STRG Holdings Limited Group

(formerly known as Mavason Limited Group)

Consolidated Financial Statements
as at and for the year ended December 31, 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
CONTINUING OPERATIONS	**Note**	**2021**	**2020**
Revenue from contracts with customers	2.1	8 935 644	517 323
Depreciation and amortisation		(2 384 549)	(237 583)
Consumption of materials and energy		(37 674)	(4 725)
External services		(1 578 792)	(223 071)
Taxes and charges		(7 520)	(22)
Employee benefits	5.5	(1 563 387)	(132 619)
Other costs by type		(267 738)	(111 713)
Other operating income	2.2	62 923	88 152
Other operating costs	2.2	(152 855)	(472 642)
Operating profit (loss)		**3 006 052**	**(576 900)**
Finance income	2.3	402 067	-
Finance costs	2.3	(469 753)	(401 891)
Net finance income / (costs)		**(67 686)**	**(401 891)**
Profit (Loss) before tax		**2 938 366**	**(978 791)**
Income tax	3.1	(616 784)	(38 995)
Net profit (loss)		**2 321 582**	**(1 017 786)**
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified to profit or loss		**(111 087)**	**137 961**
Foreign currency translation differences		(111 087)	137 961
Total other comprehensive income, net of tax		**(111 087)**	**137 961**
TOTAL COMPREHENSIVE INCOME		**2 210 495**	**(879 825)**
Net profit (loss)			
- Owners of the Parent Entity		1 810 124	(1 004 377)
- Non-controlling interests		511 458	(13 409)
Total comprehensive income			
- Owners of the Parent Entity		1 701 640	(831 700)
- Non-controlling interests		507 855	(48 125)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	**Note**	**31 December 2021**	**31 December 2020**	**1 January 2020**
Goodwill	4.1	40 042 352	32 844 900	-
Other intangible assets	4.1	6 525 666	7 796 313	-
Property, plant and equipment	4.2	174	363	-
Right-of-use assets	4.3	286 252	226 820	-
Long-term prepayments		76 115	91 336	-
Contract assets		130 491	-	-
Total non-current assets		**47 061 050**	**40 959 732**	**-**
Investments in subsidiaries		-	-	60 000
Trade and other receivables	4.4	4 567 586	1 515 877	-
Financial instruments	6.1	267 736	56 340	-
Cash and cash equivalents	4.5	7 111 334	3 705 734	878 854
Other short-term assets	4.6	151 429	137 394	-
Total current assets		**12 098 085**	**5 415 345**	**938 854**
Total assets		**59 159 135**	**46 375 077**	**938 854**

Equity and liabilities	**Note**	**31 December 2021**	**31 December 2020**	**1 January 2020**
Share capital	5.1	2 935	2 935	12 251
Share premium		45 558 327	45 558 327	18 374 349
Redeemable preference shares		25 308	25 308	-
Translation reserve		65 193	172 677	-
Retained earnings	5.1	(22 379 056)	(18 457 991)	(17 453 614)
Equity attributable to owners of the Parent Entity		**23 270 707**	**27 301 256**	**932 986**
Non-controlling interests		11 442 570	1 262 001	-
Total equity		**34 715 277**	**28 563 257**	**932 986**
Deferred tax liabilities	3.1	910 625	1 241 906	-
Long-term provisions	5.6	3 920	2 519	-
Loans and borrowings	5.3	9 373 558	-	-
Lease liabilities	5.3	163 754	79 911	-
Total non-current liabilities		**10 451 857**	**1 324 336**	**-**
Loans and borrowings	5.3	1 682 136	13 030 630	-
Current tax liabilities		41 834	40 173	-
Lease liabilities	5.3	127 397	146 608	-
Trade payables	5.4	8 569 550	1 926 857	-
Short-term provisions	5.5	898 940	113 212	-
Other non-financial liabilities	5.4	1 497 009	401 543	-
Accruals	5.6	1 175 135	828 461	5 868
Total current liabilities		**13 992 001**	**16 487 484**	**5 868**
Total liabilities		**24 443 858**	**17 811 820**	**5 868**
Total equity and liabilities		**59 159 135**	**46 375 077**	**938 854**

Applied accounting principles (policies) and explanatory notes are an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2021	2020
Cash flows from operating activities			
Profit (Loss) before tax		2 938 366	(978 791)
Adjustments for:			
- depreciation and amortisation		2 384 549	237 583
- interest, dividends and exchange differences		261 023	405 683
- change in the valuation of derivatives		(267 736)	-
- other adjustments		90	-
		5 316 293	**(335 525)**
Changes in working capital:			
- trade and other receivables		(1 856 228)	274 634
- trade and other payables		4 582 968	(664 997)
- provisions		440 692	56 011
- assets from contracts with customers		(130 491)	-
- accruals		380 251	(103 945)
- other adjustments		(188 727)	(244 265)
Cash flow generated from operating activities	7.3	**8 544 758**	**(1 018 086)**
Income tax paid		(892 737)	(70 689)
Net cash flows from operating activities		**7 652 021**	**(1 088 775)**
Cash flow from investing activities			
Proceeds from the sale of shares		59 119	60 000
Acquisition of property, plant and equipment and intangible assets		(12 461)	(26 723)
Development expenditure		(420 378)	-
Acquisition of subsidiaries less cash acquired		(5 376 839)	(36 300 556)
Net cash flows from investing activities		**(5 750 559)**	**(36 267 279)**
Cash flows from financing activities			
Net income from issuing shares and other capital instruments and additional capital contributions		3 837 918	28 120 000
Payments for reduction of share capital		-	(920 030)
Proceeds from loans and credits		12 261 879	13 000 000
Repayment of bank loans		(14 127 751)	-
Interest paid on loans and credits		(298 068)	-
Payment of lease liabilities		(169 840)	(17 035)
Net cash flows from financing activities		**1 504 138**	**40 182 935**
Increase/(Decrease) in cash and cash equivalents		**3 405 600**	**2 826 880**
including exchange differences		11 521	-
Cash and cash equivalents at the beginning of the period		3 705 734	878 854
Cash and cash equivalents at the end of the period		**7 111 334**	**3 705 734**
Cash and cash equivalents in the consolidated statement of financial position		**7 111 334**	**3 705 734**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Redeemable preference shares	Retained earnings	Translation reserve	Non-controlling interests	Total equity
1 January 2020	**12 251**	**18 374 349**	**-**	**(17 453 614)**	**-**	**-**	**932 986**
Net loss for the period	-	-	-	(1 004 377)	-	(13 409)	(1 017 786)
Other comprehensive net income for the period	-	-	-	-	172 677	(34 716)	137 961
Total comprehensive income for the period	**-**	**-**	**-**	**(1 004 377)**	**172 677**	**(48 125)**	**(879 825)**
Increase in share/reserve capital	2 812	28 091 880	-	-	-	-	28 094 692
Issuance of preferred shares	-	-	25 308	- -	-	-	25 308
Redemption of shares/distribution of supplementary capital	(12 128)	(907 902)	-	- -	-	-	(920 030)
Non-controlling shares	-	-	-	- -	-	1 310 126	1 310 126
Transactions with the owners	**(9 316)**	**27 183 978**	**25 308**	**-**	**-**	**1 310 126**	**28 510 096**
31 December 2020	**2 935**	**45 558 327**	**25 308**	**(18 457 991)**	**172 677**	**1 262 001**	**28 563 257**

	Share capital	Share premium	Redeemable preference shares	Retained earnings	Translation reserve	Non-controlling interests	Total equity
1 January 2021	**2 935**	**45 558 327**	**25 308**	**(18 457 991)**	**172 677**	**1 262 001**	**28 563 257**
Net profit for the period	-	-	-	1 810 124	-	511 458	2 321 582
Sendit's net profit at the time of taking control	-	-	-	53 621	-	-	53 621
Other comprehensive net income for the period	-	-	-	-	(107 484)	(3 603)	(111 087)
Total comprehensive income for the period	**-**	**-**	**-**	**1 863 745**	**(107 484)**	**507 855**	**2 264 116**
Increase in supplementary/reserve capital	-	-	-	(7 046 028)	-	10 933 932	3 887 904
Transactions with shareholders	-	-	-	1 261 218	-	(1 261 218)	-
Transactions with the owners	**-**	**-**	**-**	**(5 784 810)**	**-**	**9 672 714**	**3 887 904**
31 December 2021	**2 935**	**45 558 327**	**25 308**	**(22 379 056)**	**65 193**	**11 442 570**	**34 715 277**

Share premium is not available for distribution.

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate.

STRG Holdings Limited pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GSH) contribution at the rate of 2,65% (2019: 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

These Consolidated Financial Statements were approved by the Management Board of STRG Holdings Limited effective as of 20 December 2022.

Grzegorz Adam Piejka

Member of the Management Board

Lebiedzińska

Elżbieta Lebiedzińska

Member of the Management Board

Additional information and explanations:

1. General information

1.1 General information about the Parent Entity

Name of the Entity	STRG Holdings Limited
Registered office	Prodromou & Dimitrakopoulou 2, 5th floor, 1090 Nicosia, Cyprus
Registration number	HE260917

STRG Holdings Limited (hereinafter referred to as the "Entity”, "Company”, “Parent Entity”, "Parent Company”) was incorporated in Cyprus on 15 January 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 17th June 2021, the Company changed its name from Mavason Limited to STRG Holdings Ltd.

The principal activity of the Company is the holding of investments and provision of financing to group companies.

The Entity was established for an indefinite period of time.

1.2 Composition of the Group and basis for consolidation

The Group consists of the Parent Entity, i.e. STRG Holdings Limited and its subsidiaries.

These Consolidated Financial Statements include the financial information of the Parent Entity and all its subsidiaries.

The financial statements of all subsidiaries have been prepared for the same reporting periods as those of the Parent Entity, using consistent accounting policies.

Subsidiaries

A subsidiary is an entity that is controlled by another entity. The investor controls the investee if and only if the investor:

- exercises power over the investee,
- is exposed to variable financial results or has the right to variable financial results from its involvement with the investee,
- has the ability to use the power over the investee to affect the amount of the investor’s returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date on which the control ceases. Upon loss of control over a subsidiary, the Parent Entity derecognises from its consolidated statement of financial position the assets and liabilities of that entity, any related non-controlling interests and the components of other comprehensive income allocated to them, recognises the fair value of the payment received and any resulting gain or loss associated with the loss of control is recognised in profit or loss for the current period.

Taking control over a business is accounted for using the acquisition method. As at the acquisition date, the identifiable assets acquired as well as liabilities and contingent liabilities assumed are initially measured at fair value. The excess of the acquisition cost is determined as the sum of the fair value of the consideration transferred and the value of non-controlling interests measured at the value of their proportionate share of the net assets of the acquiree over the fair value of the net assets acquired is recognised as goodwill. Gain on bargain purchase is recognised in the profit or loss of the period when acquisition occurred.

The Group measures non-controlling interests at their proportionate share of the acquiree's identifiable net assets at the acquisition date. In subsequent periods, the non-controlling interests are adjusted by changes in the subsidiary's equity – proportionately to their share in the net assets. Comprehensive income is allocated to non-controlling interests even if it results in a negative value of these interests.

Changes in ownership interests in a subsidiary that do not result in a loss of control are accounted for as transactions with the owners and recognised directly in equity.

Transactions, balances and any unrealized gains arising from the transactions between Group entities are eliminated.

The table below presents the Group's subsidiaries at the end of all periods covered by these Consolidated Financial Statements.

			Interest in the share capital as at		
Entity name	**Registered office**	**Core activities**	**31 December 2021**	**31 December 2020**	**1 January 2020**
PCollect Holding Limited*	Cyprus	holding of investments and financing activities	-	-	50%
Wolante Investments Sp. z o.o.	Poland	operating online portals	71,39%	100%	-
R2G Polska Sp. z o.o.**	Poland	operating online portals	-	85%	-
Sendit Sp. Z o.o.	Poland	activities of transport agencies	100%	-	-

* the entity was not consolidated due to its insignificance for the Group and the sale of the entity was completed in February 2020

** in 2021 the entity was merged with Wolante Investments

The main changes in the composition of the Group in 2020 – 2021 were as follows:

- In November 2020 the Parent Entity acquired 100% of the issued share capital of Wolante Investments sp. z o.o.
- In November 2020 Wolante Investments sp. z o.o. acquired 85% of shares in R2G Polska sp. z o.o.
- In June 2021 Wolante Investments sp. z o.o. acquired 100% of shares in Sendit sp. z o.o.
- In June 2021 Wolante Investments sp. z o.o. issued new shares of which 64 815 shares was acquired by Grzegorz Iwaniuk in exchange for shares in R2G Polska sp. z o.o. and 34 825 was acquired by KSF S.a.r.l for consideration. Consequently, Wolante Investments sp. z o.o. became the sole shareholder of R2G Polska sp. z o.o. while the Parent Entity shareholding in Wolante Investments sp. z o.o. was diluted.

