skills in the particular vendor’s product line. The Group expends significant resources each year in order to maintain vendor accreditations, both via training and recruitment efforts. In some cases, vendors also co-fund certain of the Group’s training and recruitment initiatives.

Sales Channels

The Group’s operating model is comprised of three sales channels: direct B2B, indirect B2B and e-commerce.

Direct B2B

Through its direct B2B model, the Group offers software, hardware, services and cloud solutions to customers. In the year ended 31 March 2021 and based on unaudited management accounts, the Group’s direct B2B channel accounted for 80 per cent. of the Group’s total turnover, with turnover attributable to the channel up 82 per cent. compared to the year ended 31 March 2017. Including the recently-acquired Aplana, Embee, Softline AG, NCSD, Digitech, Squalio and Belitsoft, the direct B2B channel team comprised approximately 2,200 employees as of 31 March 2021, of which 1,208 were account managers, 493 were solution sales employees, 414 were support employees and 41 were tele-sales employees.

The Group offers its B2B model in all of the markets in which the Group operates. The Group's B2B model serves three customer segments:

- *Enterprise customers*, which are large, regional and global accounts in a range of industries in both the private and public sector or modern companies of any size with significant IT needs. Account managers for the Group's enterprise customers each typically cover between one and five large accounts. The Group's account managers have primary responsibility for both the acquisition of new customers and the management of existing customer relationships. Accordingly, account managers are allocated based on sector experience, such as oil and gas, retail, finance, telecommunications, government or production, and are assisted by a customer sales support team.
- *Mid-market customers*, which are served by account managers, each of which typically cover between 15 and 40 customers, and sales support teams.
- *Small and medium businesses ("SMB")*, which are primarily served by the Group's e-commerce and tele-sales function, as well as sales agents.

The Group has improved its sales team productivity in recent years, with direct B2B turnover per sales employee (calculated as turnover (including VAT) generated through the direct B2B channel, based on unaudited management accounts, divided by the number of direct B2B sales employees at the end of the relevant fiscal year) of \$734,000 in the year ended 31 March 2021, an increase of 45 per cent. compared to \$506,000 in the year ended 31 March 2017. The Group's sales team has also successfully increased its tender win rate in Russia over the same period, having participated in and won 4,100 and 1,700 tenders, respectively, in the year ended 31 March 2017, a win rate of 41 per cent., compared to the year ended 31 March 2021, where the Group participated in and won 6,900 and 3,000 tenders, respectively, a win rate of 44 per cent.

Indirect B2B

The Group's indirect B2B model is branded as Axoft and was launched in 2003. Through Axoft, the Group acts as a value-added distributor, distributing software, IT security solutions, cloud solutions and infrastructure from over 700 vendors through over 3,700 partners as at 31 March 2021. Axoft is supported by an experienced team with a deep knowledge of vendors' offerings, comprising 129 partner account managers, 68 product category experts and 30 marketing managers. The Group offers Axoft to partners and resellers in select countries in Eurasia, including Russia, the CIS, Turkey and Vietnam, with plans for gradual expansion further internationally. In the year ended 31 March 2021 and based on unaudited management accounts, the Group's indirect B2B channel accounted for 15 per cent. of the Group's total turnover, with turnover attributable to the channel up 157 per cent. compared to the year ended 31 March 2017. Turnover per partner for Axoft has increased from \$27,000 in the year ended 31 March 2017 to \$86,000 in the year ended 31 March 2021.

E-commerce

The Group's e-commerce platforms allow customers to purchase software and hardware through various e-commerce portals optimised for different customer segments, including store.softline.ru (for corporate customers) and allsoft.ru (for private users). In the year ended 31 March 2021 and based on unaudited management accounts, the Group's e-commerce platforms accounted for 6 per cent. of the Group's total turnover, with turnover attributable to the channel up 194 per cent. compared to the year ended 31 March 2017.

The Group's e-commerce platforms address all customer segments and enable vendors and partners to make sales online. The Group's e-commerce platforms include:

- Softline E-Store, an online store for B2B and B2C customers, integrated with major procurement networks (such as SAP Ariba). In the year ended 31 March 2021, approximately 13,000 B2B customers and approximately 29,000 B2C customers made at least one purchase on the Softline E-Store, with an average order value of \$1,000 and \$18, respectively. The Softline E-Store is available in five countries.
- Softline Platform, an all-in-one e-commerce solution which delivers shopping basket functionality to software vendors' websites and enables in-product purchases. In the year ended 31 March 2021, approximately 2.7 million customers made at least one purchase on the Softline Platform, with an average order value of \$23. The Softline Platform is available in 42 countries.
- Enaza, which allows telecommunications operators to offer software subscriptions to their customers. Currently, Enaza indirectly reaches approximately 20 million of those telecommunications customers, with an average order value of approximately \$9.2 in the year ended 31 March 2021, based on an

average annualised monthly payment to partner telecommunications operators by subscribers of RUB 684 per year, converted into U.S. dollars using average exchange rate of 74.24 RUB = 1 USD for the year ended 31 March 2021. Enaza is available in 13 countries.

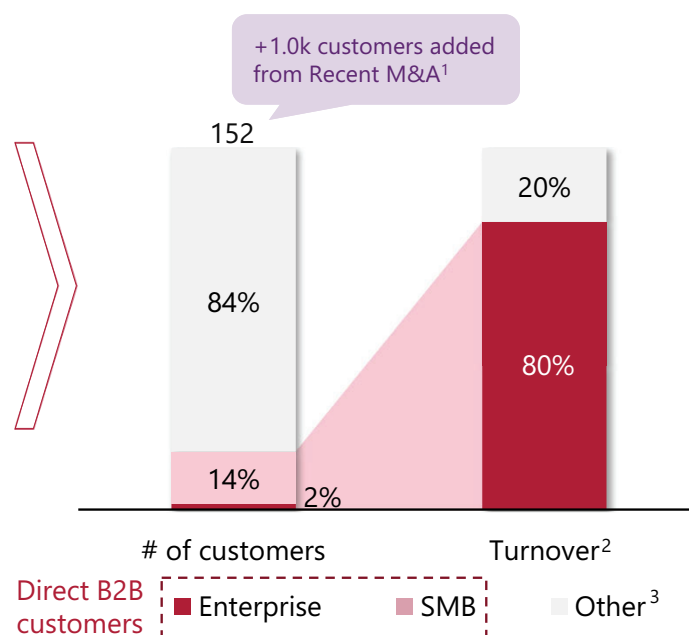
- Allsoft, the Group’s web store for private and SMB users which was launched in 2004, leverages robotic automation to serve customers. Customers are able to pay by card and access accounting documents. In the year ended 31 March 2021, approximately 82,000 customers made at least one purchase on Allsoft, representing significant growth from its launch in 2004, with an average order value of \$109. Allsoft is available in four countries.

For more information on the Group’s e-commerce offering, see “—*Softline Digital Platform*” above.

Customers

The Group’s highly diversified customer base consisted of over 150,000 B2B customers (including enterprise, mid-market and SMB customers served via various channels) and approximately 2.7 million individuals and home offices as of 31 March 2021. The Group’s customers have historically included, among others, CaixaBank, Cinépolis, Citibank, Coca-Cola, E.ON, Gazprom, General Electric, HCL, Hyundai, KFC, Leroy Merlin, Orange, Procter & Gamble, Samsung, Sanofi, Sber, Siemens, Toyota, Wipro and Zurich. For the year ended 31 March 2021, the Group’s top five, top ten, top 50 and top 100 direct B2B customers represented 7.0 per cent., 10.7 per cent., 24.7 per cent. and 34.0 per cent., respectively, of the total payments received from the Group’s direct B2B customers (calculated as payments received from the Group’s top five, top ten and top 50 direct B2B customers, divided by total payments received from direct B2B customers, with payments received calculated as the amount billed to the customer which is captured in the Group’s internal billing system).

The following graphic sets out the Group’s customer breakdown by customer type as of 31 March 2021:



(1) Represents customers added from the recently-acquired Aplana, Embee, Softline AG, NCSO, Digitech, Squalio and Belitsoft.

(2) Turnover is based on unaudited management accounts.

(3) E-commerce and indirect B2B sales channel customers.

The Group’s customer base is also broadly diversified across the jurisdictions in which it operates, which is reflected in the Group’s turnover split by geography. In the year ended 31 March 2021, Russia, APAC, LATAM, RoE and EMEA accounted for 60 per cent., 19 per cent., 12 per cent., 7 per cent. and 2 per cent., respectively, of the Group’s total turnover.

The Group follows a customer-centric, vendor-agnostic and outcome-oriented independent advisory approach, tailored to different customer types to best serve their needs, which the Directors believe creates a trusted partnership with customers. Accordingly, the Group employs a number of customer coverage models for different target customer types based on factors such as the customer’s strategic importance, sales potential,

purchase volume, customer size or industry sector. See “—Sales Channels” above for further information on the Group’s approach to certain customers.

The Group regularly collects and monitors customer feedback. In its most recent annual surveys’ summary dated 1 April 2021, the Group recorded over 85 per cent. positive customer satisfaction, including over 86 per cent. in Russia, over 90 per cent. in LATAM and over 68 per cent. in APAC. The Group’s highly satisfied customer base is also demonstrated by its 83 per cent. Net Promoter Score as of 31 March 2021 and the high levels of recurring spend with the Group (56 per cent. recurring turnover in the year ended 31 March 2021, up from 38 per cent. in the year ended 31 March 2019). In addition, 45 per cent. of the Group’s direct B2B customers have been customers of the Group for over three years, demonstrating the Group’s ability to maintain longstanding customer relationships.

In order to assist customers with their purchase of IT solutions and services, the Group offers financing solutions that facilitate IT procurement for business purposes through “Softline Finance”. Softline Finance enables customers to pay for a mix of products (including software, hardware, cloud and services) in instalments for terms of 90 days to up to two years. Payments are predominantly monthly or quarterly annuities. Terms of financing are determined on the basis of the Group’s credit risk assessment methodology. Since its launch in 2020, over 150 customers have used the Softline Finance programme.

Typical Customer Contracts

The following description provides an overview of the most typical contract models used by the Group.

Software & Cloud

Softline Group can actively support a number of contractual models depending on the customer, product and requirements of the software manufacturer. The Group’s customers have a choice between an upfront purchase, a multi-year agreement or a subscription arrangement. Softline’s experts advise customers regarding different purchase and licensing models in order to help them to make the right choice.

There are also different types of cloud-specific arrangements including a pure consumption based option, a mixture of pay-as-you-go and committed consumption. Softline supports every existing model for cloud contracting.

Over the years, Softline has been transforming the composition of turnover and growing the share of recurring turnover. The Group has also invested in new tools so customers can manage all their subscriptions in one place—ActivePlatform.

Hardware

The Group has the capability to resell hardware products on a standalone basis or as part of a more complex engagement, for example as part of system integration project. The Group’s contracts with customers are synchronised with all the terms of sale originally provided by the vendor: pricing, payment terms (flat one-time payment, three-year billing contracts, etc.), discount policy, various conditions specific to individual products, customer groups, business areas and markets. With this approach, the Group aims to ensure that all resale requirements for each vendor are met, while also allowing the Group’s customers to enjoy all the benefits of the vendor’s sales program, as if such a customer were purchasing products directly from the vendor.

The Group is actively working, after the success in the original market, to further increase the share of recurring revenues associated with provisioning IT outcomes based on on-premises hardware. This model is known as as-a-service and examples include Cisco Open Pay, Dell Apex, HPE GreenLake.

Services

Own cloud services

For its own cloud services, the Group typically enters into a recurring master subscription services agreement (“MSSA”) with a service level agreement (“SLA”) describing the scope of products and services to be delivered. Recurring agreements have a term of one year or longer and generally renew automatically if not terminated. The agreements are terminable upon notice by either party, with the notice period varying depending on the term of the contract. Customers are invoiced periodically depending on the customer’s subscription plan. The Group uses multiple pricing models for its cloud services.

Own solutions and services

For professional services, the Group typically enters into a master services agreement (“MSA”) with underlying statements of work and milestones governing the scope of the individual project. These agreements normally have an agreed term necessary for the implementation of the project and are generally only terminable for cause depending on milestones reached. The Group invoices customers for professional services on a fixed-cost, time and materials basis, or, in certain cases, on a share of cost savings basis, or with a combination of cost models.

Complex projects and framework contracts

The Group strives to provide its customers with flexible contractual tools for both short ad hoc transactions usually required by SMB customers and long-term cooperation and regular purchase of a large number of different products for large enterprises and public sector customers.

With multinational enterprises and public sector customers, the Group enters into framework agreements governing a number of different products and professional and/or cloud services. The terms of framework agreements can vary significantly depending on the customer type, their scope, and whether they provide for software only or both software and services. Customers may generally terminate framework agreements for cause with varying notice periods. Depending on the work within the framework agreement, the Group prices its services on a fixed-cost basis, a time and materials basis or, in certain cases, based on a share of cost savings, or a combination thereof.

Talent

Overview

The Group views its employees as central to its business and a key differentiator, with one global team—“One Softline”—and an inclusive, engaged and inspiring culture with sales and services central to its DNA. The Group’s global team of professionals are interested in new technologies, open to new experiences and eager to drive digital transformation for the benefit of customers. The Group cultivates a customer-first culture, focused on building long-term trust-based relationships with customers through creative customer problem solving. The Group also promotes a trust-based and honest partnership with its employees, appreciating the contribution, proficiency and loyalty of every employee. The members of the “One Softline” team respect each other, as well as the culture and traditions of the peoples of every country in which the Group operates. The Group also aims to promote the growth and development of its employees. To facilitate that, the Group offers not only courses and standard training programmes, but also the support of experienced colleagues, an internal knowledge base and an opportunity to participate in diverse projects, including internationally.

As at 30 June 2021, the Group employed 5,816 employees globally, comprising 2,599 sales and marketing employees, 1,892 services employees (including engineers, developers and other IT specialists) and 1,325 back office and administrative employees. The following table sets out the Group’s employees by function as at 31 March 2019, 2020 and 2021 and 30 June 2021.

	As at 31 March			As at 30 June
	2019	2020	2021	2021
<i>The Group</i>				
Sales	2,091	2,174	2,356	2,405
Services	733	902	1,680	1,892
Back office and admin	941	1,075	1,162	1,325
Marketing	160	178	304	194
Total	3,925	4,329	5,502	5,816

In line with the Group’s strategy, over the medium term the Group intends to grow its headcount dedicated to its sales, services and marketing functions in order to grow the Group’s gross profit margin. However, due to automation of certain processes the Group does not expect the headcount dedicated to back office and admin functions to grow at the same pace. Therefore, the percentage of headcount dedicated to its back office and admin functions will continue to gradually reduce over the medium term compared to the headcount as at 30 June 2021.

Sales and Services Organisations

Sales and services organisations represent a fundamental part of the Group's business operations, with 2,356 sales employees and 1,680 services employees as of 31 March 2021.

The Group drives the productivity of its sales and service organisations through the consistent organisation of its workforce, empowerment of local teams with a high degree of autonomy, relentless focus on quality talent acquisition, cross-border sharing of expertise and fit-for-purpose incentive structures.

- The Group's sales organisations comprise account management, solution sales and vendor management teams and its services organisations comprise project managers, technical specialists and engineers. This structure helps the Group maintain a deep understanding of individual customer needs, grow customer wallet share over time, and leverage its nuanced knowledge of vendor portfolios and commercial programmes. In addition, this structure enables the Group to design and commercialise multi- or hybrid-vendor solutions and deliver complex one-off engagements or recurring managed support services.
- The Group grants its local or regional sales organisations with a high degree of autonomy and cultivates entrepreneurial spirit. For example, country or regional general managers have the opportunity to select what market opportunities should be pursued at a given time and what go-to-market approach should be adopted.
- The Group focuses on nurturing sales and services talent. Account managers and service specialists undertake trainings organised by the Group as well as certification programs provided by the vendors, which results in multi-skilled account management teams and solution sales and service delivery specialists with profound domain expertise (for example, for Microsoft Azure). Furthermore, the Group prioritises talent retention.
- The Group's operating companies in different countries share solution sales and service delivery expertise delivered from global or regional hubs or exchanged between the different countries directly. This allows the Group to participate in complex, high-value bids (such as complex cybersecurity system integration projects) across all of its geographies and increases resource utilisation, which was approximately 75 per cent. for service specialists in the year ended 31 March 2021.
- The Group generally links incentives of account managers and solution sales specialists to gross profit performance as well as fulfilment of additional strategic goals, such as service attach rate or sales of specific high-margin propositions. Approximately 40 per cent. of compensation is variable for sales directors and account managers. This incentive structure drives revenue growth, prevents margin erosion and allows deeper account penetration.

The Group maintains a proactive pipeline of candidates for all key sales, solution sales and service delivery positions.

Recruitment and Training

The Group aims to build and sustain best-in-class talent in order to execute its strategy.

The Group focuses on attracting people who share a passion for customers and digital transformation, have distinct commercial or technical expertise, and have high potential in terms of personal development and integration within the Group's multi-cultural environment. The Group utilises best-practice tools and processes to empower its recruitment engine, including the Jobvite hiring tool, a broad range of hiring channels (such as LinkedIn, job sites and platforms, web campaigns, employee referrals and recruitment agencies), internship programs and bootcamp events. In the year ended 31 March 2021, the Group reviewed nearly 60,000 applicants and filled vacancies in an average of 32 days. In the same year, retention rates of new hires following the probation period was 95 per cent.

The Group adopts a systematic approach to all new-joiners, who receive onboarding trainings, including compliance, and tailored learning and development courses and programmes designed and delivered by the Group and its vendors. The Group invests significant resources in training and developing its employees to empower them to effectively sell and deliver a continuously evolving software, solutions and services portfolio and to support them in their professional development. For example, the Group runs a "Corporate University" learning and development platform for its employees within Russia and the CIS, which includes face-to-face and online courses covering onboarding, sales schools, sales initiatives, marathons, business games, management skills and personal efficiency trainings. In the year ended 31 March 2021, the Corporate

University conducted 258 training and moderation days. Additionally, the Group runs a Softline Academy learning and development platform for its employees globally, which currently includes over 90 courses delivered in three languages and ranging from personal development trainings, such as yoga and mindfulness, to professional trainings, such as Microsoft Excel or change management.

The Group's local office leaders work together with global management to promote self-learning and to determine the training and certifications necessary for local staff to work effectively. All of the Group's eligible employees have enrolled in a "Personal Development Program" and go through periodic appraisals with local management to identify gaps in soft and hard skills for improvement, define a career path and requirements for promotion, set a training plan, review compensation and plan for succession, where applicable. The Group also offers leadership and mentorship programmes to develop talented employees.

Compensation and Rewards

The Group offers a competitive employee compensation and benefit structure in accordance with local country legislative requirements and market/industry sector practices, and with the focus on sales and services. For example, all sales employees receive a combination of fixed and variable compensation, which varies significantly by role. Variable compensation is based on a number of KPIs, typically including revenue and gross profit, as well as role-specific KPIs, such as customer satisfaction, compliance with project deadlines, number of won tenders and vendor satisfaction. In addition, the Group's employee culture benefits from recognition initiatives, from informal expressions of gratitude to formal awards and rewards, and a feedback programme supported by regularly scheduled meetings across management levels.

The Company implemented a share option plan (the "SOP") which allowed for the grant of options ("Options") over ordinary shares in the Company to key employees selected by the Board of Directors. Under the SOP, an aggregate of 16,508,117 Options have been granted and are outstanding (equalling approximately 11.4 per cent. of the total number of ordinary shares of the Group on a fully-diluted basis immediately prior to the Offering). For further details about the Group's SOP, see "*Operating and Financial Review—Significant Factors Affecting Results of Operations—Share based compensation*".

Diversity and Inclusion

The Group is committed to employee diversity and, as of 30 June 2021, its workforce consisted of approximately 62 per cent. men and 38 per cent. women, with an average employee age of 35. In Russia, the Group's workforce consisted of approximately 44 per cent. women and 56 per cent. men as of 30 June 2021. Despite of various legal and cultural challenges in certain geographies, the Group is committed to promoting a culture of diversity and inclusion internally.

Employee Relations

The Directors believe that the Group's relationship with its employees is good. According to Glassdoor, as of July 2021, the Group had received four stars (out of five) and 77 per cent. of employees surveyed would recommend the Group to a friend. According to Happy Job research from April 2021, the Group also received an 84 per cent. on its employee engagement index. Additionally, the Group conducts its own employee engagement surveys on an annual basis. As per the survey conducted in 2020, average employee satisfaction amongst, for example, Softline International staff was rated 3.24 out of 4, the Group's culture received a score of 3.31 out of 4, and 74 per cent. of employees felt valued or highly valued. These factors have led to an increase in its employee retention rate from 81.5 per cent. in the year ended 31 March 2020 to 85.3 per cent. in the year ended 31 March 2021 (excluding the recently-acquired Embee and Aplana). Staff turnover rates have decreased from 26.4 per cent. and 34.0 per cent. in Russia and internationally, respectively, in the year ended 31 March 2020 to 19 per cent. and 23.5 per cent. in Russia and internationally, respectively, in the year ended 31 March 2021.

The Group is subject to a collective bargaining agreement in Brazil.

Operating Model

The Group maintains a scalable global operating model, with local operations leveraging regional and global service delivery centres.

As such, the Group's operating model is both local and global, enabling customer focus and familiarity through a unified approach. Country general managers develop the "go-to-market" strategy, and the Group deploys and scales common offerings, sales playbooks and resource development frameworks, and manages centralised

offer and portfolio development, to drive consistent roll-out and adoption by its local, regional and global operations. Common process management is in place to support IT service management standards, and the ecosystem is underpinned by services management tools, monitoring, reporting and administration platforms, together with common key metrics and measures. A transparent management process aims to ensure alignment and rhythm, pace and discipline to the Group's approach, with consistent sales and delivery reviews focusing on the Group's core priorities. Given the Group's focus on operational excellence, customer satisfaction is a core element of the Group's culture and is measured in all engagement through an ISO-certified quality management process that enables continuous improvement in the Group's delivery approach.

The Group's local operations benefit from access to subject matter experts within the Group's core centres of competence that develop, test, launch and deploy its offerings, together with regional and global delivery capabilities. The Group uses the capabilities of its 14 delivery centres to help ensure consistent and cost-efficient delivery of the Group's service portfolio worldwide. Customers benefit from the Group's customer-focused and local support in more than 35 countries, together with centrally-delivered 24/7 customer services in 13 languages. The Group's head of International, Global and Russian/CIS delivery reports directly to the Global VP of Solutions and Services in order to ensure alignment between what the Group sells and how it delivers such products, services and solutions.

The Group's operating model offers the benefits of a scalable dynamic resource model in which resources are local, regional and global. The Group's local resources provide speed of response within a unified ecosystem, its regional centres cover several territories with standard services, and its GDC provides scalable support for standard offers with deep expertise, high levels of automation and the ability to leverage cost-effective resources on a global scale. The Group's hybrid resource model includes:

- **Local capabilities:** Local resources are managed according to specific market circumstances, with a balance between lean organisation and speed/agility. Local teams comprise field sales, inside sales, project management and customer success and solution and service delivery specialists. Local teams vary in size depending on the scale of the subsidiary.
- **Regional service delivery centres:** The Group's local teams are supported by multi-country regional service delivery centres, which act as a centralised extension of the Group's local subsidiaries in LATAM, India and Russia. The Group's regional service delivery centres enable cost-efficient support and utilisation of expert resources.
- **Global delivery centres:** The GDC and SOC in India are the backbone of the Group's Cloud global delivery capabilities. The GDC provides portfolio, process, professional services and deep subject matter expertise for the support of the Group's subsidiaries from presales through to project closure, ongoing management and governance of managed services. Similarly, the SOC provides presales support and delivers projects or recurring services related to cybersecurity, particularly Managed Security Services ("MSS").
- **Service partner management:** The Group has a mature delivery partner program that provides structure and access to a pre-selected group of partners to supplement and meet the additional support needs of the Group's operations. These service partners are determined on capabilities and expertise, with pre-arranged cost and contract frameworks relating to any incremental support requirements. The Group utilises a single portal to help ensure transparency at all project stages and an efficient process for selection and engagement.

Business Management and Compliance

The Group's approach to business management focuses on performance monitoring and benchmarking, consistent metrics, target setting and tracking and ownership at subsidiary level. The Group uses sophisticated business intelligence systems to track financial and operating performance across subsidiaries and shared service delivery centres, based on the group-wide application of a consistent set of key performance indicators. Performance targets are set with a strong focus on value creation and transformation and accountability on the subsidiary level, with an incentive structure based on quarterly and yearly performance targets for the Group's regional leaders and quarterly reviews on the subsidiary level. The Directors believe that the Group's strong business management has resulted in significant improvements in its sales productivity and efficiency, including an almost 50 per cent. increase in turnover per employee over the last four years despite continuous investments into expansion and build-up of service capabilities.

The Group maintains a matrix organisational structure, under which local leaders report to regional management and functional management. This structure helps to enable smooth coordination, seamless knowledge and best practice sharing and stricter regulatory and vendor compliance controls.

The Group exercises a full-scope, zero-tolerance approach to compliance. As of 31 March 2021, it had 20 dedicated compliance FTEs. In addition, the Group is compliant with ISO 37001 anti-bribery management systems and conducts on average approximately 15,000 trade sanctions checks on a monthly basis. The Group's employees also undertake mandatory compliance training and policy attestations and, for the year ended 31 March 2021, the completion rate of such compliance training was 98 per cent.

Innovation, Research and Development

R&D and innovation are central to the Group's mission to promote the growth of its customers' businesses by driving their digital transformation and helping to ensure their cybersecurity with cutting-edge technologies and solutions. Accordingly, the Group tracks the latest market trends and technologies, integrating the best approaches and solutions into its portfolio.

The Group has a well-established process to identify and evaluate high-potential technology topics and solutions to guide its R&D efforts. On an annual basis, the Group reviews a long list of around 200 opportunities and selects five to seven of them for innovation, piloting and/or approbation. These opportunities are approved by a dedicated Expert Committee that convenes on a quarterly basis. On average, the Group's development process takes three to six months and follows five key steps: (i) market and service vision analysis (wherein the Group identifies a clear target market and assesses customer needs), (ii) business case assessment (wherein the Group develops its business case to ensure the profitability of the offering and realistic timelines), (iii) development (wherein the Group designs the solution and technical architecture for the solution or service), (iv) pilot (wherein the Group optimises the processes and identifies a roadmap of further efficiencies and automation opportunities) and (v) scaling of service (wherein the Group rolls out the service through local sales and support teams to ensure efficient delivery).

The Group's current R&D efforts are concentrated on the evolution of SDP, the Group's key differentiator from its competitors, including but not limited to the development of:

- Subscription services, particularly API integration with a wide range of vendors to enable the channelling of offerings such as IaaS and SaaS and the extension of SDP's functional scope, including digital marketing (e.g., cross-sell engine) and analytics (e.g., resource utilisation and demand forecasting) modules supported by AI and ML technologies;
- eCommerce capability, particularly improving SDP's flexibility and scalability for international roll-out, interoperability for integration with external systems and development of forecasting and recommendation engines; and
- Services which enable vendors' sales through their websites, particularly improving SDP's scalability, the development of subscription-model and analytics functionalities and interface design.

In February 2020, the Group established a Laboratory of Artificial Intelligence, Machine Learning and Internet of Things (the "**Laboratory**") in collaboration with the Skolkovo Institute of Science and Technology ("**Skoltech**"), a leading private graduate research institute in Moscow. The Laboratory aims to add to the Group's portfolio of digital transformation consulting services and technology solutions and deepen industry expertise. Furthermore, with approximately 12 qualified architects and data scientists as at 31 March 2021, the Laboratory provides a pipeline of high-quality talent to address the Group's increasing demand for scarce data science expertise. The Laboratory validates over 100 new vendor solutions monthly and over 20 new solutions enter the Group's service portfolio each year.

The Group's R&D department employed approximately 100 specialists in the year ended 31 March 2021, most of whom were architects, analysts, programmers, quality assurance specialists, project managers and other specialists. In addition, approximately 15 to 20 per cent. of the Group's R&D tasks are outsourced. On average, the Group spends approximately 5 per cent. of gross profit on R&D each year.

Information Technology

Acting as a trusted IT solutions partner to its customers globally, the Group is also focused on its own IT operations to optimise the application landscape and its infrastructure set-up.

The Group's key application platforms are based on Microsoft technologies that are located in the cloud: Softline Cloud, Microsoft Azure and Office 365. The Group's ERP is consolidated in two global ERP

platforms, 1C for the Commonwealth of Independent States (“CIS”) region and Oracle NetSuite elsewhere. The Group also uses other IT systems to support its core front- and back-office operations, such as the Microsoft Dynamics365 customer relationship management system and BambooHR HR management system.

The Group’s main IT infrastructure is spread across its data centres in Moscow (which provides the main information services for Russia and RoE), Singapore (which provides the main information services for APAC) and Buffalo, USA (which provides the main information services for LATAM). The Group’s key information systems in Moscow are mirrored in a second datacentre for added backup. The Group regularly monitors and updates its IT systems and processes to ensure reliability, business continuity and performance. The Group’s Chief Information Security Officer oversees a team of highly trained personnel to avert threats to its and its customers’ data and operations. The Group’s systems are secured on a number of levels, including access control system, access management by roles, antispam, antivirus, firewalls, special network zones and encryption of channels and data. The Group also actively monitors its IT system status and security 24/7.

Intellectual Property

The Group relies on a combination of copyrights, trademarks, proprietary applications and source codes, trade secrets, confidentiality procedures and contractual provisions to protect its intellectual property.

The Group has registered its trademarks for “Softline” (both Latin and Cyrillic characters), “Allsoft”, “Axoft” and “Allsoft Ecommerce” in Russia, Azerbaijan, Uzbekistan, Kyrgyzstan, Kazakhstan, Tajikistan, Armenia, Bulgaria, Belarus, China, the Czech Republic, Georgia, Croatia, Hungary, Korea, Moldova, Montenegro, Macedonia, Poland, Romania, Serbia, Slovenia, Slovakia, Turkey, Vietnam, Peru, Malaysia, Singapore, Indonesia and the United States. The Group also has registered trademarks for “ActiveCloud” in Russia and Uzbekistan and for “ActivePlatform” in the European Union, the United States, Russia, Belarus, China and India. In addition, the Group has registered “CloudMaster” as a proprietary software in Russia and “Octane” as a proprietary software in India. The Group also holds domain name registrations for the key websites of its brands, including www.softline.com and variations thereof, in a number of jurisdictions. The Group also licenses software and services from third parties for integration into its software and uses certain open source software. For example, CloudMaster, the Group’s cloud management platform, utilises a wide range of open-source software to enhance its capabilities, including various Java libraries, drivers and frameworks, which simplify the development of the platform’s core functionality, and Terraform, a software tool which is used to manage cloud resources through CloudMaster interfaces and is crucial to the platform’s versatility and flexibility. For other products, the Group also uses certain third-party software, such as Ruby, BSD, BSD-2-CLAUSE, BSD-3-CLAUSE, PDF Python Software Foundation, PostgreSQL License, MIT, GPL 2.0, GPL 3.0, GNU GPL v2, LGPL v3, Apache License 2.0, PERL ARTISTIC V2, ISC, Expat and Mozilla Public License.

As at 30 June 2021, the Group did not have any patents or patent applications pending.

The Group regards its trademarks and other intellectual property rights as valuable assets and takes appropriate action to protect and, when necessary, enforce them. See “*Risk Factors—Risks related to regulation, legal and intellectual property matters—The Group may be unable to protect its intellectual property adequately*”.

Facilities

The Group’s headquarters are located in London. The Group also conducts sales, services and administrative activities in various leased locations throughout the world, including seven data centres in Moscow, Saint Petersburg, Novosibirsk, Yekaterinburg and Kazan.

The following table sets forth certain key facts regarding certain of the Group’s properties as at 30 June 2021.

<u>Location</u>	<u>Owned/leased</u>	<u>Key functions</u>	<u>Approximate area (square metre)</u>
Moscow, Russia	Leased	Sales team, back-office	2,840
London, United Kingdom	Leased	Headquarters	1,223
Noida, India	Leased	Delivery centre	510

Legal Proceedings

At any given time, the Group may be party to litigation or subject to non-litigated claims arising out of the normal operations of its global business. There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the

12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effects on the Company and/or the Group's financial position or profitability.

Environmental, Social and Governance

The Group aims to embed environmental stewardship in all of its activities, and has an environmental policy with the aim to (i) ensure the environmentally sound and sustainable development of the Group in the short and long term and (ii) minimise any negative impact on the environment. The Group is ISO 14001 (Environment Management) certified until the end of 2022 to ensure it remains aligned to best practices.

Corporate social responsibility projects are an indispensable part of the Group's activities. The Group continues to add socially beneficial projects to its record, with a primary focus on helping especially vulnerable groups, such as orphaned or disadvantaged children, the elderly and disabled. The Group supports its local communities in the markets in which it operates by helping to meet basic nutritional needs and by providing opportunities to improve education and tech literacy. For example, together with the UMIRA Charitable Foundation, the Group supported the "Taste of Life—Connection of Generations" project, aimed at helping elderly people in Russia develop their internet skills and improve their understanding of modern technology. The Group also often participates in and sponsors competitions and events for pupils and students in the field of information security. For example, the Group sponsored a hackathon for orphaned children from all around the Moscow region organised by the Istok charitable foundation, providing the hackathon participants with personal laptops for further training. The Group was awarded the "Community Response Award" in Russia for 2021, recognising the Group's efforts to support local businesses and the community during the COVID-19 pandemic.

The Group considers governance practices to be essential to creating and preserving value for its shareholders and other stakeholders. This includes a sound approach to corporate governance that aims to comply with all applicable laws, rules, regulations and policies, as well as adherence to corporate values and business principles. The Group's governance is underpinned by a robust Corporate Ethics and Compliance Code that outlines key principles and rules to help the Board of Directors and employees exercise their responsibilities and serve the interests of the Group, its shareholders and society. The Group also maintains a "Speak Up" channel that provides an alternative and anonymous method of reporting suspected compliance violations, unlawful or unethical behaviour, or fraud.

Regulation

Foreign Investments Law

The Foreign Investments Law was adopted on 29 April 2008. It regulates foreign investments in companies with strategic importance for the national defence and security of the Russian Federation (the "**Strategic Companies**"). The Foreign Investments Law provides for an exhaustive list of strategic activities, engagement in which makes a company subject to regulations on foreign investments. Among others, the list of such activities includes production and distribution of cryptographic technologies as well as rendering services in the area of data encryption.

Certain of the Group's material subsidiaries in Russia qualify as Strategic Companies because these subsidiaries produce and distribute cryptographic technologies and render services involving the use of cryptographic technologies.

The Foreign Investments Law outlines certain restrictions on acquisition of shares in a Strategic Company by foreign investors (including foreign states or international organisations) or by entities controlled by them. The law applies to all transactions that lead to the acquisition of control over a Strategic Company by a foreign investor.

In particular, the Foreign Investments Law requires the approval of the Governmental Committee for Control over Foreign Investments in the Russian Federation (the "**Governmental Committee**") for any direct or indirect acquisition by a foreign investor (or any entity controlled by a foreign investor) of control over a Strategic Company. Such approval is subject to a determination by the Ministry of Defence of Russia and the Federal Security Service of Russia that the acquisition of control does not threaten the national defence and security of the Russian state.

"**Control**" is defined broadly as an ability to determine, directly or indirectly, decisions taken by a Strategic Company, whether through voting at the general shareholders' (participants') meeting of the Strategic Company, participating in the board of directors or management bodies of the Strategic Company, or acting as the external management organisation of the Strategic Company, or otherwise.

If a foreign entity obtains control over a Strategic Company due to a change in the proportion of the votes in the Strategic Company available to the foreign entity by virtue of (i) buyback or transfer of shares in a strategic company, (ii) distribution of treasury shares in the Strategic Company among its shareholders, (iii) conversion of preferred stock into ordinary stock or (iv) any other reason, the foreign entity must file an application to the Governmental Committee within three months of obtaining control.

The Foreign Investments Law provides for more stringent restrictions on investments made by certain categories of foreign investors. In particular, prior approval is required for transactions aimed at the acquisition by a foreign investor that has not disclosed information on its beneficiaries to the Russian authorities, a foreign state, organisations established by international treaties or an entity controlled by any of them (except for certain exempt international organisations, the list of which was introduced by the Decree of the Russian Government No. 119-R dated 3 February 2012), if such a transaction results in direct or indirect control over more than 25 per cent. of the votes represented by the shares in the Strategic Company or other ability to block decisions of the management bodies of such entity. At the same time, transactions aimed at the acquisition of control by these categories of foreign investors over the Strategic Company are absolutely prohibited under the Foreign Investments Law.

Transactions where control is obtained over the Strategic Company in violation of the Foreign Investments Law are considered to be void under Russian law. Moreover, the Russian Federal Antitrust Service may file a claim seeking to: (i) deprive of the rights to vote at shareholders' meetings of such Strategic Company; or (ii) invalidate the decisions of the management bodies of such Strategic Company and invalidate the transactions entered into by such Strategic Company after control on such a company was acquired by a foreign investor.

If a foreign investor does not receive a post-transaction approval after obtaining control over the Strategic Company, it must dispose of the acquired shares so as to bring its shareholding into compliance with the requirements of the Foreign Investments Law within three months of approval being refused. If a foreign investor fails to do so, an authorised state body may initiate court proceedings in order to deprive the foreign investor of its right to vote at shareholders' meetings. Similarly, if a foreign investor breaches, or systematically fails to comply with, obligations which are imposed on it in connection with an approval for the acquisition of control, an authorised state body may initiate court proceedings in order to deprive the foreign investor of its right to vote at shareholders' meetings.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following tables set out certain financial and operational information for the Group. It sets out the income and cash flow statements for the years ended 31 March 2019, 2020 and 2021 and for the three months ended 30 June 2020 and 2021 and the balance statement as at 31 March 2019, 2020 and 2021 and as at 30 June 2021 and must be read in conjunction with “*Operating and Financial Review*” and the Financial Statements (including the notes thereto) included in this Prospectus and beginning on page F-1. For a description of the Financial Statements, see “*Presentation of Financial and Other Information—Presentation of Certain Financial Information*”.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars)				
Revenue from contracts with customers	1,129,469	1,361,659	1,516,911	349,819	443,553
Cost of sales	<u>(925,422)</u>	<u>(1,139,942)</u>	<u>(1,290,982)</u>	<u>(301,397)</u>	<u>(381,257)</u>
Gross profit	204,047	221,717	225,929	48,422	62,296
Selling, general and administrative expenses . .	(182,558)	(192,793)	(192,218)	(42,422)	(55,896)
Share of net income in associates	9	—	—	—	—
Other operating income	2,085	3,727	1,966	320	297
Other operating expenses	<u>(3,842)</u>	<u>(3,060)</u>	<u>(10,464)</u>	<u>(375)</u>	<u>(108)</u>
Operating profit	19,741	29,591	25,213	5,945	6,589
Gain on bargain purchase	—	—	1,892	—	—
Foreign exchange loss	(2,869)	(857)	(1,721)	(1,372)	(771)
Finance income	1,038	1,791	2,266	547	361
Finance costs	<u>(14,076)</u>	<u>(17,463)</u>	<u>(13,222)</u>	<u>(2,596)</u>	<u>(4,279)</u>
Profit before profit tax	3,834	13,062	14,428	2,524	1,900
Income tax expense	<u>(3,432)</u>	<u>(3,521)</u>	<u>(16,618)</u>	<u>(522)</u>	<u>(552)</u>
Net profit/(loss) for the year	<u>402</u>	<u>9,541</u>	<u>(2,190)</u>	<u>2,002</u>	<u>1,348</u>
Attributable to holders of the parent	2,853	10,088	(2,135)	1,786	805
Non-controlling interest	(2,451)	(547)	(55)	216	543
Other comprehensive income					
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Translation difference	(2,584)	(11,172)	301	(2,375)	(5,711)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Fair value reserve of equity instrument designated at FVOCI	4,458	—	—	—	—
Share of other comprehensive income of a joint venture	<u>(1,812)</u>	<u>18,655</u>	<u>85,493</u>	<u>14,898</u>	<u>(11,116)</u>
Total comprehensive income for the year, net of tax of zero	<u>464</u>	<u>17,024</u>	<u>83,604</u>	<u>14,525</u>	<u>(15,479)</u>
Attributable to holders of the parent	4,864	19,225	84,181	13,891	(16,048)
Non-controlling interest	<u>(4,400)</u>	<u>(2,201)</u>	<u>(577)</u>	<u>634</u>	<u>569</u>

Consolidated Statement of Financial Position

	As at 31 March			As at
	2019	2020	2021	30 June 2021
	(in thousands of U.S. dollars)			(unaudited)
Assets				
Non-current assets				
Goodwill	23,453	19,577	44,307	48,850
Intangible assets	26,098	20,232	44,371	50,262
Property and equipment	11,492	2,569	7,845	9,798
Right-of-use assets	—	16,005	13,751	12,816
Investments in joint ventures	16,024	34,566	120,059	73,239
Long term loans issued	473	55	46	47
Long term deposits	—	—	—	8
Deferred tax assets	5,896	6,205	7,749	8,404
Other non-current assets	1,152	1,816	1,691	2,290
Total non-current assets	84,588	101,025	239,819	205,714
Current assets				
Advances issued and other current assets	29,494	33,526	34,070	42,185
Tender guarantees and deposits	5,291	3,404	4,006	3,759
Income tax receivable	4,735	5,642	6,201	6,567
Software licenses and other inventory	36,891	38,611	32,352	39,915
Trade receivables, net	127,224	138,781	199,037	269,810
Other receivables	9,027	11,765	24,202	65,456
Loans issued	3,115	7,056	2,723	4,010
Cash and cash equivalents	44,128	54,980	89,615	78,079
Total current assets	259,905	293,765	392,206	509,781
Total assets	344,493	394,790	632,025	715,495
Equity				
Share capital	1	1	1	1
Retained earnings	44,135	53,815	10,249	26,357
Share premium	45,627	45,627	45,627	45,627
Other reserves	(27,117)	(26,634)	(26,270)	(28,728)
Other components of equity	2,646	21,301	106,794	62,685
Translation reserve	(27,921)	(37,439)	(36,616)	(42,353)
Equity and assets attributable to owners	37,371	56,671	99,785	63,589
Non-controlling interest	(5,413)	(7,781)	(6,718)	(6,862)
Total equity	31,958	48,890	93,067	56,727
Non-current liabilities				
Long-term borrowings—third parties	55,909	4,521	84,420	87,818
Long-term lease liabilities	2,801	7,027	9,877	9,715
Long-term contingent consideration	—	—	326	3,166
Long-term deferred payment for acquisitions	—	—	9,385	9,385
Deferred tax liabilities	741	616	3,596	3,671
Long-term tax payable	1,937	844	900	951
Total non-current liabilities	61,388	13,008	108,504	114,706
Current liabilities				
Short-term borrowings—third parties	53,647	88,295	100,297	129,700
Short-term lease liabilities	2,228	7,341	4,905	4,747
Short-term contingent consideration	976	773	1,509	1,108
Contract liabilities	23,742	33,180	36,066	43,721
Income tax payable	695	145	1,992	1,635
Short-term deferred payment for acquisitions	—	—	15,181	12,889
Trade and other payables	158,464	187,816	256,894	333,738
Other tax payables	11,395	15,342	13,610	16,524
Total current liabilities	251,147	332,892	430,454	544,062
Total liabilities	312,535	345,900	538,958	658,768
Total equity and liabilities	344,493	394,790	632,025	715,495

Consolidated Statement of Cash Flows

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars)				
Operating activities					
Profit before profit tax	3,834	13,062	14,428	2,524	1,900
<i>Adjustments to reconcile profit before tax to net cash flows</i>					
Depreciation and amortization	8,739	12,241	14,805	3,291	4,887
(Gain)/loss on non-current assets disposal	837	(95)	(99)	—	—
Foreign exchange loss/(gain)	2,869	857	1,721	1,372	771
Inventory write-offs	2,045	1,083	554	(202)	24
Expected credit losses	3,074	3,192	4,785	1,283	346
Finance costs	14,076	17,463	13,222	2,596	4,279
Finance income	(1,038)	(1,791)	(2,266)	(547)	(361)
Share of net income in associates and joint ventures	(9)	—	—	—	—
Share-based payments	623	815	380	135	18
Gain on bargain purchase	—	—	(1,892)	—	—
Other non-cash transactions	(116)	406	—	(3)	(75)
Operating profit before working capital changes	34,934	47,233	45,638	10,449	11,789
<i>Working capital adjustments</i>					
(Increase)/decrease in software licenses and other inventory	192	(2,809)	(1,283)	(4,278)	(11,983)
(Increase) in advances issued, trade and other receivables	(23,133)	(26,178)	(34,518)	(80,583)	(90,072)
Increase in contract liabilities, trade and other payables	8,317	30,272	45,485	69,414	88,239
Cash generated from operations	20,310	48,518	55,322	(4,998)	(2,027)
Income tax paid	(5,318)	(2,522)	(16,213)	(199)	(429)
Net cash from operating activities	14,992	45,996	39,109	(5,197)	(2,456)
Investing activities					
Acquisition of subsidiaries, net of cash acquired	(4,153)	(369)	(16,582)	—	(10,021)
Disposal of subsidiaries	—	—	(545)	—	(1,402)
Investment in Crayon shares	(13,530)	—	—	—	—
Purchase of property, plant and equipment	(2,247)	(3,186)	(4,784)	(216)	(2,726)
Purchases of intangible assets, including amounts of costs capitalized	(6,330)	(4,904)	(16,857)	(1,303)	(2,495)
Loans issued	(4,385)	(9,530)	(3,702)	(6,590)	(14,187)
Interest received (loans and deposits)	1,014	890	1,727	244	200
Loan collected	6,848	5,265	3,280	41	12,062
Net cash used in investing activities	(22,783)	(11,834)	(37,463)	(7,824)	(18,569)
Cash flows from financing activities					
Repayment of borrowings	(194,581)	(188,272)	(269,153)	(44,602)	(100,966)
Proceeds from borrowings	227,219	190,251	348,469	69,853	121,462
Overdrafts and revolving credit lines cash turnover, net	1,400	(1,634)	3,626	1,856	(362)
Payment of principal portion of lease liabilities	(4,402)	(6,329)	(8,740)	(1,547)	(2,047)
Interest paid (borrowings and finance lease)	(12,053)	(15,910)	(14,908)	(1,727)	(4,281)
Redemption of shares	—	—	(16,899)	—	—
Distributions to minorities	—	—	(61)	—	—
Distributions to shareholders	—	—	(7,525)	—	—
Acquisition of non-controlling interest	—	—	—	—	(2,707)
Net cash from / (used in) financing activities	17,583	(21,894)	34,809	23,833	11,099
Foreign exchange difference	(3,938)	(1,416)	(1,820)	(1,652)	(1,610)
Net increase in cash and cash equivalents	5,854	10,852	34,635	9,160	(11,536)
Cash in banks and on hand at beginning of the period	38,274	44,128	54,980	54,979	89,615
Cash in banks and on hand at end of the period	44,128	54,980	89,615	64,139	78,079

Non-IFRS Measures

The table below presents certain non-IFRS financial measures for the years ended 31 March 2019, 2020 and 2021 and for the three months ended 30 June 2020 and 2021. The Directors believe that these measures provide useful information with respect to the performance of its business and operations. These non-IFRS financial measures are not audited. They are not meant to be considered in isolation or as a substitute for metrics of financial performance reported in accordance with IFRS. Moreover, these measures may be defined or calculated differently by other companies and, as a result, they may not be comparable to similar measures calculated by the Group's peers. See "Presentation of Financial and Other Information—Presentation of Non-IFRS Financial Information".

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars, unless otherwise indicated)				
Turnover ⁽¹⁾	1,351,580	1,610,711	1,788,481	409,002	503,169
Turnover growth ⁽²⁾		19.2%	11.0%		23.0%
Turnover, CCY ⁽³⁾	1,531,260	1,651,081	2,014,307	466,117	507,329
Turnover growth, CCY ⁽⁴⁾		20.2%	25.1%		24.0%
Gross profit, CCY ⁽⁵⁾	229,512	224,837	251,678	54,455	63,112
Gross profit growth, CCY ⁽⁶⁾		11.7%	13.5%		30.3%
Adjusted EBITDA ⁽⁷⁾	34,525	45,970	52,093	9,716	12,752
Adjusted EBITDA growth ⁽⁸⁾		33.1%	13.3%		31.3%
Adjusted EBITDA margin ⁽⁹⁾	16.9%	20.7%	23.1%	20.1%	20.5%
Adjusted EBITDA, CCY ⁽¹⁰⁾	40,816	46,253	56,767	11,714	12,856
Adjusted EBITDA growth, CCY ⁽¹¹⁾		36.3%	23.5%		32.3%
Recurring turnover ⁽¹²⁾	38%	51%	56%	56%	60%
Adjusted profit ⁽¹³⁾	402	9,541	16,269	2,002	1,348

(1) "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. Turnover does not reflect the costs of third party software products in situations when the Group acts as an agent. The reconciliation of the Group's revenue to turnover is as follows:

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars)				
Revenue	1,129,469	1,361,659	1,516,911	349,819	443,553
Less: Cost paid to the vendors of software subscriptions, software assurance, product maintenance and cloud services, where the Group acts as an agent	(222,111)	(249,052)	(271,570)	(59,183)	(59,616)
Turnover	<u>1,351,580</u>	<u>1,610,711</u>	<u>1,788,481</u>	<u>409,002</u>	<u>503,169</u>

(2) "Turnover growth" is the year-on-year growth of turnover.

(3) "Turnover, CCY" is the Group's turnover calculated on a constant currency basis. To calculate turnover in constant currency, for every country of operations, the Group applies the prior year's average exchange rate for that country's functional currency to U.S. dollar to turnover in functional currency of the current year. This methodology is applied for every country of operations and then consolidated at the Group level.

(4) "Turnover growth, CCY" is the year-on-year growth of turnover on a constant currency basis, calculated as turnover in any year ("T") at the average annual foreign exchange rate of the previous year ("T-1") compared to turnover for year T in reported currency.

(5) "Gross profit, CCY" is the Group's gross profit calculated on a constant currency basis. To calculate gross profit in constant currency, for every country of operations, the Group applies the prior year's average exchange rate for that country's functional currency to U.S. dollar to gross profit in functional currency of the current year. This methodology is applied for every country of operations and then consolidated at the Group level.

(6) "Gross profit growth, CCY" is the year-on-year growth of gross profit on a constant currency basis, calculated as gross profit in any year ("T") at the average annual foreign exchange rate of the previous year ("T-1") compared to gross profit for year T in reported currency.

(7) "Adjusted EBITDA" is profit before interest, income tax, depreciation, impairment and acquisition-related expenses (including related to employees compensation arising at the moment of acquisition), excluding the cost of charity, exchange rate gains and losses, other items that it considers to be non-recurring or one-off and share-based payments. The reconciliation of the Group's profit/(loss) for the year to Adjusted EBITDA is as follows:

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars)				
Profit/(loss) for the year	402	9,541	(2,190)	2,002	1,348
<i>Added back:</i>					
Taxes, fines and penalties for the previous years	—	—	18,459	—	—
Adjusted profit	402	9,541	16,269	2,002	1,348
Income tax expense	3,432	3,521	4,441	522	552
Depreciation and amortisation	8,739	12,241	14,805	3,291	4,887
Foreign exchange gain	2,869	857	1,721	1,372	771
Net financial income and expenses	13,038	15,672	10,956	2,049	3,918
Property and equipment write-off	736	(93)	(99)	(2)	3
Employee termination payments	2,076	582	251	143	94
Share-based payments	623	815	380	—	—
One-off items (penalties and acquisition-related expenses)	2,610	2,834	3,369	337	1,179
Adjusted EBITDA	34,525	45,970	52,093	9,714	12,752

- (8) “Adjusted EBITDA growth” is the year-on-year growth of Adjusted EBITDA.
- (9) “Adjusted EBITDA margin” is Adjusted EBITDA for the period divided by gross profit for the period.
- (10) “Adjusted EBITDA, CCY” is the Group’s Adjusted EBITDA calculated on a constant currency basis. To calculate Adjusted EBITDA in constant currency, for every country of operations, the Group applies the prior year’s average exchange rate for that country’s functional currency to U.S. dollar to Adjusted EBITDA in functional currency of the current year. This methodology is applied for every country of operations and then consolidated at the Group level.
- (11) “Adjusted EBITDA growth, CCY” is the year-on-year growth of Adjusted EBITDA on a constant currency basis, calculated as Adjusted EBITDA in any year (“T”) at the average annual foreign exchange rate of the previous year (“T-1”) compared to Adjusted EBITDA for year T in reported currency.
- (12) “Recurring turnover” is the sum of Subscription, Cloud resale and Softline Cloud turnover, divided by total turnover. Recurring turnover is the portion of the Group’s turnover that is expected to continue in the future. The following table sets out the Group’s recurring and non-recurring turnover for the periods indicated:

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars)				
Subscription	318,447	498,935	526,065	115,206	132,305
Cloud resale	180,370	309,256	458,702	112,094	166,058
Softline Cloud	10,596	14,748	15,707	3,005	2,524
Recurring turnover	509,413	822,939	1,000,474	230,305	300,887
Software and licenses	617,409	544,636	525,276	123,060	145,354
Hardware	174,735	189,777	200,710	43,921	33,977
Services	50,023	53,359	62,021	11,716	22,951
Non-recurring turnover	842,167	787,772	788,007	178,697	202,282
Total turnover	1,351,580	1,610,711	1,788,481	409,002	503,169

- (13) “Adjusted profit” is profit for the year excluding non-recurring tax expense for previous years. The reconciliation of the Group’s profit/loss for the year to adjusted profit is as follows:

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars)				
Profit/(loss) for the year	402	9,541	(2,190)	2,002	1,348
<i>Added back:</i>					
Taxes, fines and penalties for the previous years	—	—	18,459	—	—
Adjusted profit	402	9,541	16,269	2,002	1,348

Certain Segmental Information

The following table shows the Group's turnover and gross profit by product line for the periods indicated:

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in millions of U.S. dollars)				
Turnover⁽¹⁾					
Software & Cloud	1,116,226	1,352,827	1,510,043	350,360	443,717
Hardware	174,735	189,777	200,710	43,921	33,977
Services	60,619	68,107	77,728	14,721	25,475
Total	1,351,580	1,610,711	1,788,481	409,002	503,169
Gross profit					
Software & Cloud	139,154	148,738	137,388	33,434	43,596
Hardware	22,773	22,436	30,624	4,671	3,386
Services	42,120	50,543	57,917	10,317	15,314
Total	204,047	221,717	225,929	48,422	62,296

(1) Turnover differs from revenues in that it includes Costs paid to the vendors in of software subscriptions, software assurance, product maintenance and cloud services, where the Group acts as an agent. Such costs amounted to: (a) for Software & Cloud—\$270,326 thousands, \$245,419 thousands and \$204,056 thousands for years ended 31 March 2021, 2020 and 2019; and \$58,322 thousands and \$51,983 thousands for quarters ended 30 June 2021 and 2020, respectively; (b) for Hardware—\$966 thousands, \$3,259 thousands and \$10,846 thousands, for years ended 31 March 2021, 2020 and 2019; and \$1,238 thousands and \$846 thousands for quarters ended 30 June 2021 and 2020, respectively; and (c) for Services—\$278 thousands, \$374 thousands and \$7,209 thousands for years ended 31 March 2021, 2020 and 2019; and \$56 thousands and \$6,354 thousands for quarters ended 30 June 2021 and 2020, respectively.

The following table shows the Group's turnover, gross profit and Adjusted EBITDA by geographical segment for the periods indicated:

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in millions of U.S. dollars)				
Turnover⁽¹⁾					
Russia	914,348	1,046,079	1,081,609	229,756	233,547
RoE	102,482	125,746	125,239	23,832	29,859
EMEA	13,104	33,010	42,102	6,796	20,929
LATAM	210,450	198,110	208,319	74,442	60,609
APAC	120,831	222,798	345,319	77,785	162,347
HQ	(9,635)	(15,032)	(14,107)	(3,609)	(4,122)
Total	1,351,580	1,610,711	1,788,481	409,002	503,169
Gross profit					
Russia	143,900	156,619	153,553	31,533	33,406
RoE	23,110	25,416	24,996	6,033	7,435
EMEA	1,443	2,076	7,393	727	6,580
LATAM	18,564	16,603	22,033	5,876	5,404
APAC	9,036	12,106	17,954	3,879	9,471
HQ	7,994	8,897	—	374	—
Total	204,047	221,717	225,929	48,422	62,296
Adjusted EBITDA					
Russia	41,755	48,949	52,875	9,053	7,494
RoE	1,811	3,937	9,159	2,173	2,482
EMEA	(1,368)	(1,154)	(944)	(246)	231
LATAM	(8,584)	(3,974)	6,193	1,139	1,462
APAC	2,348	3,315	6,473	1,116	6,044
HQ	(1,437)	(5,103)	(21,663)	(3,521)	(4,961)
Total	34,525	45,970	52,093	9,714	12,752

(1) Turnover differs from revenues in that it includes Costs paid to the vendors in Russia, RoE, EMEA, LATAM, APAC, where the Group acts as an agent. Such costs amounted to: (a) for Russia—\$140,920 thousands, \$134,437 thousands and \$110,994 thousands for years ended 31 March 2021, 2020 and 2019; and \$24,585 thousands and \$18,711 thousands for quarters ended 30 June 2021 and 2020, respectively; (b) for RoE—\$20,014 thousands, \$16,513 thousands and \$14,808 thousands, for years ended 31 March 2021, 2020 and 2019; and \$4,873 thousands and \$3,897 thousands for quarters ended 30 June 2021 and 2020, respectively;

(c) for EMEA—\$720 thousands, \$534 thousands and \$(1,651) thousands for years ended 31 March 2021, 2020 and 2019; and \$356 thousands and \$127 thousands for quarters ended 30 June 2021 and 2020, respectively; (d) for LATAM—\$106,318 thousands, \$94,505 thousands and \$97,017 thousands for years ended 31 March 2021, 2020 and 2019; and \$27,836 thousands and \$35,536 thousands for quarters ended 30 June 2021 and 2020, respectively; (e) for APAC –\$3,598 thousands, \$3,063 thousands and \$944 thousands for years ended 31 March 2021, 2020 and 2019; and \$1,966 thousands and \$912 thousands for quarters ended 30 June 2021 and 2020, respectively.

Selected Historical Financial Information of Recent Acquisitions

The Group has completed a number of acquisitions during and subsequent to the year ended 31 March 2021. See “*Operating and Financial Review—Significant Factors Affecting Results of Operations—Impact of M&A*”. In order to enable better assessment of these acquisitions’ financial performance, additional historical financial information of each acquired entity for the most recently available period is set forth below.

Selected Historical Financial Information of Aplana, Embee and Softline AG

The selected historical financial information of Aplana, Embee and Softline AG presented for the year ended 31 March 2021 set out below was prepared in accordance with IFRS and is extracted from Note 34 to the Consolidated Financial Statements. The amounts presented in the Consolidated Financial Statements are inclusive of the effects of preliminary purchase accounting. The audited stand alone Embee Financial Statements are included elsewhere in the Prospectus, see “*Index to the Financial Statements*”. The results of Embee extracted from the Group’s Consolidated Financial Statements presented below and those in the stand alone Embee Financial Statements included elsewhere in the Prospectus are not identical due to purchase price adjustments and foreign currency translation differences used in the preparation of the Embee Financial Statements as compared to those used in the preparation of the Group’s Consolidated Financial Statements.

The results of operations and financial condition of Aplana and Embee have been consolidated in the Group’s results from 29 October 2020 and 15 January 2021, respectively, the dates of their acquisition. The results of operations and financial condition of Softline AG have been consolidated in the Group’s results from 10 December 2020, the date on which control was obtained, in accordance with IFRS 10. Set forth below is selected historical financial information of Aplana, Embee and Softline AG for the periods prior to their acquisition and following their acquisition as set out in Note 34 to the Consolidated Financial Statements.

	Year ended 31 March 2021								
	Aplana			Embee			Softline AG		
	Pre-Acquisition ⁽¹⁾	Post-Acquisition ⁽²⁾	Total	Pre-Acquisition ⁽³⁾	Post-Acquisition ⁽⁴⁾	Total	Pre-Acquisition ⁽⁵⁾	Post-Acquisition ⁽⁶⁾	Total
	(in thousands of U.S. dollars, unaudited)								
Turnover	3,668	3,813	7,481	64,208	35,440	99,647	24,497	6,908	31,405
Gross Profit	1,053	2,016	3,069	8,289	3,325	11,615	14,716	4,164	18,880
Adjusted EBITDA	(298)	897	598	2,285	2,053	4,338	491	(110)	381

- (1) Reflects Aplana’s results from 1 April 2020 to 28 October 2020, the date prior to which Aplana was acquired and its results were consolidated in the Group’s results of operations.
- (2) Reflects Aplana’s results from 29 October 2020, the date on which Aplana was acquired and its results were consolidated in the Group’s results of operations, to 31 March 2021.
- (3) Reflects Embee’s results from 1 April 2020 to 14 January 2021, the date prior to which Embee was acquired and its results were consolidated in the Group’s results of operations.
- (4) Reflects Aplana’s results from 15 January 2021, the date on which Embee was acquired and its results were consolidated in the Group’s results of operations, to 31 March 2021.
- (5) Reflects Softline AG’s results from 1 April 2020 to 9 December 2020, the date prior to which control was obtained and Softline AG’s results were consolidated in the Group’s results of operations.
- (6) Reflects Softline AG’s results from 10 December 2020, the date on which control was obtained and Softline AG’s results were consolidated in the Group’s results of operations, to 31 March 2021.

Selected Historical Financial Information of Other Recent Acquisitions

The selected historical financial information of NCSD, Digitech, Belitsoft and Squalio presented for the year ended 31 March 2021 was unaudited and prepared in accordance IFRS. In addition, the audited stand alone NCSD Financial Statements are included elsewhere in the Prospectus, see “*Index to the Financial Statements*”. The NCSD Financial Statements are presented for the years ended 31 December 2018, 2019 and 2020 and are thus not directly comparable to the results presented below for the year ended 31 March 2021.

The financial information for this period as set out below has not been consolidated in the Group’s results of operations and financial condition for the year ended 31 March 2021. The results of operations and financial

condition of each acquisition have been consolidated in the Group's results from the date of such acquisition. For further information, see "*Operating and Financial Review—Significant Factors Affecting Results of Operations—Impact of M&A*".

	Year ended 31 March 2021			
	NCS	Digitech	Belitsoft	Squalio
	(in thousands of U.S. dollars, unaudited)			
Turnover	4,300	26,422	13,302	57,754
Gross Profit	3,611	3,048	3,684	6,176
Adjusted EBITDA	3,457	2,394	1,609	2,420

For the audited stand alone Embee Financial Statements and NCS Financial Statements see "*Index to the Financial Statements*".

OPERATING AND FINANCIAL REVIEW

The following overview of the Group's financial condition and results of operations as at and for the years ended 31 March 2019, 2020 and 2021 and as at and for the three months ended 30 June 2020 and 2021 should be read in conjunction with the Financial Statements and related notes included elsewhere in this Prospectus. Investors should not rely solely on the information contained in this section, but should read the following discussion together with the whole of this Prospectus.

The following discussion and analysis of financial position and results of operations includes forward-looking statements that reflect the current views of the Group's management and involve inherent risks and uncertainties. The actual results of the Group's operations could differ materially from those contained in such forward-looking statements due to the factors discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors".

The selected consolidated financial information in this section has been extracted, or recalculated based on the information derived, from the Financial Statements, in each case without material adjustment, unless otherwise stated, as well as from internal data concerning the Group contained in the Company's management financial reports. The Financial Statements have been prepared in accordance with IFRS and IAS 34. See "Presentation of Financial and Other Information".

Overview

The Group is a leading global solutions and services provider in digital transformation and cybersecurity, with its headquarters in London. The Group drives customers' digital journey. It enables, facilitates and accelerates the digital transformation of its customers' businesses, connecting over 150,000 enterprise customers across a comprehensive range of industries with over 6,000 best-in-class IT vendors and delivering its own services and proprietary solutions. With approximately 6,000 employees globally, the Group operates in more than 50 countries with significant growth potential (including Brazil, India, Malaysia and Russia), addresses the entire range of its customers' IT needs and is positioned at the centre of the digital transformation megatrend.

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

- *Software & Cloud* (which represented 84.4 per cent. of turnover and 60.8 per cent. of gross profit in the year ended 31 March 2021), comprising (i) software solutions, which incorporate traditional licensing and subscription agreements for a full range of software products, including operating systems, virtualisation, cybersecurity, business productivity, creativity, education and other, from many blue-chip software vendors, such as Microsoft, Adobe, Cisco, IBM and Oracle; and (ii) cloud solutions, which incorporate a diverse portfolio of cloud computing services, including public cloud, dedicated private cloud and hybrid cloud solutions based on leading vendor technologies and services, including AWS, Google Cloud Platform and Microsoft Azure, and the Group's own multi-cloud management platform, CloudMaster;
- *Hardware* (which represented 11.2 per cent. of turnover and 13.6 per cent. of gross profit in the year ended 31 March 2021), offering the required capabilities to provide and deploy a full range of workplace, data centre and network infrastructure solutions, from innovating with the customer to supporting the estate, utilising hardware offerings from leading vendors, including, among others, Apple, Cisco, Dell Technologies, Hewlett Packard Enterprise and HP Inc.; and
- *Services* (which represented 4.3 per cent. of turnover and 25.6 per cent. of gross profit in the year ended 31 March 2021), comprising cybersecurity, future workplace, IT infrastructure, digital solutions, SAM and the Group's own public cloud services (Softline Cloud), as well as next generation services, such as software and application development and engineering, and co-innovation with customers on both their standard and specialised IT needs using AI/ML, RPA, IoT and other technologies.

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

With its substantial direct sales channel, various e-commerce capabilities coupled with SDP and indirect sales engine, the Group uses a full spectrum of sales channels to cater to every type of customer. SDP is a proprietary and differentiating platform consisting of ActivePlatform (subscription management), CloudMaster

(multi-cloud management) and an e-commerce store. The Group is well positioned to further capitalise on the changing B2B procurement approaches by customers, the growing vendor landscape and the increasing importance of the subscription licensing model.

The Group benefits from strong relationships with its vendors. Microsoft is the Group's most notable vendor, with which the Group has collaborated for over 25 years. Microsoft is also currently a strategic vendor for the vast majority of enterprises, delivering the technology that underpins most modern enterprises' digital architecture. The Group is one of only ten Microsoft globally managed LSPs in the world, which provides the Group with advanced selling, marketing and technical support benefits from Microsoft. In the year ended 31 March 2021, turnover from sales of Microsoft products and services constituted 48 per cent. of the Group's total turnover.

The Group also maintains robust relationships with its other strategic vendors (including Adobe, AWS, Apple, Cisco, Dell Technologies, Google, Hewlett Packard Enterprise, HP, IBM and Oracle). These relationships span decades and multiple geographies. The Group has obtained the highest partner status with all of its strategic vendors. By matching vendors' capabilities with the Group's services in an efficient way, the Group creates, delivers, continuously develops and secures for its customers the infrastructure required for their digital transformation.

The Group has a long-standing track record of double-digit organic growth, supplemented by strategic acquisitions focused on expansion of its geographic reach and sales channels, portfolio and capabilities. From the year ended 31 March 2007 to the year ended 31 March 2021, the Group delivered a 25 per cent. CAGR in turnover on a reporting currency basis and a 34 per cent. CAGR in turnover on a local currency basis, outperforming the market over the same period. The Group's Adjusted EBITDA has also grown at CAGR of 32 per cent. on a constant currency basis from the year ended 31 March 2017 to the year ended 31 March 2021. The Group's share of recurring turnover has grown during the last three years, reaching 56 per cent. of the Group's total turnover in the year ended 31 March 2021. The Directors therefore believe that the Group is well positioned to further scale its business going forward through geographical, portfolio and sales channel expansion.

For the years ended 31 March 2019, 2020 and 2021, the Group's turnover was \$1,352 million, \$1,611 million and \$1,788 million, respectively; the Group's revenue was \$1,129 million, \$1,362 million and \$1,517 million, respectively; and the Group's Adjusted EBITDA was \$35 million, \$46 million and \$52 million, respectively.

Key Performance Indicators

Senior Management considers a range of financial measures and other metrics in assessing the Group's performance, and the Directors believe that each of these KPIs provides useful information regarding the Group's business and operations. Apart from gross profit and adjusted EBITDA, the KPIs are based on the Group's estimates and are not part of the Group's audited, consolidated financial statements and have not been audited or otherwise reviewed by external auditors. These non-IFRS financial measures and metrics are not meant to be considered in isolation or as a substitute for measures of financial performance reported in accordance with IFRS. Moreover, these measures and metrics may be defined or calculated differently by other companies and, as a result, the Group's KPIs may not be directly comparable to similar measures and metrics calculated by its peers. For further information on the non-IFRS financial measures and KPIs the Group uses, including a reconciliation to the most directly comparable financial measures calculated in accordance with IFRS, see "*Presentation of Financial and Other Information—Presentation of Non-IFRS Financial Information*" and "*Selected Financial and Operating Information—Non-IFRS Measures*".

The following table sets out a summary of key performance indicators for the Group's business for the years ended 31 March 2019, 2020 and 2021 and the three months ended 30 June 2020 and 2021, which are unaudited, except for gross profit for the years ended 31 March 2019, 2020 and 2021, which have been extracted from the Financial Statements.

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars, unless otherwise indicated)				
Turnover ⁽¹⁾	1,351,580	1,610,711	1,788,481	409,002	503,169
Turnover growth ⁽²⁾		19.2%	11.0%		23.0%
Turnover, CCY ⁽³⁾	1,531,260	1,651,081	2,014,307	466,117	507,329
Turnover growth, CCY ⁽⁴⁾		20.2%	25.1%		24.0%
Gross profit	204,047	221,717	225,929	48,422	62,296
Gross profit growth		8.7%	1.9%		28.7%
Gross profit, CCY ⁽⁵⁾	229,512	224,837	251,678	54,455	63,112
Gross profit growth, CCY ⁽⁶⁾		11.7%	13.5%		30.3%
Adjusted EBITDA ⁽⁷⁾	34,525	45,970	52,093	9,714	12,752
Adjusted EBITDA growth ⁽⁸⁾		33.1%	13.3%		31.3%
Adjusted EBITDA margin ⁽⁹⁾	16.9%	20.7%	23.1%	20.1%	20.5%
Adjusted EBITDA, CCY ⁽¹⁰⁾	40,816	46,253	56,767	11,714	12,856
Adjusted EBITDA growth, CCY ⁽¹¹⁾		36.3%	23.5%		32.3%
Recurring turnover ⁽¹²⁾	38%	51%	56%	230,305	300,887
Adjusted profit ⁽¹³⁾	402	9,541	16,269	2,002	1,348

- (1) “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. Turnover does not reflect the costs of third party software products in situations when the Group acts as an agent. For a reconciliation of the Group’s revenue to turnover, see “Selected Financial and Operating Information—Non-IFRS Measures”.
- (2) “Turnover growth” is the year-on-year growth of turnover.
- (3) “Turnover, CCY” is the Group’s turnover calculated on a constant currency basis. To calculate turnover in constant currency, for every country of operations, the Group applies the prior year’s average exchange rate for that country’s functional currency to U.S. dollar to turnover in functional currency of the current year. This methodology is applied for every country of operations and then consolidated at the Group level.
- (4) “Turnover growth, CCY” is the year-on-year growth of turnover on a constant currency basis, calculated as turnover in any year (“T”) at the average annual foreign exchange rate of the previous year (“T-1”) compared to turnover for year T in reported currency.
- (5) “Gross profit, CCY” is the Group’s gross profit calculated on a constant currency basis. To calculate gross profit in constant currency, for every country of operations, the Group applies the prior year’s average exchange rate for that country’s functional currency to U.S. dollar to gross profit in functional currency of the current year. This methodology is applied for every country of operations and then consolidated at the Group level.
- (6) “Gross profit growth, CCY” is the year-on-year growth of gross profit on a constant currency basis, calculated as gross profit in any year (“T”) at the average annual foreign exchange rate of the previous year (“T-1”) compared to gross profit for year T in reported currency.
- (7) “Adjusted EBITDA” is profit before interest, income tax, depreciation, impairment and acquisition-related expenses (including related to employees compensation arising at the moment of acquisition), excluding the cost of charity, exchange rate gains and losses, other items that it considers to be non-recurring or one-off and share-based payments. For a reconciliation of the Group’s profit for the year to Adjusted EBITDA, see “Selected Financial and Operating Information—Non-IFRS Measures”.
- (8) “Adjusted EBITDA growth” is the year-on-year growth of Adjusted EBITDA.
- (9) “Adjusted EBITDA margin” is Adjusted EBITDA for the period divided by gross profit for the period.
- (10) “Adjusted EBITDA, CCY” is the Group’s Adjusted EBITDA calculated on a constant currency basis. To calculate Adjusted EBITDA in constant currency, for every country of operations, the Group applies the prior year’s average exchange rate for that country’s functional currency to U.S. dollar to Adjusted EBITDA in functional currency of the current year. This methodology is applied for every country of operations and then consolidated at the Group level.
- (11) “Adjusted EBITDA growth, CCY” is the year-on-year growth of Adjusted EBITDA on a constant currency basis, calculated as Adjusted EBITDA in any year (“T”) at the average annual foreign exchange rate of the previous year (“T-1”) compared to Adjusted EBITDA for year T in reported currency.
- (12) “Recurring turnover” is the sum of Subscription, Cloud resale and Sofline Cloud turnover, divided by total turnover. Recurring turnover is the portion of the Group’s turnover that is expected to continue in the future.
- (13) “Adjusted profit” is profit for the year excluding non-recurring tax expense for previous years. For a reconciliation of the Group’s profit for the year to adjusted profit, see “Selected Financial and Operating Information—Non-IFRS Measures”.

Significant Factors Affecting Results of Operations

The Group believes that the following key factors have affected the Group’s results of operations in the years ended 31 March 2019, 2020 and 2021 and the three months ended 30 June 2020 and 2021 and will continue to affect the Group’s results of operations in the future.

Market growth and trends

The Group's ability to generate gross profit is significantly affected by trends and developments in the software, hardware, cloud and services segments of the IT market globally and in the markets in which the Group operates. The Group's business has been supported by robust market growth in these areas in recent years.

Growth in the Group's markets is driven by a number of trends, including the increasing strategic significance of technology for businesses as every interaction is becoming increasingly digital and as sales and other operations are becoming increasingly data driven. The complexity of technology is also rapidly increasing for enterprises as they face (i) growing speed and agility requirements, (ii) a number of different business models through which they can procure IT services and solutions and (iii) an increasing number of purchasing points inside the enterprise, as many of those business models effectively democratise the way IT is procured. For example, subscriptions for software and cloud infrastructure, as relatively new business models, are increasingly replacing on-premises installations. These models allow businesses to be agile, but make such businesses' IT estate and assets more difficult to manage and secure. These trends not only drive spending on software, cloud and cybersecurity products but also increase demand for the services of third-party technology solutions providers, like the Group, that are able to help businesses design, buy, implement, build, manage and regularly optimise and orchestrate their IT estate.

