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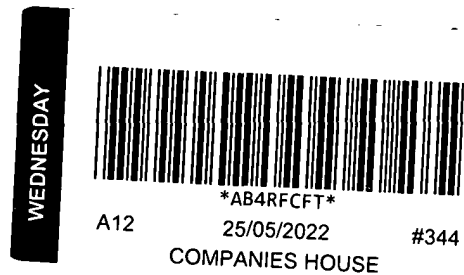


# MYPOS WORLD LTD & SUBSIDIARIES

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020



# myPOS World Ltd & Subsidiaries

## CONTENTS

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	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Directors' Report</b>	<b>5</b>
<b>Independent Auditor's Report</b>	<b>7</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>10</b>
<b>Consolidated Statement of Financial Position</b>	<b>11</b>
<b>Company Statement of Financial Position</b>	<b>13</b>
<b>Statement of Changes in Equity</b>	<b>14</b>
<b>Consolidated Statement of Cash Flows</b>	<b>15</b>
<b>Company Statement of Cash Flows</b>	<b>16</b>
<b>Notes to the Annual Consolidated Financial Statements</b>	<b>17</b>

**COMPANY INFORMATION**

**Directors:**

M R Destraz

C Georgiev

I Rasmally

T Gunzinger

J Beaubois

**Company number:**

10630817

**Registered office:**

The Shard, Level 24

32 London Bridge Street

London

SE1 9SG

**Auditor:**

FISHER, SASSOON & MARKS

43-45 Dorset Street

London

W1U 7NA

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report and financial statements for myPOS World Ltd and its subsidiaries (together, the "Group") for the year ended 31 December 2020.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the company and its subsidiary undertakings when viewed as a whole.

### Review of the business

During the year, to fuel growth, the Group continued to invest in improving the myPOS product in existing markets and in entering new markets across Europe. In addition to robust financial performance, the myPOS management team remained committed to advancing its technologies and expanding the myPOS product offering, thereby strengthening customer engagement whilst growing and diversifying the business into new markets, industries and geographies. During the year myPOS Group finalized very successful R&D projects and it was the first European PSP to develop Pin-On-Glass / Soft POS solution which opened a new segment of the market for the business. myPOS also introduced an integrated invoicing solution and pursued its strategy of opening up its app store to third party ISVs in order to help merchants run and grow their business on the myPOS platform.

During the year the Group invested heavily in the electronic money software, to ensure that it is well-placed to benefit from the underlying growth in the international online payments market and is able to meet the changing demands of both existing and prospective clientele. Long-term myPOS management team objective remains the same; being the number one choice for small European merchants who want to accept card payments.

On 19 March 2020 the parent company of myPOS World Ltd changed ownership from Newport Partners Establishment (Liechtenstein) to Novapay Technologies Inc (USA). On 27 April 2020 the company acquired a 100% stake in Heights Belgium BVBA (later renamed to myPOS Belgium BVBA), a company registered in Antwerp, Belgium, through its wholly-owned subsidiary myPOS Partners Ltd. On 15 May 2020 the company acquired a 50% stake in Flamingo Factor - Unipessoal LDA (later renamed to myPOS Portugal - Payment Technologies LDA), a company registered in Lisbon, Portugal, through its wholly-owned subsidiary myPOS Partners Ltd. On 23 June 2020 the company acquired a 100% stake in myPOS Experience Centers B.V., a company registered in Amsterdam, the Netherlands, through its wholly-owned subsidiary myPOS Partners Ltd. On 16 November 2020 the Group disposed of its 99% interest in myPOS Experience Center RO SRL.

### Principal risks and uncertainties

Management seeks to minimise its exposure to external financial risks. The Group is exposed to various financial risks, including currency exchange rate fluctuations as the Group operates internationally, and significant part of financial services is being provided in foreign currencies. The risk of adverse Anti-Money Laundering ("AML") deficiency in the operations is adequately mitigated by comprehensive policies, measures and staff training at the Group level.

In order to properly mitigate operational risks, the Board has a combination of various controls in place, both internal and external, aimed at the elimination of possible threats to the operations of the Group. As a core element in its risk policy, the Board applies weighted assessment of calculated risk factors in a continuously systematic manner at company and Group level.

The directors manage these risks and have a reasonable expectation that the Group maintains adequate resources to minimise the negative impact on its financials. A more detailed explanation of the risks to which the Group is exposed and its strategy for managing these risks, is included in note 24 to the financial statements.

### Key performance indicators

Since January 2020, the COVID-19 epidemic has spread to many regions around the world and disrupted business and economic activities in many sectors.

Management has taken all necessary measures, which it considers to be effective for ensuring the continuity of the business and for the protection of all its employees, merchants and business operations. These measures were sufficient to fully address the short-term disruption of the macroeconomic conditions resulting from the epidemic. Management believes that the events will not adversely affect the long-term development of the Group as evidenced by the growing revenue year of year. The management is also confident that the company is well positioned to further grow the business in the upcoming year.

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

Key performance indicators are Group's revenue of € 34,847 (2019: € 32,393) thousand and profit after tax for the year of € 840 (2019: € 589) thousand. The Group had net assets of € 5,052 (2019: € 4,255) thousand as at the year end.

While the European Union GDP shrank by 6.1% impacted by the pandemic, myPOS grew revenues by 7.6% to EUR 34.8 million thanks to its geographic expansion and multi-layer sales strategy.

In this difficult economic environment, the myPOS was fast to respond, and adjusted the cost base according to the new paradigm, which allowed myPOS to deliver positive leverage with operating profit up by 41%.

myPOS remained highly cash generative. myPOS generated EUR 4.6 million of operating cash flow and closed the year having reduced its debt position from EUR 3.4 million to EUR 2.5 million.

myPOS has enjoyed an excellent start to 2021 benefiting from the European economy re-opening and thus the business has seen strong growth from existing customers while it continues to attract new merchants to the myPOS platform.

The Board is pleased with the financial performance of the group, the use of its resources and its relationships with all stake holders. The Board remains committed to ensuring a robust governance structure is in place and is working to comply with best practice corporate governance.

On behalf of the Board



Irfan Rasmally  
**Director**

Date ..... 05.08.21

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their annual report and financial statements for the Group for the year ended 31 December 2020.

### **Principal activities**

The principal activity of the company continued to be that of a holding company. The activities of the companies in the Group are that of providing electronic money and payment services and related services.

### **Results and dividends**

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Going concern**

The directors believe that the Group has adequate resources to keep operating and meeting liabilities for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements. Further information supporting the going concern basis may be found in note 1.3 to the financial statements.

### **Research and development**

During the year, the Group capitalised software development costs, which is included in the addition to the intangible assets in note 12.

### **Employees**

As of December 2020, the number of employees in the Group was 277 in offices located across Europe. The number of employees is expected to grow in line with market expansion and product development.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Michael R Destraz  
Christo Georgiev  
Thomas Gunzinger  
Irfan Rasmally  
Jean Beaubois

### **Supplier payment policy**

The Group current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

### **Financial instruments**

#### ***Liquidity risk***

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business. The Group does not consider it has a high level of liquidity risk in view of the policy of the directors which is to not to take on obligations unless there is a source of finance to satisfy those obligations.

#### ***Foreign currency risk***

The Group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures be hedged in order to fix the cost in Euro.

#### ***Credit risk***

Investments of cash surpluses are made through banks which must fulfil the credit rating criteria approved by the Board.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Cash flow risk**

Cash flow risks may arise in the event that the Group does not have sufficient financial resources to meet its obligations as they fall due. To this end, the Group has implemented systems and controls to mitigate such risks.

**Post reporting date events**

Detailed analysis of post reporting date events can be found in note 27 to the financial statements.

**Future developments**

The directors are confident about the Group's progress and believe it is well positioned to make further progress during the coming year through its subsidiaries.

**Auditor**

Fisher, Sassoon & Marks were appointed as auditor to the company, in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed as auditor of the company will be put at a General Meeting.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide 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 entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of directors' compliance with duty to promote the success of the Group**

The directors of have acted in a way that they consider, in good faith, would most likely promote the success of the group for the benefit of its shareholders, employees and customers as a whole, and in doing so, the directors have considered (amongst other matters):

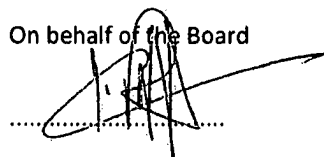
- the likely consequences of any decision in the long term;
- the interest of the group's employees;
- the need to foster the group's business relationships with customer and others;
- the impact of the group's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly among shareholders, employees and customers of the group.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Group auditor is unaware. Additionally, the company directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group auditor is aware of that information.

On behalf of the Board



Irfan Rasmally  
Director

Date 05.08.21

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF MYPOS WORLD LIMITED & SUBSIDIARIES**

**Opinion**

We have audited the financial statements of myPOS World Ltd (the 'company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated and the parent company statement of financial position, the consolidated and the parent company statement of changes in equity, the consolidated and the parent company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF MYPOS WORLD LIMITED & SUBSIDIARIES (CONTINUED)**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of 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 (UK) 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognize non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and the parent company through discussions with directors and other management, and from our commercial knowledge and experience of the financial services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and the parent company, including the Financial Conduct Authority (FCA), Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation;

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF MYPOS WORLD LIMITED & SUBSIDIARIES (CONTINUED)**

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's and the parent company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the group's and the parent company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates as set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the FCA and reviewing the group's and the parent company's compliance monitoring procedures and findings.

There are inherent limitations in our audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or through collusion.