On 11 October 2021 the Board of Directors of Wolante Investments sp. z o.o. in a written resolution formally initiated a merger process of the company with R2G Polska sp. z o.o.. As a result of the merger, all the assets of R2G Polska sp. z o.o. were transferred to Wolante Investments sp. z o.o. in November 2021.

1.3 Composition of the Management Board of the Parent Entity

As at 31 December 2021 the composition of the Management Board of the Parent Entity was as follows:

- Grzegorz Adam Piejka,
- Paulina Anna Pietkiewicz,
- Constantinos Chiotis,
- Elzbieta Lebiedzinska.

As of the date of approval of these Consolidated Financial Statements, the composition of the Management Board of the Parent Entity has changed. On 3 June 2024 Paulina Pietkiewicz was replaced by Elina Pafiti.

1.4 Basis for preparation of the Consolidated Financial Statements

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards approved by the European Union and related interpretations announced in the form of regulations of the European Commission further referred to as IFRS. The IFRS consists of standards and interpretations approved by the International Accounting Standards Board ("IASB").

These Consolidated Financial Statements are the first Consolidated Financial Statements of the Group prepared in accordance with IFRS, using IFRS 1 "First-time Adoption of International Financial Reporting Standards". The impact of the transition to IFRS is presented in Note 1.7.

In these Consolidated Financial Statements, the Group has adopted all new and revised standards and interpretations effective in the European Union for reporting periods beginning on January 1, 2020.

The Consolidated Financial Statements have been prepared based on the historical cost principle except for some financial instruments, measured at fair value.

These Consolidated Financial Statements have been prepared on the assumption that the Group companies will continue to operate on a going concern basis in the foreseeable future. As of the date of approval of these Consolidated Financial Statements, the Group analysed the impact of the COVID-19 pandemic and the ongoing war in the territory of Ukraine on the Group's operations, and no circumstances indicating a threat to the Group companies' ability to continue as a going concern were identified from these or other events. For information on the impact of the COVID-19 pandemic, see Note 1.8, and for information on the impact of the war on Ukrainian territory that broke out in February 2022, see Note 7.7.

A description of the accounting policies applied as the basis for the preparation of these Consolidated Financial Statements is presented in particular explanatory notes. These rules have been applied consistently to all periods presented.

The preparation of the financial statements in accordance with IFRS require the use of significant accounting estimates. Estimates and judgements are reviewed on an ongoing basis considering past experience and other factors, including predictions about future events that seem reasonable in a given situation. The Group makes estimates and assumptions relating to the future. The resulting accounting estimates, by definition, may differ from the actual results. The estimates and assumptions that entail a significant risk of a material adjustment to the reported carrying amounts of assets and liabilities within the next financial period are described in particular explanatory notes to the financial statements.

1.5 The impact of new standards and interpretations

The following is a list of standards that, as at the date of approval of the Consolidated Financial Statements, have been adopted by the European Union but are not yet effective for annual periods beginning on January 1, 2021. The Group has not opted for early adoption of standards, interpretations or amendments that have been published but are not yet effective under European Union regulations.

The impact of the introduction of the new standards and interpretations on the accounting principles applied by the Group has been assessed as immaterial.

a) Standards applicable for annual periods beginning on or after January 1, 2022.

Standards and interpretations	**Description of change**
Amendments to IFRS 3: Updated references to Conceptual Framework (published May 14, 2020)	Updated reference in IFRS 3 *Business Combinations* to the Conceptual Framework for the Preparation and Presentation of Financial Statements without changing the accounting requirements for recognizing business combinations.
Amendments to IAS 16: ruling out the possibility of deducting the cost of property, plant and equipment by certain amounts (published May 14, 2020).	Exclude the possibility of deducting the cost of property, plant and equipment by amounts received from the sale of products manufactured during the period when the entity is preparing the property, plant and equipment for its intended use. The sales revenues and related expenses presented above should be recognized in the income statement for the period in accordance with IAS 16.
Amendments to IAS 37: Onerous contracts - costs of fulfilling contractual obligations (published May 14, 2020)	Explanation of what costs of meeting contractual obligations an entity takes into account when assessing whether a contract will be onerous.
Amendments arising from the revision of IFRS 2018-2020 (published May 14, 2020)	Amendments to International Financial Reporting Standards 2018-2020 clarify and refine the provisions of the standards on IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and illustrative examples to IFRS 16 *Leases*.

a) Standards applicable for annual periods beginning on or after January 1, 2023.

Standards and interpretations	**Description of change**
IFRS 17 *Insurance Contracts* (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020) replacing IFRS 4	IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values, instead of historical cost.
Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting policies* (issued on 12 February 2021)	The amendments to IAS 1 clarify the scope of disclosures related to accounting policies in an entity's financial statements. According to these amendments, an entity is required to disclose its material accounting policies rather than its significant accounting policies in the financial statements.
Amendments to IAS 8 Definition of Accounting Estimates (issued on 12 February 2021)	The amendments introduce a new definition for accounting estimates as monetary amounts in the financial statements that are subject to measurement uncertainty and clarify the relationship between accounting policies and accounting estimates.

b) Standards and interpretations awaiting EU adoption applicable for annual periods beginning on or after January 1, 2023:

Standards and Interpretations awaiting EU adoption	**Description of change**
Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)	The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the entity's right to defer settlement at the end of the reporting period for at least 12 months from the reporting date and the fulfilment of conditions for such deferral as at the reporting date. The amendments also clarify the situations that are considered settlement of a liability.
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	The amendments narrow the scope of the initial recognition exemption (IRE).
Amendments to IFRS 17: Initial Application of IFRS 17	The amendment adds a new transition option to IFRS 17 (the "classification overlay") to alleviate operational complexities and

Standards and Interpretations awaiting EU adoption	**Description of change**
and IFRS 9 (issued on 9 December 2021)	one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17.

1.6 Functional currency and foreign currency transactions

The functional currency of all Group Entities except for STRG Holdings Limited is the Polish zloty (PLN). The functional currency of the Parent Entity and the presentation currency of the Consolidated Financial Statements is Euro (EUR).

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

At the end of the reporting period, monetary items expressed in foreign currency are translated to the functional currency using the average exchange rate for that currency from the date of measurement.

Non-monetary items denominated in foreign currencies and measured at cost are recognized using the exchange rate at the date of the transaction (historical rate). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Foreign currency differences resulting from the translation of transactions denominated in foreign currencies and measurement of monetary assets and liabilities expressed in foreign currencies are recognized in profit or loss for the current period.

Foreign exchange translation differences

For the purpose of preparing the consolidated financial statements in the presentation currency, the individual items of the financial statements of entities for which the functional currency is Polish zloty are translated as follows:

- all items of assets and liabilities - at the closing rate, i.e. at the average exchange rate in effect at the end of the reporting period as announced by the National Bank of Poland,
- all items of the statement of comprehensive income and the statement of cash flows - at the annual average exchange rate announced for a given currency by the National Bank of Poland,
- individual items of equity are translated at historical exchange rates.

The difference resulting from the translation of subsidiaries' equity at rates other than the closing rate for the reporting period used to translate other assets and liabilities is reported in the Group's equity as "Translation reserve" in the portion attributable to owners of the Parent Entity. Foreign exchange translation differences for the period are reported in other comprehensive income for the period.

For the translation of the financial data of the subsidiaries to the presentation currency and for translation of transactions and balances expressed in foreign currencies, the following exchange rates were used:

	The exchange rate at the reporting date		
	31 December 2021	**31 December 2020**	**1 January 2020**
EUR	4,5994	4,6148	4,2571

	The average exchange rate in the period	
	2021	**2020**
EUR	4,5670	4,4449

1.7 Impact of first-time adoption of International Financial Reporting Standards

These Consolidated Financial Statements for the period ended December 31, 2021 are the Group's first Consolidated Financial Statements prepared in accordance with IFRS. The Parent Entity has been preparing the stand-alone financial statements according to IFRS. The date of subsidiaries' transition to IFRS is January 1, 2020 (the "Transition Date").

The financial statements of subsidiaries for previous reporting periods were prepared in accordance with the Polish Accounting Act of September 29, 1994 (Journal of Laws 2021, item 217, as amended; hereinafter the "Accounting Act").

Due to the nature of the Group's operations, the adoption of IFRS did not have a material impact on the consolidated statement of financial position as of January 1, 2020.

1.8 Impact of COVID-19 pandemic on Group operations

At the end of 2019, news from China about the SARS-Cov-2 virus (coronavirus) and the COVID-19 disease it causes first appeared. In the following months of 2020, the virus spread around the world, and its negative impact extended to many countries, including Poland. The coronavirus pandemic that emerged in late 2019 and early 2020 continued into 2021. As a result, sanitary restrictions introduced by the government in Poland continued in 2021. However, they did not have a significant negative impact on Group companies. This was due to the specific nature of the Group's services (remote support for the e-commerce sector) and the work model adopted (ability to work remotely). On the other hand, sanitary restrictions introduced by the government contributed to the development of the e-commerce market in which the Group operates and an increase in the volume of purchases made online. This upward trend of 2020 continued in 2021. As of the date of approval of these Consolidated Financial Statements there are no negative effects of COVID-19 pandemic and restrictions are no more in force.

2. EXPLANATORY NOTES TO THE COSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2.1 Revenue from contracts with customers

Revenue from contracts with customers is recognized at the amount of consideration that the Group expects to receive in exchange for the transfer of promised goods or the performance of promised services.

Revenues generated by Group companies primarily include revenues from the sale of logistics services (brokerage of courier services).

Group companies provide their services primarily in Poland.

Revenue from contracts with customers is recognized in accordance with the 5-step model in IFRS 15, i.e.:

- identifying the contract
- identifying performance obligations
- determining the transaction price (consideration)
- allocating the transaction price to individual performance obligations
- recognition of revenue when the performance obligation is satisfied.

In each contract with a customer, elements that constitute separate performance obligations are identified, and each Group company determines whether the goods or services promised to the customer are distinct. If several performance obligations are identified, the expected consideration is allocated to each of them. Revenue is recognized at a point in time when the performance obligation is satisfied (or over time if applicable) by transferring the promised good or service (i.e. an asset) to the customer. The transfer of the asset occurs when the customer obtains control of the asset.

Revenue from the sale of services is recognized at a point in time when the performance obligation is satisfied (or over time in the process of satisfying the performance obligation), i.e., when the promised good (an asset) is transferred or when the service is performed. The amount of revenue is recognized based on the prices agreed with the customer in the sales contract, net of discounts.

Remuneration of agent (principal vs agent transactions)

In contracts in which another party is also involved in providing goods or services to a customer of the Group entities, it is important to consider whether, for each such good or service, a Group entity is a party to the contract (principal), i.e., it exercises control over the good/service before it is transferred to the customer, or whether it is an agent, i.e., it arranges for goods or services to be provided to the customer by the other party and does not control the goods/service before they are transferred to the customer.

If the Group entity is a party to the contract, and therefore controls the goods and services before transferring them to the customer, then revenue is recognized in a gross amount. If the entity is an agent, and only arranges for the transfer of goods and services by another party, then the revenue is recognized on net basis, i.e. in the amount of the fee or the commission - to which the entity expects to be entitled.

The Group provides services of arranging shipment of parcels sent by customers through carriers. The Group's entities act as an agent in relation to these services due to the following considerations:

a) the Group entities do not exercise control over the good or service before transferring it to the customer
b) another entity has primary responsibility for fulfilling the promise to provide the service in the contract;
c) the Group entities do not have inventory risk before the service or goods have been transferred to the customer, during transportation or return;

d) the Group entities are not allowed to freely set the price of the goods or services of another entity and, therefore, the benefits they can obtain from these goods or services are limited.