The Directors expect that these trends will continue to drive market growth in the near- and medium-term future. The global IT market in which the Group operates is forecasted to grow at approximately 8 per cent. per year, from an estimated \$3.6 trillion in 2020 to an estimated \$4.9 trillion in 2024 (*Source: AMR International*). Furthermore, the Group's actual addressable market (representing software, hardware, cloud and services spend across the addressable emerging markets of emerging APAC (including India), LATAM (including Brazil), Russia, RoE and emerging EMEA) is forecasted to grow at approximately 9 per cent. per year, from an estimated \$352 billion in 2020 to an estimated \$490 billion in 2024, outperforming the global IT market spend (*Source: AMR International*). See also "*Industry Overview*". The Directors believe that the Group is well positioned to capture an increasing share of this growing market, particularly in high-growth segments, such as cloud.

Growth of customer base

The expansion of the Group's customer base and its share of wallet of existing customers is a key driver of the Group's turnover growth. Turnover has increased by 19.2 per cent. from \$1,352 million in the year ended 31 March 2019 to \$1,611 million in the year ended 31 March 2020 and again by 11.0 per cent. to \$1,788 million in the year ended 31 March 2021. Over the same periods, average revenue per enterprise customer has grown from \$400,000 in the year ended 31 March 2019 to \$450,000 in the year ended 31 March 2020 and \$465,000 in the year ended 31 March 2021, and average revenue per SMB customer has grown from \$6,500 in the year ended 31 March 2019 to \$6,900 in the year ended 31 March 2020 and \$7,200 in the year ended 31 March 2021.

Customer numbers have grown consistently over the three years ended 31 March 2021, increasing from approximately 108,000 in the year ended 31 March 2019 to approximately 132,000 in the year ended 31 March 2020 and approximately 152,000 in the year ended 31 March 2021. Growth in customer numbers has been across a range of sub sectors and organisation types within the Group's public and private sector client bases, and the Group has low levels of customer concentration with no more than 2.6 per cent. of its gross profit in any of the years ended 31 March 2019, 2020 or 2021 generated by a single customer. The Directors believe that the diversification of the customer base has helped to underpin growth in gross profit, given that a balance of customers across geographies, industries and sectors (including both private and public) increases the Group's resilience and provides the Group with opportunities for growth through economic cycles.

The growth and development of the Group's customer base has also been driven by the growth of its sales team, which has grown from 2,091 employees in the year ended 31 March 2019 to 2,174 employees in the year ended 31 March 2020 and 2,356 employees in the year ended 31 March 2021. In addition, account managers and other sales personnel aim to establish and develop close relationships with customers' IT managers (or other relevant purchasing decision makers), so that the Group becomes their preferred IT infrastructure and services provider. In particular, account managers play an important role in growing the customer base, as they are responsible for developing their own new customer relationships. As customer relationships mature, customers typically will purchase additional, and more complex, products and services, generally resulting in increased spend over time. For example, annual payments from the Group's "enterprise" customers (which the Group classifies as large, regional and global accounts in a range of industries in both the private and public

sector or modern companies of any size with significant IT needs) grew from approximately \$399,600 in the year ended 31 March 2019 to approximately \$464,600 in the year ended 31 March 2021. Likewise, annual payments from the Group's SMB customers grew from approximately \$6,500 in the year ended 31 March 2019 to approximately \$7,200 in the year ended 31 March 2021. The Group's sales and account management teams aim to develop strong relationships with their customers to better understand their IT requirements and to introduce those clients to new IT solutions as technology progresses. The Group also emphasises upselling and cross-selling of additional products and solutions to its existing customer base.

The Directors believe that the Group's success in building relationships with customers, increasing their spend with the Group and delivering exceptional customer service to them has made customers more likely to recommend the Group to other potential customers. The Group had an NPS score of 83 per cent. in 2020, demonstrating the high level of customer experience and loyalty. In addition, as account managers specifically seek to develop relationships with customers' IT managers (or other relevant purchasing decision makers), when those IT managers move to other organisations, the Directors believe that the Group is well-placed to maintain the relationship and earn new business from those organisations. The Directors, therefore, believe that the Group's results of operations are dependent, in part, upon it being able to attract, recruit and retain high quality employees who, in turn, are able to develop a loyal customer base willing to increase their spend with the Group over time. See also "*—Staff productivity and personnel retention*" below.

Recurring turnover

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

The solutions offered to the Group's customers increasingly include cloud-based products which provides an opportunity for the Group to increase the proportion of its gross profit base derived from annuity-type revenue streams, including the provision of proprietary solutions, such as CloudMaster. The Group's increasing share of wallet of existing customers is reflected in its strong recurring turnover, which increased from 38 per cent. in the year ended 31 March 2019 to 56 per cent. in the year ended 31 March 2021. The Directors expect that the proportion of the Group's turnover which is recurring turnover will increase over time, targeting a larger majority of the Group's total turnover in the longer term, reflecting the industry trends and growing customer preference for such products and the widespread adoption of subscription software and cloud propositions.

As recognition of turnover from annuity-type contracts is spread across the term of a contract, rather than the full contract value being recognised at the time of sale, the transition to a recurring turnover model has had a negative impact on the Group's turnover growth rate during the period under review. However, the Directors believe this transition is ultimately beneficial to the Group's operations as it further entrenches the Group with its customers and makes the business more stable and predictable. The Group therefore intends to continue to support this transition and aims to increase its proportion of recurring turnover.

Vendor relationships

The Group's ability to generate and increase its gross profit is significantly impacted by the financial position and growth of its vendors and their ability to continue to provide products and services that the Group's customers want to buy. The Group has established many long-standing relationships with key vendors and enjoys strong trading relationships with over 6,000 vendors as at 30 June 2021. Turnover from sales of the Group's top ten strategic vendors' products and services was \$1,053 million in the year ended 31 March 2021, accounting for 59 per cent. of the Group's total turnover in the year ended 31 March 2021. The Group is a trusted advisor to its customers for Microsoft products and services with nearly 30 years of partnership, and Microsoft sales have been a significant source of the Group's turnover in the past. Turnover from sales of Microsoft products and services was \$860 million in the year ended 31 March 2021, accounting for 48 per cent. of the Group's total turnover, having increased at a CAGR of 24 per cent. on a constant currency basis from \$456 million in the year ended 31 March 2017. This growth was driven largely by strong sales in Microsoft 365, Azure and Microsoft Dynamics products. Microsoft products and services are expected to continue to contribute a significant percentage of the Group's turnover going forward, in part due to Microsoft's importance to modern enterprises, as, for example, represented by the anticipation of the upcoming launch of Windows 11. According to a recent survey by 451 Research (part of S&P Market Intelligence), 90 per cent. of enterprises use Microsoft and 41 per cent. of respondents named Microsoft as their most strategic vendor, with AWS in second place with 17 per cent.

Over the past five years, the Group’s turnover from sales of its top ten strategic vendors’ products and services has outperformed such vendors’ global revenues in terms of growth. The table below sets out the global turnover growth and vendor turnover growth within the Group by its top ten strategic vendors for the periods under review:

	<u>Global revenue growth⁽¹⁾</u>	<u>Group’s vendor turnover growth⁽²⁾</u>
Microsoft	14%	24%
Google Cloud	48%	55%
Adobe	22%	40%
Oracle	1%	16%
Dell	11%	21%
Apple	6%	159%
HP	4%	35%
Cisco	—	16%
IBM	(2)%	16%
Hewlett Packard Enterprise	(3)%	9%

(1) 2016–2020 CAGR of revenue for all vendors, except Google Cloud which shows 2017–2020 CAGR.

(2) 2016–2020 CCY CAGR of turnover for all vendors, except Google Cloud which shows 2017–2020 CCY CAGR.

The fee arrangements between vendors and the Group change periodically, and such changes can also have an impact on the Group’s gross profit. The changes to fee structures are generally aimed at incentivising the Group towards targeting key areas of growth identified by vendors (such as revenue growth in certain product or service areas, new customers acquired or contract renewals), and the Group has been able to respond effectively to these changes in the past as evidenced by its rate of gross profit growth over the previous three financial years. Changes to fee arrangements by Microsoft have the largest impact on the Group, and Microsoft makes changes to its fees structure annually, with the majority of such changes coming into effect on 1 October of each year. Recent changes have reduced general, account services and transaction fees in relation to enterprise agreements with the aim of incentivising the Group to focus on CSP agreements and drive usage and adoption of Microsoft Cloud products, with a focus on advanced workloads. While the reduction in transactional fees related to enterprise agreements may have an adverse impact on the Group’s gross profit generated from reselling these agreements, the Directors believe any such impact will be offset by the Group’s ability to shift focus towards higher margin CSP agreements, as well as by increasing sales of Microsoft cloud services to new and existing customers and the Group’s ability to increase the usage of cloud workloads by end customers.

Impact of M&A

The Group’s results of operations have been and are expected to continue to be affected by strategic M&A activity. The Group has completed a number of strategic acquisitions during the period under review, with the aim to expand geographically or enhance the Group’s capabilities in certain technology and service areas. These acquisitions include:

- In August 2019, in exchange for a total consideration of approximately \$0.9 million that includes a contingent payment linked to performance, the Group acquired an effective economic interest in 100 per cent. of the shares in charter capital of High Technology Centre LLC and Engineering Informatics LLC (“**HTC**”), private companies based in Russia, headquartered in Izhevsk and providing various IT services, particularly custom software development. 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 goodwill of \$430,000 arising from the Group’s acquisition of HTC represented the expected benefits from acquiring the team of software development experts to strengthen the Group’s expertise in this area. From the date of acquisition, HTC and II contributed \$2,482,000 of turnover, \$2,482,000 of revenue, \$830,000 of gross profit, \$62,000 of net profit and \$84,000 to Adjusted EBITDA of the Group in the year ended 31 March 2020.
- In November 2020, the Group acquired the software development outsourcing business from Aplana Group. As a result, approximately 180 custom software development specialists joined the Group in three development centres in Russia, with expertise in a number of key industry verticals and a strong international project portfolio. The payment is structured as multiple instalments, totalling up to approximately \$2.7 million. From the date of acquisition, Aplana contributed \$3,813,000 to turnover,

\$3,813,000 to revenue, \$2,016,000 to gross profit, \$817,000 to net profit and \$791,000 to Adjusted EBITDA of the Group in the year ended 31 March 2021.

- In December 2020, the Group agreed to acquire a controlling 63.4 per cent. stake in the German company Softline AG, for a total consideration of \$12.6 million, already paid. Softline AG is a public company and 20.9 per cent. of its shares are floated on the Frankfurt Stock Exchange's Neuer Markt. It specialises in IT consulting in the areas of software and IT asset management, cloud technologies, information security and digital workspace technologies. Softline AG operates in Germany, the Netherlands, Belgium and the United Kingdom and employs more than 200 IT consultants, bolstering the Group's SAM capabilities and establishing its foothold in Western and Northern Europe. The Group has consolidated the results of Softline AG from 10 December 2020, the date on which control was obtained, in accordance with IFRS 10. From the date control was obtained, Softline AG contributed \$6,908,000 to turnover, \$6,908,000 to revenue, \$4,164,000 to gross profit, \$(190,000) to net profit and \$(110,000) to Adjusted EBITDA of the Group in the year ended 31 March 2021. The transaction was completed on 7 April 2021.
- In January 2021, the Group completed the acquisition of a 79.9 per cent. in Embee, an Indian IT company specialising in cloud services, software licensing, cybersecurity and system integration services. The Directors believe this acquisition will strengthen the Group's position in one of the fastest-growing markets in the world, given that the alliance will make the Group Microsoft's second-largest partner in India. This transaction brought the Group's total stake in Embee to 94.8 per cent., when added to the 14.9 per cent. acquired in June 2020. As at September 2021, the Group had an option to acquire the remaining stock of Embee, which was accounted for as if owned by the Group with respective liability at discounted redemption value recorded. The total purchase price for the 100 per cent. stake is subject to Embee's performance and is estimated to be approximately \$42.0 million, including deferred payments linked to the company's performance. From the date of acquisition, Embee contributed \$35,440,000 to turnover, \$35,440,000 to revenue, \$3,325,000 to gross profit, \$1,984,000 to net profit and \$2,053,000 to Adjusted EBITDA of the Group in the year ended 31 March 2021.
- In April 2021, the Group acquired 99.9 per cent. of NCSD, a licensing service provider operating in Russia, for a total consideration of approximately \$12.4 million, which includes deferred payments contingent on the company's future performance. The seller of NCSD retains security interest over NCSD shares while there are deferred payments outstanding and the security interest over NCSD shares will lapse as deferred payments are made. The Group has consolidated the results of NCSD from 30 April 2021, the date on which control was obtained, in accordance with IFRS 10. The Directors believe this acquisition provides the Group with up-sell potential in Russia, given NCSD's unique content management system IP, with the potential to expand the offering internationally in the longer term.
- In July 2021, the Group acquired Belitsoft, a custom software development services provider based in Belarus with an international customer footprint (approximately 90 per cent. of revenue from outside Belarus, including the United Kingdom, the United States, Israel and Denmark). The Group acquired a 75 per cent. stake in Belitsoft in July 2021 and has agreed to acquire the remaining stake in the year ending 31 March 2026. The Directors believe this acquisition will further strengthen the Group's custom software development capabilities following the acquisitions of HTC and Aplana, adding approximately 350 custom software development specialists.
- In September 2021, the Group acquired 100 per cent. of Squalio's licensing business operations in Lithuania, Latvia and Belarus. Squalio is a leading IT solutions provider operating predominantly across Eastern Europe and with a customer footprint in Western Europe and other geographies. The Directors believe this acquisition strengthens the Group's position in Eastern Europe and provides great potential for further organic expansion into Western European markets.
- In August 2021, the Group entered into a sales and purchase agreement on acquisition of 51% of share capital in Digitech, a leading IT solutions provider operating in Egypt and one of the leading and fastest growing Microsoft partners in the country. The Group will consolidate the results of Digitech from 6 August 2021, when the purchasing agreement was signed and control was obtained, in accordance with IFRS 10. The Directors believe this transaction will allow the Group to significantly expand its business operations in Egypt, leveraging Digitech's status as a Microsoft LSP and CSP.

For additional historical financial information of each acquired entity for the most recently available period, see “*Selected Financial and Operating Information—Selected Historical Financial Information of Recent Acquisitions*”. In addition, the Embee Financial Statements and NCS D Financial Statements are included elsewhere in the Prospectus, see “*Index to the Financial Statements*”.

The following table presents the Group’s turnover and gross profit by product line for the year ended 31 March 2021, as well as the total turnover and gross profit by product line of each of the entities acquired during or subsequent to the year ended 31 March 2021. The “Recent Acquisitions” column reflects the results of operations of these recent acquisitions prior to their consolidation in the Group, during a period in which the Group did not own and operate these assets. The “Recent Acquisitions” column includes results which are unaudited. See “*Selected Financial and Operating Information—Selected Historical Financial Information of Recent Acquisitions*”. The Group has made certain judgements and assumptions in segmenting the results of these acquisitions to reflect the manner in which the Group segments its business, and therefore the segmented figures for the recent acquisitions may not fully reflect the segmental results of the Group following the consolidation of these acquisitions.

	Year ended 31 March 2021			
	The Group		Recent Acquisitions ⁽¹⁾	
	Amount	%	Amount	% ⁽²⁾
	(unaudited)			
	(in thousands of U.S. dollars, unless otherwise indicated)			
Turnover				
Software & Cloud	1,510,043	84%	138,451	(1)%
Hardware	200,710	11%	5,550	(1)%
Services	77,728	4%	50,149	2%
Total	1,788,481	100%	194,150	—
Gross profit				
Software & Cloud	137,388	61%	12,111	(5)%
Hardware	30,624	14%	1,403	(2)%
Services	57,917	26%	27,065	6%
Total	225,929	100%	40,579	—

(1) Reflects total turnover and gross profit by product line of the aggregation of the results of the following: (i) Aplana for the period from 1 April 2020 to 28 October 2020 (the date prior to which Aplana was acquired and its results were consolidated in the Group’s results of operations), (ii) Embee for the period from 1 April 2020 to 14 January 2021 (the date prior to which Embee was acquired and its results were consolidated in the Group’s results of operations), (iii) Sofline AG for the period from 1 April 2020 to 9 December 2020 (the date prior to which control was obtained and Sofline AG’s results were consolidated in the Group’s results of operations), (iv) NCS D for the year ended 31 March 2021, (v) Digitech for the year ended 31 March 2021, (vi) Belitsoft for the year ended 31 March 2021 and (vii) Squalio for the year ended 31 March 2021.

(2) Reflects the incremental impact of the recent acquisitions on each product line.

The following table presents the Group’s turnover, gross profit and Adjusted EBITDA by geographical segment for the year ended 31 March 2021, as well as the total turnover, gross profit and Adjusted EBITDA by geography of each of the entities acquired during or subsequent to the year ended 31 March 2021. The “Recent Acquisitions” column reflects the results of operations of these recent acquisitions prior to their consolidation in the Group, during a period in which the Group did not own and operate these assets. The “Recent Acquisitions” column includes results which are unaudited. See “*Selected Financial and Operating Information—Selected Historical Financial Information of Recent Acquisitions*”. The Group has made certain judgements and assumptions in segmenting the results of these acquisitions by geography to reflect the manner in which the Group segments its business, and therefore the segmented figures for the recent acquisitions may not fully reflect the segmental results of the Group following the consolidation of these acquisitions. In addition, the Embee Financial Statements and NCS D Financial Statements are included elsewhere in the Prospectus, see “*Index to the Financial Statements*”.

	Year ended 31 March 2021			
	The Group		Recent Acquisitions ⁽¹⁾	
	Amount	%	Amount	% ⁽²⁾
	(unaudited)			
	(in thousands of U.S. dollars, unless otherwise indicated)			
Turnover				
Russia	1,081,609	60%	7,968	(6)%
RoE	125,239	7%	13,302	—
EMEA	42,102	2%	108,672	5%
LATAM	208,319	12%	—	(1)%
APAC	345,319	19%	64,208	1%
HQ	(14,107)	(1)%	—	—
Total	1,788,481	100%	194,150	—
Gross profit				
Russia	153,553	68%	4,664	(9)%
RoE	24,996	11%	3,684	—
EMEA	7,393	3%	23,941	8%
LATAM	22,033	10%	—	(1)%
APAC	17,954	8%	8,290	2%
HQ	—	—	—	—
Total	225,929	100%	40,579	—
Adjusted EBITDA				
Russia	52,875	102%	3,159	(15)%
RoE	9,159	18%	1,609	(1)%
EMEA	(944)	(2)%	5,305	9%
LATAM	6,193	12%%	—	(2)%
APAC	6,473	12%%	2,285	1%
HQ	(21,663)	(42)%	—	8%
Total	52,093	100%	12,358	—

(1) Reflects total turnover, gross profit and Adjusted EBITDA by geographical segment of the aggregation of the results of the following: (i) Aplana for the period from 1 April 2020 to 28 October 2020 (the date prior to which Aplana was acquired and its results were consolidated in the Group's results of operations), (ii) Embee for the period from 1 April 2020 to 14 January 2021 (the date prior to which Embee was acquired and its results were consolidated in the Group's results of operations), (iii) Softline AG for the period from 1 April 2020 to 9 December 2020 (the date prior to which control was obtained and Softline AG's results were consolidated in the Group's results of operations), (iv) NCSD for the year ended 31 March 2021, (v) Digitech for the year ended 31 March 2021, (vi) Belitsoft for the year ended 31 March 2021 and (vii) Squalio for the year ended 31 March 2021.

(2) Reflects the incremental impact of the recent acquisitions on each geographical segment.

The following table presents the Group's CAGR of turnover, gross profit and Adjusted EBITDA from the year ended 31 March 2017 to the year ended 31 March 2021. The "Recent Acquisitions" column reflects the incremental effect on reported CAGR of the entities acquired during or subsequent to the year ended 31 March 2021. The "Recent Acquisitions" column includes results which are unaudited. See "*Selected Financial and Operating Information—Selected Historical Financial Information of Recent Acquisitions*". In addition, the

Embee Financial Statements and NCS D Financial Statements are included elsewhere in the Prospectus, see “Index to the Financial Statements”.

	CAGR from year ended 31 March 2017 to year ended 31 March 2021	
	The Group	Recent Acquisitions ⁽¹⁾ (unaudited)
Turnover	19%	3%
Gross profit	12%	5%
Adjusted EBITDA	21%	7%

(1) Reflects the incremental impact on CAGR of the aggregated results of the following: (i) Aplana for the period from 1 April 2020 to 28 October 2020 (the date prior to which Aplana was acquired and its results were consolidated in the Group’s results of operations), (ii) Embee for the period from 1 April 2020 to 14 January 2021 (the date prior to which Embee was acquired and its results were consolidated in the Group’s results of operations), (iii) Softline AG for the period from 1 April 2020 to 9 December 2020 (the date prior to which control was obtained and Softline AG’s results were consolidated in the Group’s results of operations), (iv) NCS D for the year ended 31 March 2021, (v) Digitech for the year ended 31 March 2021, (vi) Belitsoft for the year ended 31 March 2021 and (vii) Squalio for the year ended 31 March 2021.

The Group plans to continue to pursue strategic acquisitions that it believes will complement its capabilities or that expand its scale or geographic footprint, and it currently has over 20 potential targets under review. The impact of acquisitions on the Group’s financial condition and results of operations will depend on its ability to identify and acquire target businesses and assets that fulfil these criteria, integrating them into the Group’s business, and realising the targeted synergies and other expected benefits of the transactions.

Furthermore, in August 2018 the Group entered into an investment deed with a third-party investor (the “Investor”) related to the acquisition of 7,644,039 shares with a nominal value of NOK 1.00 in Crayon Group Holding ASA (“Crayon”), representing a 10.1 per cent. stake. Further it was agreed with the Investor to establish a legal entity OEP ITS HOLDING B.V. (“BidCo”) where the Group would hold 31.7176% in BidCo’s entire issued share capital in exchange for the whole package of Crayon shares, totalling 7,644,039 shares. BidCo held 24,100,307 shares in Crayon representing approximately 29.5% of the share capital of Crayon as at 30 June 2021.

In June 2021 it was agreed between the shareholders of BidCo to sell 8,400,000 shares of Crayon and distribute the funds between investors. The sale included the Group’s effective share of 2,664,278 Crayon shares. The shares were sold on 30 June 2021 for \$114.0 million cash consideration with a discount of 8% to the current market price. Pursuant to an agreement entered into by the Group and the Investor in June 2021, BidCo redeemed all of the Investor’s shares in BidCo (in consideration for the transfer of the Investor’s proportion of the cash proceeds from the sale of the Crayon stake on 30 June 2021 and the Investor’s proportion of the residual Crayon shares held by BidCo). The Group therefore has a residual holding of approximately 6% in Crayon (through BidCo, which is now a wholly owned subsidiary of the Group).

Macroeconomic conditions

The Group’s results of operations are affected by general macroeconomic conditions and economic cycles globally and in the markets in which the Group operates. Macroeconomic conditions and economic cycles affect both the level of demand for the Group’s services and solutions and the prices at which they can be sold. Actual or anticipated improvements in economic conditions generally result in higher IT spending, in particular by the Group’s private sector customers, as businesses expand their operations as a result of higher business volume or otherwise invest in new IT initiatives and technologies. These developments can also help support upward price movements. Conversely, a prolonged slowdown in the global economy or in a particular region or business or industry sector may cause customers to delay or forgo upgrades or additions to their existing IT environments, licensing new software or purchasing services, which can put downward pressure on prices.

The Directors believe that having a broad mix of customers, including across the private and public sectors, increases the Group’s resilience when faced with turbulent economic cycles and provides the Group with potential opportunities for growth even during periods of general economic downturn. For example, despite the adverse economic conditions resulting from the COVID-19 pandemic, the Directors believe that the need for remote working has increased certain customers’ commitment to digital transformation projects on accelerated timelines, which had a positive impact on the Group’s results of operations in the year ended 31 March 2021 and the three months ended 30 June 2021.

Employee efficiency and personnel retention

The continued development of the Group's employees and high retention rates are significant factors affecting the Group's financial performance. The Group views its employees as central to its business and a key differentiator, with one global team—"One Softline"—and an inclusive, engaged and inspiring culture with sales and services central to its DNA. The Group had approximately 6,000 employees as at 30 June 2021, comprising approximately 2,600 sales and marketing specialists, approximately 1,900 services specialists (including engineers, developers and other IT specialists) and approximately 1,300 back office and administrative staff. Because staff growth is significantly slower than turnover growth, total turnover per employee grew from \$262,000 in the year ended 31 March 2017 to \$344,000 in the year ended 31 March 2019 and to \$382,000 in the year ended 31 March 2021 (not including turnover and staff numbers for the recently acquired Embee, Aplana and Softline AG). In addition, Software & Cloud and Hardware turnover per sales employee grew from \$424,000 in the year ended 31 March 2017 to \$557,000 in the year ended 31 March 2019 and to \$671,000 in the year ended 31 March 2021 (not including turnover and staff numbers for the recently acquired Embee, Aplana and Softline AG).

The Group's future success will further depend significantly on its ability to continue to hire, train, retain and effectively incentivise skilled employees who have significant technical knowledge in software, cloud and technology services. About two-thirds of the Group's labor costs are fixed expenses. In particular, the Group's ability to further grow gross profit from its solutions and services is dependent on its success in training and empowering the salesforce of the Group to effectively sell such offerings. The Directors believe that continued investment in the Group's talent, both through new hires and incentivising and developing existing employees, will have a positive impact on the Group's ability to increase gross profit from both new and existing customers. The Group's key initiatives to further improve employee efficiency include, among others, increased automation and the deployment of innovative solutions, such as AI tools and a Configure, Price, Quote toolset to optimise pricing, as well as workforce training with an emphasis on personal development programmes.

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

Effective cost management

The Group seeks to tightly manage its selling, general and administrative expenses through a strong focus on operating expenditure efficiency, including by hiring back-office personnel in lower-cost jurisdictions, introducing remote and mobile working practices and significantly automating routine processes. In addition, the Group benefits from a lower-cost talent pool in the emerging markets in which it operates, with the average cost per IT engineer being significantly lower in India, Russia and Vietnam than in more developed markets, such as the United States. This has contributed to growth of the Group's operating profit from \$19.7 million in the year ended 31 March 2019 to \$29.6 million in the year ended 31 March 2020 and \$25.2 million in the year ended 31 March 2021, and from \$6.0 million in the three months ended 30 June 2020 to \$6.6 million in the three months ended 30 June 2021.

Compensation to employees comprises the largest proportion of the Group's selling, general and administrative cost base, with compensation to employees and payroll taxes accounting for 70, 71 and 68 per cent. of selling, general and administrative expenses in the years ended 31 March 2019, 2020 and 2021, respectively. These costs include base salaries, bonuses and social taxes. For the three-year period ended 31 March 2021, employment and incentive costs and commissions expenses increased largely in line with the growth of the Group's sales team. Compensation to employees as a percentage of gross profit decreased from 62.7 per cent. in the year ended 31 March 2019 to 61.7 per cent. in the year ended 31 March 2020 and 57.7 per cent. in the year ended 31 March 2021. In part, this is because recruitment of new sales staff has largely been focused on new graduates. Base salaries for entry-level hires are lower than for more experienced sales staff, and their commission expense is effectively lower generally due to entry-level hires not selling as much as more experienced sales staff. As a result, while the Group's employee numbers have increased, its total compensation to employees has not increased by the same proportion as turnover, and as base salary levels are not directly linked to gross profit growth, these do not grow directly in proportion to gross profit. Compensation to employees as a percentage of gross profit increased from 66.5 per cent. in the three months ended 30 June 2020 to 69.8 per cent. in the three months ended 30 June 2021. The increase in the ratio of compensation to

employees to gross profit in the three months ended 30 June 2021 and 2020 relative to the annual value for the years ended 31 March 2021 and 2020 is due to the strong seasonality of sales. The main sales of the Group come in the third quarter of the financial year, while the constant part of the salary is paid evenly throughout the year. The growth of the ratio in the three months ended 30 June 2021 relative to the three months ended 30 June 2020 is associated with an increase in the number of highly qualified personnel throughout the year ended 31 March 2021, including for IPO purposes.

The Group reported depreciation and amortisation of \$8.7 million, \$12.2 million and \$14.8 million in the years ended 31 March 2019, 2020 and 2021, respectively, and \$3.3 million and \$4.9 million in the three months ended 30 June 2020 and 2021, respectively. Depreciation and amortisation expense as a percentage of gross profit was 4.3 per cent., 5.5 per cent. and 6.6 per cent. in the years ended 31 March 2019, 2020 and 2021, respectively, and 6.8 per cent. and 7.9 per cent. in the three months ended 30 June 2020 and 2021, respectively. The slight increase in depreciation and amortisation was due to the implementation of IFRS 16 from the year ended 31 March 2020, as well as continued investments in property and equipment and intangible assets over the period. Of the Group's \$14.8 million of depreciation and amortisation reported in the year ended 31 March 2021, 48 per cent. related to intangibles, 40 per cent. related to right-of-use assets and 12 per cent. related to property, primarily computers and other office equipment.

The Group's other expenses (which consist of business trips, legal services, expected credit losses, advertising and marketing expenses, bank, payments and other related commissions, transportation expenses, communication expenses, training and entertainment expenses, professional services, non-income taxes, audit, other assurance and non-audit services, and other) have likewise largely increased in line with gross profit from year to year but decreased from quarter to quarter ended 30 June 2020 and 2021. Such other expenses as a percentage of gross profit were 22.4 per cent., 19.7 per cent. and 20.8 per cent. in the years ended 31 March 2019, 2020 and 2021, respectively, and 14.3 per cent. and 12.1 per cent. in the three months ended 30 June 2020 and 2021, respectively.

The Directors believe that the improving efficiency of the Group's model is demonstrated by the increase to the operating profit to gross profit ratio over the course of the three years ended 31 March 2021 and in the three months ended 30 June 2021. The operating profit to gross profit ratio increased from 9.7 per cent. in the year ended 31 March 2019 to 13.3 per cent. in the year ended 31 March 2020 before decreasing to 11.2 per cent. in the year ended 31 March 2021, and it decreased from 12.3 per cent. in the three months ended 30 June 2020 to 10.6 per cent. in the three months ended 30 June 2021. The decrease is due to an increase in the number of highly qualified personnel throughout the year, including for IPO purposes.

In the future, as the Group seeks to keep pace with technological changes by evolving its solutions offering in line with new innovations coming from vendors and customer demands, it may experience increased employee-related or other expenses. This may occur as a result of, among other things, being required to invest more in developing new expertise in-house through training of existing employees or hiring employees who already have such specific new expertise but who require higher base salaries.

Share-based compensation

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

Options granted under the SOP vest three years after their date of grant subject to continuing service and, for some Options, performance conditions and may normally only be exercised to the extent that they have vested after the earliest to occur of:

- an IPO;
- a Qualifying Sale; and
- the equity value ("**EV**") of the Company reaching \$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 (i) a person obtaining a controlling interest in the Group; or (ii) a merger between the Group and another entity or entities which results in the existing shareholders of the Group ceasing to control the merged entity or entities upon such merger.

Of the Options that have been issued under the SOP: (i) 7,401,717 Options are exercisable upon vesting for nil consideration, with each Option being entitled to one Share upon exercise; and (ii) 9,106,400 are exercisable

upon vesting at a strike price of \$1.12 (and which may be exercised on a cashless basis). If the Options referred to in (ii) are exercised on a cashless basis, holders are entitled to receive the number of Shares obtained from multiplying: (A) the difference between the market value of the Shares at the date of exercise and the strike price; by (B) the number of Options exercised at any time.

Most of these Options will have vested at the time of the IPO. Employees who hold Options and have not exercised them as at the date of the Prospectus, will lock up their Options for certain periods (varying from 90 days to 365 days depending on their seniority).

The Group recognises an expense for share-based compensation in its consolidated statement of profit or loss and comprehensive income on a straight-line basis for each vesting tranche. The cost is determined by the fair value of the Option at the date of grant of the option as determined by an appropriate valuation model. That cost is recognised in employee compensation expense, together with a corresponding increase in equity (other reserves), over the three year vesting. The cumulative expense is recognised for equity-settled transactions at each reporting date until the vesting period has expired based on 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.

The total expense recognised for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 based on the grant date fair values of the awards expected to vest were \$380,000, \$815,000 and \$623,000, respectively. Unvested compensation expense related to share-based payment as of 31 March 2021, 31 March 2020 and 31 March 2019 were \$70, \$416,000, and \$777,000, respectively. For further information on the Group's share-based compensation, please see Note 16 to the Consolidated Financial Statements.

For a description of the Group's Long Term Incentive Plan, which will be implemented following the Offering, see "*Material Contracts and Long Term Incentive Plan*".

Foreign exchange rate fluctuations

Due to the broad scope of the Group's international operations, a portion of its assets, liabilities, revenue and expenses are denominated in currencies other than the U.S. dollar. The Group's predominant exposures are in Russian rouble, Argentine peso, Kazakh tenge, Belarussian rouble, Brazil real, Indian rupee and Chilean peso. Changes in the exchange rates between these currencies can therefore affect the Group's results of operations and financial position, as a result of both transactional and translational exchange rate effects.

Transactional effects of exchange rate fluctuations arise when one of the Group's subsidiaries enters into a sale or purchase transaction in a currency other than its functional currency. The Group's most significant transactional exposure arises from the fact that it sources and sells hardware across different jurisdictions, resulting in a mismatch in the currencies in which vendors invoice the Group and the currencies in which the Group invoices its customers. In addition, the Group is subject to transactional exchange rate exposure in connection with its funding activities, including intra-group funding. Of the Group's \$185 million of total borrowings as of 31 March 2021, 84 per cent. was denominated in Russian rouble, 5 per cent. was denominated in U.S. dollars, 5 per cent. was denominated in euro and 6 per cent. was denominated in other currencies.

The Group generally hedges its transactional foreign exchange rate exposure on the balance sheet and employs a combination of financial derivatives and natural hedges to do so. The Group's foreign exchange losses decreased from \$2.9 million in the year ended 31 March 2019 to \$0.9 million in the year ended 31 March 2020 as the Group optimised its hedging arrangements and then increased slightly to \$1.7 million in the year ended 31 March 2021 due to the high volatility of local currencies relative to the U.S. dollar, the reporting currency, during the COVID-19 pandemic. The Group's foreign exchange losses decreased from \$1.4 million in the three months ended 30 June 2020 to \$0.8 million in the three months ended 30 June 2021.

Translational effects of exchange rate fluctuations arise because the results of the Group's subsidiaries are measured in the currency of the primary economic environment in which the subsidiary operates (its functional currency) and are then translated into U.S. dollars for presentation of the Group's financial results in the consolidated financial statements. As currency exchange rates fluctuate, a subsidiary's financial results may change as a result of such translation even though no real change in its results of operations has occurred. The Group's primary translational currency exposure is to the Russian rouble and Indian rupee.

To exclude the effect of exchange rate fluctuation from operational results, the Group presents its key performance indicators, such as turnover, gross profit and Adjusted EBITDA in constant currency, a non-IFRS financial measure. The Directors believe that reporting in constant currency reflects the Group's performance more accurately as it eliminates the effect of U.S. dollar exchange rate fluctuations. The Directors therefore

believe the Group's constant currency growth rates represent more accurate business dynamics, and constant currency growth rates have historically exceeded reporting currency growth rates by mid-single digit percentage points. From the year ended 31 March 2017 to the year ended 31 March 2021, turnover grew at a CAGR of 26 per cent. on a constant currency basis, exceeding the CAGR of turnover on a reporting currency basis of 19 per cent.; gross profit grew at a CAGR of 18 per cent. on a constant currency basis, exceeding the CAGR of gross profit on a reporting currency basis of 12 per cent.; and Adjusted EBITDA grew at a CAGR of 35 per cent. on a constant currency basis, exceeding the CAGR of Adjusted EBITDA on a reporting currency basis of 23 per cent. To calculate constant currency figures for a specific fiscal year, the Group applies average exchange rates of the previous fiscal year to functional currency result of the current year for each country of operations. See "*Presentation of Financial and Other Information—Reporting Currency, Local Currency and Constant Currency*".

Seasonality

The Group's results of operations are subject to seasonality effects. For example, the Group's revenues tend to follow a quarterly seasonality pattern that is typical for many companies in the IT industry. Historically, the Group has benefited from the sales and marketing drive that is generated by sales representatives of Microsoft, the Group's most significant vendor, in the second quarter of the calendar year (first quarter of the Group's financial year) leading up to Microsoft's financial year end on 30 June. By contrast, sales in the third quarter of the calendar year (second quarter of the Group's financial 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 (third quarter of the Group's financial year), the Group typically experiences the highest sales as many customers complete their IT purchases in advance of their fiscal year end of 31 December.

The Directors expect that as customers increasingly adopt subscription-based software and cloud resource contracts and the Group grows its sales of managed services, the larger share of recurring revenue will mitigate the current seasonality effects.

Comparability of Results

The Group's audited consolidated financial information includes the results of operations of HTC and II only from 20 August 2019, the results of operations of Aplana only from 29 October 2020, the results of operations of Softline AG only from 10 December 2020 and the results of operations of Embee only from 15 January 2021. Therefore, the comparability of the Group's results of operations for the year ended 31 March 2020 and the year ended 31 March 2021 with subsequent financial years is impacted as they include only a partial year's trading results for these acquisitions. See "*—Impact of M&A*" above.

Segment Reporting

The Group is organised into five geographic operating segments, reflecting the Group's internal management and reporting structure based on regional clusters. The five segments are Russia, APAC (representing the Asia-Pacific region, including India), LATAM (representing Latin America), RoE (representing CIS countries, excluding Russia) and EMEA (representing Central and Eastern Europe). The Group charges certain Group-level costs, such as cost of Group management, professional costs and other cost items that are not directly allocated to geographic segments, to its corporate hub cost centre, which forms the sixth operating segment of the Group. Turnover, gross profit, Adjusted EBITDA and profit before tax are the key performance indicators used for internal management and monitoring purposes at the Group and are reported as geographical segment results. Segment totals are reconciled to the figures reported in the consolidated income statement.

As part of its segment reporting, the Group further monitors turnover and gross profit in three product categories: (i) Software & Cloud, (ii) Hardware and (iii) Services.

For further information regarding the Group's segment reporting, see Note 34 to the Consolidated Financial Statements.

Description of Certain Income Statement Line Items

Revenue from contracts with customers

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. Approximately 96 per cent. of the Group's revenue is recognised by the Group at a point in time, while the remaining part comprises the revenue from complex contracts recognised over time.

The Group recognises revenue at 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 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 they are performed;
- 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 consists of revenue generated by each of the Group's product lines: (i) Software & Cloud, (ii) Hardware and (iii) Services.

Cost of sales

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

Selling, general and administrative expenses

Selling, general and administrative expenses consist of compensation to employees; payroll taxes; office rent and maintenance; depreciation and amortisation; business trips; legal services; expected credit losses; advertising and marketing expenses; bank, payments and other related commissions; transportation expenses; communication expenses; training and entertainment expenses; professional services; non-income taxes; audit, other assurance and non-audit services; and other.

Share of net income in associates

Share of net income in associates and joint ventures consists of the excess of the Group's share in the net fair value of the identifiable assets and liabilities of the associate or joint venture over the cost of the investment.

Other operating income

Other operating income primarily consists of advance contracts' interests.

Other operating expenses

Other operating expenses consist of penalties (including tax penalties), result on disposal of assets, broker's commissions and other expenses.

Gain on bargain purchase

Gain on bargain purchase consists of an excess of the fair value of net assets over the amount of consideration relating to the Group's acquisition.

Foreign exchange loss

Foreign exchange loss is the difference that results when monetary assets and liabilities denominated in foreign currencies are re-measured into the functional currency at the rate of exchange ruling at the reporting date, compared to the amount of transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of transaction.

Finance income

Finance income consists of interest income on deposits, promissory notes and loans issued.

Finance costs

Finance costs consist of interest expense on borrowings and bank credits, amortisation of discount of financial instruments using effective discount rate, expenses on factoring of receivables, and interest expenses on finance lease.

Income tax expense

Income tax expense consists of current income tax and deferred tax. In the years ended 31 March 2019, 2020 and 2021, the Group's subsidiaries and associates incorporated in Russia were subject to corporate income tax at the standard rate of 20 per cent. applied to their taxable income. In the years ended 31 March 2019, 2020 and 2021, the Group's subsidiaries and associates incorporated in Cyprus were subject to a 12.5 per cent. corporate income tax applied to their worldwide income. Dividend income is tax exempt in Cyprus. Tax rates applicable to ordinary income in other significant tax jurisdictions in the year ended 31 March 2021 were as follows: 34 per cent. in Brazil, 32 per cent. in Colombia, 30 per cent. in Argentina, 29.5 per cent. in Peru, 25.168 per cent. in India, 27 per cent. in Chile, 24 per cent. in Malaysia, and 20 per cent. in Vietnam and Thailand.

Results of Operations

The following table sets out selected financial information for the years ended 31 March 2019, 2020 and 2021 and the three months ended 30 June 2020 and 2021 derived from the Financial Statements (included elsewhere in the Prospectus):

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
				(unaudited)	
				(in thousands of U.S. dollars)	
Revenue from contracts with customers	1,129,469	1,361,659	1,516,911	349,819	443,553
Cost of sales	(925,422)	(1,139,942)	(1,290,982)	(301,397)	(381,257)
Gross profit	204,047	221,717	225,929	48,422	62,296
Selling, general and administrative expenses . .	(182,558)	(192,793)	(192,218)	(42,422)	(55,896)
Share of net income in associates	9	—	—	—	—
Other operating income	2,085	3,727	1,966	320	297
Other operating expense	(3,842)	(3,060)	(10,464)	(375)	(108)
Operating profit	19,741	29,591	25,213	5,945	6,589
Gain on bargain purchase	—	—	1,892	—	—
Foreign exchange loss	(2,869)	(857)	(1,721)	(1,372)	(771)
Finance income	1,038	1,791	2,266	547	361
Finance costs	(14,076)	(17,463)	(13,222)	(2,596)	(4,279)
Profit before profit tax	3,834	13,062	14,428	2,524	1,900
Income tax expense	(3,432)	(3,521)	(16,618)	(522)	(552)
Net profit/(loss) for the year	402	9,541	(2,190)	2,002	1,348

Comparison of the three months ended 30 June 2020 and 2021

Revenue from contracts with customers

For the three months ended 30 June 2021, revenue from contracts with customers was \$443.6 million, representing an increase of 27 per cent. from \$349.8 million for the three months ended 30 June 2020. This increase was primarily due to growth in the APAC region (especially in India) and recent M&A deals (Embee, Aplana, Softline AG).

The following table sets out the Group's revenue from contracts with customers by product line for the three months ended 30 June 2020 and 2021:

	Three months ended 30 June	
	2020	2021
	(unaudited)	
	(in thousands of U.S. dollars)	
Software & Cloud	298,377	385,395
Hardware	43,075	32,739
Services	8,367	25,419
Total	349,819	443,553

For the three months ended 30 June 2021, Software & Cloud revenue from contracts with customers was \$385.4 million, representing an increase of 29 per cent. from \$298.4 million for the three months ended 30 June 2020. This increase was primarily due to sales in APAC (especially India) and M&A deals.

For the three months ended 30 June 2021, Hardware revenue from contracts with customers was \$32.7 million, representing a decrease of 24 per cent. from \$43.1 million for the three months ended 30 June 2020. This decrease was primarily due to changes in the Group's sales structure which shifted emphasis toward clouds and services and away from hardware.

For the three months ended 30 June 2021, Services revenue from contracts with customers was \$25.4 million, representing an increase of 3 times from \$8.4 million for the three months ended 30 June 2020. This increase was primarily due to M&A deals, as well as due to changes in the Group's sales structure which shifted emphasis toward clouds and services.

Cost of sales

For the three months ended 30 June 2021, cost of sales was \$381.3 million, representing an increase of 26 per cent. from \$301.4 million for the three months ended 30 June 2020. This increase was primarily due to increased sales during the corresponding period, which translated to higher payments to vendors and suppliers.

Selling, general and administrative expenses

For the three months ended 30 June 2021, selling, general and administrative expenses were \$55.9 million, representing an increase of 32 per cent. from \$42.4 million for the three months ended 30 June 2020. This increase was primarily due to increase in payroll expenses, including that resulting from M&A deals (expenses which were incurred in the three months ended 30 June 2021, but were not incurred in the three months ended 30 June 2020).

Other operating income

For the three months ended 30 June 2021, other operating income was \$0.3 million, representing no change from \$0.3 million for the three months ended 30 June 2020.

Other operating expenses

For the three months ended 30 June 2021, other operating expenses were \$0.1 million, representing a decrease of 71 per cent. from \$0.4 million for the three months ended 30 June 2020. This decrease was primarily due to reduction of one-off unusual expenses (including penalties, donations, asset disposals and profits and losses for the last years).

Foreign exchange loss

For the three months ended 30 June 2021, foreign exchange loss was \$0.8 million, representing a decrease of 44 per cent. from \$1.4 million for the three months ended 30 June 2020. This decrease was primarily due to a reduction in the rate of weakening of local currencies against USD, as well as the impact from the active introduction of currency reservations and hedging in foreign contracts.

Finance income

For the three months ended 30 June 2021, finance income was \$0.4 million, representing a decrease of 34 per cent. from \$0.5 million for the three months ended 30 June 2020. This decrease was primarily due to withdrawing funds into investment activities.

Finance costs

For the three months ended 30 June 2021, finance costs were \$4.3 million, representing an increase of 65 per cent. from \$2.6 million for the three months ended 30 June 2020. This increase was primarily due to interest expenses relating to M&A deals in the second half of the year ended 31 March 2021 and the three months ended 30 June 2021 for which debt was taken on to the finance the the M&A.

Income tax expense

For the three months ended 30 June 2021, income tax expense was \$0.6 million, representing an increase of 6 per cent. from \$0.5 million for the three months ended 30 June 2020. This increase was primarily due to profit before profit tax growth in APAC and LATAM.

Turnover

For the three months ended 30 June 2021, turnover was \$503 million, representing an increase of 23 per cent. from \$409 million for the three months ended 30 June 2020. This increase was primarily due to growth in APAC and recent M&A deals (Embee, Aplana, Softline AG).

Comparison of the years ended 31 March 2020 and 2021

Revenue from contracts with customers

For the year ended 31 March 2021, revenue from contracts with customers was \$1,516.9 million, representing an increase of 11.4 per cent. from \$1,361.7 million for the year ended 31 March 2020. This increase was primarily due to IT market growth in the emerging markets in which the Group operates, particularly in APAC, and M&A deals the Group completed during the year, which accounted for 1.1 per cent of total revenue year-on-year growth.

The following table sets out the Group's revenue from contracts with customers by product line for the years ended 31 March 2020 and 2021:

	Year ended 31 March	
	2020	2021
	(in thousands of U.S. dollars)	
Software & Cloud	1,107,408	1,239,717
Hardware	186,518	199,744
Services	67,733	77,450
Total	1,361,659	1,516,911

For the year ended 31 March 2021, Software & Cloud revenue from contracts with customers was \$1,239.7 million, representing an increase of 11.9 per cent. from \$1,107.4 million for the year ended 31 March 2020. This increase was primarily due to increased market share in the segment and acquisitions completed in the year ended 31 March 2021.

For the year ended 31 March 2021, Hardware revenue from contracts with customers was \$199.7 million, representing an increase of 7.1 per cent. from \$186.5 million for the year ended 31 March 2020. This increase was primarily due to increased market share and an increase in complex projects which utilised hardware products.

For the year ended 31 March 2021, Services revenue from contracts with customers was \$77.5 million, representing an increase of 14.3 per cent. from \$67.7 million for the year ended 31 March 2020. This increase was primarily due to further development of the SDP and acquisitions completed in the year ended 31 March 2021.

Cost of sales

For the year ended 31 March 2021, cost of sales was \$1,291.0 million, representing an increase of 13.3 per cent. from \$1,139.9 million for the year ended 31 March 2020. This increase was primarily due to increased sales during the corresponding period, which translated to higher payments to vendors and suppliers.

Selling, general and administrative expenses

For the year ended 31 March 2021, selling, general and administrative expenses were \$192.2 million, representing a decrease of 0.3 per cent. from \$192.8 million for the year ended 31 March 2020. This decrease

was primarily due to cost reduction measures related to COVID-19 (such as reduced travel, rental and marketing expenses and a freeze on employee hiring) and depreciation of national currencies, given that most expenses are incurred in local currencies.

Other operating income

For the year ended 31 March 2021, other operating income was \$2.0 million, representing a decrease of 47.2 per cent. from \$3.7 million for the year ended 31 March 2020. This decrease is mainly due to the fact that in the year ended 31 March 2020 there was interest income charged for a long-term advance to suppliers (PositiveTechnologies, InfoWatch, NOT), while in the year ended 31 March 2021 there were no such advances and as a result no such interest income.

Other operating expenses

For the year ended 31 March 2021, other operating expenses were \$10.5 million, representing an increase of 242.0 per cent. from \$3.1 million for the year ended 31 March 2020. This increase was primarily due to a tax expense relating to prior years which the Group paid in November 2020, as further described under “—Taxation” below.

Gain on bargain purchase

For the year ended 31 March 2021, gain on bargain purchase was \$1.9 million, compared to nil for the year ended 31 March 2020. The gain on bargain purchase in the year ended 31 March 2021 arose due to an excess of the fair value of net assets over the amount of consideration relating to the Group’s acquisition of Aplana.

Foreign exchange loss

For the year ended 31 March 2021, foreign exchange loss was \$1.7 million, representing an increase of 100.8 per cent. from a loss of \$0.9 million for the year ended 31 March 2020. This increase was primarily due to a depreciation of the national currencies relative to the US dollar in the countries in which the Group operates, particularly in Russia and LATAM.

Finance income

For the year ended 31 March 2021, finance income was \$2.3 million, representing an increase of 26.5 per cent. from \$1.8 million for the year ended 31 March 2020. This increase was primarily due to improving the Group’s working capital turnover and an increase in operating cash flow. The increased available funds were placed on deposits.

Finance costs

For the year ended 31 March 2021, finance costs were \$13.2 million, representing a decrease of 24.3 per cent. from \$17.5 million for the year ended 31 March 2020. This decrease was primarily a result of improving the Group’s working capital turnover, an increase in operating cash flow and a reduction of interest rates on loans.

Income tax expense

For the year ended 31 March 2021, income tax expense was \$16.6 million, representing an increase of 372.0 per cent. from \$3.5 million for the year ended 31 March 2020. This increase was primarily due to tax, fines and penalties for the previous years. In 2020, tax authorities finalised an on-site audit of the Group’s Russian legal entities for the period of 2014 to 2016. As a result, tax authorities charged additional value added tax (“VAT”) and corporate income tax (“CIT”), as well as penalties and fines in the total amount of RUB 1,367 billion (\$18,459, including \$6,271 of penalties). The claims were related to operational expenses which tax authorities considered to be 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 in 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 a significant negative impact on the Group’s business.

Turnover

For the year ended 31 March 2021, turnover was \$1,788 million, representing an increase of 11.0 per cent. from \$1,611 million for the year ended 31 March 2020. On a constant currency basis, turnover for the year

ended 31 March 2021 was \$2,014 million, representing an increase of 25.1 per cent. from \$1,651 million for the year ended 31 March 2020. This increase was primarily due to IT-market growth and the Group's possession of the highest partner status with all of its strategic vendors, which has allowed the Group to provide customers with competitive prices.

Comparison of the years ended 31 March 2019 and 2020

Revenue from contracts with customers

For the year ended 31 March 2020, revenue from contracts with customers was \$1,361.7 million, representing an increase of 20.6 per cent. from \$1,129.5 million for the year ended 31 March 2019. This increase was primarily due to strong IT market growth in the emerging markets in which the Group operates, particularly in Russia and APAC.

The following table sets out the Group's revenue from contracts with customers by product line for the years ended 31 March 2019 and 2020:

	Year ended 31 March	
	2019	2020
	(in thousands of U.S. dollars)	
Software & Cloud	912,170	1,107,408
Hardware	163,889	186,518
Services	<u>53,410</u>	<u>67,733</u>
Total	1,129,469	1,361,659

For the year ended 31 March 2020, Software & Cloud revenue from contracts with customers was \$1,107.4 million, representing an increase of 21.4 per cent. from \$912.2 million for the year ended 31 March 2019. This increase was primarily due to an increase in cloud services due to organic growth in the markets in which the Group operates.

For the year ended 31 March 2020, Hardware revenue from contracts with customers was \$186.5 million, representing an increase of 13.8 per cent. from \$163.9 million for the year ended 31 March 2019. This increase was primarily due to an increase in complex projects which utilised hardware products.

For the year ended 31 March 2020, Services revenue from contracts with customers was \$67.7 million, representing an increase of 26.8 per cent. from \$53.4 million for the year ended 31 March 2019. This increase was primarily due to the development of specialised services and an increase in complex projects.

Cost of sales

For the year ended 31 March 2020, cost of sales was \$1,139.9 million, representing an increase of 23.2 per cent. from \$925.4 million for the year ended 31 March 2019. This increase was primarily due to increased sales during the corresponding period, which translated to higher payments to vendors and suppliers.

Selling, general and administrative expenses

For the year ended 31 March 2020, selling, general and administrative expenses were \$192.8 million, representing an increase of 5.6 per cent. from \$182.6 million for the year ended 31 March 2019. This increase was primarily due to year-on-year growth in gross profit as compensation to employees and payroll taxes comprised 71 per cent. and 70 per cent. of the Group's selling, general and administrative expenses in the year ended 31 March 2020 and the year ended 31 March 2019, respectively.

Share of net income in associates

For the year ended 31 March 2020, share of net income in associates was nil, compared to \$0.01 million for the year ended 31 March 2019. The share of net income in associates and joint ventures in the year ended 31 March 2019 related to the sale of a stake in QazaqSoftline LLP during the period.

Other operating income

For the year ended 31 March 2020, other operating income was \$3.7 million, representing an increase of 78.8 per cent. from \$2.1 million for the year ended 31 March 2019. This increase was primarily due to other income in LATAM relating to the write-off of accounts payable to Microsoft in Brazil in the year ended 31 March 2020, which was not realised in the year ended 31 March 2019.

Other operating expenses

For the year ended 31 March 2020, other operating expenses were \$3.1 million, representing a decrease of 20.4 per cent. from \$3.8 million for the year ended 31 March 2019. This decrease was primarily due to an improvement in the Group's inventory results.

Foreign exchange loss

For the year ended 31 March 2020, foreign exchange loss was \$0.9 million, representing a decrease of 70.1 per cent. from \$2.9 million for the year ended 31 March 2019. This decrease was primarily due to fluctuations in the national currencies of the markets in which the Group operates, in particular between the Russian rouble and the U.S. dollar.

Finance income

For the year ended 31 March 2020, finance income was \$1.8 million, representing an increase of 72.5 per cent. from \$1.0 million for the year ended 31 March 2019. This increase was primarily due to the increase in free cash from profits in Russia and their placement on deposits.

Finance costs

For the year ended 31 March 2020, finance costs were \$17.5 million, representing an increase of 24.1 per cent. from \$14.1 million for the year ended 31 March 2019. This increase was primarily due to the increase in more expensive long-term loans compared to short-term loans, as well as increased turnover and M&A activity which required increased working capital.

Income tax expense

For the year ended 31 March 2020, income tax expense was \$3.5 million, representing an increase of 2.6 per cent. from \$3.4 million for the year ended 31 March 2019. This increase was primarily due to an increase in the Group's profit before tax, which resulted in increased tax obligations.

Turnover

For the year ended 31 March 2020, turnover was \$1,611 million, representing an increase of 19.2 per cent. from \$1,352 million for the year ended 31 March 2019. On a constant currency basis, turnover for the year ended 31 March 2020 was \$1,651 million, representing an increase of 20.2 per cent. from \$1,531 million for the year ended 31 March 2019. This increase was primarily due to IT-market growth and certain non-organic activities, including the "Program 100", under which the Group hired 100 additional sales-managers.

Liquidity and Capital Resources

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

Cash Flows

The following table sets out cash flow information for the years ended 31 March 2019, 2020 and 2021 and the three months ended 30 June 2020 and 2021:

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
				(unaudited)	
				(in thousands of U.S. dollars)	
Net cash from / (used in) operating activities	14,992	45,996	39,109	(5,197)	(2,456)
Net cash used in investing activities	(22,783)	(11,834)	(37,463)	(7,824)	(18,569)
Net cash from / (used in) financing activities	17,583	(21,894)	34,809	23,833	11,099
Foreign exchange difference	(3,938)	(1,416)	(1,820)	(1,652)	(1,610)
Net increase in cash and cash equivalents	5,854	10,852	34,635	9,160	(11,536)

Net cash from operating activities

Net cash used in operating activities was \$2.5 million for the three months ended 30 June 2021, as compared to \$5.2 million for the three months ended 30 June 2020. The decrease in net cash used in operating activities was due to EBITDA growth and improving working capital.

Net cash from operating activities was \$39.1 million for the year ended 31 March 2021, as compared to \$46.0 million for the year ended 31 March 2020. The decrease in net cash from operating activities was due to the use of operational funds in November 2020 to pay in full a claim from tax authorities relating to prior periods, as further described under “—Results of Operations—Comparison of the years ended years ended 31 March 2020 and 2021—Taxation” above.

Net cash from operating activities was \$46.0 million for the year ended 31 March 2020, as compared to \$15.0 million for the year ended 31 March 2019. The increase in net cash from operating activities was due to improving the Group’s working capital turnover and an increase in profit.

Net cash used in investing activities

Net cash used in investing activities was \$18.6 million for the three months ended 30 June 2021, as compared to \$7.8 million for the three months ended 30 June 2020. The increase in net cash used in investing activities was due to M&A deals.

Net cash used in investing activities was \$37.5 million for the year ended 31 March 2021, as compared to \$11.8 million for the year ended 31 March 2020. The decrease in net cash used in investing activities was due to the acquisitions of Embee and Aplana Group and the creation of intangible assets (CloudMaster/Maestro) in the year ended 31 March 2021.

Net cash used in investing activities was \$11.8 million for the year ended 31 March 2020, as compared to \$22.8 million for the year ended 31 March 2019. The decrease in net cash used in investing activities was due to the acquisitions of Freshstore, Insight and Infosecurity in the year ended 31 March 2019. In addition, the Group acquired a 10.1 per cent. stake (7,644,039 shares with a nominal value of NOK 1.00) in Crayon Group Holding ASA (“Crayon”) in the year ended 31 March 2019.

Net cash from/(used in) financing activities

Net cash from financing activities was \$11.1 million for the three months ended 30 June 2021, as compared to \$23.8 million for the three months ended 30 June 2020. The decrease in net cash from financing activities was due to acquisition of non-controlling interests, increasing the costs of debt servicing and leasing.

Net cash from financing activities was \$34.8 million for the year ended 31 March 2021, as compared to net cash used in financing activities of \$21.9 million for the year ended 31 March 2020. This change was due to the impact of the Group’s 11 per cent. bonds due January 2023, which were issued on 23 April 2020, and the Group’s 8.9 per cent. bonds due December 2023, which were issued in October 2020.

Net cash used in financing activities was \$21.9 million for the year ended 31 March 2020, as compared to net cash from financing activities of \$17.6 million for the year ended 31 March 2019. The change was due to the full-year impact of the interest on the Group’s 11 per cent. bonds due December 2021, which were issued on 26 December 2018, in the year ended 31 March 2020.

Loans and Borrowings

The following description provides an overview of the Group’s material financing agreements.

Revolving credit lines

The Group has a number of agreements with banks for revolving credit lines in case it needs to raise additional funds for working capital, as follows:

- Credit line with Sberbank, in the total amount of RUB 2.0 billion and with an interest rate of 6.74 per cent. This agreement is valid until 24 February 2023;
- Credit line with Sberbank, in the total amount of RUB 2.0 billion and with a maximum interest rate of up to 12 per cent. per annum. This agreement is valid until 30 March 2023;
- Credit line with Alfa-Bank, in the total amount of RUB 2.3 billion and with an interest rate of 7.84 per cent. This agreement is valid until 31 December 2023;

- Credit line with Gazprombank, in the total amount of RUB 1.0 billion and with a maximum interest rate of 15 per cent. This agreement is valid until 26 July 2021;
- Credit line with Raiffaisenbank, in the total amount of RUB 0.8 billion and with an interest rate equal to MosPrime+individual interest rate. This agreement is valid until 30 December 2022; and
- Credit line with Rosbank, in the total amount of RUB 0.4 billion and with an interest rate offered by the Company and accepted by Rosbank. The agreement is valid until 22 January 2022.

For more information on these agreements, see “*Material Contracts—Material Financing Agreements—Credit Line Agreements*”.

Bonds

On 21 December 2017, the Group issued 2,700,000 rouble-denominated bonds with a nominal value of RUB 1,000 in order to attract additional long-term borrowings. The coupon interest rate as of 31 March 2019 amounted to 11.00 per cent. per annum. These bonds matured on 21 December 2020. On 26 December 2018, the Group issued another 1,000,000 bonds with the same RUB 1,000 nominal value under the same agreement and with the same terms. The maturity date of second issue is 21 December 2021. The balance outstanding as of 30 June 2021 was \$8.0 million.

On 23 April 2020, the Group issued 1,350,000 rouble-denominated bonds with a nominal value of RUB 1,000 and coupon interest rate of 11 per cent. per annum and contractual maturity in 2023 in order to attract additional long-term borrowings. The balance outstanding as of 30 June 2021 was \$18.6 million.

On 20 October 2020, the Group issued exchange-traded bonds in the amount of RUB 4.95 billion for a period of 3 years and 2 months. The final coupon rate was set at 8.9 per cent. per annum. The balance outstanding as of 30 June 2021 was \$67.9 million.

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, the Group was in compliance with all of its restrictive financial covenants.

Contractual Obligations

The Group incurs contractual obligations in the ordinary course of business. The following table sets out the contractual maturities of the Group’s financial assets and liabilities by relevant maturity based on the remaining period at the balance sheet to the contractual maturity date as of 31 March 2021.

	<u>On demand</u>	<u>Less than 6 months</u>	<u>6–12 months</u>	<u>1–2 years</u>	<u>More than 2 years</u>	<u>Total</u>
	(in thousands of U.S. dollars)					
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)
Lease obligations	—	(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)

Contingent Liabilities

The Group’s contingent liabilities amounted to \$1,835,000 as at 31 March 2021, compared to \$773,000 as at 31 March 2020 and \$976,000 at 31 March 2019, representing an assessed amount of future payments for subsidiaries acquisition.

Commitments

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

Capital Expenditure

The table below sets out the Group's capital expenditure for the years ended 31 March 2019, 2020 and 2021 and the three months ended 30 June 2020 and 2021.

	Year ended 31 March			Three months ended 30 June	
	2019	2020	2021	2020	2021
	(in thousands of U.S. dollars)				
Purchase of property, plant, and equipment	(2,247)	(3,186)	(4,784)	(216)	(2,726)
Purchases of intangible assets, including amounts of costs capitalised	(6,330)	(4,904)	(16,857)	(1,303)	(2,495)
Total	(8,577)	(8,090)	(21,641)	(1,519)	(5,221)

The Group is an asset-light business with limited capital expenditure requirements. During the period under review, the Group's capital expenditure consists of cash paid for purchase of property, plant and equipment, and purchases of intangible assets, including amounts of costs capitalised. The Group's current R&D efforts, and therefore much of its capital expenditure on purchases of intangibles, including amounts of costs capitalised, in the year ended 31 March 2021, are concentrated on the evolution of SDP, the Group's key differentiator from its competitors. For more information on the Group's R&D programme, see "*Business—Innovation, Research and Development*". Capital expenditure was principally funded by cash flow from operations. Over the medium term, the Group expects capital expenditure as a percentage of gross profit to remain in line with prior periods at approximately 4 per cent. of gross profit.

Off-Balance Sheet Arrangements

The Group did not have material off-balance sheet arrangements as of 31 March 2021.

Dividends

The Company declared dividends in the amount of \$10.2 million in the year ended 31 March 2021. In the years ended 31 March 2020 and 31 March 2019, the Company did not declare dividends. See "*Dividend Policy*" for a description of the Company's dividend policy going forward.

Disclosures about Market Risks

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 minimise 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, as summarised below. For a further discussion of these risks, see Note 27 to the Consolidated Financial Statements.

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, and the monetary assets and liabilities of the Company's subsidiaries are expressed in a variety of currencies. The Group does not have formal arrangements to mitigate the foreign exchange risks of the Group's operations but aims to maintain its financial assets and liabilities in local currencies or some of its assets in hard currencies, such as U.S. dollars.

Foreign currency sensitivity

The following table demonstrates the Group's sensitivity to a reasonably possible change in U.S. dollar exchange rates against local currencies, mainly the Russian rouble, 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.

	<u>Change in exchange rates (%)</u>	<u>Effect on profit before tax</u>	<u>Effect on pre-tax equity</u>
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. As at 31 March 2021, approximately 99 per cent. 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). 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 years 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 as at 31 March 2021 is the carrying value of each class of financial assets disclosed in Note 10 to the Consolidated Financial Statements.

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

Critical Accounting Policies

The Financial Statements have been prepared in accordance with IFRS. The preparation of the 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.

For a detailed description of the critical accounting judgments and key sources of estimate uncertainty, see Note 3 to the Consolidated Financial Statements.

Recent and Prospective Changes in Accounting Policies

Up to the date of approval of the Consolidated 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);
- 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); and
- 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);
- 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); and
- IAS 1 *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 January 2023).

The above are not expected to have a significant impact on the Group's financial statements when they become effective, other than the effect from the application of IFRS 16 *Leases*, which has not yet been assessed.

These recent and prospective changes in accounting policies are further explained in Note 2 to the Consolidated Financial Statements.

DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

The Company is principally governed by the Board of Directors and general meetings of the shareholders.

Board of Directors

The Board of Directors is responsible for managing the Company and may exercise all powers of the Company in doing so except to the extent that any such power (either generally or in relation to a particular matter) is required or reserved by the Cyprus Companies Law or the Articles of Association of the Company, to be exercised by the shareholders in the Company.

As of the date of this Prospectus, the Board of Directors consists of 7 directors, including 4 directors appointed as independent directors in the judgment of the Board of Directors, having regard to the provisions of the U.K. Corporate Governance Code relating to the independence of directors (on a voluntary basis, since the same does not apply to the Company).

As provided under the Articles of Association, the shareholders in a general meeting are entitled to appoint directors of the Company and subject to the relevant provisions of the Cyprus Companies Law, with an ordinary resolution, to remove directors of the Company.

The following table sets out the name, year of birth and committee membership of each member of the Board of Directors as of the date of this Prospectus.

<u>Name</u>	<u>Date of birth</u>	<u>Year of appointment</u>	<u>Position</u>	<u>Committee Memberships</u>
Igor Borovikov	30/10/1964	2008	Chairman	Nomination and Remuneration Committee
Sergey Chernovolenko	25/05/1965	2021	Global Chief Executive Officer	—
Karl Robb	01/05/1962	2021	Senior Independent Non-Executive Director	Nomination and Remuneration Committee
Jacques Guers	03/12/1955	2020	Independent Non-Executive Director	Nomination and Remuneration Committee, Audit and Risk Committee
Alexander Galitsky	09/02/1955	2019	Independent Non-Executive Director	Audit and Risk Committee
Marc Kasher	02/04/1970	2021	Independent Non-Executive Director	Audit and Risk Committee
Oleg Zhelezko	26/09/1969	2016	Non-Executive Director	—

The business address for each member of the Board of Directors in his/her capacity as a director of the Company is Kosta Charaki 11, Flat/Office 302, 3041, Limassol, Cyprus.

A short summary of the qualifications and certain other information in relation to each member of the Board of Directors is set out below:

Igor Borovikov, Chairman

Mr. Igor Borovikov founded the Company in 1993. Under his leadership, the Company has become a global IT business with branches in over 50 countries. In 2010 and 2012, Mr. Borovikov was the winner of the top 25 ‘Best Russian IT Business Leaders’. In 2013, he was included in the ‘Top 100 Russian Internet Millionaires’ by the Secret Firmy magazine and became one of the top 50 Russian IT Venture Investors. In 2015 Mr Borovikov was invited to join the Digital Economy Development Working Group in APAC operating under the Economic and Social Commission for Asia and the Pacific (UNESCAP), one of the 5 regional commissions of the United Nations Economic and Social Council.

Mr. Borovikov graduated from the Faculty of Computational Mathematics and Cybernetics of Lomonosov Moscow State University in 1986. He continued his academic career with a postgraduate studies followed by a position in the Academy of Sciences from 1989 to 1992, where he earned his PhD.

Sergey Chernovolenko, Global Chief Executive Officer

Mr. Sergey Chernovolenko was appointed the Global CEO of the Company in May 2018. He graduated from the Finance Academy under the Government of the Russian Federation and has been working in the IT industry since 1997. He has 25 years of experience in business, 20 years of which have been connected with IT. He was engaged in business development in several Russian and international companies and has 10 years of experience working in various countries. He was Director General of Xerox in Turkey for three years and led Xerox in 11 Eastern European countries.

Karl Robb, Senior Independent Non-Executive Director

Mr. Karl Robb has been appointed as Senior Independent Non-Executive Director. He has 39 years of experience in the software engineering and IT solutions industries. Mr. Robb began his extensive career in 1982 with the global solutions provider ICL and spent seven years in the United Kingdom, Belgium, and Sweden in a variety of roles, including: Business Analyst, Sales, Product Management and Marketing and Major Account Management with EU Governmental Institutions. In 1993, Mr. Robb co-founded Mobile Computing Systems, a mobile enterprise development platform and vertical applications provider in the United States, the United Kingdom, and Italy, which was acquired by the Malaysian telecom operator. In 2001, Mr. Robb co-founded Fathom Technology and served as its CEO until it was acquired by EPAM Systems Europe in 2004. Mr. Robb joined EPAM after the acquisition and served as the Executive Vice President of EPAM Systems Inc. and the President of EPAM Systems Europe until 2015. He continues to serve on the board of directors for EPAM.

Jacques Guers, Independent Non-Executive Director

Mr. Jacques Guers has been appointed as an Independent Non-Executive Director of the Company. He has 38 years of experience within IT companies, having acted as President for various companies within Europe and the Emerging Markets, including Xerox Europe. In 2007, Mr. Guers was awarded the title ‘Chevalier de la Légion d’Honneur’ for his contribution to the French economy as a member of MEDEF-French Business Confédération, a result of his significant involvement in discussions with the French government in relation to improving the economy’s attractiveness for foreign investments.

Alexander Galitsky, Independent Non-Executive Director

Mr. Alexander Galitsky has been appointed as an Independent Non-Executive Director of the Company. Mr. Galitsky is a co-founder and Managing Partner of Almaz Capital, an international venture fund based in California. The fund was backed in 2008 by Cisco Systems, EBRD and IFC. Among the most well-known transactions undertaken by Almaz Capital are Yandex (IPO NASDAQ), QIK (sold to Skype) and Sensity Systems (sold to Verizon Communications). Mr. Galitsky is a well-known innovator, entrepreneur and investor in the United States and Europe and has founded five successful high-tech companies: ELVIS+, TrustWorks Systems (sold to Hamsard), EzWIM (sold to TMT Ventures), ELVIS Telecom (sold to Telenor) and NPC ELVIS, all of which he led as CEO. Currently he serves as a member of the Board of Directors at: CarPrice, Jelastic, Octonion/PIQ, Parallels, PetCube and StarWind, and as Institute Advisor at the B612 Foundation. Mr. Galitsky has a Ph.D. in Computer Science and holds a Master’s degree in Physics.

Marc Kasher, Independent Non-Executive Director

Mr. Marc Kasher has been appointed as an Independent Non-Executive Director of the Company. Mr. Kasher is the founder and CEO of Sapiens Advisors, an international consulting company. Mr. Kasher is currently an Independent Director of Kazatomprom and the National Investment Corporation, a subsidiary of the National Bank of Kazakhstan. From 1997 to 2015 Mr. Kasher worked at AIG Global Investments, a private equity investor, and was appointed as Managing Director in 2010. Mr. Kasher served as an Independent Director of Luxoft from 2013 to 2019, a digital services technology company listed on the NYSE. Mr. Kasher holds an MBA from Georgetown University and a BA in Soviet Studies from Tufts University.

Oleg Zhelezko, Non-Executive Director

Mr. Oleg Zhelezko is a founder and a managing partner of the Company’s shareholder Da Vinci Capital, where he is responsible for strategic development. Mr. Zhelezko has more than 20 years of experience in investment consulting, investment banking and strategic consulting in the United Kingdom, former USSR, Czech Republic and other developing markets. He previously held the positions of Managing Director and Head of the Structure Products department in Renaissance Capital in Moscow, where he launched the alternative investments in CIS platform. The assets were managed by 30 investment funds and products. Mr. Zhelezko also previously worked

as a Director and Operations Director at Credit Suisse and dealt with derivatives and shares trading on the developing markets. From 1992 until 1998 Mr. Zhelezko worked as business consultant for Andersen Consulting and McKinsey in the United Kingdom, Czech Republic and Russia. Currently he is a member of the board of directors of Open Online Retail Limited (holding company of Alaska Originale) and the Company, ITI Group and ITI funds. Mr. Zhelezko holds a masters degree in chemical production from Dickinson College and the Russian Chemistry-Technological Institute.

Senior Management

As at the date of this Prospectus, the Group’s senior management (the “**Senior Management**”) consists of the following members:

<u>Name</u>	<u>Year of birth</u>	<u>Year of appointment</u>	<u>Position</u>
Sergey Chernovolenko	25/05/1965	2018	Global Chief Executive Officer
Artem Tarakanov	21/12/1973	2017	Global Chief Financial Officer
Gareth Tipton	28/04/1971	2020	Global Chief Compliance Officer
Roy Harding	02/10/1957	2019	President of Softline International
Andrew Morrison	14/09/1967	2019	Vice President, Softline Global Services

The business address for each member of Senior Management of the Group in such capacity is Kosta Charaki 11, Flat/Office 302, 3041, Limassol, Cyprus.

A short summary of the qualifications and certain other information in relation to each member of Senior Management is set out below:

Sergey Chernovolenko, Global Chief Executive Officer

See “—*Board of Directors*” for a brief biography of Sergey Chernovolenko.

Artem Tarakanov, Global Chief Financial Officer

Mr. Artem Tarakanov is responsible for the strategic and operational management of finance at Softline. Mr. Tarakanov has more than 20 years of professional experience managing finance for large companies (Daimler, Cadbury, EuroChem, Walgreens Boots Alliance) in the Russian and international markets. He graduated with honours from Moscow State University Faculty of Economics in 1997 with a Bachelor of Economics degree, majoring in financial management. In 1999, he was awarded a Master of Science in Economics from Moscow State University, majoring in accounting and financial analysis. He has been a member of ACCA since 2003. In 2009, he gained an MBA from Duke University.

Gareth Tipton, Global Chief Compliance Officer

Mr Tipton joined the Company as global chief compliance officer in 2020 and is based in the London office. Mr Tipton has over 20 years’ experience in IT and telecommunications, holding various positions including Group Director for Ethics, Compliance and Governance at BT plc from 2004 to 2020. Gareth has also previously served as a board director at BT Law and EE and as a Senior Independent Non-executive Director of the North West Anglia NHS Foundation Trust until 1 September 2021. He now serves as Audit Chair for the North West Anglia NHS Foundation Trust.

Roy Harding, President of Softline International

Mr. Roy Harding currently serves as President of Softline International. He has over 30 years’ experience through a diverse and successful career with Xerox Ltd, where he worked in the United Kingdom, the Middle East and Africa, Eastern Europe, Brazil, Mexico, Latin America, Russia, India and Japan. Mr. Harding has extensive experience in business development, stakeholder engagement, transformation management, organisational efficiency, sales process, business planning, and operations and strategy, as well as leadership development.