**Use of this report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

  
Jonathan Marks (Senior Statutory Auditor)  
For and on behalf of Fisher, Sassoon & Marks

Chartered Accountants  
Statutory Auditor

05/08/2021

43 - 45 Dorset Street  
London  
W1U 7NA

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

*All amounts are presented in Euro (000) unless otherwise stated.*

	Notes	2020	2019
Revenue	2	34,847	32,393
Cost of sales	3	(16,251)	(16,420)
<b>Gross profit</b>		<b>18,596</b>	<b>15,973</b>
Other income	2	539	228
General and administrative expenses	4	(12,582)	(11,927)
Depreciation and amortization costs	12, 13, 14, 16	(3,241)	(2,111)
Impairment and other charges	5	(1,316)	(747)
<b>Operating profit/ (loss)</b>		<b>1,996</b>	<b>1,416</b>
Finance income	6	9	30
Finance costs	7	(648)	(399)
<b>Profit/ (loss) before tax</b>		<b>1,357</b>	<b>1,047</b>
Income tax expense	8	(517)	(458)
<b>Consolidated net profit/ (loss)</b>		<b>840</b>	<b>589</b>
Other comprehensive income		7	(7)
<b>Total comprehensive income</b>		<b>847</b>	<b>582</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of the parent		961	640
Non-controlling interest		(114)	(58)
<b>Total comprehensive income</b>		<b>847</b>	<b>582</b>

The income statement has been prepared on the basis that all operations are continuing operations.

The parent company has taken advantage of section 408 of the Companies Act 2006 not to present its own statement of comprehensive income. The parent company's result for the year was a net profit of € 3,182 thousand (2019: € 2,761 thousand).

The financial statements were approved by the board of directors and authorized for issue on 05.08.21 and are signed on its behalf by:

  
Irfan Rasmally  
Director

Company Registration No. 10630817

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

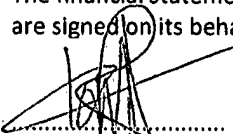
*All amounts are presented in Euro (000) unless otherwise stated.*

	Notes	2020	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	2,770	1,777
Trade and other receivables	10	2,903	13,523
Inventory	9	2,178	2,737
Loans granted	15	-	220
Work in progress	12	-	177
<b>Total non-current assets</b>		<b>7,851</b>	<b>18,434</b>
<b>Non-current assets</b>			
Intangible assets	12	3,916	3,488
Right-of-use assets	16	1,684	1,535
Property, plant and equipment	13	1,314	1,487
Incremental costs of obtaining a contract	14	1,015	1,010
Deferred tax assets	8	350	204
Goodwill	12	302	245
Other non-current assets	15	187	723
<b>Total current assets</b>		<b>8,768</b>	<b>8,692</b>
<b>TOTAL ASSETS</b>		<b>16,619</b>	<b>27,126</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	8,019	18,124
Loans received	17	2,544	3,418
Income tax payable	8	177	273
<b>Total current liabilities</b>		<b>10,740</b>	<b>21,815</b>
<b>Non-current liabilities</b>			
Non-current trade payables	18	827	1,056
<b>Total Non-current liabilities</b>		<b>827</b>	<b>1,056</b>
<b>Equity</b>			
Called up share capital	20	1,140	1,140
Retained earnings	21	4,143	3,189
Other reserves	21	8	1
<b>Equity attributable to the shareholders of the parent</b>		<b>5,291</b>	<b>4,330</b>
Non-controlling interest		239	76
<b>Total equity</b>		<b>5,052</b>	<b>4,254</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,619</b>	<b>27,126</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020 (CONTINUED)**

*All amounts are presented in Euro (000) unless otherwise stated.*

The financial statements were approved by the board of directors and authorized for issue on 05.08.21 and are signed on its behalf by:



.....  
Irfan Rasmally  
Director

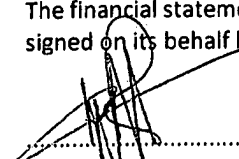
**Company Registration No. 10630817**

**COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

*All amounts are presented in Euro (000) unless otherwise stated.*

	Notes	2020	2019 as restated
<b>ASSETS</b>			
<b>Current Assets</b>			
Trade and other receivables	10	144	2,447
Cash and cash equivalents	11	1	-
Loans granted	15	-	220
<b>Total current assets</b>		<b>145</b>	<b>2,667</b>
<b>Non-current Assets</b>			
Loans granted	15	9,985	3,396
Long-term Investments	19	2,389	2,389
Intangible assets		3	5
Property, plant and equipment		3	5
<b>Total non-current assets</b>		<b>12,380</b>	<b>5,795</b>
<b>TOTAL ASSETS</b>		<b>12,525</b>	<b>8,462</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans received	17	2,227	2,246
Trade and other payables	17	244	3,215
<b>Total equity</b>		<b>2,471</b>	<b>5,461</b>
<b>Non-current liabilities</b>			
Non-current trade payables	18	3,871	-
<b>Total non-current liabilities</b>		<b>3,871</b>	<b>-</b>
<b>Equity</b>			
Called up share capital	20	1,140	1,140
Retained earnings		5,043	1,861
<b>Total current liabilities</b>		<b>6,183</b>	<b>3,001</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,525</b>	<b>8,512</b>

The financial statements were approved by the board of directors and authorized for issue on 05.08.21 and are signed on its behalf by:

  
Irfan Rasmally  
Director

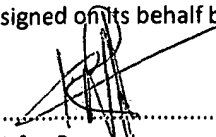
**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2020**

All amounts are presented in Euro (000) unless otherwise stated.

GROUP	Called-up share capital	Other Reserves	Retained earnings	Equity attributable to the shareholders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2019	1,140	8	2,542	3,690	(17)	3,673
<b>Period ended on 31 December 2019</b>						
Profit/Loss and Total comprehensive income	-	(7)	647	640	(58)	582
Acquisition of subsidiaries	-	-	-	-	-	-
Balance at 31 December 2019	1,140	1	3,189	4,330	(75)	4,255
<b>Period ended on 31 December 2020</b>						
Profit/Loss and Total comprehensive income	-	7	954	961	(114)	847
Acquisition of subsidiaries	-	-	-	-	(50)	(50)
Balance at 31 December 2020	1,140	8	4,143	5,291	(239)	5,052

COMPANY	Called-up share capital	Retained earnings	Equity attributable to the shareholders of the parent	Total equity
Balance at 1 January 2019	1,140	(900)	240	240
<b>Period ended on 31 December 2019</b>				
Profit/Loss and Total comprehensive income	-	2,761	2,761	2,761
Acquisition of subsidiaries	-	-	-	-
Balance at 31 December 2019	1,140	1,861	3,001	3,001
<b>Period ended on 31 December 2020</b>				
Profit/Loss and Total comprehensive income	-	3,182	3,182	3,182
Acquisition of subsidiaries	-	-	-	-
Balance at 31 December 2020	1,140	5,043	6,183	6,183

The financial statements were approved by the board of directors and authorized for issue on 05.08.21 and are signed on its behalf by:


  
Irfan Rasmally  
Director

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

*All amounts are presented in Euro (000) unless otherwise stated.*

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Profit before tax	1,357	1,047
<b>Correction of non-monetary items</b>		
Increase in trade and other receivables	10,516	990
Increase in trade and other payables	(10,480)	(2,705)
Depreciation and amortization	3,241	2,111
Non-controlling interest	(50)	-
Foreign currency adjustments	7	(7)
<b>Net cash flows from operating activities</b>	<b>4,591</b>	<b>1,436</b>
<b>Cash flows from investing activities</b>		
Payments for non-current assets	(3,362)	(5,399)
Loans repaid by related parties	756	91
Acquisition of subsidiaries (net of cash acquired)	(118)	(79)
<b>Net cash flow used by investing activities</b>	<b>(2,724)</b>	<b>(5,387)</b>
<b>Cash flows from financing activities</b>		
Loans repaid to related parties	(874)	1,378
<b>Net cash flow from financing activities</b>	<b>(874)</b>	<b>1,378</b>
<b>Net increase in cash and cash equivalents</b>	<b>993</b>	<b>(2,573)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,777</b>	<b>4,350</b>
<b>Cash and cash equivalents, end of period</b>	<b>2,770</b>	<b>1,777</b>

The financial statements were approved by the board of directors and authorized for issue on 05.08.21 and are signed on its behalf by:

  
.....  
Irfan Rasmally  
Director

Company Registration No. 10630817

**COMPANY STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

*All amounts are presented in Euro (000) unless otherwise stated.*

COMPANY	2020	2019
<b>Operating activities</b>		as restated
Profit before tax	3,182	2,761
<b>Correction of non-monetary items</b>		
Investment Income	(4,586)	(4,316)
Increase in trade and other receivables	(4,066)	(4,540)
Increase in trade and other payables	(2,971)	2,750
Other gains and losses	392	-
Depreciation and amortization	4	3
<b>Net cash flows from operating activities</b>	<b>(8,045)</b>	<b>(3,342)</b>
<b>Cash flows from Investing activities</b>		
Dividends received	4,328	4,244
Receipts arising from loans made	(392)	-
Interest received on loans granted to related parties	258	72
Payments for non-current assets	-	(11)
<b>Net cash used in investing activities</b>	<b>4,194</b>	<b>4,305</b>
<b>Financing activities</b>		
Loans repaid to related parties	3,852	(970)
<b>Net cash generated from financing activities</b>	<b>3,852</b>	<b>(970)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1</b>	<b>(7)</b>
Cash and cash equivalents at beginning of year	-	7
<b>Cash and cash equivalents at end of year</b>	<b>1</b>	<b>-</b>

The financial statements were approved by the board of directors and authorized for issue on 05.08.21 and are signed on its behalf by:



Irfan Rasmally  
Director

Company Registration No. 10630817

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

### 1. Accounting policies and general information.

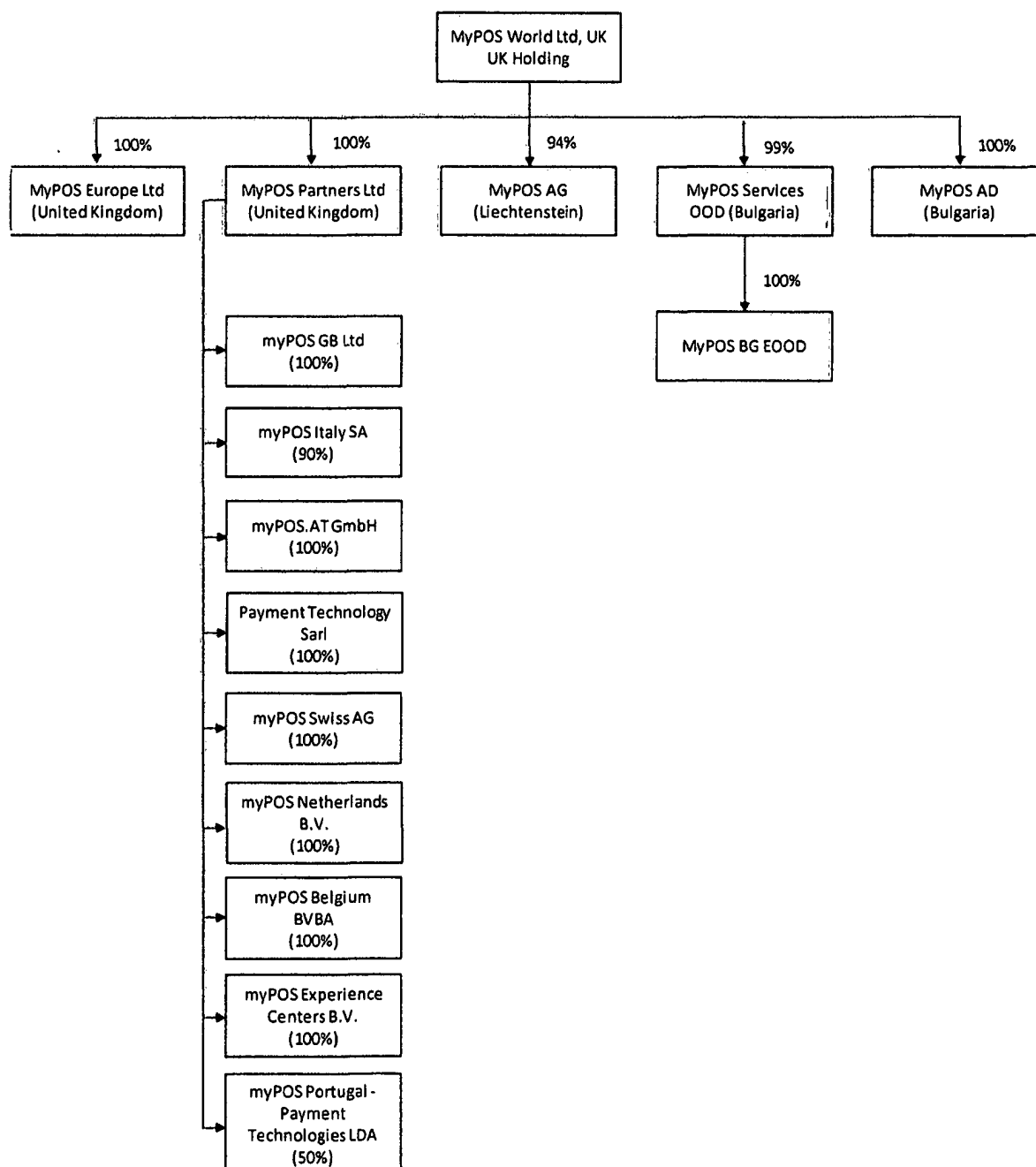
#### Company and Group information

myPOS World Ltd is a private company limited by shares incorporated in England and Wales. The registered office is The Shard, Level 24, 32 London Bridge Street, London, England, SE1 9SG.

myPOS Group comprises of sixteen registered companies as at 31<sup>st</sup> of December 2020. myPOS Group principal business activity is issuing electronic money (e-money) and providing payment services. The Group is organized to facilitate single end-to-end process. For the attainment of this objective and to reducing the operational risk, each company within the group has a clearly defined objective, covering card payment services, proprietary software infrastructure, support and POS terminal delivery and distribution.

The financial year of the Group ends on December 31<sup>st</sup>.

Details of the Parent company's subsidiaries at 31<sup>st</sup> of December 2020 are as follows:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

*All amounts are presented in EUR (000) unless otherwise stated.*

### **1.1 Accounting convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Liechtenstein law applicable to companies reporting under IFRS, (except as otherwise stated). The measurement bases are more fully described in the accounting policies to the financial statements below.

It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements are prepared in Euro, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest thousand Euro (000) unless otherwise stated.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

### **1.2 Basis for the preparation of the consolidated financial statements**

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as subsidiary. The consolidated financial statement includes the results of the Company and its subsidiary undertakings. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries in accordance with IFRS. In the balance sheet, the acquiree's identifiable assets, liabilities and initially recognised at their fair value at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Profit or loss and each component of other comprehensive income 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 in line with the Group's accounting policies.

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

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

### **1.3 Going concern**

Management is responsible for the preparation and fair presentation of the information in these financial statements.

The financial statements are prepared under the going concern principle as the possible effects of the continuing impact of the Covid-19 coronavirus pandemic have been taken into account.

As at the date of preparation of the financial statements, travel bans, quarantine measures and restrictions are in force. While some countries have begun to ease the restrictions, the easing of the measures in others is gradual, in terms of uncertainty about the extension of the measures for indefinite future periods.

The pandemic has led to significant volatility in the financial and commodity markets in Europe and worldwide. Various governments have announced measures to provide both financial and non-financial support to the affected sectors and business organizations.

In these conditions, the Group's management has analysed and assessed the Group's ability to continue as a going concern based on available information about the foreseeable future and management expects that the Group has sufficient financial resources to continue its operations in the near future and continues to apply the going concern principle in preparing its financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**1.4 Changes in accounting policies**

For better and harmonized presentation, the financial statements of the parent entity myPOS World Ltd ("The Company"), is prepared under IFRS, in contrast to the comparatives, which were prepared under UK standard FRS102. There are no transition adjustments.

**1.4.1 New standards, effective from 1 January 2020**

The Group has adopted the following new standards, amendments and interpretations to IFRS, issued by the International Accounting Standards Board (IASB) which are mandatory for application from the annual period beginning on 1 January 2020:

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material, effective from 1 January 2020, adopted by the EC.
- Amendments to References to the Conceptual Framework in IFRS Standards, effective from 1 January 2020, adopted by the EC.
- Amendments to IFRS 16: Covid-19-Related Rent Concessions.

**1.4.2 Standards, amendments and interpretations that are not yet effective and have not been adopted early by the Company**

As of the date of approval for the issuance of these financial statements, new standards, amendments and interpretations have been issued but are not yet effective or not adopted by the EU for annual periods beginning on 1 January 2020 and have not been adopted early by the Group. Management considers that they are not expected to have material effect on the Group's financial statements.

Management expects all standards and amendments to be adopted in the Group's accounting policy for the first period beginning after the date of their adoption.

The changes relate to the following standards:

- IFRS 3 Business Combinations (amended) – Definition of a Business, effective from 1 January 2020, not yet adopted by the EU.
- IFRS 14 Regulatory Deferral Accounts, effective from 1 January 2016, not yet adopted by the EU.
- IFRS 17 Insurance Contracts, effective from 1 January 2021, not yet adopted by the EU.
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use, effective from 1 January 2022, adopted by the EU.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract, effective from 1 January 2022, not yet adopted by the EU.

**1.5 Presentation of financial statements**

The consolidated financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements".

The Group presents the statement of profit or loss and other comprehensive income in a single statement.

Two comparative periods are presented for the statement of financial position when the Group applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements; or reclassifies items in the financial statements and this has a material impact on the statement of financial position at the beginning of the preceding period.

**1.6 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

*All amounts are presented in EUR (000) unless otherwise stated.*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. 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 in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Acquired goodwill, if material is capitalised and written off in equal annual instalments over its estimated useful economic life. In accordance with IFRS 3 any negative goodwill is recognised in the profit or loss on the acquisition date. Goodwill is amortised over 5 years on straight-line basis.

**1.7 Fair value measurement**

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

**1.8 Foreign currency translation**

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the European Central Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Assets and liabilities for each balance sheet of a group company presented are translated at the closing rate at the date of that balance sheet. Income and expenses for each income statement of a group company as well as the cash flow statements are translated at average exchange rates. All resulting exchange differences are recognised as a separate component of comprehensive income under other reserves.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Euro which is considered to be the Group's functional and presentational currency under the current business model, which is consistent with the Company's Group undertakings.

**1.9 Revenue**

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

The main revenue generated by the Group relates to the provision of payment services under the Payment Services and Payment Systems Act (Payment Services Regulations 2017 and Electronic Money Regulations 2011).

To determine whether and how to recognise revenue, the Group uses the following 5 step model:

- 1 Identify the contract(s) with a customer;
- 2 Identify the performance obligations in the contract;
- 3 Determine the transaction price;
- 4 Allocate the transaction price to the performance obligations;
- 5 Recognise revenue when (or as) performance obligations are satisfied.

Revenue is recognised either at a point in or over time when, or until the Group has satisfied its performance obligations by transferring the promised goods or services to its customers.

Revenue relates to subsidiary undertakings represents commission income and consideration received and receivable from issue of electronic money (e-money) and the provision of payment services to merchants, and sale of POS terminals.

The Group recognises as contract liabilities consideration received in respect of unsatisfied performance obligations and presents them as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before receiving the consideration, it recognises in the statement of financial position either a contract or a receivable, depending on whether any additional requirements are present other than a specified time to receive the consideration.

**Disaggregation of revenue**

IFRS15(114), (B87) - (B89)

The Group has a policy to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will depend on the specific circumstances of each entity as to how much detail is disclosed.

Categories that could be used as basis for disaggregation include:

- (a) type of good or service (e.g. major product lines)
- (b) geographical regions

With regards to above the Group has opted to use the type of good or service disaggregation.

**1.10 Interest income**

Interest income is related to loans granted. They are reported on an accrual basis using the effective interest method.

**1.11 Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

**1.12 Interest and borrowing costs**

Interest expenses are reported on an accrual basis using the effective interest method.

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in the statement of profit or loss and other comprehensive income within "Finance costs".