The above means that the Group presents revenue from the services provided on net basis in the income statement, i.e. in the amount of fees or commissions.

If another entity assumes the performance obligations of a Group entity and its contractual rights in the contract, because of which the Group entity is no longer obliged to satisfy the performance obligation to transfer the goods or services to the customer (i.e., the entity is no longer acting as a principal), the Group entity does not recognize revenue for that performance obligation. Instead, it evaluates whether it should recognize revenue for satisfying a performance obligation to obtain a contract for the other party (i.e., acting as an agent).

Transaction price

When determining the transaction price, the Group considers fixed consideration, variable consideration (discounts, bonuses, and contractual penalties), the presence of a significant financing element, non-cash consideration or consideration due to the customer, and adjusts the contractual consideration accordingly.

The Group allocates a transaction price to each performance obligation.

Transfer of a control over time

The Group transfers control of the service over time and thereby satisfies the performance obligation and recognizes revenue over time if one of the following conditions is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs that service;
- as a result of the Group's performance, an asset is created or improved, and the customer controls the asset as it is created or improved;
- the Group's service does not result in an asset with an alternative use for the Group, and the Group has an enforceable right to payment for the service provided to date.

Transfer of control at a point in time

If a performance obligation is not satisfied over time, then it is satisfied at a point in time and at the same moment revenue from contacts with customers is recognised. In order to determine the moment that the performance obligation is satisfied the requirements regarding transferring control over promised assets to the customer are considered. The control is transferred to a customer, if:

- the Group has a present right to payment for the asset;
- the customer holds legal title to the asset (if the Group retains legal title solely as protection against the customer's failure to pay, the Group's rights do not preclude the customer from obtaining control of the asset);
- the Group has physically transferred the asset;
- the customer bears significant risks and obtains significant benefits from the ownership of the asset - the customer has acquired the asset.

The timing of revenue recognition for each group of products and services

The following table summarizes the various groups of products and services offered by the Group, along with the appropriate timing of revenue recognition:

Type of product/service	Revenue recognition	Measurement method	Triggering event	Significant payment terms
Logistics intermediation services	At a point in time	Economic event	Acceptance and execution of an order	1 7 - 30 days
Subscription for services (technology platform)	Over time	Economic event	Completion of the service	2 7 - 30 days

Satisfaction of performance obligations

The deadlines for performance obligations are not significantly different from those for payments.

Contract assets

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has provided to a customer.

Contract assets also include the right of return assets from contracts with repurchase promises, which represent the Group's rights to recover products from customers once the repayment obligation has been fulfilled.

Contract liabilities

A contract liabilities represent Group's obligation to provide services to a customer, for which the Group has already received the consideration (or the amount of consideration is due) from the customer.

Significant estimates and judgements

The Group adopts estimates (subjective assessments) to determine variable remuneration in contracts with customers (the amount of discounts given).

Revenue from contracts with customers by categories of goods and services provided

	For year ended December 31	
	2021	**2020**
Revenue from contracts with customers		
Revenue from sales of services	8 935 644	517 323
Total sales revenue	**8 935 644**	**517 323**

Geographical structure of revenue from contract with customers

	For year ended December 31	
	2021	**2020**
Poland	8 919 964	516 009
Exports	15 680	1 314
Total sales revenue	**8 935 644**	**517 323**

Assets from contracts with customers

	31 December 2021	**31 December 2020**	**1 January 2020**
Contract assets	130 491	-	-
Total contract assets	**130 491**	**-**	**-**

Contract assets represent the capitalized costs of acquiring orders and customers accounted for over the period of the expected cooperation with these customers.

2.2 Other operating income and expenses

Accounting principles

Other operating income and expenses are income and expenses indirectly related to the Group's operations.

Other operating income and expenses include, in particular:

- Result on disposal of non-financial non-current assets
- Recognition/reversal of impairment losses on trade receivables
- Recognition/reversal of impairment losses on other non-financial assets
- Recognition of impairment loss on goodwill
- Recognition/reversal of provisions
- Compensations, penalties, and insurance

Other operating income

	For year ended December 31	
	2021	**2020**
Compensations and penalties received	-	13 598
Other	62 923	74 554
Other operating income	**62 923**	**88 152**

Other income includes recovered receivables, written-off liabilities and similar revenue items.

Other operating expenses

	For year ended December 31	
	2 021	**2 020**
Revaluation of financial assets including:	92 364	55 522
- impairment of receivables	92 364	55 522
Compensation, penalties, insurance	8 456	12 394
Other	52 035	404 726
Other operating expenses	**152 855**	**472 642**

Other operating expenses mainly consist of contributions to the National Fund for the Rehabilitation of the Disabled (PFRON), written-off items for which invoices could not be obtained, donations, rounding and similar cost components.

2.3 Finance income and finance costs

Accounting principles

Finance income and costs are related to the Group's financial activities.

The most important items of financial activities are:

- interest on loans and borrowings
- interest on lease agreements
- exchange rate differences
- other items related to financial activities

Foreign exchange differences are the result of operations performed during the reporting period and balance sheet valuations of assets and liabilities at the end of the reporting period. Foreign exchange income and expenses are offset within the same category of financial instruments.

Finance income

	For year ended December 31	
	2021	**2020**
Interest income	4	-
Gain on the outflow of financial assets	3 850	-
Foreign exchange gains (net)	156 231	-
Result on financial instruments (IRS)	241 982	-
Total finance income	**402 067**	**-**

Finance costs

	For year ended December 31	
	2 021	**2 020**
Interest on bank loans	158 691	-
Interest on loans from related parties	85 440	31 632
Interest on lease liabilities	3 097	589
Other interest	-	1 311
Foreign exchange differences (net)	-	367 938
Other finance costs	222 525	421
Total finance costs	**469 753**	**401 891**

3. Explanatory notes regarding taxation

3.1. Corporate income tax

Accounting principles

Income tax presented in the consolidated statement of comprehensive income comprises current tax and deferred tax.

Current income tax

Current income tax liability is calculated based on tax regulations in effect as at the balance sheet date, and subject to payment (return) on taxable income (tax loss) for the reporting period.

Current income tax liabilities and receivables for the current and prior periods are measured at the amounts of expected payment to the tax authorities (return from the tax authorities), using the tax rates and tax regulations enacted or substantively enacted by the end of the reporting date.

Deferred tax

Deferred tax liabilities and deferred tax assets are recognised in respect of all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts and the tax loss deductible in the future periods.

Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available in future against which temporary differences can be deducted or tax losses utilized. Deferred tax assets are estimated based on: negative temporary differences, unused tax losses carried forward and unused tax credits carried forward.

Deferred tax liabilities are the amounts of income taxes payable in the future periods in respect of positive temporary differences.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are not allowed to be discounted.

Deferred tax assets and liabilities are presented net in the consolidated statement of financial position.

The Group **offsets** deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets against current tax liabilities.

Significant estimates and judgements

As part of the financial statement preparation process, the Group estimates the value of temporary differences resulting from the different tax and accounting treatment of transactions that give rise to deferred tax assets and deferred tax liabilities.

The Group recognizes a deferred tax asset on the assumption that taxable profit will be generated in the future to enable its utilization. In making this assumption, the Group takes into account tax forecasts, historical tax expense, as well as the current available strategies for the Group's operations to analyse the timing and determine the likelihood of deducting negative temporary differences from the realized tax gain.

Uncertainty in income tax settlement

Regulations applicable to value added tax, corporate income tax and social security contributions are subject to frequent changes. The current regulations also contain ambiguities that can lead to different interpretations, even among tax authorities. Tax settlements may be subject to inspections by tax authorities, which are entitled to impose penalties and fines on companies, and any additional tax liabilities must be paid with interest. Consequently, the amounts presented in the consolidated financial statements may change in the future as a result of a decision of the tax audit authority.

Effective July 15, 2016, provisions were introduced into the Polish Tax Ordinance to include the provisions of the General Anti-Abuse Clause (GAAR). The GAAR is intended to prevent the use of artificial schemes created to avoid the payment of tax in Poland. The GAAR defines tax avoidance as an operation carried out primarily for the purpose of achieving a tax benefit that is contrary in the specific circumstances to the object and purpose of the Tax Act. The new regulations require much greater judgment in assessing the tax consequences of individual transactions. The GAAR clause should apply to transactions made after its effective date and to transactions that were carried out prior to the GAAR clause's effective date, but for which benefits were or are still being achieved after the clause's effective date. The Parent Company's Board of Directors has considered the impact of transactions that could potentially be within the scope of the GAAR provisions on the tax settlement items presented in the consolidated financial statements. In the opinion of the Management Board there is no need to change the amounts recognized in the consolidated financial statements, but there is uncertainty about a different assessment of the same facts due to a different interpretation of the regulations by tax authorities.

The Group recognizes and measures current and deferred tax assets and liabilities using the requirements of IAS 12 Income Taxes based on taxable profit (tax loss), tax basis, unused tax losses, unused tax credits and tax rates, considering the assessment of uncertainties related to tax settlements. When there is uncertainty as to whether and to what extent the tax authority will accept particular tax settlements of a transaction, the Group recognizes these settlements taking into account the assessment of uncertainty.

Current income tax

	For year ended December 31	
	2021	**2020**
Current tax	(926 734)	(70 689)
Deferred tax	309 950	31 694
Total income tax	**(616 784)**	**(38 995)**

The Group's income tax on profit before tax differs from the theoretical amount that could be obtained by applying the nominal tax rates applicable to the Group's results in the following ways:

	For year ended December 31	
	2021	**2020**
Profit (loss) before tax from continuing operations	**2 938 366**	**(978 791)**
Income tax at the rate of 12,5% (STRG)	(14 242)	(9 967)
Income tax at the rate of 19% (Polish entities)	(579 937)	103 304
Total income tax	**(594 179)**	**93 337**
Non-deductible expenses	57 497	44 076
Non-taxable revenue	(79 733)	(68 930)
Change in estimates relating to prior periods	(369)	(107 477)
Total income tax in the consolidated statement of comprehensive income	**(616 784)**	**(38 994)**

Tax rates

	Tax rates
Cyprus	12,50%
Poland	19%

Deferred income tax

	January 1, 2021	**Financial result debit (charge)**	**Translation reserve**	**December 31, 2021**
Deferred tax assets				
Holiday and retirement provision, other provisions	15 401	68 327	(429)	83 299
Provisions for non-taxable expenses in the current year	-	49 221	(347)	48 874
Revaluation of assets	24 016	18 040	(47)	42 009
Social Security settlement	-	95	-	95
Accrued expenses	17 828	20 885	(88)	38 625
Lease liability	99	154	(1)	252
Other negative temporary differences	13 054	-	44	13 098
Total deferred tax assets	**70 398**	**156 722**	**(868)**	**226 252**
Offsetting	**(70 398)**	**(156 722)**	**868**	**(226 252)**
Net value of deferred tax assets	**-**	**-**	**-**	**-**

Provisions for deferred tax				
IRS valuation	-	45 653	-	45 653
Intangible assets (customer relationship)	1 293 894	(315 230)	4 332	982 996
Assets from contracts with customers	-	31 712	-	31 712
Acquiring customers	-	690	-	690

	January 1, 2021	Financial result debit (charge)	Translation reserve	December 31, 2021
Future period sales	18 410	12 735	62	31 207
Other positive temporary differences	-	44 619	-	44 619
Total deferred tax liabilities	**1 312 304**	**(179 821)**	**4 394**	**1 136 877**
				-
Offsetting	**70 398**	**156 722**	**(868)**	**226 252**
				-
Net value of deferred tax liabilities	**1 241 906**	**(336 543)**	**5 262**	**910 625**

	January 1, 2020	Merger of companies	Financial result debit (charge)	Translation reserve	December 31, 2020
Deferred tax assets					
Holiday and retirement provision, other provisions	-	9 305	6 567	(471)	15 401
Revaluation of assets	-	26 103	(1 353)	(734)	24 016
Accrued expenses	-	-	18 370	(542)	17 828
Lease liability	-	-	102	(3)	99
Other negative temporary differences	-	13 453	-	(399)	13 054
Total deferred tax assets	**-**	**48 861**	**23 686**	**(2 149)**	**70 398**
Offsetting	**-**	**(48 861)**	**8 008**	**40 121**	**(70 398)**
Net value of deferred tax assets	**-**	**-**	**31 694**	**37 972**	**-**

Provisions for deferred tax					
Intangible assets (customer relationship)	-	1 360 433	(26 978)	(39 561)	1 293 894
Future period sales	-	-	18 970	(560)	18 410
Total deferred tax liabilities	**-**	**1 360 433**	**(8 008)**	**(40 121)**	**1 312 304**
Offsetting	**-**	**(48 861)**	**8 008**	**40 141**	**(70 398)**
Net value of deferred tax liabilities	**-**	**1 311 572**			**1 241 906**

4. Assets

4.1 Intangible assets

Accounting principles

Recognition and measurement

The intangible assets are recognised when there is a probable inflow of future economic benefits related to a given asset component and it is possible to reliably determine the cost, according to which the intangible assets are initially recognised.