Andrew Morrison, Vice President, Softline Global Services

Mr. Andrew Morrison has been the Vice President of Softline Global Services since 2019 and is responsible for building strategic relationships with vendors, providers and partners. He has over 20 years’ experience in IT and BPO services, leading global and international business development, portfolio management, sales and supply chain management. From 2009 to 2014, he held executive positions at Xerox Global Services in the

United States, returning to Europe in 2014 to lead the European services business for Xerox. More recently, he was a Non-Executive Director for M4 Managed Services, a cybersecurity and digital transformation business working primarily in the UK public sector. Mr. Morrison graduated from Heriot Watt University in Edinburgh with a Master's degree in Engineering.

Other Directorships

Except for their directorships of the Company and its subsidiaries described above and as set out below, none of the Directors and members of the Senior Management hold or have held any directorships or are or have been partners of any partnerships, within the past five years:

Name	Current directorships/partnerships	Previous directorships/partnerships
Igor Borovikov	1. Softline Limited, Hong Kong 2. Softline Holding plc 3. Softline Group Inc. 4. LLC Novakom Group	—
Sergey Chernovolenko	1. Softline Holding plc	1. Xerox Russia
Karl Robb	1. EPAM Systems 2. VisiQuate Inc 3. Ajax Systems	—
Jacques Guers	1. LaTribuGuers 2. ACG Consulting 3. SCI Ludimmo	—
Alexander Galitsky	1. Elvis Plus RF 2. Almaz Capital 3. Virtuozzo 4. Alfa Bank 5. CRPT 6. Softline Holding plc	1. Acronis 2. Acumatica
Marc Kasher	1. Sapiens Advisors, LLC 2. Kazatomprom 3. National Investment Corporation of the National Bank of Kazakhstan	1. Luxoft
Oleg Zhelezko	1. ITinvest Brokerage 2. IPOboard LLC 3. Softline Holding plc 4. ITI Group Ltd 5. ITI Capial Ltd 6. ITI Capital Nominees Ltd 7. Open Online Retail Limited 8. DVCML 9. DVCMPGL 10. DVCGL 11. Gatita Marketing Ltd 12. ZL Productions Ltd 13. SVS Securities (Nominees) ISA Ltd 14. Curro Markets Ltd	—
Artem Tarakanov	—	—
Gareth Tipton	—	1. BT Law Limited 2. EE Limited
Roy Harding	1. Softline Group Ltd.	1. FujiXerox Ltd
Andrew Morrison	1. Softline AG 2. Softline Group Ltd 3. Capital Mojo Limited 4. Capital Mojo Investment Management Limited 5. Mojo Asset Management Limited	1. Concept Group Limited 2. Xerox (UK) Limited 3. Xerox Limited

Corporate Governance

In anticipation of the LSE Admission, the Company is implementing a number of changes to its governance. As a Cypriot company with GDRs admitted to the Official List, the Company will not be subject to the provisions of the U.K. Corporate Governance Code. In addition:

- while Cypriot law imposes certain general duties on company directors (including fiduciary duties to act honestly, in good faith and in the best interests of the company and duties of care and skill), there is no specific corporate governance code or corporate governance regime in Cyprus applicable to companies which are not listed on the Cyprus Stock Exchange; and
- under Russian law and the Moscow Exchange regulations, so long as the GDRs are listed on the London Stock Exchange, there are no additional corporate governance requirements from the admission to trading of the GDRs on the Moscow Exchange.

However, the Board of Directors acknowledges the importance of good corporate governance and the Company is committed to maintaining high standards of corporate governance. The Board of Directors has put in place a corporate governance framework which it considers appropriate taking into account the nature of its business. In particular, at the time of LSE Admission, the Board of Directors will consist of a majority of independent non-executive directors.

The Board of Directors has established an audit and risk committee and a nomination and remuneration committee, each with formally delegated duties and responsibilities and written terms of reference (as further described below). If the need should arise, the Board of Directors may set up additional committees.

Committees

At the LSE Admission, the Board of Directors will have established an audit and risk committee and a nomination and remuneration committee, with the responsibilities stated below. From time to time, further committees may be established by the Board of Directors.

Audit and Risk Committee

The audit and risk committee will assist the Board of Directors with the review of the Group's internal and external audit activities, including the review of internal control systems, compliance with financial reporting requirements, and the scope, results and cost effectiveness of external audit. At the LSE Admission, this committee will consist of three directors (all of whom shall be independent non-executive directors): Marc Kasher (Chair), Jacques Guers and Alexander Galitsky.

Nomination and Remuneration Committee

The nomination and remuneration committee will:

- make recommendations to the Board of Directors as regards the appointment of new directors, working to identify, interview and select candidates with suitable industry or key competency experience, and assessing the independence of such candidates;
- review senior management appointments and company-wide succession planning and other human resources related matters; and
- assist the Board of Directors in discharging its responsibilities in relation to remuneration, including reviewing the Group's overall compensation policy, making proposals to the Board of Directors as to the remuneration of the directors of the Company and of the Group's Senior Management.

At the LSE Admission, this committee will consist of three directors (a majority of whom shall be independent non-executive directors): Igor Borovikov (Chair), Karl Robb and Jacques Guers.

Principal Shareholder

At the time of LSE Admission, the Principal Shareholder (a company owned by the Company's founder and Chairman, Igor Borovikov) will continue to hold a majority of the Shares. The Company and the Principal Shareholder have entered into a relationship agreement (the "**Principal Shareholder Relationship Agreement**") which will take effect upon LSE Admission. Under the terms of the Principal Shareholder Relationship Agreement, the Principal Shareholder will have the right to appoint up to four directors to the Board of Directors whilst its and its associates' shareholding in the Company exceeds 50 per cent. However,

those rights will not be exercised at the time of LSE Admission and the Principal Shareholder does not currently intend to exercise those rights following LSE Admission.

A summary of the Principal Shareholder Relationship Agreement is contained in “*Material Contracts—Principal Shareholder Relationship Agreement*”.

Related Party Transactions Policy

The Company has adopted a policy to establish rules and procedures to govern transactions involving situations of conflicts of interest, including transactions between itself or its Subsidiaries and related parties, as defined under IFRS (the “**Related Party Transactions Policy**”). In particular, the Related Party Transactions Policy will apply to all transactions between the Principal Shareholder and the Company following LSE Admission.

The Related Party Transactions Policy provides that, in the case of related party transactions of a size that exceeds 5 per cent. under any of the class tests (“**Material RPT**”) contained within the FCA’s Disclosure Guidance and Transparency Rules, should receive approval by the Board of Directors. No person with an interest in the relevant transaction may be involved in, or may vote on, any decision in relation to a Material RPT.

The Related Party Transactions Policy further provides that Material RPTs must be disclosed by the Company in accordance with applicable rules, regulations and laws.

Share Dealing Code

The Company has adopted a code of securities dealings in relation to the Shares and GDRs, which is compliant with the Market Abuse Regulation (Regulation (EU) 596/2014), as it forms part of domestic law in the United Kingdom by virtue of the EUWA. The code adopted will apply to the Directors and other relevant employees of the Group.

Compensation of Directors and Senior Management

The aggregate amount of remuneration (including contingent or deferred compensation) the Group paid, and benefits in kind the Group granted, to the members of the Board of Directors and Senior Management for services in all capacities provided to the Group in the years ended 31 March 2019, 2020 and 2021 was \$1,829,000, \$2,871,000 and \$3,579,000, respectively. There is no amount set aside or accrued by the Company for the purposes of providing retirement or similar benefits to such persons.

Service and Employment Contracts

The Group has entered into service contracts (or letters of undertaking) with the members of the Board of Directors which set forth their compensation and a summary of their duties and responsibilities. The members of the Senior Management have entered into employment contracts with the Group, which set forth their compensation and contain standard terms and conditions (including as to severance and other benefits typically granted) in compliance with labor law of countries of operations.

No benefits are payable upon termination to the members of the Board of Directors and the Senior Management, other than payments required by their employment contracts.

Directors and Senior Management’s interests in the Company

As at the date of this document and as is expected to be the position immediately following LSE Admission, except as disclosed below, none of the Directors nor the members of Senior Management, and none of their respective immediate families, has any interest in the share capital of the Company which:

- is required to be notified to the Company pursuant to Article 19 of the Market Abuse Regulation (Regulation (EU) 596/2014), as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or
- would have been required to be disclosed by the requirement specified in the preceding sentence above if the relevant member of Senior Management had been a PDMR of the Company.

The following table sets out the interests of the Directors and members of Senior Management in the share capital of the Company immediately before the Offering, immediately following the Offering and immediately after the exercise of the Over-allotment Option, assuming that were to occur.

<u>Director/Senior Management</u>	<u>Immediately before the Offering</u>		<u>Immediately after the Offering</u>		<u>Immediately after the Offering (assuming the Over-allotment Option is exercised in full)</u>	
	<u>Number of Shares</u>	<u>% of Shares</u>	<u>Number of Shares</u>	<u>% of Shares</u>	<u>Number of Shares</u>	<u>% of Shares</u>
Igor Borovnikov ⁽¹⁾	101,104,365	77.6%	101,104,365	55.0%	97,904,365	53.3%
Sergey Chernovolenko	—	—	—	—	—	—
Karl Robb	320,000	0.25%	320,000	0.17%	320,000	0.17%
Jacques Guers	112,000	0.09%	112,000	0.06%	112,000	0.06%
Alexander Galitsky	133,000	0.10%	133,000	0.07%	133,000	0.07%
Marc Kasher	—	—	—	—	—	—
Oleg Zhelezko	—	—	—	—	—	—
Artem Tarakanov	—	—	—	—	—	—
Gareth Tipton	—	—	—	—	—	—
Roy Harding	—	—	—	—	—	—
Andrew Morrison	—	—	—	—	—	—

(1) One Share held directly and the remainder of the Shares held by Softline Group Inc., a company incorporated in the British Virgin Islands, which is beneficially owned by Igor Borovikov.

Options

During the year ended 31 March 2018, the Company implemented its SOP which allowed for the grant of Options over ordinary shares in the Company to key employees selected by the Board of Directors. Options have been granted and are outstanding under the SOP over approximately 11.4 per cent. of the total number of ordinary shares of the Group on a fully-diluted basis immediately prior to the Offering. See further information in “*Operating and Financial Information—Share Based Compensation*” and “*Material Contracts and Long Term Incentive Plan*”.

The Options held by the Directors and the members of Senior Management as at the date of this Prospectus are set out below:

<u>Director/Senior Management</u>	<u>Number of Options</u>
Sergey Chernovolenko	6,297,572
Roy Harding	158,763
Artem Tarakanov	317,526
Andrew Morisson	80,691

Conflict of Interest

Other than as described above under “—*Board of Directors*”, there are no actual or potential conflicts of interest between the duties that any member of the Board of Directors or the Senior Management owes to the Company and such member’s private interests or other duties.

Directors and Officers Insurance Liability; Indemnification

The Company will maintain directors insurance in favour of its directors pursuant to which such individuals will be insured against certain costs and liabilities arising from their services as directors.

The Company further indemnifies its directors (pursuant to the Articles of Association) against certain costs and liabilities arising from their services as directors, subject to certain conditions (including that the relevant director acted honestly and in good faith).

Litigation Statement about Directors and Senior Management

At the date of this Prospectus, none of the members of the Board of Directors or of the Senior Management has in the previous five years:

- has had any convictions in relation to fraudulent offences;
- has been a member of the administrative, management or supervisory bodies of any company, or been a partner in any partnership, at the time of or preceding any bankruptcy, receivership or liquidation; or

- has been subject to official public incrimination or sanction by a statutory or regulatory authority (including a professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

MAJOR AND OVER-ALLOTMENT SHAREHOLDERS

As of the date of this Prospectus, the number of Shares was 130,359,500, all of which have been issued on a fully paid-up basis. The Company will issue a further 53,333,334 Shares in connection with the Offering (such that, upon Admission, the Company shall have 183,692,834 issued and fully paid-up Shares).

Major Shareholders

The following table sets forth the ownership of the Shares of the Company by the Company's major shareholders immediately prior to the Offering, immediately following the Offering and immediately following the exercise of the Over-allotment Option, assuming that were to occur.

<u>Name of Shareholder</u>	<u>Immediately before the Offering</u>		<u>Immediately after the Offering</u>		<u>Immediately after the Offering (assuming the Over-allotment Option is exercised in full)</u>	
	<u>Number of Shares</u>	<u>% of Shares</u>	<u>Number of Shares</u>	<u>% of Shares</u>	<u>Number of Shares</u>	<u>% of Shares</u>
Softline Group Inc. ⁽¹⁾	101,104,364	77.6%	101,104,364	55.0%	97,904,364	53.3%
Da Vinci Funds ⁽²⁾	16,669,124	12.8%	16,669,124	9.1%	13,101,124	7.1%
Broadreach Limited ⁽³⁾	6,966,619	5.3%	20,366,619	11.1%	20,366,619	11.1%
SMALLCAP World Fund, Inc. ⁽⁴⁾	—	—	10,650,000	5.8%	10,650,000	5.8%

- (1) The Shares held by Softline Group Inc., a company incorporated in the British Virgin Islands, are beneficially owned by Igor Borovikov.
- (2) Consisting of Shares held by Da Vinci Private Equity Fund II L.P. (8.4% immediately before the Offering and 4.5% immediately after the Offering), with the remainder held by Investment Partnership Da Vinci Pre IPO Fund, Da Vinci Capital Group Ltd, and ITI Group Limited.
- (3) Shares held by Broadreach Limited (a company incorporated in Jersey and beneficially owned by Sergei Popov) were acquired in September 2021 from Softline Group Inc, Da Vinci Capital and Zubr Capital (on a close to pro-rata basis to their respective shareholdings).
- (4) A fund managed or advised by Capital World Investors.

None of the Company's shareholders has voting rights different from those of any other shareholder in the Company.

Over-allotment Shareholders

The following table sets out the names and registered office addresses of the shareholders who will be making available the Over-allotment GDRs in the Offering pursuant to the Over-allotment Option (the "Over-allotment Shareholders"):

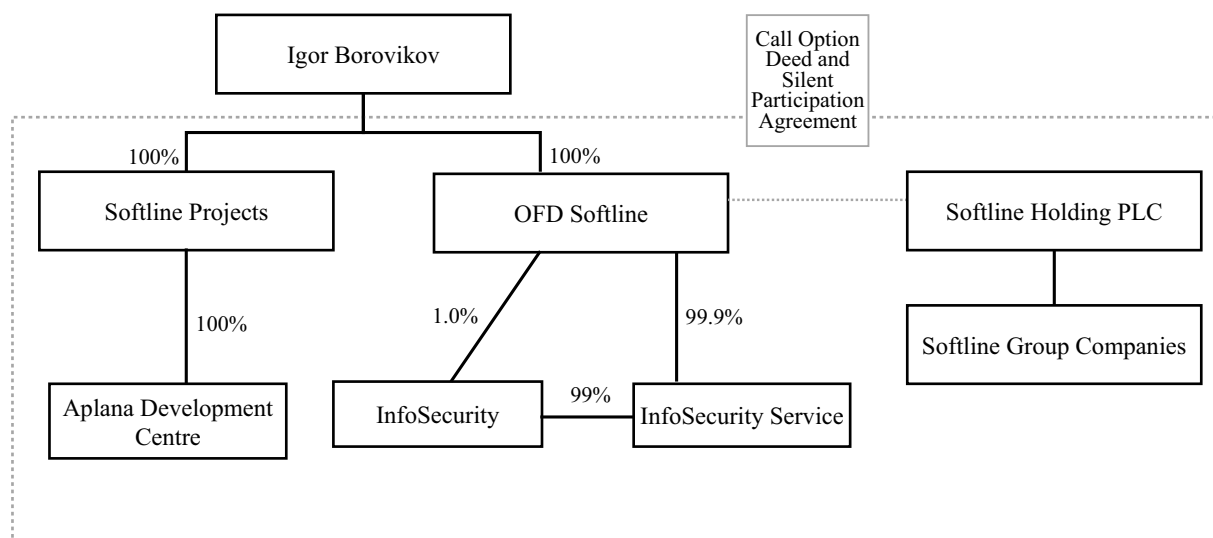
<u>Name of Over-allotment Shareholder</u>	<u>Registered Office Address</u>	<u>Total Over-allotment GDRs Offered</u>
Softline Group Inc	3rd Floor, Yamraj Building, Market Square, P.O. Box 3175, Road Town, Tortola, British Virgin Islands	3,200,000
Da Vinci Private Equity Fund II L.P	P.O. Box 286, 2nd Floor, Trafalgar Court, Les Banques, St. Peter Port, GY1 4LY, Guernsey	2,744,000
Investment Partnership Da Vinci Pre-IPO Fund	Northern Tower, 10 Testovskaya street, Floor 19, 123317, Moscow, Russian Federation	824,000
Zubr Capital Fund I LP	28 The Esplanade, St Helier, JE2 3QA, Jersey	1,232,000

GROUP STRUCTURE

Group structure

The Group has put in place arrangements in relation to OFD Softline, Softline Projects LLC, InfoSecurity Service LLC, InfoSecurity LLC and Aplana Development Center LLC (the “**Relevant Entities**”) which are primarily driven by restrictions imposed by specific customers of the Group in Russia (in particular government organisations) that restrict participation of entities with direct or indirect non-Russian shareholding in tenders and public procurement procedures. The Relevant Entities are not legally owned by the Group, but by Igor Borovikov, the Group’s founder, and Igor Sergienko (being a Russian national and an employee of the Group), subject to the Silent Participation Agreement and the Call Option Agreement. The Relevant Entities account for 3.3 per cent. of the Group’s revenue for the year ended 31 March 2021, and the financial position and results of operations of such entities are fully consolidated into the Group’s financial statements.

The ownership structure of the Relevant Entities is as set out in the structure diagram below:



The Company has put in place the Silent Participation Agreement and Call Option Agreement in order to protect the Company’s rights in the Relevant Entities and ensure that the Company has the full benefit of, and control over, the operating businesses of the Relevant Entities. In particular, the Call Option Agreement provides the Company with an option to acquire the shares in the Relevant Entities at any time for nominal consideration. In addition, the Silent Participation Agreement provides the Company with the economic benefits of full ownership (including a right to receive amounts equal to distributed dividends) and the right to control the operations of the Relevant Entities.

Certain other Group entities (namely, High Technology Center LLC, Aplana International Projects LLC and Software Development LLC) 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. These entities accounted for revenues of less than 1 per cent. of the Group’s revenue for the year ended 31 March 2021.

Significant Subsidiaries

The following table sets out the Group's principal subsidiaries by category of operations, as well as the Group's ownership interest therein (which is in all cases equal to the Group's voting rights) as at the date of this Prospectus:

<u>Subsidiary Name</u>	<u>Country of Incorporation</u>	<u>Business Activity</u>	<u>Ownership interest</u>
Softline Group Ltd	United Kingdom	Management Company	100%
SoftLine Trade JSC	Russia	Sales of software and IT maintenance	100%
Soft Logistic LLC	Russia	Logistics company	100%
Axoft JSC	Russia	Sales of software	100%
SoftLine Internet Trade LLC	Russia	Sales of software	100%
SoftLineBel Ltd	Belorussia	Sales of software	53.17%
Axoft Distribution TOO	Kazakhstan	Sales of software	100%
Softline International,S.A.	Argentina	Sales of software	100%
Softline International Peru S.A.C.	Peru	Sales of software	100%
Softline International De Venezuela SLI., SA	Venezuela	Sales of software	100%
NiltaSoft Ltd	Cyprus	Logistics company	100%
SoftLine Trade TOO	Kazakhstan	Sales of software and IT maintenance	100%
Softline International De Columbia Sas	Colombia	Sales of software	100%
Non-commercial organization (HO AHO) SoftLine Education	Russia	Educational services	100%
Softline Software Services Trading LLC	Turkey	Sales of software and IT maintenance	100%
Softline Services India Private Limited	India	Sales of software	100%
Novakom Group Ltd	Belorussia	Software development	100%
Softline International BE	Uzbekistan	Sales of software	100%
SoftLine International Ltd	Azerbaijan	Sales of software	80%
Softline International SRL	Romania	Sales of software	100%
Softline International Chile SpA	Chile	Sales of software	100%
Softline International USA, Inc	USA	Sales of software	100%
Softline Solutions International SDN. BHD	Malaysia	Sales of software	100%
Softline International, SOCIEDAD ANÓNIMA	Costa Rica	Sales of software	100%
Softline International Brasil Comercio e Licenciamento de Software Ltda	Brazil	Sales of software	100%
ActiveHost Ltd	Cyprus	Cloud services	51%
ActiveHost RU LLC	Russia	Cloud services	51%
Activnie tehnologii LLC	Belorussia	Cloud services	51%
Active technologies LLC	Belorussia	Cloud services	51%
Freshstore LLC	Russia	Sales of software	100%
High Technology center LLC	Russia	Services	25%*
EMBEE SOFTWARE PRIVATE LIMITED	India	Sales of software	95%
Aplana Software, Inc.	USA	Services	100%
Aplana International Projects LLC	Russia	Services	25%
Software Development Center LLC	Russia	Services	49%*
Softline AG	Germany	Services	63%
Softline Solutions B.V.	Netherlands	Services	63%
Softline Solutions Ltd.	United Kingdom	Services	63%

* Effective economic interest for each of these entities is 100%. See "Group Structure" above for further information.

MATERIAL CONTRACTS AND LONG TERM INCENTIVE PLAN

Underwriting Agreement

On the Pricing Date, the Company, the Over-allotment Shareholders and the Managers entered into an underwriting agreement (the “**Underwriting Agreement**”) with respect to the Offering. See “*Plan of Distribution—Underwriting Arrangements*”.

Deposit Agreement

On the Pricing Date, the Company and the Depositary entered into the Deposit Agreement for the establishment and maintenance of: (i) the Regulation S GDR programme and the Regulation S GDRs issued pursuant thereto; and (ii) the Rule 144A GDR programme and the Rule 144A GDRs issued pursuant thereto, pursuant to which the Company also executed a Deed Poll in favour of the holders of the GDRs in the form attached to the Deposit Agreement (see “*Terms and Conditions of the Global Depositary Receipts*”).

Principal Shareholder Relationship Agreement

On 27 October 2021, the Company entered into the Principal Shareholder Relationship Agreement with the Principal Shareholder which will take effect on and from LSE Admission and will apply: (i) so long as the Company is admitted to listing on the Official List and to trading on the LSE; and (ii) the Principal Shareholder and its associates’ shareholding in the Company is equal to or exceeds 10 per cent. in the issued share capital of the Company. The key terms of the Principal Shareholder Relationship Agreement are set out below.

Relationship between Company and Principal Shareholder

Neither the Principal Shareholder nor any of its associates shall: (i) take any action that would reasonably be likely to have the effect of preventing the Group from complying with their obligations under the Listing Rules, the Disclosure Requirements, the Disclosure Guidance, the Transparency Rules, the requirements of the London Stock Exchange or other applicable laws and regulations; (ii) propose or procure the proposal of a shareholder resolution which is intended to circumvent the proper application of the Listing Rules or exercise any of its voting rights or other rights and powers in a way that would be inconsistent with, or breach any of the provisions of the Principal Shareholder Relationship Agreement; or (iii) take any action which it knows (or should reasonably know) would prejudice either the Company’s status as a company with a standard listing or its suitability for listing.

Transactions between Company and Principal Shareholder

Any transactions and arrangements (or any change to an existing transaction or arrangement) between any member of the Group and the Principal Shareholder or any of its associates shall be entered into in accordance with Company’s Related Party Transactions Policy. Any changes to the Company’s Related Party Transactions policy adopted on LSE Admission shall be approved by both: (i) whilst the Principal Shareholder and its associates’ shareholding in the Company exceeds 50 per cent., the Principal Shareholder; and (ii) a majority of the Company’s independent non-executive directors.

Board appointment rights

The Principal Shareholder will have the right to appoint four directors to the Board of Directors whilst its and its associates’ shareholding in the Company exceeds 50 per cent. If the Principal Shareholder and its associates ceases to hold a shareholding of at least 50 per cent. in the Company, then the following will apply: (i) if the Principal Shareholder and its associates hold less than a 50 per cent. shareholding in the Company but more than 30 per cent., then the Principal Shareholder will have the right to appoint three directors; (ii) if the Shareholder and its associates holds less than a 30 per cent. shareholding in the Company but more than 20 per cent, then the Principal Shareholder will have the right to appoint two directors; (iii) if the Principal Shareholder and its associates hold less than a 20 per cent. shareholding in the Company but more than 10 per cent., then the Principal Shareholder will have the right to appoint one director.

Conflicts of interest

If, in the opinion of a majority of the Company’s independent non-executive directors, the Chairman or any director appointed by the Principal Shareholder has a conflict of interest, direct or indirect, in any transaction or matter to be considered by the Board of Directors by virtue of his position as a controller, director, partner or employee of the Principal Shareholder and/or any of its associates, the Chairman and/or such director shall not

be entitled to vote on the transaction or matter (but may participate in the Board of Directors' discussion on the matter).

Committees of the Board of Directors

For as long as the Principal Shareholder and its associates' shareholding in the Company exceeds 50 per cent, any changes to the committee structure of the Audit Committee and the Nomination & Remuneration Committee on LSE Admission, or to the terms of reference of such committees adopted at LSE Admission must be approved by the Principal Shareholder.

Disclosure of information and confidentiality

Subject to applicable laws and fiduciary duties, each of the directors appointed by the Principal Shareholder may disclose information to the Principal Shareholder any information provided by the Group to such director or which comes into his possession through his role as a director. Where such director receives information in a capacity other than that of a director of the Company which imposes on them a duty of confidentiality, they shall not be obliged to disclose that information to the Company or to the Board of Directors.

To the extent permitted by applicable laws (and subject to customary confidentiality obligations), the Company shall supply to the Principal Shareholder all such information reasonably requested by the Principal Shareholder: (i) to complete any tax return or other filing which may be required by law or regulation; (ii) for any audit or regulatory reason; (iii) to meet its financial reporting requirements; and (iv) to comply with any requirements of any regulatory or governmental body to which it is subject.

Share Purchase and Transfer Agreement—Softline AG

Pursuant to a share sale and transfer agreement entered into between S.K. Management und Betelligungs GmbH and the Company on 10 December 2020, the Company acquired a controlling stake in Softline AG for EUR 9,280,173. Softline AG is a software asset management, security and IT consulting services provider with operations in Denmark, the Netherlands, Belgium, Great Britain and France. The transaction was structured as an acquisition of 63.38 per cent. of Softline AG in two instalments, with payment for the second instalment subject to successful completion of a pre-closing restructuring whereby Softline AG's subsidiaries were merged into the Company. S.K. Management und Betelligungs GmbH granted certain business warranties in respect of Softline AG, for which it remains liable for a period of 18 months from the date of the share purchase and transfer agreement.

Restated Share Purchase Agreement—Embee Software Private Limited

Pursuant to a restated share purchase agreement dated 12 June 2020 entered into between Softline Services India Private Limited, Mr. Sudhir Kothari and Mrs Radha Kothari (the "Sellers"), the Company acquired Embee Software Private Limited on 15 January 2021 in exchange for \$18.0 million cash consideration, \$15.1 million deferred payment and \$550,000 contingent consideration. Embee is a security, cloud and IT consulting services provider with operations in India. The transaction was structured as an acquisition of 95 per cent. of Embee, with the remaining 5 per cent. being retained by the founder and employees. The Company has the right to acquire the remaining 5 per cent. of Embee over the next five years. Pursuant to the restated share purchase agreement, the Sellers granted certain business and tax warranties and indemnities in respect of Embee Software Private Limited, for which they remain liable for a period of 36 months from completion of the transaction. In respect of the tax warranties, the Sellers remain liable for the period under which the relevant government authority may initiate proceedings for a breach of applicable tax law. In respect of the anti-corruption and anti-competitive warranties, the Sellers remain liable for a period of 72 months from completion of the transaction. The Sellers also granted restrictive covenants restricting competition with Embee's business and solicitation of Embee's employees for a period of six years from completion.

Material Financing Agreements

Credit Line Agreements

The purpose of the Company's current credit line agreements is the financing of working capital and granting loans to members of the Group. All credit lines are revolving. Obligations under credit line agreements are

secured by sureties of the main operational companies and the holding parent company, their capital, and no other securities are required. The main credit line agreements are as follows:

- Credit line with Sberbank, in the total amount of RUB 2.0 billion and with an interest rate of 6.74 per cent. per annum. The agreement is valid until 24 February 2023. The interest rate is fixed for the term of the agreement.
- Credit line with Sberbank, in the total amount of RUB 2.0 billion and with a maximum interest rate of up to 12 per cent. per annum. The agreement is valid until 30 March 2023. The interest rate for each loan tranche is agreed between Sberbank and the Company on the drawdown date. The loan tranche term is from 30 calendar days up to 365 calendar days.

The Company may utilise credit funds under both credit lines with Sberbank not only for the working capital financing, but also for refinancing (principal debt, partly or in full) credits with other commercial banks.

- Credit line with Alfa-Bank, in the total amount of RUB 2.3 billion and with an interest rate of 7.84 per cent. per annum. The agreement is valid until 31 December 2023. The interest rate for each loan tranche is agreed between Alfa-Bank and the Company on the drawdown date. The loan tranche term is up to six months.
- Credit line with Gazprombank, in the total amount of RUB 1.0 billion and with a maximum interest rate of up to 15 per cent. per annum. The interest rate for each loan tranche is agreed between Gazprombank and the Company on the drawdown date. The Company has entered into an amendment to this agreement renewing the term of the agreement until July 2025 and increasing the facility amount up to RUB 2.5 billion.
- Credit line with Raiffeisenbank, in the total amount of RUB 0.8 billion and with an interest rate equal to either the internal bank interest rate (not exceeding MosPrime1M + 8 per cent. per annum), or MosPrime1M + individual interest rate not exceeding 3.5 per cent. per annum, or internal bank interest rate (not exceeding MosPrime6M + 10 per cent. per annum). The agreement is valid until 30 December 2022. The loan tranche term is from one month up to nine months.
- Credit line with Rosbank, in the total amount of RUB 0.4 billion and with an interest rate offered by the Company and accepted by Rosbank. The agreement is valid until 22 January 2022. The loan tranche term is up to six months.

The Group's credit line 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. In particular, the Group's EBITDA to net debt ratio cannot exceed 3.0x (in the case of Raiffeisenbank), 3.5x (in the case of Sberbank and Rosbank) and 4.0x (in the case of Alfa-Bank and Gazprombank). Under the terms of all of the Group's credit line agreements, the Group's EBITDA to interest ratio must be no less than 2.0x. Covenant breaches, if not waived, generally permit lenders to demand accelerated repayment of principal and interest.

Bonds

On 21 December 2017, the Group issued 2,700,000 rouble-denominated bonds with a nominal value of RUB 1,000 in order to attract additional long-term borrowings. The coupon interest rate as of 31 March 2019 amounted to 11.00 per cent. per annum. These bonds matured on 21 December 2020. On 26 December 2018, the Group issued another 1,000,000 bonds with the same RUB 1,000 nominal value under the same agreement and with the same terms. The maturity date of second issue is 21 December 2021.

On 23 April 2020, the Group issued 1,350,000 rouble-denominated bonds with a nominal value of RUB 1,000 and coupon interest rate of 11 per cent. per annum and contractual maturity in 2023 in order to attract additional long-term borrowings.

On 20 October 2020, the Group issued exchange-traded bonds in the amount of RUB 4.95 billion for a period of three years and two months. The final coupon rate was set at 8.9 per cent. per annum.

Long Term Incentive Plan

The Softline Long Term Incentive Plan (the "**Plan**") will permit the grant of conditional share awards and nil-cost options (together referred to as "**Awards**") over Shares. The Plan will be administered by the remuneration committee of the Board (the "**Committee**").

The Company intends to operate the Plan following the Offering.

Eligibility

All employees of the Group, including the executive directors of the Company, will be eligible to participate in the Plan. The Committee will determine which employees will be granted Awards and what type of Awards will be granted.

Grant of Awards

Awards will normally be granted under the Plan within 42 days of: (i) the announcement of the Company's results for any period; (ii) a general meeting of the Company; or (iii) the lifting of any restrictions on dealing in Shares. Awards may be granted at other times if the Committee determines that there are exceptional circumstances justifying the grant of Awards.

Limit on the use of Shares

The use of Shares which are newly issued or transferred from treasury under the Plan is limited to 10 per cent. of the issued share capital of the Company from time to time, taking into account Shares issued or to be issued or transferred from treasury over the previous 10 year period under all employee share plans adopted by the Company (but excluding any Shares subject to awards granted before the date of the IPO).

Individual grants

The value of Shares subject to an Award granted to an employee will be determined by the Committee taking into account factors such as seniority, role scope and market practice.

Vesting conditions

The vesting of all Awards will be subject to continued employment and the Awards may vest in tranches determined by the Committee over the vesting period. The vesting of some Awards may also be subject to the satisfaction of performance conditions which will be stated at the date of grant. The Committee will determine any performance condition that will apply to an Award and whether and to what extent any performance condition has been met. If the Committee determines the overall performance of the Company does not warrant the extent of vesting based on the satisfaction of the performance conditions, it may determine an Award will vest to a lesser extent.

Normal vesting

Awards subject to a performance condition will normally vest, subject to the satisfaction of any applicable performance condition, following the assessment of performance or on the third anniversary of their date of grant (the "**Vesting Date**"), provided that the participant is still employed by the Group at that time. Where Awards are not subject to a performance condition, they will normally vest on the date specified at the date of grant, provided that the participant is still employed by the Group at that time.

The Shares in respect of which an Award has vested will be delivered to the participant within 30 days of vesting. The Shares in respect of which an option has been exercised will be delivered to the participant within 30 days of the date of exercise. Once an option has vested, it will normally remain exercisable until the tenth anniversary of its date of grant. The Committee may determine that a participant will receive a cash payment equal to the value of the Shares that would have been received instead of Shares or the net (after tax) number of Shares following the vesting of an Award or the exercise of an option.

Holding Period

Awards may be granted subject to a holding period, as determined by the Committee at the time of grant, which will apply following the vesting of an Award. During the holding period the vested Shares may not be transferred, assigned or disposed of without the consent of the Committee and will be delivered to a nominee for the participant or into another arrangement approved by the Committee to allow the holding period to be monitored. Vested options subject to a holding period may normally only be exercised after the end of the applicable holding period.

Payment on account of dividends

A participant may, if the Committee so determines, receive cash or further Shares in respect of the Shares acquired equal in value (so far as possible) to any dividends paid or payable on the Shares in relation to which an Award vests from the date of grant of the Award to its Vesting Date (or expiry of any applicable Holding Period).

Malus and Clawback

The Committee may reduce (including to zero) the number of Shares subject to an Award and/or impose further conditions on an Award following the grant of the Award but before its Vesting Date (or exercise of an option) in circumstances where the Committee determines such action is justified. The Committee may at any time within a period determined at the date of grant of the Award, require the repayment of any number of Shares (or cash amount) received in respect of the Award in circumstances where the Committee determines such action is justified.

Cessation of employment before the Vesting Date

If a participant ceases to be employed within the Group before the Vesting Date of an Award because of injury, ill health, or disability or because of the sale of the participant's employing company or business out of the Group or for any other reason determined by the Committee, the participant's Award will vest on the normal Vesting Date or, at the discretion of the Committee, on the date of cessation. In such circumstances, options will normally remain exercisable for a period of 3 months (or such other period determined by the Committee) after vesting. An Award held by a participant who dies will vest and the Shares will be transferred to the participant's personal representatives as soon as practicable. If a participant ceases employment before the Vesting Date in other circumstances the participant's Award(s) will lapse. If a participant ceases employment after the Vesting Date of an option, the option may normally be exercised for the period of 3 months (12 months in the case of death) following cessation and will then lapse, unless the Committee determines that a different exercise period should apply.

Change of control or winding-up of the Company

If there is a change of control or winding-up of the Company, Awards will normally vest at the time of, and options will be exercisable for a limited period following, the relevant event. The Committee may decide that Awards will not vest on a change of control but will, with the consent of the acquiring company, be exchanged for equivalent awards over Shares in the acquiring or another company. In the event of a Company reorganisation or merger, where the shareholders of the acquiring company are substantially the same as the Company's shareholders immediately before the change of control, Awards will not vest but will be exchanged for equivalent rights.

Extent of vesting if vesting is before the Vesting Date

If an Award vests before its Vesting Date (following a participant's cessation of employment or a change of control) the Award may normally only vest to the extent that any applicable performance condition has been satisfied. In the event of a change of control the Committee may also take into account other relevant performance factors when determining the proportion that should vest. The number of Shares in respect of which the Award will vest will be pro-rated to take account of the time elapsed between the date of grant and the date of the relevant event, unless the Committee determines that an Award will vest to a greater extent if it believes there are circumstances that warrant such a determination.

Amendment

The Committee may amend the rules of the Plan at any time, but without prejudice to Awards granted before the date of the amendment, provided that if the Company obtains a listing on the premium segment of the London Stock Exchange no amendment to the advantage of participants or employees may be made to the provisions relating to: (i) who is eligible to participate in the Plan; (ii) the limit on the number of Shares that can be issued or transferred from treasury under the Plan; (iii) the maximum entitlement for any one participant; (iv) the basis for determining a participant's entitlement to acquire Shares and the terms on which they can be acquired; or (v) to the share capital variation adjustment provision, without the prior approval of the shareholders of the Company in general meeting, unless the amendment is minor and is made to benefit the administration of the Plan, or to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

Other provisions

Awards are not pensionable benefits and may not be transferred, assigned, charged or otherwise disposed of to any person (other than to a personal representative on the death of a participant). No consideration will be payable by participants for the grant of an Award.

The Committee may adjust the number and/or type of Shares comprised in any Award to take account of any variation in the share capital of the Company, so that the underlying economic value of the Award remains unchanged.

Any Shares allotted when an Award vests or an option is exercised will carry the same rights as all other Shares in issue at that time (except for any rights arising by reference to a record date before their allotment). While the Shares are listed, the Company will apply for the listing of any Shares issued pursuant to the Plan.

No Awards can be granted under the Plan more than ten years after it is adopted by the Company.

The Committee may establish additional schedules of the Plan to operate the Plan in any jurisdiction. A schedule may vary the rules of the Plan to take account of any securities, exchange control or taxation laws or regulations in an overseas jurisdiction. No schedule may increase the individual limit on the size of an Award and any Shares made available under any schedules will count towards the overall limit on the number of Shares which may be used under the Plan.

The above is a summary of the main features of the rules of the Plan, does not form part of the rules and will not affect their interpretation.

Other all-employee share incentives

The Board is keen to encourage a culture of greater employee share ownership across the organisation. Following Admission, the Board therefore intends to develop and adopt an employee share incentive arrangement that enables employees to acquire shares in the Company. Subject to specified terms, this may include the offer to employees to acquire shares on beneficial terms, or to receive matching shares on any shares acquired by an employee. To the extent that any such arrangements are implemented, they will be subject to the same limitations on the use of newly issued shares or shares transferred from treasury as apply to the Plan, as described above.

RELATED PARTY TRANSACTIONS

The following is an overview of the Group's transactions with related parties for the periods and as at the dates indicated below. The Group's financial information set forth herein has, unless otherwise indicated, been extracted without material adjustment from the Financial Statements.

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

During the periods ending and as of 30 June 2021, 31 March 2021, 31 March 2020 and 31 March 2019, the Group had the following balances and transactions with related parties:

	<u>Shareholders</u>	<u>Entities with significant influence over the Group</u>	<u>Key Management personnel</u>	<u>Total related party balances/ transactions</u>
		(in thousands of US dollars)		
Balances as at 30 June 2021				
Loans issued	—	2,960	—	2,960
Advances issued and other receivables	—	642	—	642
Other receivables	—	36,165	—	36,165
Trade receivables	—	1,383	—	1,383
Contract liabilities to related party	—	(4)	—	(4)
Short-term borrowings	—	(3,783)	—	(3,783)
Trade and other payables	—	(3,271)	(77)	(3,348)
Transactions for the three months period ended 30 June 2021				
Sales	—	504	—	504
Purchases	—	(54)	—	(54)
Payroll expenses	(31)	—	(794)	(825)
Professional services	—	(14)	—	(14)
Profit distribution	(54)	—	—	(54)
Finance income	—	84	—	84
Finance expenses	—	(74)	—	(74)
Balances as at 31 March 2021				
Loans issued	—	1,549	—	1,549
Advances issued and other receivables	—	700	—	700
Trade receivables	—	34	—	34
Contract liabilities to related party	—	(4)	—	(4)
Short-term borrowings	—	(913)	—	(913)
Trade and other payables	—	(655)	(38)	(693)
Transactions for the year ended 31 March 2021				
Sales	—	212	—	212
Purchases	—	(791)	—	(791)
Payroll expenses	—	—	(3,579)	(3,758)
Professional services	—	(89)	—	(89)
Other distribution	—	—	—	(205)
Finance income	—	745	—	745
Finance expenses	—	(6)	—	(6)

	<u>Shareholders</u>	<u>Entities with significant influence over the Group</u> (in thousands of US dollars)	<u>Key Management personnel</u> (in thousands of US dollars)	<u>Total related party balances/ transactions</u>
Balances as at 31 March 2020				
Loans issued	—	5,663	—	5,663
Advances issued and other receivables	—	505	—	505
Trade receivables	—	6	—	6
Contract liabilities to related party	—	(1)	—	(1)
Trade and other payables	—	(115)	(39)	(154)
Transactions for the year 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

	<u>Shareholders</u>	<u>Entities with significant influence over the Group</u> (in thousands of US dollars)	<u>Key Management personnel</u> (in thousands of US dollars)	<u>Total related party balances/ transactions</u>
Balances as at 31 March 2019				
Loans issued	—	1,933	—	1,933
Advances issued and other receivables	—	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 year 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

Other receivables as of 30 June 2021 increased due to the profit distribution from the Group's joint venture BidCo. See Note 5 to the Interim Financial Statements for additional detail. Loans issued, short-term borrowings, trade receivables and trade payables as of 30 June 2021 increased due to the disposal of the Group's subsidiaries ETMC Exponenta Ltd, Aflex Distribution LLC and Softline Management ApS. See Note 3 to the Interim Financial Statements for additional detail. For the three months period ended 30 June 2021 compensation paid to the Group's management (salary and other short-term employee benefits) amounted of \$794,000 (30 June 2020: \$578,000).

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 \$3,579,000 (2020: \$2,871,000; 2019: \$1,829,000).

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.

As a result of the disposals, certain of the Group's subsidiaries, including ETMC Exponenta Ltd, will no longer be reported as related party transactions in the Group's financial statements for periods ending after 30 June 2021.

Save for the related party transactions and changes described above, there are no material changes to the existing related party transactions and no new related party transactions have been entered into by any member of the Group during the period between 30 June 2021 to the latest practicable date prior to the publication of the Prospectus.

DESCRIPTION OF SHARE CAPITAL AND CERTAIN REQUIREMENTS OF CYPRIOT LEGISLATION

Set out below is a summary of material information concerning the share capital of the Company, including a description of certain rights of the holders of ordinary shares and related provisions of the Articles of Association in effect on the date of this Prospectus and of relevant laws of the Republic of Cyprus. GDR holders will be able to exercise their rights with respect to the Shares underlying the GDRs only in accordance with the provisions of the Deposit Agreement and the relevant requirements of the laws of the Republic of Cyprus. See “Terms and Conditions of the Global Depositary Receipts” for more information.

Incorporation and Registered Office

The Company was incorporated in the Republic of Cyprus pursuant to the Cyprus Companies Law on 3 December 2008 under the name Axion Holding Cyprus Limited with a registration number HE242943, as a private limited liability company. On 30 September 2021, the Company was converted into a public limited liability company.

The Company changed its name to Softline Holding Limited on 20 September 2021 and then changed its name to Softline Holding PLC on 11 October 2021. The Company was converted into a public limited liability company on 30 September 2021.

The registered office of the Company is at 11, Costa Haraki, Flat/Office 302, 3041 Limassol, Cyprus.

Description of Shares

As of the date of this Prospectus, the Company has 130,359,500 issued and fully paid-up Shares. The Company will issue a further 53,333,334 Shares in connection with the Offering (such that, upon Admission, the Company shall have 183,692,834 issued and fully paid-up Shares). There are no partly-paid Shares in issue. The Shares are issued in registered form. The Company is authorised to issue shares equal to its authorised share capital (and its share capital is denominated in USD).

The following table sets out the changes in the Company’s issued shares that have occurred from the date of the Company’s incorporation up to the date of this Prospectus:

<u>Date of change</u>	<u>Type of change</u>	<u>Total number of issued shares after change</u>	<u>Total value of issued share capital</u>	<u>Type of shares</u>
03/12/2008 (incorporation)	Subscription	1,000 ordinary	1,000 EUR	Ordinary par value 1 EUR
01/04/2016	Reconstitution	113,800 ordinary	1,138 USD	Ordinary par value 0.01 USD
29/07/2016	(i) Increase of authorised share capital and creation of new classes of shares (non-redeemable preference series A and redeemable preference Series A) (ii) Issuance and allotment of 15,173 series A redeemable preferred (iii) Issuance and allotment of 1 ordinary share	<ul style="list-style-type: none"> • 16,438 non-redeemable preference series A • 97,364 ordinary • 15,173 redeemable preference series A 	1,289.74 USD	Par value 0.01 USD
14/12/2016	Issuance and allotment of 1 ordinary share	<ul style="list-style-type: none"> • 16,438 non-redeemable preference series A • 97,364 ordinary 	1,289.75 USD	Par value 0.01 USD

<u>Date of change</u>	<u>Type of change</u>	<u>Total number of issued shares after change</u>	<u>Total value of issued share capital</u>	<u>Type of shares</u>
		<ul style="list-style-type: none"> • 15,173 redeemable preference series A 		
05/03/2021	Redemption of 7,021 series A redeemable preferred	<ul style="list-style-type: none"> • 16,438 non-redeemable preference series A • 97,364 ordinary • 8,152 redeemable preference series A 	1,219.54 USD	Par value 0.01 USD
11/03/2021	Redemption of 1,362 series A redeemable preferred	<ul style="list-style-type: none"> • 16,438 non-redeemable preference series A • 97,364 ordinary • 6,790 redeemable preference series A 	1,205.92 USD	Par value 0.01 USD
17/06/2021	Conversion of 1,426 ordinary shares into 1,426 series A non-redeemable shares	<ul style="list-style-type: none"> • 17,864 non-redeemable preference series A • 95,938 ordinary • 6,790 redeemable preference series A 	1,205.92 USD	Par value 0.01 USD
17/06/2021	Issuance and allotment of 4,278 Series A Redeemable Preferred Shares	<ul style="list-style-type: none"> • 17,864 non-redeemable preference series A shares • 95,938 ordinary • 11,068 redeemable preference series A shares 	1,248.7 USD	Par value 0.01 USD
26/07/2021	Issuance and allotment of 2,814 ordinary shares	<ul style="list-style-type: none"> • 17,864 non-redeemable preference series A • 98,752 ordinary • 11,068 redeemable preference series A 	1,276.84 USD	Par value 0.01 USD
23/08/2021	Sub-division of shares	<ul style="list-style-type: none"> • 98,752,000 ordinary shares • 11,068,000 redeemable preference series A shares • 17,864,000 non-redeemable preference series A shares 	1,276.84 USD	Par value 0.00001 USD
08/09/2021	Allotment of 320,002 ordinary shares	<ul style="list-style-type: none"> • 99,072,002 ordinary shares • 11,068,000 redeemable preference series A shares 	1,280.04 USD	Par value 0.00001 USD

<u>Date of change</u>	<u>Type of change</u>	<u>Total number of issued shares after change</u>	<u>Total value of issued share capital</u>	<u>Type of shares</u>
		<ul style="list-style-type: none"> 17,864,000 non-redeemable preference series A shares 		
13/09/2021	Conversion of Series A Shares to Ordinary Shares	<ul style="list-style-type: none"> 128,004,002 Ordinary Shares 	1,280.04 USD	Par value 0.00001 USD
29/09/2021	Allotment of 245,000 ordinary shares	<ul style="list-style-type: none"> 128,249,002 Ordinary Shares 	1,282.24 USD	Par value 0.00001 USD
30/09/2021	Allotment of 2,904,455,101 ordinary shares	<ul style="list-style-type: none"> 3,032,704,103 Ordinary Shares 	30,327.04 USD	Par value of 0.00001 USD
30/09/2021	Consolidation of share capital	<ul style="list-style-type: none"> 128,249,000 Ordinary Shares 	30,327.04 USD	Par value of 0.00023647 USD
20/10/2021	Allotment of 2,110,500 ordinary shares	<ul style="list-style-type: none"> 130,359,500 Ordinary Shares 	30,826.11 USD	Par value of 0.00023647 USD

Save as disclosed in the table above, since the Company's incorporation, there has been no other issue of Shares, fully or partly paid, either in cash or for other consideration, and no such issues are proposed. No Shares (issued or authorised but unissued) or shares of any of the Company's subsidiaries are under option or agreed conditionally or unconditionally to be put under option. As of the date of this Prospectus, the Company holds no Shares in treasury.

Share capital reorganisation

As disclosed in the table above, shortly prior to the date of this Prospectus, the Company undertook certain corporate steps to reorganise its share capital in preparation for its conversion into a Cypriot public limited company and LSE Admission. These steps included:

- (i) a share sub-division and redemption of series A preference shares and conversion of series A preference shares in the Company into ordinary shares such that the only class of shares outstanding as at the date of this Prospectus is ordinary shares;
- (ii) in connection with its conversion into a Cypriot public limited liability company, undertaking the following steps (following shareholder approval):
 - a. ensuring that the minimum issued share capital of the Company covered the statutory minimum equal to €25,650, through the increase of the authorised share capital of the Company up to \$118,235 and issue and allotment of 2,904,455,101 Shares to its existing shareholders (on a pro-rata basis) at par value;
 - b. following step a. above, immediately consolidating its share capital such that the number of Shares in issue immediately following the share consolidation was 128,249,000 ordinary shares (with par value of USD 0.00023647);
 - c. as a result of the aforementioned actions, as at the date of this Prospectus, the Company is in a position to issue a further 369,640,500 Shares (including pursuant to the Offering); and
 - d. adopting the Articles of Association (a summary of which is set out below) and changing its name into Sofline Holding PLC.

Cypriot Law

The Company is a Cypriot public limited liability company ("CyCo") and is subject to the laws of the Republic of Cyprus. Certain key aspects of Cyprus law as it relates to CyCos are summarised below, although this is not intended to provide a comprehensive review of the applicable law.

Shares

Subject to the Cyprus Companies Law and to the Articles of Association of a company, the directors of a CyCo have the power to offer, allot, issue, grant options over or otherwise dispose of shares in a CyCo, subject to the pre-emption rights provided for in article 60B of the Cyprus Companies Law, applicable whenever the share capital of the Company shall be increased with the issue of shares for a cash consideration. A CyCo may, pursuant to provisions in its Articles of Association increase, divide, combine or decrease its authorised or issued share capital.

In the event where any variation of rights attached to a particular class of shares is to be introduced, voting of the shareholders of that particular class of shares is required to effect the change.

Financial Assistance

Financial assistance to purchase shares of a CyCo or its holding company is prohibited under Cyprus law, unless it falls within the limited exceptions provided for in article 53 of the Cyprus Companies Law. Thus, the grant of any loan, guarantee, provision of security or otherwise by a CyCo for the purpose of or in connection with a purchase or subscription of shares of a CyCo or its holding company is permissible only if it occurs in any of the following circumstances:

- (i) Where the lending of money is part of the ordinary business of the company lending the money;
- (ii) Where the grant of the financial assistance is within the framework of a scheme being in force for the subscription of fully paid shares in the company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the company;
- (iii) Where financial assistance is granted by a company as a loan to persons, other than to its directors, bona fide, who are employees of the company, to enable them to purchase or subscribe for fully paid shares in the company or its holding company to be held by themselves by way of beneficial ownership.

Purchase of Own Shares

CyCos may purchase their own shares either directly, or through a person acting on his own name but on behalf of the company, provided that this is authorised by its Articles of Association and provided that the conditions which are set out in the Cyprus Companies Law are satisfied. These conditions include the securing of corporate approvals, maintenance of share percentages prescribed by the Cyprus Companies Law and payment of the consideration out of realised and non-distributed profits.

Dividends and Distribution

Subject to the provisions of its Articles of Association, the members of a CyCo may declare dividends in money, shares or other property in accordance with the dividend policy of the Company, provided that no dividend shall exceed the amount recommended by the directors of the Company which shall be based on audited stand-alone financial statements of the Company for that financial year. Further, the directors of the Company may from time to time declare to the members such interim dividends as appear to the directors to be justified by the profits of the Company, based on interim performance results of the Company. No dividend may be paid otherwise than out of profits.

Protection of Minorities

Cyprus law permits derivative actions by shareholders. In addition, shareholders may bring actions for breach of a fiduciary or statutory duty owed by a director of a CyCo and bring an action requiring the company and/or the director to comply with the Cyprus Companies Law and/or the Articles of Association. The Cyprus Companies Law also contains protections for shareholders against oppression and unfair discrimination.

However, the Cyprus Companies Law does not treat holders of GDRs as shareholders and, as such, these rights will not be exercisable by the holders of the GDRs. There can be no assurance that the Depositary shall exercise such rights on behalf of the holders of GDRs, and it may be necessary to withdraw Shares from the GDR programme in order to exercise such rights.

Management

Subject to the provisions of its Articles of Association, a CyCo is managed by its board of directors, each of whom has authority to bind the company. A director is required under Cyprus law to act honestly and in good

faith and in what the director believes to be in the best interests of the CyCo, and to exercise the care, diligence and skill of a person with the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as carried out by that director in relation to the company, as well as that of a person with the general knowledge, skill and experience that that director has.

Under Cyprus law, shareholder approval is required for a limited number of matters, including certain schemes of arrangements (which include mergers, consolidations, schemes of arrangement, plans of arrangement), amendment of the Articles of Association of a CyCo, certain changes to a company's share capital (such as conversion, split), change of a company's name, decision to place a company under voluntary winding-up.

Accounting and Audit

A CyCo is obliged to prepare and submit annually to the Registrar of Companies and to the Income Tax authorities, financial statements in accordance with IFRS, showing the true and fair picture of the affairs of the company and explaining its transactions. Any CyCo having subsidiaries must consolidate its audited financial statements with the financial statements of their subsidiaries according to IFRS. This obligation does not apply if the group meets the requirements of the law to be qualified as a small or medium group.

Exchange Control

CyCos are not subject to any exchange control regulations in Cyprus.

Stamp Duty

Stamp duty may be payable in Cyprus in respect of instruments relating to transactions involving shares or other securities in CyCos, to the extent that they shall be found to involve any asset found in the Republic of Cyprus or matters or things to be executed or to be done in Cyprus, irrespective of the place where the instrument is drawn up. The Stamp Duty Law provides for an exemption from stamp duty of any act which concerns the transfer of movable securities which are listed on any recognised stock market which duly certifies such an act.

Loans to and Transactions with Directors

Under Cyprus law, it is not lawful for a company to make a loan to any of its directors or to a director of its holding company, nor to enter into any guarantee or provide any security in connection with a loan made to director or to a director of its holding company, by any other person.

Any director of a CyCo who has an interest in any way, directly or indirectly, in a contract or a proposed contract with the company of which s/he is a director, has the obligation to declare the nature of the interest during the board meeting of the company during which the entry into the contract is to be discussed. In case the company is to deliberate on the contract in question during a board meeting, the interested director must make the interest declaration during that board meeting. If the company has entered into the contract and the director subsequently obtains an interest, that director is obliged to make the interest declaration during the board meeting immediately following the acquisition of the interest.

Any director who is a member of a certain company or partnership with which the company of which s/he is a director enters into a contract with, shall be considered as having an interest and in order to declare this interest to the satisfaction of the law, s/he may give a general notice to all the board members. In order to be considered valid, the director in question must take all reasonable measures to ensure that the declaration is presented and read during the meeting which follows the meeting during which the notice was given.

The provisions in the CyCo's Articles of Association regulate the question whether the director having an interest, may participate or not in the decision-making process of the question of interest.

Inspection of Corporate Records

Shareholders of a CyCo are entitled to inspect a CyCo's register of members (shareholders), its register of directors and the shareholder resolutions/minutes of the meetings of the members of the company, register of charges and register of shares of the company held by the company's directors, during working hours at the company's registered office (subject to any reasonable restrictions set by the company).

The records on a Cyprus company maintained by the Cyprus Registrar of Companies ("**RoC**"), such as information on a company's directors, secretary, registered office and Articles of Association, may be perused

by any person by carrying out a company search in the records maintained by the RoC. There is no guarantee that the records maintained by the RoC would be up-to-date and accurate.

Winding-up and Insolvency

Cyprus law makes provision for both voluntary and compulsory winding-up of a CyCo, and for appointment of a liquidator.

The shareholders of CyCo may resolve to wind up a solvent CyCo voluntarily. The directors must first make a solvency declaration to be filed at the Registrar of Company, prior to any decision of the members for the company's voluntary winding-up.

Amongst others, a CyCo, any creditor or contributor may petition the court pursuant to the relevant provisions in the Cyprus Companies Law, for the winding-up of a CyCo upon various grounds, including, *inter alia*, that the CyCo is unable to pay its debts or that it is just and equitable that it be wound up.

Takeovers

The Cyprus Public Takeovers Law, Law 41(I)/ 2007 does not apply to the Company, given its scope of application.

Mergers

Under the Cyprus Companies Law, a CyCo may merge with another company (companies) pursuant to the reorganisation provisions contained in the Cyprus Companies Law. Any decision for a reorganisation by way of a merger requires an approval by the members of each company involved in the reorganisation and is further subject to approval by the said companies' respective creditors and the sanction of a competent court of law. A reorganisation plan must be approved by all the aforementioned actors and in order for the plan to be binding, the court order sanctioning the reorganisation must be filed with the RoC within a stipulated timeframe.

Moreover, the following types of reorganisations are subject to further detailed rules contained in the Cyprus Companies Law:

- (i) The transfer by an existing public company of all its assets and liabilities, to another existing public company, by providing to its members shares in the latter company and any further amount in cash. The first company is dissolved without entering into liquidation;
- (ii) The absorption of a public company by another, where the latter holds 90 per cent. or more but not the entirety of the issued share capital of the first;
- (iii) The transfer of the entirety of the assets and liabilities of one or more public companies to another, to whom all of their shares and other titles which grant voting rights belong, where the first company/ companies, would be dissolved without entering into liquidation.

It is noted that the above provisions do not apply in cases of a reorganisation of a CyCo which results from a purchase, sale or exchange of shares or debentures, nor of reorganisations of CyCos which are carried out via stock market transactions, especially via a public takeover bid of shares or debentures.

In addition to the aforementioned provisions, the Cyprus Companies Law provides for the procedure for cross-border mergers, between Cyprus companies and companies incorporated in a member state of the EU, whereby in case the Cypriot entity is absorbed by another entity incorporated in another EU member state, it would be dissolved without liquidation at the end of the procedure. The provisions contained in the Cyprus Companies Law follow the provisions contained in the respective EU Directive governing cross-border mergers.

Articles of Association

Subject to the Cyprus Companies Law, Cyprus laws and the Company's memorandum of association, the Company has, full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and full rights, powers and privileges for those purposes. A summary of the Company's articles of association is set out below.

Share Rights

Save as described below under “—*Variation of Rights*”, the Company is presently authorised to issue an unlimited number of Shares (up to its authorised share capital). Each such Share confers upon the holder:

- (i) the right to one vote at a meeting of shareholders or on any written resolution of the shareholders (subject to the shares being fully paid up);
- (ii) the right to an equal share in any dividend paid by the Company (up to the amount paid on the shares); and
- (iii) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

The members of the Company have the power to amend the Articles of Association and to create additional classes of shares, including shares having preferred rights to the Shares.

Variation of Rights

The rights attaching to any shares may not be varied without the consent of a majority of two thirds of the votes of the members of the class of shares whose rights are to be varied, corresponding to the represented issued share capital. When at least half of the issued share capital is represented, a simple majority is sufficient.

Should the Company wish to vary the rights of any existing class of shares or issue a new class of shares with different rights or of a different class, then the Company would be required, amongst other things, to amend the Articles of Association to reflect those new rights.

The rights conferred upon the holders of the shares shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or in priority thereto.

Amendment

The memorandum of association as well as the articles of association of the Company may be amended by a special resolution of the shareholders, subject to certain statutory limitations. Any resolution for the amendment of the memorandum of association of the Company requires a court order sanctioning the resolution.

Authority to Issue Shares and Pre-emption

Save as described below, shares may be offered, allotted and issued, and options to acquire the same may be granted, at such times, to such persons, for such consideration and on such terms as the Board of Directors may determine, subject to certain statutory pre-emption rights. Upon any issuance of shares for a cash consideration, existing shareholders have statutory pre-emption in accordance with article 60B of the Cyprus Companies Law. Such statutory pre-emption rights have been disapplied in accordance by a relevant resolution in accordance with the provisions of Article 60B(5) of the Companies Law, Cap. 113 for a period of five years. The members of the Company have the power to create and issue additional classes of shares, including shares having preferred rights to the shares.

Purchase of Own Shares

Subject to the provisions of section 57A of the Cyprus Companies Law, the Company may purchase its own shares (including any redeemable shares).

Share Certificates, Depository Interests

Except if requested to issue a share certificate to a depository (or its nominee), the Company will not otherwise issue certificates in respect of any of its Shares. However, a shareholder may request the Company to provide the shareholder with an extract from the Company’s register of members showing the shareholder’s shareholding.

The directors shall, subject always to any applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement and/or approve any arrangements they may think fit in relation to the evidencing of title to and transfer of interests in Shares in the form of depository interests or similar interests, instruments or securities. Shares represented by GDRs are not regarded as a separate class of shares.

Forfeiture

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time, thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

Transfer of Shares

Shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, which instrument shall be sent to the Company for registration.

The Board of Directors may, in its absolute discretion, refuse to register the transfer of a Share that is not fully paid, provided that where any such Shares are admitted to trading or listing, this discretion may not be exercised so as to prevent dealings in partly paid or nil paid Shares generally or disturb the market in Shares and in relation to any share or other security which is in uncertificated form, the registration of title to and transfer of any shares or securities in uncertificated form shall be sufficient for its purposes and shall not require a written instrument of transfer.

Shareholder Meetings

An annual general meeting of the Company shall be held in each year (in addition to any other meetings of shareholders which may be held in that year). Not more than 15 months shall elapse between the date of one annual general meeting and the next.

At least 14 calendar days' notice of any meeting of the shareholders in case the resolution to be passed is an extraordinary resolution, or 21 calendar days' notice in case the resolution to be passed is a special resolution as well as in case of the annual general meeting, shall be given to shareholders (although a meeting of the shareholders convened without such notice shall be valid if shareholders holding not less than 95 per cent. of the nominal value of the shares which grant the right to vote, have waived notice of the meeting).

The Board of Directors, when convening a meeting of shareholders, may fix as the record date for determining those shareholders that are entitled to vote at the meeting the date on which notice is given of the meeting, or such other date as may be specified in the notice, being a date not earlier than the date of the notice.

If the Board of Directors determines it is prudent for the health and safety of any participant, the Board may prohibit Members from physically attending a meeting of Members and only allow attendance to the meeting by telephone or other electronic means (provided all Members participating in the meeting are able to hear each other).

Upon the written request of a shareholder or shareholders entitled to exercise 20 per cent. or more of the voting rights in respect of the matter for which the meeting is requested, the Board of Directors shall convene a meeting of shareholders.

For a meeting of shareholders to be quorate, there must, at the commencement of the meeting, be present in person or by proxy shareholders holding in aggregate more than 30 per cent of the issued capital of the Company. If within one hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved, and in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Board of Directors may determine, and if at the adjourned meeting a quorum is not present within one hour from the time appointed for the meeting, the members present shall be a quorum.

To be passed or adopted, a resolution of shareholders must be either (i) approved at a duly convened and constituted meeting of the shareholders by the affirmative vote of the majority of votes of the shares required by the Cyprus Companies Law and/ or by the Company's Articles of Association, and voted accordingly or (ii) consented to in writing unanimously by all the shareholders of the Company, subject to other specific or

special majority and procedural requirements as laid down by the Cyprus Companies Law or the Articles of Association of the Company.

Directors

The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Board of Directors, which has all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The directors may exercise all such powers of the Company not required by the Cyprus Companies Law or the Articles of Association to be exercised by the shareholders.

Interests of Directors

A director of the Company who is interested in any contract, arrangement or transaction entered into or to be entered into by the Company must, disclose the interest to all other directors of the Company. An interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge is not treated as his interest.

A director of the Company, notwithstanding his office, who has an interest in any contract or arrangement may participate and vote in meetings (following the declaration of such interest).

Dividends and Other Distributions

The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.

The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company.

No dividend shall be paid otherwise than out of profits.

The directors may, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the company or be invested in such investments as the directors may from time- to- time think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the company on account of calls or otherwise in relation to the shares of the company and they may also deduct from any such dividends any other sums presently payable by him to the company for any reason.

Liquidation

For so long as the Company is solvent, it may (subject to the Cyprus Companies Law) appoint a liquidator by a resolution of the shareholders and by a resolution of the Board of Directors.

Indemnity

The Company shall indemnify any person who is a director, auditor or other officer out of the assets of the Company against any losses or liabilities which he may sustain or incur in or about the execution of his duties including liability incurred by him in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 383 of the Cyprus Companies Law in which relief is granted to him by the Court; this provision is subject to section 197 of the Cyprus Companies Law and to the extent that this section is not avoided.

Takeover provisions

The City Code will not apply to the Company, nor will the Company be subject to the jurisdiction of the Panel on Takeovers and Mergers in the United Kingdom (the “**Takeover Panel**”). However, the Articles of Association provide that persons acquiring Shares (including GDRs) in circumstances where such would take their total holding of or interest in voting rights in the Company (taken together with persons acting in concert with them) to 30 per cent. or more of the total of such rights, or over an existing holding or interest of 30 per cent. or more but less than 50 per cent., such persons must make a cash offer on the same terms to all holders of Shares to purchase all of their Shares at a price per Share equal to the higher of (i) the highest price paid by

the proposed purchaser (or any person acting in concert with them) in the 12 months preceding the date of the offer or during the offer period and (ii) the volume weighted average market price of the Shares and/or GDRs in the six months immediately preceding the date of the offer, subject to such adjustment and/or determination by the Board of Directors as the Board of Directors may determine is fair and reasonable in the circumstances.

Unless otherwise approved by resolution of directors, the offer to purchase the Shares of the other shareholders may be conditional only on the purchaser (together with persons acting in concert with it) receiving such number of acceptances as would result in the purchaser (together with persons acting in concert with it) having more than 50 per cent. of the voting rights in the Company. A mandatory offer is not required solely as a result of a person's interest in Shares bearing an increased percentage of the voting rights in the Company due to a Share acquisition by the Company, nor where (unless the Board of Directors determines otherwise) (a) an acquisition or transfer of Shares is in connection with the exercise of security rights or the performance of obligations in relation to arrangements in place as of 30 September 2021 regarding the holding of Shares by managers or directors or (b) the exercise of pre-emptive rights. The mandatory offer requirement (discussed above) is broadly based on the offer provisions of the City Code, albeit that the Board of Directors (rather than the Takeover Panel) would monitor and administer compliance with these requirements. The Board of Directors also has the power to require the provision of information from anyone holding an interest in Shares (including GDRs). Where a mandatory offer is not made or information is not provided, in breach of these requirements, the Board of Directors may impose sanctions regarding the voting and distribution rights of the defaulter's interest in Shares, and the ability of the defaulter to transfer his interests in Shares unless in a bona fide sale to an unconnected third party. The Articles of Association also provide that where any person (taken together with any person acting in concert with it) acquires or contracts to acquire pursuant to a general offer such number of (or interest(s) in) Shares that would together with any other Shares or interests in Shares held by that person (and persons acting in concert with him) carry 90 per cent. or more of the voting rights in the Company, that person may require any remaining shareholders who have not already accepted the offer, to do so.

Chapters 3 and 5 of the U.K. Disclosure and Transparency Rules are applicable, by incorporation into the Articles of Association, to the Company and holders of Shares and GDRs as if the Company were a U.K. issuer. Therefore, (i) a person discharging managerial responsibilities on behalf of the Company, and their connected persons, must notify the Company of all transactions conducted on their account in Shares or GDRs, or derivatives or any other financial instruments relating to the same; and (ii) any person must notify the Company of the percentage of voting rights in the Company he holds if such percentage reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. Where notice is not made or information is not provided in breach of these requirements, the Board of Directors may impose sanctions regarding the voting and distribution rights of the defaulter's interest in Shares, and the ability of the defaulter to transfer his interests in Shares unless in a bona fide sale to an unconnected third party.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

The following terms and conditions (subject to completion and amendment and excepting sentences in italics) will apply to the Global Depositary Receipts, and will be endorsed on each Global Depositary Receipt certificate:

The Global Depositary Receipts (“GDRs”) represented by this certificate are issued in respect of ordinary shares (the “Shares”) in Softline Holding PLC incorporated as a company limited by shares under the laws of the Republic of Cyprus with company number 242943 (the “Company”) pursuant to and subject to an agreement dated 27 October, 2021, and made between the Company and The Bank of New York Mellon in its capacity as depositary (the “Depositary”) for the “Regulation S Facility” and for the “Rule 144A Facility” (such agreement, as amended from time to time, being hereinafter referred to as the “Deposit Agreement”). Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed The Bank of New York Mellon as Custodian (the “Custodian”) to receive and hold on its behalf any relevant documentation respecting certain Shares (the “Deposited Shares”) and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the “Deposited Property”). The Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee (other than any cash comprised of the Deposited Property which is held as banker pursuant to Condition 26) in proportion to their holdings of GDRs. In these terms and conditions (the “Conditions”), references to the “Depositary” are to The Bank of New York Mellon and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the “Custodian” are to The Bank of New York Mellon or any other custodian from time to time appointed under the Deposit Agreement and references to the “Main Office” mean, in relation to the relevant Custodian, its head office in Cyprus or such other location of the office of the Custodian as may be designated by the Custodian with the approval of the Depositary (if outside the City of New York) or the head office of any other custodian from time to time appointed under the Deposit Agreement.

The GDRs will upon issue be represented by interests in a Regulation S Master GDR, evidencing Regulation S GDRs, and by interests in a Rule 144A Master GDR, evidencing Rule 144A GDRs (as each such term is defined in the Deposit Agreement). The GDRs are exchangeable in the circumstances set out in “Summary of Provisions Relating to the GDRs while in Master Form” for a certificate in definitive registered form in respect of GDRs representing all or part of the interest of the holder in the Master GDR.

References in these Conditions to the “Holder” of any GDR shall mean the person or persons registered on the books of the Depositary maintained for such purpose (the “Register”) as holder. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the certificates in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the specified office of the Depositary and each Agent (as defined in Condition 17) and at the Main Office of the Custodian. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement. **Holders of GDRs are not party to the Deposit Agreement and thus, under English Law, have no contractual rights against, or obligations to, the Company or Depositary. However, the Deed Poll executed by the Company in favour of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the “Depositary” in respect of that number of Deposited Shares to which the GDRs of which he is the Holder relate. The Depositary is under no duty to enforce any of the provisions of the Deposit Agreement on behalf of any Holder of a GDR or any other person.**

1. **Withdrawal of Deposited Property and Further Issues of GDRs**

- 1.1 Any Holder may request withdrawal of, and the Depositary shall, provided that the Depositary shall not be required to accept surrenders of GDRs for the purpose of withdrawal to the extent that it would require the Depositary to procure the delivery of a fraction of a Deposited Share (or of any other security constituting Deposited Property), thereupon relinquish, the Deposited Property attributable to any GDR upon production of such evidence of the entitlement of the Holder to the relative GDR as the Depositary may reasonably require to the Depositary or any Agent accompanied by:
 - (a) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn to be delivered at the Main Office of the Custodian, or (at the request, risk and expense of the Holder, and only if permitted by applicable law from time

to time) at the specified office located in New York, London or Cyprus of the Depositary or any Agent, or to the order in writing of, the person or persons designated in such order;

- (b) the payment of such fees, taxes, duties, charges, costs, expenses (including currency conversion expenses, tested telex, cable (including SWIFT) and facsimile transmission fees and expenses) and governmental charges as may be required under these Conditions or the Deposit Agreement;
- (c) the surrender (if appropriate) of GDR certificates in definitive registered form properly endorsed in blank or accompanied by proper instruments of transfer satisfactory to the Depositary to which the Deposited Property being withdrawn is attributable; and
- (d) the delivery to the Depositary of a duly executed and completed certificate substantially in the form set out in Schedule 4 Part B to the Deposit Agreement (or as amended by the Depositary in accordance with Clause 3.9 of the Deposit Agreement and Condition 1.7), if Deposited Property is to be withdrawn or delivered in respect of surrendered Rule 144A GDRs.

1.2 Upon production of such documentation and the making of such payment as aforesaid for withdrawal of the Deposited Property in accordance with Condition 1.1, the Depositary will direct the Custodian, by tested telex, cable (including SWIFT) or facsimile, within a reasonable time after receiving such direction from such Holder, to deliver at its Main Office to, or to the order in writing of, the person or persons designated in the accompanying order:

- (a) a certificate (if any) for, or other appropriate instrument of title (if any) to or evidence of a book-entry transfer in respect of the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and
- (b) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof; **provided however that** the Depositary may make delivery at its specified office in New York of any Deposited Property which is in the form of cash,

PROVIDED THAT the Depositary (at the request, risk and expense of any Holder so surrendering a GDR):

- (ii) will direct the Custodian to deliver the certificates for, or other instruments of title to, or book-entry transfer in respect of, the relevant Deposited Shares and any document relative thereto and any other documents referred to in sub-paragraphs 1.2(a) and (b) of this Condition (together with any other property forming part of the Deposited Property which may be held by the Custodian or its agent and is attributable to such Deposited Shares); and/or
- (iii) will deliver any other property forming part of the Deposited Property which may be held by the Depositary and is attributable to such GDR (accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof),

in each case to the specified office located in New York or London of the Depositary (if permitted by applicable law from time to time) or at another address specified by the surrendering Holder.

1.3 Delivery by the Depositary, any Agent and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.

1.4 The Depositary may, in accordance with the terms of the Deposit Agreement and upon delivery of a duly executed order (in a form reasonably approved by the Depositary) and a duly executed certificate substantially in the form of (a) Schedule 3 of the Deposit Agreement (*which is described in the following paragraph*) (or as amended by the Depositary in accordance with Clause 3.9 of the Deposit Agreement and Condition 1.7) by or on behalf of any investor who is to become the beneficial owner of the Regulation S GDRs or (b) Schedule 4 Part A of the Deposit Agreement (*which is described in the second following paragraph*) (or as amended by the Depositary in accordance with Clause 3.9 of the Deposit Agreement and Condition 1.7) by or on behalf of any investor who is to become the beneficial owner of Rule 144A GDRs from time to time execute and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all respects (or the same in all respects except for the first dividend payment on the Shares represented by such further GDRs) and, subject to the terms of the Deposit Agreement, the Depositary shall accept for deposit any further Shares in connection therewith, so that such further GDRs shall form a single series with the already outstanding GDRs.

References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs.

The certificate to be provided in the form of Schedule 3 of the Deposit Agreement certifies, among other things, that the person providing such certificate is not a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")), is located outside the United States and will comply with the restrictions on transfer set forth under "Transfer Restrictions".

The certificate to be provided in the form of Schedule 4 Part A of the Deposit Agreement certifies, among other things that the person providing such certificate is a qualified institutional buyer (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") ("QIB")) or is acting for the account of another person and such person is a QIB and, in either case, will comply with the restrictions on transfer set forth under "Transfer Restrictions".