### 1.13 Incremental costs of obtaining a contract

IFRS 15 "Revenue from Contracts with Customers" and related interpretations to IFRS 15 "Revenue from Contracts with Customers" (hereafter referred to as IFRS 15) replace IAS 18 "Revenue", IAS 11 "Construction Contracts" as well as several interpretations related to revenue. The new standard is adopted in the financial year beginning on 1 January 2018 and has no effect on prior periods. The application of IFRS 15 mainly affects contract costs as they are assessed for possible capitalisation using the specific criteria included in the Standard. If these costs are capitalised the related asset is subsequently amortised on a straight-line basis over the estimated benefit period that includes both the existing contract as well as the reasonably expected renewals based on the Group's historical experience with similar arrangements.

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. In all other cases, costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

An asset recognised as an incremental cost of obtaining a contract shall be amortised on a systematic basis that is consistent with the time for which the proceeds of economic benefits from the concluded contract are expected. Amortisation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Incremental costs of obtaining a contract	3.75 years on straight line basis
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### 1.14 Intangible assets

Intangible assets are accounted for using the cost model. The cost comprises its purchase price, including any non-refundable purchase taxes and any directly attributable expenditure on preparing the asset for its intended use whereby the capitalised costs are amortised on a straight-line basis over the estimated useful life of the assets as it is considered to be finite.

After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure incurred after initial recognition of intangible assets is recognised in the consolidated statement of profit or loss and other comprehensive income for the period of their occurrence unless it is probable that the expenditure will enable the asset to generate future economic benefits in excess of its initial estimate and such expenditure can be measured reliably and attributed to the asset. If these two conditions are met, the subsequent expenditure is added to the carrying amount of the intangible asset.

The residual values and useful life are reviewed by the management at each reporting date.

Amortisation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Software	5 years on straight line basis
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Amortisation costs have been included in the consolidated statement of profit or loss and other comprehensive income within "Depreciation and amortisation costs".

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, there is a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

### 1.15 Right-of-use-assets

IFRS 16 "Leases" eliminates the distinction between operating and finance leases for lessees and introduces the right-of-use asset model. The new standard was applied to the establishment of the Group in 2019 and has no effect for previous periods. The application of IFRS 16 mainly affects rental costs, which are assessed for possible capitalization using the specific criteria included in the standard. If capitalized, the resulting asset is subsequently depreciated on a straight-line basis over the shorter of the useful life and the lease term.

The Group recognizes as an asset the future costs under lease agreements if the contract period, as of 1 January 2019, exceeds 12 months. In all other cases, rental costs are recognized as an expense when incurred. An interest rate of 3% for leased office space was used to measure lease liabilities at the date of transition to IFRS 16.

The asset recognized as a right-of-use asset shall be amortized on a systematic basis that is consistent with the time for which the proceeds of economic benefits from the concluded contract are expected.

At the commencement date, the Group recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at acquisition cost, comprising the initial measurement of the lease liability, all initial direct costs incurred by the Group, an estimate of all costs to be incurred in dismantling and removing the underlying asset at the end of the lease and any lease payments made before the commencement date of the lease (excluding any lease incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also performs an impairment review of the right-of-use asset, when such indicators exist.

At the commencement date the Group measures the lease liability at present value of the lease payments that are not paid at that date discounted using the interest rate implicit in the lease contract. If that rate cannot be readily determined then the differential interest rate of the Group is used.

To determine the differential interest rate, the Group uses an interest rate comprising the risk-free interest rate and a margin reflecting the credit risk associated with the Group and further adjusted due to the specific terms of the lease agreement, incl. term, country, currency and collateral.

Lease payments included in the measurement of the lease liability comprise of fixed payments (including in-substance fixed), variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees and payments arising from options reasonably certain to be exercised by the Group.

After the commencement date, the lease liability is reduced by the amount of the lease payments made and increased by the amount of the interest. Lease liabilities is remeasured to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or is recognized in the profit or loss, if the carrying amount of the right-of-use asset is reduced to zero.

The Group has chosen to account short-term leases and leases for which the underlying asset is of low value by using the recognition exemptions. Instead of recognizing a right-of-use asset and lease liability, the related payments are recognized as an expense in the profit or loss on a straight line over the lease term.

In the statement of financial position, right-of-use assets are included within Right-of-use assets, and the lease liabilities are presented within Trade and other payables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**1.16 Property, plant and equipment**

Property, plant and equipment are initially measured at cost, including acquisition cost and any directly attributable costs of bringing the asset to working condition for its intended use.

After initial recognition property, plant and equipment is carried at acquisition cost less accumulated depreciation and accumulated impairment loss. Impairment losses are recognised in the statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance. All other subsequent expenditure is recognised as incurred.

Residual value and useful life of property, plant and equipment are reviewed by the management at each reporting date.

Property, plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract, if shorter.

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful life of Company assets as follows:

Fixtures & Fittings	6.67 years on straight line basis
Computers & office equipment	2 years on straight line basis
Improvement of leased assets	2 - 3 years on straight line basis
Vehicles	4 years on straight line basis

Management reviews the useful lives of depreciable assets at the end of each reporting date.

As at 31 December 2020 management determines the useful life of the assets which represents the expected term of use of the assets by the Group.

The gain or loss arising on the sale of property, plant and equipment is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the statement of profit or loss and other comprehensive income within "Profit / (Loss) from sale of non-current assets".

**1.17 Non-current investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**1.18 Financial instruments****1.18.1 Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when the obligation specified in the contract is fulfilled, cancelled or expires.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**1.18.2 Classification and initial measurement of financial assets**

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not have a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs that are reported as current expenses. The initial measurement of trade receivables that do not have a significant financial component represents the transaction price in accordance with IFRS 15.

Depending on the method of subsequent reporting, financial assets are classified into one of the following categories:

- Debt instruments at amortised cost;
- Financial assets at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income, with or without reclassification in profit or loss, depending on whether they are debt or equity instruments.

The classification of financial assets is determined on the basis of the following two conditions:

- the business model of the Company for the management of financial assets;
- the characteristics of the contractual cash flows of the financial asset.

All income and expense associated with financial assets recognised in profit or loss is included in finance costs, finance income or other finance items, with the exception of the impairment of trade receivables, which is presented within "Other expenses" in the statement for profit or loss and other comprehensive income.

**1.18.3 Subsequent measurement of financial assets****Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following criteria and are not designated for measurement at fair value through profit or loss:

- the Company manages assets in a business model that aims to hold financial assets and collect their contractual cash flows;
- according to the contractual terms of the financial asset at specific dates, cash flows arise, which are only principal payments and interest on the outstanding amount of the principal.

This category includes non-derivative financial assets such as loans and receivables with fixed or determinable payments. After initial recognition, they are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company classifies cash and cash equivalents, trade receivables, card operations receivables and other receivables in this category.

**Trade and other receivables, Card operations receivables**

Trade receivables are amounts due from customers for goods or services sold in the ordinary course of business. Typically, they are due to be settled within a short timeframe and are therefore classified as current. Trade receivables are initially recognised at the amount of unconditional remuneration unless they contain a significant financing component. The Company holds the trade receivables for the purpose of collecting the contractual cash flows and therefore evaluates them at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Card operations receivables are amounts due from the payment services supplier regarding card payments received from clients of myPOS. They are settled through daily cash settlements.

**1.18.4 Impairment of financial assets**

The new impairment requirements under IFRS 9 use more forward-looking information to recognise the expected credit losses - the "expected credit loss" model that replaces the "incurred loss model" presented in IAS 39.

Instruments that fall under the new requirements include loans and other debt financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15, as well as loan commitments and certain financial guarantee contracts (to issuer) that are not carried at fair value through profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

Recognition of credit losses is no longer dependent on the occurrence of a credit loss event. Instead, the Company considers a wider range of information in assessing credit risk and assessing expected credit losses, including past events, current conditions, reasonable and supportive forecasts that affect the expected collection rate of the instrument's future cash flows.

In applying this forward-looking approach, a distinction is made between:

- financial instruments whose credit quality has not significantly deteriorated since their initial recognition or the credit risk has not increased significantly (Stage 1) and;
- financial instruments whose credit quality has significantly deteriorated since their initial recognition or the credit risk has increased significantly (Stage 2);
- "Stage 3" includes financial assets that have objective evidence of impairment at the reporting date.

None of the Company's financial assets fall into this category.

12-month expected credit losses are recognised for the first category while the expected losses for the full term of the financial instruments are recognised for the second category. Expected credit losses are determined as the difference between all contractual cash flows owed to the Company and the cash flows actually expected to be received by the Company ("cash deficit"). This difference is discounted at the initial effective interest rate (or the effective interest rate adjusted to the credit).

The calculation of expected credit losses is determined on the basis of the probability-weighted estimate of credit losses over the expected period of the financial instruments.

**Trade and other receivables, Card operations receivables**

The Company uses a simplified approach in accounting for its trade and other receivables as well as its contract assets and recognises impairment losses as expected credit losses over the entire period. They represent the expected shortfall in contractual cash flows, given the possibility of default at any time during the term of the financial instrument.

After applying the "expected credit losses" model with regards to the Company's trade and other receivables, values below the materiality threshold for 2020 are reported.

**1.18.5 Classification and measurement of financial liabilities**

The Group's financial liabilities include card operations payables, trade and other payables.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Group has designated a financial liability as measured at fair value through profit or loss.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for derivatives and financial liabilities that are designated for measurement at fair value through profit or loss (except for derivative financial instruments that are designated and effective as a hedging instrument).

All interest costs and, if applicable, changes in the fair value of the instrument that are recognised in profit or loss are included in financial expenses or financial income.

**Trade and other payables, Card operations payables**

Trade and other current liabilities are accounted for at the cost of the original invoices (acquisition cost), which is considered the fair value of the transaction and will be paid in the future against the goods and services received. In the case of deferred payments over the usual credit term, where no additional interest payment is provided, or the interest differs significantly from the usual market interest rate, the liabilities are initially measured at their fair value and subsequently - at amortised cost, after deduction of the embedded interest in their nominal value, determined using the effective interest method.

Card operations payables are amounts due to the payment services supplier regarding card payments made by clients of myPOS. They are settled through daily cash settlements.

**Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the Group obligations are discharged, cancelled, or they expire.

**1.19 Income taxes**

Tax expenses recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those claims from or obligations to fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provisioned on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same tax authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

**1.20 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position include cash in bank accounts and cash in hand. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. This excludes any blocked cash in respect of which the Company has no rights of use and disposal. Bank overdrafts are shown within borrowings in current liabilities.

**1.21 Inventories**

Inventories include materials and goods. Cost of inventories includes all expenses directly attributable to the purchase or manufacturing process, recycling and other direct expenses as well as part of the total production costs determined on the basis of normal production capacity. Financing costs are not included in the cost of the inventories. At the end of every accounting period, inventories are carried at the lower of cost and net realizable value. The amount of impairment of inventories to their net realizable value is recognised as an expense for the period of impairment.

Net realizable value is the estimated selling price of the inventories less any applicable selling expenses. In case inventories have already been impaired to their net realizable value and in the following reporting period the impairment conditions are no longer present, then the new realizable value is adopted. The reversal amount can only be up to the carrying amount of the inventories prior to their impairment. The reversal of the write-down is accounted for as decrease in inventory expenses for the period in which the reversal takes place.

The Company determines the cost of inventories by using the weighted average cost method. When inventories are sold, the carrying amount of those inventories is expensed in the period in which the related revenue is recognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**1.22 Work in progress**

Work In progress represents capitalized software development costs, including all non-refundable taxes paid and direct costs incurred in connection with the preparation of the asset for operation, which is expected to be completed and sold in the next reporting period.

The cost of work in progress includes direct production costs, such as direct labour and translation costs, as well as part of the total overhead costs, determined on the basis of normal working capacity. Financial costs are not included in the value of work in progress. At the end of each reporting period the work in progress is measured at the lower of cost and net realizable value. The amount of any impairment to net realizable value is recognized as an expense for the period.

Net realizable value is the expected selling price of the asset, less its estimated selling expenses. Upon sale of an asset, its carrying amount is recognized as an expense in the period in which the related income is recognized.

**1.23 Equity, reserves and dividends payments**

Share capital represents the nominal value of shares that have been issued.

The premium reserve includes premiums received upon the initial issue of equity. All transaction costs associated with the issue of shares are deducted from the paid-in capital, net of tax relief.

All transactions with owners of the Company are presented separately in the statement of changes in equity.

Retained earnings / Accumulated loss includes current financial result and prior period accumulated profits and uncovered losses.

**1.24 Pension benefits and short-term employee benefits**

The Company reports short-term payables in relation to unutilised paid leaves, when the leaves are expected to be utilised within 12 months after the end of the accounting period for which the employees have performed the work related to those leaves. The short-term payables to personnel include wages, salaries and related social security payments.

According to the requirements of the Labour Code, in case of retirement, after the employee has gained the legal right of pension due to years of services and age, the Company is obliged to pay him/her compensation up to six gross salaries. The Company has accrued a legal obligation to pay benefits to employees upon retirement in accordance with the requirements of IAS 19 "Employee Benefits" based on projected payments for the next five years, discounted to present with the long-term interest rate of risk-free securities.

Defined benefit plans are retirement plans that determine the amount the employee will receive after retirement in relation to the duration of the service and the last remuneration. Legal obligations for the payment of the defined benefits remain liability of the Company, even if the assets plan does not cover the defined benefit plan. The assets plan may comprise assets specifically intended for the financing of long-term liabilities under defined benefit plans, as well as certain insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of the plan assets.

Net interest expense related to pension obligations is included in the statement of profit or loss and other comprehensive income within "Finance costs". Service costs are included within "Employee benefits expense".

Short-term employee benefits, including holiday entitlement, are current liabilities included within "Employee benefits obligations and social security", measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**1.25 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when a current obligation as a result of past events will probably lead to an outflow of resources from the Company and obligation amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the existence of a legal or constructive obligation as a consequence of past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of such obligations, the probable need for an outflow for the settlement of the obligation is determined by taking into account the group of liabilities as a whole. Where the effect of the time value of money is material provisions are discounted.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered as contingent assets.

**1.26 Judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**1.26.1 Internally generated intangible assets and research expenditure**

Management controls internal research and development projects using a project management system. Considerable judgment is needed in distinguishing research from the development phase. Development expenditure is recognised as an asset when they meet all the criteria while the research expenditure is recognised when incurred.

In order to distinguish the research from the development phase of a certain project, the accounting policy of the Company requires a detailed forecast of sales or reductions in costs that are expected to be realised by the intangible asset. The forecast is included in the general budget forecast when the capitalisation of development expenditure begins. In this way, it is ensured that management accounting, impairment tests and the accounting for internally generated intangible assets are based on the same data.

The Group's management also observes whether the research expenditure continue to meet the recognition criteria.

**1.26.2 Deferred tax assets**

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed by management based on the specific facts and circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

*All amounts are presented in EUR (000) unless otherwise stated.*

**1.26.3 Useful life of depreciable assets**

Management reviews the useful lives of depreciable assets at the end of each reporting date.

As at 31 December 2020 management determines the useful life of the assets which represents the expected term of use of the assets by the Group.

**1.27 Main risks and uncertainties the Group is facing**

In the ordinary course of business, the Company is exposed to various types of risks in relation to its financial instruments. The most significant risks to which the Company is exposed are presented in note 24. The risk management of the Company is carried out by the Board of Directors. Management's priority is to ensure a minimal impact of the aforementioned types of risk on the Company's assets and activities.

Financial risks are currently identified, measured and monitored by various control mechanisms implemented to determine adequate prices of the Company's products and services and borrowed capital and to adequately assess the market circumstances of its investments.

**1.28 Client E-Money**

The Group holds client money in respect of electronic money services with its regulated subsidiary myPOS Europe Ltd. Such monies and corresponding amounts due to clients are not shown on the face of the statement of financial position as the Group is not beneficially entitled thereto. In accordance with regulatory requirements, all client cash is segregated and reconciled on daily basis.

As at 31 December 2020, liability toward the e-money clients under Payment Services Regulations 2017 and the Electronic Money Regulations 2011, amounted to € 17,661 (2019: € 58,514) thousand and the corresponding funds were held in segregated bank accounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**2. Revenue:**

	2020	2019
<b>Revenue analysed by class of business</b>		
Revenue from commissions	30,667	27,514
Revenue from sales of goods and services	4,180	4,879
<b>Total</b>	<b>34,847</b>	<b>32,393</b>
<b>Revenue by geographical market</b>		
Europe	33,541	31,203
Rest of the World	1,306	1,190
<b>Total</b>	<b>34,847</b>	<b>32,393</b>

The total revenue of the Group represents revenues earned from the provision of electronic money, providing payment services and sale of card terminals. Rest of the world is classified as income generated from countries, which geographically are out of Europe, but are members of European Economic Area.

	2020	2019
<b>Other income</b>		
Other financial charges	277	76
Income from delivery services	153	152
Group profit on acquiring/disposal of subsidiary	109	-
<b>Total</b>	<b>539</b>	<b>228</b>

**3. Cost of sales**

	2020	2019
Commission cost	(12,044)	(11,565)
Cost of goods sold	(3,815)	(4,097)
Bank charges	(388)	(758)
Professional services	(4)	-
<b>Total</b>	<b>(16,251)</b>	<b>(16,420)</b>

**4. General and administrative costs**

	2020	2019
Remuneration costs	(6,323)	(6,108)
Professional services	(2,713)	(2,373)
Communication costs	(766)	(776)
Rent & premises expenses	(714)	(543)
Other administrative costs	(667)	(720)
Audit & accountancy fee	(637)	(306)
Delivery costs	(354)	(266)
Travel & entertainment	(188)	(466)
Office supplies	(82)	(139)
Social security costs	(75)	(166)
Bank and transaction fees	(63)	(64)
<b>Total</b>	<b>(12,582)</b>	<b>(11,927)</b>

Charge to profit or loss in respect of defined contribution schemes amounts to EUR 73 thousand (2019: EUR 59 thousand).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**4.1 General and administrative costs (continued)**

	2020	2019
Directors' remuneration costs	(863)	(1,238)
Directors' pension contributions	(13)	(7)
<b>Total</b>	<b>(876)</b>	<b>(1,245)</b>

The highest paid Director's remuneration in 2020 is amounting to EUR 233 thousand (2019: EUR 366 thousand).

The average monthly number of persons (including directors) employed by the company and the Group during the year was:

	2020	2019
<b>Group</b>		
Management	16	20
Administration	204	165
<b>Total</b>	<b>220</b>	<b>185</b>
<b>Company</b>		
Management	1	3
<b>Total</b>	<b>1</b>	<b>3</b>

**4.2 General and administrative costs (continued)**

Fees payable to the company's auditor for the audit of the company and consolidated financial statements.

	2020	2019
Audit of parent and the Group	43	10
Audit of subsidiary undertaking	44	32
<b>Total</b>	<b>87</b>	<b>42</b>

**5. Impairment and other charges**

	2020	2019
Loans provided	(384)	(40)
Trade	(357)	(6)
Card operations receivables	(352)	(328)
Stock	(223)	(300)
Investments	-	(73)
<b>Total</b>	<b>(1,316)</b>	<b>(747)</b>

**6. Finance income**

	2020	2019
Interest Income	9	30
<b>Total</b>	<b>9</b>	<b>30</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**7. Finance costs**

	<b>2020</b>	<b>2019</b>
Negative interest	(527)	(281)
Interest expenses on leased assets	(63)	(54)
Interest expenses	(48)	(41)
Unrealized FX gains and losses	(10)	(23)
<b>Total</b>	<b>(648)</b>	<b>(399)</b>

**8. Income taxes**

	<b>2020</b>	<b>2019</b>
Profit before tax:	1,357	1,047
<b>Income tax expense at the effective tax rate of 10% for 2020 (2019: 10%):</b>	<b>(136)</b>	<b>(105)</b>
Adjustments that result in a change in the effective tax rate:	(527)	(451)
<b>Current income tax expenses</b>	<b>(663)</b>	<b>(555)</b>
Deferred tax due to temporary differences	146	97
<b>Tax income (expense)</b>	<b>(517)</b>	<b>(458)</b>

**Deferred tax assets**

Impairment	177	112
Income tax loss	119	50
Accruals for unused paid leaves	27	21
Low capitalization	17	11
Others	7	7
Personnel income upon retirement	3	3
<b>Deferred tax assets, total</b>	<b>350</b>	<b>204</b>

**9. Inventory**

Inventories are stated at lower of cost and net realisable value. Cost is based on the actual historic cost of purchase. Net realisable value is based on the estimated selling price less any disposal.