The intangible assets are initially recognised at the purchase price or production cost. After the initial recognition, the components of intangible assets are measured at the purchase price or production cost, less amortisation, and accumulated impairment losses.

As the intangible assets are also presented advances for intangible assets.

The main components of intangible assets are goodwill, customer relationships and trademarks. These were recognized as a result of the acquisition of Wolante Investments Sp. z o.o. and R2G Polska Sp. z o.o. (see Note 7.1) and as a result of the acquisition of Sendit Sp. z o.o. Customer relationships were recognised in the acquisition of R2G Polska sp. z o.o. as a portfolio of customers, among which there were entities characterized by a long history of cooperation, generating stable cash flows, the maintenance of which was and is expected by the Group in the future.

The trademarks of "Sendit" and "Bliska Paczka" were identified in the purchase price allocation settlement in connection with the acquisition of 100% of Sendit Sp. z o.o. in June 2021.

Amortisation

Intangible assets are amortised using the straight-line method over the economic useful life of the assets.

The amortisation rate for customer relationships is 23.8%.

The amortisation rate for the "Sendit" trademark. is 20%.

The applied depreciation rates for other groups of intangible assets range from 20% to 50%.

At the end of each reporting period the intangible assets are reviewed for indicators of impairment.

Intangible asset is removed from the consolidated statement of financial position at the time of disposal or when no future economic benefits are expected from the use or disposal of the intangible asset.

Intangible assets with indefinite useful lives

Goodwill

Goodwill is recognized on the acquisition of Wolante Investments Sp. z o.o., R2G Polska Sp. z o.o. and Sendit Sp. z o.o. Goodwill is not amortized but is tested for impairment annually and whenever there is an indication that an intangible asset may be impaired. An impairment loss is recognised in the amount by which the carrying amount exceeds its recoverable amount.

Impairment of intangible assets

Intangible assets with indefinite useful lives and those that are not in use are tested for impairment annually. Other intangible assets are tested for impairment only if there are indications of impairment.

Impairment losses are recognized as other operating expenses in the consolidated statement of comprehensive income.

Significant estimates and judgments

Economic useful lives

The economic useful lives of intangible assets are verified at each reporting date. The estimates are impacted by the uncertainties about the future conditions of business operations, technological changes, and market competition, which may have an impact on the estimate of the period over which the intangible asset is expected to bring the economic benefits to the Group.

Impairment of intangible assets

The basic assumptions for impairment testing of intangible assets are analogous to those made for property, plant and equipment described in Note 4.2.

In the case of impairment of intangible assets, the impairment test considers key assumptions made by management. Goodwill impairment testing is performed annually or when there are indications of impairment.

Reconciliations of carrying amount of intangible assets and goodwill

	Costs of completed development work	Unfinished development work	Goodwill	Relationships with customers	Other intangible assets	Total
Cost at 1 January 2020	**-**	**-**	**-**	**-**	**-**	**-**
Increases	93 949	-	32 844 900	-	362 793	33 301 642
Acquisition through business combination	165 727	464 756	-	7 160 175	249 214	8 039 872
Decreases	-	(233 396)	-	-	-	(233 396)
Effect of translation differences	(7 689)	(13 787)	-	(212 409)	(18 100)	(251 985)
Cost at December 31, 2020	**251 987**	**217 573**	**32 844 900**	**6 947 766**	**593 907**	**40 856 133**
Cost at January 1, 2021	**251 987**	**217 573**	**32 844 900**	**6 947 766**	**593 907**	**40 856 133**
Increase	181 476	420 378	-	-	12 462	614 316
Acquisition through business combination	13 842	-	7 322 589	-	261 672	7 598 103
Decrease	-	(63 349)	-	-	-	(63 349)
Effect of translation differences	(671)	(2 232)	(125 137)	23 263	(2 571)	(107 348)
Cost at December 31, 2021	**446 634**	**572 370**	**40 042 352**	**6 971 029**	**865 470**	**48 897 855**
Accumulated amortisation and impairment losses at January 1, 2020	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation	(36 713)	-	-	(141 988)	(42 755)	(221 456)
Effect of translation differences	1 084	-	-	4 191	1 261	6 536
Accumulated amortisation and impairment losses at December 31, 2020	**(35 629)**	**-**	**-**	**(137 797)**	**(41 494)**	**(214 920)**
Accumulated amortisation and impairment losses at January 1, 2021	**(35 629)**	**-**	**-**	**(137 797)**	**(41 494)**	**(214 920)**
Depreciation	(170 449)	-	-	(1 670 875)	(286 661)	(2 127 985)
Effect of translation differences	(120)	-	-	11 308	1 880	13 068
Accumulated amortisation and impairment losses at December 31, 2021	**(206 198)**	**-**	**-**	**(1 797 364)**	**(325 275)**	**(2 329 837)**
Carrying amount						
January 1, 2020	-	-	-	**-**	-	**-**

	Costs of completed development work	Unfinished development work	Goodwill	Relationships with customers	Other intangible assets	Total
December 31, 2020	216 358	217 573	32 844 900	6 809 969	552 413	**40 641 213**
December 31, 2021	240 436	572 370	40 042 352	5 173 665	539 195	**46 568 018**

Goodwill impairment test

The goodwill was analysed for impairment in accordance with IAS 36. The goodwill impairment test was performed as at the balance sheet date of December 31, 2021, based on the income approach using the discounted cash flows ("DCF"). The key assumptions which change could significantly affect the estimated values of the DCF valuation are the discount rate and business assumptions for the growth of key financial parameters (e.g. revenues, expenses, margins, EBITDA). A discount rate after tax of 8.9 pp was applied to cash flow projections. The forecast of sales revenue, operating expenses and profitability was based on the Group's 5-year financial growth model, taking into account the post-forecast operations and the associated residual value, past performance and projections of attractive market development, considering the risk factors to which the Group is exposed. A growth rate after the projection period of 2.5 percentage points was assumed for testing purposes. This value was based on the assumptions of the long-term potential of the Polish economy and the industry in which the Group operates.

As at December 31, 2021, the impairment test did not indicate a need for a write-down in the Consolidated Financial Statements. The analysis performed indicates the greatest sensitivity of the test to a change in the discount rate. Regarding the test performed as at December 31, 2021, in the event of a 1 pp increase in the discount rate, the sensitivity analysis of the test performed shows no risk of an additional write-down of other fixed assets.

4.2 Property, plant and equipment

Accounting principles

Recognition and measurement

Items of property, plant and equipment are recognised at cost, less depreciations charges and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Any other expenses incurred on repairs and maintenance are expensed to the consolidated statement of comprehensive income for the reporting period in which they were incurred.

Land is recognised at cost less impairment.

The category of property, plant and equipment also includes advances for the purchase of items of property, plant and equipment.

Depreciation

Depreciation of property, plant and equipment is calculated on systematic basis, using the straight-line method over their estimated useful lives. Depreciation rates for property, plant and equipment range from 20% to 100%.

Residual values, useful lives, and depreciation methods for property, plant and equipment are verified on each balance sheet date.

The component of property, plant and equipment is removed from the consolidated financial statements upon its disposal or when the Group does not anticipate obtaining any further economic benefits from its continued use.

Impairment of property, plant and equipment

If there are any indicators that an asset may be impaired and its carrying amount exceeds its estimated recoverable amount, the value of the asset is reduced to its recoverable amount and the impairment loss is recognised. The Group recognizes impairment losses on property, plant and equipment in the consolidated statement of comprehensive income within other operating expenses. This also applies to impairment of property, plant and equipment under construction.

Wolante Investments constitutes a single cash-generating unit (CGU), in Sendit there are two separate cash-generating units identified - Sendit and Bliska Paczka.

The recoverable amount is the higher of the two amounts: the fair value less costs to sell and the value in use of a given asset. A recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Items of property, plant and equipment previously impaired are at each balance sheet date reviewed for any indication that an impairment loss should be reversed.

Significant estimates and judgments

Economic useful life and residual value

The economic useful lives of property, plant and equipment are verified at each reporting date. Changes are recognized as changes in estimates. Such estimates are accompanied by uncertainty about future business conditions, technological changes, and market competition, which may affect the assessment of the economic useful life of property, plant and equipment.

Impairment of property, plant and equipment

Depreciated items of property, plant and equipment are analysed for impairment if there are indications that their carrying amount may not be realized. An impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount.

The Group did not capitalize borrowing costs under property, plant and equipment.

Reconciliation of carrying amount of property, plant and equipment:

	Technical equipment and machinery	Means of transportation	Other	Total
Cost at January 1, 2020	**-**	**-**	**-**	**-**
Increase	266	-	-	266
Acquisition through business combination	400	-	-	400
Effect of translation differences	(20)	-	-	(20)
Cost at December 31, 2020	**646**	**-**	**-**	**646**
Cost at January 1, 2021	**646**	**-**	**-**	**646**
Effect of translation differences	2	-	-	2
Cost at December 31, 2021	**648**	**-**	**-**	**648**
Accumulated depreciation and impairment losses at January 1, 2020	**-**	**-**	**-**	**-**
Depreciation	(292)	-	-	(292)
Effect of translation differences	9	-	-	9
Accumulated depreciation and impairment losses at December 31, 2020	**(283)**	**-**	**-**	**(283)**
Accumulated depreciation and impairment losses at January 1, 2021	**(283)**	**-**	**-**	**(283)**
Depreciation	(191)	-	-	(191)
Effect of translation differences	-	-	-	-
Accumulated depreciation and impairment losses at December 31, 2021	**(474)**	**-**	**-**	**(474)**
Carrying amount				
January 1, 2020	-	-	-	**-**
December 31, 2020	363	-		**363**
December 31, 2021	174	-	-	**174**

4.3 Right-of-use assets

Accounting principles

Recognition and measurement

Right-of-use assets are recognised at cost at the inception of the lease, i.e. the date on which the asset is made available for use by the lessee. The cost of a right-of-use asset includes:

- the amount of the initial measurement of the lease liability,
- lease payments made at or before the commencement date, less any lease incentives received,
- initial direct costs incurred by lessee.
- estimation of costs to be incurred by the lessee related to dismantling and removal of the asset component.

Following initial recognition, the Group measures right-of-use assets using the cost model i.e. at cost less total depreciation and impairment losses and adjustment for any revaluation of the lease liability.

Depreciation

The depreciation methods for right-of-use assets are consistent with the depreciation methods used by the Group for assets owned by the Group.

In cases where there is no reasonable certainty that the Group will obtain ownership at the end the lease term, the right-of-use asset is depreciated for the shorter of: the lease period or the asset's useful life.

If, under a lease agreement, at the end of the lease period the Group obtains ownership of an asset or if the cost of a right-of-use asset takes into account the fact, that the Group will use the purchase option, then depreciation of a right-of-use asset is calculated from the commencement date of the lease until the end of the economic useful life of this asset.

Otherwise, the right-of-use asset is depreciated from the lease commencement date until the end of the useful life of that asset or the end of the lease period, whichever is earlier.

The subject of the lease is mainly office space and servers utilized in the Group's ongoing operations.

Significant estimates and judgments

Economic useful life and residual value

At the end of each reporting period the Group verifies the residual values and useful lives of right-of-use assets. Such estimates are accompanied by uncertainties about future business conditions, technological changes and market competition, which may change the assessment of the economic useful life of right-of-use assets.

Impairment of right-of-use assets

Similar to property, plant and equipment, the Group tests right-of-use assets for impairment whenever there are indicators, that their carrying amount may not be realized. An impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount.

Impaired right-of-use assets are reviewed at each balance sheet date for any indication that an impairment loss should be reversed.