- 1.5 Any further GDRs issued pursuant to Condition 1.4 which (i) represent Shares which have rights (whether dividend rights or otherwise) which are different from the rights attaching to the Shares represented by the outstanding GDRs, or (ii) are otherwise not fungible (or are to be treated as not fungible) with the outstanding GDRs, will be represented by a GDR certificate in definitive registered form or a separate temporary Regulation S Master GDR and/or temporary Rule 144A Master GDR. Upon becoming fungible with outstanding GDRs, such further GDRs shall be evidenced by a Regulation S Master GDR and/or a Rule 144A Master GDR (by increasing the total number of GDRs evidenced by the relevant Regulation S Master GDR or Rule 144A Master GDR by the number of such further GDRs, as applicable).
- 1.6 The Depositary may issue GDRs against rights to receive Shares from the Company (or any agent of the Company recording Share ownership).
- 1.7 The Depositary may make such amendments to the certificates contained in the Deposit Agreement in Schedule 3 and in Schedule 4 Part A and Part B as it may determine are required in order for the Depositary to perform its duties under the Deposit Agreement, or to comply with any applicable law or with the rules and regulations of any securities exchange, market or automated quotation system upon which the GDRs may be listed or traded, or to comply with the rules or requirements of any book entry system by which the GDRs may be transferred, or to confirm compliance with any special limitations or restrictions to which any particular GDRs are subject.
- 1.8 Notwithstanding any other provisions of the Deposit Agreement or these Conditions, the Depositary may, with (to the extent reasonably practicable) prior notice to the Company and the Holders, cancel a number of the GDRs then outstanding, sell (either by public or private sale and otherwise in its discretion, subject to all applicable laws and regulations) the Deposited Property formerly represented by such GDRs and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto, and thereby reduce the Depositary's holdings of any class of Deposited Property below an amount that the Depositary determines to be necessary or advisable if the (i) Depositary or its agent(s) receives notice from any governmental or regulatory authority that the existence or operation of a Facility or the holding by the Depositary (or the Custodian or any of their respective nominees) of the Deposited Property violates any applicable law or regulation, or that the Depositary (or the Custodian or any of their respective nominees) is required to make any filing or obtain any consent, approval or licence to operate that Facility or to own or exercise any rights with respect to the Deposited Shares or other Deposited Property (other than such filings, consents, approvals or licences which the Depositary in its reasonable discretion considers to be of a routine administrative nature required in the ordinary course of business) or (ii) the Depositary or the Custodian receives advice from recognised local counsel that the Depositary (or the Custodian or any of their respective nominees) is reasonably likely to be subject to criminal, civil or administrative liabilities as a result of the existence or operation of a Facility or the holding or exercise by the Depositary (or the Custodian or any of their respective nominees) of any rights with respect to the Deposited Shares or other Deposited Property. If the Depositary cancels GDRs and sells Deposited Property under the preceding sentence, the Depositary shall allocate the cancelled GDRs converted under the preceding sentence and the net proceeds of the sale of the Deposited Property previously represented thereby among the Holders *pro rata* to their respective holdings of GDRs immediately prior to the cancellation, except that the allocations may be adjusted by the Depositary in its sole discretion so that no fraction of a cancelled GDR is allocated to any Holder. Any payment pursuant to this Condition 1.8 in connection with a GDR in definitive registered form shall be made to the relevant Holder only after surrender to the Depositary of the GDR certificate by such Holder for cancellation of the relevant number of GDRs. The Depositary shall also cancel GDRs and sell Deposited Property in accordance with this Condition 1.8 if the Depositary receives written instructions

from the Company to do so and such cancellation and sale is necessary to enable the Company to comply with any applicable law or regulation.

- 1.9 In order to comply with any applicable laws and regulations, the Depositary may from time to time request each Holder of GDRs to, and each Holder shall upon receipt of such request, provide to the Depositary information relating to: (a) the capacity in which such Holder and/or any owner holds GDRs; (b) the identity of any owners of GDRs or other person or persons then or previously interested in such GDRs; (c) the nature of any such interests in the GDRs; and (d) any other matter where disclosure of such matter is required to enable compliance by the Depositary with applicable laws or the constitutional documents of the Company. Each Holder consents to the disclosure by the Depositary of all information received by the Depositary in response to a request made pursuant to this Condition. The Depositary may charge the Company a fee and its expenses relating to any request made under this Condition 1.9.
- 1.10 In order to comply with any applicable laws and regulations, the Depositary may from time to time request Euroclear and Clearstream to: provide the Depositary with (a) details of the accountholders within such settlement systems that hold interests in GDRs and the number of GDRs recorded in the account of each such accountholder, and each Holder or owner of GDRs, or intermediary acting on behalf of such Holder or owner, hereby authorises each of Euroclear and Clearstream to disclose such information to the Depositary as issuer of the GDRs; and (b) provide and consent to the collection and processing by the Depositary of, any authorisations, waivers, forms, documentation and other information, relating to such settlement or clearing system's status (or the status of such settlement or such clearing system's direct or indirect owners or accountholders) or otherwise required to be reported, under FATCA.
- 1.11 To allow the Depositary to comply with FATCA, each Holder shall provide to the Depositary such information as the Depositary may reasonably require, and each Holder consents to the disclosure, transfer and reporting of such information to any relevant governmental or tax authority or as is otherwise reasonably required, including to any person making payments to the Depositary and including transfers to jurisdictions which do not have strict data protection or similar laws, to the extent that the Depositary reasonably determines that such disclosure, transfer or reporting is necessary or warranted to facilitate compliance with FATCA. For the purposes of these Conditions, "FATCA" means (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended or any associated regulations or other official guidance, (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (i), (iii) any agreement pursuant to the implementation of paragraphs (i) or (ii) with the U.S. Internal Revenue Service, the U.S. government or any governmental authority or tax authority in any other jurisdiction or (iv) any arrangements with a similar effect or intent as (i) to (iii) (including, for the avoidance of doubt any agreement implementing any similar arrangements) involving any jurisdiction.

2. **Suspension of Issue of GDRs and of Withdrawal of Deposited Property**

- 2.1 The Depositary shall be entitled, at its reasonable discretion, at such times as it shall determine, to suspend the issue or transfer of GDRs (and the deposit of Shares) generally or in respect of particular Shares. In particular, to the extent that it is in its opinion practicable for it to do so, the Depositary will refuse to accept Shares for deposit, to execute and deliver GDRs or to register transfers of GDRs if it has been notified by the Company in writing that the Deposited Shares or GDRs or any depositary receipts representing Shares are listed on a U.S. Securities Exchange or quoted on a U.S. automated inter dealer quotation system unless accompanied by evidence satisfactory to the Depositary that any such Shares are eligible for resale pursuant to Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Further, the Depositary may suspend the withdrawal of Deposited Property during any period when the Register, or the register of shareholders of the Company is closed or, generally or in one or more localities, suspend the withdrawal of Deposited Property or deposit of Shares if deemed necessary or desirable or advisable by the Depositary in good faith at any time or from time to time, in order to comply with any applicable law or governmental or stock exchange regulations or any provision of the Deposit Agreement or for any other reason. The Depositary shall (unless otherwise notified by the Company) restrict the withdrawal of Deposited Shares where the Company notifies the Depositary in writing that such withdrawal would result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Company's constitutional documents or would otherwise violate any applicable laws.

3. **Transfer and Ownership**

The GDRs are in registered form. Title to the GDRs passes by registration in the Register and accordingly, transfer of title to a GDR is effective only upon such registration. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in violation of any applicable laws and may refuse to register a transfer of GDRs until all payments due to the Depositary from the Holder of such GDRs have been made. The Holder of any GDR will (except as otherwise required by law) be treated by the Depositary and the Company as its beneficial owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or theft or loss of, any certificate issued in respect of it) and no person will be liable for so treating the Holder.

Interests in Rule 144A GDRs represented by the Rule 144A Master GDR may be transferred to a person whose interest in such Rule 144A GDRs is subsequently represented by the Regulation S Master GDR only upon receipt by the Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act.

4. **Cash Distributions**

Whenever the Depositary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Property, the Depositary shall, as soon as practicable, convert the same into United States dollars in accordance with Condition 8. The Depositary shall, if practicable in the opinion of the Depositary, give notice to the Holders of its receipt of such payment in accordance with Condition 23, specifying the amount per Deposited Share payable in respect of such dividend or distribution and the earliest date, determined by the Depositary, for transmission of such payment to Holders and shall as soon as practicable distribute any such amounts to the Holders in proportion to the number of Deposited Shares represented by the GDRs so held by them respectively, subject to and in accordance with the provisions of Conditions 9 and 11; **PROVIDED THAT:**

- (a) in the event that the Depositary is aware that any Deposited Shares are not entitled, by reason of the date of issue or transfer or otherwise, to such full proportionate amount, the amount so distributed to the relative Holders shall be adjusted accordingly; and
- (b) the Depositary will distribute only such amounts of cash dividends and other distributions as may be distributed without attributing to any GDR a fraction of the lowest integral unit of currency in which the distribution is made by the Depositary, and any balance remaining shall be retained by the Depositary beneficially as an additional fee under Condition 16.1(d).

If a cash distribution would represent a return of all or substantially all the value of the Deposited Property underlying the GDRs, the Depositary may (i) require payment of or deduct the fee for cancellation of GDRs (whether or not it is also requiring cancellation of GDRs) as a condition of making that cash distribution or (ii) sell all Deposited Property other than the subject cash distribution and add any net cash proceeds of that sale to the cash distribution, call for surrender of all those GDRs and require that surrender as a condition of making that cash distribution. If the Depositary acts under (i) or (ii) above that action shall be a Termination Option Event.

5. **Distributions of Shares**

Whenever the Depositary shall receive from the Company any distribution in respect of Deposited Shares which consists of a dividend or free distribution of Shares, the Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, additional GDRs representing an aggregate number of Shares received pursuant to such distribution. Such additional GDRs shall be distributed by an increase in the number of GDRs represented by the Master GDRs or by an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; **PROVIDED THAT**, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) sell such Shares so received

and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

6. **Distributions other than in Cash or Shares**

Whenever the Depositary shall receive from the Company any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, in any manner that the Depositary may deem equitable and practicable for effecting such distribution; **PROVIDED THAT**, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall deal with the securities or property so received, or any part thereof, in such way as the Depositary may determine to be equitable and practicable, including, without limitation, by way of sale (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) and shall (in the case of a sale) distribute the resulting net proceeds as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

If a distribution to be made under this Condition 6 would represent a return of all or substantially all the value of the Deposited Property underlying the GDRs, the Depositary (i) may require payment of or deduct the fee for cancellation of GDRs (whether or not it is also requiring cancellation of GDRs) as a condition of making that distribution or (ii) sell all Deposited Property other than the subject distribution and add any net cash proceeds of that sale to the distribution, call for surrender of all those GDRs and require that surrender as a condition of making that distribution. If the Depositary acts under (i) or (ii) above that action shall be a Termination Option Event.

7. **Rights Issues**

If and whenever the Company announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares, securities or other assets by way of rights, the Depositary shall as soon as practicable give notice to the Holders, in accordance with Condition 23, of such offer or invitation, specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the Depositary to exercise such rights as provided below or, if such be the case, specifying details of how the Depositary proposes to distribute the rights or the proceeds of any sale thereof. The Depositary will deal with such rights in the manner described below:

- (a) if and to the extent that the Depositary shall, at its discretion, deem it to be lawful and reasonably practicable, the Depositary shall make arrangements whereby the Holders may, upon payment of the subscription price in Euro or other relevant currency together with such fees, taxes, duties, charges, costs and expenses (including cable (including SWIFT) and facsimile transmission fees and expenses) as may be required under the Deposit Agreement and completion of such undertakings, declarations, certifications and other documents as the Depositary may reasonably require, request the Depositary to exercise such rights on their behalf with respect to the Deposited Shares and to distribute the Shares, securities or other assets so subscribed or acquired to the Holders entitled thereto by an increase in the numbers of GDRs represented by the Master GDRs or an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; or
- (b) if and to the extent that the Depositary shall at its discretion, deem it to be lawful and reasonably practicable, the Depositary will distribute such rights to the Holders entitled thereto in such manner as the Depositary may at its discretion determine; or
- (c) if and to the extent that the Depositary deems any such arrangement and distribution as is referred to in paragraphs (a) and (b) above to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) and/or to be unlawful, the Depositary (i) will, **PROVIDED THAT** Holders have not taken up rights through the Depositary as provided in (a) above, sell such rights (either by public or private sale and otherwise at its discretion subject to all applicable laws and regulations) or (ii) may, if such rights are not transferable, in its discretion, arrange for such rights to be

exercised and the resulting Shares or securities sold and, in each case, distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

(d)

- (i) Notwithstanding the foregoing, in the event that the Depositary offers rights pursuant to Condition 7(a) (the “**Primary GDR Rights Offering**”), if authorised by the Company to do so, the Depositary may, in its discretion, make arrangements whereby in addition to instructions given by a Holder to the Depositary to exercise rights on its behalf pursuant to Condition 7(a), such Holder is permitted to instruct the Depositary to subscribe on its behalf for additional rights which are not attributable to the Deposited Shares represented by such Holder’s GDRs (“**Additional GDR Rights**”) if at the date and time specified by the Depositary for the conclusion of the Primary GDR Rights Offering (the “**Instruction Date**”) instructions to exercise rights have not been received by the Depositary from the Holders in respect of all their initial entitlements. Any Holder’s instructions to subscribe for such Additional GDR Rights (“**Additional GDR Rights Requests**”) shall specify the maximum number of Additional GDR Rights that such Holder is prepared to accept (the “**Maximum Additional Subscription**”) and must be received by the Depositary by the Instruction Date. If by the Instruction Date any rights offered in the Primary GDR Rights Offering have not been subscribed by the Holders initially entitled thereto (“**Unsubscribed Rights**”), subject to Condition 7(d)(iii) and receipt of the relevant subscription price in U.S. dollars or other relevant currency, together with such fees, taxes, duties, charges, costs and expenses (including cable (including SWIFT) and facsimile transmission fees and expenses) as it may deem necessary, the Depositary shall make arrangements for the allocation and distribution of Additional GDR Rights in accordance with Condition 7(d)(ii).
- (ii) Holders submitting Additional GDR Rights Requests shall be bound to accept the Maximum Additional Subscription specified in such Additional GDR Rights Request but the Depositary shall not be bound to arrange for a Holder to receive the Maximum Additional Subscription so specified but may make arrangements whereby the Unsubscribed Rights are allocated *pro rata* on the basis of the extent of the Maximum Additional Subscription specified in each Holder’s Additional GDR Rights Request.
- (iii) In order to proceed in the manner contemplated in this Condition 7(d), the Depositary shall be entitled to receive such opinions from Cypriot counsel and US counsel as in its discretion it deems necessary which opinions shall be in a form and provided by counsel satisfactory to the Depositary and at the expense of the Company and may be requested in addition to any other opinions and/or certifications which the Depositary shall be entitled to receive under the Deposit Agreement and these Conditions. For the avoidance of doubt, save as provided in these Conditions and the Deposit Agreement, the Depositary shall have no liability to the Company or any Holder in respect of its actions or omissions to act under this Condition 7(d) and, in particular, the Depositary will not be regarded as being negligent, fraudulent, or in wilful default if it elects not to make the arrangements referred to in Condition 7(d)(i).

The Company has agreed in the Deposit Agreement that it will, unless prohibited by applicable law or regulation, give its consent to, and if requested use all reasonable endeavours (subject to the next paragraph) to facilitate, any such distribution, sale or subscription by the Depositary or the Holders, as the case may be, pursuant to Condition 4, 5, 6, 7 or 10 (including the obtaining of legal opinions from counsel reasonably satisfactory to the Depositary concerning such matters as the Depositary may reasonably specify).

If the Company notifies the Depositary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Condition 4, 5, 6, 7 or 10 or the securities to which such rights relate in order for the Company to offer such rights or distribute such securities or other property to the Holders or owners of GDRs and to sell the securities corresponding to such rights, the Depositary will not offer such rights or distribute such securities or other property to the Holders or sell such securities unless and until the Company procures the receipt by the Depositary of an opinion from counsel reasonably satisfactory to the Depositary that a registration statement is in effect or that the offering and sale of such rights or securities to such Holders or owners of GDRs are exempt from registration under the provisions of such law. Neither the Company nor the Depositary shall be liable to register such rights, securities or other property or the securities to which such rights relate and they shall not be liable for any losses, damages or expenses resulting from any failure to do so.

If at the time of the offering of any rights, at its discretion, the Depositary shall be satisfied that it is not lawful or practicable (for reasons outside its control) to dispose of the rights in any manner provided in paragraphs (a), (b), (c) and (d) above, the Depositary shall permit the rights to lapse. The Depositary will not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Holders or owners of GDRs in general or to any Holder or owner of a GDR or Holders or owners of GDRs in particular.

8. Conversion of Foreign Currency

Whenever the Depositary shall receive any currency other than United States dollars by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the currency so received can in the judgement of the Depositary be converted on a reasonable basis into United States dollars and distributed to the Holders entitled thereto, the Depositary or one of its agents or affiliates or the Custodian shall as soon as practicable convert or cause to be converted, by sale or in any other manner that it may reasonably determine, the currency so received into United States dollars. If such conversion or distribution can be effected only with the approval or licence of any government or agency thereof, the Depositary may make reasonable efforts to apply, or procure that an application be made, for such approval or licence, if any, as it may deem desirable. If at any time the Depositary shall determine that in its judgement any currency other than United States dollars is not convertible on a reasonable basis into United States dollars and distributable to the Holders entitled thereto, or if any approval or licence of any government or agency thereof which is required for such conversion is denied or, in the opinion of the Depositary, is not obtainable, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute such other currency received by it (or an appropriate document evidencing the right to receive such other currency) to the Holders entitled thereto to the extent permitted under applicable law, or the Depositary may in its discretion hold such other currency without liability for interest for the benefit of the Holders entitled thereto. If any conversion of any such currency can be effected in whole or in part for distribution to some (but not all) Holders entitled thereto, the Depositary may at its discretion make such conversion and distribution in United States dollars to the extent possible to the Holders entitled thereto and may distribute the balance of such other currency received by the Depositary to, or hold such balance for the account of, the Holders entitled thereto, and notify the Holders accordingly.

The Depositary will be entitled to make currency conversions under the Deposit Agreement or under these Conditions from time to time by itself or through any of its agents, affiliates or otherwise through customary banking channels, or the Custodian or the Company may convert currency and pay United States dollars to the Depositary. To the extent conversions are executed by the Depositary, the Custodian or the Depositary's other agents or affiliates (in such cases, the "**FX Counterparty**"), the FX Counterparty shall act as principal for its own account, and not as agent, adviser, broker or fiduciary on behalf of any other persons, and earns revenue, including without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the Deposit Agreement or these Conditions and the rate that the FX Counterparty received when buying or selling foreign currency for its own account. The Depositary makes no representation that the exchange rate used or obtained by it or any other FX Counterparty in any currency conversion under the Deposit Agreement or these Conditions will be the most favourable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favourable to Holders, subject to the Depositary's obligations in Clause 9 of the Deposit Agreement. The methodology used to determine exchange rates used in currency conversions is available upon request. Where the Custodian converts currency, the Custodian has no obligation to obtain the most favourable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favourable to Holders, and the Depositary makes no representation that the rate is the most favourable rate and will not be liable for any direct or indirect losses associated with the rate.

In certain instances, the Depositary may receive dividends or other distributions from the Company in United States dollars that represent the proceeds or conversion of a foreign currency or translation from foreign currency at a rate that was obtained or determined by or on behalf of the Company and, in such cases, the Depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor the Company makes any representation that the rate obtained or determined by the Company is the most favourable rate and neither it nor the Company will be liable for any direct or indirect losses associated with the rate.

9. Distribution of any Payments

- 9.1 Any distribution of cash under Condition 4, 5, 6, 7 or 10 will be made by the Depositary to Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable) and, if practicable in the opinion of the Depositary, notice shall be given promptly to Holders in accordance with Condition 23, in each case subject to any laws or regulations applicable thereto and (subject to the provisions of Condition 8) distributions will be made in United States dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDRs, according to usual practice between the Depositary and Clearstream or Euroclear, as the case may be. The Depositary or the Agent, as the case may be, may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses (including cable (including SWIFT) and facsimile transmission fees and expenses) which may become or have become payable under the Deposit Agreement or under applicable law or regulation (including, for the avoidance of doubt, any taxes imposed pursuant to FATCA) in respect of such GDR or the relative Deposited Property.
- 9.2 Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the Holders on the record date established by the Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable), subject to any laws or regulations applicable thereto. If any distribution made by the Company with respect to the Deposited Property and received by the Depositary shall remain unclaimed at the end of three years from the first date upon which such distribution is made available to Holders in accordance with the Deposit Agreement, all rights of the Holders to such distribution or the proceeds of the sale thereof shall be extinguished and the Depositary shall (except for any distribution upon the liquidation of the Company when the Depositary shall retain the same) return the same to the Company for its own use and benefit subject, in all cases, to the provisions of applicable law or regulation.

10. Capital Reorganisation

Upon any change in the nominal or par value, sub-division, consolidation or other reclassification of Deposited Shares or any other part of the Deposited Property or upon any reduction of capital, or upon any reorganisation, merger or consolidation of the Company or to which it is a party (except where the Company is the continuing corporation), the Depositary shall as soon as practicable give notice of such event to the Holders and at its discretion may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 9 with respect thereto or may execute and deliver additional GDRs in respect of Shares or may require the exchange of existing GDRs for new GDRs which reflect the effect of such change.

11. Withholding Taxes and Applicable Laws

- 11.1 Payments to Holders of dividends or other distributions on or in respect of the Deposited Shares will be subject to deduction of Cypriot and other withholding taxes (including any taxes imposed pursuant to FATCA), if any, at the applicable rates. Services that may permit Holders or owners of GDRs to obtain reduced rates of withholding tax at source, or to reclaim excess tax withheld, and the fees and costs associated with using services of that kind, are not provided under or covered by, and are outside the scope of, these Conditions and the Deposit Agreement. Each Holder agrees to indemnify the Company, the Depositary and the Custodian and their respective directors, employees, agents and affiliates for, and hold each of them harmless against, any claim by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced withholding tax at source or other tax benefit received by it.
- 11.2 If any governmental or administrative authorisation, consent, registration or permit or any report or notification to any governmental or administrative authority is required under any applicable law in Cyprus or pursuant to FATCA in order for the Depositary to receive from the Company Shares or other securities to be deposited under these Conditions, or in order for Shares, other securities or other property to be distributed under Condition 4, 5, 6 or 10 or to be subscribed under Condition 7 or to offer any rights or sell any securities represented by such rights relevant to any Deposited Shares, the Company has agreed to apply for such authorisation, consent, registration or permit or file such report or notification on behalf of the Holders within the time required under such laws. In this connection, the Company has undertaken in the Deposit Agreement to the extent reasonably practicable to take such action as may be required in obtaining or filing the same. The Depositary shall not be obliged to distribute GDRs representing such Shares, Shares, other securities or other property deposited under

these Conditions or make any offer of any such rights or sell any securities corresponding to any such rights with respect to which (as notified to the Depositary by the Company) such authorisation, consent, registration or permit or such report or notification has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorisation, consent, registration or permit, or to file any such report or notification.

12. Voting Rights

12.1 The Company has agreed to provide the Depositary with a copy of any notice containing resolutions to be proposed at a meeting of the Company and any materials with respect to the meeting to be distributed to Holders not less than 45 calendar days prior to such meeting date and the Depositary will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 12. Upon receipt of any notice of any meeting of holders of the Shares in which the holders of Shares would be entitled to vote and any materials with respect to the Meeting to be distributed to Holders, if requested in writing by the Company to extend voting to Holders, the Depositary shall, as soon as practicable thereafter, give to the Holders a notice in accordance with Condition 23, the form of which shall be in the sole discretion of the Depositary, that shall contain: (a) the information contained in the notice of meeting received by the Depositary, (b) a statement that the Holders as of the close of business on a specified record date (being a date selected by the Depositary which is as close to the relevant record date set by the Company as reasonably practicable) will be entitled, subject to any applicable provision of Cypriot law and of the articles of association or similar documents of the Company, to instruct the Depositary as to the exercise of the voting rights arising under the Shares represented by their respective GDRs; (c) a statement as to the manner in which those instructions may be given to the Depositary for or against or where permitted by Cypriot law to abstain from voting on, each and any resolution specified in the agenda for the meeting, and (d) the last date on which the Depositary will accept voting instructions from Holders (the “**Instruction Cutoff Date**”). The Company has agreed to provide to the Depositary appropriate proxy forms to enable the Depositary to appoint a representative to attend the relevant meeting and vote on behalf of the Depositary. The Company has acknowledged in the Deposit Agreement, and by holding GDRs each Holder acknowledges, that there can be no assurance that Holders generally or any particular Holder will receive the notice referred to in this Condition 12.1 in time to enable each Holder to give instructions to the Depositary prior to the Instruction Cutoff Date.

In order for each voting instruction to be valid, the voting instructions form must be duly completed and duly signed or received by authenticated SWIFT message and returned to the Depositary by the Instruction Cutoff Date.

12.2 Following receipt by the Depositary, on or before the Instruction Cutoff Date, of the written request of a person who was a Holder on the record date established by the Depositary under Condition 1.1, the Depositary will exercise or cause to be exercised the voting rights in respect of the Deposited Shares so that the portion of the Deposited Shares which are the subject of the request, will be voted in accordance with the instructions set out in that request.

12.3 The Depositary will only endeavour to vote or cause to be voted the votes attaching to Shares in respect of which voting instructions have been received, except that if no voting instructions are received by the Depositary (either because no voting instructions are returned to the Depositary or because the voting instructions are incomplete, illegible or unclear) from a Holder with respect to any or all of the Deposited Shares represented by such Holder’s GDRs on or before the record date specified by the Depositary the Depositary shall have no obligation to and shall not procure the exercise of such votes.

12.4 If the Depositary is advised in the opinion referred to in Condition 12.5 below that it is not permissible under Cypriot law or the Depositary determines that it is not reasonably practicable to vote or cause to be voted such Deposited Shares in accordance with Conditions 1.1 or 12.2 the Depositary shall not vote or cause to be voted such Deposited Shares.

12.5 The Depositary is entitled to request the Company to provide to the Depositary, and where such request has been made shall not be required to take any action required by this Condition 12 unless it shall have received, an opinion from the Company’s legal counsel (such counsel being reasonably acceptable to the Depositary) at the expense of the Company to the effect that such voting arrangement is valid and binding on Holders under Cypriot law and the statutes of the Company and that the Depositary is permitted to exercise votes in accordance with the provisions of this Condition 12 but that in doing so the Depositary will not be deemed to be exercising voting discretion. The Company has agreed to inform the Depositary of any circumstances which may affect whether the voting arrangements under this Condition 12 are valid and binding on Holders under Cypriot law and the statutes of the Company, or

whether the Depositary is permitted to exercise votes in accordance with the provisions of this Condition 12 and in doing so will not be deemed to be exercising voting discretion.

12.6 By continuing to hold GDRs, all Holders shall be deemed to have agreed to the provisions of this Condition as it may be amended from time to time in order to comply with applicable Cypriot law.

12.7 The Depositary shall not, and the Depositary shall ensure that the Custodian and its nominees do not, vote or attempt to exercise the right to vote that attaches to the Deposited Shares, other than in accordance with instructions given, or deemed given, in accordance with this Condition.

13. **Recovery of Taxes, Duties and Other Charges, and Fees and Expenses due to the Depositary**

The Depositary shall not be liable for any taxes (including any taxes imposed pursuant to FATCA), duties, charges, costs or expenses (including cable (including SWIFT) and facsimile transmission fees and expenses) which may become payable in respect of the Deposited Shares or other Deposited Property or the GDRs, whether under any present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to a GDR (the “Charges”) shall be payable by the Holder thereof to the Depositary at any time on request or may be deducted from any amount due or becoming due on such GDR in respect of any dividend or other distribution. The Depositary may sell (whether by way of public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) for the account of the Holder an appropriate number of Deposited Shares or amount of other Deposited Property and may require the Holder on a mandatory basis to surrender for cancellation the GDRs which represent such Deposited Property and will discharge out of the proceeds of such sale any Charges, and any fees or expenses due to the Depositary from the Holder pursuant to Condition 16, and subsequently pay any surplus to the Holder, but the Holder shall remain liable to the Depositary to the extent such Charges, fees and expenses exceed the sale proceeds. Any request by the Depositary for the payment of Charges shall be made by giving notice pursuant to Condition 23.

14. **Liability**

14.1 In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with, the Holders or owners of GDRs or any other person.

14.2 Neither the Depositary, the Custodian, the Company, any Agent, nor any of their agents, officers, directors, employees or affiliates shall incur any liability to any other of them or to any Holder or owner of a GDR or any other person with an interest in any GDRs if by reason of: (A) any provision of any present or future law or regulation or other act of the government of the United States, any State of the United States or any other state or jurisdiction, or of any governmental or regulatory authority or stock exchange, or the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control; or (B) (in the case of only the Depositary, the Custodian, any Agent, or any of their agents, officers, directors, employees or affiliates) any provision, present or future, of the constitutional documents of the Company, or any provision of any securities issued or distributed by the Company, or any offering or distribution thereof; or (C) any event or circumstance, whether natural or caused by a person or persons, that is beyond the ability of the Depositary or the Company, as the case may be, to prevent or counteract by reasonable care or effort (including, but not limited to earthquakes, floods, severe storms, fires, explosions, war, terrorism, civil unrest, labour disputes or criminal acts; interruptions or malfunctions of utility services, Internet or other communications lines or systems; unauthorised access to or attacks on computer systems or websites; or other failures or malfunctions of computer hardware or software or other systems or equipment), the Depositary, the Custodian, the Company, any Agent, or any of their agents, officers, directors, employees or affiliates, shall be, directly or indirectly, prevented, delayed or forbidden from doing or performing, or could be subject to any civil or criminal penalty on account of doing or performing and therefore does not do or perform, any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed; nor shall any of them incur any liability to any Holder or owner of GDRs or any other person with an interest in any GDRs for any exercise of, or failure to exercise, any voting rights attached to the Deposited Shares or any of them or any other discretion or power provided for in the Deposit Agreement. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).

- 14.3 Neither the Depositary nor any Agent shall be liable (except for its own wilful default, negligence or fraud or that of its agents, officers, directors or employees) to the Company or any Holder or owner of GDRs or any other person, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs or any signature on any transfer or instruction purporting to be such and subsequently found to be forged or not authentic or for its failure to perform any obligations under the Deposit Agreement or these Conditions.
- 14.4 The Depositary and its agents may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates, or in relation to the Deposited Property (including without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold or be interested in GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, fees, commissions and charges on the conversion of any part of the Deposited Property from one currency to another and on any sales of property) without accounting to Holders or any other person for any profit arising therefrom.
- 14.5 The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Condition 5, 6, 7, 10, 13 or 21 or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures but shall have no liability (in the absence of its own wilful default, negligence or fraud or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be reasonably practicable.
- 14.6 The Depositary shall not be required or obliged to monitor, supervise or enforce the observance and performance by the Company of its obligations under or in connection with the Deposit Agreement or these Conditions.
- 14.7 The Depositary shall have no responsibility whatsoever to the Company, any Holders or any owner of GDRs or any other person as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof, including any tax imposed pursuant to FATCA. The Depositary shall not be liable for the inability or failure of a Holder or owner to obtain the benefit of a foreign tax credit, reduced rate of withholding tax or refund of amounts withheld in respect of tax or any other tax benefit.
- 14.8 In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement, the Depositary shall not, except as otherwise expressly provided in Condition 22, be obliged to have regard to the consequence thereof for the Holders or the owners of GDRs or any other person.
- 14.9 Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the Depositary may refrain from doing anything which could or might, in its opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the Depositary may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.
- 14.10 The Depositary may, in relation to the Deposit Agreement and these Conditions, act or take no action on the advice or opinion of, or any certificate or information obtained from, any lawyer, valuer, accountant, banker, broker, securities company or other expert whether obtained by the Company, the Depositary or otherwise, and shall not be responsible or liable for any loss or liability occasioned by so acting or refraining from acting or relying on information from persons presenting Shares for deposit or GDRs for surrender or requesting transfers thereof.
- 14.11 Any such advice, opinion, certificate or information (as discussed in Condition 14.10 above) may be sent or obtained by letter or facsimile transmission and the Depositary shall not be liable for acting on any advice, opinion, certificate or information purported to be sent or obtained by any such letter or facsimile transmission although (without the Depositary's knowledge) the same shall contain some error or shall not be authentic.
- 14.12 The Depositary may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company by a director of the Company or by a person duly authorised by a director of the Company or such other certificate from persons specified in Condition 14.10 above which the Depositary considers appropriate and the Depositary shall

not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate.

- 14.13 The Depositary shall have no obligation under the Deposit Agreement or these Conditions except to perform its obligations as are specifically set out therein without wilful default, negligence or fraud.
- 14.14 Any liability of the Depositary arising out of the Deposit Agreement, the GDRs or the Conditions shall be limited to the amount of actual loss suffered (such loss shall be determined as at the date of default of the Depositary or, if later, the day on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Depositary at the time of entering into the Deposit Agreement, the GDRs or the Conditions, or at the time of accepting any relevant instructions, which increases the amount of the loss. In no event shall the Depositary be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not foreseeable, even if the Depositary has been advised of the possibility of such loss or damages and regardless of whether the claim for loss or damage is made in negligence, breach of contract, duty or otherwise.
- 14.15 The Depositary may delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons, whether being a joint Depositary of the Deposit Agreement or not and not being a person to whom the Company may reasonably object, all or any of the powers, authorities and discretions vested in the Depositary by the Deposit Agreement and such delegation may be made upon such terms and subject to such conditions, including power to sub-delegate and subject to such regulations as the Depositary may in the interests of the Holders think fit, **provided that** no objection from the Company to any such delegation as aforesaid may be made to a person whose financial statements are consolidated with those of the Depositary's ultimate holding company. Any delegation by the Depositary shall be on the basis that the Depositary is acting on behalf of the Holders and the Company in making such delegation. The Company shall not (in any circumstances) and the Depositary shall not (**provided that** it shall have exercised reasonable care in the selection of such delegate) be bound to supervise the proceedings or be in any way responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. However, the Depositary shall, if practicable, and if so requested by the Company, pursue (at the Company's expense and subject to receipt by the Depositary of such indemnity and security for costs as the Depositary may reasonably require) any legal action it may have against such delegate or sub-delegate arising out of any such loss caused by reason of any such misconduct or default. The Depositary shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give notice thereof to the Company. Any delegation under this Condition which includes the power to sub-delegate shall provide that the delegate shall, within a specified time of any sub-delegation or amendment, extension or termination thereof, give notice thereof to the Company and the Depositary.
- 14.16 The Depositary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether a solicitor or other person, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money.
- 14.17 The Depositary may, in performing its duties hereunder, appoint and employ brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the Depositary and that may earn or share fees, spreads or commissions.
- 14.18 The Depositary shall be at liberty to hold or to deposit the Deposit Agreement and any deed or document relating thereto in any part of the world with any banking company or companies (including itself) whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers of good repute, and the Depositary shall not (in the case of depositing with itself, in the absence of its own negligence, wilful default, or fraud or that of its agents, directors, officers or employees) be responsible for any losses, liability or expenses incurred in connection with any such deposit.
- 14.19 Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the Depositary shall not be liable in respect of any loss or damage which arises out of or in connection with its performance or non-performance, or the exercise or attempted exercise of (or the failure to exercise any of) its powers or discretions, under the Deposit Agreement, except to the extent that such loss or damage arises from the wilful default, negligence or fraud of the Depositary or that of its agents, officers, directors or employees. Without prejudice to the generality of the foregoing, in no

circumstances shall the Depositary have any liability for any act or omission of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of Deposited Shares or otherwise.

- 14.20 No provision of the Deposit Agreement or these Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.
- 14.21 For the avoidance of doubt, the Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable Cypriot law as the same may be amended from time to time. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any deposit of Shares against the issuance of GDRs if notified the Company, or the Depositary becomes aware of the fact, that such transfer or issuance would result in a violation of the limitations set forth above.
- 14.22 No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement.
- 14.23 The Depositary shall be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or in respect of any GDRs on behalf of any Holder or any other person.

15. Issue and Delivery of Replacement GDRs and Exchange of GDRs

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses (including cable (including SWIFT) and facsimile transmission fees and expenses) and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of the destruction, loss or theft) at the specified office of the Depositary or (at the request, risk and expense of the Holder) at the specified office of any Agent.

16. Depositary's Fees, Costs and Expenses

- 16.1 The Depositary shall be entitled to charge the following remuneration and to receive the following remuneration and reimbursement (such remuneration and reimbursement being payable on demand) from the Holders in respect of its services under the Deposit Agreement:
- (a) for the issue of GDRs (other than upon the issue of GDRs pursuant to the Offering) or the cancellation of GDRs: U.S.\$5.00 or less per 100 GDRs (or portion thereof) issued or cancelled, including for the avoidance of doubt, but not limited to, transfers between the Regulation S Master GDR and the Rule 144A Master GDR which transfers shall be treated as cancellations of GDRs represented by one Master GDR and issuances of GDRs represented by the other Master GDR;
 - (b) for issuing GDR certificates in definitive registered form in replacement for mutilated, defaced, lost, stolen or destroyed GDR certificates: a sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs and expenses involved;
 - (c) for issuing GDR certificates in definitive registered form (other than pursuant to (b) above): the greater of U.S.\$1.50 per GDR certificate (plus printing costs) or such other sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work plus costs (including but not limited to printing costs) and expenses involved;
 - (d) for receiving and paying any cash dividend or other cash distribution on or in respect of the Deposited Shares: a fee of U.S.\$0.05 or less per GDR for each such dividend or distribution;
 - (e) in respect of any issue of rights or distribution of Shares (whether or not evidenced by GDRs) or other securities or other property (other than cash) upon exercise of any rights, any free distribution, stock dividend or other distribution: U.S.\$5.00 or less per 100 outstanding GDRs (or portion thereof) for each such issue of rights, dividend or distribution;
 - (f) a fee of U.S.\$0.05 or less per GDR (or portion thereof) per calendar year for depositary services which shall be payable as provided in paragraph (h) below;
 - (g) a fee of U.S.\$0.01 or less per GDR per annum for local share registry inspection and related services by the Depositary or the Custodian or their respective agents, which shall be payable as provided in paragraph (h) below; and

- (h) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents, in connection with the servicing of Deposited Shares or other Deposited Property (which charge shall be assessed against Holders as of the date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders for such charge or deducting such charge from one or more cash dividends or other cash distributions),

together with all fees and expenses (including currency conversion expenses, cable, SWIFT and facsimile transmission fees and expenses), transfer and registration fees, taxes, duties and charges payable by the Depositary, any Agent or the Custodian, or any of their agents, in connection with any of the above.

- 16.2 The Depositary is entitled to receive from the Company the fees, taxes, duties, charges costs and expenses as specified in a separate agreement between the Company and the Depositary. The Depositary may charge the Company a fee and its expenses relating to any request made under Condition 1.9.
- 16.3 From time to time, the Depositary may make payments to the Company to reimburse and/or share revenue from the fees collected from Holders of GDRs, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of the establishment and maintenance of the GDR facilities established pursuant to the Deposit Agreement. Where the Company has been appointed by the Depositary to act as Custodian in connection with the Deposit Agreement, the Company in its capacity as the Custodian may earn fees and revenue, and such fees and revenue may be paid by the Depositary to the Company from fees collected by the Depositary from Holders. In performing its duties under the Deposit Agreement, the Depositary may use brokers, dealers or other service providers that are affiliates of the Depositary and that may earn or share fees and commissions.

17. **Agents**

- 17.1 The Depositary shall be entitled to appoint one or more agents (the "**Agents**") for the purpose, *inter alia*, of making distributions to the Holders.

18. **Listing**

The Company has undertaken in the Deposit Agreement to use its reasonable endeavours to maintain, so long as any GDR is outstanding, a listing for the GDRs on the London Stock Exchange and the Moscow Stock Exchange.

For that purpose the Company has agreed to pay all fees and sign and deliver all undertakings required by the London Stock Exchange and the Moscow Stock Exchange in connection with such listings. In the event that the listing on the London Stock Exchange or the Moscow Stock Exchange is not maintained, the Company has undertaken in the Deposit Agreement to use its reasonable endeavours with the reasonable assistance of the Depositary (provided at the Company's expense) to obtain and maintain a listing of the GDRs on any other internationally recognised stock exchange in Europe.

19. **The Custodian**

The Depositary has agreed with the Custodian that the Custodian will receive and hold (or appoint agents approved by the Depositary to receive and hold) all Deposited Property for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement which include a requirement to segregate the Deposited Property from the other property of, or held by, the Custodian **PROVIDED THAT** the Custodian shall not be obliged to segregate cash comprised of the Deposited Property from cash otherwise held by the Custodian. The Custodian shall be responsible solely to the Depositary **PROVIDED THAT**, if and so long as the Depositary and the Custodian are the same legal entity, references to them separately in these Conditions and the Deposit Agreement are for convenience only and that legal entity shall be responsible for discharging both functions directly to the Holders and the Company. Upon the removal of or receiving notice of the resignation of the Custodian (where upon the effectiveness of that resignation or removal there would be no Custodian acting under the Deposit Agreement), the Depositary shall as promptly as practicable appoint a substitute Custodian or Custodians, which shall thereafter, become the Custodian under the Deposit Agreement. The Depositary shall require any Custodian that resigns or is removed to deliver all Deposited Property held by such Custodian to another Custodian. The Depositary in its discretion may appoint a substitute or additional custodian or custodians, which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement. The Depositary shall notify Holders of such change in accordance with Condition 23. Notwithstanding the foregoing, the Depositary may temporarily deposit the Deposited

Property in a manner or a place other than as therein specified; **PROVIDED THAT**, in the case of such temporary deposit in another place, the Company shall have consented to such deposit, and such consent of the Company shall have been delivered to the Custodian. In the case of transportation of the Deposited Property under this Condition, the Depositary shall obtain appropriate insurance at the expense of the Company if and to the extent that the obtaining of such insurance is reasonably practicable and the premiums payable are of a reasonable amount.

20. **Resignation and Removal of the Depositary**

20.1 The Company may remove the Depositary under the Deposit Agreement by giving 120 days' prior notice in writing to the Depositary to become effective upon the later of (i) the 120th day after receipt of such notice by the Depositary and (ii) the appointment of a successor depositary and its acceptance of appointment. The Depositary may resign as Depositary by giving notice in writing to the Company to become effective upon the appointment of a successor depositary and its acceptance of that appointment as provided in Condition 20.2. The effect of the removal or resignation of the Depositary if a successor depositary is not appointed is set out in Condition 21.

20.2 If the Depositary resigns or is removed, the Company shall use all reasonable endeavours to appoint a successor depositary. Every successor depositary shall execute and deliver to the Company an instrument in writing accepting its appointment under the Deposit Agreement in accordance with the terms thereof and these Conditions. If the Depositary receives notice from the Company that a successor depositary has been appointed following its resignation or removal, the Depositary, upon receipt of payment of all sums due to it from the Company, shall deliver to its successor as depositary sufficient information and records to enable such successor efficiently to perform its obligations under the Deposit Agreement and shall deliver, and pay to such depositary, or to its order, all property and cash held by it under the Deposit Agreement. When the Depositary has taken the actions specified in the preceding sentence (i) the successor shall become the Depositary and shall have all the rights and shall assume all the duties of the Depositary under the Deposit Agreement and (ii) the predecessor depositary shall cease to be the Depositary and shall be discharged and released from all obligations under the Deposit Agreement, except for its duties under Clause 10.5 of the Deposit Agreement with respect to the time before that discharge. A successor Depositary shall notify the Holders of its appointment as soon as practical after assuming the duties of Depositary.

21. **Termination of Deposit Agreement**

21.1 The Company may terminate the Deposit Agreement by written notice to the Depositary. The Depositary may terminate the Deposit Agreement if (a) the Company has failed to appoint a replacement Depositary within 60 days of the date on which the Company or the Depositary has given notice pursuant to Clause 12 of the Deposit Agreement and Condition 20, (b) an Insolvency Event or Delisting Event (as defined below) occurs with respect to the Company or (c) a Termination Option Event has occurred or will occur. If the Deposit Agreement is to be terminated, the Depositary shall give a notice of termination in accordance with Condition 23 to the Holders of GDRs then outstanding setting a date for termination (the "**Termination Date**"), which shall be at least 90 days after the date of that notice, and the Deposit Agreement shall terminate on that Termination Date.

21.2 At any time prior to the Termination Date, the Depositary may accept surrenders of GDRs for the purpose of withdrawal of Deposited Property in accordance with Clause 3 of the Deposit Agreement and Condition 1.

21.3 At any time after the Termination Date, the Depositary may sell the Deposited Property then held under the Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the *pro rata* benefit of the Holders of GDRs that remain outstanding, and those Holders will become general creditors of the Depositary with respect to those net proceeds. After making that sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except (i) to account to Holders for the net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of GDRs, any expenses for the account of the Holder of such GDRs in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges) and (ii) for its liabilities accrued prior to the date of termination of appointment or resignation or any liabilities stipulated in relevant laws or regulations and (iii) to act as provided in the Condition 21.4 below, and after selling the Deposited Property and satisfying (i) and (ii) above, the Depositary may cancel the outstanding GDRs.

- 21.4 After the Termination Date, the Depositary shall continue to receive dividends and other distributions pertaining to Deposited Property (that have not been sold), may sell rights and other property as provided in the Deposit Agreement and shall deliver Deposited Property (or sale proceeds) upon surrender of GDRs (after payment or upon deduction, in each case, of the fee of the Depositary for the surrender of GDRs, any expenses for the account of the Holder of those GDRs in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges). However, after the Termination Date, (i) the Depositary may refuse to accept surrenders of GDRs for the purpose of withdrawal of Deposited Property (that has not been sold) or may reverse previously accepted surrenders of that kind that have not settled if in its opinion the requested withdrawal would interfere with its efforts to sell the Deposited Property, (ii) the Depositary will not be required to deliver cash proceeds of the sale of Deposited Property until all Deposited Property has been sold and (iii) the Depositary may discontinue the registration of transfers of GDRs and suspend the distribution of dividends and other distributions on Deposited Property to the Holders and need not give any further notices or perform any further acts under the Deposit Agreement except as provided in this Condition 21.4.
- 21.5 For the purposes of this Condition 21, “**Delisting Event**” means a failure by the Company to comply with its obligations under Clause 7.1 of the Deposit Agreement and “**Insolvency Event**” means any of the following (i) the Company becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or, liquidator is appointed (or application for any such appointment is made) in respect of the Company or the whole or any substantial (in the opinion of the Depositary) part of the undertaking, assets and revenues of the Company, (iii) the Company takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it, (iv) the Company ceases or threatens to cease to carry on all or any substantial part of its business, or (v) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Company.

22. **Amendment of Deposit Agreement and Conditions**

- 22.1 Subject to Condition 22.3, all and any of the provisions of the Deposit Agreement and these Conditions may at any time and from time to time be amended by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary, and any amendment which shall increase or impose fees payable by Holders, which amends this Condition 22 or which, in the opinion of the Depositary, would be materially prejudicial to the interests of the Holders (as a class) shall not (unless such fees, amendment or material prejudice are the result of: governmental charges, registration fees, fees imposed by the Depositary in its discretion in connection with any cable, SWIFT, telex or facsimile transmission fees or costs, or delivery costs) become effective so as to impose any obligation on the Holders until the expiration of 30 calendar days after such notice shall have been given. During such period of 30 calendar days, each Holder shall be entitled to obtain, subject to and upon compliance with Condition 1, delivery of the Deposited Property relative to each GDR held by it upon surrender thereof, payment of the charge specified in Condition 16.1(a) for such delivery and surrender and otherwise in accordance with the Deposit Agreement and these Conditions. Each Holder at the time when such amendment so becomes effective shall be deemed, by continuing to hold a GDR, to approve such amendment and to be bound by the terms thereof in so far as they affect the rights of the Holders. In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Condition 1, the Deposited Property attributable to the relevant GDR.
- 22.2 For the purposes of this Condition 22, an amendment shall not be regarded as being materially prejudicial to the interests of Holders if its principal effect is to permit the creation of GDRs in respect of additional Shares to be held by the Depositary which are or will become fully consolidated as a single series with the other Deposited Shares **PROVIDED THAT** temporary GDRs will represent such Shares until they are so consolidated.
- 22.3 The Company and the Depositary may at any time by agreement in any form amend the number of Shares represented by each GDR, provided that each outstanding GDR represents the same number of Shares as each other outstanding GDR, and at least 30 calendar days’ notice of such amendment is given to the Holders, but in no circumstances shall any amendment pursuant to this Condition 22.3 be regarded as an amendment requiring 30 calendar days’ notice in accordance with Condition 22.1.

23. Notices

- 23.1 Any and all notices to be given to any Holder shall be duly given if personally delivered, or sent by mail (if domestic, first class, if overseas, first class airmail) or air courier, or by facsimile transmission confirmed by letter sent by mail, air courier, or by email addressed to such Holder at the address of such Holder as it appears on the transfer books for GDRs of the Depositary, or, if such Holder shall have filed with the Depositary a written request that notices intended for such Holder be mailed to some other address, at the address specified in such request.
- 23.2 Delivery of a notice sent by mail or air courier shall be effective three days (in the case of domestic mail or air courier) or seven days (in the case of overseas mail) after despatch, and any notice sent by facsimile transmission, as provided in this Condition, shall be effective when the intended recipient has confirmed by telephone to the transmitter thereof that the recipient has received such facsimile in complete and legible form. The Depositary or the Company may, however, act upon any facsimile transmission received by it from the other or from any Holder, notwithstanding that such facsimile transmission shall not subsequently be confirmed as aforesaid.

24. Reports and Information on the Company

- 24.1 The Company has undertaken in the Deposit Agreement (so long as any GDR is outstanding) to furnish the Depositary with one copy in the English language (and to make available to the Depositary, the Custodian and each Agent as many further copies as they may reasonably require to satisfy requests from Holders) of:
- (a) in respect of the financial year ending on 31 March 2022 and in respect of each financial year thereafter, the non-consolidated (and, if published for holders of Shares, and consolidated) balance sheets as at the end of such financial year and non-consolidated (and, if published for holders of Shares, and consolidated) statements of income for such financial year in respect of the Company, prepared in conformity with IFRS and reported upon by independent public accountants selected by the Company, as soon as practicable (and in any event within 180 days) after end of such year;
 - (b) the Company publishes semi-annual financial statement for holders of Shares, such semi-annual financial statements of the Company as soon as practicable after the same are published and in any event no later than three months after the end of the period to which they relate; and
 - (c) if the Company publishes quarterly financial statements for holders of Shares, such quarterly financial statements, as soon as practicable, after the same are published, and in any event no later than one month after the end of the period to which they relate.
- 24.2 The Depositary shall upon receipt thereof give due notice to the Holders that such copies are available upon request at its specified office and the specified office of any Agent.
- 24.3 For so long as any of the GDRs or the Shares remain outstanding and are “**restricted securities**” within the meaning of Rule 144(a)(3) under the Securities Act, if at any time the Company is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed in the Deposit Agreement to supply to the Depositary such information, in the English language and in such quantities as the Depositary may from time to time reasonably request, as is required to be delivered to any Holder or beneficial owner of GDRs or to any holder of Shares or a prospective purchaser designated by such Holder, beneficial owner or holder pursuant to a Deed Poll executed by the Company in favour of such persons and the information delivery requirements of Rule 144A(d)(4) under the Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of GDRs or Shares or interests therein in reliance on Rule 144A under the Securities Act and otherwise to comply with the requirements of Rule 144A(d)(4) under the Securities Act. Subject to receipt, the Depositary will deliver such information, during any period in which the Company informs the Depositary it is subject to the information delivery requirements of Rule 144(A)(d)(4), to any such Holder, beneficial owner or prospective purchaser but in no event shall the Depositary have any liability for the contents of any such information.

25. Copies of Company Notices

The Company has undertaken in the Deposit Agreement to provide to the Custodian and the Depositary: (i) if the Company takes or decides to take any corporate action of a kind that is addressed in Condition 4, 5, 6, 7, 10 or 12, or that effects or will effect a change in the name or legal structure of

the Company, or that effects or will effect a change to the Shares, a notification of that action or decision as soon as it is lawful and practical to give that notification, which notification shall be in English and shall include all details that the Company is required to include in any notice to any governmental or regulatory authority or securities exchange or is required to make available generally to holders of Shares by publication or otherwise; and (ii) promptly, all notices and any other reports and communications which are made generally available by the Company to holders of its Shares (or such number of English translations of the originals if the originals were prepared in a language other than English as the Depositary may reasonably request). If any such notice is not furnished to the Depositary in English, either by the Company or the Custodian, the Depositary shall, at the Company's expense, arrange for an English translation thereof (which may be in such summarised form as the Depositary may deem adequate to provide sufficient information) to be prepared. The Depositary shall, as soon as practicable after receiving any such notice or (where appropriate) upon completion of translation thereof, give due notice to the Holders which notice may be given together with a notice pursuant to Condition 9.1, and shall make the same available to Holders in such manner as it may determine.

26. Moneys held by the Depositary

The Depositary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any Holder or any other person for any interest thereon, except as otherwise agreed and shall not be obliged to segregate such moneys from other moneys belonging to the Depositary.

27. Severability

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

28. Governing Law

The Deposit Agreement, the GDRs, and any non-contractual obligations arising from or connected with the Deposit Agreement and the GDRs, are governed by, and shall be construed in accordance with, English law except that the certifications set forth in Schedule 3 and Schedule 4 to the Deposit Agreement and any provisions relating thereto shall be governed by and construed in accordance with the laws of the State of New York. The Company has submitted in respect of the Deposit Agreement and the Deed Poll to the jurisdiction of the English courts and the courts of the State of New York and any U.S. Federal Court sitting in the Borough of Manhattan, New York City. The Company has also agreed in the Deposit Agreement, and the Deed Poll to allow, respectively, the Depositary and the Holders to elect that Disputes are resolved by arbitration.

29. Jurisdiction

29.1 The Company has irrevocably appointed Law Debenture Corporate Services Limited, as its agent in England to receive service of process which may be served in any suit, legal action or proceedings arising out of or related to the Deposited Property, the GDRs, these Conditions or the Deposit Agreement (“**Proceedings**”) and appointed Law Debenture Corporate Services Inc. as its agent in New York to receive service of process in any legal action or Proceedings in New York. Any writ, judgment or other notice of legal process shall be sufficiently served on the Company if delivered to such relevant agent at its address for the time being. The Company has irrevocably undertaken not to revoke the authority of such agent and if, for any reason, the Depositary requests the Company to do so it shall promptly appoint another such agent with an address in England or New York as the case may be and notify the Depositary and the Holders accordingly. The Company has agreed that, if for any other reason it does not have such an agent in England or New York as the case may be, it will promptly appoint a substitute process agent and notify the Holders and the Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

29.2 The courts of England shall have jurisdiction to settle any disputes (each a “**Dispute**”) and accordingly any Proceedings may be brought in such courts. Without prejudice to the foregoing, the Depositary further irrevocably agrees that any Proceedings may be brought in any New York State or United States Federal Court sitting in the Borough of Manhattan, New York City. The Depositary irrevocably submits

to the non-exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

- 29.3 These submissions are made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdictions (whether concurrently or not) to the extent permitted by law.
- 29.4 In the event that the Depositary is made a party to, or is otherwise required to participate in, any litigation, arbitration, or Proceedings (whether judicial or administrative) which arises from or is related to or is based upon any act or failure to act by the Company, or which contains allegations to such effect, upon notice from the Depositary, the Company has agreed to fully cooperate with the Depositary in connection with such litigation, arbitration or Proceedings.
- 29.5 The Depositary irrevocably appoints The Bank of New York Mellon, London Branch, (Attention: The Manager) of 49th Floor, One Canada Square, London E14 5AL as its agent in England to receive service of process in any Proceedings in England based on any of the GDRs. If for any reason the Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- 29.6 To the extent that the Company may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Company or its assets or revenues, the Company has agreed not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

30. **Arbitration and Submission**

- 30.1 Notwithstanding any other provision of these Conditions, the Depositary agrees that each Holder may elect, by notice in writing to the Depositary issued no later than the filing of a defence in any Proceedings, that the Dispute be resolved by arbitration and not litigation. In such case, the Dispute shall be referred to arbitration under the Rules of the London Court of International Arbitration (the “**Rules**”) and finally resolved by arbitration under the Rules which Rules are deemed to be incorporated by reference into this Condition. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.
- 30.2 If any Holder elects arbitration proceedings in accordance with Condition 30.1, the Depositary and the Holders agree that:
- (a) the number of arbitrators shall be three, appointed by the London Court of International Arbitration in accordance with its Rules;
 - (b) the place of the arbitration shall be London;
 - (c) the language to be used in the arbitration proceedings shall be English; and
 - (d) the decision and award of the arbitration shall be final and binding on the parties from the day it is made.
- 30.3 The governing law of this arbitration agreement shall be the substantive law of England, excluding conflict of law rules.
- 30.4 If Proceedings have been initiated by the Depositary in a court of competent jurisdiction at the time that any Holder elects to submit the matter to arbitration in accordance with Condition 30.1, then the Depositary agrees that it shall discontinue such Proceedings without delay unless the Holder is deemed to have waived such right by substantially participating in the Proceedings without having raised its right under this Condition.
- 30.5 If any Dispute raises issues which are substantially the same as or connected with issues raised in a Dispute which has already been referred to arbitration (an “**Existing Dispute**”), or arises out of substantially the same facts as are the subject of an Existing Dispute, or a dispute, controversy or claim, arising out of or in connection with the Deposit Agreement or the Deed Poll, whether in tort, contract, statute or otherwise, including any question regarding their existence, validity, interpretation, breach or termination (in any such case a “**Related Dispute**” provided that such Related Dispute has been or is to be submitted to arbitration), the arbitrators appointed or to be appointed in respect of any such Existing

Dispute shall also be appointed as the arbitrators in respect of any Related Dispute, save where the arbitrators consider such appointment to be inappropriate.

- 30.6 The arbitrators, upon the request of one of the parties to a Dispute or Related Dispute or a Holder or the Depositary which itself wishes to be joined in any reference to arbitration proceedings in relation to a Dispute or Related Dispute, may join any Holder or any party to the Deposit Agreement, these Conditions or the Deed Poll to any reference to arbitration proceedings in relation to that Dispute or Related Dispute and may make a single, final award determining all Disputes and Related Disputes between them. Each of the Holders and the Depositary hereby consents to be joined to any reference to arbitration proceedings in relation to any dispute at the request of a party to that Dispute or Related Dispute, and to accept joinder of any party requesting to be joined in accordance with this Condition 30.5.
- 30.7 Where, pursuant to the above provisions, the same arbitrators have been appointed in relation to an Existing Dispute and one or more Related Disputes, the arbitrators may, with the agreement of all the parties concerned or upon the application of one of the parties, being a party to each of the Disputes, order that the whole or part of the matters at issue shall be heard together upon such terms or conditions as the arbitrators think fit.
- 30.8 The arbitrators shall have power to make such directions and any provisional, interim or partial awards as they consider just and desirable.
- 30.9 Nothing in these dispute resolution provisions shall be construed as preventing either party from seeking conservatory or similar interim relief in any court of competent jurisdiction.
- 30.10 The parties hereby agree to waive any right of appeal to any court of law or other judicial authority in so far as such waiver may be validly made.
- 30.11 Without prejudice to the powers of the arbitrators provided in the Rules, statute or otherwise, the arbitrators shall have power at any time, following the written request (with reasons) of any party at any time, and after due consideration of any written and/or oral response(s) to such request made within such time periods as the arbitrators shall determine, to make an award in favour of the claimant(s) (or the respondent(s) if a counterclaim) in respect of any claims (or counterclaims) if it appears to the arbitrators that there is no reasonably arguable defence to those claims (or counterclaims), either at all or except as to the amount of any damages or other sum to be awarded.
- 30.12 The Depositary and the Holders agree that in no circumstances will they request the arbitrators to, and the arbitrators shall have no authority to, exercise any power to award damages which are not calculated by reference to the party's actual costs or to award any loss of profit whatsoever or any consequential, special or punitive damages.

31. Language

Although the Deposit Agreement or these Conditions may be translated into another language, the translated version of the Deposit Agreement and these Conditions is for informational purposes only. In the event of any discrepancies between the English version and the translated version of the Deposit Agreement or these Conditions, or any dispute regarding the interpretation of any provision in the English version or translated version of the Deposit Agreement or these Conditions, the English version of the Deposit Agreement and these Conditions shall prevail and questions of interpretation shall be addressed solely in the English language.

SUMMARY OF PROVISIONS RELATING TO THE GDRS WHILE IN MASTER FORM

The GDRs will initially be evidenced by: (i) a single Regulation S Master GDR in registered form; and (ii) a single Rule 144A Master GDR in registered form. The Rule 144A Master GDR and the Regulation S Master GDR will be registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon as common depository for Euroclear and Clearstream, Luxembourg on the date the GDRs are issued.

The Regulation S Master GDR and the Rule 144A Master GDR contain provisions which apply to the GDRs whilst they are in master form. Words and expressions given a defined meaning in the Conditions shall have the same meanings in this section unless otherwise provided in this section.

The Master GDRs will only be exchanged for certificates in definitive registered form representing GDRs in the circumstances described in paragraphs (i), (ii), or (iii) below in whole but not in part. The Depository will irrevocably undertake in the Master GDRs to deliver certificates in definitive registered form representing GDRs in exchange for the relevant Master GDR to the Holders within 60 calendar days in the event that:

- (i) Euroclear, Clearstream, Luxembourg, in the case of the Rule 144A Master GDR and the Regulation S Master GDR, notifies the Company that it is unwilling or unable to continue as common depository and a successor common depository system is not appointed within 90 calendar days; or
- (ii) Euroclear, Clearstream, Luxembourg, in the case of the Rule 144A Master GDR and the Regulation S Master GDR, is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, and, in each case, no alternative clearing system satisfactory to the Depository is available within 45 calendar days; or
- (iii) the Depository has determined that, on the occasion of the next payment in respect of the Master GDRs, the Depository or its agent would be required to make any deduction or withholding from any payment in respect of the Master GDRs which would not be required were the GDRs represented by certificates in definitive registered form, *provided that* the Depository shall have no obligation to so determine or to attempt to so determine.

Any exchange shall be at the expense (including printing costs) of the Company.

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through Euroclear or Clearstream, Luxembourg. Pursuant to the conditions set forth under “*Terms and Conditions of the Global Depository Receipts*”, upon any exchange of a Master GDR for certificates in definitive registered form, or any exchange of interests between the Rule 144A Master GDR and the Regulation S Master GDR, or any distribution of GDRs or any reduction in the number of GDRs represented thereby following any withdrawal of Deposited Property, or any increase in the number of GDRs following the deposit of Shares, the relevant details shall be entered by the Depository on the register maintained by the Depository whereupon the number of GDRs represented by the Master GDR shall be reduced or increased (as the case may be) for all purposes by the number so exchanged and entered on the register. If the number of GDRs represented by a Master GDR is reduced to zero, such Master GDR shall continue in existence until the obligations of the Company under the Deposit Agreement and the obligations of the Depository pursuant to the Deposit Agreement and the Conditions have terminated.

Payments, Distributions and Voting Rights

Payments of cash dividends and other amounts (including cash distributions) will, in the case of GDRs represented by the Rule 144A Master GDR and the Regulation S Master GDR, be made by the Depository through Euroclear, Clearstream, Luxembourg, on behalf of persons entitled thereto upon receipt of funds therefore from the Company. Any free distribution or rights issue of Shares to the Depository on behalf of the Holders will result in the records maintained by the Depository being adjusted to reflect the enlarged number of GDRs represented by the relevant Master GDR.

Holders of GDRs will have voting rights as set out in the Conditions.

Surrender of GDRs

Any requirement in the Conditions relating to the surrender of a GDR to the Depository shall be satisfied by the production by Euroclear or Clearstream, Luxembourg, in the case of GDRs represented by the Rule 144A Master GDR and the Regulation S Master GDR on behalf of a person entitled to an interest therein of such

evidence of entitlement of such person as the Depositary may reasonably require, which is expected to be a certificate or other documents issued by Euroclear or Clearstream, Luxembourg, as appropriate. The delivery or production of any such evidence shall be sufficient evidence in favour of the Depositary, any Agent and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all money or other property payable or distributable in respect of the Deposited Property represented by such GDRs and to issue voting instructions.

Notices

For as long as the Rule 144A Master GDR and the Regulation S Master GDR is registered in the name of a nominee for a common depositary holding on behalf of Euroclear and Clearstream, Luxembourg notices to Holders may be given by the Depositary by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg, for communication to persons entitled thereto in substitution for delivery of notices in accordance with their terms.

The Master GDRs, and any non-contractual obligations arising out of or in connection with the Master GDRs, shall be governed by and construed in accordance with English law.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GDRS

The Depositary

The Depositary is an entity established in the State of New York, and is a state chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Department of Financial Services. The Bank of New York Mellon was constituted in 1784 in the State of New York. It is a wholly owned subsidiary of The Bank of New York Mellon Corporation, a Delaware bank holding company. The Depositary's principal executive office is located at 240 Greenwich Street, New York, New York 10286 and its principal administrative offices are located at 240 Greenwich Street, New York, New York 10286.

Rights of Holders of GDRs

Relationship of Holders of GDRs with the Depositary: The rights of Holders against the Depositary are governed by the Conditions and the Deposit Agreement, which are governed by English law (except that the certifications to be given upon deposit or withdrawal (in Schedules 3 and 4 of the Deposit Agreement) are governed by the laws of the State of New York). The Depositary and the Company are parties to the Deposit Agreement. Holders of GDRs have contractual rights against the Depositary under the Conditions in relation to cash or other Deposited Property (including Deposited Shares, which are Shares of the Company represented by GDRs) deposited with the Depositary under the Deposit Agreement, and certain limited rights against the Company by virtue of the Deed Poll.

Voting: With respect to voting of Deposited Shares and other Deposited Property represented by GDRs, the Conditions and the Deposit Agreement provide that, if notified by the Company and provided with relevant information in relation to any meeting at which the holders of Shares or other Deposited Property are entitled to vote, or of a solicitation of consent or proxy from holders of Shares or Deposited Property, and if so requested in writing by the Company, the Depositary shall, providing that no relevant legal prohibitions exist, send to any person who is a Holder on the record date established by the Depositary for that purpose (which shall be as close as possible to the corresponding record date set by the Company) such notice of meeting or solicitation of consent or proxy, along with a brief statement on the manner in which such Holders may provide the Depositary with voting instructions for matters to be considered. The Deposit Agreement and the Conditions provide that the Depositary will endeavour to exercise or cause to be exercised the voting rights with respect to Deposited Shares in accordance with the voting instructions it has received from Holders, subject to applicable law. As at the date of this Prospectus, the Company confirms that there are no restrictions under applicable law, the Articles of Association or the provisions of the Deposited Shares that would prohibit or restrict the Depositary from voting any of the Deposited Shares in accordance with instructions received from Holders.

Each Holder of GDRs is entitled to give instructions to the Depositary to vote for or against, or where (permitted by Cypriot law) abstain from voting on, each resolution specified in the agenda for the meeting. Each voting instruction from a Holder of GDRs must be in the form required by the Depositary. Exercise of voting rights from Holders of GDRs will be subject in each case to applicable law and the Depositary's determination of what is reasonably practicable, which may mean that in some cases the Depositary cannot procure the exercise of any votes. See "*Terms and Conditions of the Global Depositary Receipts*" for more information on the voting rights of Holders of GDRs.

Delivery of GDRs: The Deposit Agreement and the Conditions provide that the Deposited Shares can only be delivered out of the Regulation S and Rule 144A GDR facilities (i) to, or to the order of, a Holder of related GDRs upon surrender and cancellation of such GDRs or (ii) in connection with a sale to pay taxes or certain other charges due to the Depositary or following termination of the Deposit Agreement.

Rights of the Company

The Company has broad rights to remove the Depositary under the terms of the Deposit Agreement, but no specific rights under the Deposit Agreement which are triggered in the event of the insolvency of the Depositary.

Insolvency of the Depositary

Applicable insolvency law: If the Depositary becomes insolvent, the insolvency proceedings will be governed by applicable U.S. law applicable to the insolvency of banks.

Effect of applicable insolvency law in relation to cash: The Conditions state that any cash held by the Depositary for Holders under the Conditions is held by the Depositary as banker. Under current U.S. law, it is expected that any cash held for Holders by the Depositary as banker under the Conditions would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim for such cash in the event of the Depositary's insolvency, and that cash would also be available to satisfy claims of other general creditors of the Depositary and of the Federal Deposit Insurance Corporation ("FDIC").

Effect of applicable insolvency law in relation to non-cash assets: The Deposit Agreement states that the Deposited Shares and other non-cash assets which are held by the Depositary for Holders are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current U.S. law, it is expected that (a) any Deposited Shares and other securities held for the Holders by the Depositary should not constitute assets of the Depositary that are available to general creditors of the Depositary; and (b) in relation to any securities or other non-cash assets held by the Depositary pursuant to the Deposit Agreement for the Holders at the time of such insolvency, the Holders will have ownership rights to such securities or other non-cash assets and will be able to request the Depositary's liquidator to deliver such securities and other non-cash assets to the Holders.

Default of the Depositary

If the Depositary fails to pay cash or deliver non-cash assets to Holders in the circumstances required by the Conditions or otherwise engages in a default for which it would be liable under the Conditions, the Depositary will be in breach of its contractual obligations under the Conditions. In such case, Holders would have a claim under English law against the Depositary to the extent that the Depositary is in breach of its contractual obligations under the Conditions.

The Custodian

The Custodian is the same legal entity as the Depositary. The Custodian holds securities, registered in the name of, BNY (Nominees) Limited, but does not hold cash for the Depositary. The nominee holds securities on trust under English law for the Custodian, and the Custodian records in its books that such securities are held by The Bank of New York Mellon in connection with the issue of GDRs. Because the Custodian and the Depositary are the same legal entity, securities held by The Bank of New York Mellon in its capacity as Custodian are also held by The Bank of New York Mellon in its capacity as Depositary on trust for Holders in accordance with the terms of the Conditions.

Relationship of Holders of GDRs with the Custodian

The Holders do not have any contractual relationship with, or rights enforceable against, The Bank of New York Mellon in its capacity as the Custodian. However, since the Custodian and the Depositary are the same legal entity, references to them separately in the Conditions and the Deposit Agreement are for convenience only, and the same legal entity is responsible for discharging both functions directly to the Holders and the Company. The Custodian will hold the Deposited Shares, which will be registered in the Company's share register in the name of the nominee, and deposited in the Regulation S and Rule 144A facilities.

Default of the Custodian

Failure to deliver cash

Notwithstanding the fact that the Company expects to pay dividends, if at all, in U.S. Dollars, payments denominated in any currency which are made in accordance with the Depositary's current procedures and pursuant to the terms of the Deposit Agreement and Conditions will not be made through the Custodian's account. Rather, payments in U.S. Dollars will be made directly from the Company to an account of the Depositary in New York and then paid by the Depositary to the Holders in accordance with the Conditions.

Failure to deliver non-cash assets

Given the Custodian is the same legal entity as the Depositary, in the event that the Depositary (in its capacity as Custodian) fails to deliver Deposited Shares or other non-cash assets held as required by the Depositary, Holders will have a claim against The Bank of New York Mellon under the Conditions to the extent that an act or omission of the Custodian constitutes wilful default, negligence or fraud of The Bank of New York Mellon or that of its agents, officers, directors or employees. The Depositary can appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

The Depositary's obligations

Since the Custodian is the same legal entity as the Depositary, Holders will have a claim against The Bank of New York Mellon under the Conditions to the extent that an act or omission of the Custodian constitutes wilful default, negligence or fraud of The Bank of New York Mellon or that of its agents, officers, directors or employees.

Insolvency of the Custodian

If the Custodian becomes insolvent, the insolvency proceedings will be governed by U.S. law applicable to the insolvency of banks. The Depositary and the Custodian are business divisions of the same legal entity and therefore, if the Custodian becomes insolvent, the Depositary will also be insolvent. Under current U.S. law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the Conditions would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary's liquidator to deliver to them such Depositary Shares and other non-cash assets, and such Depositary Shares and other non-cash assets would be unavailable to general creditors of the Depositary or the FDIC.

PERSONS HOLDING BENEFICIAL TITLE TO GDRs OR INTERESTS THEREIN ARE REMINDED THAT THE ABOVE DOES NOT CONSTITUTE LEGAL ADVICE AND IN THE EVENT OF ANY DOUBT REGARDING THE EFFECT OF THE DEFAULT OR INSOLVENCY OF THE DEPOSITARY OR THE CUSTODIAN, SUCH PERSONS SHOULD CONSULT THEIR OWN ADVISORS IN MAKING A DETERMINATION.

TAXATION

The following is a discussion of U.S., U.K., Cyprus and Russian tax considerations of an investment in the GDRs based upon laws and relevant interpretations thereof in effect as of the date of this Prospectus, all of which are subject to change. This discussion does not deal with all possible tax considerations relating to an investment in the GDRs, such as the tax considerations under state, local and other tax laws. Tax legislation of an investor's jurisdiction and of Cyprus may have an impact on the income received from the GDRs. Prospective investors should consult their own tax advisers regarding the tax considerations relevant to holding and disposing of the GDRs under their particular circumstances.

U.S. Federal Income Tax Considerations

The following is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of GDRs acquired by U.S. Holders and Non-U.S. Holders (each as defined below) pursuant to this Offering. This summary deals only with U.S. Holders and Non-U.S. Holders that hold the GDRs as capital assets (generally, property held for investment). This summary is based on the U.S. Internal Revenue Code of 1986, as amended, its legislative history, U.S. Treasury regulations promulgated thereunder (“**Regulations**”), published positions of the Internal Revenue Service (the “**IRS**”), court decisions and other applicable authorities, all as of the date hereof and all subject to change or differing interpretation, possibly with retroactive effect.

This discussion does not cover all aspects of U.S. federal income taxation that may be applicable to U.S. Holders or Non-U.S. Holders in light of their particular circumstances or U.S. Holders or Non-U.S. Holders subject to special treatment under U.S. federal income tax law, such as:

- banks, insurance companies and other financial institutions;
- entities treated as partnerships for U.S. federal income tax purposes, S corporations or other passthrough entities;
- tax-exempt entities;
- real estate investment trusts;
- regulated investment companies;
- brokers, dealers, traders in securities that elect to use a mark-to-market method of accounting;
- certain former citizens or residents of the United States;
- persons that elect to mark their securities to market;
- persons who hold GDRs as part of a hedging, integrated, straddle, conversion or constructive sale transaction for U.S. federal income tax purposes;
- U.S. Holders that have a functional currency other than the U.S. Dollar;
- persons required to accelerate the recognition of any item of gross income with respect to the GDRs as a result of such income being recognised on an applicable financial statement; and
- persons that actually or constructively own 10 per cent. or more of the Company's stock by vote or value.

This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift, alternative minimum tax or Medicare contribution tax considerations.

As used herein, the term “**U.S. Holder**” means a beneficial owner of GDRs that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation without regard to its source or (iv) a trust, (a) the administration of which is subject to the primary supervision of a court within the United States and for which one or more U.S. persons have the authority to control all substantial decisions, or (b) that has a valid election in effect under applicable Regulations to be treated as a U.S. person. A “**Non-U.S. Holder**” is a beneficial owner of Shares or GDRs that is neither a U.S. Holder nor an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

If a partnership or other entity treated as a partnership for U.S. federal income tax purposes holds the GDRs, the tax treatment of a partner will generally depend on the status and the activities of the partnership. Partners

in a partnership holding the GDRs should consult their tax advisors regarding the tax considerations of an investment in the GDRs.