	<b>2020</b>	<b>2019</b>
Stock	2,751	3,031
<i>Impairment of stock</i>	<i>(573)</i>	<i>(350)</i>
<b>Stock, net</b>	<b>2,178</b>	<b>2,681</b>
Stock in transit	-	56
<b>Total</b>	<b>2,178</b>	<b>2,737</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**10. Trade and other receivables and loans granted**

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
Card operations payables/receivables, net	1,759	10,931
Other debtors	473	461
Trade receivables	323	1 503
Prepayments	270	299
VAT receivables	76	235
Related party receivables	2	145
<b>Total</b>	<b>2,903</b>	<b>13,574</b>
<b>GROUP</b>	<b>2020</b>	<b>2019</b>
Card operations receivables	2,883	11,702
<i>Impairment of card operations receivables</i>	<i>(1,124)</i>	<i>(771)</i>
<b>Card operations receivables, net</b>	<b>1,759</b>	<b>10,931</b>
<b>COMPANY</b>	<b>2020</b>	<b>2019</b>
Related party receivables	122	2,372
Prepayments	22	53
Loans receivables	-	220
Other debtors	-	22
<b>Total</b>	<b>144</b>	<b>2,667</b>

All trade and other receivables are short-term. The net book value of trade and other receivables is measured at amortised cost and is considered as a reasonable estimate of their fair value.

All Group's trade receivables have been reviewed for occurrence of defaults and a simplified approach has been applied to determine the expected credit losses as at the end of the year. The analysis of the management shows that the effect of the expected credit losses is insignificant.

**11. Cash and cash equivalents**

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
Bank and cash	2,403	1,320
Cash in Transit	367	457
<b>Total</b>	<b>2,770</b>	<b>1,777</b>
<b>COMPANY</b>	<b>2020</b>	<b>2019</b>
Bank and cash	1	-
<b>Total</b>	<b>1</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**12. Intangible assets**

<b>GROUP</b>	<b>Goodwill</b>	<b>Software and other</b>	<b>Total</b>
<b>Cost as at 1 January 2019</b>	<b>35</b>	<b>3,339</b>	<b>3,374</b>
Additions	245	1,256	1,501
Disposals	-	(78)	(78)
Exchange differences	-	-	-
<b>Balance as at 31 December 2019</b>	<b>280</b>	<b>4,517</b>	<b>4,797</b>
<b>Accumulated amortisation as at 1 January 2019</b>	<b>(35)</b>	<b>(193)</b>	<b>(228)</b>
Depreciation charge for the year	-	(836)	(836)
Disposals	-	-	-
<b>Accumulated amortisation as at 31 December 2019</b>	<b>(35)</b>	<b>(1,029)</b>	<b>(1,064)</b>
<b>Net Carrying amount as at 31 December 2019:</b>	<b>245</b>	<b>3,488</b>	<b>3,733</b>
	<b>Goodwill</b>	<b>Software and other</b>	<b>Total</b>
<b>Cost as at 1 January 2020</b>	<b>280</b>	<b>4,517</b>	<b>4,797</b>
Additions	167	2,241	2,408
Disposals	-	(509)	(509)
Exchange differences	-	-	-
<b>Balance as at 31 December 2020</b>	<b>447</b>	<b>6,249</b>	<b>6,696</b>
<b>Accumulated amortisation as at 1 January 2020</b>	<b>(35)</b>	<b>(1,029)</b>	<b>(1,064)</b>
Depreciation charge for the year	(110)	(1,326)	(1,436)
Disposals	-	22	22
<b>Accumulated amortisation at 31 December 2020</b>	<b>(145)</b>	<b>(2,333)</b>	<b>(2,478)</b>
<b>Net Carrying amount as at 31 December 2020:</b>	<b>302</b>	<b>3,916</b>	<b>4,218</b>

Goodwill opening balance related to the purchase of subsidiary undertakings myPOS AG (a company registered in Liechtenstein) and myPOS Swiss AG (a company registered in Switzerland). Goodwill is impaired in accordance with IAS 36 'Impairment of assets'.

During 2019, the Group acquired Payment Technology SARL, a company registered in France for EUR 40 thousand. The net liabilities acquired are amounting to EUR 204 thousand, so the Group realized positive goodwill, amounting to EUR 245 thousand. An impairment test was performed as of 31 December 2019 based on the 5-year budget and the corresponding result was that the carrying amount is covered by the recoverable amount.

In April 2020, the Group acquired Heights Belgium BVBA (later renamed to myPOS Belgium BVBA), a company registered in Belgium for EUR 19 thousand. The net liabilities acquired are amounting to EUR 124 thousand, so the Group realized positive goodwill, amounting to EUR 142 thousand. In May 2020, the Group acquired a 50% shareholding of Flamingo Factor - Unipessoal LDA (later renamed to myPOS Portugal – Payment Technologies LDA), a company registered in Portugal for EUR 500. The net liabilities acquired are amounting to EUR 25 thousand, so the Group realized positive goodwill, amounting to EUR 25 thousand. In June 2020, the Group acquired myPOS Experience Centers B.V., a company registered in the Netherlands for EUR 100. The net assets acquired are amounting to EUR 22 thousand, so the Group realized negative goodwill, amounting to EUR 22 thousand which is recognized in the profit or loss on the acquisition date.

As of the financial year end 2020, the Group has not recognized in its statement of financial position any work in progress related to software in stage of development (EUR 177 thousand for 2019).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**13. Property, plant and equipment**

<b>GROUP</b>	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Improvements of leased assets</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost as at 1 January 2019</b>	<b>499</b>	<b>291</b>	<b>307</b>	<b>14</b>	<b>1,111</b>
Additions on acquisition	426	54	-	-	480
Additions	181	183	282	-	646
Disposals	(102)	(18)	(68)	-	(188)
Exchange differences	-	-	-	-	-
<b>As at 31 December 2019</b>	<b>1,004</b>	<b>510</b>	<b>521</b>	<b>14</b>	<b>2,049</b>
<b>Accumulated depreciation and impairment as at 1 January 2019</b>	<b>(45)</b>	<b>(62)</b>	<b>(27)</b>	<b>(5)</b>	<b>(139)</b>
Additions on acquisition	(37)	(10)	-	-	(47)
Depreciation charge for the year	(113)	(209)	(48)	(9)	(379)
Disposals	-	3	-	-	3
<b>As at 31 December 2019</b>	<b>(195)</b>	<b>(278)</b>	<b>(75)</b>	<b>(14)</b>	<b>(562)</b>
<b>Net carrying amount as at 31 December 2019:</b>	<b>809</b>	<b>232</b>	<b>446</b>	<b>-</b>	<b>1,487</b>

	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Improvements of leased assets</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost as at 1 January 2020</b>	<b>1,004</b>	<b>510</b>	<b>521</b>	<b>14</b>	<b>2,049</b>
Additions on acquisition	67	-	102	-	169
Additions	36	71	-	7	114
Disposals	(2)	(18)	-	-	(20)
Exchange differences	-	-	(5)	-	(5)
<b>As at 31 December 2020</b>	<b>1,105</b>	<b>563</b>	<b>618</b>	<b>21</b>	<b>2,307</b>
<b>Accumulated depreciation and impairment as at 1 January 2020</b>	<b>(196)</b>	<b>(278)</b>	<b>(75)</b>	<b>(14)</b>	<b>(562)</b>
Additions on acquisition	(14)	-	(11)	-	(25)
Depreciation charge for the year	(147)	(219)	(58)	-	(424)
Disposals	-	18	-	-	18
<b>As at 31 December 2020</b>	<b>(356)</b>	<b>(479)</b>	<b>(144)</b>	<b>(14)</b>	<b>(993)</b>
<b>Net carrying amount as at 31 December 2020:</b>	<b>749</b>	<b>84</b>	<b>474</b>	<b>7</b>	<b>1,314</b>

Based on review for impairment indicators of property, plant and equipment, the Group's management has not established any indications that the carrying amount of the assets exceeds their recoverable amount. Additions on acquisition relates to the additions through acquisition of subsidiaries.

The fully depreciated tangible fixed assets used in the Group's activity as of 31.12.2020 are amounting to EUR 210 thousand (2019: nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**14. Incremental costs of obtaining a contract**

<b>Gross carrying amount</b>	<b>2019</b>
As at 1 January 2019	<u>589</u>
Additions	<u>716</u>
<b>As at 31 December 2019</b>	<b><u>1,305</u></b>
 <b>Amortisation and impairment</b>	
As at 1 January 2019	<u>(48)</u>
Amortisation for the period	<u>(247)</u>
<b>As at 31 December 2019</b>	<b><u>(295)</u></b>
 <b>Net book value</b>	
As at 1 January 2019	<u>541</u>
<b>As at 31 December 2019</b>	<b><u>1,010</u></b>
 <b>Gross carrying amount</b>	<b>2020</b>
As at 1 January 2020	<u>1,305</u>
Additions	<u>402</u>
<b>As at 31 December 2020</b>	<b><u>1,707</u></b>
 <b>Amortisation and impairment</b>	
As at 1 January 2020	<u>(295)</u>
Amortisation for the period	<u>(397)</u>
<b>As at 31 December 2020</b>	<b><u>(692)</u></b>
 <b>Net book value</b>	
As at 1 January 2020	<u>1,010</u>
<b>As at 31 December 2020</b>	<b><u>1,015</u></b>

The Group recognises incremental costs of obtaining a contract under IFRS 15. These are specifically defined contract costs that will improve the Group's resources in the future and are expected to be recovered.

Based on review for impairment indicators of non-current intangible assets, the Group's management has not established any indications that the carrying amount of the assets exceeds their recoverable amount.