Period of the lease

The valuation of the right-of-use assets is based on estimates and judgments related to the determination of the lease term for indefinite-term and fixed-term contracts with renewal options, and with the determination of the discount rate as the marginal financing rate.

Discount rate

The present value of future lease payments is calculated using the interest rate implicit in the lease.

If that rate cannot be determined, the Group uses the incremental borrowing rate, which is the rate it would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment.

Right-of-use assets

	Buildings and structures	Other	Total
Carrying amount at January 1, 2020	**-**	**-**	**-**
Increase	8 183	-	8 183
Acquisition through business combination	74 441	166 742	241 183
Depreciation for the period	(7 548)	(8 287)	(15 835)
Effect of translation differences	(2 009)	(4 702)	(6 712)
Carrying amount at December 31, 2020	**73 067**	**153 753**	**226 820**

	Buildings and structures	Other	Total
Carrying amount at January 1, 2021	**73 067**	**153 752**	**226 820**
Increase	80 501	28 322	108 823
Acquisition through business combination	16 145	153 593	169 738
Depreciation for the period	(92 926)	(125 565)	(218 491)
Effect of translation differences	588	(1 225)	(638)
Carrying amount at December 31, 2021	**77 375**	**208 877**	**286 252**

The lease liabilities are presented in Note 5.3.

Interest expense on lease liabilities is presented in the consolidated statement of comprehensive income within "Finance costs."

The total cash outflow from lease agreements amounted to EUR 169,840 in 2021 (2020: EUR 17,035).

4.4 Trade and other receivables

Accounting principles

Recognition and measurement

The Group's trade receivables are recognized initially at the transaction price, in accordance with IFRS 15, i.e. the amount of consideration that the Group expects to receive in exchange for the transfer of promised goods or services to the customer.

After initial recognition, receivables are measured at amortized cost using the effective interest rate, taking into account any impairment loss.

Other receivables classified as financial assets are recognized initially at fair value plus transaction costs directly attributable to their acquisition. After initial recognition, other receivables classified as financial assets are measured at amortised cost using the effective interest rate method, taking into account any impairment loss.

Other receivables not classified as financial assets are initially recognized at nominal value and measured at the reporting period at the amount due.

Impairment losses on trade receivables

The allowance for impairment of receivables is determined based on expected credit losses. Credit losses take into account both counterparty default events that have already occurred, as well as potential estimated credit losses. The allowance is recognized as an expense in the consolidated statement of comprehensive income at the end of each reporting period.

For trade receivables, the Group uses a simplified approach to estimating expected credit losses, under which allowances are recognized over the entire lifetime of the instrument, regardless of the assessment of the existence of an indication of a material increase in credit risk.

To determine the expected credit losses on trade receivables, the Group uses an allowance matrix based on historical information on the repayment of receivables from particular past due period, separately for group of customers with different characteristics.

Individual risk assessment resulting in a full allowance of receivables is carried out for receivables past due more than a year and customers placed in liquidation and disputed receivables.

Significant estimates and judgements

Allowance for expected credit losses

The Group uses estimates and judgments to determine the factors included in the calculation model used to estimate the amount of the allowance for expected credit losses, which is based on the probability of default over the contractual life of the asset.

The Group uses a simplified approach, whereby the allowance for impairment is determined based on an allowance matrix. Depending on how long the receivables have been past due, the allowance matrix provides a percentage which, when multiplied by the carrying amount of the receivables before the allowance, represents the amount of the recognized allowance for expected credit losses. The matrix is updated at least at each balance sheet date.

The calculation of the allowance also takes into account the means of settlement in the form of prepayments or offsetting of mutual settlements.

Trade and other receivables

Trade receivables	31 December 2021	31 December 2020	1 January 2020
Trade receivables from related parties	29 593	-	-
minus: allowance for impairment	-	-	-
Trade receivables from other entities	4 143 913	1 532 924	-
minus: allowance for impairment	(296 833)	(126 398)	-
Total (net)	**3 876 673**	**1 406 526**	**-**
Long-term	*-*	*-*	*-*
Short-term	*3 876 673*	*1 402 481*	*-*

Other receivables	31 December 2021	31 December 2020	1 January 2020
Tax receivables (other than corporate income tax) and social security receivables	543 031	54	-
Deposits and guarantees	99 504	107 255	-
Other	48 378	2 042	-
Total	**690 913**	**109 351**	**-**
Long-term	*99 504*	*107 255*	*-*
Short-term	*591 409*	*2 096*	*-*

Trade and other long-term receivables	*99 504*	*107 255*	*-*
Trade and other short-term receivables	*4 468 082*	*1 408 622*	*-*

The Group is exposed to credit risk and foreign currency risk arising from its operations and related trade receivables. The management of credit risk (including the assessment of the credit quality of receivables and concentration of credit risk, as well as quantitative information on the calculation of the allowance based on expected losses) and foreign currency risk are presented in Note 6.2.

4.5 Cash and cash equivalents

Accounting principles

Recognition and measurement

Cash and cash equivalents presented in the consolidated statement of financial position include cash at hand and in the bank, and other cash equivalents, which include cash amounts received as part of the cash collection service.

Cash in bank accounts and bank deposits that are due or payable within three months of being received, issued, acquired or established are measured at their nominal value at each reporting date. The nominal value is adjusted for interest accrued up to the end of the reporting period and for any allowance for expected credit losses.

The balance of cash and cash equivalents presented in the consolidated statement of cash flow consists of the cash and cash equivalents specified above.

Impairment loss on cash and cash equivalents

Cash and cash equivalents are subject to impairment based on expected credit losses determined according to the expected credit loss model in accordance with IFRS 9, as described in Note 6.1.

Significant estimates and judgments

Provision for expected credit losses

The Group estimates allowances for cash and cash equivalents based on insolvencies determined by the external ratings of the banks in which cash is deposited and the weighted average loss rate attributed to these ratings, published by the rating agency. Due to the low credit risk, the Group estimates an allowance equal to 12 months of expected credit losses.

Cash and cash equivalents

	31 December 2021	31 December 2020	1 January 2020
Cash at bank and cash in hand	7 047 849	3 355 575	878 854
Other cash and cash equivalents	63 485	350 159	-
Total	**7 111 334**	**3 705 734**	**878 854**

4.6 Other assets

Accounting principles

The Group's other current assets include, in particular, prepayments.

Prepayments are recognised in the amount of incurred and reliably estimated expenses that relate to future reporting periods and that will result in the future inflow of economic benefits in the form of goods or services. The settlement of prepayments to profit and loss is made according to the passage of time. The timing and manner of the settlement is determined based on the nature of the costs being accounted for.

Other current assets

	31 December 2021	31 December 2020	1 January 2020
Prepayments:			
Paid insurance premiums	28 246	20 644	-
Other	123 183	116 750	-
Total	**151 429**	**137 394**	**-**
Long-term	-	-	-
Short-term	151 429	137 394	-

5. Equity, reserves and liabilities

5.1. Equity

Accounting principles

Share capital

Share capital presented in the Group's Consolidated Financial Statements is the share capital of the Parent Entity and is recognised in the amount in accordance with the registration data of STRG Holdings Limited operating in Cyprus.

Share capital consists of ordinary shares and is recorded at the nominal value of the shares specified in the agreement of the Parent Company and entered in the court register.

Share premium

Share premium is created from the difference between the fair value of the consideration received by the Parent Company and the nominal value of the issued share capital.

Preference shares

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity on approval by the Company's shareholders.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Translation reserve

Translation reserve includes foreign exchange differences from the translation of the financial statements of subsidiaries that have a functional currency other than the Euro.

Retained earnings (losses)

Retained earnings (losses) comprise the sum of the current period and the accumulated results from previous years which were not paid in the form of dividends. Retained earnings include also other comprehensive income as well as the effect of the first-time adoption of IFRS.

Share capital

	31 December 2021		
Shareholder	**Number of shares held**	**Nominal value of shares**	**Share %**
Abris CEE Mid-Market Fund III L.P.	293 500	2 935	100%
	293 500	**2 935**	**100%**

	31 December 2020		
Shareholder	**Number of shares held**	**Nominal value of shares**	**Share %**
Abris CEE Mid-Market Fund III L.P.	293 500	2 935	100%
	293 500	**2 935**	**100%**

	1 January 2020		
Shareholder	**Number of shares held**	**Nominal value of shares**	**Share %**
Abris CEE Mid-Market Fund L.P.	12 251	12 251	100%
	12 251	**12 251**	**100%**

Changes in share capital

	2021		2020	
Authorised capital	**Number of shares**	**Value of shares**	**Number of shares**	**Value of shares**
Balance at 1 January	700 000 000	7 000 000	15 000	15 000
Denomination of shares	-	-	1 485 000	-
Increase of shares	-	-	698 500 000	6 985 000
	700 000 000	**7 000 000**	**700 000 000**	**7 000 000**

Issued and fully paid	**Number of shares**	**Value of shares**	**Number of shares**	**Value of shares**
Balance at 1 January	293 500	2 935	12 251	12 251
Reduction of shares	-	-	(12 128)	(12 128)
Denomination of shares	-	-	12 177	-
Issue of shares	-	-	281 200	2 812
Balance at 31 December	**293 500**	**2 935**	**293 500**	**2 935**

Authorised capital

On 15 December 2020, the authorised share capital changed from 15,000 ordinary shares of EUR 1 each to 1,500,000 ordinary shares of EUR 0.01 each. On the same date, the authorised share capital increased from 1,500,000 ordinary shares of EUR 0.01 each to 700,000,000 ordinary shares of EUR 0.01 each.

Issued capital

On 11 March 2020, the issued share capital decreased from 12,251 ordinary shares with nominal value of EUR 1 each and total share premium of EUR 18,374,348 to 123 ordinary shares with nominal value of EUR 1 each and total share premium of EUR 17,466,446.

On 15 December 2020, the issued ordinary share capital changed from 123 ordinary shares of EUR 1 each to 12,300 ordinary shares of EUR 0.01 each. On the same date, STRG Holding Limited issued 281,200 ordinary shares at a nominal value of EUR 0.01 each to Abris CEE Mid-Market Fund III L.P..

Changes in redeemable preference shares

	2021		2020	
Authorised	**Number of shares**	**Value of shares**	**Number of shares**	**Value of shares**
Redeemable shares of EUR 0,01 each	6 300 000	63 000	6 300 000	63 000

Issued and fully paid	**Number of shares**	**Value of shares**	**Number of shares**	**Value of shares**
Balance at 1 January	2 530 800	25 308	-	-
Issue of shares	-	-	2 530 800	25 308
Balance at 31 December	**2 530 800**	**25 308**	**2 530 800**	**25 308**

Authorised capital

On 15 December 2020, the authorized share capital increased to 6,300,000 redeemable preference shares of EUR 0.01 each.

Issued capital

On 15 December 2020, STRG Holdings Limited issued 2,530,800 redeemable preference shares at a nominal value of EUR 0.01 each and share premium of EUR 11.10 each (total share premium: EUR 28,091,880) to Abris CEE Mid-Market Fund III L.P..

The Company's preference shares are redeemable only at the Company's option, and any dividends are discretionary. Consequently, preference shares are classified as equity.

Share premium is not available for distribution.

According to Cyprus' regulations companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate.

STRG Holdings Limited pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2.65% (2019: 1.70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

5.2. Capital management policy and net debt

The purpose of the Group's capital management policy is to ensure continuous operations of the Group in order to increase value for shareholders and other stakeholders as well as to maintain the optimal structure of capital taking into account its cost.

The Group monitors the level of capital using a leverage ratio calculated as the level of net debt (the sum of loans and borrowings and lease liabilities less cash and cash equivalents) divided by the total amount of the Group's equity.

The table below presents level of the leverage ratio at the end of the periods covered by these consolidated financial statements.

	31 December 2021	31 December 2020	1 January 2020
Total liabilities	24 443 858	17 811 820	5 868
(Minus) cash and cash equivalents	(7 111 334)	(3 705 734)	(878 854)
Net debt	**17 414 954**	**14 330 403**	**(872 986)**
Equity	34 715 277	28 563 257	932 986
Total equity and net debt	**52 130 231**	**41 594 353**	**60 000**
Debt ratio	*33%*	*34%*	*-1455%*

As at December 31, 2021, the net debt amounted to EUR 17,414,954. Financial ratios are monitored continuously. Cash flows and operating results generated by the Group ensure financial stability and liquidity.