The discussion below assumes that the representations contained in the Deposit Agreement are true and that the obligations in the Deposit Agreement and any related agreements have been and will be complied with in accordance with their terms.

EACH PROSPECTIVE HOLDER OF GDRS OR SHARES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE AND LOCAL OR OTHER TAX CONSIDERATIONS OF OWNING AND DISPOSING OF THE COMPANY'S GDRS OR SHARES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES. U.S. HOLDERS SHOULD ALSO REVIEW THE DISCUSSION UNDER "—U.K. TAX CONSIDERATIONS", "—CERTAIN CYPRUS TAX CONSIDERATIONS" AND "—CERTAIN RUSSIAN TAX CONSIDERATIONS" BELOW FOR THE UNITED KINGDOM, CYPRUS AND RUSSIAN TAX CONSIDERATIONS TO A U.S. HOLDER OF THE OWNERSHIP AND DISPOSITION OF THE GDRS OR SHARES.

U.S. Holders of GDRs

For U.S. federal income tax purposes, a U.S. Holder of GDRs generally will be treated as the owner of the corresponding number of Shares held by the Depositary, and references herein to Shares refer also to GDRs representing the Shares.

Accordingly, no gain or loss generally will be recognised if a U.S. Holder of GDRs exchanges the GDRs for the underlying Shares represented by the GDRs. A U.S. Holder's tax basis in the withdrawn shares should be the same as the U.S. Holder's tax basis in the GDRs surrendered, and the holding period of the Shares should include the holding period of the GDRs.

Distributions

Subject to the discussion below under "*—Passive Foreign Investment Company Considerations*", the gross amount of any distribution to a U.S. Holder with respect to the GDRs or Shares will generally be included in such holder's gross income as ordinary dividend income on the date actually or constructively received by such holder, in case of the Shares, or by the Depositary, in the case of the GDRs, to the extent that the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent the amount of such distribution exceeds the Issuer's current and accumulated earnings and profits as so computed, the distribution will be treated first as a non-taxable return of capital to the extent of such U.S. Holder's adjusted tax basis in the Shares or GDRs and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such shares. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax principles. U.S. Holder's should therefore assume that any distributions by the Company with respect to the GDRs or Shares will be reported as ordinary dividend income. The amount of such dividend will include amounts withheld by the Company or the Company's paying agent in respect of any foreign taxes. Any dividend from the Company will not be eligible for the dividends-received deduction generally allowed to corporations in respect of dividends received from U.S. corporations.

The amount of any dividend paid in foreign currency will equal the U.S. Dollar value of the foreign currency received calculated by reference to the exchange rate in effect on the date the dividend is received by a U.S. Holder, in the case of the Shares, or by the Depositary in the case of the GDRs, regardless of whether the foreign currency is converted into U.S. Dollars. If the foreign currency received as a dividend is converted into U.S. Dollars on the date it is received, a U.S. Holder will generally not be required to recognise foreign currency gain or loss in respect of the dividend income. If the foreign currency received as a dividend is not converted into U.S. Dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. Dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of the foreign currency will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes.

With respect to individuals and certain other non-corporate U.S. Holders, dividends may constitute "qualified dividend income" that is subject to tax at the lower applicable capital gains rates provided that (1) the Company is eligible for the benefits of the income tax treaty between the United States and Cyprus, (2) the Company is not a PFIC for either the taxable year in which the dividend was paid or the preceding taxable year, and (3) certain holding period requirements are met. If the Company is eligible for the benefits of the income tax treaty between the United States and Cyprus, dividends the Company pays on the Shares, regardless of whether such shares are represented by the GDRs, would be eligible for the reduced rates of taxation. The

Company has not determined whether it is eligible for the benefits of such income tax treaty and does not intend to do so. U.S. Holders should consult their tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for dividends paid with respect to the GDRs or Shares (including rules relating to foreign tax credit limitations).

Dividends from the Company will generally constitute non-U.S. source income and be treated as “passive category income” for foreign tax credit limitation purposes. U.S. Holders may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any nonrefundable foreign withholding tax imposed on dividends received on the GDRs or Shares. If a U.S. Holder does not elect to claim a foreign tax credit for foreign taxes withheld, such holder may instead claim a deduction for U.S. federal income tax purposes in respect of such taxes, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders should consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

Subject to the discussion below under “—*Passive Foreign Investment Company Considerations*”, a U.S. Holder will generally recognise a gain or loss for U.S. federal income tax purposes upon the sale or other disposition of the GDRs or Shares in an amount equal to the difference between the U.S. Dollar value of the amount realised from such sale or other disposition and the U.S. Holder’s tax basis in such GDRs or Shares. Such gain or loss will generally be capital gain or loss. Capital gains of individuals and certain other non-corporate U.S. Holders recognised on the sale or other disposition of the GDRs or Shares held for more than one year are generally eligible for a reduced rate of taxation. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations. The surrender of GDRs in exchange for Shares (or vice versa) should not be a taxable event for U.S. federal income tax purposes and U.S. Holders should not recognise any gain or loss upon such a surrender.

A U.S. Holder’s adjusted tax basis in the GDRs or Shares will generally equal the U.S. Dollar value of the purchase price for the GDRs or Shares, based on the prevailing exchange rate on the date of such purchase. The amount realised on a disposition of the GDRs or Shares in exchange for foreign currency will generally equal the U.S. Dollar value of such currency translated at the spot exchange rate in effect on the date of the disposition. If, however, the GDRs or Shares are treated as traded on an “established securities market” for U.S. federal income tax purposes, a cash basis U.S. Holder (or, if it elects, an accrual basis U.S. Holder) will determine the U.S. Dollar value of the purchase price for the GDRs or Shares or the amount realised on a disposition of the GDRs or Shares in exchange for non-U.S. currency by translating the amount paid or received at the spot exchange rate in effect on the settlement date of the purchase or disposition, as the case may be. Any such election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be changed without the consent of the IRS. A U.S. Holder’s tax basis in any non-U.S. currency received on a disposition of the GDRs or Shares will generally equal the U.S. Dollar value of such currency on the date of receipt. Any gain or loss realised by a U.S. Holder on a subsequent conversion or other disposition of the non-U.S. Dollar currency will generally be foreign currency gain or loss and treated as U.S. source ordinary income or loss. U.S. Holders should consult their tax advisors regarding the sale or other taxable disposition of the GDRs or Shares under their particular circumstances.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as the Company, will be classified as a passive foreign investment company (“**PFIC**”) for U.S. federal income tax purposes for any taxable year, if, after taking into account the income and assets of certain subsidiaries, either (i) 75 per cent. or more of its gross income for such year consists of certain types of “passive” income or (ii) 50 per cent. or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income, net foreign currency gains and gains from commodities transactions, other than gains derived from “qualified active sales” of commodities and “qualified hedging transactions” involving commodities, within the meaning of the applicable Regulations. For this purpose, cash is categorised as a passive asset and the Company’s unbooked intangibles associated with active business activity are taken into account as a non-passive asset. The Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which the Company owns, directly, indirectly or constructively, 25 per cent. or more (by value) of the stock.

Based on the Company's income and assets, the value of the GDRs and Shares, the Company does not believe that the Company was a PFIC, for U.S. federal income tax purposes, for the taxable year ended 31 March 2021, and does not expect to become a PFIC for the current taxable year or for the foreseeable future. Nevertheless, because PFIC status is a factual determination made annually after the close of each taxable year on the basis of the composition of the Company's income and assets, there can be no assurance that the Company will not be a PFIC for the current taxable year or any future taxable year. Under circumstances where revenues from activities that produce passive income significantly increase relative to the Company's revenues from activities that produce non-passive income, or where the Company determines not to deploy significant amounts of cash, the Company's risk of becoming classified as a PFIC may substantially increase. In addition, because the Company will value its goodwill based on the market value of the GDRs or Shares, a decrease in the market value of the GDRs or Shares may also result in the Company becoming a PFIC. If the Company is classified as a PFIC in any year that a U.S. Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that U.S. Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described.

If the Company is a PFIC for any taxable year during which a U.S. Holder holds the GDRs or Shares, such holder will be subject to special tax rules with respect to any "excess distribution" that such holder receives on the GDRs or Shares and any gain such holder realises from a sale or other disposition (including a pledge) of the Company's GDRs or Shares, unless such holder makes a "mark-to-market" election as discussed below. Distributions received by a U.S. Holder in a taxable year that are greater than 125 per cent. of the average annual distributions such holder received during the shorter of the three preceding taxable years or such holder's holding period for the GDRs or Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the Shares or GDRs;
- amounts allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which the Company is classified as a PFIC (a "pre-PFIC year") will be subject to tax as ordinary income; and
- amounts allocated to each prior taxable year, other than the current taxable year or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to the U.S. Holder for that year, and such amounts will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to such years.

A U.S. Holder subject to the PFIC rules discussed above or below is required to file IRS Form 8621 with respect to its investment in the Shares or GDRs. If the Company is a PFIC for any taxable year during which a U.S. Holder holds the GDRs or Shares and any of the Company's non-U.S. subsidiaries and consolidated affiliated entities are also PFICs, such holder will be treated as owning a proportionate amount (by value) of the shares of each such non-U.S. subsidiary classified as a PFIC for purposes of the application of these rules.

A U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election for such stock of a PFIC to elect out of the tax treatment discussed in the second preceding paragraph. If a U.S. Holder makes a valid mark-to-market election for the GDRs or Shares, the U.S. Holder will include in income each year an amount equal to the excess, if any, of the fair market value of the GDRs or Shares as of the close of such holder's taxable year over such holder's adjusted basis in such GDRs or Shares. The U.S. Holder is allowed a deduction for the excess, if any, of such holder's adjusted basis in the GDRs or Shares over their fair market value as of the close of the taxable year. Deductions are allowable however, only to the extent of any net mark-to-market gains on the GDRs or Shares included in the U.S. Holder's income for prior taxable years. Amounts included in the U.S. Holder's income under a mark-to-market election, as well as gain on the actual sale or other disposition of the GDRs or Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the GDRs or Shares, as well as to any loss realised on the actual sale or disposition of the GDRs or Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such GDRs or Shares. The U.S. Holder's basis in the GDRs or Shares will be adjusted to reflect any such income or loss amounts. If a U.S. Holder makes such a mark-to-market election, tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by the Company (except that the lower applicable capital gains rate for qualified dividend income would not apply). If a U.S. Holder makes a valid mark-to-market election, and the Company subsequently cease to be classified as a PFIC, such U.S. Holder will not be required to take into account the mark-to-market income or loss described above during any period that the Company is not classified as a PFIC.

The mark-to-market election is available only for “marketable stock” which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in applicable Regulations. The Company expects that the GDRs will be listed on the LSE, which is a qualified exchange for these purposes, and the Moscow Stock Exchange, and, consequently, assuming that the GDRs are regularly traded, if a U.S. Holder holds the GDRs, it is expected that the mark-to-market election would be available to such holder were the Company to become a PFIC. A mark-to-market election may not, however, be made with respect to the Shares as they are not marketable stock. Accordingly, if the Company is a PFIC during any year in which a U.S. Holder holds Shares, such holder will generally be subject to the special tax rules discussed above.

In addition, because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that the Company may own, if the Company were a PFIC, a U.S. Holder may continue to be subject to the PFIC rules with respect to such holder’s indirect interest in any investments held by the Company that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

The Company does not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns the GDRs or Shares during any taxable year that the Company is a PFIC, such holder must generally file an annual report with the IRS. U.S. Holders should consult their tax advisors concerning the U.S. federal income tax considerations of holding and disposing of the GDRs or Shares if the Company is or becomes a PFIC, including the availability and possibility of making a mark-to-market election.

Non-U.S. Holders

Subject to the “U.S. Information Reporting and Backup Withholding Tax” discussion below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any distributions made on the Shares or GDRs or gain from the sale, redemption or other disposition of the Shares or GDRs unless: (i) that distribution and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade of business in the United States; or (ii) in the case of any gain realised on the sale or exchange of a Share or GDR by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

U.S. Information Reporting and Backup Withholding Tax

A U.S. Holder may be subject to information reporting unless it establishes that payments to it are exempt from these rules. For example, payments to corporations generally are exempt from information reporting and backup withholding. Payments that are subject to information reporting may be subject to backup withholding if a U.S. Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder’s U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is timely provided to the IRS.

U.K. Tax Considerations

The following statements are intended to apply only as a general guide to certain U.K. tax considerations in relation to the GDRs. They are based on current U.K. tax law and what is understood to be the current practice of HM Revenue and Customs (“HMRC”) (which may not be binding on HMRC), both of which are subject to change at any time, possibly with retrospective effect.

They relate only to certain limited aspects of the U.K. taxation treatment of the GDRs, and are intended to apply only to GDR Holders who are resident, and, in the case of individuals, domiciled or deemed domiciled, solely in the United Kingdom for U.K. tax purposes (except where the position of non-U.K. resident or non-U.K. domiciled GDR Holders is referred to expressly) and do not apply to GDR Holders to whom split-year treatment applies. They apply only to GDR Holders who hold the GDRs as investments (other than under an individual savings account or a self-invested personal pension) and who are treated for U.K. tax purposes as the absolute beneficial owners of the GDRs and the underlying Shares and of any dividends paid on them. The statements may not apply to certain classes of GDR Holder such as (but not limited to) trustees, persons acquiring GDRs in connection with an office or

employment, persons holding their shares through trust arrangements, dealers in securities, banks, insurance companies and collective investment schemes.

Prospective holders of GDRs who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their U.K. tax position should seek their own professional advice.

Taxation of the Company

The Company's Board of Directors intends to conduct the affairs of the Company so that it does not become resident in the United Kingdom for taxation purposes or otherwise subject to U.K. corporation tax. The summary below is written on the basis that the Company is and remains resident for tax purposes solely in Cyprus.

Taxation of Dividends

The Company will not, when paying a dividend, be required to deduct or withhold amounts at source in respect of U.K. tax.

U.K. GDR Holders are referred to the statements regarding Cyprus tax in "*Certain Cyprus Taxation Considerations*". Except where expressly stated otherwise, the following paragraphs proceed on the basis that no withholding tax is levied in Cyprus or any other jurisdiction on dividend payments in respect of the GDRs.

Currency of Dividends

GDR Holders should note that their liability to U.K. tax in respect of dividends paid by the Company will be determined by reference to the amount of the dividend in the currency in which it is paid, which may not be the same as the U.S. Dollar amount received from the Depositary in respect of such dividend.

Individuals

Dividends received by a GDR Holder who is subject to U.K. income tax in respect of the GDRs or the underlying Shares will generally be subject to tax as dividend income.

A nil rate of income tax will apply for the first £2,000 of the total amount of dividend income received by an individual GDR Holder in a tax year (the **Nil Rate Amount**) (and so no income tax will be payable in respect of such amounts).

The rate of tax applicable to a GDR Holder's dividend income in excess of the Nil Rate Amount will depend on the wider tax position of the GDR Holder. Broadly speaking, after taking into account the amount (if any) of a GDR Holder's personal allowance, and any other allowances, exemptions and reliefs, the GDR Holder's taxable income up to the basic rate limit will fall within the basic rate band; taxable income between the basic rate limit and the higher rate limit will fall within the higher rate band; and taxable income above the higher rate limit will fall within the additional rate band. In determining the tax band in which any dividend income over the Nil Rate Amount falls, dividend income is treated as the top slice of a GDR Holder's income, and dividend income within the Nil Rate Amount is still taken into account.

The rates of income tax on dividends received above the Nil Rate Amount are currently (a) 7.5 per cent. for dividends in the basic rate band; (b) 32.5 per cent. for dividends in the higher rate band; and (c) 38.1 per cent. for dividends in the additional rate band. The government has announced that, from April 2022, these rates will rise by 1.25 per cent. (so to 8.75 per cent., 33.75 per cent. and 39.35 per cent., respectively).

Because dividend income (including income within the Nil Rate Amount) is taken into account in assessing whether a GDR Holder's overall income is above the higher or additional rate limits, the receipt of such income may also affect the amount of personal allowances to which the GDR Holder is entitled.

Companies

GDR Holders that are within the charge to U.K. corporation tax in respect of GDRs and are "small companies" (for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009) will not generally be subject to corporation tax on dividends paid by the Company, provided certain conditions are met.

Other GDR Holders that are within the charge to U.K. corporation tax in respect of GDRs will not be subject to corporation tax on any dividend paid by the Company provided that the dividend or dividends fall within an exempt class and certain other conditions are met. The position of each GDR Holder will depend on its own

individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class.

If the conditions to fall within an exempt class are not met (or cease to be satisfied), or a GDR Holder elects for an otherwise exempt dividend to be taxable, the GDR Holder will be subject to corporation tax on dividends received from the Company at the rate of corporation tax applicable to that GDR Holder. The main rate is currently 19 per cent., due to increase to a rate of up to 25 per cent. from 1 April 2023.

Credit for Russian Tax

If Russian tax is withheld from dividends paid by the Company, credit may be given against U.K. tax on the same income subject to general rules regarding the calculation and availability of such credit, including a requirement to take all reasonable steps to minimise the amounts of Russian tax on such dividends, such as claiming any available allowances and reliefs. Where a dividend paid by the Company is treated as exempt from U.K. corporation tax, a U.K. resident company will not be entitled to claim relief by way of credit in the United Kingdom in respect of any Russian tax paid by such GDR Holder, either directly or by deduction, in respect of that dividend.

Disposals of the GDRs

GDR Holders are referred to the statements regarding Cyprus tax in “Certain Cyprus Tax Considerations”. The following paragraphs proceed on the basis that no Cyprus tax is levied on any gains from the disposal of GDRs.

GDR Holders who are resident in the United Kingdom, or, in the case of individuals, who cease to be resident in the United Kingdom for a period of five years or less, may depending on their circumstances (including the availability of exemptions or reliefs) be liable to U.K. taxation on chargeable gains in respect of gains arising from a sale or other disposal (or deemed disposal) of GDRs.

Individuals

For an individual GDR Holder, the principal factors that will determine the United Kingdom capital gains tax position on a disposal or deemed disposal of GDRs are the extent to which the GDR Holder realises any other capital gains in the tax year in which the disposal is made, the extent to which the GDR Holder has incurred capital losses in that or earlier tax years, the income tax band into which the GDR Holder falls, and the level of the annual allowance of tax-free gains in that tax year (the **Annual Exemption**). The Annual Exemption for the tax year running 6 April 2021 to 5 April 2022 is £12,300.

The applicable rate for an individual GDR Holder who makes a capital gain on the disposal (or deemed disposal) of GDRs which (after taking advantage of the Annual Exemption and deducting any available capital losses) is liable to U.K. capital gains tax is 10 per cent. or 20 per cent., depending on the individual’s personal circumstances, including other taxable income and gains in the relevant year.

A GDR Holder who ceases to be resident in the United Kingdom for tax purposes for a period of five years or less and who disposes of GDRs during that period of non-residence may be liable on their return to the United Kingdom to tax on any capital gain realised, subject to any available exemptions or reliefs.

Companies

For a GDR Holder that is within the charge to U.K. corporation tax, a disposal (or deemed disposal) of the GDRs may give rise to a chargeable gain subject to U.K. corporation tax (currently at a main rate of 19 per cent. for the 2021/2022 tax year, due to increase to a rate of up to 25 per cent. from 1 April 2023) or an allowable loss for the purposes of U.K. corporation tax.

Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The following comments are intended as a general guide to the current U.K. stamp duty and SDRT position, and apply regardless of whether or not an investor is resident in the United Kingdom. They are made on the assumption that (a) neither the GDRs nor the underlying Shares will be registered in a register kept in the United Kingdom by or on behalf of the Company or the Depositary and (b) neither the GDRs nor the underlying Shares will be paired with shares issued by a company incorporated in the United Kingdom.

No U.K. stamp duty or SDRT will be payable on (i) the issue of the GDRs, (ii) the delivery of the GDRs into Euroclear or Clearstream or (iii) any dealings in the GDRs once they are delivered into such clearance systems,

where such dealings are effected in electronic book-entry form in accordance with the procedures of Euroclear or Clearstream (as applicable) and not by written instrument of transfer.

No SDRT will be payable in respect of any agreement to transfer the GDRs or underlying Shares.

Assuming that any document or instrument effecting a transfer of the GDRs or the underlying Shares, or containing an agreement to transfer an equitable interest in the GDRs or the underlying Shares is neither (i) executed in the United Kingdom, nor (ii) relates to any property situate, or to any matter or thing done or to be done, in the United Kingdom, then no U.K. stamp duty should be required to be paid on such document or instrument.

Even if a document effecting a transfer of the GDRs or the underlying Shares, or containing an agreement to transfer an equitable interest in the GDRs or the underlying Shares is (i) executed in the United Kingdom and/or (ii) relates to any property situate, or to any matter or thing done or to be done, in the United Kingdom, in practice it should not be necessary to pay any U.K. stamp duty on such document unless the document is required for any purpose in the United Kingdom. If it is necessary to pay U.K. stamp duty, it may also be necessary to pay interest and penalties.

Inheritance Tax

The GDRs should be assets situated outside the United Kingdom for the purposes of U.K. inheritance tax provided the Shares (and any other property represented by the GDRs) are situated outside the United Kingdom, the GDRs are not registered in any register kept in the United Kingdom and the depositary (or any nominee or agent for the depositary) remains a non-U.K. incorporated company acting from an office outside the United Kingdom. The Shares are assets situated outside the United Kingdom for these purposes provided that, and for so long as, they are not registered in any register kept in the United Kingdom.

Accordingly, where a GDR Holder is neither domiciled nor deemed domiciled in the United Kingdom, transactions in relation to the GDRs should not generally give rise to a liability to U.K. inheritance tax.

Where a GDR Holder is domiciled or deemed domiciled in the United Kingdom for tax purposes (i) the deemed transfer of GDRs on the death of that GDR Holder under the U.K. inheritance tax rules or (ii) a lifetime disposition (which may include a gift, transfer at less than full market value, settlement or deemed transfer) of the GDRs by that GDR Holder, may give rise to a liability to U.K. inheritance tax. The applicable rate of inheritance tax depends on the circumstances of the GDR Holder and of the disposition and can be up to 40 per cent.

Various exemptions and reliefs may be available depending on the circumstances of the GDR Holder and of the disposition.

The inheritance tax rules are complex and GDR Holders should consult an appropriate professional adviser in any case where those rules may be relevant, particularly in (but not limited to) cases where such GDR Holders intend to make a gift of GDRs, to transfer GDRs at less than market value or to hold GDRs through a company or trust arrangement.

Certain Cyprus Tax Considerations

The following is a summary of the Cyprus tax considerations generally applicable to the ownership and disposition of GDRs acquired by Cypriot and non-Cypriot Holders pursuant to this Offering as well as a summary of the Cyprus tax provisions generally applicable at the level of the Company all of which are subject to change, possibly with retroactive effect, and does not discuss any other tax considerations relating to the GDRs, including but not limited to their acquisition, holding or disposal. The information provided below does not purport to be a complete or exhaustive summary of the tax laws and practice currently applicable in Cyprus. Prospective GDR holders should consult their own tax advisers as to the consequences, both under the tax law of the country of which they are resident for tax purposes and Cyprus tax law, of acquiring, holding and disposing of the GDRs and receiving payments under the GDRs.

Tax Residency

Companies

A company is considered to be tax resident in Cyprus if its management and control is exercised in Cyprus. There is no definition in the Cyprus income tax laws as to what constitutes “management and control” however in applying the rules, the Cyprus Tax Department (“CTD”) draws influence from traditional definitions of the “place of effective management” as analysed in OECD Commentaries. Based on the definition followed by

practice by Cyprus, management and control may be considered to be exercised where the board of directors of a company meets and makes decisions and where the majority of the members of the board of directors are resident among other factors.

Individuals

Tax Residency

For Cyprus Income Tax Law (“**TTL**”) purposes an individual is tax resident if s/he stays in Cyprus for a period or periods exceeding in aggregate 183 days in the tax year. As from 1 January 2017 an individual can be a tax resident of Cyprus even if the individual spends 183 days or less in Cyprus subject to the fulfilment of all the following conditions cumulatively within the same tax year (1 January to 31 December):

The individual does not spend more than 183 days in any other country;

- the individual is not a tax resident of any other country;
- the individual spends at least 60 days in Cyprus;
- the individual maintains a permanent home in Cyprus that is either owned or rented; and
- the individual carries on a business in Cyprus, is employed in Cyprus or holds an office in a Cyprus tax resident company at any time during the tax year.

If the employment/business or holding of an office is terminated during the year, then the individual would cease to be considered a Cyprus tax resident for that tax year.

Non-resident individuals are taxed on their Cyprus-source income only whilst resident individuals are taxed on worldwide income.

Domicile

In order for the Special Contribution for the Defence of The Republic Law (“**SCD**”) to apply, an individual needs to be a tax resident of Cyprus as described above and also have a Cyprus domicile. (Companies are not captured or in any way affected by the domicile rules).

Under the provisions of the SCD Law, a person is considered to be domiciled in Cyprus if his/her domicile of origin is Cypriot with two notable exceptions to the rule:

A person who has a domicile of choice outside Cyprus provided that s/he has not been a Cyprus tax resident for a period of 20 consecutive years prior to the tax year in which tax residency is taken up;

A person who was not a Cyprus tax resident for a period of at least 20 consecutive years immediately preceding the effective start date of the Law (which is 16 July 2015).

Irrespective of domicile of origin, an individual that has been a Cyprus tax resident for at least 17 out of the 20 years prior to the tax year in which tax residency is taken up, shall be considered as domiciled in Cyprus.

Under the Wills and Succession Law, the domicile of origin is the domicile acquired by a person at birth, while a domicile of choice, is the domicile obtained or maintained by a person through his own act, if that is different from his or her domicile of origin.

An individual that, under the above tests, is not deemed to have the Cypriot domicile is exempted from SCD on global dividends, interest and rents* received in Cyprus, until such individual is deemed to be domiciled in Cyprus as explained above.

* Rental income sourced in Cyprus is taxed normally under Income tax for tax resident but non-domiciled individuals. It is only exempt from SDC.

Taxation of the Company

General Taxation Rules

Subject to the provisions of the Income Tax Law, in the case of a person who is resident in the Republic, tax shall be charged at the rate of 12.5 per cent. for each year of assessment upon the income accruing or arising from sources both within and outside the Republic, in respect of any profits or other benefits from any business, for whatever period of time such business may have been carried on or exercised. The Cyprus tax framework provides for a number of exemptions from taxable income such as, for example, income arising

from the disposal of securities as well as dividends. The chargeable base is determined following the deduction of expenses wholly and exclusively incurred in the production of income including but not limited to overheads, financing costs to the extent that they result in taxable income or the acquisition/refinancing of a wholly owned subsidiary and notional interest deduction as below outlined.

Taxation of interest (Active versus Passive)

Any interest received (or credited) by a company that arises in or in close connection to the ordinary course of the business, is subject to income tax in Cyprus at the rate of 12.5 per cent. (Active income) and is exempt from SCD.

Any interest received (or credited) by a company that does not arise in or is not closely connected to the ordinary course of the business, is subject to SCD at the rate of 30 per cent. (Passive income) and is exempt from income tax.

Gains from the Disposal of securities

For corporate income tax purposes, taxable income does not include any profits from the disposal of securities, dividend income and passive interest income.

The Cyprus tax authorities have issued circular 2008/13 of 17 December 2008 interpreting the definition of the term “securities”, as currently defined under Article 2 of the Income Tax Law N118(I)/2002.

Under Article 2 of the Income Tax Law N118(I)/2002, the term “securities” includes among others:

- ordinary shares;
- founder’s shares;
- preference shares;
- options on titles;
- debentures;
- bonds;
- short positions on titles;
- futures/forwards on titles;
- swaps on titles;
- depositary receipts on titles such as American Depositary Receipts and Global Depositary Receipts;
- rights of claim on bonds and debentures without including the rights on the interest of those products;
- index participations (only if they result in titles);
- repurchase agreements or repurchase agreements on titles;
- units in open-ended or closed-ended collective investment schemes (provided that they are registered and operate in accordance with the provisions of the laws in the country of their registration).
Examples of units in open-ended and closed-ended collective schemes include the following:
 - investment and mutual funds (investment trusts, investment funds, mutual funds, U-unit trusts, and real estate investment trusts);
 - International Collective Investment Schemes;
 - UCITS; and
 - other similar investment schemes (i.e., SICAVs, SICAFs, Luxemburg FCPs, etc.).

The definition of securities is important since, as per Article 8(22) of the Income Tax Law, gains arising from the sale of securities are exempt from corporate income tax in Cyprus.

Notional Interest Deduction

Notional Interest Deduction is in essence granted as an expense on the new fully paid capital, imputed in the company in the same manner an interest expense would be deducted on a loan.

The NID is calculated on the basis of a reference interest rate on new equity injected into the company and is capped at 80 per cent. of the Company's taxable income.

For NID to be tax deductible, the amount of the new equity contributed must be used in the production of taxable income.

Reference Interest Rate is the interest rate of the 10 year government bond yield of the country in which the new equity is invested (as at 31st December of the previous tax year), increased by 5 per cent. NID interest rates for selected jurisdictions are published annually by the CTD on its website.

NID will be allowed from the tax year in which the new equity was introduced into the business (i.e. for the period the new equity was issued and fully paid) and shall cease to be allowed only upon the withdrawal of the new equity from the business (i.e. through reduction of capital).

Certain anti-avoidance provisions apply.

Taxation of Dividends

Corporate Income Tax

Dividend income is not subject to Corporate Income Tax in Cyprus provided that such dividend income is not allowed as a tax deduction in the jurisdiction of the foreign paying company.

Dividends distributed to a Cyprus tax resident company from another Cyprus tax resident company, are also exempt from Special Defence Contribution save in the case of dividends paid indirectly after the lapse of four years from the end of the year in which the profits out of which the said dividends derive, were generated.

Special Defence Contribution

Dividend income distributed to a Cyprus tax resident company from a non tax resident company, may be exempt from SCD, if one of the following conditions is satisfied:

- the company paying the dividend must not engage more than fifty percent directly or indirectly in activities which lead to passive income (non-trading or passive income), or
- the foreign tax burden suffered on the income of the company paying the dividend is not substantially lower than the tax burden that would have been imposed in Cyprus.

If none of the above conditions is satisfied, then dividends will be taxed at the SCD rate of 17 per cent.

Certain anti-avoidance provisions apply.

Deemed Dividend Distribution

A company which is resident in the Republic of Cyprus, is deemed to have distributed 70 per cent. of its profits arising or accruing in the year of assessment, after their reduction by the corporation tax paid or payable on such profits, in the form of dividends to its interested shareholders as at the end of the period of two years from the end of the year of assessment to which the profits relate, and the interested shareholders concerned shall be assessed accordingly to special contribution on such dividends at the applicable rate of 17 per cent. Any special contribution payable by the shareholder concerned in consequence of a deemed dividend distribution shall in the first instance be paid by the company which will debit such contribution to the shareholders.

The provisions of Deemed Dividend Distribution are applicable only to the extent where the company's ultimate beneficial owners are Cyprus tax resident, domiciled individuals.

Anti-Avoidance provisions

Cyprus has transposed in the Cyprus tax legislation, the provisions of Directive (EU) 2016/1164 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (ATAD I) as amended by ATAD II. The ATAD provisions in the Cyprus Tax Legislation are five-fold and consist of:

- Interest limitation rules under which exceeding borrowing costs (net interest expenses) shall be deductible in the tax period in which they are incurred only up to 30 per cent. of the taxpayer's tax-adjusted EBITDA or EUR3.000.000 whichever is the highest. The rules do not apply to financial undertakings and further, several carve-outs and opt-outs are provided as well as a group equity escape exemption.

- Controlled Foreign Companies (CFC's) Rules under which income derived by subsidiaries or attributed to foreign PEs that qualify as controlled foreign companies may in certain circumstances be included in the Cypriot taxpayer's tax base and taxed in Cyprus, (in the event of a Cyprus tax resident parent company) to the extent of the CFC's non-distributed income. Such circumstances depend on whether significant people functions are exercised in Cyprus that are instrumental in generating the income of the CFC conferring a tax advantage through non genuine arrangements.
- General Anti-Abuse Rules under which Cyprus shall ignore an arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuine (i.e. are not put into place for valid commercial reasons which reflect economic reality) having regard to all relevant facts and circumstances.
- Hybrid instruments/entities rules tackling the discrepancies in the tax treatment, of two or more jurisdictions of a payment or entity.
- Exit taxes: Rules under which a Cypriot corporate taxpayer shall be subject to tax as per the provisions of the Cyprus Income Tax Law at an amount equal to the market value of the transferred assets, at the time of an exit event less their value for tax purposes. The rules provide for carve-outs and exemptions and further provide for the deferral of exit tax payments in the event of intra-EU transfers by paying it in instalments over a period of five years.

Withholding Taxes

No withholding taxes apply on dividend payments to holders of GDRs that are not tax residents of Cyprus regardless of whether such holders are legal entities or individuals.

A withholding tax of 17 per cent. applies only on dividend payments to Cyprus tax resident individual holders of GDRs who are also considered to be domiciled in Cyprus.

Cyprus tax resident companies are exempt from withholding tax on receipt of a dividend from another Cyprus tax resident company.

Taxation of the GDR Holders

Dividend Income

Cyprus Tax Resident GDR Holders:

- Dividends distributed by the Company to Corporate GDR Holders will be exempt from any tax in Cyprus.
- Dividends distributed by the Company to Cyprus tax resident but not Cyprus domiciled individual GDR Holders will not be subject to any tax in Cyprus.
- Dividends distributed by the Company to Cyprus tax resident and domiciled individual GDR Holders will be subject to tax under the Special Contribution for the Defence law at the rate of 17 per cent.

Non-Cyprus Tax resident GDR Holders:

- No tax is imposed on dividend payments to GDR Holders that are not Cyprus tax residents regardless of their form, domicile or country of residence.

Gains from the disposal of the GDRs

GDRs are included in the definition of securities and any gains from the disposal of the GDRs will be exempt from any tax in Cyprus.

General Healthcare System

Cyprus tax resident individuals and non-tax resident individuals will be subject to the General Healthcare System ("GHS") contributions on income received falling under Sections 5(1) and 5(2) of the ITL respectively. Contributions to the Cyprus General Healthcare System applicable as of 1 March 2019, on a maximum income of €180, 000, are at the rate of 1.70 per cent. for the period 1 March 2019 to 28 February 2020 and at the rate of 2.65 per cent. from 1 March 2020 onwards.

Cyprus non-tax resident individuals receiving dividends from Cyprus are not subject to GHS contributions.

Value Added Tax

Acquisition and Disposal of the GDRs

According to the respective provisions of the Cypriot Legislation, acquisition and disposal of the GDRs should not be subject to Cyprus VAT.

Commission fees of the Managers

Based on the above assumption, commission fees of the Managers (which are foreign legal entities) received from the Company should generally not be subject to Cyprus VAT.

Stamp Duty

Cyprus stamp duty is levied on ‘documents’ (i.e. written agreements/contracts) relating to assets located in Cyprus and/or matters taking place in Cyprus. Cyprus situated real estate and shares of Cyprus companies are considered to be “property in Cyprus” for the purposes of the Stamp Duty Law.

Stamp duty is calculated on the value of the agreement at 0.15 per cent. for amounts exceeding €5,000 but do not exceed €170,000 and at 0.2 per cent. thereafter with a maximum cap of €20,000 per stampable agreement. The person legally liable to pay such stamp duty (unless otherwise stated on the agreement) is the purchaser. The due date for such stamp duty payment is within 30 days from the day of the ‘signing’ of a document which is considered to be subject to stamp duty.

It should be noted that transactions that relate to the transfer of securities which are listed on any recognised stock exchange which properly certifies such transactions, are exempt from Stamp Duty.

Certain Russian Tax Considerations

General

The following is an overview of certain Russian tax considerations relevant to the purchase, ownership and disposal of the GDRs. This overview is based on the laws of the Russian Federation in effect on the date of this Prospectus, which are subject to potential change (possibly with retrospective effect). This overview does not seek to address the applicability of, or procedures in relation to, taxes levied by regions, municipalities or other non-federal level authorities of Russia, nor does it seek to address the availability of DTT relief in respect of income payable on the GDRs, or practical difficulties connected with claiming such DTT relief.

Prospective investors should consult their own tax advisers regarding the tax consequences of investing in the GDRs that may arise in their own particular circumstances. No representation with respect to the Russian tax consequences of investing in, owning or disposing of the GDRs pertinent to any particular Holder is made hereby.

Many aspects of Russian tax laws are subject to significant uncertainty and a lack of interpretive guidance, resulting in the inconsistent interpretation and application of such laws. Further, provisions of the Russian Tax Code applicable to financial instruments and the interpretation and application of those provisions by the Russian tax authorities may be subject to more rapid and unpredictable changes (possibly with retrospective effect) and inconsistent interpretation than in jurisdictions with better developed capital markets or taxation systems. In particular, the interpretation and application of such provisions will in practice rest substantially with local tax inspectorates and relevant interpretations may continually change. In practice, interpretation by different tax inspectorates may be inconsistent or contradictory, and may result in the imposition of conditions, requirements or restrictions that are not explicitly stated in the Russian Tax Code. Similarly, in the absence of binding precedents, court rulings on tax or other related matters taken by different Russian courts relating to the same or similar facts and circumstances may also be inconsistent or contradictory.

For the purposes of this overview, the term “**Russian Resident Holder**” means:

- (a) a Holder which is a legal entity or an organisation and is:
 - (i) a Russian legal entity;
 - (ii) a foreign legal entity or organisation treated as a Russian tax resident based on Russian domestic tax law (if Russia is treated as the place of management of such legal entity or organisation as determined in the Russian Tax Code unless otherwise envisaged by an applicable DTT);
 - (iii) a foreign legal entity or organisation treated as a Russian tax resident based on the provisions of an applicable DTT (for the purposes of application of such DTT); or

- (iv) a foreign legal entity or organisation which holds and/or disposes of the GDRs through its permanent establishment in Russia (a “**Russian Resident Holder—Legal Entity**”), or
- (b) a Holder who is an individual and is actually present in Russia for a total of 183 calendar days or more in any period comprised of 12 consecutive months (a “**Russian Resident Holder—Individual**”).

Presence in Russia is not considered interrupted if an individual departs for short periods (less than six months) from the Russia for medical treatment or educational purposes as well as for employment or other duties related to the performance of services on offshore hydrocarbon fields. The interpretation of this definition by the Russian Ministry of Finance states that, for tax withholding purposes, an individual’s tax residence status should be determined on the date of the payment (based on the number of days in Russia in the 12-month period preceding the date of the payment). An individual’s final tax liability in Russia for any reporting calendar year should be determined based on the number of days spent in Russia in such calendar year.

For the purposes of this overview, the term “**Non-Resident Holder**” means any Holder (including any individual (a “**Non-Resident Holder—Individual**”) and any legal entity or an organisation (a “**Non-Resident Holder—Legal Entity**”)) that does not qualify as a Russian Resident Holder.

Holders of the GDRs should seek professional advice on their tax status in Russia.

Taxation of the GDRs

Taxation of the Acquisition of the GDRs

The acquisition of the GDRs by a Russian Resident Holder—Legal Entity or a Non-Resident Holder—Legal Entity should not constitute a taxable event under Russian tax law. Consequently, the acquisition of the GDRs should not trigger any Russian tax implications for a Russian Resident Holder—Legal Entity or a Non-Resident Holder—Legal Entity.

In certain circumstances, acquisition of the GDRs by a Russian Resident Holder—Individual may constitute a taxable event for Russian personal income tax purposes. In particular, if the acquisition price of the GDRs is below fair market value (calculated under a specific procedure for the determination of the market price of securities for Russian personal income tax purposes), this may constitute a taxable event pursuant to the provisions of the Russian Tax Code relating to material benefit (imputed income) received by individuals as a result of acquiring securities. Such difference may be subject to the Russian personal income tax for a Russian Resident Holder—Individual at progressive scale of rates (13 per cent. and 15 per cent. depending on the total annual income of the individual).

The taxation of income of a Non-Resident Holder—Individual will depend on whether the income is characterised as received from a Russian or non-Russian source. Although the Russian Tax Code does not contain any provisions as to how the source of a material benefit should be determined, in practice the Russian tax authorities may treat such income as Russian source income if the GDRs are purchased “in the Russian Federation”. In the absence of any additional guidance as to what should be considered as a purchase of securities in Russia, the Russian tax authorities could apply various criteria, including looking at the place of the acquisition transaction, the location of the seller, territory of service rendering (if the discount from the fair market value is a form of remuneration), or other similar criteria. In such a case, if the acquisition price of the GDRs is below fair market value, a Non-Resident Holder—Individual could be subject to Russian personal income tax at a rate of 30 per cent. on an amount equal to the difference between the fair market value (calculated under the Russian Tax Code) and the purchase price of the GDRs.

Subject to any available relief under an applicable DTT, Russian personal income tax from such income may be withheld at source of payment or, if the tax is not withheld, a Non-Resident Holder—Individual may be required to declare his or her income in Russia by filing a tax return and paying the tax on a self-assessment basis or based on a tax assessment received from the Russian tax authorities, depending on the circumstances.

In certain circumstances, a Russian Resident Holder—Legal Entity acquiring the GDRs must fulfil the responsibilities of a tax agent (i.e., a legal entity resident in Russia for tax purposes which pays taxable Russian source income to a non-resident legal person, organisation or non-resident individual and is responsible for withholding Russian tax) with respect to withholding tax from the sales proceeds for the GDRs to be transferred to a Non-Resident Holder disposing of the GDRs. Holders of the GDRs should consult their own tax advisers with respect to the tax consequences of acquiring the GDRs.

Taxation of Dividends

Russian tax on dividends is withheld and remitted to the Russian budget by a Russian company that, in accordance with the provisions of the Russian Tax Code, is regarded as a tax agent. The applicable withholding tax rate will depend on the status of the dividend recipient unless the GDRs are held through the Russian depository in its foreign nominal holder deposit account, a foreign authorised holder deposit account or a depository receipt programme deposit account, in which case the withholding tax rate applicable will also depend on the disclosure of information to such Russian custodian in respect of the persons executing rights attached to the relevant GDRs and on the jurisdiction where such persons are resident for tax purposes.

The following sections summarise the taxation of dividends paid by the Company in respect of the GDRs.

Russian Resident Holders

Payments of dividends by the Company to a Russian Resident Holder that is either an individual or a legal entity, other than a legal entity or organisation not organised under Russian law that holds the GDRs through a permanent establishment in Russia, discussed below, should generally be subject to tax in Russia, and such tax should not exceed 13 per cent. of the gross dividend amount payable to each Russian Resident Holder (for Russian Resident Holders—Individuals the tax should generally not exceed 15 per cent. of the gross dividend amount). The Holders should bear in mind that tax is calculated in Russian Roubles, therefore exchange rate fluctuation may affect the effective tax rate.

If the Company distributes to its shareholders dividends from the dividend income received from its Russian subsidiary, a Russian Resident Holder has the right to take a credit of the relevant portion of Russian corporate profits tax withheld at source in Russia subject to meeting certain conditions and reporting requirements. In particular, this tax credit mechanism is available if the following conditions are met:

- the Russian Resident Holder received dividends under the Company's GDR within 180 days upon payment by the Company's Russian subsidiary of dividends to the Company; and
- the amount of dividends received by the Company from its Russian subsidiary in a portion corresponding to the Russian Resident Holder's participation interest in the Company is not less than the amount of dividends paid by the Company to the Russian Resident Holder under its GDR (gross of Russian profits tax withheld at source of payment).

If the above mentioned conditions are met and the Russian Resident Holder would like to take advantage of the credit mechanism described below, the Russian Resident Holder should include in their Russian tax return the amount of dividends paid by the Russian subsidiary to the Company in the portion equal to their indirect participation interest in the Russian subsidiary and attach to their Russian tax return the following documents:

- confirmation of the Russian Resident Holder's indirect participation interest in the Russian subsidiary and confirmation of the ownership chain underlying this indirect participation interest; and
- copy of payment documents and decisions about the payment of dividends under the GDR.

If all of the above conditions and reporting requirements are met, the amount of dividends received by the Russian Resident Holder under the GDR is exempt from Russian personal income tax. At the same time, as mentioned above, the amount of dividends paid by the Russian subsidiary to the Company in the portion equal to the Russian Resident Holder's indirect participation interest in the Russian subsidiary is recognised as the Russian Resident Holder's taxable income; the amount of Russian profits tax withheld from the dividend income paid by the Russian subsidiary to the Company in the portion equal to the Russian Resident Holder's indirect participation interest in the Russian subsidiary is deductible from Russian personal income tax assessed on the amount of dividend income included in the Russian Resident Holder's Russian tax return.

Russian Resident Holders should consult their own tax advisers with respect to this credit mechanism with regard to the dividend income under the GDR.

Payments of dividends by the Company to a Holder that is a legal entity or organisation not organised under Russian law that holds the GDRs through a permanent establishment in Russia should generally be subject to Russian withholding tax at a rate of 15 per cent. A Holder that is a legal entity or organisation not organised under Russian law that holds the GDRs through a permanent establishment in Russia is entitled to pay this tax to the Russian budget on its own behalf.

Russian Resident Holders should consult their own tax advisers with respect to the tax consequences of the receipt of dividend income in respect of the GDRs.

Non-Resident Holders

Non Resident Holder that is either an individual or a legal entity, other than a legal entity or organisation not organised under Russian law that holds the GDRs through a permanent establishment in Russia, should not be subject to any Russian taxes in respect of dividend paid under the GDRs. Non-Resident Holders should consult their own tax advisers with respect to the tax consequences of the receipt of dividend income in respect of the GDRs.

Taxation of Capital Gains

The following sections summarise the taxation of capital gains in respect of a disposal of the GDRs

Russian Resident Holders

A Russian Resident Holder—Legal Entity should, *prima facie*, be subject to Russian profits tax at a rate of up to 20 per cent. on the capital gains realised on a disposal of the GDRs.

Generally, Russian Resident Holders—Legal Entities are required to submit Russian profits tax returns and assess and pay tax on capital gains. The taxable capital gain from disposal of the GDRs is generally determined by a Russian Resident Holder—Legal Entity as the gross proceeds from the disposal of the GDRs less the cost of acquisition of such GDRs and expenses incurred by such Russian Resident Holder in relation to the acquisition, holding and sale of the GDRs (provided that the cost of acquisition of the GDRs and the other expenses can be confirmed by appropriate primary documents).

Russian Resident Holders—Legal Entities should consult their own tax advisers with respect to the tax consequences of gains derived from a disposal of the GDRs.

A Russian Resident Holder—Individual should generally be subject to personal income tax at the progressive scale of rates (13 per cent. from individual's total annual income up to RUB 5 million and 15 per cent. from total annual income over RUB 5 million) on the gross proceeds from a disposal of the GDRs less any available deductions (including the cost of acquisition of the GDRs, expenses incurred by such Russian Resident Holder in relation to the acquisition, holding and sale of the GDRs (provided that the cost of acquisition of the GDRs and the other expenses can be confirmed by appropriate primary documents) and material benefit resulted from the acquisition of the GDRs provided that Russian personal income tax was paid from such material benefit). Tax reliefs may apply depending on the circumstances; please consult with a professional tax advisor on this matter.

If such income is paid to a Russian Resident Holder—Individual by a tax agent, the applicable Russian personal income tax should be withheld at source by such tax agent (including a licensed broker or an asset manager who carries out operations on behalf of the Russian Resident Holder—Individual under an asset management agreement, a brokerage service agreement, an agency agreement or a commission agreement or a Russian legal entity or an individual entrepreneur making payments to the Russian Resident Holder—Individual under relevant sell-purchase or share exchange agreement). If the Russian personal income tax has not been withheld due to the fact that the buyer was not a tax agent for Russian personal income tax purposes, a Russian Resident Holder—Individual is required to submit an annual personal income tax return, assess and personally pay the tax.

Russian Resident Holders—Individuals should consult their own tax advisers with respect to the tax consequences of gains derived from a disposal of the GDRs.

Non-Resident Holders

A Non-Resident Holder—Legal Entity generally should not be subject to any Russian taxes on the capital gains realised on a disposal of the GDRs.

The proceeds (capital gain) of a Non-Resident Holder—Legal Entity from a sale (or other disposal) of the GDRs could be subject to Russian withholding tax if (a) the GDRs are not qualified as securities traded on an organised securities market as defined in the Russian Tax Code, and (b) more than 50 per cent. of the asset base of the Company directly or indirectly consists of immovable property located in Russia. For the purpose of the Russian Tax Code, "securities traded on an organised securities market" mean shares and other securities (1) which are admitted to circulation by at least one authorised trading organiser in accordance with applicable legislation, (2) for which information on securities prices (quotes) is published in the mass media (including electronic ones) or may be provided by the trading organiser or other authorised person to any interested party within three years after the trade date with securities and (3) for which a market quotation was calculated at

least once (except for the market quotation on IPO) during the consecutive three months preceding the trade date with these securities. If the GDRs do not meet the qualification criteria for securities traded on an organised securities market or more than 50 per cent. of the asset base of the Company directly or indirectly consists of immovable property located in Russia, the gross proceeds from the disposal of the GDRs less any available deductions (including, but not limited to, the purchase price of the GDRs and associated transaction costs) may be subject to withholding income tax in Russia at a rate of 20 per cent. The above withholding tax rate is subject to any available DTT relief. In order to enjoy the benefits of an applicable DTT, documentary evidence is required to be presented by a Non-Resident Holder—Legal Entity to the tax agent prior to any payment being made to confirm the applicability of the DTT under which benefits are claimed including a confirmation that such Non-Resident Holder—Legal Entity is the beneficial owner of the relevant income or proceeds. A Non-Resident Holder—Legal Entity that disposes of the GDRs through a permanent establishment in Russia is entitled to pay this tax to the Russian budget on its own behalf (that is, without the withholding of tax). In such case, the Non-Resident Holder—Legal Entity must provide the tax agent with documentary evidence confirming the fact that the income from the disposal of the GDRs is attributable to a permanent establishment of the Non-Resident Holder—Legal Entity in Russia. This evidence includes a notarised copy of the form confirming the registration of the Holder with the Russian tax authorities.

Non-Resident Holders—Legal Entities should consult their own tax advisers with respect to the possibility of being subject to Russian taxes on the capital gains realised on a disposal of the GDRs.

A Non-Resident Holder—Individual generally should not be subject to any Russian taxes on the capital gains realised from a disposal of the GDRs outside Russia, provided the proceeds of such disposal of the GDRs are not received from a source within Russia. According to an opinion of the Russian Ministry of Finance such proceeds shall be treated as income received from a source within Russia if the depository or registry, which keep records about transactions resulting in the transfer of ownership of shares, is located in Russia. In the absence of any additional guidance as to what should be considered as a source within Russia, the Russian tax authorities may apply various criteria in order to determine the source of the sale (or other disposal) of the GDRs, including the place where the transaction was concluded, the location or tax residency of the buyer, the location of the register where the transfer of title to the GDRs takes place, or other similar criteria. If proceeds from the disposal of the GDRs are treated as received from a Russian source as discussed above, a Non-Resident Holder—Individual will generally be subject to Russian personal income tax at a rate of 30 per cent. (which could be reduced to zero if certain criteria are met as discussed above for a Resident Holder—Individual) in respect of the gross proceeds from such sale, redemption or other disposal less any available deduction of expenses incurred by the Holder (which includes the purchase price of the GDRs) subject to any available DTT relief and the discussion above in “*Taxation of the Acquisition of the GDRs*”. If the sale (or other disposal) of the GDRs is made by a Non-Resident Holder—Individual through a Russian tax agent, Russian personal income tax should be withheld at source by such tax agent (including a licensed broker or an asset manager which carries out operations on behalf of the Non-Resident Holder—Individual under an asset management agreement, a brokerage service agreement, an agency agreement or a commission agreement). If the GDRs are not sold through a Russian tax agent, generally no Russian personal income tax should be withheld at source.

If a Non-Resident Holder—Individual does not obtain DTT relief at the time the proceeds from the disposal of the GDRs are paid to such Non-Resident Holder—Individual, and income tax is withheld by the Russian payer of such income, the Non-Resident Holder—Individual generally may apply for a refund within three years from the end of the tax period during which the tax was withheld, as discussed below. However, no assurance could be given that any available DTT relief (or the refund of any taxes withheld) will be available for a Non-Resident Holder—Individual.

Non-Resident Holders—Individuals should consult their own tax advisers with respect to the tax consequences of the receipt of proceeds from a disposal of the GDRs and the possibilities of benefiting from any DTT relief to obtain the refund of any taxes withheld.

Tax Treaty Procedures and Refund of Tax Withheld

Advance Relief

Russia has concluded DTTs with a number of countries. These DTTs may contain provisions that allow for the reduction or elimination of Russian withholding taxes with respect to income or proceeds received by Non-Resident Holders from a source within Russia, which would include income or proceeds from the sale, redemption or other disposal of the GDRs. To the extent DTT relief is available and the Russian Tax Code requirements are met (i.e. the “beneficial ownership” concept and the concept of “tax residency”), a non-

resident holder must comply with the information, documentation and reporting requirements which are then in force in the Russia to obtain such relief.

In accordance with the “beneficial ownership” concept, if a person serves as an intermediary and has an obligation to transfer part or all of the income received from the company to a third party (i.e., a person that is not able to act independently with respect to the use and disposition of the received income), such person may not be treated as the beneficial owner of income. The result of the denial of beneficial ownership would be the denial of tax treaty benefits (such as the reduced tax on dividends). Although the “beneficial ownership” concept as currently defined in the Russian Tax Code the application of this concept in the Russian administrative and court practice currently shows rather broad and conflicting interpretations. Given the current conflicting interpretation of the “beneficial ownership” concept, the application of this concept may lead to excessive taxation of the Group’s retained earnings on their distribution.

A Non-Resident Holder—Legal Entity which is the beneficial owner of income or proceeds for the purposes of an applicable DTT and the Russian Tax Code must provide the payer of the income or proceeds with a certificate of tax residence issued by the competent tax authority of the relevant treaty country in advance of payment of such income or proceeds in order to obtain relief from Russian withholding taxes under a DTT. This certificate should confirm that the respective Non-Resident Holder—Legal Entity is a tax resident of the relevant DTT country in the particular calendar year during which the income or proceeds is paid. This certificate should be apostilled or legalised and needs to be renewed on an annual basis. A notarised Russian translation of the certificate may be required. However, in practice, the payer of the income or proceeds may request additional documents confirming the eligibility of a Non-Resident Holder—Legal Entity for the benefits of the DTT. In addition, in order to enjoy benefits under an applicable DTT, the person claiming such benefits must be the beneficial owner of the relevant income or proceeds according to the requirements of the Russian Tax Code. In addition to a certificate of tax residency the Russian Tax Code obliges a Non-Resident Holder—Legal Entity to provide the tax agent with a confirmation that it is the beneficial owner of the relevant income or proceeds in advance of the payment of such income or proceeds. As of the date of this Prospectus, there has been no guidance on the form of such confirmation and it is at the moment unclear how these measures will be applied in practice. Due to, *inter alia*, the introduction of these changes, there can be no assurance that treaty relief at source will be available in practice for non-resident holders, which are either legal entities or individuals.

Currently, in order to obtain a full or partial exemption from taxation in Russia under an applicable DTT at source, a Non-Resident Holder—Individual must confirm to a tax agent that he or she is a tax resident of a relevant foreign jurisdiction having a DTT with Russia by providing the tax agent with (i) a passport of the foreign resident, or (ii) another document envisaged by an applicable federal law or recognised as a personal identity document of the foreign resident in accordance with an international treaty, and (iii) if such passport/document does not confirm the individual’s tax resident status in such foreign country, upon request of the tax agent, an official confirmation issued by the competent authorities evidencing his or her status as a tax resident of the respective country. A notarised Russian translation of such official confirmation is required. The above provisions are intended to provide a tax agent with the opportunity of applying reduced withholding tax rates or exemptions under an applicable DTT at source.

The treaty relief procedure as described above does not apply if dividends are paid in respect of the GDRs which are registered in special accounts (i.e. foreign nominal holder deposit account, foreign authorised holder deposit account or foreign depository receipt programme deposit account) opened with a Russian custodian.

In this case, a foreign nominal holder of the above accounts should present tax-related information on an aggregate basis to a Russian custodian acting as the tax agent (the format and the deadlines are established by the Russian Tax Code). Subject to receipt of such information, the Russian custodian can apply Russian withholding tax at the tax rate in the Tax Code, or as determined by a relevant DTT but not applying any reduced tax rate which is subject to special conditions (percentage of shareholding, threshold of investments to the capital of a Russian legal entity or a holding period) under the relevant DTT (a reduced tax rate that is subject to conditions can only be obtained through a tax refund). However, there can be no assurance that tax relief at source will be available in practice for the holders with respect to dividends paid on the GDRs, which are held in certain types of accounts with Russian custodians.

Non-Resident Holders and Russian Resident Holders should consult their own tax advisers with respect to the applicability of tax relief under a DTT and the relevant procedures required in Russia to claim such relief.

Refund of Tax Withheld

For a Non-Resident Holder—Legal Entity for which DTT relief is available, if Russian income tax was withheld at the source on a payment at a rate which is higher than the applicable rate established by a relevant DTT, a claim for refund of such tax is possible within three years from the end of the tax period during which the tax was withheld.

To reclaim the tax, the following documents must be submitted to the Russian tax authorities by the Non-Resident Holder—Legal Entity:

- An application for a refund of the withheld tax (the form of such application is established by the Order of the Ministry of the Russian Federation for Taxes and Levies);
- Confirmation of residence of the income recipient; and
- Copies of the relevant contracts or other documents based upon which the income was paid, as well as payment documents confirming the payment of the tax that was withheld and paid to the appropriate Russian authorities.

For a Non-Resident Holder—Individual for whom DTT relief is available, if Russian income tax was withheld by the source of a payment at a rate higher than the applicable rate established by a relevant DTT, a refund of such tax may be filed with the tax agent generally within three years from the end of the tax period during which the tax was withheld. In the absence of a tax agent who withheld the Russian personal income tax, such an application for a refund may be filed with the Russian tax authorities within three years from the end of the tax period during which the tax was withheld if it is accompanied by a Russian tax return, a tax residency certificate and documentation proving the tax was withheld and paid to the Russian authorities. To obtain a refund, documentation confirming the right of the recipient of the income to DTT relief is required.

Certain additional documentation requirements were introduced into the Russian Tax Code in order to claim a refund of excess withholding tax. In particular, to process a claim for a refund of such excess withholding tax the Russian tax authorities additionally require a number of documents, including: a document confirming that the applicant exercised his/her rights under the Russian securities; a document confirming the amount of income paid in respect of the Russian securities; information about the custodian (custodians) that transferred dividend to the foreign company (the holder of the relevant account with the Russian custodian); and a document confirming that the applicant satisfies any additional conditions under the Russian Tax Code or the relevant DTT for application of the reduced tax rate (if applicable). Starting from 1 January 2021, refund of excess withholding tax should generally be made to the taxpayer's bank account opened with a Russian bank or to the bank account of a foreign nominee holder, a foreign authorised holder and (or) the person to whom the custodian account of depositary program is opened, if income to the taxpayer was paid via such persons.

The Russian tax authorities may, in practice, require a wide variety of documentation confirming the right to benefits under a DTT or the right to receive a zero tax rate under Russian domestic tax law. Such documentation, in practice, may not be explicitly required by the Russian Tax Code and in particular could include documents confirming the eligibility of the holder claiming a refund of tax to be treated as the “beneficial owner” of such dividend under the Russian Tax Code. Obtaining a refund of Russian tax withheld may be a time-consuming process and involve considerable difficulties.

The treaty relief and refund procedures with respect to a dividend paid to special accounts, as discussed above, are ambiguous, and may be subject to different interpretation by the Russian tax authorities.

Stamp Duties

No Russian stamp duty should be payable by the Holders upon any of the transactions with the GDRs discussed in this section of the Prospectus (e.g., on a purchase or sale of the GDRs), except for transactions involving the receipt of the GDRs by way of inheritance.

PLAN OF DISTRIBUTION

Structure of the Offering

The Offering is being made by way of an offer of GDRs (1) within the United States to QIBs, as defined in, and in reliance on, Rule 144A under the Securities Act, or another exemption from, the registration requirements of the Securities Act, (2) outside the United States to institutional investors in “offshore transactions” as defined in, and in reliance on, Regulation S and (3) to retail investors in the Russian Federation.

In the Offering: (i) the Company will offer GDRs representing 53,333,334 Shares, representing in aggregate approximately 40.9 per cent. of the total number of existing shares issued by the Company; and (ii) the Over-allotment Shareholders will make available GDRs representing up to 8,000,000 Shares, representing in aggregate approximately 6.1 per cent. of the total number of existing shares issued by the Company pursuant to the Over-allotment Option. The Company will not receive any proceeds from the sale of any Over-allotment GDRs pursuant to the Over-allotment Option (all of which will be paid to the Over-allotment Shareholders).

The GDRs will be sold at the Offer Price. The Offer Price for the GDRs was determined by agreement between the Company, the Over-allotment Shareholders and the Managers following the book-building process. A number of factors were considered in determining the Offer Price and the bases of allocation under the Offering, including the level and nature of demand for the GDRs and the objective of encouraging the development of an orderly after-market in the GDRs.

The transaction related to the GDRs is expected to take place on or about the Pricing Date and the transfer of the GDRs will be settled within three business days from the Pricing Date. Payment for the GDRs is expected to be made in U.S. Dollars in same-day funds through the facilities of Euroclear and Clearstream, Luxembourg on the Closing Date. The GDRs will be issued after the Pricing Date according to the Deposit Agreement. See “*Terms and Conditions of the Global Depositary Receipts*”. Unconditional dealings in the GDRs on the London Stock Exchange are expected to commence on or about the Closing Date.

The timetable above may be subject to change. Certain events provided therein are beyond the control of the Company, the Over-allotment Shareholders or the Managers. The Company, in agreement with the Managers, reserves the right to change the above timetable for the Offering. Information about any changes to the proposed timetable of the Offering will be notified to investors and, if necessary, supplements to the Prospectus will be made in accordance with applicable regulations.

Underwriting Arrangements

On the Pricing Date, the Company, the Over-allotment Shareholders and the Managers entered into the Underwriting Agreement with respect to the Offering subject to the satisfaction of certain conditions. Pursuant to the Underwriting Agreement, the Company has agreed to sell, and each Manager has agreed, severally but not jointly or jointly and severally, to procure purchasers for, or, failing that, to purchase themselves, the GDRs at the Offer Price in accordance with their respective commitments under the Underwriting Agreement. In addition, if the Over-allotment Option is exercised, each of the Over-allotment Shareholders have agreed to sell, and each Manager has agreed, severally but not jointly or jointly and severally, to procure purchasers for, or, failing that, to purchase themselves, the Over-allotment GDRs at the Offer Price in accordance with their respective commitments under the Underwriting Agreement.

The GDRs will be represented by a Rule 144A Master GDR and a Regulation S Master GDR and will be subject to certain restrictions as further discussed “*Terms and Conditions of the Global Depositary Receipts*”.

The Managers will receive base commissions of: (i) approximately \$12.0 million, assuming no exercise of the Over-allotment Option, all of which is payable by the Company and (ii) approximately \$13.8 million, assuming the Over-allotment Option is exercised in full, of which \$12.0 million is payable by the Company and \$1.8 million is payable by the Over-allotment Shareholders.

In the Underwriting Agreement, the Company and the Over-allotment Shareholders made certain representations and warranties, and the Company has agreed to indemnify the Managers, against certain liabilities, including liability under the Securities Act. If the indemnity is unenforceable, the Company has agreed to contribute to any payments that the Managers are required to make in respect of the liabilities against which the Company, as applicable, has agreed to indemnify them.

The Managers are offering the GDRs, subject to prior sale, when, as and if delivered to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Shares and other conditions

contained in the Underwriting Agreement, such as the receipt by the Managers of officers' certificates and legal opinions.

The Underwriting Agreement provides that, upon the occurrence of certain events, such as the suspension or limitation of trading of the GDRs on the London Stock Exchange or the Moscow Exchange, a Material Adverse Effect, and certain other conditions, the Underwriting Agreement may be terminated and the Managers released from their obligations thereunder.

Stabilisation

In connection with the Offering, the Stabilising Manager, or persons acting on its behalf, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot the GDRs or effect other stabilisation transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail in the open market for a limited period after the Closing Date. However, the Stabilising Manager is not required to enter into such transactions. Such stabilisation, if commenced, may be discontinued at any time without prior notice, and may only be undertaken during the Stabilisation Period.

In connection with the Offering, the Stabilising Manager or any persons acting for the Stabilising Manager, may, for stabilisation purposes, over-allot GDRs up to a maximum of 15 per cent. of the total number of GDRs being sold in the Offering. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of GDRs effected by the Stabilising Manager during the Stabilisation Period, the Over-allotment Shareholders have granted to the Managers the Over-allotment Option pursuant to which the Managers, may require the Over-allotment Shareholders have to sell additional GDRs, up to a maximum of 15 per cent. of the total number of GDRs being sold by the Company in the Offering, at the Offer Price.

The Over-allotment Option is exercisable in whole or in part during the Stabilisation Period for the purposes of meeting over-allotments that may be made, if any, in connection with the Offering and short positions resulting from stabilisation transactions upon written notice from the Managers to the Over-allotment Shareholders and to the extent not previously exercised by the Managers may be terminated by the Managers at any time. Any GDRs made available pursuant to the Over-allotment Option will be issued on the same terms and conditions as the GDRs being issued in the Offering and will form a single class for all purposes with the other GDRs.

Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offering.

Lock-up Arrangements

Each of the Company, the Over-allotment Shareholders and Broadreach Limited (an existing shareholder in the Company) has undertaken to each of the Managers that from the date of the Underwriting Agreement until 180 days from the date of the LSE Admission, neither it nor any of its subsidiaries or their affiliates nor any person acting on its behalf (except that the Company has given no undertaking regarding any of the Over-allotment Shareholders or Broadreach Limited) will, without the prior written consent of the Joint Global Coordinators, (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares, any GDRs or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Shares, GDRs or other shares of the Company, or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing (the "**Company Securities**"); or (ii) enter into any swap or any other similar agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, any GDRs or other shares of the Company, whether any such transaction described in sub-clause (i) or (ii) above is to be settled by delivery of Shares, GDRs or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction. The foregoing shall not apply:

- with respect to the Company, to: (i) the sale of the GDRs to be sold under the Offering; (ii) the acceptance of an offer for the entire issued shares (including in the form of GDRs) of the Company or to the giving or an irrevocable undertaking to accept an offer for the entire issued shares (including in the form of GDRs) of the Company (in each case excluding shares and GDRs already held by the offeror); (iii) in connection with any redomiciliation of the Company to a different jurisdiction; and (iv) the grant of any options, warrants or rights over Shares or GDRs under any management incentive plan or stock option plan or to issue Shares following valid exercise of the Options that have been granted and are outstanding under the SOP;

- with respect to the Over-allotment Shareholders and Broadreach Limited each a “**Relevant Shareholder**”, to: (i) the sale of the GDRs to be sold under the Offering; (ii) the acceptance of an offer for the entire issued shares (including in the form of GDRs) of the Company or to the giving of an irrevocable undertaking to accept an offer for the entire issued shares (including in the form of GDRs) of the Company (in each case excluding shares and GDRs already held by the offeror); (iii) any direct or indirect, offer, pledge, sale, contract to sell, sale or grant of any option, right, warrant or contract to purchase, exercise of any option to sell, purchase of any option or contract to sell, or loan or other transfer or disposal (“**Disposal**”) of rights to new Shares or GDRs to be issued by way of rights issue to fund its take-up of the balance of its rights; (iv) any Disposal for the purpose of pledging or charging any Share or GDR to or for the benefit of a lender in connection with any margin loan or term loan facility made available to the Relevant Shareholder, or any Disposal for the purposes of transferring any Shares or GDRs pursuant to any enforcement of the security over Shares or GDRs granted by a Relevant Shareholder to or for the benefit of a lender in connection with any margin loan or term loan facility made available to a Relevant Shareholder; (v) any Disposal in respect of any Company Securities acquired following the Stabilisation Period (vi) any Disposal by the Relevant Shareholders to any shareholders who hold Shares or GDRs in the Company immediately prior to the LSE Admission, or to its shareholder, an Affiliate of its shareholder, or its Affiliate, family member, personal representative, trust or charitable foundation created by such Relevant Shareholder or such other person listed in item (vi); (vii) any restructuring or reorganisation of any of the Relevant Shareholders; (viii) if made pursuant to any offer by the Company to purchase its own shares or GDRs which is made on identical terms (subject to any differences or omissions arising as a result of overseas securities laws) to all holders of Shares and otherwise complies with the Listing Rules, the Market Abuse Regulation (Regulation (EU) 596/2014), including as it forms part of domestic law in the United Kingdom by virtue of the EUWA, and (as applicable) the rules and regulations of the London Stock Exchange and the Moscow Exchange and all other applicable laws and regulations, provided that, in the case of sub-paragraphs (iv), (vi), (vii) and (viii), prior to such transfer, the relevant transferee has agreed to be subject to the same restrictions.

Each of the Directors and members of the Senior Management has undertaken to the Company and each of the Managers that from the Pricing Date until 360 days from the date of the LSE Admission, he or she will not, subject to certain exceptions, without the prior written consent of the Joint Global Coordinators, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares, any GDRs or other shares of the Company or any securities convertible into or exercisable or exchangeable for Shares, GDRs or other shares of the Company or any security or financial product whose value is primarily determined directly or indirectly by reference to the price of any underlying securities, including equity swaps, forward sales and options or request or demand that the Company file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; or (ii) enter into any swap or any other similar agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, any GDRs or other shares of the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares, any GDRs or such other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction.

Other Relationships

The Managers and their respective affiliates have engaged in transactions with and performed various investment banking, financial advisory and other services for the Company and the Over-allotment Shareholders and their respective affiliates, for which they received customary fees, and they and their respective affiliates may provide such services for the Company and the Over-allotment Shareholders and their respective affiliates in the future. As a result, the Managers and their respective affiliates may have a commercial interest in continuing to provide services to the Company and the Over-allotment Shareholders that may be material to the Offering.

In connection with the Offering, each of the Managers and any of their respective affiliates may take up a portion of the GDRs as a principal position and in that capacity may retain, purchase or sell for its own account such GDRs and any related investments and may offer or sell such GDRs or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to the GDRs being offered or placed should be read as including any offering or placement of GDRs to the Managers and any affiliate acting in such capacity. In addition, certain of the Managers or their affiliates may enter into financing arrangements

(including swaps, warrants or contracts for differences) with investors in connection with which such Managers (or their affiliates) may from time to time acquire, hold or dispose of GDRs. None of the Managers intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Russian Retail Offering

3,636,834 GDRs are being offered to retail investors in Russia. The Offer Price for such GDRs offered to retail investors in Russia is equal to the Offer Price in the rest of the Offering.

SELLING RESTRICTIONS

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the GDRs, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the GDRs may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the GDRs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer and sale of the GDRs offered in the Offering, including those in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or buy any of the GDRs offered in the Offering to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

United States

This Prospectus is not a public offering (within the meaning of the Securities Act) of securities in the United States. The GDRs have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States unless the GDRs are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. In the United States the GDRs will be sold only to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and applicable state securities laws. All offers and sales of the GDRs outside the United States will be made in compliance with Regulation S under the Securities Act and in accordance with applicable law.

In addition, until the end of the fortieth calendar day after commencement of the Offering, an offering or sale of GDRs within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

The Offering of the GDRs is being made in the United States through U.S. broker-dealer affiliates of the Managers only.

Each acquirer of GDRs within the United States, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision.

United Kingdom

No GDRs and/or Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the GDRs and/or Shares which has been approved by the FCA, except that the GDRs and/or Shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a “qualified investor” as defined under Article 2 of the U.K. Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Managers for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of GDRs and/or Shares shall require the Company, the Over-allotment Shareholders or any Manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the U.K. Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to any GDRs and/or Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any GDRs and/or Shares to be offered so as to enable an investor to decide to purchase or subscribe for any GDRs and/or Shares, and the expression “**U.K. Prospectus Regulation**” means Regulation (EU) 2017/1129, as it as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

European Economic Area (“EEA”)

In relation to each member state of the EEA (each a “**Relevant State**”), no GDRs and/or Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant State prior to the publication of a prospectus in relation to the GDRs and/or Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that GDRs and/or Shares may be offered to the public in that Relevant State at any time:

- (a) to any legal entity which is a “qualified investor” as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Managers for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of GDRs and/or Shares shall require the Company, the Over-allotment Shareholders or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any GDRs and/or Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any GDRs and/or Shares to be offered so as to enable an investor to decide to purchase or subscribe any GDRs and/or Shares, and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

Russia

This Prospectus does not constitute an offer or advertisement of the GDRs in the Russian Federation and is not an offer, or an invitation to make offers, sell, purchase, exchange or transfer any GDRs in the Russian Federation, except to the extent permitted under Russian law. Neither the GDRs nor any prospectus or other document relating to them have been or will be registered with the CBR. Therefore, “placement” in the meaning of the initial issue of the GDRs in the Russian Federation is prohibited.

Switzerland

The offering of the GDRs in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (“**FinSA**”) because the GDRs are offered to less than 500 investors and the GDRs will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Prospectus does not constitute a prospectus or a similar document pursuant to FinSA or pursuant to the art. 652a or art. 1156 of the previous version of the Swiss Code of Obligations or pursuant to art. 27 et seqq. of the SIX Listing Rules entered into force on 1 January 2020, and no such prospectus has been or will be prepared for or in connection with the offering of the GDRs.

Canada (British Columbia, Alberta, Manitoba, Ontario, Quebec, New Brunswick, Newfoundland and Labrador, Nova Scotia and Saskatchewan only)

The GDRs may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the GDRs must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limits prescribed under, and subject to limitations and defences under, the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Upon receipt of this Prospectus, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the notes (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce prospectus, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Australia

This Prospectus (a) does not constitute a prospectus, a product disclosure statement or other disclosure document as defined in section 9 of the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”); (b) does not purport to include the information required in a prospectus, a product disclosure statement or other disclosure document under the Corporations Act; (c) has not been, nor will it be, lodged as a disclosure document with, or registered by, the Australian Securities and Investments Commission (“**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (d) may not be provided in Australia other than to select investors (“**Exempt Investors**”) who are able to demonstrate that they both (i) are “sophisticated investors” or “professional investors” (as defined in sections 708(8) and 708(11) of the Corporations Act and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act. The GDRs may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the GDRs may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any GDRs may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapter 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the GDRs, each purchaser or subscriber of GDRs represents and warrants to the Company, the Over-allotment Shareholders, the Managers and their respective affiliates that such purchaser or subscriber is an Exempt Investor. As an offer of GDRs under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those GDRs for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the GDRs each purchaser or subscriber of GDRs undertakes to the Company, the Over-allotment Shareholders and the Managers that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the GDRs, offer, transfer, assign or otherwise alienate those GDRs to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC. This Prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this Prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

China

The GDRs are not being offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions of Taiwan), except as permitted by the securities laws of the People’s Republic of China.

Singapore

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the securities will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 27 4 of the SFA; (2) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of

which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the securities under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers and Investments) (Shares and Debentures) Regulations 2005 of Singapore.

DIFC

This Prospectus related to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“**DFSA**”). This Prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set forth herein and has no responsibility for the Prospectus. The GDRs to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the GDRs offered should conduct their own due diligence on the GDRs. If you do not understand the contents of this Prospectus you should consult an authorised financial advisor.