**15. Other non-current assets**

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
Loan receivables	<u>187</u>	<u>723</u>
	<b><u>187</u></b>	<b><u>723</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

COMPANY	2020	2019 as restated
Loan receivables	9,985	3,396
	<u>9,985</u>	<u>3,396</u>

Loan receivables represent amounts owed by the distributors under formal loan agreements. All loans are unsecured and repayable on demand. The loans are granted at 3.2% interest rate on a 365-day basis, which is deemed market rate for the period under review.

As of the end of financial year 2020, the Group has granted loans amounting to EUR 133 thousand to related parties (2019: EUR 329 thousand).

All Group's loans granted have been reviewed for occurrence of defaults and a simplified approach has been applied to determine the expected credit losses as at the end of the year. The analysis of the management shows that the effect of the expected credit losses is insignificant.

As of the end of financial 2020 year the Company has granted loans amounting to EUR 9,985 thousand to related parties (2019: EUR 3,616 thousand).

#### 16. Right-of-use-assets

	Buildings	Vehicles	Equipment	Total
<b>Cost as at 1 January 2019</b>	-	-	-	-
Additions	2,117	119	-	2,236
Disposals	-	-	-	-
Exchange differences	-	-	-	-
<b>As at 31 December 2019</b>	<b>2,117</b>	<b>119</b>	<b>-</b>	<b>2,236</b>
<b>Accumulated depreciation and impairment as at 1 January 2019</b>	-	-	-	-
Depreciation charge for the year	(696)	(5)	-	(701)
Disposals	-	-	-	-
<b>As at 31 December 2019</b>	<b>(696)</b>	<b>(5)</b>	<b>-</b>	<b>(701)</b>
<b>Net carrying amount as at 31 December 2019:</b>	<b>1,421</b>	<b>114</b>	<b>-</b>	<b>1,535</b>
	<b>Buildings</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
<b>Cost as at 1 January 2020</b>	<b>2,117</b>	<b>119</b>	<b>-</b>	<b>2,236</b>
Additions	682	-	585	1,267
Disposals	(541)	(62)	-	(604)
Exchange differences	-	-	-	-
<b>As at 31 December 2020</b>	<b>2,258</b>	<b>57</b>	<b>585</b>	<b>2,900</b>
<b>Accumulated depreciation and impairment as at 1 January 2020</b>	<b>(696)</b>	<b>(5)</b>	<b>-</b>	<b>(701)</b>
Depreciation charge for the year	(729)	(20)	(282)	(1,030)
Disposals	505	11	-	515
<b>As at 31 December 2020</b>	<b>(920)</b>	<b>14</b>	<b>(282)</b>	<b>(1,216)</b>
<b>Net carrying amount as at 31 December 2020:</b>	<b>1,338</b>	<b>43</b>	<b>303</b>	<b>1,684</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

As of the financial year end 2020 the Group has recognized in its statement of financial position outstanding current lease liability of EUR 921 thousand (2019: EUR 507 thousand) and non-current lease liability of EUR 796 thousand (2019: EUR 1,033 thousand).

For the financial year ended December 2020 the Group has recognized in its statement of comprehensive income interest on lease contracts amounting to EUR 63 thousand (2019: EUR 54 thousand).

Cash outflow related to leased assets in 2020 amounts to EUR 1,068 thousand (2019: EUR 723).

**17. Trade and other payables**

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
Payables to suppliers	1,741	1,481
Clients' payables/receivables, net	1,590	11,756
Other creditors	1,469	1,181
Deferred revenue	967	400
Payables to Leased Contracts	921	507
Salaries & Pension Contributions	735	601
Provisions	241	289
Short-term loans	194	113
VAT payables	153	138
Related party creditors	8	1,658
<b>Total</b>	<b>8,019</b>	<b>18,124</b>
Loans received	2,544	-
Related party loans received	-	3,418
<b>Total</b>	<b>2,544</b>	<b>3,418</b>
<b>COMPANY</b>	<b>2020</b>	<b>2019</b>
Related party creditors	147	695
Payables to suppliers	76	2,386
Other creditors	20	134
VAT payables	1	-
<b>Total</b>	<b>244</b>	<b>3,215</b>
Loans received	2,227	-
Related party loans received	-	2,246
<b>Total</b>	<b>2,227</b>	<b>2,246</b>

All loans are in EUR at 3.2% interest rate on a 365-day basis which is deemed market rate for period under review. The loans are not secured.

**18. Non-current liabilities**

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
Payables to Leased Contracts	796	1,033
Others	31	23
<b>Total</b>	<b>827</b>	<b>1,056</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

<b>COMPANY</b>	<b>2020</b>	<b>2019</b>
Related Party Loans received	3,871	-
<b>Total</b>	<b>3,871</b>	<b>-</b>

**19. Investments in subsidiaries****COMPANY**

	<b>Shares in subsidiary undertaking</b>
<b>Cost</b>	
As at 1 January 2019	<u>2,389</u>
Additions	-
<b>Balance as at 31 December 2019</b>	<u>2,389</u>
As at 01 January 2020	<u>2,389</u>
Additions	-
<b>As at 31 December 2020</b>	<u>2,389</u>
<b>Carrying amount</b>	
As at 31 December 2019	<u>2,389</u>
<b>As at 31 December 2020</b>	<u>2,389</u>

The directors believe that the carrying amount of financial assets carried at amortized cost in the financial statements approximate to their fair value.

Details of the company's subsidiaries at 31 December 2020 are as follows:

Companies in the group	Country of incorporation and principle business activity	Functional currency	Presentation currency	Parent's company ownership - %	Nature of business
myPOS World Ltd	UK	GBP	EUR	N/A	Parent / holding company
myPOS Europe Ltd	UK	GBP	EUR	100%	Issuing of Electronic money and providing payment services
myPOS AD	Bulgaria	BGN	BGN	99.98%	Cards processor (Agent)
myPOS Services OOD	Bulgaria	BGN	BGN	99%	Sale of POS terminals
myPOS Partners Ltd	UK	EUR	EUR	100%	Financial intermediation
myPOS AG	Liechtenstein	CHF	EUR	94%	Investment management

The directors consider the non-controlling interest immaterial for the purpose of any additional disclosures.

**20. Called up shared capital**

<b>Ordinary share capital</b>	<b>2020</b>	<b>2019</b>
Issued and fully paid		
1,000,000 Ordinary shares of £1 each	1,140	1,140
<b>Total</b>	<b>1,140</b>	<b>1,140</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

**21. Retained earnings**

At the beginning of the period	3,189
Profit/(Loss) for the period	954
At the end of the period	<u>4,143</u>

**22. Contingent assets and contingent liabilities**

No contingent assets or contingent liabilities have occurred for the Group or the Company.

**23. Related parties****Companies in the group**

myPOS World Ltd – Parent Company  
myPOS Europe Ltd  
myPOS AD  
myPOS Services OOD  
myPOS.BG EOOD  
myPOS AG  
myPOS Partners Ltd  
myPOS Swiss AG  
myPOS AT GmbH  
myPOS Italy SRL  
myPOS GB Ltd  
myPOS Netherlands B.V.  
myPOS Experience Centers B.V.  
myPOS Belgium BVBA  
Payment Technology SARL  
myPOS Portugal – Payment Technologies LDA

**Transactions with companies under common control or significant influence**

Signia Digital  
Signia Financial Management  
Signia Distribuzione  
Newport Partners Establishment  
Corvilia AG  
Novapay Technologies Inc  
EE Capital Ltd

	2019		
	Turnover	Receivables	Payables
Sales	3,016	145	-
Purchases	22,367	-	1,658
Loan granted	134	324	-
Loan received	2,353	-	3,418
Interest Income	4	5	-
Interest Expense	27	-	-
<b>Total transactions with related parties:</b>	<b>27,901</b>	<b>474</b>	<b>5,076</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are presented in EUR (000) unless otherwise stated.

	2020		
	Turnover	Receivables	Payables
Sales	(2)	2	-
Purchases	2,378	-	8
Loan granted	133	132	-
Loan payables	-	-	-
Interest Income	5	1	-
Interest Expense	-	-	-
<b>Total transactions with related parties:</b>	<b>2,514</b>	<b>135</b>	<b>8</b>

**Conditions of related party transactions**

All related party transactions are carried out at market prices. Settlement of liabilities is made in cash. No performance guarantees have been received or provided for related party receivables and payables. The management of the Company reviews the impairment at the end of the year on the basis of a financial analysis of the related party's financial position.

All granted loans between Related Parties are short-term. Interest rates applicable on these loans is reviewed by the management on cyclical basis to align them with the market rates.

**Remuneration of key management personnel**

During the year, the Group has paid € 853 thousand to the Board of Directors.

**24. Categories of financial assets and financial liabilities**

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities and approximates to their fair value:

	Note	2020	2019
<b>Financial assets:</b>			
Cash and cash equivalents	11	2,770	1,777
Trade receivables	10	2,084	12,579
Other receivables	10	819	944
Loans granted	15	-	220
Other non-current assets	15	187	723
<b>Total financial assets</b>		<b>5,860</b>	<b>16,243</b>
<b>Financial liabilities:</b>			
Other payables	17	3,759	2,722
Trade payables	17	3,331	13,237
Loans received	17	2,544	3,418
Payables to leased contracts	16	1,717	1,540
Other non-current trade payables	17	31	23
Amounts due to related parties	17	8	1,658
<b>Total financial liabilities</b>		<b>11,390</b>	<b>22,598</b>

See note 1.17 for information on the accounting policy for each category of financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

*All amounts are presented in EUR (000) unless otherwise stated.*

**24.1 Financial instruments risk**

The Group is exposed to various risks in relation to financial instruments. For more information on Group's financial assets and liabilities by categories see note 24. The main types of risks the Group is exposed to are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close co-operation with the Board of Directors and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

**24.2 Market risk analysis**

As a result of the use of financial instruments, the Group is exposed to market risk and in particular to the risk of exchange rate changes, interest rate risk as well as the risk of changes in specific prices due to the Group's operating and investing activities.