5.3. Debt liabilities

Accounting principles

Loans

Bank loans are initially recognised at fair value, less transaction costs.

After initial recognition, bank loans are measured at amortised cost using the effective interest rate method. Transaction costs as well as discounts and premiums obtained in the settlement of the liability are included in the determination of the amortised cost.

Lease liabilities

At the lease commencement date, the Group as a lessee measures the lease liability at the present value of the future lease payments, including the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or the rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- penalties for early termination of a lease, if the lease agreement includes such an option and the Group is reasonably certain to exercise that early termination option.

The present value of future lease payments is calculated using the lease interest rate if it can be easily determined. Otherwise, the Group uses its incremental borrowing rate relevant for the given lease agreement. For all lease contracts recognised in the periods covered by these Consolidated Financial Statements, the Group has applied its incremental borrowing rate (split by currency).

In calculating the incremental borrowing rate (discount rate), the duration of the agreement, the currency of the agreement, and the nature of the agreement were taken into account. The rate was estimated at approximately 4%.

At the end of each reporting period, the Group measures its lease liability by:

- increasing the carrying amount to reflect the accrued interest on the lease liability
- a decrease in the carrying amount to reflect paid lease payments

- a revaluation of the carrying amount to reflect any reassessment or modification of leases.

Reassessment of the lease liability

The value of the lease liability is revised among others if the lease term changes causing the change of the future lease payments or the estimates regarding the use of the option to purchase the leased asset change or there is a change of the amount expected to be payable under residual value guarantees or of the index or the rate used to calculate variable lease payments. The change in the value of the liability is recognised in the correspondence with the change in the value of the right-of-use asset.

Other financial liabilities

Other financial liabilities are initially recognized at fair value, and subsequently measured at amortized cost.

Significant estimates and judgments

Lease liabilities

The application of IFRS 16 requires the use of estimates and judgments related to the determination of the lease term and the discount rate as the marginal financing rate. These estimates are accompanied by uncertainty and the risk of adjusting the carrying amount of right-of-use assets and lease liabilities in the following financial year.

Lease liabilities and right-of-use assets are affected by the following estimates:

- the lease term, which includes the non-cancellable term of the contract, together with any additional periods during which the Group, as lessee, has the right to continue to lease the asset and if, at the inception of the lease, it is reasonably certain that the Group will exercise this right (i.e., the periods for which the lease may be extended and the periods during which the lease may be cancelled). For leases entered into for a given term without an option to extend, the Group determines the lease term as the contractual term, while for leases with an indefinite term and for leases with an option to extend under the same terms and conditions, the Group determines the lease term based on its judgment of the length of the contract
- the discount rate, understood as the lessee's marginal rate, is determined as the interest rate on an external loan that the Group would have to pay to borrow the funds necessary to purchase that asset. Discount rates take into account the currency of the leases.

Loans and borrowings

	31 December 2021	31 December 2020	1 January 2020
Long-term:			
Bank loans	9 373 558	-	-
Borrowings	-	-	-
Total long-term	**9 373 558**	**-**	**-**

	31 December 2021	31 December 2020	1 January 2020
Short-term:			
Bank loans	1 682 136	-	-
Borrowings	-	13 030 630	-
Total short-term	**1 682 136**	**13 030 630**	**-**
		-	**-**
Total loans and borrowings	**11 055 694**	**13 030 630**	**-**

Lease liabilities

	31 December 2021	31 December 2020	1 January 2020
Long-term:			
Lease liabilities	163 754	79 911	-
Total long-term	**163 754**	**79 911**	**-**

	31 December 2021	31 December 2020	1 January 2020
Short-term:			
Lease liabilities	127 397	146 608	-
Total short-term	**127 397**	**146 608**	**-**
		-	**-**
Total other financial liabilities	**291 151**	**226 519**	**-**

	31 December 2021	31 December 2020	1 January 2020
Up to 1 year	162 526	160 662	-
1 - 5 years	87 568	133 627	-
Over 5 years	-	-	-
Minimum lease payments	250 094	294 289	-
(Minus) interest on leases	(41 057)	67 770	-
Present value of lease liabilities	**291 151**	**226 519**	**-**
Up to 1 year	127 397	146 608	-
1 - 5 years	163 754	79 911	-
Over 5 years	-	-	-

Covenants

The Group’s credit facility agreement contains covenants (as at December 31, 2021, and December 31, 2020) regarding the levels of Financial Leverage and Debt Service Coverage Ratio, calculated for specified calculation periods as outlined in the credit agreements.

Debt liabilities - collaterals

The Group has established the following collaterals in favour of its lenders:

a) Registered pledge on Group assets

The Group’s assets are subject to registered pledges on a set of assets granted by the Group to the lending bank up to the maximum security amount of PLN 228,000,000.00

b) Registered pledge on the Group’s bank accounts

The Group’s bank accounts are subject to financial and registered pledges established for the benefit of the lending bank up to the maximum amount of PLN 228,000,000.00.

c) Assignment of claims

Assignment of insurance policy rights as collateral agreement between the Group and the lending bank.

d) Pledge on shares in the Group

Registered and financial pledge on shares in the Group owned by its shareholders.

e) Powers of attorney

Powers of attorney granted by the Group in favour of the lending bank in fulfilment of the obligation arising from the registered pledge agreements on assets, bank accounts, and obligations under the assignment of insurance policy rights agreement as collateral.

f) Declaration of submission to execution

Group's declaration of submission to enforcement proceedings pursuant to Article 777 § 1 item 5 of the Code of Civil Procedure.

Debt liabilities – terms, repayment schedule and balances at the end of the reporting periods

	Currency	Nominal value	Interest rate	Maturity date	December 31, 2021	December 31, 2020
Bank loans						
ING Bank Śląski S.A.	PLN	56 000 000	WIBOR 3M + margin	31/03/2027	11 055 694	-
Borrowings						
Abris CEE Mid-Market Fund III L.P.	EUR	13 000 000	2%	30/10/2021	-	13 030 630
Lease liabilities						
Offices	PLN	703 596	4%	from 31/03/2022 to 30/04/2024	69 650	66 080
Servers	PLN	876 915	4%	from 21/11/2022 to 30/04/2024	96 707	153 897
Offices	EUR	3 450	5%	from 01/07/2020 to 30/06/2023	5 024	6 542
Offices	PLN	10 206	4%	31/01/2022	2 315	-
Servers	PLN	555 372	4%	30/06/2023	117 454	-
Total interest-bearing debt obligations					**11 346 844**	**13 257 149**

** rate used to value leases in accordance with IFRS 16 (see above).*

Reconciliation of movements in bank loans and lease liabilities to consolidated cash flows arising from financing activities

	Bank loans	Loans	Lease liabilities	Total
As at January 1, 2020	**-**	-	-	-
Changes in cash flows from financing activities				
Proceeds from loans and borrowings	-	13 000 000	-	13 000 000
Repayment of lease liabilities	-	-	(16 606)	(16 606)
Lease interest payments	-	-	(429)	(429)
Net cash flow from financing activities	-	13 000 000	(17 035)	12 982 965
Other changes				
Increase in lease liabilities due to new contracts	-	-	8 182	9 182
Acquisition through business combination	-	-	241 183	241 183
Accrued interest	-	30 630	589	33 219
Effect of changes in foreign exchange rates	-	-	(6 400)	(6 400)
Total other changes	-	30 630	243 554	274 184
		-	-	**-**
As at December 31, 2020	**-**	**13 030 630**	**226 519**	**13 257 149**

	Bank loans	Loans	Lease liabilities	Total
As at January 1, 2021	-	13 030 630	226 519	13 257 149
Changes in cash flows from financing activities				
Proceeds from loans and borrowings	12 261 879	-	-	12 261 879
Repayment of loans and borrowings	(1 127 751)	(13 000 000)	-	(14 127 751)
Interest payments on loans and borrowings	(182 178)	(115 890)	-	(298 068)
Repayment of lease liabilities	-	-	(217 754)	(217 754)
Lease interest payments	-	-	(6 612)	(6 612)
Net cash flow from financing activities	10 951 950	(13 115 890)	(224 367)	(2 388 307)
Other changes				
Increase in lease liabilities due to new contracts	-	-	108 822	108 822
Acquisition through business combination	-	-	174 093	174 093
Accrued interest	182 178	85 260	6 894	274 332
Change in valuation result of foreign currency balances	(78 434)	-	(811)	(79 245)
Total other changes	103 744	85 260	288 999	478 002
As at December 31, 2021	**11 055 694**	**-**	**291 151**	**11 346 845**

5.4. Trade and other payables

Accounting principles

Trade payables are initially recognized at fair value, which corresponds to nominal value, and are subsequently measured at amortized cost using the effective interest rate method.

The Group's other liabilities include, in particular:

a) liabilities for indirect taxes, customs duties and other benefits (including the Social Insurance Fund and other budget liabilities)
b) liabilities to customers

Other liabilities classified as financial liabilities are initially recognized at fair value, which corresponds to nominal value, and are subsequently measured at amortized cost using the effective interest rate method.

Trade payables

	31 December 2021	31 December 2020	1 January 2020
Trade payables due to related parties	-	24 019	-
Trade payables due to other entities	8 569 550	1 902 838	-
Total trade payables	**8 569 550**	**1 926 857**	**-**
Long-term	-	-	-
Short-term	*8 569 550*	*1 898 491*	-

Other liabilities

	31 December 2021	31 December 2020	1 January 2020
Payroll liabilities	4 262	-	-
Tax liabilities (other than corporate income tax) and social security liabilities	129 186	66 325	-
Social Fund	14 625	-	-
Liability purchase price Sendit	1 304 518	-	-
Collection obligations	43 436	335 033	-
Other	982	185	-
Total other liabilities	**1 497 009**	**401 543**	**-**
Long-term	-	-	-
Short-term	1 497 009	401 543	-

5.5. Provisions and liabilities for employee benefits

Accounting principles

Provisions

Provisions are recognised at the end of the reporting period when the Group has a present obligation (legal or constructive) resulting from past events, and it is certain or highly probable that the settlement of this obligation is expected to result in an outflow of resources representing the economic benefits, and it is possible to reliably estimate the amount of this liability.

The Group recognises mainly provisions for employee benefits, such as:

- provision for retirement and pensions

- provision for unused holiday
- provision for annual bonuses and vendors bonuses

The exception is Sendit Sp. z o.o., which due to the employment of a young team has waived the calculation of retirement and pensions provisions.

Provision for retirement and pensions

Provisions for retirement and pensions are recognised in the amount of future cash outflows to the employees after reaching retirement age. The amount of the provision depends on seniority, average salary gross rate, employee rotation rate and other demographic data.

The Group recognizes the costs associated with the retirement and pensions provision in the consolidated statement of comprehensive income within the employee benefit costs.

As a result of the change in the assumptions used to determine the provisions the Group recognizes actuarial gains and losses for defined benefit plans as other comprehensive income.

Provision for unused holiday

The provision for unused holiday is recognised in an amount of the future salaries related to unused vacation leave that an employee has gained the right to in the current year and in previous years.

Costs related to the provision for unused vacation pay are recognized as other operating expenses in the consolidated statement of comprehensive income.

Provision for annual bonuses and vendors bonuses

The Group makes provisions for employee bonuses and for annual bonuses for key management. The amount of the bonus provision depends on the sales targets to be achieved. Depending on the ongoing programs or promotions, the sales manager calculates on a monthly basis the expected level (volume) of sales per employee that is assumed to be achieved. The amount of the annual bonus provision for key management depends on the degree to which the Group’s financial ratios and individual tasks are realized.

Release of provision

Provisions are reviewed at the end of each reporting period. If it is no longer highly probable that an outflow of funds embodying economic benefits will be required to meet this obligation, the provision is released.

Employee related liabilities

The Group’s employee related liabilities include liabilities to employees (including salaries, social security and others).

Other employee related liabilities which are not financial liabilities are initially recognised at nominal value and measured at the end of the reporting period at the amount due.

Significant estimates and judgements

The Group relies on judgments and estimates to determine the amount of the provision for employee benefits. The amount of the provision for employee benefits depends on discount rate, salary growth rate and employee rotation rate. These assumptions are determined by an actuary based on the Group’s historical data and market information.