Hong Kong

The GDRs will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the GDRs, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong has been issued or has been possessed for the purposes of issue, or will be issued or possessed for the purposes of issue, whether in Hong Kong or elsewhere (except if permitted to do so under the securities laws of Hong Kong), other than with respect to GDRs which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (the “**FIEA**”) has been made or will be made with respect to the solicitation of the application for the acquisition of the GDRs as such solicitation falls within a Solicitation for Small Number Investors (as defined in Article 23-13 paragraph 4 of the FIEA). Accordingly, the GDRs have not been, directly or indirectly, offered, issued or delivered and will not be, directly or indirectly, offered, issued or delivered in Japan or to, or for the benefit of, any resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan except in compliance with the requirements for the Small Number Private Placement Exemption under of Article 2, paragraph 3, item 2(c) of the FIEA and the other applicable laws and regulations of Japan.

Pursuant to the Small Number Private Placement Exemption, any transfer of the GDRs by a resident in Japan is prohibited other than by way of transfer of all GDRs (but not in part) that such resident in Japan holds.

Qatar

This Prospectus and any other material in relation to the Offering do not, and are not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly

should not be construed as such. The GDRs have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the GDRs shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided understands, acknowledges and agrees that: (i) neither this document nor the GDRs have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (ii) neither the Company, the Over-allotment Shareholder, nor persons representing them are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar, to market or sell the GDRs within the State of Qatar; (iii) this document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (iv) no agreement relating to the sale of the GDRs shall be consummated within the State of Qatar.

No marketing of the GDRs has been or will be made from within the State of Qatar and no subscription to the GDRs may or will be consummated within the State of Qatar. Any applications to invest in the GDRs shall be received from outside of Qatar. This document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither the Company, the Over-allotment Shareholder, nor person representing them are, by distributing this document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Saudi Arabia

Any offer of GDRs to any investor in the Kingdom of Saudi Arabia or who is a Saudi person shall comply with Article 11 or Article 12 or Article 13 or Article 15 of the “Offers of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 3-151-2016 dated 21 December 2016.

UAE (excluding the DIFC and the ADGM)

The GDRs have not been and will not be offered, sold or publicly promoted or advertised in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering, promotion and sale of securities.

Oman

This Prospectus has not been approved by the Capital Market Authority of Oman (the “CMA”) or any other regulatory body or authority in the Sultanate of Oman (“Oman”), nor have the Managers received any authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, the GDRs within Oman.

No marketing, offering, selling or distribution of any interests in the GDRs has been or will be made from within Oman and no subscription for any Securities may or will be consummated within Oman. None of the Managers is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. None of the Managers advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The GDRs offered under this Prospectus have not and will not be listed on any stock exchange in Oman.

Nothing contained in this Prospectus is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Prospectus are for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

TRANSFER RESTRICTIONS

Rule 144A GDRs

Each purchaser of GDRs located in the United States pursuant to Rule 144A, by its acceptance of delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

1. The purchaser: (1) is a QIB as that term is defined in Rule 144A under the Securities Act; (2) is aware that, and each beneficial owner of such GDRs has been advised that, the sale to it is being made in reliance on Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act; (3) is acquiring such GDRs for its own account or for the account of one or more QIBs; and (4) if it is acquiring such GDRs for the account of one or more QIBs, has sole investment discretion with respect to each such account and has full power to make the acknowledgements, representations and agreements herein on behalf of each such account.
2. The purchaser is aware that the GDRs purchased pursuant to Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer and are being offered in the United States only in transactions not involving any public offering in the United States and are Restricted Securities.
3. The purchaser understands that the Rule 144A GDRs will initially be represented by a Master Rule 144A GDR and, before any beneficial interests in Rule 144A GDRs represented by the Master Rule 144A GDR may be transferred to a person who takes delivery in the form of a beneficial interest in Regulation S GDRs represented by the Master Regulation S GDR, the transferor will be required to provide certain written certifications.
4. The purchaser agrees (or, if it is acting for the account of another person, such person has confirmed to it that such person agrees) that it (or such person) will not offer, resell, pledge or otherwise transfer the GDRs purchased pursuant to Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act, except in accordance with the following legend, which the GDRs purchased pursuant to Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act will bear unless otherwise determined by the Company and the Depositary in accordance with applicable law:

THIS RULE 144A GDR CERTIFICATE, THE RULE 144A GDRS EVIDENCED HEREBY AND THE ORDINARY SHARES OF SOFTLINE HOLDING PLC REPRESENTED HEREBY (THE "SHARES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDERS AND BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS RULE 144A GDR CERTIFICATE, THE RULE 144A GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY, ACKNOWLEDGE THAT THAT SUCH RULE 144A GDR CERTIFICATE, THE RULE 144A GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREE FOR THE BENEFIT OF SOFTLINE HOLDING PLC AND THE DEPOSITARY THAT THIS RULE 144A GDR CERTIFICATE, THE RULE 144A GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES AND ONLY (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) TO A PERSON WHOM THE HOLDER AND BENEFICIAL OWNER REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT

PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THE HOLDER OF THE GDRS WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF SUCH GDRS OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THE BENEFICIAL OWNER OF SHARES RECEIVED UPON CANCELLATION OF ANY RULE 144A GDR MAY NOT DEPOSIT OR CAUSE TO BE DEPOSITED SUCH SHARES INTO ANY DEPOSITARY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK, OTHER THAN A RULE 144A RESTRICTED DEPOSITARY RECEIPT FACILITY, SO LONG AS SUCH SHARES ARE “RESTRICTED SECURITIES” WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SHARES OR ANY RULE 144A GDRS.

EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THIS RULE 144A GDR CERTIFICATE OR A BENEFICIAL INTEREST IN THE RULE 144A GDRS EVIDENCED HEREBY, AS THE CASE MAY BE, REPRESENTS FOR THE BENEFIT OF SOFTLINE HOLDING PLC AND THE DEPOSITARY NAMED BELOW THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

5. For so long as Shares or GDRs are Restricted Securities, it will not deposit such Shares or GDRs into any depositary receipt facility in respect of shares established and maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility.
6. The Company, the Managers, the Depositary and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Prospective purchasers are hereby notified that the sellers of the GDRs purchased pursuant to Rule 144A under the Securities Act may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act.

Regulation S GDRs

Each purchaser of the Regulation S GDRs outside the United States pursuant to Regulation S will be deemed to have represented, agreed and acknowledged as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. The purchaser is, at the time of the offer to it of GDRs and at the time the buy order originated, outside the United States for the purposes of Rule 903 under the Securities Act;
2. The purchaser is aware that the Regulation S GDRs have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are being offered outside the United States in reliance on Regulation S;
3. Any offer, sale, pledge or other transfer made other than in compliance with the above-stated restrictions shall not be recognised by the Company in respect of the Regulation S GDRs;
4. The purchaser understands that the Regulation S GDRs and the Regulation S Master GDR will bear a legend substantially to the following effect:

THIS REGULATION S GDR CERTIFICATE, THE REGULATION S GDRS EVIDENCED HEREBY AND THE ORDINARY SHARES OF SOFTLINE HOLDING PLC REPRESENTED THEREBY (THE “**SHARES**”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS REGULATION S GDR CERTIFICATE, THE REGULATION S GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY, ACKNOWLEDGE THAT SUCH REGULATION S GDR CERTIFICATE, THE REGULATIONS GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREE FOR THE BENEFIT OF SOFTLINE HOLDING PLC AND THE DEPOSITARY THAT THIS REGULATION S GDR CERTIFICATE, THE REGULATIONS GDRS EVIDENCED HEREBY AND THE SHARES

REPRESENTED THEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES.

5. It understands that the Master Regulation S GDR and the Regulation S GDRs will initially be represented by a Master Regulation S GDR and, before any beneficial interest in the Regulation S GDRs represented by the Master Regulation S GDR may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A GDRs represented by the Master Rule 144A GDR, the transferor will be required to provide certain written certifications; and
6. The Company, the Managers, the Depositary and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

If a purchaser of GDRs is acquiring such GDRs as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations and agreements on behalf of each account.

Other Provisions regarding Transfers of the GDRs

Interests in the Rule 144A GDRs may be transferred to a person whose interest in such GDRs is subsequently represented by a Regulation S GDR only upon receipt by the Depositary of written certification (in the form provided in the Deposit Agreement) from the transferor to the effect that, amongst other things, such transfer is being made in accordance with Regulation S. Interests in Regulation S GDRs may be transferred to a person whose interest in such GDRs is subsequently represented by a Rule 144A GDR only upon receipt by the Depositary of written certifications from the transferor (in the forms provided in the Deposit Agreement) to the effect that, amongst other things, such transfer is being made in accordance with Rule 144A. Any interest in GDRs represented by one of the Master GDRs that is transferred to a person whose interest in such GDRs is subsequently represented by the other Master GDR will, upon transfer, cease to be an interest in the GDRs represented by such first Master GDR and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to interests in GDRs represented by such other Master GDR for so long as it remains such an interest.

SETTLEMENT AND TRANSFER

Clearing and Settlement of GDRs

Custodial and depositary links have been established between Euroclear, Clearstream, Luxembourg and NSD to facilitate the initial issue of the GDRs and/or cross-market transfers of the GDRs associated with secondary market trading.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, amongst other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the GDRs held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Depositary, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

NSD

NSD is the central securities depository of the Russian Federation and is a part of the Moscow Exchange Group. NSD is Russia's national numbering agency and the substitute numbering agency for the CIS and is authorised to assign the international ISIN and CFI codes. NSD is a central system for handling securities by law. The status of central securities depository was assigned to the NSD by an order of the FSFM on 6 November 2012. NSD holds a professional securities market participant licence for depositary activity, a clearing activities licence and a licence to perform banking operations. NSD holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of such participants. NSD participants are financial institutions, including underwriters, securities brokers and dealers, banks, clearing corporations and certain other organisations and entities. Access to NSD is also available to other organisations and entities which clear through or maintain a custodial relationship with an NSD participant, either directly or indirectly.

Registration and Form

Book-entry interests in the GDRs held through Euroclear and Clearstream, Luxembourg will be represented by the Rule 144A Master GDR and the Regulation S Master GDR registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee of The Bank of New York Mellon, as common depositary for Euroclear and Clearstream, Luxembourg. As necessary, the Depositary will adjust the amounts of GDRs on the relevant register for the accounts of the common nominee and nominee, respectively, to reflect the amounts of GDRs held through Euroclear and Clearstream, Luxembourg, respectively. Beneficial ownership in the GDRs will be held through financial institutions, including NSD, as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the GDRs in Euroclear, Clearstream, Luxembourg and NSD will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream, Luxembourg, and NSD, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the GDRs, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the GDRs. The Depositary will be responsible for maintaining a record of the aggregate holdings of GDRs registered in the name of the common depositary for Euroclear and Clearstream, Luxembourg. The Depositary will be responsible for ensuring that payments received by it from the Company for holders holding through Euroclear and Clearstream, Luxembourg are

credited to Euroclear or Clearstream, Luxembourg, as the case may be. The address for Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address for Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg. The address for NSD is 12 Spartakovskaya Street, Moscow 105066, Russia.

The Company will not impose any fees in respect of the GDRs; however, holders of book-entry interests in the GDRs may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg, or NSD and certain fees and expenses payable to the Depositary in accordance with the terms of the Deposit Agreement.

Global Clearing and Settlement Procedures

Initial Settlement

The GDRs will be in global form evidenced by the two Master GDRs. Purchasers electing to hold book-entry interests in the GDRs through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to depositary receipts.

Transfer Restrictions

For a description of the transfer restrictions relating to the GDRs, see “*Terms and Conditions of the Global Depositary Receipts—Transfer and Ownership*”, “*Selling Restrictions*” and “*Transfer Restrictions*”.

Trading between Euroclear and Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the GDRs held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the GDRs through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the normal procedures applicable to depositary receipts.

Trading between NSD Participants

Secondary market sales of book-entry interests in the GDRs held through NSD to purchasers of book-entry interests in the GDRs through NSD will be conducted in accordance with the normal rules and operating procedures of NSD and will be settled using the usual procedures applicable to depositary receipts.

Trading between NSD Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in the GDRs are to be transferred from the account of an NSD participant to the account of a Euroclear or Clearstream, Luxembourg participant, the NSD participant must submit a delivery free of payment or a delivery versus payment instruction to the NSD at least one business day prior to the settlement date. In case of delivery free of payment, separate payment arrangements are required to be made between the NSD participant and the relevant Euroclear or Clearstream, Luxembourg participant, as the case may be. On the settlement date, NSD will debit the account of its participant, and Euroclear or Clearstream, Luxembourg, as the case may be, will debit the account of NSD with Euroclear or Clearstream, Luxembourg, as the case may be, and will credit the account of its participant, and will deliver such book-entry interests in the GDRs free of payment or versus payment to the relevant account of the Euroclear or Clearstream, Luxembourg participant.

Trading between Euroclear/Clearstream, Luxembourg Seller and NSD Purchaser

When book-entry interests in the GDRs are to be transferred from the account of a Euroclear or Clearstream, Luxembourg participant to the account of an NSD participant, the Euroclear or Clearstream, Luxembourg participant must submit a delivery free of payment or a delivery versus payment instruction to Euroclear or Clearstream, Luxembourg, as the case may be, at least one business day prior to the settlement date. In case of delivery free of payment, separate payment arrangements are required to be made between the NSD participant and the relevant Euroclear or Clearstream, Luxembourg participant, as the case may be. On the settlement date, Euroclear or Clearstream, Luxembourg, as the case may be, will debit the account of its participant and will credit the account of NSD with Euroclear or Clearstream, Luxembourg, as the case may be, and will deliver such book-entry interests in the GDRs free of payment or versus payment to the account of NSD with Euroclear or Clearstream, Luxembourg, as the case may be, for further transfer to the relevant NSD participant.

General

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg, and NSD in order to facilitate the transfers of interests in the GDRs among participants of Euroclear, Clearstream, Luxembourg, and NSD, none of Euroclear, Clearstream, Luxembourg, or NSD is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Managers, the Depositary, the Custodian or its or their respective agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg, or NSD or their respective participants of their respective obligations under the rules and procedures governing their operations.

INFORMATION RELATING TO THE DEPOSITARY

The Depositary is a state-chartered New York institutional bank and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Department of Financial Services. The Depositary was constituted in 1784 in the State of New York. It is a wholly owned subsidiary of The Bank of New York Mellon Corporation, a Delaware bank holding company. The principal office of the Depositary is located at 240 Greenwich Street, New York, New York 10286. Its principal administrative office is located at 240 Greenwich Street, New York, New York 10286. A copy of The Bank of New York Mellon Corporation's most recent financial statements and annual report are available for inspection at the principal office of the Depositary located at 240 Greenwich Street, New York, New York 10286 and at The Bank of New York Mellon, One Canada Square, London E14 5AL.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for Company with respect to U.S. and English law by Allen & Overy LLP and with respect to Russian law by LECAP. Certain legal matters in connection with the Offering will be passed upon for the Managers with respect to U.S. and English law by Linklaters LLP and with respect to Russian law by Linklaters CIS.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group as at and for the years ended 31 March 2019, 2020 and 2021 included in this Prospectus have been audited by Ernst & Young Cyprus Ltd, independent auditor, registered in Cyprus, registration no. CY3069, as stated in their reports appearing herein (the “Independent Audit Reports”). The address of Ernst & Young Cyprus Ltd is Jean Nouvel Tower, 6 Stasinou Avenue, P.O. Box 21656, 1511 Nicosia, Cyprus. Ernst & Young Cyprus Ltd does not have a material interest in the Company.

The financial statements of Embee as at and for the years ended 31 March 2019, 2020 and 2021 included in this Prospectus have been audited by Moore ST (International) Ltd, independent auditors, as stated in their reports appearing herein (the “**Embee Independent Audit Reports**”). The address of Moore ST (International) Ltd is Broom House 39-43 London Road, Hadleigh, Benfleet, England, SS7 2QL. Moore ST does not have a material interest in the Company.

The financial statements of NCS D as at and for the years ended 31 December 2018, 2019 and 2020 included in this Prospectus have been audited by Moore ST (International) Ltd, independent auditors, as stated in their reports appearing herein (the “**NCS D Independent Audit Reports**”).

GENERAL INFORMATION

The Company was incorporated in Cyprus on 3 December 2008 with company number 242943 and Legal Entity Identifier 984500985DEC92D98C87. Its registered office is at Office N302, 11 Kosta Charaki Street, Limassol, CY-3041, Cyprus.

The Company accepts responsibility for the information provided in this Prospectus. To the best of the Company's knowledge, the information in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

AMR International accepts responsibility for the charts and statements included in the "*Industry Overview*" and "*Business Description*" of this Prospectus and attributed to AMR International. To the best of AMR International's knowledge, the charts and statements included in the "*Industry Overview*" and "*Business Description*" of this Prospectus and attributed to AMR International is in accordance with the facts and contains no omission likely to affect its import. AMR International has given and not withdrawn its consent to the inclusion of statements from the AMR Market Report in this Prospectus and has authorised the contents of the parts of this Prospectus which contain the statements from its AMR Market Report for the purposes of Annex I item 1.3 to the Commission Delegated Regulation (EU) 2019/980 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018.

Listing and Trading

It is expected that the GDRs will be admitted, subject only to the issue of the Master Regulation S GDR and the Master Rule 144A GDR, to listing on the Official List by the United Kingdom FCA on or about the Closing Date. Prior to this, application will be made for the GDRs to be traded on the London Stock Exchange through its international order book on or about the Closing Date. Transactions in GDRs will normally be effected for delivery on the third working day after the day of the transaction.

Dealings in the GDRs on the Moscow Exchange are not permitted until unconditional trading commences on the London Stock Exchange.

Authorisations

As of the listing date, the Company has obtained all consents, approvals and authorisations required under Cypriot law in connection with the Underwriting Agreement, the Deposit Agreement, the issue of the GDRs, and the listing of the GDRs on the Official List, the LSE Admission and the Moscow Exchange Admission.

Significant Change

There has been no significant change in either the financial performance or the financial position of the Group since 30 June 2021, being the end of the last financial period for which financial information has been published.

Working Capital

In the opinion of the Company, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months following the date of this Prospectus.

Legal Proceedings

During the 12 months preceding the date of this Prospectus, there have been no governmental, legal or arbitration proceedings (nor any such proceedings which are pending or threatened of which the Company is aware), which may have, or have had in the recent past significant effects on the Company's and/or the Group's financial position or profitability.

Security Codes

The security codes are expected to be as follows:

Regulation S GDRs:

ISIN: US83407L2079
CUSIP Number: 83407L 207
SEDOL Number: BMCF9V0
Common Code: 239661947

Rule 144A GDRs:

ISIN: US83407L1089
CUSIP Number: 83407L 108
SEDOL Number: BMV3NN5
Common Code: 239661963

London Stock Exchange Regulation S GDR trading symbol: SFTL

London Stock Exchange Rule 144A GDR trading symbol: SFTH

Legal Entity Identifier: the LEI number for the Company is 984500985DEC92D98C87.

GDRs

The GDRs are denominated in U.S. Dollars. The Offer Price was determined by agreement between the Company, the Over-allotment Shareholders and the Managers based on the results of the bookbuilding exercise conducted by the Managers. The results of the Offering will be made public by the Company through a press release and notice to the Regulatory Information Service promptly upon the closing of the Offering. No expenses or taxes are to be charged to the subscribers or purchasers of GDRs. It is expected that, following LSE Admission, the number of GDRs in public hands (as a percentage of the total number of GDRs in issue) will exceed 25 per cent., the GDRs will be fully paid and freely transferable (subject to the restrictions described under “*Transfer Restrictions*” of this Prospectus).

Depositary

GDR Holders may contact The Bank of New York Mellon, as Depositary with questions relating to the transfer of GDRs on the books of the Depositary.

If definitive certificates are issued in exchange for the Master GDRs, the Company will appoint an agent in the United Kingdom.

Documents Available for Inspection

Copies of the following documents will be available for inspection free of charge at Softline.com, and during normal business hours on any weekday, at the registered offices of the Company for the life of this Prospectus:

- (a) the Prospectus;
- (b) the AMR Market Report;
- (c) the Articles of Association of the Company;
- (d) the Financial Statements; and
- (e) the Certain Acquired Entities Financial Statements.

Copies of the Deposit Agreement and the Deed Poll will be available for inspection free of charge for 12 months following the date of this Prospectus, during normal business hours on any weekday, at the registered office of the Company.

DEFINITIONS

“Additional GDR Rights”	additional rights that are not attributable to the Deposited Shares represented by a Holder’s GDRs, for which a Holder may subscribe in a Primary GDR Rights Offering
“Additional GDR Rights Requests”	any Holder’s instructions to subscribe for Additional GDR Rights in a Primary GDR Rights Offering
“Arbitrazh Procedural Code”	the Arbitrazh Procedural Code of the Russian Federation
“AI”	artificial intelligence
“AMR International”	AMR International Limited
“APAC”	Asia Pacific
“API”	application programming interface
“Aplana”	Aplana Software, Inc., Aplana International Projects LLC, Aplana Development Center LLC and Software Development Center Limited
“Articles of Association”	The articles of association of the Company as summarised in <i>“Description of Share Capital and Certain Requirements of Cypriot Legislation—Articles of Association”</i>
“ASIC”	the Australian Securities and Investments Commission
“AWS”	Amazon Web Services
“B2B”	business-to-business
“Board of Directors”	the board of directors of the Company
“CAGR”	compound annual growth rate
“CBR”	the Central Bank of Russia
“Certain Acquired Entities Financial Statements”	the Embee Financial Statements and the NCS D Financial Statements
“CSA”	the Canadian Securities Administrators
“CIS”	the Commonwealth of Independent States
“City Code”	the City Code on Takeovers and Mergers
“Clearstream, Luxembourg”	Clearstream Banking, <i>société anonyme</i>
“Closing Date”	on or about 1 November 2021
“CMA”	the Capital Market Authority of Oman
“Company” or “Issuer”	Softline Holding PLC
“Company Securities”	any Shares, any GDRs or other shares of the Company, or any securities convertible into or exercisable or exchangeable for Shares, GDRs or other shares of the Company
“Compusoftware”	Compusoftware Informática Ltda
“Conditions”	the terms and conditions of the GDRs
“Consolidated Financial Statements”	the Group’s audited consolidated financial statements as at and for the years ended 31 March 2019, 2020 and 2021
“Corporations Act”	the Corporations Act 2001 of the Commonwealth of Australia
“CRM”	customer relationship management

“CSP”	Cloud Services Provider
CTD	the Cyprus Tax Department
“CyCo”	a Cypriot public limited liability company
“Cyprus Companies Law”	the Cyprus Companies Law (Cap. 113 of the Laws of Cyprus, as amended)
“Custodian”	The Bank of New York Mellon
“Deed Poll”	the deed poll by the Company in favour of the Holders dated on or about the date of the Deposit Agreement
“Deposit Agreement”	the agreement entered into on or around the Pricing Date by the Company and the Depositary for the “Regulation S Facility” and the “Rule 144A Facility”, as amended from time to time
“Depositary”	The Bank of New York Mellon
“Deposited Property”	the Deposited Shares, together with all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares
“Deposited Shares”	the Shares represented by the GDRs which are deposited under the Deposit Agreement and held in the name of the Custodian for the Depositary
“DFSA”	the Dubai Financial Services Authority
“Director”	any member of the Board of Directors
“Disposal”	any direct or indirect, offer, pledge, sale, contract to sell, sale or grant of any option, right, warrant or contract to purchase, exercise of any option to sell, purchase of any option or contract to sell, or loan or other transfer or disposal of rights
“Dispute”	any disputes arising out of or related to the Deposited Property, the GDRs, the Conditions or the Deposit Agreement
“DTT”	double tax treaty
“EEA”	the European Economic Area
“Embee”	Embee Software Private Limited
“Embee Financial Statements”	audited financial statements of Embee as at and for the years ended 31 March 2019, 2020 and 2021, each prepared in accordance with IFRS as issued by the International Accounting Standards Board
“EMEA”	Europe, the Middle East and Africa
“Enaza”	FreshStore LLC
“ERP”	enterprise resource planning
“Euro” or “€”	the single currency of the participating member states in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time
“Euroclear”	Euroclear Bank S.A./N.V.
“Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended
“Exempt Investors”	select investors in Australia who are able to demonstrate that they both (i) are “sophisticated investors” or “professional investors” (as defined in sections 708(8) and 708(11) of the Corporations Act and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act
“Existing Dispute”	a Dispute which has already been referred to arbitration
“EUWA”	the European Union (Withdrawal) Act 2018
“FIEA”	the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948)

“FCA”	the Financial Conduct Authority of the U.K.
“FDIC”	Federal Deposit Insurance Corporation
“Financial Statements”	the Group’s audited consolidated financial statements as at and for the years ended 31 March 2019, 2020 and 2021 and the Group’s unaudited consolidated interim financial statements for the three months ended 30 June 2021, each prepared in accordance with IFRS as issued by the International Accounting Standards Board
“FinSA”	the Swiss Financial Services Act
“FSMA”	the Financial Services and Markets Act 2000 of the U.K., as amended
“FTE”	full-time employees
“FX Counterparty”	the Depository, the Custodian or the Depository’s other agents or affiliates, when currency conversions are executed under the Deposit Agreement or the Conditions by such parties
“GDC”	the global delivery centre
“GDR Holders”	holders of GDRs
“GDRs”	global depository receipts representing interests in Shares
“Group” or “Softline”	the Company and its consolidated subsidiaries, taken as a whole
“HMRC”	HM Revenue and Customs
“Holder”	Holders of GDRs
“HRMS”	Human Resources Management System
“HTC”	High Technologies Center LLC and Engineering Informatics LLC
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board
“Independent Audit Reports”	the consolidated financial statements of the Group as at and for the year ended 31 March 2019, as at and for the year ended 31 March 2020, and as at and the year ended 31 March 2021 included in this Prospectus have been audited by Ernst & Young Cyprus Ltd, independent auditors, as stated in their reports appearing herein
“Infosecurity”	Infosecurity LLC and Infosecurity Service LLC
“Instruction Cutoff Date”	the last date on which the Depository will accept voting instructions from Holders
“Instruction Date”	the date and time specified by the Depository for the conclusion of a Primary GDR Rights Offering
“Interim Financial Statements”	the Group’s unaudited consolidated interim financial statements as at and for the three months ended 30 June 2020 and 2021
“IOB”	the International Order Book of the London Stock Exchange
“IoT”	internet of things
“IRS”	the U.S. Internal Revenue Service
“ISIN”	International Securities Identification Number
“ISO”	International Organization for Standardization
“ITAM”	IT asset management
“ITL”	Information Technology Laboratory

“Joint Global Coordinators”	Credit Suisse Bank (Europe) S.A., J.P. Morgan AG and VTB Capital plc
“Laboratory”	the Laboratory of Artificial Intelligence, Machine Learning and Internet of Things
“LATAM”	Latin America
“LCIA”	the London Court of International Arbitration
“LEI”	Legal Entity Identifier
“London Stock Exchange”	the London Stock Exchange plc
“LSE Admission”	admission of the GDRs to the standard listing segment of the Official List and to trading on the London Stock Exchange’s Main Market through its IOB
“LSP”	Licensing Solution Provider
“Main Market”	the London Stock Exchange’s main market for listed securities
“Managers”	Credit Suisse Bank (Europe) S.A., J.P. Morgan AG, VTB Capital plc, Alfa Capital Markets Ltd, Bank GPB International S.A., Citigroup Global Markets Limited and Sberbank CIB (UK) Limited
“Master GDRs”	the Master Regulation S GDR and the Master Rule 144A GDR
“Master Regulation S GDR”	a Regulation S Master Global Depositary Receipt registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon , as common depository for Euroclear and Clearstream, Luxembourg
“Master Rule 144A GDR”	a Rule 144A Master Global Depositary Receipt registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon , as common depository for Euroclear and Clearstream, Luxembourg
“Material Adverse Effect”	a material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial, operational, legal or otherwise), earnings, results of operations, solvency, business affairs, properties, prospects or assets of the Company or the Group, whether or not arising in the ordinary course of business
“Material RPT”	a related party transaction of a size that exceeds 5 per cent. under any of the class tests contained within the FCA’s Disclosure Guidance and Transparency Rules
“Maximum Additional Subscription”	the maximum number of Additional GDR Rights that a Holder is prepared to accept in a Primary GDR Rights Offering
“Moscow Exchange”	Public Joint-Stock Company “Moscow Exchange MICEX-RTS”
“Moscow Exchange Admission”	the admission of the GDRs to be issued from time to time to trading on the Moscow Exchange
“MSA”	master services agreement
“MSP”	Managed Service Provider
“MSS”	Managed Security Services
“MSSA”	master subscription services agreement
“NCSD” or “NCPR”	the LLC National Center of Support and Development
“NCSD Financial Statements”	audited financial statements of NCSD as at and for the years ended

31 December 2018, 2019 and 2020, each prepared in accordance with IFRS as issued by the International Accounting Standards Board

“New York Ramification Act”	the law on the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (Ratification) No 84/1979
“Non-IFRS Measures”	Adjusted EBITDA, Adjusted EBITDA margin, adjusted profit, turnover, recurring turnover and any metrics presented on a constant currency basis
“Non-Resident Holder— Individual”	any individual Holder that does not qualify as a Russian Resident Holder
“Non-Resident Holder— Legal Entity”	any legal entity or an organisation that does not qualify as a Russian Resident Holder
“NSD”	the Russian National Settlement Depository
“OECD”	the Organisation for Economic Co-operation and Development
“OFAC”	the U.S. Treasury Department’s Office of Foreign Assets Control
“Offer Price”	\$7.50 per GDR
“Offering”	the offering of the GDRs by the the Company and the Over-allotment Shareholders
“Official List”	the Official List of the FCA
“Oman”	the Sultanate of Oman
“Options”	options over new Shares issued pursuant to the SOP
“Order”	the Financial Services and Market Act (Financial Promotion) Order 2005, as amended
“original market”	Russia
“Over-allotment Option”	the option granted by the Over-allotment Shareholders to the Stabilising Manager, exercisable in the Stabilisation Period, to purchase up to a maximum of 15 per cent. of the total number of the GDRs being sold by the Company in the Offering, solely to cover over-allotments
“Over-allotment GDRs”	GDRs issued pursuant to the Over-allotment Option
“Over-allotment Shareholders”	Softline Group Inc., Da Vinci Private Equity Fund II L.P., Investment Partnership Da Vinci Pre-IPO Fund and Zubr Capital Fund I LP
“periods under review”	years ended 31 March 2019, 2020 and 2021
“PFIC”	a passive foreign investment company
“Pricing Date”	on or about 27 October 2021
“Primary GDR Rights Offering”	any offer of rights by the Depository pursuant to Condition 7(a) of the Deposit Agreement
“Principal Shareholder”	Softline Group Inc. (a company incorporated in the British Virgin Islands, and beneficially owned by Igor Borovikov)
“Principal Shareholder Relationship Agreement”	the relationship agreement entered into between the Company and the Principal Shareholder on 27 October 2021
“Proceedings”	any suit, legal action or proceedings arising out of or related to the Deposited Property, the GDRs, the Conditions or the Deposit Agreement
“Programme”	the Softline Vendor Development Programme

“Prospectus”	this prospectus dated 27 October 2021
“Prospectus Regulation”	Regulation (EU) 2017/1129
“Prospectus Regulation Rules”	prospectus regulation rules of the FCA made in its capacity as the competent authority under Part VI of the FSMA, as amended
“QIB”	a “qualified institutional buyer” within the meaning of Rule 144A
“Qualified Investors”	persons who are “qualified investors” within the meaning of the Prospectus Regulation or the U.K. Prospectus Regulation, as applicable
“R&D”	research and development
“Register”	the books of the Depository maintained for the purpose of keeping a register of the Holders
“Regulations”	U.S. Treasury regulations
“Regulation S”	Regulation S under the Securities Act
“Regulation S GDRs”	GDRs being offered and sold outside the United States
“Related Party Transactions Policy”	the policy adopted by the Company to establish rules and procedures to govern transactions involving situations of conflicts of interest, including transactions between itself or its Subsidiaries and related parties, as defined under IFRS
“Relevant Persons”	Qualified Investors who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Order or who fall within Article 49(2)(a) to (d) of the Order; or (ii) are otherwise persons to whom it may otherwise lawfully be communicated
“Relevant State”	each of the member states of the EEA
“RoC”	Cyprus Registrar of Companies
“RoE”	rest of Eurasia (excluding Russia)
“RPA”	robotic process automation
“Rule 144A”	Rule 144A under the Securities Act
“Rule 144A GDRs”	GDRs being offered and sold within the United States
“Rules”	the Rules of the London Court of International Arbitration
“Russian Resident Holder—Individual”	a Holder who is an individual and is actually present in Russia for a total of 183 calendar days or more in any period comprised of 12 consecutive months
“Russian Resident Holder—Legal Entity”	a Holder which is a legal entity or an organisation and is a Russian legal entity
“Russia” or “Russian Federation”	the Russian Federation
“Russian Government”	the government of the Russian Federation
“Russian Securities Law”	Federal Law No. 39-FZ “On the Securities Market” dated 22 April 1996, as amended
“Russian Tax Code”	the Tax Code of the Russian Federation
“SaaS”	Software-as-a-Service
“SAM”	Software Asset Management
“SDP”	the “Softline Digital Platform”
“SDRT”	Stamp Duty and Stamp Duty Reserve Tax
“SEC”	the U.S. Securities and Exchange Commission

“Securities Act”	the U.S. Securities Act of 1933, as amended
“Sellers”	Mr. Sudhir Kothari and Mrs Radha Kothari, the sellers of Embee
“Senior Management”	the Group’s senior management team
“Shareholders”	owners of Shares
“Shares”	ordinary shares of the Company
“SFA”	the Securities and Futures Act, Chapter 289 of Singapore
“Skoltech”	the Skolkovo Institute of Science and Technology
“SLAs”	service level agreements
“SMB”	small and medium businesses
“SOC”	the security operations centre
“SOP”	the share option plan implemented by the Company on 31 March 2018
“SPLAs”	service provider licensing agreements
“SQL”	structured query language
“Stabilisation Period”	a period of 30 calendar days after the Pricing Date
“Stabilising Manager”	Credit Suisse Bank (Europe) S.A.
“Takeover Panel”	the Panel on Takeovers and Mergers in the United Kingdom
“Termination Date”	the date for termination of the Deposit Agreement
“U.K.” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“U.K. Corporate Governance Code”	the U.K. Corporate Governance Code published by the Financial Reporting Council in July 2018, as amended from time to time
“U.K. MiFIR”	Regulation (EU) 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the EUWA
“U.K. MiFIR Product Governance Rules”	product governance requirements contained within: (a) U.K. MiFIR; and (b) the FCA Handbook Product Intervention and Product Governance Sourcebook
“U.K. Prospectus Regulation”	the Prospectus Regulation, as it forms part of domestic law in the United Kingdom by virtue of EUWA
“U.K. Target Market Assessment”	product approval process which determines that the GDRs are: (i) compatible with an end target market of investors who meet the criteria of eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in U.K. MiFIR; and (ii) eligible for distribution through all distribution channels as are permitted by U.K. MiFIR
“U.S.” or “United States”	the United States of America
“U.S. Holder”	a beneficial owner of the Shares or GDRs as applicable under the U.S. federal income tax purposes
“U.S. Tax Regulations”	U.S. Treasury regulations promulgated under the U.S. Internal Revenue Code of 1986, as amended
“Underwriting Agreement”	the underwriting agreement entered into on the Pricing Date between the Company, the Over-allotment Shareholders and the Managers

“Unsubscribed Rights” . . .	any rights offered in a Primary GDR Rights Offering that have not been subscribed by the Holders initially entitled thereto
“U.S. Dollar” or “\$”	the currency of the United States of America
“VAR”	value added resellers
“VAT”	value added tax
“vendors”	software, hardware and cloud vendors

GLOSSARY OF TECHNICAL TERMS

“ aaS ”	industry-wide acronym referring to something, in the context of cloud computing, being presented to customers as a service, such as Infrastructure-as-a-Service (“ IaaS ”), Platform-as-a-Service (“ PaaS ”) and Software-as-a-Service (“ SaaS ”)
“ account manager ”	a sales professional who has a number of customers (accounts) assigned to them and acts as the main point of contact for customers in their commercial interactions with the Group
“ ActivePlatform ”	the Group’s proprietary, fully automated cloud brokerage platform which is part of SDP and used to manage subscription business for cloud environments and software
“ AEM ”	the Group’s addressable emerging markets, representing the total emerging IT market excluding business process outsourcing and service provider network infrastructure spend
“ AI ”	Artificial Intelligence, the intelligence demonstrated by machines with the use of a machine learning approach, which can be applied to a number of business tasks, replacing or augmenting human efforts
“ APAC ”	Asia Pacific, used by the Group to designate the countries that are on the Pacific coast of Asia, Oceania and India, excluding Russia and Mongolia
“ API ”	Application Programming Interface, a logical interface that defines how different pieces of software interact between themselves using so-called requests or calls
“ AWS ”	Amazon Web Services, a subsidiary of Amazon that provides on-demand cloud computing platforms and APIs to individuals, companies and governments, on a metered pay-as-you-go basis
“ B2B ”	the Group’s customers that are organisations, commercial, non-profit or public sector
“ big data ”	a field that treats ways to analyse, systematically extract information from, or otherwise deal with data sets that are too large or complex to be dealt with by traditional data-processing application software
“ cloud computing ”	a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction
“ CloudMaster ”	the Group’s proprietary multi-cloud management platform which is part of SDP and enables customers to manage their own multi-cloud and hybrid infrastructure
“ CRM ”	Customer Relationship Management, being the information system where an organisation manages its interactions with customers
“ cybersecurity ”	the protection of computer systems and networks from information disclosure, theft of or damage to their hardware, software or electronic data, as well as from the disruption or misdirection of the services they provide
“ developed markets ”	North America, mature EMEA and mature APAC
“ developer ”	a person who writes a computer programme
“ digital transformation ”	the adoption of technology to transform an organisation’s business, which may include (i) the replacement of manual work with digital tools, (ii) the exchange or replacement of paper-based processes with digital information, or (iii) the modernisation of existing technology to significantly improve the efficiency of the business

“e-commerce”	a way of making purchases of tangible and non-tangible goods and services using computer over the internet
“emerging APAC”	India, Malaysia, Vietnam, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, Indonesia, Laos, Myanmar, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand and Timor-Leste
“emerging EMEA”	Albania, Bahrain, Bosnia and Herzegovina, Cyprus, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Malta, Montenegro, North Macedonia, Oman, Qatar, Saudi Arabia, Serbia, Slovenia, Turkey, the United Arab Emirates and more than 30 African countries, including Egypt, Ethiopia, Kenya, Morocco, Nigeria and South Africa
“emerging markets”	Russia, emerging APAC, LATAM, RoE and emerging EMEA
“ERP”	Enterprise Resource Planning, an information system for the integrated management of main business processes
“GDC”	the Global Delivery Centre, a network of delivery centres from which the Group uses to deliver services to its customers around the world
“hybrid cloud”	a combination of on-premises computing resources and public and private off-premises cloud resources
“individual customer”	a person purchasing products for individual private or family use
“IoT”	the “Internet-of-Things”, a term used to describe the network of smart (with embedded software) sensors and actuators that can interact with the outside world by sending sensory information over, and acting on information received from, computer networks
“ITAM”	IT asset management, a set of practices for managing the data centre, workplace computing, and network and software assets of an organisation, including the full lifecycle from purchase through use and utilisation and disposal of assets
“ITIL”	the Information Technology Infrastructure Library, a set of detailed practices for IT activities such as IT service management and IT asset management
“LATAM”	Latin America, defined by the Group as Brazil, Chile, Colombia, Argentina, Belize, Bolivia, Costa Rica, Ecuador, El Salvador, Guyana, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname and Uruguay
“mature APAC”	Greater China, Japan, Korea, Australia and New Zealand
“mature EMEA”	Austria, Belgium, Czech, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United Kingdom
“Microsoft Azure”	cloud computing services offered by Microsoft, which provide IaaS, PaaS, SaaS and support many other tools and third-party products
“ML”	machine learning, being the study of computer algorithms that improve automatically through experience and by the use of data
“MSS”	outsourced monitoring and management of security devices and systems, such as managed firewall, intrusion detection, virtual private network, vulnerability scanning and anti-viral services
“Net Promoter Score”	a score which is calculated based on the answers to the question of whether customers are more or less likely to recommend a product or service
“North America”	the United States and Canada
“other IT specialist”	a specialist that might not be directly involved in service provisioning for customers, but still plays an indispensable technical role in the Group’s operations

“RoE”	Rest of Eurasia, which the Group defines as Armenia, Azerbaijan, Belarus, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkmenistan, Ukraine and Uzbekistan
“sales specialist”	a sales professional who works together with multiple account managers on commercial opportunities, but whose specialisation is a particular product or solution
“SAM”	Software Asset Management, which is a business practice that involves managing and optimising the purchase, deployment, maintenance, utilisation and disposal of software applications within an organisation
“SDP”	the Softline Digital Platform, a digital platform consisting of three interconnected components (ActivePlatform, CloudMaster and parts of the E-commerce platform)
“SOC”	the security operations centre, a facility from which the Group’s computing infrastructure and IT systems are monitored, assessed and defended to help ensure cybersecurity
“Softline Digital Laboratory”	the Group’s unit staffed with IT architects, data scientists and highly skilled developers that monitors the external market for new solutions, builds and assesses new solutions for future productisation and is engaged with the Group’s customers in joint forward-looking meaningful innovation

SCHEDULE OF CHANGES

The registration document published by Softline Holding PLC on 30 September 2021 (the “**Registration Document**”) contained the information required to be included in a registration document for equity securities by Annex 1 to the UK version of Commission Delegated Regulation (EU) 2019/980 (supplementing Regulation (EU) 2017/1129) which is part of UK law by virtue of the EUWA (the “**PR Regulation**”). The Prospectus, which otherwise contains information extracted without material amendment from the Registration Document (except as set out below), also includes information required to be included in a securities note for equity securities as prescribed by Annex 11 to the PR Regulation and summary information for equity securities as prescribed by Article 7 of the UK Prospectus Regulation. The Prospectus updates and replaces in whole the Registration Document. Any equity investor participating in the Offering should invest solely on the basis of the Prospectus, together with any supplement thereto.

This schedule of changes to the Registration Document (the “**Schedule of Changes**”) sets out, refers to or highlights material updates to the Registration Document.

Capitalised terms contained in this Schedule of Changes shall have the meanings given to such terms in the Prospectus unless otherwise defined herein.

Purpose

The purpose of this Schedule of Changes is to:

- (a) highlight material changes made in the Prospectus, as compared to the Registration Document;
- (b) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Securities Note; and
- (c) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Summary.

1. REGISTRATION DOCUMENT CHANGES

- 1.1 The information under the risk factor entitled “*Changes to the Russia-Cyprus DTT could increase the Group’s tax burden, and the Group may encounter difficulties in obtaining lower rates of Russian withholding income tax for dividends distributed from our Russian subsidiaries.*” on page 20 of the Registration Document has been updated in the Prospectus to address the potential tax risk of the GDRs being de-listed from the Moscow Stock Exchange. Please see page 28 of the Prospectus.
- 1.2 The information under the section entitled “*Dividend Policy*” on page 30 of the Registration Document has been updated in the Prospectus to reflect GDR holders’ entitlement to dividends. Please see page 50 of the Prospectus.
- 1.3 The information under the section entitled “*Directors, Management and Corporate Governance*” on page 109 of the Registration Document has been updated in the Prospectus to reflect the LSE Admission (admission of the GDRs to the standard listing segment of the Official List and to trading on the London Stock Exchange’s Main Market) and corporate governance policies following Admission, including the Related Party Transaction Policy, Share Dealing Code and the arrangements with the Principal Shareholder. Please see pages 135 and 136 of the Prospectus.
- 1.4 The information under the section entitled “*Material Contracts*” on page 119 of the Registration Document has been changed to “*Material Contracts and Long Term Incentive Plan*” and that section has updated in the Prospectus to include information on the Underwriting Agreement, Deposit Agreement, the Principle Shareholder Relationship Agreement and the Softline Long Term Incentive Plan (which the Group intends to operate following the Offering). Please see pages 142 to 147 of the Prospectus.
- 1.5 The information under the section entitled “*Description of Share Capital and Certain Requirements of Cypriot Legislation*” on page 123 of the Registration Document has been updated in the Prospectus to include information on share capital reorganisation taken in preparation with Admission. Please see page 150 of the Prospectus.
- 1.6 The information under the section entitled “*General Information*” on page 133 of the Registration Document has been updated in the Prospectus to include information on listing and trading, authorisations, security codes, the GDRs and the Depository. Please see pages 223 and 224 of the Prospectus.

2. SECURITIES NOTE INFORMATION

- 2.1 A new section entitled “*Risks Related to the GDRs and the Trading Market*” has been added into the Prospectus to describe the risks relating to the GDRs and Trading Market, including risks relating to an active trading market or the liquidity of the GDRs, the risk of delisting from the Moscow Stock Exchange, risks to the GDRs trading on more than one market, limited recourse rights that may be available to GDR holders, risks related to the lack of applicability of the U.K. Corporate Governance Code to the GDRs, pre-emption risk, risks related to voting rights and the Deposit Agreement, risks relating to the Group’s Principal Shareholder, dilution risks, dividend risks, and tax risks relevant to the GDRs. Please see pages 28 to 33 of the Prospectus.
- 2.2 A new section entitled “*Important Information About This Prospectus*” has been added into the Prospectus, describing the means through which the investors may effect service of process or obtain judgements with respect to the GDRs. Please see pages 34 to 36 of the Prospectus.
- 2.3 A new section entitled “*The Offering*” has been added into the Prospectus, detailing the type of securities being offered, by whom, to whom and in what time period. Please see pages 45 to 48 of the Prospectus.
- 2.4 A new section entitled “*Use of Proceeds*” has been added into the Prospectus, detailing the use of proceeds from the Offering. Please see page 49 of the Prospectus.
- 2.5 A new section entitled “*Capitalisation and Indebtedness*” has been added into the Prospectus, detailing the capitalisation and indebtedness of the Group. Please see pages 51 and 52 of the Prospectus.
- 2.6 A new section entitled “*Major and Over-allotment Shareholders*” has been added into the Prospectus, which sets out the major shareholders prior to and immediately following the Offering. Please see page 139 of the Prospectus.
- 2.7 The section entitled “*Group Structure*” has been updated to include additional detail about arrangements that were described only in Note 1 of the Consolidated Financial Statements in the Registration Document and the table of significant subsidiaries has been updated from as at 31 March 2021 to be as at the date of this Prospectus. In addition, the nature of the ownership interest of three entities in the table was clarified. Please see pages 140 to 141 of the Prospectus.
- 2.8 A new section entitled “*Terms and Condition of the Global Depositary Receipts*” has been added into the Prospectus, which sets out the terms and conditions of the GDRs. Please see pages 160 to 180 of the Prospectus.
- 2.9 A new section entitled “*Summary of Provisions Relating to the GDRs while in Master Form*” has been added into the Prospectus, which summarises how regulations S and Rule 144A impact the GDRs. Please see pages 181 and 182 of the Prospectus.
- 2.10 A new section entitled “*Description of Arrangements to Safeguard the Rights of the Holders of the GDRs*” has been added into the Prospectus, which sets out the rights of GDR holders. Please see pages 183 to 185 of the Prospectus.
- 2.11 A new section entitled “*Taxation*” has been added into the Prospectus, which includes a discussion of U.S., U.K., Cyprus and Russian tax considerations of an investment in GDRs. Please see pages 186 to 204 of the Prospectus.
- 2.12 A new section entitled “*Plan of Distribution*” has been added into the Prospectus, which details the structure of the offering, underwriting arrangements, stabilisation and lock-up arrangements. Please see pages 205 to 208 of the Prospectus.
- 2.13 A new section entitled “*Selling Restrictions*” has been added into the Prospectus, which sets out the selling restrictions for the GDRs in certain jurisdictions including in the U.S., U.K., European Economic Area, Russia, Switzerland, Canada and Australia. Please see pages 209 to 213 of the Prospectus.
- 2.14 A new section entitled “*Transfer Restrictions*” has been added into the Prospectus, which details the restrictions on transferring the GDRs. Please see pages 214 to 216 of the Prospectus.
- 2.15 A new section entitled “*Settlement and Transfer*” has been added into the Prospectus, which describes how the GDRs are cleared through depository and custodial links. Please see pages 217 to 219 of the Prospectus.
- 2.16 A new section entitled “*Information Relating to the Depository*” has been added into the Prospectus, which describes the Depository. Please see page 220 of the Prospectus.

2.17 A new section entitled “*Legal Matters*” has been added into the Prospectus. Please see page 221 of the Prospectus.

3. SUMMARY INFORMATION

3.1 A new section entitled “*Summary*” has been added into the Prospectus, to reflect the addition of a Summary as required by Article 7 of the UK Prospectus Regulation. Please see pages 1 to 7 of the Prospectus.

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Axion Holding Cyprus Ltd.

Interim condensed consolidated financial statements

For the three months ended 30 June 2021 and 30 June 2020

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Report on review of interim financial information

To the Members of
Axion Holding Cyprus Limited

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Axion Holding Cyprus Limited (the “Company”), and its subsidiaries (the “Group”), which comprise the interim condensed consolidated statement of financial position as at 30 June 2021 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period ended 30 June 2021, and selected explanatory notes (interim financial information). The Board of Directors is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting as adopted by the European Union and*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material aspects, in accordance with IAS 34, *Interim Financial Reporting as adopted by the European Union*.

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

10 September 2021

Axion Holding Cyprus Ltd.
Interim condensed consolidated statement of profit or loss and other comprehensive income
For the three months ended 30 June 2021 and 30 June 2020
(in thousands of US dollars)

	<u>Notes</u>	<u>Three months ended 30 June 2021 (unaudited)</u>	<u>Three months ended 30 June 2020 (unaudited)</u>
Revenue from contracts with customers	16	443,553	349,819
Cost of sales		<u>(381,257)</u>	<u>(301,397)</u>
Gross profit		62,296	48,422
Selling, general and administrative expenses	17	(55,896)	(42,422)
Other income		297	320
Other expenses		<u>(108)</u>	<u>(375)</u>
Operating profit		6,589	5,945
Foreign exchange loss		(771)	(1,372)
Finance income		361	547
Finance costs		<u>(4,279)</u>	<u>(2,596)</u>
Profit before profit tax		1,900	2,524
Income tax expense	18	<u>(552)</u>	<u>(522)</u>
Net profit for the period		<u>1,348</u>	<u>2,002</u>
Attributable to holders of the parent		805	1,786
Non-controlling interests		543	216
Other comprehensive (loss)/income			
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Translation difference		(5,711)	(2,375)
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Share in OCI of a joint venture	5	<u>(11,116)</u>	<u>14,898</u>
Total comprehensive (loss)/income for the period		<u>(15,479)</u>	<u>14,525</u>
Attributable to holders of the parent		(16,048)	13,891
Non-controlling interest		569	634
Earnings per share			
Basic (loss)/earnings per share		(0,01)	0,01
Diluted (loss)/earnings per share		(0,01)	0,01

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Axion Holding Cyprus Ltd.
Interim condensed consolidated statement of financial position
As at 30 June 2021 and as at 31 March 2021
(in thousands of US dollars)

	<u>Notes</u>	<u>30 June 2021 (unaudited)</u>	<u>31 March 2021</u>
Assets			
Non-current assets			
Goodwill	6	48,850	44,307
Intangible assets	6	50,262	44,371
Property and equipment	4	9,798	7,845
Right-of-use assets		12,816	13,751
Investments in joint ventures	5	73,239	120,059
Long term loans issued	10	47	46
Long term deposits		8	—
Deferred tax assets		8,404	7,749
Other non-current assets		2,290	1,691
		<u>205,714</u>	<u>239,819</u>
Current assets			
Advances issued and other current assets	12	42,185	34,070
Tender guarantees and deposits		3,759	4,006
Income tax receivable		6,567	6,201
Software licenses and other inventory	7	39,915	32,352
Trade receivables, net	8	269,810	199,037
Other receivables	9	65,456	24,202
Loans issued	10	4,010	2,723
Cash and cash equivalents	11	78,079	89,615
		<u>509,781</u>	<u>392,206</u>
Total assets		<u>715,495</u>	<u>632,025</u>
Equity			
Share capital	13	1	1
Retained earnings		26,357	10,249
Share premium	13	45,627	45,627
Other reserves	13	(28,728)	(26,270)
Other components of equity		62,685	106,794
Translation reserve		(42,353)	(36,616)
Equity and assets attributable to owners		<u>63,589</u>	<u>99,785</u>
Non-controlling interests		(6,862)	(6,718)
Total equity		<u>56,727</u>	<u>93,067</u>
Non-current liabilities			
Long-term borrowings—third parties	14	87,818	84,420
Long-term lease liabilities		9,715	9,877
Long-term contingent consideration	3 (a), 20	3,166	326
Long-term deferred payment for acquisitions	3 (a)	9,385	9,385
Deferred tax liabilities		3,671	3,596
Long-term tax payable		951	900
		<u>114,706</u>	<u>108,504</u>
Current liabilities			
Short-term borrowings—third parties	14	129,700	100,297
Short-term lease liabilities		4,747	4,905
Short-term contingent consideration	20	1,108	1,509
Contract liabilities	16	43,721	36,066
Income tax payable		1,635	1,992
Short-term deferred payment for acquisitions	3 (a)	12,889	15,181
Trade and other payables	15	333,738	256,894
Other tax payables		16,524	13,610
		<u>544,062</u>	<u>430,454</u>
Total liabilities		<u>658,768</u>	<u>538,958</u>
Total equity and liabilities		<u>715,495</u>	<u>632,025</u>

Ordinary Director
IGOR BOROVNIKOV

Series A Director
OLEG ZHELEZKO

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Axion Holding Cyprus Ltd.
Interim condensed consolidated statement of cash flows
For the three months ended 30 June 2021 and 30 June 2020
(in thousands of US dollars)

	Notes	Three months ended 30 June 2021 (unaudited)	Three months ended 30 June 2020 (unaudited)
Operating activities			
Profit before profit tax		1,900	2,524
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortization		4,887	3,291
Foreign exchange loss		771	1,372
Inventory write-off to net realizable value	7	24	(202)
Expected credit losses		346	1,283
Finance costs		4,279	2,596
Finance income		(361)	(547)
Share-based payments		18	135
Other non-cash transactions		(75)	(3)
Operating profit before working capital changes		11,789	10,449
<i>Working capital adjustments:</i>			
(Increase) in software licenses and other inventory		(11,983)	(4,278)
(Increase) in advances issued, trade and other receivables		(90,072)	(80,583)
Increase in contract liabilities, trade and other payables		88,239	69,414
Cash used in operations		(2,027)	(4,998)
Income tax paid		(429)	(199)
Net cash used in operating activities		(2,456)	(5,197)
Investing activities			
Acquisition of subsidiaries, net of cash acquired	3 (a)	(10,021)	—
Disposal of subsidiaries	3 (b)	(1,402)	—
Purchase of property, plant and equipment	4	(2,726)	(216)
Purchases of intangible assets, including amounts of costs capitalized	6	(2,495)	(1,303)
Loans issued		(14,187)	(6,590)
Interest received (loans and deposits)		200	244
Loans collected		12,062	41
Net cash used in investing activities		(18,569)	(7,824)
Cash flows from financing activities			
Repayment of borrowings	19	(100,966)	(44,602)
Proceeds from borrowings	19	121,462	69,853
Overdrafts and revolving credit lines cash turnover, net		(362)	1,856
Payment of principal portion of lease liabilities	19	(2,047)	(1,547)
Interest paid (borrowings and finance lease)		(4,281)	(1,727)
Acquisition of non-controlling interests	13	(2,707)	—
Net cash from financing activities		11,099	23,833
Foreign exchange difference		(1,610)	(1,652)
Net (decrease)/increase in cash and cash equivalents		(11,536)	9,160
Cash in banks and on hand at beginning of period		89,615	54,979
Cash in banks and on hand at end of period	11	78,079	64,139

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Axion Holding Cyprus Ltd.

**Interim condensed consolidated statement of changes in equity
For the three months ended 30 June 2021, and 30 June 2020**

(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 Sofline	Non-controlling interests	Total equity
Balance as at 1 April 2021	1	10,249	45,627	(26,270)	4,458	102,336	(36,616)	99,785	(6,718)	93,067
Profit for the period	—	805	—	—	—	—	—	805	543	1,348
Share in OCI of a joint venture (Note 5)	—	—	—	—	—	(11,116)	—	(11,116)	—	(11,116)
Exchange loss on translation of foreign operations	—	—	—	—	—	—	(5,737)	(5,737)	26	(5,711)
Total comprehensive income/(loss)	—	805	—	—	—	(11,116)	(5,737)	(16,048)	569	(15,479)
Subsidiary disposal (Note 13)	—	(17,690)	—	—	—	—	—	(17,690)	(489)	(18,179)
Reclassification of OCI to retained earnings (Note 5)	—	32,993	—	—	—	(32,993)	—	—	—	—
Share-based payments	—	—	—	18	—	—	—	18	—	18
Acquisition of subsidiary (Note 13)	—	—	—	—	—	—	—	—	7	7
Acquisition of non-controlling interest (Note 13)	—	—	—	(2,476)	—	—	—	(2,476)	(231)	(2,707)
Balance as at 30 June 2021 (unaudited)	1	26,357	45,627	(28,728)	4,458	58,227	(42,353)	63,589	(6,862)	56,727
Balance as at 1 April 2020	1	53,815	45,627	(26,634)	4,458	16,843	(37,439)	56,671	(7,781)	48,890
Profit for the period	—	1,786	—	—	—	—	—	1,786	216	2,002
Exchange loss on translation of foreign operations	—	—	—	—	—	—	(2,793)	(2,793)	418	(2,375)
Share in OCI of a joint venture (Note 5)	—	—	—	—	—	14,898	—	14,898	—	14,898
Total comprehensive income/(loss)	—	1,786	—	—	—	14,898	(2,793)	13,891	634	14,525
Balance as at 30 June 2020 (unaudited)	1	55,601	45,627	(26,634)	4,458	31,741	(40,232)	70,562	(7,147)	63,415

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements
(in thousands of US dollars)

1. Corporate information

The interim condensed consolidated financial statements of Axion Holding Cyprus Ltd. (“the Company”) and its subsidiaries (collectively, “the Group”) for three months period ended 30 June 2021 were authorized for issue in accordance with an unanimous written resolution of the Board of Directors on 10 September 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 Chairman of the Board of Directors. Subsequent to that, the Group has no ultimate controlling party.

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

The Company concluded an agreement, which would allow conversion of a fixed amount of Lagembor shares held by Zubr into fixed amount of the Company’s shares in the event of its filing for an IPO. This was accounted for as equity instrument. See also Note 13.

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

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 secures for its customers various types of infrastructure required for digital transformation. The Group’s portfolio is based on its comprehensive global relationships with major IT technology providers and includes solutions to facilitate customer transition to or management of public and private clouds, management and development of the software estate and hardware provisioning.

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

- Software & Cloud, comprising (i) software offerings, which incorporate traditional on-premises licensing and modern subscription agreements for a full range of software products, including operating systems, virtualization, 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, Cloud Master.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

1. Corporate information (Continued)

- Hardware, offering advice, design, resale, lease, hardware-as-a-service, installation and support for a full range of workplace, data center 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. The Group can settle its liabilities by means of cash generated from operations, unused portion of committed credit facilities in the amount of \$70,187 (refer to Note 14), new borrowings and highly liquid investments in Crayon shares with the fair value of \$73,145 (refer to Note 5) and accounts receivable as a distribution from its investment in a joint venture in the amount of \$36,165 (refer to Note 5) as at 30 June 2021.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

1. Corporate information (Continued)

The consolidated financial statements of the Group for the period ended 30 June 2021 include the following significant subsidiaries:

Legal entities	Business activity	Country of incorporation	Effective ownership interest**		
			As at 30 June 2021*	As at 31 March 2021	As at 31 March 2020
Softline Group Ltd	Management company	United Kingdom	100%	100%	—
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	70%	53.17%	53.17%
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 SLL, 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 (HO AHO)					
SoftLine Education	Educational services	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%
Novakom Group Ltd	Software development	Belorussia	100%	100%	100%
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 International 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%
Softline International Brasil Comercio e Licenciamento de Software Ltda	Sales of software	Brazil	100%	100%	100%
ActiveHost Ltd**	Cloud services	Cyprus	51%	34.17%	34.17%
ActiveHost RU LLC**	Cloud services	Russia	51%	34.17%	34.17%
ActiveCloud Development LLC**	Cloud services	Russia	51%	34.17%	34.17%
Activnic tehnologii LLC**	Cloud services	Belorussia	51%	34.17%	34.17%
Active technologies LLC**	Cloud services	Belorussia	51%	34.17%	34.17%
Freshstore LLL	Sales of software	Russia	100%	100%	100%
High Technology center LLC	Services	Russia	100%	100%	100%
EMBEE SOFTWARE PRIVATE LIMITED	Sales of software	India	95%	95%	—
Aplana Software, Inc	Services	Russia	100%	100%	—
Aplana International projects LLC	Services	Russia	100%	90%	—
Software Development Center LLC	Services	Russia	100%	100%	—
Softline AG	Services	Germany	63%	63%	—
Softline Solutions B.V	Services	Netherlands	63%	63%	—
Softline Solutions Ltd	Services	United Kingdom	63%	63%	—

* Softline Trade CJSC is owned by the shareholder of the Group. Consolidated based on option agreement to acquire control over the company entered into on 1 April 2015 and re-signed on 28 March 2018 (See Note 5, Note 24).

** Some Group entities are controlled by the Group indirectly through a chain of subsidiaries thus effective interest is 51% except for 70% in SoftLineBel Ltd at June 30, 2021 (34.17% and 53.17% in SoftLineBel Ltd respectively at March 31, 2021, see Note 13).

During the 3 months ended 30 June 2021 the Group acquired the new subsidiary NCPR and disposed of three of its subsidiaries ETMC Exponenta Ltd, Aflex Distribution LLC and SL Management Aps as part of legal reorganization (see Note 3 and Note 13).

Information on related parties transactions is presented in Note 22.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

2. Basis of preparation and changes to the Group's accounting policies

General

The interim condensed consolidated financial statements for the three months ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting as adopted by the European Union*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 March 2021. These interim condensed consolidated financial statements have been prepared on a historical cost basis except when otherwise stated further.

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

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform—Phase II: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB issued amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments as well as IFRS 4 Insurance Contracts and IFRS 16 Leases named Interest Rate Benchmark Reform—Phase II. The amendments are effective on or after January 1, 2021.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Amendments to IFRS 4 Insurance Contracts—deferral of IFRS 9 (issued on 25 June 2020)

Currently, under IFRS 4 Insurance Contracts, the effective date to apply IFRS 9, for the temporary exemption from IFRS 9, is 1 January 2021.

The Exposure Draft on the Amendments to IFRS 17 that was issued in May 2019, proposed to extend the temporary exemption from IFRS 9 by one year. Subsequently, based on the IASB's re-deliberations, the effective date of IFRS 9 has been extended further to 1 January 2023 in order to align with the effective date of IFRS 17 Insurance Contracts

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

Standards issued but not yet effective

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020)

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

2. Basis of preparation and changes to the Group's accounting policies (Continued)

The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.

- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

All amendments are effective for the periods beginning after 1 January 2022.

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

3. Business combinations, acquisitions and disposals

(a) Acquisitions in three months ended 30 June 2021

(i) Acquisition of NCPR

On 23 April 2021 in exchange for \$7,343 deferred payment and \$2,860 contingent liabilities linked to the performance of the acquired company, the Group entered into sales and purchase agreement on 99,9% of the shares in charter capital of National support and development center, LLC (hereinafter NCPR). NCPR is a private company with the headquarters in Moscow, specializes in the field of open and secure information technologies. NCPR is the official representative of Alfresco in the Russian Federation and is authorized to enter into a partnership agreement with its clients. Alfresco Software is a developer of open source software products focused on information resource management, often chosen as an alternative to the well-known commercial solutions of the industrial level in the market of ECM (Enterprise Content Management) and BPM (Business Process Management) from IBM, Open Text, Oracle and Microsoft.

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

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

3. Business combinations, acquisitions and disposals (Continued)

	<u>23 April 2021</u>
Assets	
Intangible assets	4,091
Software licenses and other inventory	3
Trade and other receivables	3,539
Cash and short term deposits	8
Deferred tax assets	15
Advances issued and other current assets	44
	<u>7,700</u>
Liabilities	
Trade and other payables	(50)
Deferred tax liabilities	(123)
Short-term borrowings	(723)
	<u>(896)</u>
Total identifiable net assets at fair value	6,804
Goodwill arising on acquisition	<u>3,406</u>
Non-controlling interest	7
Deferred consideration for acquisition	7,343
Contingent consideration for acquisition	<u>2,860</u>

During three months ended 30 June 2021 there was no any cash consideration paid for acquisition of NCPR. The goodwill of \$6,804 arising from the Group's acquisition of NCPR represents the expected benefits from acquiring the official representative of Alfresco in Russia. The Group acquired NCPR as a part of RF segment. The fair value of the trade and other receivables amounts to \$3,539. The gross amount of trade and other receivables is \$4,016 and it is expected that the full contractual amounts can be collected.

Intangible assets arising from acquisition are mainly represented by internally-developed content management system MSVSphere in the amount of \$4,091 with the useful life of 6 years.

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

(ii) Redemption of deferred payments and contingent consideration for acquisitions

On 8 April 2021 the Group repaid deferred consideration for acquisition of Softline AG in the amount of \$9,38.

On 8 June 2021 the Group repaid contingent consideration for acquisition of Aplana Group in the amount of \$583.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

3. Business combinations, acquisitions and disposals (Continued)

(b) Reorganizations under common control

(i) Consolidation of other subsidiaries

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

<u>Legal entities</u>	<u>Country of incorporation</u>	<u>As at 30 June 2021</u>	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
ETMC Exponenta Ltd	Russia	—	70%	70%
Softline Platforms LLC*	Russia	100%	100%	100%
Aflex Distribution LLC	Russia	—	100%	100%
Skysoft Victory LLC**	Russia	—	—	100%
Softline Intergration LLC	Russia	100%	100%	100%
Softline Projects LLC	Russia	100%	100%	100%
Novacom Group Ltd	Belorussia	100%	100%	100%

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

** Disposed on 31 March 2021

On 30 June 2021 and 19 April 2021 respectively the Group terminated the option agreements with the controlling shareholders of ETMC Exponenta Ltd and Aflex Distribution LLC and derecognised net identifiable assets in the amount of \$11,139 and \$1,038 respectively, reducing consolidated retained earnings of the Group as distribution to shareholders. Net cash decrease due to termination of the acquisition agreements is recognised in amount of \$1,252.

Carrying value of derecognised assets

	<u>ETMC Exponenta Ltd 30 June 2021</u>	<u>Aflex Distribution LLC 19 April 2021</u>
Assets		
Property and equipment	69	6
Intangible assets	1	—
Software licenses and other inventory	205	108
Cash and short term deposits	1,077	175
Loans issued	857	319
Advances issued and other current assets	20	39
Trade and other receivables	<u>7,400</u>	<u>852</u>
	9,629	1,499
Liabilities		
Trade and other payables	(1,372)	(218)
Short-term borrowings	<u>—</u>	<u>(243)</u>
	(1,372)	(461)
Non-controlling interest	<u>489</u>	<u>—</u>
Total identifiable net assets at carrying value	8,746	1,038
Recognition of loans issued to the Group as of disposal date	2,393	—
Effect of derecognition of subsidiaries	<u>11,139</u>	<u>1,038</u>

As at the date of disposal, the Group recognized borrowings of \$2,393 to the related party, disclosed in Note 22.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

3. Business combinations, acquisitions and disposals (Continued)

(ii) Disposal of subsidiary

On 25 June 2021 the Group sold its 100% interest in SL Management Aps, for a cash consideration of 17 EURO to the Group's related party as part of legal Group reorganization. The carrying value of net identifiable assets disposed of (refer to the table below) in the amount of \$6,002 were recognised as a decrease of retained earnings in the interim condensed consolidated statement of changes in equity at 30 June 2021 as distribution to shareholders within transaction under common control. Net cash decrease due to disposal of subsidiary is recognised in amount of \$150.

Carrying value recognised on disposal

	25 June 2021
Assets	
Software licenses and other inventory	4,085
Cash and short-term deposits	167
Loans issued	1,435
Trade and other receivables	315
Total identifiable net assets disposed at carrying value	6,002

4. Property and equipment

During the three months ended June 30, 2021, the Group acquired property and equipment with a cost of \$ 2,726 (June 30, 2020: \$216). The most significant acquisitions were in Moscow and Peru. In Moscow there was a purchase of office equipment (mainly computers) and in Peru—a purchase of communication equipment.

5. Investments in joint ventures

	30 June 2021	31 March 2021
BidCo	73,145	119,954
Other joint ventures	94	105
	73,239	120,059

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 30 June 2021.

The Group's interest in BidCo is accounted for using the equity method 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). 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.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

5. Investments in joint ventures (Continued)

In June 2021 it was agreed between the shareholders of BidCo to sell 8,400,000 shares of Crayon and distribute the funds between investors. The sale includes the Group's effective share of 2,664,278 Crayon shares. The shares were sold on 30 June 2021 for \$114,021 cash consideration with a discount of 8% to the current market price. OCI on shares sold in the amount of \$32,993 accumulated previously in the Group's financial statements was reclassified to retained earnings as at 30 June 2021. Accounts receivable which represent distribution from BidCo arising as a result of the transaction as at 30 June 2021 amounted to \$36,165.

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

Following the sale, the Group continued to account for the interest in BidCo using the equity method in its consolidated financial statements.

For the three months ended 30 June 2021 the Group recognised in Other comprehensive income and loss \$11,116 loss of share in OCI of a joint venture (\$14,898 of income for the three months ended 30 June 2020).

Below is the movement of investment in BidCo for the 3 months ended 30 June 2021:

	<u>2021</u>	<u>2020</u>
Balance as at 31 March	119,954	34,461
Share in OCI of a joint venture	(11,116)	14,898
Share in distribution	<u>(35,693)</u>	<u>—</u>
Balance as at 30 June	<u>73,145</u>	<u>49,359</u>

6. Intangible assets and goodwill

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

	<u>Goodwill</u>
Gross carrying amount	
At 1 April 2021	44,307
Acquisition of a subsidiary	3,406
Translation difference	<u>1,137</u>
At 30 June 2021	<u>48,850</u>
Net book value	
At 1 April 2021	44,307
At 30 June 2021	<u>48,850</u>

During the three months period ended 30 June 2021, the Group capitalized software development costs and otherwise acquired intangible assets with a cost of \$2,495 (30 June 2020: \$1,303).

During the three months period ended 30 June 2021 the Group recognised goodwill from acquisition of NCPR the amount of \$3,406 (30 June 2020: nil), and intangible assets in amount of \$4,091 (30 June 2020: nil).

For the three months period ended 30 June 2021 and 30 June 2020, the Group did not identify any indicators of goodwill impairment.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

7. Software licenses and other inventory

	<u>30 June 2021</u>	<u>31 March 2021</u>
Software for resale (at lower cost or net realizable value)	29,852	25,303
Hardware for resale (at lower cost or net realizable value)	8,542	5,595
Materials (at lower cost or net realizable value)	<u>1,521</u>	<u>1,454</u>
Total inventories	<u>39,915</u>	<u>32,352</u>

During the three months period ended 30 June 2021, \$24 was recognised as an expense for inventories write-off (\$202 of income during the three months ended 30 June 2020). It was included in cost of sales in Consolidated statement of profit or loss and other comprehensive income.

8. Trade receivables

	<u>30 June 2021</u>	<u>31 March 2021</u>
Receivables from third-party customers	279,257	209,277
Receivables from related parties (Note 22)	<u>1,383</u>	<u>34</u>
	280,640	209,311
Less: allowance for expected credit losses	<u>(10,830)</u>	<u>(10,274)</u>
	<u>269,810</u>	<u>199,037</u>

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

	<u>Three months ended June 30, 2021</u>	<u>Three months ended June 30, 2020</u>
At the beginning of the period	(10,274)	(7,591)
Expected credit losses (Note 17)	(346)	(1,283)
Write-offs	—	268
Translation difference	<u>(210)</u>	<u>(471)</u>
As at the end of the period	<u>(10,830)</u>	<u>(9,077)</u>

As at 30 June the aging analysis of trade receivables is, as follows:

	<u>Total</u>	<u>Neither past due nor impaired</u>	<u>Past due but not impaired</u>				
			<u><30 days</u>	<u>30–60 days</u>	<u>60–90 days</u>	<u>90–180 days</u>	<u>>181 days</u>
As at June 30, 2021	269,810	205,122	37,502	10,705	7,797	5,031	3,653
As at March 31, 2021	199,037	134,018	35,419	13,928	6,415	4,402	4,855

9. Other receivables

	<u>30 June 2021</u>	<u>31 March 2021</u>
Other taxes receivable	28,107	23,092
Other receivables from related parties (Note 22)	36,165	—
Interest receivable	1,163	1,050
Receivables from employees	<u>21</u>	<u>60</u>
	<u>65,456</u>	<u>24,202</u>

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

10. Loans issued

	<u>30 June 2021</u>	<u>31 March 2021</u>
Other long-term loans	47	46
Total long-term	<u>47</u>	<u>46</u>
Short-term loans issued to related parties (Note 22)	2,960	1,549
Other short-term loans	1,050	1,174
Total short-term	<u>4,010</u>	<u>2,723</u>
	<u>4,057</u>	<u>2,769</u>

11. Cash and cash equivalents

	<u>30 June 2021</u>	<u>31 March 2021</u>
Short-term deposits	28,915	21,074
Cash in banks, including	45,590	64,441
<i>In Russian rubles</i>	28,739	3,916
<i>In USD</i>	13,657	12,334
<i>In other currencies</i>	3,194	48,191
Cash on hand	218	202
Restricted cash	3,330	3,898
Cash equivalents	26	—
	<u>78,079</u>	<u>89,615</u>

Restricted cash is mainly presented by fixed deposit in India as a guarantee for a credit line.

12. Advances issued and other current assets

	<u>30 June 2021</u>	<u>31 March 2021</u>
Advances issued	34,054	23,859
Advances and other receivables to related parties (Note 22)	642	700
Work-in-progress	454	65
Advances under agreements with subcontractors	7,035	9,446
	<u>42,185</u>	<u>34,070</u>

13. Share capital and other components of equity

Number of shares issued and outstanding as of:

	<u>30 June 2021</u>	<u>31 March 2021</u>
Ordinary shares at \$0,01 each	95,938	97,364
Series A Redeemable Preferred Shares of \$0,01 each	11,068	6,790
Series A Non-redeemable Preferred Shares of \$0,01 each	17,864	16,438
Total number of shares	<u>124,870</u>	<u>120,592</u>
Total shares issued and outstanding	<u>124,870</u>	<u>120,592</u>

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

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

13. Share capital and other components of equity (Continued)

of shares transferred approximates the nominal value. This led to the raise in the amount of share capital by \$0.05 and the reduction in the amount of other components of equity by \$2,476.

During the 3 months ended 30 June 2021 the Group disposed one subsidiary for the nominal consideration to the related party under common control and for two others terminated the acquisition agreements with the controlling shareholders (see Note 3). These transactions led to the reduction in equity attributable to the shareholders of the Company by \$17,690 and reduction in non-controlling interest by \$489 (please refer to the Interim condensed consolidated statement of changes in equity).