Market risk is the risk of an adverse movement in the value of an investment or non-base currency deposit which will result in a realised or unrealised loss. The Group's market risk only arises on fees, interest and assets in non-Euro currencies. To mitigate market risk, fees are predominately charged in Euro to limit the currency exposure. Large currency balances are also converted into Euro to prevent large currency balances. The Group does deal in instruments based on expectations in changes in market prices.

**24.3 Operational risk**

The Group's operational risk is the risk that the Group will derive losses through inherent failure in its processes, personnel, technology, infrastructure or external forces impacting on any of these. These risks are countered through regular assessment of the likelihood of these risks by the board. The board is confident that appropriate systems and controls are in place to address and mitigate such identified operational risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are presented in EUR (000) unless otherwise stated.

**24.4 Currency risk**

The Group makes purchases, sales and provides loans in local currency - Euro. The Group has also transactions in BGN currency, which has fixed rate to EUR – 1.95583. Management considers that the risk of exchange rate fluctuations of the other currencies used in the Group's activities is insignificant.

	USD	CHF	CZK	ISK	HRK	RON	PLN	GBP	DKK	NOK	SEK	HUF	JPY
Closing rate of ECB as at 31.12.2020	0.81493	0.92575	0.03811	0.00641	0.13242	0.20541	0.21931	1.11231	0.13439	0.09551	0.09966	0.00275	0.00791
Assets and liabilities denominated in EUR are presented as follows:													
<b>Financial assets:</b>													
Cash and cash equivalents	14	1,741	2	1	4	7	4	670	3	1	1	11	-
Trade receivables	13	877	-	42	10	1	17	648	55	1	38	2	-
Other receivables	162	9	-	-	-	2	-	65	-	2	-	-	-
Loans granted	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities:</b>													
Amounts due to related parties	-	-	-	-	-	-	-	-	-	-	-	-	-
Other payables	-	(39)	-	(3)	-	-	-	(308)	(1)	-	-	-	-
Loans received	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables	(522)	(2,598)	-	-	-	-	-	(1,079)	-	-	-	-	-
Payables to Leased Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current trade payables	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total foreign exchange risk</b>	<b>(333)</b>	<b>(10)</b>	<b>2</b>	<b>40</b>	<b>14</b>	<b>10</b>	<b>21</b>	<b>(4)</b>	<b>57</b>	<b>4</b>	<b>39</b>	<b>13</b>	<b>-</b>
Currency risk analysis in case of change in rate by 1% compared to the exchange rates as at 31.12.2020	(3)	-	-	-	-	-	-	-	1	-	-	-	-

The Group operates internationally and is exposed to foreign exchange risk, primarily the US dollars, British pounds and Swiss francs.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are presented in EUR (000) unless otherwise stated.

The risk is measured through a forecast of highly probable US dollar and Swiss Francs expenditures. The risk is managed with the objective of minimising the volatility of the currency cost of highly probable forecast inventory purchases.

Exposure to exchange rate fluctuations varies from one year to the next, depending on the volume of international transactions. However, the analysis presented above is considered to represent the degree of the Group's exposure to currency risk.

**24.5 Interest rate risk**

The Group's activities are subject to risk of interest rate fluctuations to the extent that the interest-bearing assets and interest-bearing liabilities are subject to changes in the interest rates at different time and to varying degrees.

Due to the fact that the main current financial assets of myPOS Group are negotiated at a fixed interest rate, the Management considers that the Group is not exposed to a significant risk of changes in the market interest rates within the next reporting period.

Upon change in interest rates, the Management considers that the effect on the Group is insignificant and therefore it is not exposed to material interest rate risk.

**24.6 Credit risk analysis**

The credit risk to which the Group is exposed is determined by the subject of activity - performing intermediary services for financial institutions and the probability that the receivables of the Group will not be collected. The main part of the Group's receivables is formed by financial institutions with good credit rating subject to strict financial control by state bodies. Payments to financial institutions are made on a net, daily basis, currently during the period, according to the contractual agreements. The receivables presented are formed at the end of the period, with no late payments.

On the other hand, management is most conservative in respect of the part of receivables arising from entities other than financial institutions, which is why they are fully impaired when performing a regular review of the collectability of financial assets.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Based on the experience, the expected credit losses for the Group are insignificant in relation to the realised financial result.

	2020	2019
Cash and cash equivalents	2,770	1,777
Trade and other receivables	2,084	12,579
Other receivables	819	944
Loans granted	-	220
Other non-current assets	187	723
<b>Total financial assets:</b>	<b>5,860</b>	<b>16,243</b>

The Group continuously monitors defaults of customers and other counterparties and uses this information to assess the credit risk.

**24.7 Liquidity risk analysis**

Liquidity risk is that the Group may not be able to meet unconditionally all its obligations within their maturity. The Group generates a sufficient volume of liquid funds. The internal source of liquid funds of the Group is its main business activity generating sufficient operational flows.

The parent company is not subject to any externally imposed compliance, however, its regulated subsidiary needs to comply with Financial Conduct Authority systems and control requirements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are presented in EUR (000) unless otherwise stated.

The Group's policy for managing liquidity is to only pay-out funds to customers once the customer has sent the payment and to assure that there are sufficient capital resources to meet its operational liabilities (salaries, supplier invoices) when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's position.

In order to isolate potential liquidity risk, the Group operates with a system of alternative mechanisms of action and forecasts, the final effect of which is the maintenance of good liquidity, respectively the ability to finance its business activity. This is complemented by ongoing monitoring of maturities of assets and liabilities and control of cash outflows.

	2020				
	Upon request	< 3 months	> 3 months	Total contractual cash flows	Carrying Amount
<b>Financial liabilities</b>					
Financial liabilities at amortized cost:					
Amounts due to related parties	-	(8)	-	(8)	(8)
Other payables	-	(2,819)	(940)	(3,759)	(3,759)
Related Party Loans received	-	(230)	(2,314)	(2,544)	(2,544)
Trade payables	-	(3,331)	-	(3,331)	(3,331)
Other non-current trade payables	-	-	(31)	(31)	(31)
<b>Total financial liabilities at amortized cost:</b>	-	<b>(6,388)</b>	<b>(3,285)</b>	<b>(9,673)</b>	<b>(9,673)</b>
Financial liabilities at fair value:					
Payables to leased contracts	-	(276)	(1,521)	(1,797)	(1,717)
<b>Total financial liabilities</b>	-	<b>(6,664)</b>	<b>(4,806)</b>	<b>(11,470)</b>	<b>(11,390)</b>

	2019				
	Upon request	< 3 months	> 3 months	Total contractual cash flows	Carrying Amount
<b>Financial liabilities</b>					
Financial liabilities at amortized cost:					
Amounts due to related parties	-	(1,658)	-	(1,658)	(1,658)
Other payables	-	(1,782)	(940)	(2,722)	(2,722)
Related Party Loans received	-	(154)	(3,264)	(3,418)	(3,418)
Trade payables	-	(13,237)	-	(13,237)	(13,237)
Other non-current trade payables	-	-	(23)	(23)	(23)
<b>Total financial liabilities at amortized cost:</b>	-	<b>(16,831)</b>	<b>(4,227)</b>	<b>(21,058)</b>	<b>(21,058)</b>
Financial liabilities at fair value:					
Payables to leased contracts	-	(245)	(1,378)	(1,623)	(1,540)
<b>Total financial liabilities</b>	-	<b>(17,076)</b>	<b>(5,605)</b>	<b>(22,681)</b>	<b>(22,598)</b>

#### 24.8 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to the shareholder by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the correlation between adjusted capital and total assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are presented in EUR (000) unless otherwise stated.

The capital for the presented reporting period can be analysed as follows:

	2020	2019
Equity	5,052	4,254
Total Assets	16,619	27,126
<b>Ratio of Equity to Total Assets</b>	<b>30%</b>	<b>16%</b>

The Group manages the capital structure and makes the necessary adjustments in line with the changes in the economic environment and the risk characteristics of the respective assets. In order to maintain or adjust the capital structure, the Group may change the amount of dividends paid to owners, to return shareholders' equity, issue new shares or sell assets to reduce its liabilities.

The Group has not changed the objectives, policies and processes for managing the capital, as well as the method of determining the capital during the presented reporting period.

## 25. Controlling party

The parent company of myPOS World Ltd is Novapay Technologies, Inc, a company registered in Delaware, USA, with a registered address at 4770 Biscayne Boulevard, Suite 1430, Miami, FL, USA.

The ultimate controlling party of the Group is Newport Partners Establishment, a company registered in Vaduz, Liechtenstein, with a registered address at 1 Kirchstrasse, 9490 Vaduz.

## 26. Post-reporting date events

### 26.1 COVID-19 pandemic

At the end of 2019, news from China about COVID-19 (Coronavirus) appeared for the first time, when a limited number of cases of unknown virus were reported to the World Health Organization. In 2020, the virus spread worldwide and its negative impact quickly gathered pace. On 11 March 2020, after cases of the new coronavirus strain were reported in 114 countries, the World Health Organization (WHO) declared the COVID-19 epidemic as a pandemic.

The Company takes all the necessary measures in order to preserve the health of its employees and to minimize the impact of the crisis at this stage of its occurrence. The actions are fully compliant and in accordance with the instructions of the national government organisations across Europe where myPOS operates.

Management will continue to monitor the potential impact and will take all possible steps to mitigate the potential adverse effects of the pandemic. The management is confident that the company is well positioned to further grow the business in the upcoming year.

### 26.2 Brexit

Brexit has created uncertainty for the business, specifically in relation to the ability of The Group to continue taking advantage of passporting arrangements between the UK and the EU post Brexit. The Group has executed its plans to ensure that all its customers across the EEA will continue to be able to use the myPOS platform in all eventualities in 2021 and beyond.

### 26.3 Regulatory changes

In April 2021 due to a change in the applicable legislation in Bulgaria, myPOS AD will no longer be able to serve myPOS clients directly. In order to ensure business continuity, myPOS group has negotiated new terms of service with a high-tech payments service provider in Europe. Following this change and IFRS 15 guidance, the revenue in 2021 accounts, will be presented net of all direct costs.