Provisions for employee benefits

	Retirement benefits	Unused holiday	Other	Total provisions
As at January 1, 2020	**2 767**	**18 465**	**32 171**	**53 403**
Provision made	-	9 798	78 837	88 635
Provision used	-	-	(27 187)	(27 187)
Provision reversed	(35)	-	-	(35)
Effect of translation differences	(213)	(1 425)	(2 484)	(4 123)
As at December 31, 2020	**2 519**	**26 838**	**81 337**	**110 694**
Long-term	*2 519*	-	-	2 519
Short-term	-	-	-	113 212
	-	**-**	**-**	**-**
As at January 1, 2021	**2 519**	**26 838**	**81 337**	**110 694**
Provision made	1 393	52 234	4 580 205	4 633 832
Provision used	-	(23 416)	(259 547)	(282 963)
Provision reversed	-	-	(3 559 072)	(3 559 072)
Effect of translation differences	8	89	271	368
As at December 31, 2021	**3 920**	**55 745**	**843 194**	**902 859**
Long-term	*3 920*	-	-	*3 920*
Short-term	-	*55 745*	*843 194*	*898 940*

Actuarial assumptions

	31 December 2021 r.	31 December 2020 r.	1 January 2020 r.
Discount rate	2,5%	2,5%	-
Salary growth rate	1,0%	1,0%	-
Employee turnover rate	1,7%	1,6%	-

Liabilities from employee benefits

	31 December 2021	31 December 2020	1 January 2020
Payroll liabilities	4 262	-	-
Social security and other benefits	42 239	28 205	-
Total employee benefit liabilities	**46 501**	**28 205**	**-**

Employee benefit costs

	For year ended December 31	
	2021	**2020**
Salaries	1 328 280	113 158
Social Security	212 800	18 971
Other employee benefits	22 306	490
Total employee benefit costs	**1 563 387**	**132 619**

5.6. Accrued expenses

Accounting principles

Accrued expenses include amounts of liabilities that have not yet been invoiced.

At initial recognition, accruals are recognized at fair value which is equal to their nominal value.

Accruals

	31 December 2021	31 December 2020	1 January 2020
Provision for invoices from suppliers	1 175 135	828 461	5 868
Total	**1 175 135**	**828 461**	**5 868**
Long-term	-	-	-
Short-term	*1 175 135*	*828 461*	*5 868*

6. Financial instruments and financial risk management

6.1 Financial instruments

Accounting principles

Initial recognition

The Group recognises a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value increased by transaction costs, except for financial assets or financial liabilities measured at fair value through profit or loss and trade receivables, which are initially recognised at transaction price.

Classification and measurement after initial recognition

At initial recognition, the Group classifies financial assets and liabilities into the following categories:

- financial assets measured at amortised cost,
- financial assets measured at fair value through profit or loss,
- financial assets measured at fair value through other comprehensive income,
- financial liabilities measured at fair value through profit or loss,
- other financial liabilities (financial liabilities measured at amortised cost).

Classification is made on initial recognition based on the business model for managing financial instruments and the characteristics of the contractual cash flows associated with the class of financial instruments. The Group reclassifies financial assets to another category only if the management model for such assets changes. In such a situation, assets affected by the change in the business model are reclassified. Financial liabilities are not reclassified after initial recognition.

Financial assets measured at amortized cost include the Group's debt instruments held to collect contractual cash flows (the so-called "hold" business model), which include solely payments of principal and interest (hereinafter "SPPI criterion"), and for which the dates of cash flows are contractually specified.

In this category of financial assets, the Group includes trade and other receivables classified as financial assets, loans granted, and cash and cash equivalents.

Financial assets measured at amortized cost are measured at each reporting date at amortized cost using the effective interest rate considering impairment due to expected credit losses. Differences from measurement are recognized in the profit or loss of the current reporting period.

Financial assets measured at fair value through other comprehensive income include debt instruments held for the purpose of collecting contractual cash flows and for resale (the so-called "hold and sell" business model), which include only principal and interest payments (SPPI criterion), and for which the dates of cash flows are contractually specified.

The Group has no assets measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss include the Group's assets that do not meet the criteria for measurement at amortized cost or at fair value through other comprehensive income. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

As at December 31, 2021, the Group was a party to derivative contracts, which were interest rate swaps. The contracts were entered into during 2021. The Group was not a party to such contracts in previous reporting periods.

Financial liabilities measured at fair value through profit or loss include financial liabilities classified as held for trading and designated by the Group upon initial recognition as measured at fair value through profit or loss.

The Group does not have financial liabilities measured at fair value through profit or loss.

Other financial liabilities represent financial liabilities that are not classified as measured at fair value through profit or loss.

In this category, the Group presents loans and credits, trade payables and lease liabilities.

After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method, and differences from the measurement are recognized in the profit or loss of the current reporting period.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire. The Group derecognizes a financial liability (or part thereof) from its consolidated statement of financial position when a contractual obligation has been satisfied, cancelled or expired.

The fair value of financial instruments

The Group uses a fair value hierarchy to classify the inputs for the various valuation techniques used to determine the fair value of financial assets and liabilities, at three levels:

- Level 1 - fair value is based on quoted prices in active markets (unadjusted) for identical assets and liabilities
- Level 2 – fair value is determined using valuation models where all significant inputs are observable in the market either directly (unadjusted market prices) or indirectly (observable data based on market prices)
- Level 3 - fair value is measured using valuation models where inputs are not based on observable market data (unobservable inputs).

Hedge accounting

The Group does not apply hedge accounting.

Significant estimates and judgements

Impairment of financial assets

At the end of each reporting period the Group assesses whether there has been a material increase in credit risk for an individual financial asset (financial instrument) since its initial recognition. If there is such an increase, the Group estimates allowance in the amount of lifetime expected credit losses. Otherwise, the Group estimates allowance in the amount of 12-month expected credit losses, even if in previous periods allowances were made in the amount of lifetime expected credit losses.

Expected credit losses (ECL) are measured in a manner that takes into account forward-looking information (mandatory), expected cash flow analysis, analysis of "default" and "non-default" scenarios, time value of money, determination of the appropriate level of analysis, and use of expected credit loss for 12 consecutive months (12M ECL) or for the remaining life of the instrument (lifetime ECL; LT ECL).

The Group uses a simplified approach to estimate ECL for trade receivables and contract assets

The Group uses the general approach for financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, as well as non-cancellable loan commitments and financial guarantees, unless these assets are subject to the simplified approach. Financial assets and other risk exposures subject to the general approach are tested to determine the risk of default at least at each reporting date, and then allocated to one of three levels:

- Level 1 – Initial recognition
- Level 2 - Significant increase in credit risk
- Level 3 - Objective indications of impairment

For trade receivables and contract assets, the Group always estimates allowances at the amount of lifetime expected credit losses, regardless of the assessment of the existence of an indication of a material increase in credit risk according to the simplified approach. Expected credit losses are determined based on the probability of default over the entire contractual life of the asset (LT ECL), as at each reporting date.

In addition, the Group analyses additional qualitative criteria based on which financial assets can be classified as impaired. These criteria include observable data on the following events:

- significant financial difficulties of the counterparty or borrower
- breach of a contract, such as default or failure to make payment within the required period
- granting to the borrower by the lender(s), due to economic or contractual reasons caused by the borrower’s financial difficulties, of a benefit(s) that the lender(s) would not otherwise have granted
- it becomes probable that bankruptcy or other financial reorganization of the counterparty or borrower will occur
- the decline of an active market for a financial asset due to financial difficulties

Based on the analysis of the above qualitative criteria, the Group performs an individual risk assessment and estimates additional impairment losses on financial assets over and above those resulting from the approach, described above.

At each reporting date, the impairment charge is adjusted to reflect the most current information. The Group recognizes income from the increase in the allowance and expenses from the decrease in the allowance in the consolidated statement of comprehensive income.

Derivatives

On June 7, 2021 Wolante Investments entered into two derivative contracts. These were interest rate swaps - one in the amount of PLN 17,728,550 based on WIBOR 3M + margin for a period of 3 years (until June 28, 2024), and the other in the amount of PLN 800 000 000 based on WIBOR 3M + margin, also for a period of 3 years (until June 28, 2024). The interest rate swaps are measured at fair value. Changes in their value are recognized in financial income or expenses. The carrying amount as at December 31, 2021 was PLN 1,231,425.

Financial instruments by category

	Instrument category	31 December 2021	31 December 2020	1 January 2020
Financial assets measured at amortized cost				
Trade receivables	Financial assets valued at amortized cost	3 876 673	1 406 526	-
Other receivables		690 913	109 351	-
Cash and cash equivalents		7 111 334	3 705 734	878 854
Other financial assets		151 429	137 394	-
Total financial assets measured at amortized cost		**11 830 350**	**5 359 004**	**878 854**
Financial instruments		-	56 340	-
Interest rate swap		267 736	-	-
Total financial assets		**12 098 086**	**5 415 344**	**878 854**
Financial liabilities not valued at fair value				
Bank loans	Other financial liabilities	11 055 694	-	-
Loans received		-	13 030 630	-
Lease liabilities		291 151	160 439	-
Trade payables		8 569 550	1 926 857	-
Other liabilities		1 497 009	401 543	-
		21 413 405	**15 519 469**	**-**

The fair value of financial instruments not measured at fair value approximates their book value at the end of each reporting period presented.

6.2 Financial risk management

Principles of financial risk management

The Group is exposed in its business activities to the following types of financial risk:
- liquidity risk
- market risk: currency risk, interest rate risk, commodity price risk
- credit risk

Financial risk management

The Board of Directors is responsible for establishing and overseeing the Group's risk management, including identifying and analysing the risks to which the Group is exposed, setting appropriate limits and controls, as well as monitoring risks and the degree of compliance with the set limits. Policies and risk management procedures are reviewed regularly to take into account changes in market conditions and changes in the Group's operations.

Liquidity risk

Liquidity risk is the risk that the Group might experience difficulties in meeting its obligations, which are settled through the disbursement of cash or other financial assets. The Group's liquidity management involves ensuring that, to the greatest extent possible, the Group has sufficient liquidity to meet its maturing obligations, both in normal and emergency situations, without exposing the Group to unacceptable losses or undermining its reputation. To this end,

the Group monitors cash flows and ensures that it has sufficient cash to cover expected operating expenses and ongoing financial obligations.
The tables below present analysis of Group's non-derivative financial liabilities, based on the maturity date at the reporting date. The amounts presented in the table are undiscounted cash flows including interest based on contractual terms.

December 31, 2021	Carrying amount	Contractual cash flows up to 1 year	1-5 years	over 5 years	Total
Bank loans	11 055 694	1 757 664	11 057 049	-	12 814 713
Lease liabilities	291 151	135 060	164 217	-	299 277
Trade payables	8 569 550	8 526 874	42 676	-	8 569 550
Other liabilities	1 497 009	1 497 009	-	-	1 497 009
Total	**21 413 405**	**11 916 607**	**11 263 943**	**-**	**23 180 550**

December 31, 2020	Carrying amount	Contractual cash flows up to 1 year	1-5 years	over 5 years	Total
Bank loans	-	-	-	-	-
Loans received	13 030 630	13 030 630	-	-	13 030 630
Lease liabilities	226 519	160 576	133 055	-	293 631
Trade payables	1 926 857	1 884 323	42 534	-	1 926 857
Other liabilities	401 543	401 543	-	-	401 543
Total	**15 585 550**	**15 477 072**	**175 589**	**-**	**15 652 661**

January 1, 2020	Carrying amount	Contractual cash flows up to 1 year	1-5 years	over 5 years	Total
Bank loans	-	-	-	-	-
Loans received	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Trade payables	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

The Group had no financial liabilities as at January 1, 2020.

As at December 31, 2021, there was an excess of current liabilities over current assets. In the opinion of the Parent Company's Management Board, it was temporary in nature and resulted, among other things, from the investment activities, i.e. the purchase of shares in Sendit in June 2021, which is subject to settlement in 2022. The liquidity will be ensured by positive cash flows and profits generated by the Group's operating activities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, prices of equity instruments will affect the Group's performance or the value of its financial instruments. The objective of market risk management is to maintain and control the Group's exposure to market risk within accepted parameters, while seeking to optimize investment returns. To manage market risk, the Group acquires and disposes of derivative instruments, as well as assumes financial liabilities.

a) Currency risk

The Group entities do not have significant components of assets or liabilities denominated in foreign currencies. They also do not receive or make significant payments in currencies other than their functional currencies, therefore, they are not significantly exposed to foreign exchange risk.

b) Interest rate risk

The Group is exposed to interest rate driven cash flow volatility risk associated with assets and liabilities with floating interest rates and fair value volatility risk arising from assets and liabilities with fixed interest rates. The Group minimizes interest rate risk by appropriately structuring its variable and fixed rate assets and liabilities.