14. Interest bearing borrowings and loans

	<u>Effective interest rate</u>	<u>Maturities of debt</u>	<u>30 June 2021</u>	<u>31 March 2021</u>
<i>In Russian rubles</i>				
Bonds	8,9–11,00%	December 2023	94,473	90,391
Sberbank	6,74%	December 2021	31,283	22,456
Alfa-Bank	6,00%	August 2021	31,780	26,419
RosBank	6,73%	April 2022	5,527	—
Raiffaisenbank	6,00%	November 2021	6,701	6,407
Gazprombank	6,10%	July 2021	8,290	7,926
Corporate lenders	7–10%	December 2021	2,648	931
<i>In EUR</i>				
International Investment bank	3,25%	December 2027	9,646	9,643
OTP Bank	EURIBOR+1,45%	May 2021	—	219
RaiffeisenBank	Euribor +2,10%	September 2021	96	—
<i>In USD</i>				
Banks and financial institutions	1–9%	October 2021	12,510	9,776
<i>In INR</i>				
Tata Capital Finance Service Ltd	11%	February 2022	3,265	4,138
ICICI BANK	I-MCLR+1.7%	July 2021	489	410
AXIS BANK	8,6%	August 2021	1,348	1,371
Corporate lenders	10,23–10,65%	December 2021	7,151	2,433
<i>In BRL</i>				
BANCO CITIBANK S.A	8,5%	September 2021	625	530
<i>In COP</i>				
Banks	5,58–11,25%	February 2022	1,506	1,057
<i>In other currencies</i>				
Banks and financial institutions	2–29%	February 2022	180	610
Long-term borrowings			87,818	84,420
Short-term borrowings and current portion of long-term debt			129,700	100,297
Total			<u>217,518</u>	<u>184,717</u>

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 30 June 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

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
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14. Interest bearing borrowings and loans (Continued)

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 30 June 2021 was \$94,473. The long-term portion is \$78,812 and the short-term portion is \$15,661.

The unused portion under all credit facilities as of 30 June 2021 was \$70,187 (as of 31 March 2021 was \$55,679).

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

- Total amount of credit line in Sberbank is \$55,270. The first agreement for the amount of \$27,635 with interest 6,74% is valid until 24 February 2023. The second agreement for the amount of \$27,635 is valid until 30 March 2023 with the interest rate to be determined separately for each tranche;
- Total amount of credit line in Alfa-Bank is \$35,925 with interest 7,84%. The agreement is valid until 31 December 2023;
- Total amount of credit line in International Investment Bank is \$26,562 with interest 3,25%. The agreement is valid until 02 December 2027
- Total amount of credit line in Gazprombank is \$13,817 with maximum interest 15%. The agreement is valid until 26 July 2021;
- Total amount of credit line in Raiffaisenbank is \$11,054 with interest MosPrime+individual interest rate. The agreement is valid until 30 December 2022.

As of 30 June 2021 and 31 March 2021 the Group was in compliance with all major Group's restrictive financial and non-financial covenants.

15. Trade and other payables

	30 June 2021	31 March 2021
Trade payables	300,073	229,844
Payable to employees	12,480	11,653
Provision for unused vacation	7,818	7,265
Payables for non-current assets	1,585	1,713
Related parties (Note 22)	3,348	693
Other payables	8,434	5,726
	333,738	256,894

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.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

16. Revenue from contracts with customers

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

	Three months ended 30 June 2021	Three months ended 30 June 2020
Sales of software and cloud	385,396	301,381
Sales of hardware	32,739	43,075
Sales of services	25,418	5,363
	<u>443,553</u>	<u>349,819</u>

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

Historically, the Group has benefited from the sales and marketing drive that has been generated by Microsoft sales representatives in the second quarter of the calendar year leading up to Microsoft’s financial year end on 30 June. Sales in the third quarter of the calendar year tend to be lower than other quarters due to the general reduction in activity resulting from summer holiday schedules. In the fourth quarter of the calendar year, the Group typically experiences higher sales as many customers complete their IT purchases in advance of their fiscal year end of 31 December. For the three months ended June 30, 2021 57% (for three months period ended 30 June 2020—54%) 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 2021 are expected to be recognized as revenue in 2021.

At least 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.

17. Selling, general and administrative expenses

Average number of employees during three months period ended 30 June 2021 amounted to 5,925 (for three months period ended 30 June 2020—5,134)

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

17. Selling, general and administrative expenses (Continued)

	<u>30 June 2021</u>	<u>30 June 2020</u>
Compensation to employees	39,302	28,431
Depreciation and amortisation	4,887	3,291
Payroll taxes	4,162	3,775
Legal services	1,887	920
Bank, payments and other related commissions	826	892
Short-term lease and maintenance	820	1,109
Business trips	565	230
Professional services	539	548
Training and entertainment	379	300
Transportation	303	231
Expected credit losses	346	1,283
Communication	238	225
Advertising and marketing	167	19
Other taxes	152	157
Materials	35	613
Other	<u>1,288</u>	<u>398</u>
	<u>55,896</u>	<u>42,422</u>

18. 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—31%, Argentina—30%, Peru—29.5%, Chile—27%, India—25.168%, Malaysia—24%, Vietnam and Thailand—20%.

The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	<u>For the three months ended 30 June 2021</u>	<u>For the three months ended 30 June 2020</u>
Current income tax	(833)	(955)
Deferred tax		
Relating to origination and reversal of temporary differences	<u>281</u>	<u>433</u>
Income tax expense reported in the statement of profit or loss and other comprehensive income	<u>(552)</u>	<u>(522)</u>

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
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19. Financial instruments

The Group's financial instruments as of 30 June 2021, 31 March 2021 are presented by category in the table below:

	Category*	30 June 2021	31 March 2021
Financial assets			
Long term loan issued	FAAC	47	46
Long-term receivables under finance lease	FAAC	2,033	1,418
Trade and other receivables	FAAC	335,266	223,239
Loans issued	FAAC	4,010	2,723
Cash and cash equivalents	FAAC	<u>78,079</u>	<u>89,615</u>
Total financial assets		<u>419,435</u>	<u>317,041</u>
Current		417,355	315,577
Non-current		2,080	1,464
Financial liabilities			
Long-term borrowings—third parties	FLAC	87,818	84,420
Long-term lease liabilities	FLAC	9,715	9,877
Interest bearing borrowings and loans	FLAC	129,700	100,297
Short-term lease liabilities	FLAC	4,747	4,905
Trade and other accounts payable	FLAC	<u>372,520</u>	<u>290,860</u>
Total financial liabilities		<u>604,500</u>	<u>490,359</u>
Current		506,967	396,062
Non-current		97,533	94,297

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

- * FAAC—financial assets at amortized cost;
- * 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.

Changes in liabilities arising from financing activities

	As at 1 April 2021	Cash flows	Foreign exchange movement	New leases	Other	As at 30 June 2021
Current interest bearing borrowings and loans	100,297	20,496	(437)	—	9,344	129,700
Current lease liabilities	4,905	(2,047)	(216)	346	1,759	4,747
Non-current interest bearing borrowings and loans	84,420	—	—	—	3,398	87,818
Non-current lease liabilities	<u>9,877</u>	<u>—</u>	<u>—</u>	<u>643</u>	<u>(805)</u>	<u>9,715</u>
Total liabilities from financing activities	<u>199,499</u>	<u>18,449</u>	<u>(653)</u>	<u>989</u>	<u>13,696</u>	<u>231,980</u>

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

19. Financial instruments (Continued)

	<u>As at 1 April 2020</u>	<u>Cash flows</u>	<u>Foreign exchange movement</u>	<u>New leases</u>	<u>Other</u>	<u>As at 30 June 2020</u>
Current interest-bearing loans and borrowings	88,295	25,251	82	—	(9,779)	103,849
Current lease liabilities	7,341	(1,547)	587	343	875	7,599
Non-current interest-bearing loans and borrowings	4,521	—	—	—	22,004	26,525
Non-current lease liabilities	<u>7,027</u>	<u>—</u>	<u>—</u>	<u>637</u>	<u>(326)</u>	<u>7,338</u>
Total liabilities from financing activities .	<u>107,184</u>	<u>23,704</u>	<u>669</u>	<u>980</u>	<u>12,774</u>	<u>145,311</u>

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.

20. Contingent liabilities and other risks

Contingent consideration for acquisitions

The Group’s contingent consideration, amounted to \$4,274 at 30 June 2021 (\$1,835 at 31 March 2021) represents an assessed amount of future payments for subsidiaries acquisition (refer to Note 3 “Business combinations, acquisitions and disposals”).

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

	<u>NCPR</u>	<u>EMBEE</u>	<u>Aplana</u>	<u>HTC</u>	<u>SL Brazil</u>	<u>Total</u>
As at 31 March 2020	<u>—</u>	<u>—</u>	<u>—</u>	<u>261</u>	<u>512</u>	<u>773</u>
Aplana acquisition	—	—	557	—	—	557
EMBEE acquisition	—	550	—	—	—	550
Translation difference	—	—	—	7	(52)	(45)
As at 31 March 2021	<u>—</u>	<u>550</u>	<u>557</u>	<u>268</u>	<u>460</u>	<u>1,835</u>
Aplana redemption	—	—	(583)	—	—	(583)
NCPR acquisition (Note 3)	2,860	—	—	—	—	2,860
Translation difference	80	(20)	26	12	64	162
As at 30 June 2021	<u>2,940</u>	<u>530</u>	<u>—</u>	<u>280</u>	<u>524</u>	<u>4,274</u>

A contingent consideration arised from Aplana acquisition was fully repaid in cash in June 2021.

Operating environment and economic risks

The Group is heavily exposed to the operating environment in the Russian Federation and other emerging markets with similar characteristics 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 average dollar exchange rate in 2021 is expected to be about 75 rubles.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

20. Contingent liabilities and other risks (Continued)

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.

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 characteristics 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 30 June 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 30 June 2021, the Group has paid or accrued all taxes that are applicable.

However, the interpretation of the relevant authorities could differ and as of 30 June 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 \$15,037, 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

As at 30 June 2021 and 31 March 2021 the Group had no guarantees issued to third or related parties.

21. Commitments

As at 30 June 2021 and 31 March 2021 the Group had no material commitments.

22. 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.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

22. Related party balances and transactions (Continued)

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

	<u>Shareholders</u>	<u>Entities with significant influence over the Group</u>	<u>Key management personnel</u>	<u>Total related party balances/ transactions</u>
Balances as at 30 June 2021				
Loans issued	—	2,960	—	2,960
Advances issued and receivables from other operations	—	642	—	642
Other receivables	—	36,165	—	36,165
Trade receivables	—	1,383	—	1,383
Contract liabilities to related party	—	(4)	—	(4)
Short-term borrowings	—	(3,783)	—	(3,783)
Trade and other payables	—	(3,271)	(77)	(3,348)
Transactions for the three months period ended 30 June 2021				
Sales	—	504	—	504
Purchases	—	(54)	—	(54)
Payroll expenses	(31)	—	(794)	(825)
Professional services	—	(14)	—	(14)
Profit distribution	(54)	—	—	(54)
Finance income	—	84	—	84
Finance expenses	—	(74)	—	(74)
Balances as at 31 March 2021				
Loans issued	—	1,549	—	1,549
Advances issued and receivables from other operations	—	700	—	700
Trade receivables	—	34	—	34
Contract liabilities to related party	—	(4)	—	(4)
Short-term borrowings	—	(913)	—	(913)
Trade and other payables	—	(655)	(38)	(693)
Transactions for the three months period ended 30 June 2020				
Sales	—	18	—	18
Purchases	—	(146)	—	(146)
Payroll expenses	(213)	—	(578)	(791)
Professional services	—	(26)	—	(26)
Profit distribution	(220)	—	—	(220)
Finance income	—	110	—	110

Other receivables as of June 30, 2021 increased due to the profit distribution from the Group's joint venture BidCo (see Note 5 for more details).

Loans issued, short-term borrowings, trade receivables and trade payables as of June 30, 2021 increased due to the disposal of the Group's subsidiaries ETMC Exponenta Ltd, Aflex Distribution LLC and Softline Management ApS (see Note 3 for more details).

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

22. Related party balances and transactions (Continued)

For the three months period ended 30 June 2021 compensation paid to the Group's management (salary and other short-term employee benefits) amounted of \$794 (30 June 2020: \$578).

23. 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 three months ended 30 June 2021.

24. Events after the reporting period

The Group evaluated subsequent events for these interim condensed consolidated financial statements through the date when the financial statements were issued 10 September 2021.

In July 2021 the Group received \$14,406 paid in cash out of \$36,165 accounts receivable representing distribution from its joint venture BidCo as at 30 June 2021 (see Note 5).

In July 2021 the Group obtained control through acquisition of 75% of share capital in Belitsoft, Belarusian legal entity which develops financial, custom, e-learning and healthcare software. The Group has also agreed to acquire the remaining stake of 25% in the year ending 31 March 2026. At the date of authorization of the interim condensed financial statements the initial purchase price allocation is yet incomplete as fair value of net assets identified can not be assessed accurately.

In July 2021 the Group signed a share purchase agreement to acquire operations of Squalio's licensing business in Belarus, Lithuania and Latvia, a leading IT solutions provider operating predominantly across Eastern Europe and with a customer footprint in Western Europe and other geographies.

The transaction structure provides that the Group will retain control of Squalio's licensing business operations.

At the date of authorization of the interim condensed financial statements the initial purchase price allocation is yet incomplete as fair value of net assets identified can not be assessed accurately.

In August 2021 the Group obtained control through acquisition of 51% of share capital in Digitech for Information Technology S.A.E. (Digitech), Egyptian legal entity which is a leading technology solutions and services provider specialized in digital transformation. Digitech serves many different types of customers in a number of industries, it provides solutions to all sizes of operation from enterprise customers to small and medium companies.

At the date of authorization of the interim condensed financial statements the initial purchase price allocation is yet incomplete as fair value of net assets identified can not be assessed accurately. In August 2021 100% shares of Softline Trade CJSC were transferred from the shareholder of the Group to the holding company Axion Holding Cyprus Ltd. Previously Softline was owned by the shareholder of the Group and consolidated based on option agreement to acquire control over the company (see Note 1).

On 26 July 2021 The Company issued 2,814 additional ordinary shares \$0.01 par value each in favor of its holding company Softline Group Inc. at nominal value as was agreed between its shareholders.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

25. Segments information

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

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

Turnover is a non-IFRS alternative performance measure established by the Group's management to monitor the 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.

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

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

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

The following geographical areas are defined as 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 a segment represented by corporate expenses of the Group that cannot be attributed to a specific geographical segment, it includes corporate admin costs and eliminations. Inter-segment revenues and expenses are eliminated upon consolidation and reflected in the 'HQ' column.

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

25. Segments information (Continued)

The Group's financial performance by geographical location for the three months period ended

<u>30 June 2021</u>	<u>RF</u>	<u>RoE</u>	<u>EMEA</u>	<u>LATAM</u>	<u>APAC</u>	<u>HQ and ICO elimination</u>	<u>Total</u>
Turnover	233,547	29,859	20,929	60,609	162,347	(4,122)	503,169
Revenues	208,962	24,986	20,573	32,773	160,381	(4,122)	443,553
Cost of revenues	(175,556)	(17,551)	(13,993)	(27,369)	(150,910)	4,122	(381,257)
Gross profit	33,406	7,435	6,580	5,404	9,471	—	62,296
Selling, general and administrative expenses . .	(29,377)	(5,820)	(6,615)	(4,362)	(3,701)	(6,021)	(55,896)
Other operating expenses/ income	(130)	174	39	157	(15)	(36)	189
Operating profit	3,899	1,789	4	1,199	5,755	(6,057)	6,589
Foreign exchange gain (loss)	(700)	307	(54)	(43)	8	(289)	(771)
Finance income	580	135	(6)	30	87	(465)	361
Finance costs	(4,271)	(13)	—	(367)	(160)	532	(4,279)
Profit/(loss) before tax	(492)	2,218	(56)	819	5,690	(6,279)	1,900
Income tax expense	(282)	(36)	20	(24)	(222)	(8)	(552)
Profit/(loss) for the year . .	(774)	2,182	(36)	795	5,468	(6,287)	1,348
<i>Added back:</i>							
Income tax expense	282	36	(20)	24	222	8	552
<i>Depreciation and</i>							
<i>amortization</i>	3,546	660	228	125	283	45	4,887
Foreign exchange gain	701	(307)	53	43	(8)	289	771
<i>Net financial income and</i>							
<i>expenses</i>	3,691	(122)	6	337	73	(67)	3,918
<i>Property and equipment</i>							
<i>write-off</i>	—	3	—	—	—	—	3
<i>Employee termination</i>							
<i>payments</i>	10	2	—	82	—	—	94
<i>One-off items (penalties and</i>							
<i>acquisition-related</i>							
<i>expenses)</i>	38	28	—	56	6	1,051	1,179
Adjusted EBITDA	7,494	2,482	231	1,462	6,044	(4,961)	12,752

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
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25. Segments information (Continued)

<u>30 June 2020</u>	<u>RF</u>	<u>RoE</u>	<u>EMEA</u>	<u>LATAM</u>	<u>APAC</u>	<u>HQ and ICO elimination</u>	<u>Total</u>
Turnover	229,756	23,832	6,796	74,442	77,785	(3,609)	409,002
Revenues	211,045	19,935	6,669	38,906	76,873	(3,609)	349,819
Cost of revenues	<u>(179,512)</u>	<u>(13,902)</u>	<u>(5,942)</u>	<u>(33,030)</u>	<u>(72,994)</u>	<u>3,983</u>	(301,397)
Gross profit	31,533	6,033	727	5,876	3,879	374	48,422
Selling, general and administrative expenses	(25,416)	(4,401)	(989)	(4,840)	(2,770)	(4,006)	(42,422)
Other operating expenses/ income	186	(78)	2	(100)	(65)	—	(55)
Operating profit	6,303	1,554	(260)	936	1,044	(3,632)	5,945
Foreign exchange gain (loss) . .	(1,298)	517	10	(374)	254	(481)	(1,372)
Finance income	599	120	40	46	110	(368)	547
Finance costs	(1,967)	(214)	(18)	(521)	(21)	145	(2,596)
Profit/(loss) before tax	3,637	1,977	(228)	87	1,387	(4,336)	2,524
Income tax expense	(259)	(99)	(6)	(42)	(116)	—	(522)
Profit/(loss) for the year	<u>3,378</u>	<u>1,878</u>	<u>(234)</u>	<u>45</u>	<u>1,271</u>	<u>(4,336)</u>	<u>2,002</u>
<i>Added back:</i>							
<i>Income tax expenses</i>	259	99	6	42	116	—	522
<i>Depreciation and amortization</i> .	2,473	589	14	128	72	15	3,291
<i>Foreign exchange gain</i>	1,298	(517)	(10)	374	(254)	481	1,372
<i>Net financial income and expenses</i>	1,368	94	(22)	475	(89)	223	2,049
<i>Property and equipment write-off</i>	—	(2)	—	—	—	—	(2)
<i>Employee termination payments</i>	139	—	—	4	—	—	143
<i>One-off items (penalties and acquisition-related expenses)</i> .	<u>138</u>	<u>32</u>	<u>—</u>	<u>71</u>	<u>—</u>	<u>96</u>	<u>337</u>
Adjusted EBITDA	<u>9,053</u>	<u>2,173</u>	<u>(246)</u>	<u>1,139</u>	<u>1,116</u>	<u>(3,521)</u>	<u>9,714</u>

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.

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.

The Group's financial performance by business products for the three months period ended

	<u>June 30, 2021</u>						<u>Total</u>
	<u>Software and licenses</u>	<u>Subscription</u>	<u>Cloud resale</u>	<u>Softline Cloud</u>	<u>Hardware</u>	<u>Services</u>	
Turnover	145,354	132,305	166,058	2,524	33,977	22,951	503,169
Revenues	<u>110,866</u>	<u>114,473</u>	<u>160,056</u>	<u>2,524</u>	<u>32,739</u>	<u>22,895</u>	443,553
Gross profit	<u>13,016</u>	<u>12,695</u>	<u>17,885</u>	<u>2,125</u>	<u>3,386</u>	<u>13,189</u>	<u>62,296</u>

Axion Holding Cyprus Ltd.
Notes to the interim condensed consolidated financial statements (Continued)
(in thousands of US dollars)

25. Segments information (Continued)

	June 30, 2020						Total
	Software and licenses	Subscription	Cloud resale	Softline Cloud	Hardware	Services	
Turnover	123,060	115,206	112,094	3,005	43,921	11,716	409,002
Revenues	<u>101,576</u>	<u>99,377</u>	<u>97,424</u>	<u>3,005</u>	<u>43,075</u>	<u>5,362</u>	349,819
Gross profit	<u>10,225</u>	<u>10,651</u>	<u>12,558</u>	<u>2,457</u>	<u>4,671</u>	<u>7,860</u>	48,422

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

	30 June 2021	30 June 2020
Recurring turnover	300,887	230,305
Non-recurring turnover	<u>202,282</u>	<u>178,697</u>
Total turnover	<u>503,169</u>	<u>409,002</u>



Axion Holding Cyprus Ltd.
Consolidated financial statements
Years ended 31 March 2021

Axion Holding Cyprus Ltd.
Consolidated financial statements
31 March 2021

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Axion Holding Cyprus Ltd.

Board of Directors and other corporate information

Board of Directors

Igor Borovikov—appointed on 3 December 2008;
Oleg Zhelezko—appointed on 29 July 2016;
Anastasia Christofi—appointed on 31 December 2019;
Maria Pieridou—appointed on 31 December 2019, resigned on 01 March 2021;
Katerina Berou—appointed on 4 January 2019;
Alexander Galitskiy—appointed on 18 March 2019;
Nicolas Paphitis—appointed on 18 March 2019;
Pampina Votsi—appointed on 24 December 2015, resigned on 31 December 2019;
Georgios Kyrou Chr.—appointed on 24 December 2015, resigned on 31 December 2019;
Maria Mylona—appointed on 1 March 2021;
Jacques Guers—appointed on 15 December 2020;
Maria Procopi—appointed on 15 December 2020.

Company Secretary

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

Independent Auditors

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

Registered office

Kosta Charaki 11, Office 302, 3041
Limassol, Cyprus

Registration Number

HE 242943

Axion Holding Cyprus Ltd.

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

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.

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.
- 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	<u>(1,290,982)</u>	<u>(1,139,942)</u>	<u>(925,422)</u>
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	<u>(10,464)</u>	<u>(3,060)</u>	<u>(3,842)</u>
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	<u>(13,222)</u>	<u>(17,463)</u>	<u>(14,076)</u>
Profit before profit tax		14,428	13,062	3,834
Income tax expense	26	<u>(16,618)</u>	<u>(3,521)</u>	<u>(3,432)</u>
Net (loss)/profit for the year		<u>(2,190)</u>	<u>9,541</u>	<u>402</u>
Attributable to holders of the parent		(2,135)	10,088	2,853
Non-controlling interests		(55)	(547)	(2,451)
Other comprehensive income				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Translation difference		301	(11,172)	(2,584)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Fair value reserve of equity instrument designated at FVOCI		—	—	4,458
Share in OCI of a joint venture	7	<u>85,493</u>	<u>18,655</u>	<u>(1,812)</u>
Total comprehensive income for the year net of tax of zero		<u>83,604</u>	<u>17,024</u>	<u>464</u>
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)/earnings per share		(0,02)	0,08	0,02
Diluted (loss)/earnings per share		(0,02)	0,08	0,02

The accompanying notes on pages F-44 to F-114 form an integral part of these consolidated financial statements.

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
		632,025	394,790	344,493
Total assets				
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)
		99,785	56,671	37,371
Equity and assets attributable to owners		99,785	56,671	37,371
Non-controlling interests		(6,718)	(7,781)	(5,413)
		93,067	48,890	31,958
Total equity				
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
		538,958	345,900	312,535
Total liabilities				
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 BOROVNIKOV

Series A Director
OLEG ZHELEZKO

The accompanying notes are an integral part of these condensed interim 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
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
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
<i>Working capital adjustments:</i>				
(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

The accompanying notes on pages F-44 to F-114 form an integral part of these consolidated financial statements.

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

The accompanying notes on pages F-44 to F-114 form an integral part of these consolidated financial statements.

Axion Holding Cyprus Ltd.
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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 secures for its customers various types of infrastructure required for digital transformation. The Group’s portfolio is based on its comprehensive global relationships with major IT technology providers and includes solutions to facilitate customer transition to or management of public and private clouds, management and development of the software estate and hardware provisioning.

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

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

Axion Holding Cyprus Ltd.
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1. Corporate information (Continued)

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.

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 (HO AHO) 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 International 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%
Softline 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%

Axion Holding Cyprus Ltd.
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1. Corporate information (Continued)

<u>Legal entities</u>	<u>Business activity</u>	<u>Country of incorporation</u>	<u>Effective economic interest**</u>		
			<u>As at 31 March 2021*</u>	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>
ActiveHost RU LLC***	Cloud services	Russia	34.17%	34.17%	34.17%
ActiveCloud Development LLC***	Cloud services	Russia	34.17%	34.17%	34.17%
Activnieologii 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.

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

Proportion of equity interest held by non-controlling interests:

<u>Name</u>	<u>Country of incorporation and operation</u>	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>
Softline AG (Note 5 (a))	Germany	37%	—	—
Active technologies LLC	Belorussia	66%	66%	66%
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

Axion Holding Cyprus Ltd.
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1. Corporate information (Continued)

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:

	<u>Year ended 31 March 2021</u>
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)

Active technologies LLC's summarised statement of profit or loss and other comprehensive income for the years ended 31 March 2021, 2020 and 2019:

	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>	<u>Year ended 31 March 2019</u>
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:

	<u>As at 31 March 2021</u>
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
<i>Attributable to:</i>	
Equity holders of parent	2,671
Non-controlling interest	1,543

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1. Corporate information (Continued)

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

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>
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
<i>Attributable to:</i>			
Equity holders of parent	4,153	4,885	3,956
Non-controlling interest	8,002	9,411	7,622

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

	<u>Year ended 31 March 2021</u>
Operating	(165)
Financing	(25)

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

	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>	<u>Year ended 31 March 2019</u>
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.

Axion Holding Cyprus Ltd.
Notes to the consolidated financial statements (Continued)
For the years ended 31 March 2021, 31 March 2020, 31 March 2019
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2. Basis of preparation (Continued)

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.

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);
- 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);

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2. Basis of preparation (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.

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.

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2. Basis of preparation (Continued)

IFRS 17 Insurance Contracts

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

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

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

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

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

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

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.

Axion Holding Cyprus Ltd.
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2. Basis of preparation (Continued)

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.

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.

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2. Basis of preparation (Continued)

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.

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 in 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).

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2. Basis of preparation (Continued)

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

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

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)). The Group exercised significant judgment to come to this conclusion, especially in analyzing existing voting rights, contractual rights and specific instruments giving present access to economic benefits.

Revenue recognition

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

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

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.

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

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.

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 relevant to 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.

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

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

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.

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4. Significant accounting policies (Continued)

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:

<u>Type of equipment</u>	<u>Useful life, years</u>
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.

(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.

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4. Significant accounting policies (Continued)

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:

<u>Type of asset</u>	<u>Useful life, years</u>
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.

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 expenditures 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

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4. Significant accounting policies (Continued)

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.

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.

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4. Significant accounting policies (Continued)

(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.

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.

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4. Significant accounting policies (Continued)

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 FVOCI 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.

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.

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4. Significant accounting policies (Continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

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.

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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.

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

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4. Significant accounting policies (Continued)

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.

(I) 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;

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4. Significant accounting policies (Continued)

- 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.

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

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4. Significant accounting policies (Continued)

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.

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.

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4. Significant accounting policies (Continued)

(n) Retirement benefit obligations

The Group makes contributions to state pension schemes in the various jurisdictions in which they operate. The Group has no other retirement benefit obligations.

(o) 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.

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

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4. Significant accounting policies (Continued)

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.

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.

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4. Significant accounting policies (Continued)

(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.

(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 occurred.

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4. Significant accounting policies (Continued)

(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.

(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

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4. Significant accounting policies (Continued)

presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

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

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

(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.

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5. Business combinations, acquisitions and disposals (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

	<u>29 October 2020</u>
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
	<u>6,938</u>
Liabilities	
Trade and other payables	(731)
Contract liabilities	(158)
Short-term borrowings	<u>(1,452)</u>
	<u>(2,341)</u>
Total identifiable net assets at fair value	<u>4,597</u>
Gain on bargain purchase	<u>(1,892)</u>
Purchase consideration transferred	<u>2,148</u>
Contingent consideration for acquisition	<u>557</u>
	<u>557</u>
	Cash flow on acquisition
Net cash acquired with the subsidiary	464
Cash paid	<u>(2,148)</u>
Net cash flow on acquisition	<u>(1,684)</u>

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 deferred consideration the Group entered into sales and purchase agreement on 63,4% of voting shares in Softline AG and its fully-owned subsidiaries (all together—Softline AG).

Softline AG is IT-consulting Group founded in 1983. It operates in Germany, Belgium, France, Netherlands, and United Kingdom with average headcount of 202 employees for the year ended 31 March, 2021.

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5. Business combinations, acquisitions and disposals (Continued)

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

	<u>10 December 2020</u>
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
	<u>15,757</u>
Liabilities	
Trade and other payables	(6,836)
Contract liabilities	(3,996)
Deferred tax liabilities	(270)
Short-term borrowings	(46)
	<u>(11,148)</u>
Total identifiable net assets at fair value	<u>4,609</u>
Non-controlling interest	(1,688)
Goodwill arising on acquisition	9,714
Purchase consideration transferred	<u>3,121</u>
Deferred consideration for acquisition	<u>9,514</u>
	<u>Cash flow on acquisition</u>
Net cash acquired with the subsidiary	3,075
Cash paid	(3,121)
Net cash flow on acquisition	<u>(46)</u>

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)

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5. 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.

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5. Business combinations, acquisitions and disposals (Continued)

Fair value recognised on acquisition

	<u>15 January 2021</u>
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
	<u>47,994</u>
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)
	<u>(30,763)</u>
Total identifiable net assets at fair value	<u>17,231</u>
Goodwill arising on acquisition (Note 8)	16,431
Purchase consideration transferred	<u>17,971</u>
Long-term deferred payment	<u>9,399</u>
Short-term deferred payment	<u>5,742</u>
Long-term contingent consideration for acquisition	<u>327</u>
Short-term contingent consideration for acquisition	<u><u>223</u></u>
	Cash flow on acquisition
Net cash acquired with the subsidiary	3,119
Cash paid	(17,971)
Net cash flow on acquisition	<u><u>(14,852)</u></u>

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.

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5. Business combinations, acquisitions and disposals (Continued)

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

(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

	<u>20 August 2020</u>
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	<u>165</u>
	<u>846</u>
Liabilities	
Trade and other payables	(127)
Contract liabilities	(186)
Obligations under finance leases	(198)
Short-term borrowings	(107)
Deferred tax liabilities	<u>(13)</u>
	<u>(631)</u>
Total identifiable net assets at fair value	<u>215</u>
Goodwill arising on acquisition (Note 8)	430
Purchase consideration transferred	<u>384</u>
Long-term contingent consideration for acquisition	<u>261</u>
	<u>384</u>
	Cash flow on acquisition
Net cash acquired with the subsidiary	15
Cash paid	<u>(384)</u>
Net cash flow on acquisition	<u>(369)</u>

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.

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5. Business combinations, acquisitions and disposals (Continued)

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:

<u>Legal entities</u>	<u>Country of incorporation</u>	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>	<u>As at 31 March 2019</u>
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

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

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5. Business combinations, acquisitions and disposals (Continued)

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	<u>979</u>
	<u>11,750</u>
Liabilities	
Trade and other payables	<u>(12)</u>
	<u>(12)</u>
Total identifiable net assets at carrying value	<u>11,738</u>

6. Property and equipment

	Computer and office equipment	Buildings	Network hardware	Total
Cost				
31 March 2018	<u>11,669</u>	<u>—</u>	<u>8,774</u>	<u>20,443</u>
Additions	<u>2,105</u>	<u>—</u>	<u>3,250</u>	<u>5,355</u>
Acquisition of a subsidiary (Note 5)	963	—	—	963
Disposals	(1,929)	—	—	(1,929)
Translation difference	<u>(996)</u>	<u>—</u>	<u>(1,023)</u>	<u>(2,019)</u>
31 March 2019	<u>11,812</u>	<u>—</u>	<u>11,001</u>	<u>22,813</u>
Reclassification to right-of-use assets (Note 19)	<u>—</u>	<u>—</u>	<u>(11,001)</u>	<u>(11,001)</u>
01 April 2019	<u>11,812</u>	<u>—</u>	<u>—</u>	<u>11,812</u>
Additions	2,769	460	—	3,229
Acquisition of a subsidiary (Note 5)	320	—	—	320
Disposals	(1,388)	—	—	(1,388)
Translation difference	<u>(3,068)</u>	<u>—</u>	<u>—</u>	<u>(3,068)</u>

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6. Property and equipment (Continued)

	Computer and office equipment	Buildings	Network hardware	Total
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

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7. Investments in joint ventures (Continued)

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.

	<u>Balance at 31 March 2019</u>	<u>Change for the year ended 31 March 2020</u>	<u>Balance at 31 March 2020</u>	<u>Change for the year ended 31 March 2021</u>	<u>Balance at 31 March 2021</u>
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

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8. Intangible assets and goodwill

	<u>Brand and customer relationship</u>	<u>Software</u>	<u>Goodwill</u>
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

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8. Intangible assets and goodwill (Continued)

Goodwill impairment

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

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.

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;

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8. Intangible assets and goodwill (Continued)

- 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

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.

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10. Trade receivables (Continued)

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	<u>(10,274)</u>	<u>(7,591)</u>	<u>(8,340)</u>

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
	<u>24,202</u>	<u>11,765</u>	<u>9,027</u>

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	<u>2,723</u>	<u>7,056</u>	<u>3,115</u>
	<u>2,769</u>	<u>7,111</u>	<u>3,588</u>

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).

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13. Cash and short term deposits

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

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

14. Advances issued and other current assets

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
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
	<u>34,070</u>	<u>33,526</u>	<u>29,494</u>

* 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:

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
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	<u>120,592</u>	<u>128,975</u>	<u>128,975</u>
Total shares issued and outstanding	<u>120,592</u>	<u>128,975</u>	<u>128,975</u>

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

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

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.

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.

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

Other reserves

	<u>31 March 2021</u>
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	<u>(13)</u>
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	<u>(22)</u>
31 March 2018	(38,537)
Reduction of investors' option consideration (Note 5)	12,047
Other	(1,250)
Share-based payments (Note 16)	<u>623</u>
31 March 2019	(27,117)
Other	(332)
Share-based payments (Note 16)	<u>815</u>
31 March 2020	(26,634)
Share-based payments (Note 16)	380
Other	<u>(16)</u>
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.

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.

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16. Share-based payments (Continued)

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.

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	—

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17. Interest bearing borrowings and loans

	Effective interest rate	Maturities of debt	31 March 2021	31 March 2020	31 March 2019
<i>In Russian rubles</i>					
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	—
Raiffeisenbank	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	—	—
<i>In EUR</i>					
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	—
<i>In USD</i>					
Banks and financial institutions	1–9%	October 2021	9,776	8,748	5,645
<i>In INR</i>					
Tata Capital Finance Service 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	—	—
<i>In BRL</i>					
BANCO CITIBANK S.A	8,5%	September 2021	530	586	771
<i>In COP</i>					
Banks	5,58–11,25%	February 2022	1,057	725	1,724
<i>In CLP</i>					
BANCO DE CHILE	6,84%	October 2020	—	167	—
<i>In other currencies</i>					
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).

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17. Interest bearing borrowings and loans (Continued)

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

- Total amount of 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

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
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
	<u>256,894</u>	<u>187,816</u>	<u>158,464</u>

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;

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18. Trade and other payables (Continued)

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

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.

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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, extension 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 accumulated in previous periods.

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20. Long-term tax payable (Continued)

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:

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
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	<u>905</u>	<u>1,063</u>	<u>2,899</u>
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:

	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>	<u>Year ended 31 March 2019</u>
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
	<u>1,516,911</u>	<u>1,361,659</u>	<u>1,129,469</u>

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

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

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21. Revenue from contracts with customers (Continued)

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

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

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)

	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>	<u>Year ended 31 March 2019</u>
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	<u>380</u>	<u>339</u>	<u>240</u>
	<u>192,218</u>	<u>192,793</u>	<u>182,558</u>

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

	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>	<u>Year ended 31 March 2019</u>
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	<u>1,032</u>	<u>1,016</u>	<u>1,080</u>
	<u>10,464</u>	<u>3,060</u>	<u>3,842</u>

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25. Finance costs

	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>	<u>Year ended 31 March 2019</u>
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	<u>13,097</u>	<u>16,520</u>	<u>13,956</u>
Amortization of borrowings and loans, net	125	943	120
Finance costs	<u>13,222</u>	<u>17,463</u>	<u>14,076</u>

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%.

	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>	<u>Year ended 31 March 2019</u>
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	<u>(16,618)</u>	<u>(3,521)</u>	<u>(3,432)</u>

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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)				<u>993</u>	<u>1,515</u>	<u>2,198</u>
Net deferred tax assets/ (liabilities)	<u>4,153</u>	<u>5,589</u>	<u>5,155</u>			

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	<u>4,153</u>	<u>5,589</u>	<u>5,155</u>

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26. Income tax (Continued)

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

	<u>Year ended</u> <u>31 March 2021</u>	<u>Year ended</u> <u>31 March 2020</u>	<u>Year ended</u> <u>31 March 2019</u>
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

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.

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27. Financial risk management and policies (Continued)

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.

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.

	<u>Change in exchange rates</u>	<u>Effect on profit before tax</u>	<u>Effect on pre-tax equity</u>
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

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27. Financial risk management and policies (Continued)

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).

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:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30–60 days	60–90 days	90–180 days	>181 days
31 March 2021							
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)
31 March 2020							
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)
31 March 2019							
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.

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27. Financial risk management and policies (Continued)

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.

<u>As at 31 March 2021</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6–12 months</u>	<u>1–2 years</u>	<u>More than 2 years</u>	<u>Total</u>
Financial assets						
Trade accounts receivable*	—	199,037	—	—	—	199,037
Loans issued	—	279	2,444	46	—	2,769
Cash	—	89,615	—	—	—	89,615
	—	<u>288,931</u>	<u>2,444</u>	<u>46</u>	—	<u>291,421</u>
Financial liabilities						
Borrowings and loans	—	(41,487)	(58,810)	(15,889)	(68,531)	(184,717)
Lease obligations	—	(2,627)	(2,278)	(7,425)	(2,452)	(14,782)
Contingent consideration	—	—	(1,509)	(326)	—	(1,835)
Trade accounts payable	—	(227,137)	—	—	—	(227,137)
	—	<u>(271,251)</u>	<u>(62,597)</u>	<u>(23,640)</u>	<u>(70,983)</u>	<u>(428,471)</u>
Net position	—	<u>17,680</u>	<u>(60,153)</u>	<u>(23,594)</u>	<u>(70,983)</u>	<u>(137,050)</u>

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.

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

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27. Financial risk management and policies (Continued)

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

* 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:

	<u>Category*</u>	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>	<u>Year ended 31 March 2019</u>
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		<u>437,100</u>	<u>248,785</u>	<u>200,835</u>
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		<u>490,359</u>	<u>303,225</u>	<u>281,801</u>
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.

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28. Financial instruments (Continued)

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.

Changes in liabilities arising from financing activities

	<u>As at 1 April 2020</u>	<u>Cash flows</u>	<u>Foreign exchange movement</u>	<u>New leases</u>	<u>Business combinations</u>	<u>Other</u>	<u>As at 31 March 2021</u>
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)	<u>7,027</u>	<u>—</u>	<u>—</u>	<u>4,264</u>	<u>—</u>	<u>(1,414)</u>	<u>9,877</u>
Total liabilities from financing activities . . .	<u>107,184</u>	<u>70,576</u>	<u>490</u>	<u>6,560</u>	<u>6,167</u>	<u>8,522</u>	<u>199,499</u>
	<u>As at 1 April 2019</u>	<u>Cash flows</u>	<u>Foreign exchange movement</u>	<u>New leases</u>	<u>Business combinations</u>	<u>Other</u>	<u>As at 31 March 2020</u>
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)	<u>2,801</u>	<u>—</u>	<u>—</u>	<u>2,915</u>	<u>47</u>	<u>1,264</u>	<u>7,027</u>
Total liabilities from financing activities	<u>114,585</u>	<u>(4,350)</u>	<u>178</u>	<u>4,485</u>	<u>352</u>	<u>(8,066)</u>	<u>107,184</u>

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”).

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29. Contingent liabilities and other risks (Continued)

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

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

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.

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

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29. Contingent liabilities and other risks (Continued)

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 characteristics 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.

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*

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31. Related party balances and transactions (Continued)

Disclosures. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

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

	<u>Shareholders</u>	<u>Entities with significant influence over the Group</u>	<u>Key management personnel</u>	<u>Total related party balances/ transactions</u>
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	(179)	—	(3,579)	(3,758)
Professional services	—	(89)	—	(89)
Other distribution	(205)	—	—	(205)
Finance income	—	745	—	745
Finance expenses	—	(6)	—	(6)
	<u>Shareholders</u>	<u>Entities with significant influence over the Group</u>	<u>Key management personnel</u>	<u>Total related party balances/ transactions</u>
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	(482)	—	(2,871)	(3,353)
Professional services	—	(28)	—	(28)
Other distribution	(402)	—	—	(402)
Finance income	—	325	—	325

Axion Holding Cyprus Ltd.
Notes to the consolidated financial statements (Continued)
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31. Related party balances and transactions (Continued)

	<u>Shareholders</u>	<u>Entities with significant influence over the Group</u>	<u>Key management personnel</u>	<u>Total related party balances/ transactions</u>
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.

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33. Events after the reporting period (Continued)

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-recurring tax expense for previous years.

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)

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34. Segments information (Continued)

(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.

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

<u>31 March 2021</u>	<u>RF</u>	<u>RoE</u>	<u>EMEA</u>	<u>LATAM</u>	<u>APAC</u>	<u>HQ and ICO elimination</u>	<u>Total</u>
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)
<i>Added back:</i>							
<i>Tax, fines and penalties for the previous years</i>	18,459	—	—	—	—	—	18,459
Adjusted Profit/(loss) for the year	25,304	4,429	(1,029)	3,000	4,929	(20,364)	16,269
<i>Added back:</i>							
<i>Income tax expense</i>	2,660	633	(4)	359	793	—	4,441
<i>Depreciation and amortization</i>	10,965	2,687	80	514	471	88	14,805
<i>Foreign exchange gain</i>	1,325	263	(85)	518	(283)	(17)	1,721
<i>Net financial income and expenses</i>	11,280	367	29	1,313	(103)	(1,930)	10,956
<i>Property and equipment write-off</i>	(6)	(99)	55	(14)	(35)	—	(99)
<i>Employee termination payments</i>	54	0	7	185	1	4	251
<i>Share-based payments</i>	380	—	—	—	—	—	380
<i>One-off items (penalties and acquisition-related expenses)</i>	913	879	3	318	700	556	3,369
Adjusted EBITDA	52,875	9,159	(944)	6,193	6,473	(21,663)	52,093

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34. Segments information (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	<u>(755,023)</u>	<u>(83,817)</u>	<u>(30,400)</u>	<u>(87,002)</u>	<u>(207,629)</u>	<u>23,929</u>	(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	<u>(3,244)</u>	<u>(541)</u>	<u>147</u>	<u>710</u>	<u>(592)</u>	<u>(1)</u>	(3,521)
Profit/(loss) for the year	28,412	(3,026)	(1,382)	(10,214)	2,269	(6,518)	9,541
<i>Added back:</i>							
<i>Tax, fines and penalties for the previous years</i>	—	—	—	—	—	—	—
Adjusted Profit/(loss) for the year	28,412	(3,026)	(1,382)	(10,214)	2,269	(6,518)	9,541
<i>Added back:</i>							
<i>Income tax expenses</i>	3,244	541	(147)	(710)	592	1	3,521
<i>Depreciation and amortization</i>	8,697	2,533	55	539	233	184	12,241
<i>Foreign exchange gain</i>	(4,230)	2,238	(15)	3,304	257	(697)	857
<i>Net financial income and expenses</i>	11,715	955	328	1,790	(173)	1,057	15,672
<i>Property and equipment write-off</i>	—	(42)	—	(51)	—	—	(93)
<i>Employee termination payments</i>	34	12	3	515	12	6	582
<i>Share-based payments</i>	815	—	—	—	—	—	815
<i>One-off items (penalties and acquisition-related expenses)</i>	<u>262</u>	<u>726</u>	<u>4</u>	<u>853</u>	<u>125</u>	<u>864</u>	2,834
Adjusted EBITDA	48,949	3,937	(1,154)	(3,974)	3,315	(5,103)	45,970

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34. Segments information (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
<i>Added back:</i>							
<i>Tax, fines and penalties for the previous years</i>	—	—	—	—	—	—	—
Adjusted Profit/(loss) for the year	17,256	(5,182)	(1,594)	(10,219)	1,139	(998)	402
<i>Added back:</i>							
<i>Income tax expense</i>	2,750	848	(93)	(806)	731	2	3,432
<i>Depreciation and amortization</i>	6,513	1,878	12	253	38	45	8,739
<i>Foreign exchange gain</i>	2,710	1,739	212	(1,073)	49	(768)	2,869
<i>Net financial income and expenses</i>	10,871	820	72	1,639	(84)	(280)	13,038
<i>Property and equipment write-off</i>	(32)	439	—	329	—	—	736
<i>Employee termination payments</i>	1,005	229	16	771	52	3	2,076
<i>Share-based payments</i>	623	—	—	—	—	—	623
<i>One-off items (penalties and acquisition-related expenses)</i>	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

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34. Segments information (Continued)

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.

	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	<u>1,516,911</u>	<u>1,361,659</u>	<u>1,129,469</u>

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	<u>32,596</u>	<u>55,661</u>	<u>49,131</u>	<u>12,784</u>	<u>30,624</u>	<u>45,133</u>	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	<u>46,905</u>	<u>54,796</u>	<u>47,037</u>	<u>11,368</u>	<u>22,436</u>	<u>39,175</u>	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	<u>526,547</u>	<u>229,640</u>	<u>155,983</u>	<u>10,596</u>	<u>163,889</u>	<u>42,814</u>	1,129,469
Gross profit	<u>49,010</u>	<u>56,652</u>	<u>33,492</u>	<u>8,377</u>	<u>22,773</u>	<u>33,743</u>	204,047

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

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34. Segments information (Continued)

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
Recurring turnover	1,000,474	822,939	509,413
Non-recurring turnover	<u>788,007</u>	<u>787,772</u>	<u>842,167</u>
Total turnover	<u>1,788,481</u>	<u>1,610,711</u>	<u>1,351,580</u>

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 Business Combinations to disclose the actual and potential effects on acquisitions by disclosing pre- and post-acquisitions 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:

	<u>Group + Potential effect of acquisitions</u>	<u>Potential effect of acquisitions</u>	<u>Aplana Group pre-acquisition results for the year ended 31 March 2021</u>	<u>Softline AG pre- acquisition results for the year ended 31 March 2021</u>	<u>EMBEE pre-acquisition results for the year ended 31 March 2021</u>
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)	<u>(1,201)</u>	<u>989</u>	<u>(578)</u>	<u>17</u>	<u>1,550</u>
Adjusted EBITDA	<u>54,571</u>	<u>2,478</u>	<u>(298)</u>	<u>491</u>	<u>2,285</u>

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

	<u>Aplana Group from the date of acquisition results for the year ended 31 March 2021</u>	<u>Softline AG from the date of acquisition results for the year ended 31 March 2021</u>	<u>EMBEE from the date of acquisition results for the year ended 31 March 2021</u>
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)	<u>817</u>	<u>(190)</u>	<u>1,984</u>
Adjusted EBITDA	<u>791</u>	<u>(110)</u>	<u>2,053</u>

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.

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35. Earnings per share (EPS) (Continued)

The Group's earnings per share are calculated as:

	<u>Year ended</u> <u>31 March 2021</u>	<u>Year ended</u> <u>31 March 2020</u>	<u>Year ended</u> <u>31 March 2019</u>
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.

Embee Software Private Limited

Financial statements

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

Embee Software Private Limited
Financial statements
For the years ended 31 March 2021, 31 March 2020 and 31 March 2019

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Embee Software Private Limited
Financial statements
For the years ended 31 March 2021, 31 March 2020 and 31 March 2019

Statement of Management Responsibilities

Management is responsible for the preparation of financial statements that present fairly the financial position of Embee Software Private Limited (the Company”) as at 31 March 2021, 31 March 2020, 31 March 2019, and the results of its operations, cash flows and changes in equity for the years then ended, in compliance with International Financial Reporting Standards (“IFRS”).

In preparing the financial statements, management is responsible for:

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

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The financial statements of the Company for the years ended 31 March 2021, 31 March 2020, 31 March 2019 were approved by management on 25 September 2021:

SUDHIR KOTHARI

Dated: 25 September 2021



Independent Auditor's Report

To the Shareholders of Embee Software Private Limited

Report of the Independent Auditors on the Financial Statements of Embee Software Private Limited.

Qualified Opinion

We have audited the financial statements of Embee Software Private Limited (the "Company"), which comprise the statements of financial position as at 31 March 2021, 31 March 2020 and 31 March 2019, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, 31 March 2020 and 31 March 2019, and its financial performance and its cash flows for the years then ended and, except for the matter described in the Basis for Qualified Opinion section, have been properly prepared in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The financial statements for the year ended 31 March 2019 have been presented without full comparative information for the previous period. Presentation of comparative information is a requirement of IFRSs. Consequently, in this regard alone, these financial statements do not comply with IFRSs.

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' *Code of Ethics for Professional Accountants (IESBA Code)*, 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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 judgement 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 directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Moore ST (International) Ltd

London

25 September 2021

Embee Software Private Limited
Statement of profit or loss and other comprehensive income
For the years ended 31 March 2021, 31 March 2020 and 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	5	98,334	93,592	79,076
Cost of sales	6	<u>(85,977)</u>	<u>(82,745)</u>	<u>(68,836)</u>
Gross profit		12,357	10,847	10,240
Selling, general and administrative expenses	7	<u>(8,075)</u>	<u>(6,785)</u>	<u>(6,802)</u>
Operating profit		4,282	4,062	3,438
Other income		696	22	8
Movement in provision for expected credit losses		184	(167)	13
Other expenses	8	<u>(253)</u>	<u>(248)</u>	<u>(112)</u>
Foreign exchange (losses) / gains		124	90	1
Finance income		114	113	181
Finance costs	9	<u>(730)</u>	<u>(1,151)</u>	<u>(924)</u>
Profit before Income tax		4,417	2,721	2,605
Income tax expense	10	<u>(758)</u>	<u>(766)</u>	<u>(905)</u>
Net profit for the year		3,659	1,955	1,700
Other comprehensive income				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Translation differences		340	(849)	(463)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</i>		<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the year		<u>3,999</u>	<u>1,106</u>	<u>1,237</u>

The accompanying notes on pages 10 to 38 form an integral part of these financial statements.

Embee Software Private Limited
Statement of financial position
As at 31 March 2021, 31 March 2020 and 31 March 2019
(in thousands of US dollars)

	Notes	31 March 2021	31 March 2020	31 March 2019	1 April 2018
Assets					
Non-current assets					
Intangible assets	11	16	19	26	16
Property and equipment	12	1,094	1,190	1,317	1,270
Right-of-use assets	22	256	342	391	500
Deferred tax assets	10	—	—	7	71
Non-current tax receivables		982	215	—	154
Other non-current assets		—	306	333	355
		<u>2,348</u>	<u>2,072</u>	<u>2,074</u>	<u>2,366</u>
Current assets					
Advances issued and other current assets	13	845	330	468	908
Tender guarantees and deposits		505	564	611	776
Software licenses and other inventory	14	2,259	2,978	1,476	1,375
Tax receivables		4,106	4,544	2,376	570
Trade receivables, net	15	40,688	38,607	33,975	28,166
Other receivables	16	438	658	316	267
Cash and cash equivalents	17	2,297	1,393	1,408	1,386
		<u>51,138</u>	<u>49,074</u>	<u>40,630</u>	<u>33,448</u>
Total assets		<u>53,486</u>	<u>51,146</u>	<u>42,704</u>	<u>35,814</u>
Equity					
Share capital	18	132	132	132	132
Share premium		905	905	905	905
Retained earnings		12,360	10,442	8,487	6,787
Translation reserve		(972)	(1,312)	(463)	—
Total equity		<u>12,425</u>	<u>10,167</u>	<u>9,061</u>	<u>7,824</u>
Non-current liabilities					
Deferred tax liabilities	10	292	36	—	—
Long-term tax payable		—	—	150	—
Long-term lease liabilities	22	244	297	348	433
Long-term borrowing	19	157	943	1,268	285
Other long-term liabilities	20	475	390	321	261
		<u>1,168</u>	<u>1,666</u>	<u>2,087</u>	<u>979</u>
Current liabilities					
Trade and other payables	21	32,244	30,122	24,786	20,645
Short-term lease liabilities	22	62	81	64	67
Short-term borrowing	19	6,646	7,676	5,113	5,147
Other short-term liabilities	20	941	1,434	1,593	1,152
		<u>39,893</u>	<u>39,313</u>	<u>31,556</u>	<u>27,011</u>
Total equity and liabilities		<u>53,486</u>	<u>51,146</u>	<u>42,704</u>	<u>35,814</u>

Director

SUDHIR KOTHARI

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SUDHIR KOTHARI

Date: 2021.09.25

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The accompanying notes on pages 10 to 38 form an integral part of these financial statements.

Embee Software Private Limited
Statement of cash flows
For the years ended 31 March 2021, 31 March 2020 and 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 income tax		4,417	2,721	2,605
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Depreciation and amortisation	7,11,12	130	146	144
Finance income		(114)	(113)	(181)
Gain on sale of investments		(583)	—	—
Gain on bad debt provision movement		(353)	(516)	(347)
Loss on lease liabilities movement		12	16	21
Net (gain) / loss on forward exchange contracts		(598)	289	—
Other non-cash charges		75	(48)	366
Interest expense		567	141	108
Net unrealised exchange loss		162	1,010	816
Operating profit before working capital changes		3,715	3,646	3,532
<i>Working capital adjustments:</i>				
(Increase)/Decrease in software licenses and other inventory		798	(1,724)	(183)
Increase in advances issued, trade and other receivables		(1,165)	(8,080)	(5,676)
Increase in contract liabilities, trade and other payables		1,377	8,060	6,844
Cash generated from / (used in) operations		4,725	1,902	4,517
Income tax paid		(506)	(722)	(846)
Net cash from / (used in) operating activities		4,219	1,180	3,671
Investing activities				
Disposal of subsidiary		893	—	—
Purchase of property, plant and equipment		(50)	(118)	(280)
Proceeds from sale of fixed assets		55	—	—
Interest received (others)		114	113	181
Net cash generated by / (used in) investing activities		1,012	(5)	(99)
Cash flows from financing activities				
(Repayment of borrowings)/proceeds from borrowings		(2,361)	81	(2,545)
Distributions to shareholders		(1,291)	—	—
Interest paid (borrowings and finance lease)		(730)	(1,151)	(924)
Net cash (used in) / generated by financing activities		(4,382)	(1,070)	(3,469)
Translation difference		55	(120)	(81)
Net increase in cash and cash equivalents		904	(15)	22
Cash and cash equivalents at beginning of the year	17	1,393	1,408	1,386
Cash and cash equivalents at end of the year	17	2,297	1,393	1,408

The accompanying notes on pages 10 to 38 form an integral part of these financial statements.

Embee Software Private Limited
Statement of changes in equity
For the years ended 31 March 2021, 31 March 2020 and 31 March 2019
(in thousands of US dollars)

	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Translation reserve</u>	<u>Total equity</u>
Balance as at 1 April 2018	132	905	6,787	—	7,824
Profit for the year	—	—	1,700	—	1,700
Currency translation differences	—	—	—	(463)	(463)
Total comprehensive income	—	—	1,700	(463)	1,237
Balance as at 31 March 2019	132	905	8,487	(463)	9,061
Profit for the year	—	—	1,955	—	1,955
Currency translation differences	—	—	—	(849)	(849)
Total comprehensive income	—	—	1,955	(849)	1,106
Balance as at 31 March 2020	132	905	10,442	(1,312)	10,167
Profit for the year	—	—	3,659	—	3,659
Currency translation differences	—	—	—	340	340
Total comprehensive income	—	—	3,659	340	3,999
Distribution to shareholders	—	—	(1,741)	—	(1,741)
Balance as at 31 March 2021	132	905	12,360	(972)	12,425

The accompanying notes on pages 10 to 38 form an integral part of these financial statements.

Embee Software Private Limited
Notes to the financial statements

1. Corporate information

The Company is a private company based in India, with headquarters in Kolkata, incorporated on the 3 April 1992. The registered office is located at Circular Court, 2nd Floor, 8, A.J.C. Bose Road, Kolkata-700017.

Prior to 15 January 2021 when Softline Services India Private Limited (hereinafter the “Parent company”) became the major shareholder of the Company with a 94.7% stake, the Company’s owners were Sudhir Kothari, Radha Kothari, DVK Information Technology Pvt. Ltd. with stakeholdings of 45.19%, 21.62% and 17.49%, respectively, and a number of minor shareholders.

The Company’s ultimate parent is Softline Group Inc.

The Company is engaged in the business of Information Technology solutions and system integration services. The Company provides solutions that span the cycle encompassing technical consulting, systems integration, implementation and maintenance of infrastructure and business applications.

The Company has partnerships with leading IT organisations such as Microsoft, H.P., I.B.M.Cisco, Epson, VM ware and others.

2. Basis of preparation

The financial statements of Embee Software Private Limited (“the Company”) for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 were authorised for issue in accordance with a written resolution of the Chief Executive Officer on 24 September 2021.

General

These financial statements are prepared in accordance with the principles contained within International Financial Reporting Standards (IFRS), including International Accounting Standards and Interpretations as issued by the International Accounting Standards Board (“IASB”). The financial statements also comply with the disclosure requirements of IFRS with the exception that financial information for the year ended 31 March 2018 is not presented as comparative information for the year ended 31 March 2019. Management has not presented this information as, in the opinion of management, the benefit to users of presenting information that, at the date of issue of these financial statements, is more than three years old, does not justify the time and expense involved in doing so.

These financial statements include statements of financial position as at 31 March 2021, 31 March 2020 and 31 March 2019 as well as 1 April 2018 which is the date when IFRS were first applied by the Company. The adjustments that the Company made for the purpose of transition from Indian GAAP to IFRS resulted in the recognition of right-of-use assets and corresponding lease liabilities under IFRS 16 and the creation of a provision for expected credit losses under IFRS 9 in the statement of financial position. The effect on the Company’s statement of comprehensive income comprised a partial elimination of rental expenses as well as recognition of depreciation expense in relation to the newly recognised right-of-use assets and interest expense in respect of the corresponding lease liabilities. None of the adjustments were material.

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

The United States Dollar (“USD” or “presentation currency”) has been used for the presentation of these financial statements. All values are rounded to the nearest thousand (\$’000), except where otherwise indicated.

Foreign currency transactions

The USD is used as the Company’s presentation currency, because presentation in USD is convenient for the major current and potential users of the financial statements.

Management has determined that the functional currency of all the Company is the Indian Rupee (“INR” or “functional currency”) as the majority of the Company’s operations are denominated in INR. Items included in

Embee Software Private Limited
Notes to the financial statements (Continued)

2. Basis of preparation (Continued)

the financial statements are measured using the Company’s functional currency. The rates of exchange of the INR to USD were as follows:

	31 March 2021	31 March 2020	31 March 2019	1 April 2018
US Dollar / Rupees	73.1661	75.3675	69.2813	65.0441

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the 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 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 carried at historical cost and acquired in a foreign currency transaction are measured using the exchange rate as at the date of initial transaction and are not re-measured subsequently.

For the purpose of translation to the presentation currency, assets and liabilities of the Company are translated into USD at the rate of exchange ruling at the reporting date. Income and expense items are translated at the exchange rates prevailing at the date of the transactions (when practicable) or using average exchange rates for the reporting period as an expedient. The exchange differences arising on the translation are recognised in other comprehensive income.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company’s financial statements requires management to make judgements, 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.

Each of the most significant areas in which management has used judgement, estimates and assumptions in the application of the Company’s accounting policies are listed below. The associated commentary describes the key judgements, 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. The Company has based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

Non-consolidation of Subsidiary

During the current and previous reporting periods the Company owned a 99,96% interest in Kota Merchants & Traders Private Limited (the “Subsidiary”). Management has assessed the potential effect of consolidation of the Subsidiary and found that effect to be immaterial. Consequently, it has been decided to recognise the investment in the Subsidiary under IFRS 9 as a financial asset at fair value through other comprehensive income.

This investment in Subsidiary was disposed of during the year ended 31 March 2021

Amounts paid to previous shareholders in connection with purchase by current parent

As reflected in note 1 above, on 15 January 2021 Softline Services India Private Limited acquired a 94.7% stake in the Company. In addition to payments made directly to the selling shareholders, the terms of the purchase agreement required a number payments from the Company to the selling shareholders. Management has considered these items and determined that in substance these amounts are distributions to shareholders rather than expenses of the Company. As a consequence these transactions are recorded in the statement of changes in equity and not in the statement of profit or loss and other comprehensive income.

Embee Software Private Limited
Notes to the financial statements (Continued)

3. Significant accounting judgements, estimates and assumptions (Continued)

Revenue recognition

The main source of revenue for the Company is sale of software licenses, hardware and provision of a range of services. Management uses significant judgement to determine if it acts as a principal or an agent in its transactions with customers, and when it 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 Company determines two types of reselling arrangements—direct (revenue recognised on a net basis) and indirect (Company acts as a value added partner and recognises gross revenue).

Provision for expected credit losses

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of trade receivable from the date credit was initially granted up to the reporting date including ageing analysis and analysis of subsequent payments. The Company's exposure to concentration of credit risk is limited due to its customer base being large and diverse. The Company 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. The provision matrix is initially based on the Company's historical observed default rates. The Company 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 Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Further information about the ECLs on the Company's trade receivables is disclosed in Note 15.

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 judgement in making such assumptions. In particular, management applies significant judgement in determining the likelihood and magnitude of potential tax risks arising from the Company's operations (see Note 25). In reaching its conclusions, management considers past tax audit results, current and emerging tax enforcement practices and its own tax risk management approaches.

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 judgement 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 10). Various factors are considered to assess the probability of the future utilisation 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 utilisation of deferred tax assets must be reduced, this reduction will be recognised in the statement of profit or loss and other comprehensive income.

The Company applies the single most likely outcome method when making estimates about uncertain tax positions.

Impairment of non-financial assets

Management applies judgement in assessing impairment of non-financial assets. Impairment is considered to have occurred when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is assessed as 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

Embee Software Private Limited
Notes to the financial statements (Continued)

3. Significant accounting judgements, estimates and assumptions (Continued)

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 Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generated unit being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives. There were no indicators of impairment of non-financial assets at 31 March 2021, 2020 and 2019.

Leases

When the Company recognises and measures right-of-use assets and lease liabilities, it makes a number of judgements and estimates. These include assessment of 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 and the determination of incremental borrowing rates relevant in calculating lease liabilities.

The Company 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. 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, need to lease any specialised assets and terms of rehabilitation obligations.

The Company cannot readily determine the interest rate implicit in most leases, it, therefore, uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company 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 Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

4. Significant accounting policies

(a) 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:

<u>Type of equipment</u>	<u>Useful life, years</u>
Buildings	60
Furniture	10
Office equipment	5
Motor cars	8
Computers	3
Electric installations	10
Cycles	10
Plant & machinery	6
IT equipment	5
Air conditioning units	10

Embee Software Private Limited
Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

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 the 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.

(b) Impairment of non-financial assets

The Company 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 Company 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.

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 .

For assets 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 Company 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.

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.

(c) Software licenses

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

Net realisable 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 Company reasonably expect to receive are deducted in determining the cost of purchase. Net realisable value is the estimated selling price in the ordinary course of business, less related selling expenses.

(d) Cash and cash equivalents

Cash and cash equivalents 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 change in value.

Embee Software Private Limited
Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

(e) 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 Company commits to purchase or sell the asset.

Subsequent measurement

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as 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 Company. The Company 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 Company's financial assets at amortised cost includes trade and other receivables, cash and cash equivalents.

FVOCI financial assets

FVOCI financial assets include equity investments. Equity investments classified as FVOCI are those that are neither classified as held for trading nor designated at fair value through profit or loss.

Embee Software Private Limited
Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

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 FVOCI 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.

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 Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 15.

The Company recognises a provision for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. 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 Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

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;

Embee Software Private Limited
Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

- 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 Company. 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 19).

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.

(f) 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 Company operates and generates taxable income.

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

Uncertain tax positions

The Company's policy is to comply fully with the local tax regulations. The Company 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 Company applies the single most likely outcome method when making estimates about uncertain tax positions.

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;

Embee Software Private Limited
Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

- 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.

Goods and Services Tax (GST) or 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.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and 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 Company records revenue from sales transactions as performance obligations are satisfied or when control of goods or the output of services is passed to the purchaser. Recognition may over time or at a point in time.

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

- The customer simultaneously receives and consumes all of the benefits of a service provided by the Company as the entity performs those services;
- The Company's performance creates or enhances an asset that the customer controls while the asset is being created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

If revenue does not meet the criteria above for recognition over time, it is recognised at the point in time when control of goods or the output of services passes from vendor to purchaser. The Company considers a number of indicators when assessing whether or not control has passed. These include, but are not limited, to the following:

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

Embee Software Private Limited
Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

- The customer has accepted the asset.

In accounting for contracts involving multiple performance obligations, the Company uses a recognition method based on contract liability units. A contract liability unit is the smallest contract liability into which a contract recording revenue over time can be split. Revenue from each contract liability unit is recognised when the performance obligations associated with that contract liability unit have been satisfied.

When the Company sells goods and services provided by another vendor, it makes a distinction between direct sales and indirect sales arrangements.

Under direct agreements the Company's performance obligation is to arrange for the provision of the specified good or service by the vendor. It does not control the good or service at any point and provides only basic technical support.

Under indirect agreements the Company acts as a value-added partner of the vendor and provides a complex of customised solutions and consulting services for its clients, which are not distinct from the sale of software products or other goods and also acts as the main source of technical support. In these instances the Company 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.

When the sales agreement is direct, the Company considers itself to be acting as an agent of the vendor and records only the net revenue attributable to the Company. When the sales arrangement is indirect the Company considers itself to be acting as a principal and recognises revenue of a gross basis (that is at an amount equal to that paid by the customer). It also recognises the cost of the purchase from the vendor.

When determining if revenue should be recognised on a gross basis, the Company considers whether or not it:

- Has primary responsibility for providing the goods or services to the customer or for fulfilling the order;
- Has inventory risk before or after the goods have been ordered, during shipping or on return;
- Has discretion to establish pricing for the other party's goods; and
- Is exposed to credit risk for the amount receivable in exchange for the goods or services.

If the indicators above are identified the Company considers itself to be acting as a principal rather than as an agent.

The main types of revenue earned by the Company and their treatment in the financial statements are as follows:

(1) Retail packaged products and licenses

The Company has determined that it generally acts as a principal in the sale of hardware products and software licenses being ultimately responsible for delivery of products to the end customers, having latitude in establishing prices and bearing inventory and credit risks. Consequently income from this source is 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.

Revenue from this source is generally recognised as products are shipped or made available to customers.

(2) Third Party Software Subscription Arrangements

The Company 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.

Embee Software Private Limited
Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

Under the indirect model, which is the majority of cases, the Company provides significant integration service while it configures and customises 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 the event that the Company 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 Company records the full amount of revenue.

The annual amount of related software subscription and SA revenues are recognised upon initial subscription and any time a customer renews them. Revenues from 3rd party cloud and product maintenance are recorded when earned, based on the nature of the arrangements.

(3) Own Cloud and Product Maintenance Services

The Company 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 the contractual period or otherwise based on usage pattern.

(4) Information technology (IT) and related services

Revenue from this source is either recognised as the services are billed at an hourly rates or, for projects designed to deliver a turnkey IT infrastructure solutions, percentage of completion.

(5) Bundled multiple deliverables

The Company 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 Company uses its best estimate of selling prices.

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.

(h) 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.

(i) Leases

The Company 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.

Embee Software Private Limited
Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities 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 associated with 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 3.

(ii) Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company 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 Company 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 Company 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.

(j) Current vs non-current classification

The Company 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.

Embee Software Private Limited
Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

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

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 Company classifies all other liabilities as non-current.

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

(k) Share capital and share premium

The Company presents its share capital at the nominal value of its 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.

(l) Post-employment benefits

The Company operates a defined benefit plan, which provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of 5 years of service. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- a. The date of the plan amendment or curtailment, and
- b. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the statement of profit or loss (by function):

- a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- b. Net interest expense or income

5. Revenue from contracts with customers

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

	For the year ended 31 March		
	2021	2020	2019
Sales of software and cloud services	85,356	80,396	63,580
Sales of hardware	5,023	6,458	8,729
Sales of services	<u>7,955</u>	<u>6,738</u>	<u>6,767</u>
	<u>98,334</u>	<u>93,592</u>	<u>79,076</u>

Embee Software Private Limited
Notes to the financial statements (Continued)

6. Cost of sales

	For the year ended 31 March		
	2021	2020	2019
Cost of software and cloud	(80,055)	(75,411)	(59,956)
Cost of hardware	(3,757)	(4,727)	(6,049)
Cost of services	(2,165)	(2,607)	(2,831)
	<u>(85,977)</u>	<u>(82,745)</u>	<u>(68,836)</u>

7. Selling, general and administrative expenses

The average number of employees employed by the Company during the year ended 31 March 2021 was 540 (the year ended 31 March 2020—525, the year ended 31 March 2019—457)

	For the year ended 31 March		
	2021	2020	2019
Compensation to employees	(5,640)	(4,534)	(3,983)
Professional services	(276)	(183)	(199)
Sales commissions and similar charges	(944)	—	(755)
Payroll taxes	(192)	(210)	(147)
Depreciation and amortisation	(130)	(146)	(144)
Advertising and marketing expenses	(116)	(420)	(191)
Legal services	(104)	(83)	(180)
Business trips	(107)	(451)	(472)
Gratuities	(94)	(106)	(81)
Depreciation of leased rights	(95)	(103)	(78)
Communication expenses	(79)	(92)	(100)
Office rent and maintenance	(72)	(162)	(124)
Transportation expenses	(57)	(88)	(173)
Corporate Social Responsibility expense	(40)	(42)	(42)
Training and entertainment expenses	(26)	(13)	(6)
Audit, other assurance and non-audit services	(25)	(22)	(28)
Rates and taxes	(13)	(75)	(24)
Printing, periodicals, stationery and subscriptions	(4)	(9)	(10)
Non income taxes	—	—	4
Other expenses	(61)	(46)	(69)
	<u>(8,075)</u>	<u>(6,785)</u>	<u>(6,802)</u>

8. Other expenses

	For the year ended 31 March		
	2021	2020	2019
Write-down of slow or non-moving inventories	(113)	(141)	—
Penalties	(59)	(13)	(20)
Other expenses	(81)	(94)	(92)
	<u>(253)</u>	<u>(248)</u>	<u>(112)</u>

Embee Software Private Limited
Notes to the financial statements (Continued)

9. Finance costs

	For the year ended 31 March		
	2021	2020	2019
Interest on borrowings	(553)	(940)	(717)
Interest expense on lease liabilities	(30)	(39)	(38)
Other finance expenses	(147)	(172)	(169)
Interest expense	(730)	(1,151)	(924)
Finance costs	(730)	(1,151)	(924)

10. Income tax

The Company is subject to corporate income tax at the standard rates applied to its taxable income.

	For the year ended 31 March		
	2021	2020	2019
Current income tax	(488)	(713)	(833)
Tax, fines and penalties for the previous years	(13)	(16)	(8)
Deferred tax	(257)	(37)	(64)
Income tax expense reported in the statement of profit or loss and other comprehensive income	(758)	(766)	(905)

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

	Statement of financial position as at				Statement of profit or loss and other comprehensive income for the year ended 31 March		
	31.03.2021	31.03.2020	31.03.2019	01.04.2018	2021	2020	2019
Deferred tax assets/ (liabilities) arising from							
Employee benefits	(111)	99	(136)	85	(209)	236	(223)
Fixed assets valuation	121	(90)	114	(151)	211	(204)	266
Provision for expected credit losses	(235)	(124)	23	137	(111)	(147)	(113)
Leases	15	11	6	—	4	4	6
Fair value of forward contracts	(82)	68	—	—	(151)	68	—
Deferred tax expense/ (benefit)							
Net deferred tax assets/ (liabilities)	(292)	(36)	7	71	(256)	(43)	(64)

Reflected in statement of financial position as follows:

	31 March 2021	31 March 2020	31 March 2019
Deferred tax assets	—	—	7
Deferred tax liabilities	(292)	(36)	—
Deferred tax assets / (liabilities), net	(292)	(36)	7

Embee Software Private Limited
Notes to the financial statements (Continued)

9. Finance costs (Continued)

Reconciliation of tax expense and the accounting profit multiplied by appropriate tax rate for years ended 31 March 2021—25.17%, 31 March 2020—25.17% and 31 March 2019—34.94% is provided below:

	<u>Year ended</u> <u>31 March 2021</u>	<u>Year ended</u> <u>31 March 2020</u>	<u>Year ended</u> <u>31 March 2019</u>
Accounting profit before income tax	4,417	2,721	2 605
Theoretical income tax at actual Indian tax rate	(1,112)	(685)	(910)
Reconciling items			
Unrecognised deferred tax assets	256	43	64
Other	<u>98</u>	<u>(124)</u>	<u>(59)</u>
Total income tax expense	<u>(758)</u>	<u>(766)</u>	<u>(905)</u>

11. Intangible assets

	<u>Software</u>	<u>Total</u>
Cost		
1 April 2018	88	88
Additions—acquired	23	23
Translation difference	<u>(5)</u>	<u>(5)</u>
At 31 March 2019	106	106
Additions—acquired	5	5
Translation difference	<u>(10)</u>	<u>(10)</u>
At 31 March 2020	101	101
Additions—acquired	7	7
Translation difference	<u>3</u>	<u>3</u>
At 31 March 2021	111	111
Accumulated amortisation		
1 April 2018	72	72
Amortisation charge	12	12
Translation difference	<u>(4)</u>	<u>(4)</u>
At 31 March 2019	80	80
Amortisation charge	10	10
Translation difference	<u>(8)</u>	<u>(8)</u>
At 31 March 2020	82	82
Amortisation charge	13	13
Translation difference	<u>—</u>	<u>—</u>
At 31 March 2021	95	95
Net book value		
At 1 April 2018	16	16
At 31 March 2019	26	26
At 31 March 2020	19	19
At 31 March 2021	16	16

The intangible asset is SAP Software, which is being amortised using the straight line method.

Embee Software Private Limited
Notes to the financial statements (Continued)

12. Property and equipment

	<u>Computer and office equipment</u>	<u>Buildings</u>	<u>Plant and Equipment</u>	<u>Furniture and Fixtures</u>	<u>Vehicles</u>	<u>Electric Installation</u>	<u>Total</u>
Cost							
1 April 2018	596	1,170	78	284	349	50	2,527
Additions	65	—	184	7	—	—	256
Disposals	—	—	—	—	—	—	—
Translation difference	(36)	(70)	(4)	(18)	(21)	(3)	(152)
31 March 2019	625	1,100	258	273	328	47	2,631
Additions	58	—	22	13	21	—	114
Disposals	(1)	—	—	—	—	—	(1)
Translation difference	(54)	(91)	(22)	(22)	(28)	(3)	(220)
31 March 2020	628	1,009	258	264	321	44	2,524
Additions	36	—	8	1	—	—	45
Disposals	—	(15)	—	—	(250)	—	(265)
Translation difference	20	32	8	8	6	—	74
31 March 2021	684	1,026	274	273	77	44	2,378
Accumulated depreciation							
1 April 2018	498	179	52	225	262	41	1,257
Depreciation charge	43	17	32	19	19	3	133
Disposals	—	—	—	—	—	—	—
Translation difference	(30)	(10)	(3)	(14)	(16)	(3)	(76)
31 March 2019	511	186	81	230	265	41	1,314
Depreciation charge	50	17	35	16	18	1	137
Disposals	—	—	—	—	—	—	—
Translation difference	(46)	(16)	(9)	(20)	(22)	(4)	(117)
31 March 2020	515	187	107	226	261	38	1,334
Depreciation charge	44	16	35	9	15	—	119
Disposals	—	(3)	—	—	(207)	—	(210)
Translation difference	17	6	4	7	5	2	41
31 March 2021	576	206	146	242	74	40	1,284
Net book value							
At 1 April 2018	98	991	26	59	87	9	1,270
At 31 March 2019	114	914	177	43	63	6	1,317
At 31 March 2020	113	822	151	38	60	6	1,190
At 31 March 2021	108	820	128	31	3	4	1,094

13. Advances issued and other current assets

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Advances issued	205	121	229	651
Prepayments	313	209	239	257
Fair value of forward contracts	327	—	—	—
	845	330	468	908

Embee Software Private Limited
Notes to the financial statements (Continued)

14. Software licenses and other inventory

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Software for resale (at cost)	1,381	2,129	641	848
Hardware for resale (at cost)	1,130	982	835	527
Stock obsolescence provision	<u>(252)</u>	<u>(133)</u>	<u>—</u>	<u>—</u>
Total inventories	<u>2,259</u>	<u>2,978</u>	<u>1,476</u>	<u>1,375</u>

15. Trade receivables

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Receivables from third-party customers	40,742	38,442	32,845	28,520
Other trade receivable	<u>332</u>	<u>715</u>	<u>1,550</u>	<u>102</u>
Less: allowance for expected credit losses	<u>(386)</u>	<u>(550)</u>	<u>(420)</u>	<u>(456)</u>
	<u>40,688</u>	<u>38,607</u>	<u>33,975</u>	<u>28,166</u>

The fair value of trade and other current receivables approximates their carrying value. The average days sales outstanding (DSO) period is 149 days in the year ended 31 March 2021 . No interest is charged on trade receivables.

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

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
As at 1 April	(550)	(420)	(456)	(456)
Release / (charge) for the year	178	(174)	8	—
Translation difference	<u>(14)</u>	<u>44</u>	<u>28</u>	<u>—</u>
As at 31 March	<u>(386)</u>	<u>(550)</u>	<u>(420)</u>	<u>(456)</u>

Information about credit exposures is disclosed in Note 23.

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

	<u>Total</u>	<u>Neither past due nor impaired</u>	<u>Past due but not impaired</u>				
			<u><30 days</u>	<u>30-60 days</u>	<u>60-90 days</u>	<u>90-180 days</u>	<u>>181 days</u>
As at 1 April 2018	28,166	20,425	3,003	1,093	438	811	2,396
As at 31 March 2019	33,975	21,612	8,295	1,321	697	1,008	1,042
As at 31 March 2020	38,607	24,838	7,109	814	1,890	1,074	2,882
As at 31 March 2021	40,688	27,564	6,017	1,482	1,616	1,912	2,097

Embee Software Private Limited
Notes to the financial statements (Continued)

16. Other receivables

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Interest receivable	321	250	195	153
Receivables from employees	117	122	121	114
Other receivables	—	286	—	—
	<u>438</u>	<u>658</u>	<u>316</u>	<u>267</u>

17. Cash and cash equivalents

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Short-term deposits	949	477	240	245
Cash in banks, including	298	30	387	468
<i>In USD</i>	134	21	22	3
<i>In other currencies</i>	164	9	365	465
Cash on hand	5	14	4	11
Restricted cash	1,045	872	777	662
	<u>2,297</u>	<u>1,393</u>	<u>1,408</u>	<u>1,386</u>

Restricted cash is mainly represented by fixed deposit in India as security for a credit line.

18. Share capital and other components of equity

Number of shares issued and outstanding as of:

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Authorised Share Capital (Equity shares of Rs10 each with voting rights)	5,000,000	5,000,000	5,000,000	5 000 000
Subscribed and fully paid up (Equity shares of Rs10 each with voting rights)	857,850	857,850	857,850	857,850
Total number of shares	<u>857,850</u>	<u>857,850</u>	<u>857,850</u>	<u>857,850</u>
Total shares issued and outstanding	<u>857,850</u>	<u>857,850</u>	<u>857,850</u>	<u>857,850</u>

19. Interest bearing borrowings and loans

	<u>Balances as at</u>			
	<u>31.03.2021</u>	<u>31.03.2020</u>	<u>31.03.2019</u>	<u>01.04.2018</u>
Short-term loans				
Citi Bank (WCDL/FCNR)	—	1,061	1,155	—
Citi Bank (Cash Credit)	443	721	—	1 585
ICICI Bank Limited (Cash Credit)	124	75	102	7
HDFC Bank	778	1,331	246	130
Standard Chartered Bank	—	1,105	289	173
	<u>1,345</u>	<u>4,293</u>	<u>1,792</u>	<u>1,895</u>

Loans represent overdrafts and on demand loans. As at 31 March 2021 these loans were attracted at effective interest rates ranging between 8.6% and 11.0% (31 March 2020: between 9.25% and 11.0%; 31 March 2019: between 9.5% and 11.0%; 01 April 2018: between 10.3% and 11.0%).

As of 31 March 2021, 31 March 2020, 31 March 2019 and 1 April 2018 the Company was in compliance with all major restrictive financial covenants.

Embee Software Private Limited
Notes to the financial statements (Continued)

19. Interest bearing borrowings and loans (Continued)

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Short-term borrowings				
Tata Capital Finance Service Ltd	1,261	1,447	2,166	3,054
ICICI BANK	410	347	—	—
AXIS BANK	1,369	—	—	—
HDFC Bank Ltd-Auto	—	8	20	11
221101—HPFS (India) Pvt Ltd	469	48	195	187
221103—HPFS Services (India) Pvt Ltd	165	904	888	—
221104—HPFS (India) Pvt Ltd	—	53	52	—
221105—HPFS (India) Pvt Ltd	536	470	—	—
221107—HPFS (India) Pvt Ltd	768	—	—	—
221108—HPFS (India) Pvt Ltd	202	—	—	—
221106—HPFS (India) Pvt Ltd	121	106	—	—
	<u>5,301</u>	<u>3,383</u>	<u>3,321</u>	<u>3,252</u>

As at 31 March 2021 the short-term borrowings were attracted at effective interest rates ranging between 8.50% and 10.65% (31 March 2020: between 10.23% and 11.0%).

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Long-term borrowings				
221103—HPFS (India) Pvt Ltd	—	160	—	—
221105—HPFS (India) Pvt Ltd	95	612	—	—
221106—HPFS (India) Pvt Ltd	54	171	—	—
221104—HPFS (India) Pvt Ltd	—	—	1,158	—
221101—HPFS (India) Pvt Ltd	8	—	58	264
HDFC Bank Ltd	—	—	52	21
	<u>157</u>	<u>943</u>	<u>1,268</u>	<u>285</u>

As at 31 March 2021 the long-term borrowings were attracted at effective interest rates ranging between 8.50% and 10.65% (31 March 2020: between 10.23% and 11.0%; 31 March 2019: between 10.32% and 11.0%; 01 April 2018: between 10.25% and 10.89%).

20. Other liabilities

Other liabilities include net provision for gratuities, deferred income and statutory remittances.

21. Trade and other payables

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Trade payables	29,638	28,696	23,451	19,199
Payable to employees	393	317	262	227
Provision for unused vacation	69	63	50	10
Related parties (Note 27)	584	213	140	117
Other payables	1,554	558	877	1,083
Short-term provisions	6	4	6	9
Negative fair value of forward contracts	—	271	—	—
	<u>32,244</u>	<u>30,122</u>	<u>24,786</u>	<u>20,645</u>

Embee Software Private Limited
Notes to the financial statements (Continued)

22. Leases

The Company leases office and store premises under lease agreements.

Lease liabilities after transition to IFRS 16 comprised the following:

	1 April 2018
Lease liabilities recognised under IFRS 16	500
Total lease liabilities	500

On adoption of IFRS 16, the Company 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 Company's incremental borrowing rate as of 1 April 2018 which was 9.375%.

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

	31.03.2021	31.03.2020	31.03.2019
As at 1 April	378	414	500
Additions	—	85	—
Accretion of interest	30	39	38
Payments—body portion	(83)	(87)	(57)
Payments—%	(30)	(39)	(38)
Translation difference	11	(34)	(31)
As at 31 March	306	378	412
Current	62	81	64
Non-current	244	297	348

The maturity analysis of lease liabilities is disclosed in Note 23.

The Company cannot readily determine the interest rate implicit in its operating lease contracts, it has therefore, determined its incremental borrowing rate as of 1 April 2018 to be 9.375% which corresponds to the rate average of interest the Company would have to pay to finance acquisition of similar assets that ranges between 8.75% p.a. and 10%.

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

	Office premises	Total
1 April 2019		
Adjustment on initial application of IFRS 16	500	500
Depreciation expense	(78)	(78)
Translation difference	(31)	(31)
31 March 2019	391	391
Additions	85	85
Depreciation expense	(103)	(103)
Translation difference	(31)	(31)
31 March 2020	342	342
Depreciation expense	(95)	(95)
Translation difference	9	9
31 March 2021	256	256

Embee Software Private Limited
Notes to the financial statements (Continued)

22. Leases (Continued)

The following are the amounts recognised in profit or loss:

	For the year ended 31 March		
	2021	2020	2019
Depreciation expense of right-of-use assets	(95)	(103)	(78)
Interest expense on lease liabilities	(30)	(39)	(38)
Total amount recognised in profit or loss	<u>(125)</u>	<u>(142)</u>	<u>(116)</u>

The Company had total cash outflows for leases of 81 in 2021 (84 in 2020,71 in 2019).

The Company has lease contracts with fixed payments, extension and termination options.

The Company is not committed to any leases that have not yet commenced.

23. Financial risk management and policies

The Company'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 Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance. The Company 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

Substantially all the Company's trading activities are conducted in Rupees although the Company does have exposure to purchases in other currencies, including the USD. The Company does not have extensive formal arrangements to mitigate foreign exchange risk in respect of other currencies as its exposure to this risk is not considered material. On occasion it uses forward foreign exchange contracts for this purpose. See note 26.

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 Company's exposure to the risk of changes in market interest rates is limited: at 31 March 2021 approximately 99% of the Company'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 Company is exposed to credit risk from its operating activities. Financial assets with potential credit risk are mainly trade receivables.

Customer credit risk is managed by each business unit subject to the Company'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.

Embee Software Private Limited
Notes to the financial statements (Continued)

23. Financial risk management and policies (Continued)

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

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

The Company 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 Notes 13–17.

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

	Total	Neither past due nor impaired	<30 days	Past due but not impaired			
				30–60 days	60–90 days	90–180 days	>181 days
31 March 2021							
Expected credit loss rate	0.93%	0.01%	0.08%	0.60%	1.04%	1.24%	11.44%
Estimated total gross carrying amount at default	41,074	27,566	6,022	1,491	1,633	1,936	2,426
Expected credit loss	(386)	(2)	(5)	(9)	(17)	(24)	(329)
31 March 2020							
Expected credit loss rate	1.40%	0.00%	0.20%	0.85%	0.63%	4.96%	13.76%
Estimated total gross carrying amount at default	39,157	24,839	7,123	821	1,902	1,130	3,342
Expected credit loss	(550)	(1)	(14)	(7)	(12)	(56)	(460)
31 March 2019							
Expected credit loss rate	1.22%	0.00%	0.11%	0.90%	1.41%	2.70%	25.68%
Estimated total gross carrying amount at default	34,395	21,613	8,304	1,333	707	1,036	1,402
Expected credit loss	(420)	(1)	(9)	(12)	(10)	(28)	(360)
1 April 2018							
Expected credit loss rate	1.59%	0.00%	0.30%	1.18%	1.79%	3.34%	14.21%
Estimated total gross carrying amount at default	28,622	20,426	3,012	1,106	446	839	2,793
Expected credit loss	(456)	(1)	(9)	(13)	(8)	(28)	(397)

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.

Embee Software Private Limited
Notes to the financial statements (Continued)

23. Financial risk management and policies (Continued)

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

The table below analyses the Company'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.

<u>As at 31 March 2021</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>More than 2 years</u>	<u>Total</u>
Financial assets						
Trade accounts receivable	13,909	26,779	—	—	—	40,688
Cash and cash equivalents	303	1,994	—	—	—	2,297
	<u>14,212</u>	<u>28,773</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>42,985</u>
Financial liabilities						
Short Term Borrowings	1,345	4,093	1,208	—	—	6,646
Long term borrowing	—	—	—	157	—	157
Trade accounts payable	—	31,972	—	—	—	31,972
Carrying value of lease liabilities	—	30	32	71	173	306
	<u>1,345</u>	<u>36,095</u>	<u>1,240</u>	<u>228</u>	<u>173</u>	<u>39,081</u>
Net position	<u>12,867</u>	<u>(7,322)</u>	<u>(1,240)</u>	<u>(228)</u>	<u>(173)</u>	<u>3,904</u>
<u>As at 31 March 2020</u>	<u>On Demand</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>More than 2 years</u>	<u>Total</u>
Financial assets						
Trade accounts receivable	14,391	24,216	—	—	—	38,607
Cash and cash equivalents	44	1,349	—	—	—	1,393
	<u>14,435</u>	<u>25,565</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>40,000</u>
Financial liabilities						
Short-term borrowing	3,232	1,841	2,603	—	—	7,676
Long-term borrowing	—	—	—	160	783	943
Trade accounts payable	—	29,626	—	—	—	29,626
Carrying value of lease liabilities	—	42	39	60	237	378
	<u>3,232</u>	<u>31,509</u>	<u>2,642</u>	<u>220</u>	<u>1,020</u>	<u>38,623</u>
Net position	<u>11,203</u>	<u>(5,944)</u>	<u>(2,642)</u>	<u>(220)</u>	<u>(1,020)</u>	<u>1,377</u>
<u>As at 31 March 2019</u>	<u>On Demand</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>More than 2 years</u>	<u>Total</u>
Financial assets						
Trade accounts receivable	14,314	19,661	—	—	—	33,975
Cash and cash equivalents	391	1,017	—	—	—	1,408
	<u>14,705</u>	<u>20,678</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>35,383</u>
Financial liabilities						
Short term borrowing	638	2,167	2,308	—	—	5,113
Long term borrowing	—	—	—	—	1,268	1,268
Trade accounts payable	—	22,599	—	—	—	22,599
Carrying value of lease liabilities	—	31	32	66	283	412
	<u>638</u>	<u>24,497</u>	<u>2,340</u>	<u>66</u>	<u>1,551</u>	<u>29,392</u>
Net position	<u>14,067</u>	<u>(4,119)</u>	<u>(2,340)</u>	<u>(66)</u>	<u>(1,551)</u>	<u>5,991</u>

Embee Software Private Limited
Notes to the financial statements (Continued)

23. Financial risk management and policies (Continued)

<u>As at 1 April 2018</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6–12 months</u>	<u>1–2 years</u>	<u>More than 2 years</u>	<u>Total</u>
Financial assets						
Trade accounts receivable	7,769	20,397	—	—	—	28,166
Cash and cash equivalents	479	907	—	—	—	1,386
	8,248	21,304	—	—	—	29,552
Financial liabilities						
Short term borrowing	1,895	3,054	198	—	—	5,147
Long term borrowing	—	—	—	—	285	285
Trade accounts payable	—	20,415	—	—	—	20,415
Carrying value of lease liabilities	—	30	31	68	371	500
	1,895	23,499	229	68	656	26,347
Net position	6,353	(2,195)	(229)	(68)	(656)	3,205

24. Financial instruments

The Company's financial instruments as of 31 March 2021, 31 March 2020, 31 March 2019 and 1 April 2018 are presented by category in the table below:

	<u>Category*</u>	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>1 April 2018</u>
Financial assets					
Investments in non-consolidated subsidiaries	FVOCI	—	306	333	355
Trade and other receivables	FAAC	40,688	38,607	33,975	28,166
Cash and cash equivalents	FAAC	2,297	1,393	1,408	1,386
Total financial assets		42,985	40,306	35,716	29,907
Current		42,985	40,000	35,383	29,552
Non-current		—	306	333	355
Financial liabilities					
Short-term borrowing	FLAC	6,646	7,676	5,113	5,147
Long-term borrowing	FLAC	157	943	1,268	285
Trade and other accounts payable	FLAC	31,776	29,467	24,468	20,399
Long-term lease liabilities	FLAC	244	297	348	433
Short-term lease liabilities	FLAC	62	81	64	67
Total financial liabilities		38,885	38 464	31,261	26 331
Current		38,484	37,224	29,645	25,613
Non-current		401	1 240	1,616	718

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

- *FAAC—financial assets at amortised cost;*
- *FVOCI—fair value through other comprehensive income financial assets;*
- *FLAC—financial liabilities at amortised 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 the 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.

Embee Software Private Limited
Notes to the financial statements (Continued)

25. Contingent liabilities and other risks

Operating environment and economic risks

The Company operates in India, a country that displays certain characteristics of an emerging market, e.g. quickly changing regulatory and tax frameworks. The Indian economy remained stable, with Moody's affirming India's sovereign credit rating at Baa3 with negative outlook in June 2020, and S&P confirmed at BBB- with stable outlook in 2021.

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

In March 2020 the World Health Organisation declared a global pandemic caused by novel coronavirus (Covid-19) which has had numerous adverse effects on the global economy.

In preparation of these financial statements The Company has considered all the possible impacts of Covid-19, including but not limited to its assessment of, liquidity and going concern assumption, and recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of Covid-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of Covid-19 on the financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of Covid-19.

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 Company and which have not been accrued or disclosed in these financial statements.

Credit related commitments

Credit related commitments comprise guarantees issued by the Company. The contractual amount of these commitments represents the value at risk should the contract be fully drawn upon, the client defaults, and the value of any existing collateral (if any) becomes worthless. Outstanding credit related commitments at their nominal amounts are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>01 April 2018</u>
Guarantees issued	6,393	6,269	6,583	5,581

The total outstanding contractual amount of loan commitments and guarantees does not necessarily represent future cash requirements as these financial instruments may expire or terminate without being funded.

26. Commitments

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

Derivatives

The Company uses foreign exchange forward contracts as part of its strategy for managing exchange risk. The contracts it uses are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions.

Derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus, the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly over time.

Embee Software Private Limited
Notes to the financial statements (Continued)

26. Commitments (Continued)

	31 March 2021			
	Contracts with positive fair value		Contracts with negative fair value	
	in thousands of Indian rupees	in thousands of USD	in thousands of Indian rupees	in thousands of USD
Amount payable	(774,164)	—	—	—
Amount receivable	798,083	—	—	—
Gain / (loss) from forward contracts	23,919	327	—	—

	31 March 2020			
	Contracts with positive fair value		Contracts with negative fair value	
	in thousands of Indian rupees	in thousands of USD	in thousands of Indian rupees	in thousands of USD
Amount payable	—	—	(718,300)	—
Amount receivable	—	—	697,848	—
Gain / (loss) from forward contracts	—	—	(20,452)	(271)

As at 31 March 2019 and 1 April 2018 the Company had no material currency forward contracts.

27. Related party balances and transactions

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

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

	Under common control	Key management personnel	Relatives of Key management personnel	Total related party balances/ transactions
Balances as at 31 March 2021				
Trade payables	252	126	205	583
Transactions for the year ended 31 March 2021				
Payroll expenses	—	(66)	(38)	(104)
Professional services	(269)	—	(229)	(498)
Other distributions	32	—	71	103
Finance income	—	893	—	893

During the year ended 31 March 2021 Mr.Sudhir Kothari acquired the Company's stake in Kota Merchants & Traders Pvt. Ltd. The Company recognised a gain from this transaction amounting to INR 43,238,797 which is an equivalent of USD 582,620.

	Under common control	Key management personnel	Relatives of Key management personnel	Total related party balances/ transactions
Balances as at 31 March 2020				
Advances issued and other receivables	—	—	—	—
Trade payables	—	200	214	214
Transactions for the year ended 31 March 2020				
Payroll expenses	—	(20)	(10)	(29)
Professional services	—	—	(8)	(8)

Embee Software Private Limited
Notes to the financial statements (Continued)

27. Related party balances and transactions (Continued)

	<u>Under common control</u>	<u>Key management personnel</u>	<u>Relative of Key management personnel</u>	<u>Total related party balances/ transactions</u>
Balances as at 31 March 2019				
Trade payables	—	139	1	140
Transactions for the year ended 31 March 2019				
Payroll expenses	—	(306)	(161)	(467)
Professional services	—	—	(2)	(2)
	<u>Under common control</u>	<u>Key management personnel</u>	<u>Relative of Key management personnel</u>	<u>Total related party balances/ transactions</u>
Balances as at 1 April 2018				
Trade payables		116		116

Substantially all transactions with 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.

28. Capital management

For the purpose of the Company'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 Capital's capital management is to maximise shareholder value.

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to loans and other borrowing. Breaches in meeting financial covenants could potentially allow a bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any loans or borrowings in the periods presented in these financial statements.

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.

Management is responsible for making operational decisions and the Company's owners evaluate the Company's performance based on operating profit adjusted for depreciation of property, plant and equipment, net financial expenses and other non-cash and extraordinary items (EBITDA). Since EBITDA is not an IFRS standard performance indicator, the definition of EBITDA and the way of its calculation as applied by the Company may vary from those used by other companies.

Calculation of EBITDA and its reconciliation with profit before tax is presented below:

	<u>Notes</u>	<u>For the year ended 31 March</u>		
		<u>2021</u>	<u>2020</u>	<u>2019</u>
Profit for the year		3,659	1,955	1,700
Income tax expense	10	758	766	905
Depreciation and amortisation	7	225	249	222
Net finance income and expenses		616	1,038	743
EBITDA		<u>5,258</u>	<u>4,008</u>	<u>3,570</u>
Foreign exchange gain / (loss)		(124)	(90)	(1)
One-off items (disposal of subsidiary)		(583)	—	—
Adjusted EBITDA		<u>4,551</u>	<u>3,918</u>	<u>3,569</u>

Embee Software Private Limited
Notes to the financial statements (Continued)

28. Capital management (Continued)

Accumulated capital is, from time to time, distributed to shareholders.

29. Events after the reporting period

Management has not identified any significant events occurring after the end of the reporting period which need to be brought to the attention of users of these financial statements.

LLC National center of support and development

Financial statements

Years ended 31 December 2020, 31 December 2019 and 31 December 2018

LLC National center of support and development
Financial statements
Year ended 31 December 2020, 31 December 2019 and 31 December 2018

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LLC National center of support and development

Financial statements

Year ended 31 December 2020, 31 December 2019 and 31 December 2018

Statement of Management Responsibilities

Management is responsible for the preparation of financial statements that present fairly the financial position of LLC National center of support and development (the Company”) as at 31 December 2020, 31 December 2019, 31 December 2018, and the results of its operations, cash flows and changes in equity for the years then ended, in compliance with International Financial Reporting Standards (“IFRS”).

In preparing the financial statements, management is responsible for:

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

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The financial statements of the Company for the years ended 31 December 2020, 31 December 2019, 31 December 2018 were approved by management on 24 September 2021:

/s/ signature illegible

Dated: 24 September 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of LLC National center of support and development

Report of the Independent Auditors on the Financial Statements of LLC National center of support and development

Qualified Opinion

We have audited the financial statements of LLC National center of support and development (the "Company"), which comprise the statements of financial position as at 31 December 2020, 31 December 2019 and 31 December 2018, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, 31 December 2019 and 31 December 2018, and its financial performance and its cash flows for the years then ended and, except for the matter described in the Basis for Qualified Opinion section, have been properly prepared in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The financial statements for the year ended 31 December 2018 have been presented without full comparative information for the previous period. Presentation of comparative information is a requirement of IFRSs. Consequently, in this regard alone, these financial statements do not comply with IFRSs.

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' *Code of Ethics for Professional Accountants (IESBA Code)*, 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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 judgement 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 directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Moore ST (International) Ltd

Moscow

27 September 2021

LLC National center of support and development
Statement of profit or loss and other comprehensive income
For the years ended 31 December 2020, 31 December 2019 and 31 December 2018
(in US dollars)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018
Revenue from contracts with customers	5	3,923,349	3,388,825	1,317,672
Cost of sales	6	(568,147)	(1,431,360)	(1,048,126)
Gross profit		3,355,202	1,957,465	269,546
Selling, general and administrative expenses	7	(354,573)	(427,956)	(426,958)
Operating profit		3,000,629	1,529,509	(157,412)
Other income		441	—	1,747
Other expenses	8	(11,055)	(294,666)	(3,772)
Foreign exchange gains / (losses)		43,528	(18,431)	13,810
Finance costs	9	(26,525)	(33,718)	(55,694)
Profit before profit tax		3,007,018	1,182,694	(201,321)
Income tax expense	10	(20,063)	(238,486)	34,890
Net profit / (loss) for the year		2,986,955	944,208	(166,431)
Other comprehensive income				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Translation differences		(164,709)	2,556	50,078
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</i>		—	—	—
Total comprehensive income / (loss) for the year		<u>2,822,246</u>	<u>946,764</u>	<u>(116,353)</u>

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

LLC National center of support and development

Statement of financial position

As at 31 December 2020, 31 December 2019, 31 December 2018 and 01 January 2018

(in US dollars)

	<u>Notes</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
Assets					
Non-current assets					
Intangible assets		454	939	2,308	6,052
Property and equipment		59	347	917	2,158
Right-of-use assets	11	88,598	34,284	82,923	163,177
Long-term trade receivables	12	319,128	—	—	—
Long term loans issued	13	11,736	14,005	12,480	15,052
Deferred tax assets	10	—	—	106,094	81,829
		<u>419,975</u>	<u>49,575</u>	<u>204,722</u>	<u>268,268</u>
Current assets					
Advances issued and other current assets	14	71,181	698,908	38,130	100,287
Income tax receivable		455	39	1	7,922
Software,licenses and other inventory	15	369	933	819	1,850
Trade receivables,net	12	3,746,214	676,356	837,635	737,006
Other receivables	16	25,596	45,778	30,608	38,833
Cash and cash equivalents	17	10,335	8,383	1,094	4,738
		<u>3,854,150</u>	<u>1,430,397</u>	<u>908,287</u>	<u>890,636</u>
Total assets		<u>4,274,125</u>	<u>1,479,972</u>	<u>1,113,009</u>	<u>1,158,904</u>
Equity					
Share capital	18	20,522	20,522	20,522	20,522
Retained earnings	18	3,542,884	555,929	(388,279)	(221,848)
Translation reserve	18	(112,075)	52,634	50,078	—
Total equity		<u>3,451,331</u>	<u>629,085</u>	<u>(317,679)</u>	<u>(201,326)</u>
Non-current liabilities					
Deferred tax liabilities	11	117,277	124,087	—	—
Long-term lease liabilities	11	25,596	—	33,832	105,185
		<u>142,873</u>	<u>124,087</u>	<u>33,832</u>	<u>105,185</u>
Current liabilities					
Vacation expenses accrued		8,850	8,952	7,754	10,411
Income tax payable	10	2,415	2,882	2,646	3,099
Trade and other payables	19	174,695	595,686	990,014	943,522
Other tax payables		29,036	26,390	103,968	35,716
Short-term lease liabilities	11	58,363	37,967	53,380	57,992
Short-term borrowings	20	406,562	54,923	239,094	204,305
		<u>679,921</u>	<u>726,800</u>	<u>1,396,856</u>	<u>1,255,045</u>
Total equity and liabilities		<u>4,274,125</u>	<u>1,479,972</u>	<u>1,113,009</u>	<u>1,158,904</u>

Director

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

LLC National center of support and development
Statement of cash flows
For the years ended 31 December 2020, 31 December 2019 and 31 December 2018
(in US dollars)

	<u>Notes</u>	<u>Year ended 31 December 2020</u>	<u>Year ended 31 December 2019</u>	<u>Year ended 31 December 2018</u>
Operating activities				
Profit before profit tax		3,007,018	1,182,694	(201,321)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Depreciation		237	693	962
Amortisation		340	1,582	2,992
Depreciation of right of use assets	11	48,200	56,305	57,819
Foreign exchange losses/(gains)		(43,529)	18,431	(13,811)
Finance costs	9	22,350	26,544	42,480
Interest expense lease liabilities	11	4,175	7,174	13,214
Vacation expenses accrued		1,378	240	(970)
Expected credit losses for the year		—	287,636	—
VAT right-off	7	5,451	7,532	4,433
Operating profit before working capital changes				
<i>Working capital adjustments:</i>				
(Increase)/Decrease in software licenses and other inventory		450	(14)	790
(Increase)/Decrease in advances issued, trade and other receivables		(2,921,610)	(751,125)	(124,711)
(Increase)/Decrease in contract liabilities, trade and other payables		(396,454)	(527,331)	256,945
Cash generated from operating activities		(271,994)	310,361	(38,822)
Income tax paid		(6,913)	(5,665)	—
Interest paid for borrowings		(22,350)	(26,544)	(42,480)
Interest paid for lease liabilities	11	(4,175)	(7,174)	(13,214)
Net cash flows from operating activities		(305,432)	270,978	(16,872)
Investing activities				
Purchase of property, plant and equipment		—	(41)	—
Net cash used in investing activities		—	(41)	—
Cash flows from financing activities				
Repayment of borrowings	22	(772,091)	(1,580,788)	(1,086,428)
Proceeds from borrowings	22	1,140,370	1,376,357	1,163,375
Payment of principal portion of lease liabilities	11	(56,091)	(57,388)	(53,084)
Net cash flows from financing activities		312,188	(261,819)	23,863
Foreign exchange difference		(3,374)	(2,264)	(10,121)
Translation difference		(1,430)	435	(514)
Net increase in cash and cash equivalents		1,952	7,289	(3,644)
Cash and cash equivalents at beginning of the year	17	8,383	1,094	4,738
Cash and cash equivalents at end of the year	17	10,335	8,383	1,094

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

LLC National center of support and development
Statement of changes in equity
For the years ended 31 December 2020, 31 December 2019 and 31 December 2018
(in US dollars)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Translation reserve</u>	<u>Total equity</u>
Balance as at 1 January 2018	20,522	(221,848)	—	(201,326)
Loss for the year	—	(166,431)	—	(166,431)
Currency translation differences	—	—	50,078	50,078
Total comprehensive income / (loss)	—	(166,431)	50,078	(116,353)
Balance as at 31 December 2018	20,522	(388,279)	50,078	(317,679)
Profit for the year	—	944,208	—	944,208
Currency translation differences	—	—	2,556	2,556
Total comprehensive income	—	944,208	2,556	946,764
Balance as at 31 December 2019	20,522	555,929	52,634	629,085
Profit for the year	—	2,986,955	—	2,986,955
Currency translation differences	—	—	(164,709)	(164,709)
Total comprehensive income / (loss)	—	2,986,955	(164,709)	2,822,246
Balance as at 31 December 2020	20,522	3,542,884	(112,075)	3,451,331

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

LLC National center of support and development

Notes to the financial statements

1. Corporate information

The LLC National center of support and development (“the Company”) is a private company based in the Russian Federation, with headquarters in Moscow, incorporated on 07 February 2007. The registered office is located in Mochovaya str.,11, build. 13., Moscow.

Prior to 30 April 2021, when Softline Projects LLC (hereinafter the “Parent company”) became the major shareholder of the Company with a 99.99% stake, the Company’s owner was Elena Solomatina. Subsequent to that, the Company has no ultimate controlling party.

The Company’s ultimate parent is Softline Group Inc.

The Company operates in the Russian Federation and specialises in open and secure information technology. Its main areas of activity are:

- Supply of full-featured stable versions of industrial-grade open source software products and their technical support services;
- Development, production and supply of integrated software solutions based on open source software products as well as provision of technical support, updating and maintenance services;
- Development, production and supply of information security certified software products, as well as provision of technical support, updating and maintenance services.

Among the Company’s customers and suppliers are leading global developers of open source software products, system integrators, testing laboratories, as well as developers, manufacturers and vendors of computer hardware, software and information security products.

2. Basis of preparation

The financial statements of the Company for the years ended 31 December 2020, 31 December 2019 and 31 December 2019 were authorised for issue in accordance with a written resolution of the Chief Executive Officer on 24 September 2021.

General

These financial statements are prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS), including International Accounting Standards and Interpretations as issued by the International Accounting Standards Board (“IASB”).

The Company maintains its own individual books of accounts in accordance with the Russian legislative requirements. Statutory financial statements used in preparation of these financial statements were converted and adjusted as necessary to comply with the IFRS accounting policies described in Note 4.

The Company prepared the present financial statements in accordance with IFRS for the first time with a transition date 01 January 2018. Accordingly, the Company has prepared financial statements that comply with IFRS applicable as of 31 December 2020, together with the comparative periods data for the year ended 31 December 2019 and year ended 31 December 2018, as described in the summary of significant accounting policies (Note 4).

The financial statements have been prepared on a going concern basis, as Management believes that the Company will continue its activities in the foreseeable future and that there is no intention to dispose of any of the Company or to cease their business operations as well as there being no external threats in existence that would force the companies to cease their business operations.

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

The United States Dollar (“USD” or “presentation currency”) has been used for the presentation of these financial statements. All values are rounded to the nearest USD, except where otherwise indicated.

LLC National center of support and development

Notes to the financial statements (Continued)

2. Basis of preparation (Continued)

Foreign currency transactions

The USD is used as the Company's presentation currency, because presentation in USD is convenient for the major current and potential users of the financial statements.

Management has determined that the functional currency of all the Company is the Russian Rouble ("RUR" or "functional currency") as the majority of the Company's operations are denominated in RUR. Items included in the financial statements are measured using its functional currency. The official rate of exchange of the RUR to USD, as determined by the Central Bank of the Russian Federation, was as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
US Dollar / Rouble	73,8757	61,9057	69,4706	57,6002

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the 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 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.

For the purpose of translation to the presentation currency, assets and liabilities of the Company are translated into USD at the rate of exchange ruling at the reporting date. Income and expense items are translated at exchange rates prevailing at the date of the transactions (when practicable) or using average exchange rates for the reporting period as an expedient. The exchange differences arising on the translation are recognised in other comprehensive income.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's 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.

Each of the most significant areas in which management has used judgement, estimates and assumptions in the application of the Company's accounting policies are listed below. The associated commentary describes the key judgements, 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. The Company has based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

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 20). In making its conclusions, the management considers past tax audit results, current and emerging tax enforcement practices and its own tax risk management approaches.

LLC National center of support and development
Notes to the financial statements (Continued)

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

Revenue recognition

The main source of revenue for the Company is sale of software licenses and provision of a range of services. Management of the Company 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 Company determines two types of reselling arrangements—direct (revenue recognised on a net basis) and indirect (Company acts as a value added partner and recognises gross revenue).

Provision for expected credit losses

The Company uses a simplified model of expected credit losses (ECLs) for provisioning purposes in respect of financial assets carried at amortised cost, the key principle of which is the timely reflection of the deterioration or improvement in the credit quality of financial instruments, taking into account current and forecast information. Provisions for credit losses calculated using the simplified model of expected credit losses represent an amount that reflects various probabilities, the time value of money, as well as reasonable and confirmed information about both past events and the current and future economic situation.

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

Overdue loans and receivables (up to 30 days)	0.01%
Overdue loans and receivables (30 to 90 days)	25%
Overdue loans and receivables (from 90 to 180 days)	50%
Overdue loans and receivables (from 180 days)	100%

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

The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

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 10). 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 utilisation of deferred tax assets must be reduced, this reduction will be recognised in the statement of profit (loss) and other comprehensive income (loss).

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

LLC National center of support and development

Notes to the financial statements (Continued)

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

the incremental borrowing rate relevant in calculating lease liabilities are assessed for recognition of right-of-use assets and lease liabilities.

The Company 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.

Estimates

The Company cannot readily determine the interest rate implicit in the lease, therefore, it average credit rates, which corresponds to the terms and amounts of right-of-use assets financing to measure lease liabilities.

4. Significant accounting policies

(q) Impairment of non-financial assets

The Company 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 Company 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 Company's 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.

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.

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 Company 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.

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

(r) 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.

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Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

Cost of purchase includes purchase price and other non-recoverable taxes. Contractual trade discounts, rebates and other similar items which the Company 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.

(s) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

(t) 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.

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 Company commits to purchase or sell the asset.

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 Company. The Company 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.

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Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

The Company's financial assets at amortised cost includes trade and other receivables, cash and cash equivalents.

Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 12.

The Company recognises the provision for expected credit losses (ECL) for all debt instruments that are not measured at fair value through profit or loss. ECLs are calculated based on the difference between the cash flows due under the contract and all cash flows that the Company expects to receive, discounted using the original effective interest rate or its approximate value. Expected cash flows include cash flows from the sale of held collateral or from other credit enhancement mechanisms that are an integral part of the contractual terms.

ECLs are recognised in two steps. In the case of financial instruments for which credit risk has not increased significantly since their initial recognition, a provision is created for losses in respect of credit losses that may arise as a result of defaults possible over the next 12 months (12-month expected credit losses). For financial instruments for which credit risk has increased significantly since initial recognition, a provision for expected losses is created in respect of credit losses expected over the remaining life of this financial instrument, regardless of the time of default (expected credit losses for the entire term).

For trade receivables, the Company takes a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk but instead at each reporting date recognises a provision for losses in the amount equal to expected credit losses for the entire term. The Company has used the provisioning matrix based on its past experience of credit losses, adjusted for forecast factors specific to borrowers and general economic conditions.

The Company believes that a default occurred on the financial asset if the payments stipulated by the contract were overdue for 90 days. However, in certain cases, the Company may also conclude that a default occurred on a financial asset if internal or external information indicates that it is unlikely that the Company will receive, without taking into account the credit enhancement mechanisms held by the Company, the full amount of the remaining payments provided for by contract. A financial asset is written off if the Company does not have reasonable expectations regarding the reimbursement of cash flows stipulated by the contract.

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

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Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

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 Company. 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 loans and borrowings (Note 20).

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.

(u) 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.

(v) 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 Company operates and generates taxable income.

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

Uncertain tax positions

The Company's policy is to comply fully with the applicable tax regulations in the jurisdictions in which its operations are subject to income taxes. The Company's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by the Company's subsidiaries will be subject to a

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Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

review or audit by the relevant tax authorities. The Company 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 Company 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.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company records revenue from sales transactions as performance obligations being satisfied, as control is passed, either over time or at a point in time.

The Company 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 Company as the entity performs;

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Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

- The Company's performance creates or enhances an asset that the customer controls as the asset is created;
- Or the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

If revenue does not meet the criteria above for recognition over time, it is recognised at the point in time when control of goods or the output of services passes from vendor to purchaser. The Company considers a number of indicators when assessing whether or not control has passed. These include, but are not limited to, the following:

- The Company has a present right to payment for the asset;
- The customer has legal title to the asset;
- The Company 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.

In accounting for contracts involving multiple performance obligations, the Company uses a recognition method based on contract liability units. A contract liability unit is the smallest contract liability into which a contract recording revenue over time can be split. Revenue from each contract liability unit is recognised when the performance obligations associated with that contract liability unit have been satisfied.

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 Company 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.

The Company 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 solutions as well as 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 it 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 Company 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 Company records the full amount of revenue.

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.

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.

(h) 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.

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Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

(i) Staff costs

The Company contributes to the Russian Federation state pension scheme, social insurance and medical insurance funds in respect of its employees. These costs are expensed as incurred and are included in staff costs.

(j) Leases

The Company 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.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). That applies to finance leases for all periods presented and for operating leases—from 01 January 2018, 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. Please refer to the accounting policies in Note 4.

(ii) Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company 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 Company 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 Company 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.

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Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

(k) Current vs non-current classification

The Company 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 Company classifies all other liabilities as non-current.

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

(l) First time adoption of IFRS

The information presented below is on enforcement of compliance data and a quantitative assessment of the impact of the transition from the Russian accounting standards (RAS) to IFRS.

The effect on equity reported under RAS to equity under IFRS is as follows:

<u>Adjusted item</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
Retained earnings according to RAS	107,938	105,470
Vacation expenses accrued adjustment	(9,441)	(10,411)
Operating lease adjustment	(4,735)	—
Deferred tax adjustment	124,054	81,829
Trade accounts payable adjustment	<u>(606,094)</u>	<u>(398,736)</u>
Total adjustments	(496,216)	(327,318)
Retained earnings according to IFRS	(388,279)	(221,848)
Share capital	20,522	20,522
Translation reserve	<u>50,078</u>	<u>—</u>
Equity	<u>(317,679)</u>	<u>(201,326)</u>

Effect on the total comprehensive income under IFRS for the latest period of the Company's recent annual financial statements:

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Notes to the financial statements (Continued)

4. Significant accounting policies (Continued)

<u>Adjusted item</u>	<u>Year ended 31 December 2018</u>
Net profit for the year according to RAS	2,468
Vacation expenses accrued adjustment	969
Operating lease adjustment	(4,735)
Deferred tax adjustment	42,224
Trade accounts payable adjustment	<u>(207,357)</u>
Total adjustments	<u>(168,899)</u>
Net profit for the year according to IFRS	<u>(166,431)</u>

Most of the adjustments listed above arose due to differences between the accounting under RAS and IFRS and are related to the following items:

- **Recognition of leases under IFRS 16** IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted.
- **Accrual of vacation expenses** The Company has elected not to accrue unused vacation expenses in RAS accounts whereas for IFRS purposes such an accrual is considered appropriate.
- **Accrual of expenses** The Company is not allowed to accrue expenses that are not supported by appropriately produced documents in RAS accounts whereas for IFRS purposes under such an accrual is considered appropriate.
- **Deferred taxes.** Deferred tax assets and liabilities are recorded in the RAS financial statements of the Company in accordance with the rules of RAS. Deferred tax assets and liabilities for the IFRS purposes were adjusted based on the Management estimates of possibilities of temporary differences to crystallise in future. Additional calculation of deferred taxes under IFRS was made after evaluation of all adjustments by analysing the changes resulting from adjustments to balance sheet items of assets / liabilities for accounting and taxation. Balances on the settlements with the state for profit tax, reflected in Russian accounting at the end of each reporting period are confirmed by the reconciliation with tax authorities.

5. Revenue from contracts with customers

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

	For the year ended 31 December		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Sales of software	3,859,008	3,376,824	689,833
Sales of services	63,816	11,794	627,400
Sales of hardware	525	207	439
	<u>3,923,349</u>	<u>3,388,825</u>	<u>1,317,672</u>

The sale of software and hardware from the Company's top ten vendors accounted for 100% of the Company's turnover in the years ended 31 December 2020, 2019 and 2018, respectively.

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

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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

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Notes to the financial statements (Continued)

5. Revenue from contracts with customers (Continued)

advances received to deliver software products or to render services. All contract liabilities as at 31 December 2020 were recognised as revenue in 2020.

Substantially all revenue is recognised by the Company at the moment of time.

6. Cost of sales

	For the year ended 31 December		
	2020	2019	2018
Cost of software	568,147	1,431,360	1,048,126
	568,147	1,431,360	1,048,126

7. Selling, general and administrative expenses

Average number of employees during the year ended 31 December 2020 amounted to 17 (the year ended 31 December 2019–18, the year ended 31 December 2018–19).

	For the year ended 31 December		
	2020	2019	2018
Compensation to employees	234,944	289,054	294,401
Depreciation of right of lease assets	48 200	56 305	57 819
Payroll taxes	30,714	35,765	34,636
Licenses for own use	12,141	15,012	11,230
Materials	8,389	9,738	5,341
Communication expenses	8,038	8,462	11,228
VAT written-off	5,451	7,532	4,433
Professional services	2,242	181	—
General expenses	2,040	788	2,248
Audit, other assurance and non-audit services	1,383	1,548	1,589
Depreciation and amortisation	577	2,275	3,954
Advertising and marketing expenses	454	1,296	79
	354,573	427,956	426,958

8. Other expenses

	For the year ended 31 December		
	2020	2019	2018
Penalties for taxes, social insurance and contributions (other)	7,029	—	—
Bank commissions	1,592	6,379	3,708
Movement in expected credit losses for the year	—	287,636	—
Other expenses	2,434	651	64
	11,055	294,666	3,772

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Notes to the financial statements (Continued)

9. Finance costs

	For the year ended 31 December		
	2020	2019	2018
Interest on borrowings	22,350	26,544	42,480
Interest expense on lease liabilities	4,175	7,174	13,214
Interest expense	26,525	33,718	55,694
Finance costs	26,525	33,718	55,694

10. Income tax

The Company is subject to corporate income tax at the standard rate of 20% applied to its taxable income for the years ended 31.12.2020, 31.12.2019, 31.12.2018. Since 01.01.2021 the applicable income tax rate is 3%.

	For the year ended 31 December		
	2020	2019	2018
Current income tax	(6,482)	(5,547)	(7,335)
Deferred tax	(13,581)	(232,939)	42,225
Total income tax expense	(20,063)	(238,486)	34,890

Deferred income tax as of 31 December 2020, 2019 and 2018:

	Statement of financial position as at				Statement of profit or loss and other comprehensive income for the year ended 31 December		
	31.12.2020	31.12.2019	31.12.2018	01.01.2018	2020	2019	2018
Deferred tax assets/ (liabilities) arising from							
Rights of use assets	2,855	7,593	17,442	—	(3,584)	(11,478)	19,256
Lease liabilities	(3,012)	(6,857)	(16,585)	—	2,792	11,261	(18,309)
Accrual for unused vacation	301	1,790	1,551	2,082	(1,225)	48	(194)
Accounts receivable	(117,421)	—	—	—	(119,941)	—	—
Trade accounts payable	—	—	103,686	79,747	—	(111,471)	41,472,
Advances issued	—	(126,613)	—	—	108,377	(121,299)	—
Deferred tax expense/ (benefit)	—	—	—	—	(13,581)	(232,939)	42,225
Net deferred tax assets/ (liabilities)	(117,277)	(124,087)	106,094	81,829	—	—	—

The Company recorded the effect of translation difference on deferred tax assets and liabilities of USD 462 in the year ended 31 December 2020 (USD 248 in the year ended 31 December 2019, USD 338 in the year ended 31 December 2018).

Reflected in statement of financial position as follows:

	For the year ended 31 December		
	2020	2019	2018
Deferred tax assets	3,156	9,383	122,679
Deferred tax liabilities	(120,433)	(133,470)	(16,585)
Deferred tax assets / (liabilities), net	(117,277)	(124,087)	106,094

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Notes to the financial statements (Continued)

10. Income tax (Continued)

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

	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018
Accounting profit before income tax	3,007,018	1,182,694	(201,321)
Theoretical income tax expense at prevailing tax rate 20%	(601,403)	(236,539)	40,264
Effect of changes in income tax rate from 20% to 3% and non- taxable items	581,341	(1,947)	(5,374)
Total income tax expense	(20,063)	(238,486)	34,890

11. Leases

The Company leases office space in a operating lease agreements and office premises under operating lease agreements. The Company did not have any finance lease contracts.

The Company had operating lease commitments before transition to IFRS 16. Lease liabilities after transition to IFRS 16 comprised the following:

	1 January 2018
Operating lease liabilities recognised under IFRS 16	(163,177)
Total lease liabilities	(163,177)

On adoption of IFRS 16, the Company 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 incremental borrowing rate of 11.9% as at 01 January 2018.

Company cannot readily determine the interest rate implicit in the operating lease contracts, therefore, it uses the rate of interest that is implied under average credit rates and equals from 8.2% p.a. to 11.9% p.a. which corresponds to the terms and amounts of right-of-use assets financing.

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

	2020	2019	2018
As at 1 January	(37,967)	(87,212)	(163,177)
Additions	(109,354)	—	—
Accretion of interest	(4,175)	(7,174)	(13,214)
Payments—body portion	56,091	57,388	53,084
Payments—%	4,175	7,174	13,214
Translation difference	7,271	(8,143)	22,881
As at 31 December	(83,959)	(37,967)	(87,212)
Current	(58,363)	(37,967)	(53,380)
Non-current	(25,596)	—	(33,832)

The maturity analysis of lease liabilities is disclosed in Note 21.

LLC National center of support and development
Notes to the financial statements (Continued)

10. Income tax (Continued)

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

	<u>Office premises</u>	<u>Total</u>
01 January 2018	163,177	163,177
Depreciation expense	(57,819)	(57,819)
Translation difference	(22,435)	(22,435)
31 December 2018	82,923	82,923
Depreciation expense	(56,305)	(56,305)
Translation difference	7,666	7,666
31 December 2019	34,284	34,284
Additions	109,354	109,354
Depreciation expense	(48,200)	(48,200)
Translation difference	(6,840)	(6,840)
31 December 2020	88,598	88,598

The following are the amounts recognised in profit or loss:

	<u>For the year ended 31 December</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Depreciation expense of right-of-use assets	(48,200)	(56,305)	(57,819)
Interest expense on lease liabilities	(4,175)	(7,174)	(13,214)
Total amount recognised in profit or loss	(52,375)	(63,479)	(71,033)

The Company had total cash outflows for leases of 60,266 in 2020 (64,562 in 2019, 66,298 in 2018).

The Company did not have lease contracts with variable payments.

The Company did not have leases not yet commenced to which the lessee is committed.

Details of lease obligations are as follows:

	<u>Less than 6 month</u>	<u>6–12 months</u>	<u>1–2 years</u>	<u>More than 2 years</u>	<u>Total</u>
31.12.2020 Present value of minimum lease payments	28,672	29,691	25,596	—	83,959
Minimum lease payments	31,269	31,269	26,057	—	88,595
31.12.2019 Present value of minimum lease payments	32,401	5,566	—	—	37,967
Minimum lease payments	33,695	5,616	—	—	39,311
31.12.2018 Present value of minimum lease payments	26,017	27,363	33,832	—	87,212
Minimum lease payments	30,026	30,026	35,031	—	95,083
01.01.2018 Present value of minimum lease payments	28,319	29,673	64,380	40,805	163,177
Minimum lease payments	36,214	36,214	72,428	42,250	187,106

LLC National center of support and development
Notes to the financial statements (Continued)

13. Trade receivables

	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
Short-term receivables from third-party customers	318,984	583,496	837,428	736,756
Short-term receivables from related parties (Note 25)	3,678,823	393,101	207	250
Long-term receivables from related parties (Note 25)	<u>319,128</u>	<u>—</u>	<u>—</u>	<u>—</u>
Less: provision for expected credit losses	<u>(251,593)</u>	<u>(300,241)</u>	<u>—</u>	<u>—</u>
	<u>4,065,342</u>	<u>676,356</u>	<u>837,635</u>	<u>737,006</u>

The fair value of trade and other current receivables approximates their carrying value. The average days sales outstanding (DSO) period is 124 days (82 in 2019, 218 in 2018). No interest is charged on trade receivables.

For terms and conditions relating to related party receivables, refer to Note 25.

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

	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
As at 1 January	(300,241)	—	—	—
Expected credit losses for the year (Note 21)	—	(300,241)	—	—
Write-offs	—	—	—	—
Translation difference	<u>48,648</u>	<u>—</u>	<u>—</u>	<u>—</u>
As at 31 December	<u>(251,593)</u>	<u>(300,241)</u>	<u>—</u>	<u>—</u>

Information about the credit exposures is disclosed in Note 21.

The aging analysis of trade receivables at various reporting dates is as follows:

	<u>Total</u>	<u>Neither past due nor impaired</u>	<u>Past due and impaired</u>				
			<u><30 days</u>	<u>30–60 days</u>	<u>60–90 days</u>	<u>90–180 days</u>	<u>>181 days</u>
As at 01 January 2018	737,006	737,006	—	—	—	—	—
As at 31 December 2018	837,635	837,635	—	—	—	—	—
As at 31 December 2019	976,597	676,356	—	—	—	—	300,241
As at 31 December 2020	4,316,935	4,065,342	—	—	—	—	251,593

14. Loans issued

	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
Long-term loans issued to third parties	<u>11,736</u>	<u>14,005</u>	<u>12,480</u>	<u>15,052</u>
Total long-term loans issued	<u>11,736</u>	<u>14,005</u>	<u>12,480</u>	<u>15,052</u>
	<u>11,736</u>	<u>14,005</u>	<u>12,480</u>	<u>15,052</u>

As at 31 December 2020, 2019, 2018 and 01 January 2018, all loans issued were long-term and not impaired. These loans were denominated in RUB and bear 0% rate. The sole recipient of the loans is LLC “OSL Distribution”, a partner company.

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Notes to the financial statements (Continued)

15. Advances issued

	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
Advances issued	69,410	65,721	34,280	95,644
Advances issued and other receivables to related parties (Note 25)	—	633,211	3,871	4,669
VAT on advances received	<u>1,771</u>	<u>(24)</u>	<u>(21)</u>	<u>(26)</u>
	<u>71,181</u>	<u>698,908</u>	<u>38,130</u>	<u>100,287</u>

As at 31 December 2020, 2019, 2018 and 01 January 2018, all advances issued and other current assets were current and not impaired.

16. Software licenses and other inventory

	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
Software for resale (at cost)	55	559	498	600
Materials (at cost)	<u>314</u>	<u>374</u>	<u>321</u>	<u>1,250</u>
Total inventories	<u>369</u>	<u>933</u>	<u>819</u>	<u>1,850</u>

17. Other receivables

	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
Other taxes receivable	25,415	38,523	21,584	27,600
Receivables from employees	<u>181</u>	<u>7,255</u>	<u>9,024</u>	<u>11,233</u>
	<u>25,596</u>	<u>45,778</u>	<u>30,608</u>	<u>38,833</u>

As at 31 December 2020, 2019, 2018 and 01 January 2018, all other receivable balances were current and not impaired.

18. Cash and cash equivalents

	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
Cash in banks, including	10,335	8,383	1,094	4,738
<i>In Russian roubles</i>	<i>10,335</i>	<i>8,383</i>	<i>1,093</i>	<i>4,714</i>
<i>In EURO</i>	—	—	<i>1</i>	<i>24</i>
	<u>10,335</u>	<u>8,383</u>	<u>1,094</u>	<u>4,738</u>

As at 31 December 2020, 2019, 2018 and 01 January 2018, all cash and cash equivalents balances were current and not impaired.

19. Share capital

During the years ended 31 December 2020, 31 December 2019 and 31 December 2018 share capital of the Company was RUB 1,182,059 (an equivalent of USD 20,522 as at the date of initial recognition).

During the years ended 31 December 2020, 31 December 2019 and 31 December 2018 the Company's sole owner and ultimate beneficiary was Elena Solomatina.

During the years ended 31 December 2020, 31 December 2019 and 31 December 2018 the Company did not declare dividends.

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Notes to the financial statements (Continued)

20. Trade and other payables

	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
Related parties (Note 25)	(138,559)	(564,405)	(959,431)	(864,219)
Payable to employees	(14,753)	(19,518)	(21,573)	(28,205)
Trade payables	(9,763)	(10,309)	(8,065)	(43,730)
Other payables	<u>(11,620)</u>	<u>(1,454)</u>	<u>(945)</u>	<u>(7,368)</u>
	<u>(174,695)</u>	<u>(595,686)</u>	<u>(990,014)</u>	<u>(943,522)</u>

Terms and conditions of the above financial liabilities described above:

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

The detailed information on related party transactions is also disclosed in Note 25.

21. Short-term borrowings

	<u>Effective interest rate</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>01 January 2018</u>
<i>In RUB</i>					
Short-term borrowings					
TCB Bank	11%	249,067	33,923	11,516	204,305
Elena Solomatina	—	157,495	21,000	118,899	—
Alexandra Solomatina	—	—	—	<u>108,679</u>	—
Total		<u>406,562</u>	<u>54,923</u>	<u>239,094</u>	<u>204,305</u>

The Company has obtained revolving credit line facilities in RUB from TCB Bank in case it needs to raise extra funds for working capital purposes. The total amount of the credit line is RUR 18,000,000. The agreement for the amount with interest 11% is valid until April 2022. The unused portion under all credit facilities as of 31 December 2020 was an equivalent of USD 5,414 (as of 31 December 2019: USD 256,842, as of 31 December 2018: USD 247,569 , as of 01 January 2018: USD 108,194).

As of 31 December 2020, as of 31 December 2019, 31 December 2018 and as of 01 January 2018 the Company was in compliance with all major Company's restrictive financial covenants.

22. Financial risk management and policies

The Company'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 Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge its risk exposures.

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 Company has trading activity in foreign currencies. The Company 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.

LLC National center of support and development
Notes to the financial statements (Continued)

22. Financial risk management and policies (Continued)

Monetary assets and liabilities of the Company are mostly expressed in Euro and Russian Roubles. The table below provides information on the amounts of financial assets and liabilities of the Company denominated in EUR that are exposed to currency risk at each reporting date:

	<u>EUR</u>	<u>Total</u>
As at 31 December 2020		
Financial assets		
Trade accounts receivable*	4,031,094	<u>4,031,094</u>
Financial liabilities		
Trade accounts payable	(138,559)	<u>(138,559)</u>
Net position	<u>3,892,535</u>	<u>3,892,535</u>
As at 31 December 2019		
Financial assets		
Trade accounts receivable*	449,190	<u>449,190</u>
Financial liabilities		
Trade accounts payable	(564,266)	<u>(564,266)</u>
Net position	<u>(115,076)</u>	<u>(115,076)</u>
As at 31 December 2018		
Financial assets		
Trade accounts receivable*	389,313	<u>389,313</u>
Financial liabilities		
Trade accounts payable	(959,431)	<u>(959,431)</u>
Net position	<u>(570,118)</u>	<u>(570,118)</u>
As at 01 January 2018		
Financial assets		
Trade accounts receivable*	569,419	<u>569,419</u>
Financial liabilities		
Trade accounts payable	(1,433,638)	<u>(1,433,638)</u>
Net position	<u>(864,219)</u>	<u>(864,219)</u>

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

The Company does not have formal arrangements to mitigate 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.

LLC National center of support and development
Notes to the financial statements (Continued)

22. Financial risk management and policies (Continued)

The following tables demonstrate the sensitivity to a reasonably possible change in EUR exchange rates against RUR, with all other variables held constant.

Foreign exchange risk

	<u>Change in exchange rates</u>	<u>Effect on profit before tax</u>	<u>Effect on pre-tax equity</u>
As at 31 December 2020			
EUR/RUR	10%	389,254	389,254
	<u>-10%</u>	<u>(389,254)</u>	<u>(389,254)</u>
As at 31 December 2019			
EUR/RUR	10%	(11,508)	(11,508)
	<u>-10%</u>	<u>11,508</u>	<u>11,508</u>
As at 31 December 2018			
EUR/RUR	10%	(57,012)	(57,012)
	<u>-10%</u>	<u>57,012</u>	<u>57,012</u>
As at 1 January 2018			
EUR/RUR	10%	(86,422)	(86,422)
	<u>-10%</u>	<u>86,422</u>	<u>86,422</u>

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 Company's exposure to the risk of changes in market interest rates is limited as substantially all the Company's borrowings are at a fixed interest rates.

Credit risk

Credit risk is the risk that the Company incurs a financial loss caused by a customer or counterparty not fulfilling its contractual obligations on financial instrument. This risk is mainly associated with trade receivables. To manage this risk, the Company periodically assesses the financial reliability of its counterparties.

Generally, trade receivables are written-off if past due for more than three years and are not subject to enforcement activity.

The Company's exposure to concentration of credit risk is considered significant as its customer base comprises a limited number of customers. Although the collection of receivables may be affected by economic factors, Management believes that there is no significant risk of loss.

Set out below is the information about the credit risk exposure on the Company's trade receivables:

	<u>Total</u>	<u>Neither past due nor impaired</u>	<u>Past due and impaired</u>
31 December 2020			
Estimated total gross carrying amount at default	4,316,935	4,065,342	251,593
31 December 2019			
Estimated total gross carrying amount at default	976,597	676,356	300,241
31 December 2018			
Estimated total gross carrying amount at default	837,635	837,635	—
01 January 2018			
Estimated total gross carrying amount at default	737,006	737,006	—

LLC National center of support and development
Notes to the financial statements (Continued)

22. Financial risk management and policies (Continued)

Liquidity risk

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

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

The table below analyses the Company'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.

<u>As at 31 December 2020</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>More than 2 years</u>	<u>Total</u>
Financial assets						
Trade accounts receivable	—	3,746,214	—	319,128	—	4,065,342
Long-term loans issued	—	—	—	11,736	—	11,736
Cash and cash equivalents	10,335	—	—	—	—	10,335
	<u>10,335</u>	<u>3,746,214</u>	<u>—</u>	<u>330,864</u>	<u>—</u>	<u>4,087,413</u>
Financial liabilities						
Carrying value of borrowings and loans	—	(289,540)	(117,022)	—	—	(406,562)
Carrying value of lease liabilities	—	(28,672)	(29,691)	(25,596)	—	(83,959)
Trade accounts payable	—	(174,695)	—	—	—	(174,695)
	<u>—</u>	<u>(492,907)</u>	<u>(146,713)</u>	<u>(25,596)</u>	<u>—</u>	<u>(665,216)</u>
Net position	<u>10,335</u>	<u>3,253,307</u>	<u>(146,713)</u>	<u>305,268</u>	<u>—</u>	<u>3,422,197</u>
<u>As at 31 December 2019</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>More than 2 years</u>	<u>Total</u>
Financial assets						
Trade accounts receivable*	—	676,356	—	—	—	676,356
Long-term loans issued	—	—	—	—	14,005	14,005
Cash and cash equivalents	8,383	—	—	—	—	8,383
	<u>8,383</u>	<u>676,356</u>	<u>—</u>	<u>—</u>	<u>14,005</u>	<u>698,744</u>
Financial liabilities						
Carrying value of borrowings and loans	(21,000)	(33,923)	—	—	—	(54,923)
Carrying value of lease liabilities	—	(32,451)	(5,516)	—	—	(37,967)
Trade accounts payable	—	(595,686)	—	—	—	(595,686)
	<u>(21,000)</u>	<u>(662,060)</u>	<u>(5,516)</u>	<u>—</u>	<u>—</u>	<u>(688,576)</u>
Net position	<u>(12,617)</u>	<u>14,296</u>	<u>(5,516)</u>	<u>—</u>	<u>14,005</u>	<u>10,168</u>

LLC National center of support and development
Notes to the financial statements (Continued)

22. Financial risk management and policies (Continued)

<u>As at 31 December 2018</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6–12 months</u>	<u>1–2 years</u>	<u>More than 2 years</u>	<u>Total</u>
Financial assets						
Trade accounts receivable*	—	837,635	—	—	—	837,635
Long-term loans issued	—	—	—	—	12,480	12,480
Cash and cash equivalents	1,094	—	—	—	—	1,094
	<u>1,094</u>	<u>837,635</u>	<u>—</u>	<u>—</u>	<u>12,480</u>	<u>851,209</u>
Financial liabilities						
Carrying value of borrowings and loans	(227,578)	(11,516)	—	—	—	(239,094)
Trade accounts payable	—	(990,014)	—	—	—	(990,014)
Carrying value of lease liabilities	—	(26,017)	(27,363)	(33,832)	—	(87,212)
	<u>(227,578)</u>	<u>(1,027,547)</u>	<u>(27,363)</u>	<u>(33,832)</u>	<u>—</u>	<u>(1,316,320)</u>
Net position	<u>(226,484)</u>	<u>(189,912)</u>	<u>(27,363)</u>	<u>(33,832)</u>	<u>12,480</u>	<u>(465,111)</u>
<u>As at 01 January 2018</u>	<u>On demand</u>	<u>Less than 6 months</u>	<u>6–12 months</u>	<u>1–2 years</u>	<u>More than 2 years</u>	<u>Total</u>
Financial assets						
Trade accounts receivable*	—	737,006	—	—	—	737,006
Long-term loans issued	—	—	—	—	15,052	15,052
Cash and cash equivalents	4,738	—	—	—	—	4,738
	<u>4,738</u>	<u>737,006</u>	<u>—</u>	<u>—</u>	<u>15,052</u>	<u>756,796</u>
Financial liabilities						
Carrying value of borrowings and loans	—	(204,305)	—	—	—	(204,305)
Carrying value of lease liabilities	—	(28,319)	(29,673)	(64,380)	(40,805)	(163,177)
Trade accounts payable	—	(943,522)	—	—	—	(943,522)
Carrying value of lease liabilities	—	(1,176,146)	(29,673)	(64,380)	(40,805)	(1,311,004)
Net position	<u>4,738</u>	<u>(439,140)</u>	<u>(29,673)</u>	<u>(64,380)</u>	<u>(25,753)</u>	<u>(554,208)</u>

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

LLC National center of support and development
Notes to the financial statements (Continued)

23. Financial instruments

The Company's financial instruments as of 31 December 2020, 31 December 2019, 31 December 2018 and 01 January 2018 are presented by category in the table below:

	Category*	31 December 2020	31 December 2019	31 December 2018	01 January 2018
Financial assets					
Trade and other receivables	FAAC	4,065,342	676,356	837,635	736,006
Long-term loans issued	FAAC	11,736	14,005	12,480	15,052
Cash and cash equivalents	FAAC	10,335	8,383	1,094	4,738
Total financial assets		<u>4,087,413</u>	<u>698,744</u>	<u>851,209</u>	<u>755,796</u>
Current		3,756,549	684,739	838,729	741,744
Non-current		330,864	14,005	12,480	15,052
Financial liabilities					
Short-term borrowings—third parties	FLAC	(249,067)	(33,923)	(120,195)	(204,305)
Short-term borrowings—related parties . . .	FLAC	(157,495)	(21,000)	(118,899)	—
Long-term lease liabilities	FLAC	(25,596)	—	(33,832)	(105,185)
Short-term lease liabilities	FLAC	(58,363)	(37,967)	(53,380)	(57,992)
Trade and other accounts payable	FLAC	(174,695)	(595,686)	(990,014)	(943,522)
Total financial liabilities		<u>(665,216)</u>	<u>(688,576)</u>	<u>(1,316,320)</u>	<u>(1,311,004)</u>
Non-current		(25,596)	—	(33,832)	(105,185)
Current		(639,620)	(688,576)	(1,282,488)	(1,205,819)

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

- FAAC—financial assets at amortised cost;
- FLAC—financial liabilities at amortised cost.

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

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

There are the following levels within the fair value hierarchy:

- Level 1—measurement using quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date. As at 31 December 2020, 31 December 2019, 31 December 2018 and 01 January 2018 the Company did not have assets and liabilities of this level.
- Level 2—inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices). As at 31 December 2020, 31 December 2019, 31 December 2018 and 01 January 2018 cash and cash equivalents and bank loans belonged to this level.
- Level 3—unobservable inputs for the asset or liability. These inputs reflect own assumptions of the Company about the assumptions a market participant would use in pricing the asset or liability. As at 31 December 2020, 31 December 2019, 31 December 2018 and 01 January 2018 accounts receivable, short-term loans issued, accounts payable, short-term borrowings and lease liabilities belonged to this level.

During the years ended 31 December 2020, 31 December 2019 and 31 December 2018 there were no transfers between the above levels.

LLC National center of support and development
Notes to the financial statements (Continued)

23. Financial instruments (Continued)

Changes in liabilities arising from financing activities

	<u>As at 1 January 2020</u>	<u>Repayment of borrowings</u>	<u>Foreign exchange movement</u>	<u>New leases</u>	<u>Movement from long to short-term liability</u>	<u>Proceeds from borrowings</u>	<u>As at 31 December 2020</u>
Current interest bearing borrowings and loans	(54,923)	772,091	16,640	—	—	(1,140,370)	(406,562)
Current lease liabilities	(37,967)	56,091	19,147	(27,115)	(68,519)	—	(58,363)
Non-current lease liabilities	—	—	4,453	(98,568)	68,519	—	(25,596)
Total liabilities from financing activities	(92,890)	828,182	40,240	(125,683)	—	(1,140,370)	(490,521)

	<u>As at 1 January 2019</u>	<u>Repayment of borrowings</u>	<u>Foreign exchange movement</u>	<u>New leases</u>	<u>Movement from long to short-term liability</u>	<u>Proceeds from borrowings</u>	<u>As at 31 December 2019</u>
Current interest-bearing loans and borrowings	(239,094)	1,580,788	(20,260)	—	—	(1,376,357)	(54,923)
Current lease liabilities	(53,380)	57,388	(5,602)	—	(36,373)	—	(37,967)
Non-current lease liabilities	(33,832)	—	(2,541)	—	36,373	—	—
Total liabilities from financing activities	(326,306)	1,638,176	(28,403)	—	—	(1,376,357)	(92,890)

	<u>As at 1 January 2018</u>	<u>Repayment of borrowings</u>	<u>Foreign exchange movement</u>	<u>New leases</u>	<u>Movement from long to short-term liability</u>	<u>Proceeds from borrowings</u>	<u>As at 31 December 2018</u>
Current interest-bearing loans and borrowings	(204,305)	1,086,428	42,158	—	—	(1,163,375)	(239,094)
Current lease liabilities	(57,992)	53,084	10,459	—	(58,931)	—	(53,380)
Non-current lease liabilities	(105,185)	—	12,422	—	58,931	—	(33,832)
Total liabilities from financing activities	(367,482)	1,139,512	65,039	—	—	(1,163,375)	(326,306)

25. Contingent liabilities and other risks

Operating environment and economic risks

The Company 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.

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

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Notes to the financial statements (Continued)

25. Contingent liabilities and other risks (Continued)

developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

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

In preparation of these financial statements The Company has considered all the possible impacts of Covid-19, including but not limited to its assessment of, liquidity and going concern assumption, and recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of Covid-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of Covid-19 on the financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of Covid-19.

Legal proceedings

In the opinion of management, there are no current legal proceedings or claims outstanding at 31 December 2020, which could have a material adverse effect on the results of operations or financial position of the Company and which have not been accrued or disclosed in these financial statements.

Tax risks

The taxation system in the Russian Federation is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Taxes are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. Taxes are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. Consequently, the risk of potential tax liabilities in the Russian Federation is substantially greater than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant tax authorities may have differing interpretations and the effects on the Company could be significant.

According to management, at 31 December 2021, the Company had paid or accrued all taxes that are applicable.

26. Commitments

As at 31 December 2020, 31 December 2019 and 31 December 2018 the Company had no material commitments.

27. Related party balances and transactions

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

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

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Notes to the financial statements (Continued)

27. Related party balances and transactions (Continued)

	<u>Under common control</u>	<u>Key management personnel</u>	<u>Total related party balances/ transactions</u>
Balances as at 31 December 2020			
Trade receivables (EUR) (Note 12)	3,997,951	—	3,997,951
Trade payables (EUR) (Note 19)	(138,559)	—	(138,559)
Short-term borrowings (Note 20)	—	(157,495)	(157,495)
Advances received (EUR)	(109)	—	(109)
Payable to employees	—	(3,428)	(3,428)
Transactions for the year ended 31 December 2020			
Payroll expenses (Note 7)	—	(64,039)	(64,039)
Receipts of borrowings (Note 20)	—	(160,876)	(160,876)
Cost of sales	(541,885)	—	(541,885)
Revenue from customers	3,645,990	—	3,645,990
	<u>Under common control</u>	<u>Key management personnel</u>	<u>Total related party balances/ transactions</u>
Balances as at 31 December 2019			
Trade receivables (EUR) (Note 12)	393,101	—	393,101
Trade payables (EUR) (Note 19)	(564,405)	—	(564,405)
Advances received (EUR)	(233)	—	(233)
Advances issued (EUR)	633,071	—	633,071
Short-term borrowings (Note 20)	—	(21,000)	(21,000)
Payable to employees	—	(7,881)	(7,881)
	<u>Under common control</u>	<u>Key management personnel</u>	<u>Total related party balances/ transactions</u>
Transactions for the year ended 31 December 2019			
Receipts of short-term borrowings (Note 20)	—	(38,689)	(38,689)
Payroll expenses (Note 7)	—	(74,044)	(74,044)
Cost of sales	(1,409,543)	—	(1,409,543)
Revenue from customers	1,115,959	—	1,115,959
	<u>Under common control</u>	<u>Key management personnel</u>	<u>Total related party balances/ transactions</u>
Balances as at 31 December 2018			
Trade receivables (EUR) (Note 12)	207	—	207
Trade payables (EUR) (Note 19)	(959,431)	—	(959,431)
Short-term borrowings (Note 20)	—	(227,578)	(227,578)
Payable to employees	—	(6,720)	(6,720)
Transactions for the year ended 31 December 2018			
Payroll expenses (Note 7)	—	(65,271)	(65,271)
Receipts of short-term borrowings (Note 20)	—	(251,246)	(251,246)
Cost of sales	(207,357)	—	(207,357)

LLC National center of support and development
Notes to the financial statements (Continued)

27. Related party balances and transactions (Continued)

	<u>Under common control</u>	<u>Key management personnel</u>	<u>Total related party balances/ transactions</u>
Balances as at 01 January 2018			
Trade receivables (EUR) (Note 12)	250	—	250
Trade payables (EUR) (Note 19)	(864,219)	—	(864,219)
Advances received (EUR)	(140)	—	(140)
Payable to employees	—	(6,761)	(6,761)

For the year ended 31 December 2020 compensation was paid to the Company's management in the amount of USD 64,039 (2019: USD 74,044; 2018: USD 65,257).

Short-term borrowings from Elena Solomatina are disclosed in Key management personne transactions and balances. However, she had been a shareholder until April 2021.

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.

28. Capital management

For the purpose of the Capital'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 Capital'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 Company'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 December 2020, 31 December 2019 and 31 December 2018.

Management is responsible for making operational decisions and the Company's owners evaluate the Company's performance based on operating profit adjusted for depreciation of property, plant and equipment, net financial expenses and other non-cash and extraordinary items (EBITDA). Since EBITDA is not an IFRS standard performance indicator, the definition of EBITDA and the way of its calculation as applied by the Company may vary from those used by other companies.

Calculation of EBITDA and its reconciliation with profit before tax is presented below:

	<u>Notes</u>	<u>For the year ended 31 December</u>		
		<u>2020</u>	<u>2019</u>	<u>2018</u>
Profit / (loss) for the year		2,986,955	944,208	(166,431)
Income tax expense / (income)	10	20,063	238,486	(34,890)
Depreciation and amortisation	7	577	2,276	3,954
Finance costs	9	26,525	33,718	55,694
EBITDA		<u>3,034,120</u>	<u>1,218,688</u>	<u>(141,673)</u>
Foreign exchange losses / (gains)		(43,528)	18,431	(13,811)
One-off items (penalties)	8	7,029	—	—
Adjusted EBITDA		<u>2,997,621</u>	<u>1,237,119</u>	<u>(155,484)</u>

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Notes to the financial statements (Continued)

29. Events after the reporting period

The Company has evaluated subsequent events for these financial statements through the date when the financial statements were issued on 24 September 2021.

At 30 April 2021 Softline Projects LLC became the major shareholder of the Company with a 99.99% stake with the remaining 0.01% stake being under control by Elena Solomatina, the previous sole owner.

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