Structure of interest-bearing financial instruments

	31 December 2021	31 December 2020	1 January 2020
Interest bearing financial instruments			
- Fixed-rate instruments	**(291 151)**	**(13 191 069)**	**-**
Lease liabilities	(291 151)	(160 439)	-
Loans received	-	(13 030 630)	-
- Variable-rate instruments	**(3 676 624)**	**3 705 734**	**878 854**
Bank loans	(11 055 694)	-	-
Interest rate swaps	267 736	-	-
Cash and cash equivalents	7 111 334	3 705 734	878 854
Interest rate risk exposure	**(3 967 775)**	**(9 485 336)**	**878 854**

Group's sensitivity to interest rate movements

	31 December 2021 r.			
	Equity		**Profit or loss**	
	1 bp increase in interest rate	**1 bp decrease in interest rate**	**1 bp increase in interest rate**	**1 bp decrease in interest rate**
Cash flow sensitivity	(32 139)	32 139	(32 139)	32 139

	31 December 2020 r.			
	Equity		**Profit or loss**	
	1 bp increase in interest rate	**1 bp decrease in interest rate**	**1 bp increase in interest rate**	**1 bp decrease in interest rate**
Cash flow sensitivity	(76 831)	76 831	(76 831)	76 831

	1 January 2020 r.			
	Equity		**Profit or loss**	
	1 bp increase in interest rate	**1 bp decrease in interest rate**	**1 bp increase in interest rate**	**1 bp decrease in interest rate**
Cash flow sensitivity	7 119	(7 119)	7 119	(7 119)

Credit risk

Credit risk is associated with a potential financial loss for the Group in case the other party to the financial instrument fails to meet their contractual obligations. This risk primarily relates to trade and other receivables, and cash, and cash equivalents. The maximum exposure to this risk is equal to their carrying amount.

The following table shows the Group's maximum exposure to credit risk:

	31 December 2021	31 December 2020	1 January 2020
Trade and other receivables	4 567 586	1 515 877	-
Cash and cash equivalents	7 111 334	3 705 734	878 854
Total	**11 678 921**	**4 952 759**	**878 854**

The Group measures expected credit losses in accordance with the methodology described in Note 4.4 for trade receivables and Note 4.5 for cash and cash equivalents.

Due to the persistence of the SARS CoV 2 coronavirus outbreak in Poland in 2021 and early 2022, as well as the invasion of Ukraine by Russian Federation in February 2022, the Management considered including additional assumptions in the calculation of expected credit losses to reflect the additional credit risk associated with the deterioration of the financial situation of counterparties during the pandemic. As a result of the analysis of trade receivables repayments occurring after the date of the pandemic emergency, no significant deterioration in the timeliness of repayments at the Group's key counterparties was identified compared to previous periods. The Group monitors the risk of non-payment of receivables on an ongoing basis. Taking the above into account, the Management has not identified any rationale for changing the assumptions used to estimate expected credit losses for trade receivables as of December 31, 2021.

When calculating expected credit losses for cash, the Group analysed the impact of the COVID-19 pandemic on the change in the ratings of the banks where it has its cash invested. As there were no changes in the ratings of these banks, the Group assessed the credit risk for this group of financial assets as low.

Thus, the change in the amount of expected credit losses in the financial year ended December 31, 2021 is not material. The change in the amount of expected credit losses in the current year, as well as in the comparative periods, is mainly due to changes in the ratings of the countries concerned and weighted average loss rates. Due to the dispersion of the receivables' portfolio, the Group is not significantly exposed to concentration risk.

Provision for expected credit losses

	31 December 2021	31 December 2020
As at January 1	**126 398**	
Expected credit loss recognised	298 939	130 242
Amounts written-off	(91 958)	-
Amounts reversed	(35 763)	-
Effect of translation differences	(783)	(3 844)
As at December 31	**296 833**	**126 398**

Credit ratings (cash and cash equivalents)

	As at 31 December 2021			
Category	**Weighted average loss rate**	**Carrying amount (exposure)**	**Allowance for expected credit losses**	**Net value**
A-rated banks	-	7 067 898	-	-
Total	**-**	**7 067 898**	**-**	**-**

Information about the gross carrying amount and expected credit loss allowance for each past due period of trade receivables

	31 December 2021			31 December 2020			1 January 2020		
	Weighted average loss rate	**Gross carrying amount***	**Expected credit loss allowance**	**Weighted average loss rate**	**Gross carrying amount**	**Expected credit loss allowance**	**Weighted average loss rate**	**Gross carrying amount**	**Expected credit loss allowance**
Current (not past due)	0%	3 607 195	-	0%	1 308 638	-	-	-	-
1-30 days past due	-0,70%	220 107	1 538	-0,50%	85 051	425	-	-	-
31-90 days past due	-29,55%	34 604	10 224	-17%	12 540	2 132	-	-	-
90-180 days past due	-59,72%	15 573	9 300	-65%	14 252	9 264	-	-	-
180-365 days past due	-99,34%	201 152	199 834	-90%	32 883	29 594	-	-	-
More than 365 days past due	-100%	75 938	75 938	-100%	74 871	74 871	-	-	-
Individual allowance									
Total		**4 154 567**	**296 833**		**1 528 234**	**116 286**		**-**	**-**

* gross carrying amount of receivables has been calculated as exposure of receivables to credit risk by deducting receivables covered by insurance and receivables subject to offsetting with payables from trade receivables

7. Other explanatory notes to the Consolidated Financial Statements

7.1 Business combinations

Accounting principles

Acquisitions and business combinations are recognized using the "acquisition method" when the assets acquired and liabilities assumed constitute a "business" (as defined in IFRS 3.3) and control of the acquired entity is obtained. In determining whether the assets acquired and liabilities assumed constitute a "business," the Group assesses whether they involve significant business processes with the ability to produce end results.

At the acquisition date, the acquirer recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

The acquisition price of an entity is determined as the fair value of the consideration transferred. The value of assets acquired and liabilities assumed, including those not recognized or disclosed by the acquired entity, is also determined at their fair value. If the fair value of the consideration transferred exceeds the fair value of the net assets acquired, the difference is recognised as "goodwill" and tested annually for impairment. If the fair value of the consideration transferred is less than the fair value of the net assets acquired, then such gain is recognized directly in the consolidated statement of comprehensive income.

Non-controlling interests are recognized in relation to the fair value of the net assets acquired. Changes in the value of non-controlling interests that do not result in the loss of control are recognized directly in equity.

Significant estimates and judgements

Goodwill is subject to impairment tests, which are carried out at least as at the reporting date ending a given financial year. The tests are carried out using the income approach, which requires the Group to make certain assumptions regarding future (expected) cash flows (revenues, costs, margin levels) and to establish discount rates for these flows. With the assumptions and forecasts made, there is uncertainty related to the fact that actual future cash flows may differ from those currently assumed.

Acquisition of Wolante Investments Sp. z o.o. group (Wolante Investments Sp. z o.o. and R2G Polska Sp. z o.o.)

On 13 October 2020, STRG Holdings Limited acquired 100% of the issued share capital of Wolante Investments Sp. z o.o.. On the same date, the Company acquired 100% of an additional 2,000 newly issued shares in the subsidiary, and on 18 December 2020, the Company acquired 100% of an additional 246,510 newly issued shares in the subsidiary. On 25 November 2020 STRG Holdings Limited acquired indirectly through Wolante Investments Sp. z o.o. 85% of shares in R2G Polska Sp. z o.o.
The total consideration for those acquisitions amounted to EUR 27,8 million.

As a result of the transaction, the following assets and liabilities were acquired:

Acquired assets and liabilitieses assumed	**EUR**
Intangible assets, of which	8 039 873
customer relations	7 537 953
Property, plant and equipment	400
Right of use assets	241 183
Inventory	938
Receivables	1 789 573
Short-term financial assets	58 063

Short-term prepayments	99 086
Cash and cash equivalents	4 516 044
Provisions	(59 720)
Deferred tax provision	(1 284 591)
Lease liabilities	(241 183)
Long-term liabilities	(13 000 000)
Short-term liabilities	(3 080 946)
Short-term accruals	(796 894)
Total net assets	**(3 718 174)**

The value of the non-controlling interests was determined at EUR 1,310,126.

The goodwill arising from the acquisition amounted to EUR 32,844,900.

Acquisition of Sendit Sp. z o.o.

On June 29, 2021, an agreement for the sale of shares in Sendit was concluded between: Wolante (buyer) and ZPDM Sp. z o.o. Sp. K. (seller), Malinowy Krem Sp. z o.o. Sp. K (seller), Mr. Michal Goldmann (seller), Mr. Wojciech Kliber (seller). As a result of the acquisition, Wolante owns 100% of Sendit.

Sendit operates under the "sendit.pl" brand. Until now, it has been operated in the field of selling transportation services over the Internet. The basic service allowed the user to place an order for pick-up, movement and delivery or transportation of a shipment by a selected carrier.

The purchase price paid in June 2022 amounted to EUR 7 million. As a result of the transaction, the following assets and liabilities were acquired:

Acquired assets or acquired liabilities	**EUR**
Intangible assets	275 514
Right of use assets	169 739
Deferred tax assets	90 182
Receivables	1 189 856
Loans granted	563
Cash and cash equivalents	1 037 955
Prepayments	28 879
Provisions	(346 824)
Deferred tax provision	(50 671)
Lease liabilities	(174 093)
Short-term liabilities	(1 801 697)
Total net assets	**419 403**

The goodwill resulting from gaining control amounted to EUR 7 million.

7.2 Related party transactions

The Group is controlled by Abris CEE Mid-Market Fund III L.P., incorporated in Jersey, which owns 100% of the shares of Parent Entity.

Remuneration of key management personnel

Remuneration of key management personnel in the Group includes remuneration paid to members of the Management Board and Supervisory Board of Parent Entity.

	31 December 2021	31 December 2020
Remuneration of the Board of Directors	11 522	3 000
Total	**11 522**	**3 000**

Related party transactions

During 2021 and as at January 1st,2020 there were no related party transactions outside the Group.

	As at December 31, 2021		For year ended December 31, 2021
Entity	**Trade and other receivables**	**Loans payables**	**Financial costs**
Abris CEE Mid-Market Fund III L.P.	-	-	(85 260)
Keiraville Advisory Limited	17 020	-	-
Leodill Limited	12 573	-	-
Total	**29 593**	**-**	**(85 260)**

	As at December 31, 2020		For year ended December 31, 2020
Entity	**Trade and other receivables**	**Loans payables**	**Financial costs**
Abris CEE Mid-Market Fund III L.P.	-	13 030 630	(30 630)
Total	**-**	**13 030 630**	**(30 630)**

All transactions with related parties were at arm's length.

7.3 Explanations to the consolidated statement of cash flows

	For year ended December 31 2021	2020
Change in trade and other receivables in the consolidated statement of financial position	(3 051 709)	(1 515 877)
Adjustments due to the purchase of subsidiary	1 190 419	1 790 511
Translation reserve	5 062	-
Change in trade and other receivables in the consolidated statement of cash flow	**(1 856 228)**	**274 634**
Change in trade and other payables in the consolidated statement of financial position	7 738 159	2 328 400
Adjustments due to the purchase of subsidiary	(3 162 892)	(2 993 397)
Translation reserve	7 701	-
Change in trade and other payables in the consolidated statement of cash flow	**4 582 968**	**(664 997)**
Change in prepayments and accruals in the consolidated statement of financial position	347 860	593 863
Adjustments due to the purchase of subsidiary	-	(697 808)
Translation reserve	-	-
Change in prepayments and accruals in the consolidated statement of cash flow	**347 860**	**(103 945)**
Change in provisions in the consolidated statement of financial position	787 129	115 731
Adjustments due to the purchase of subsidiary	(346 824)	(59 720)
Translation reserve	387	-
Change in provisions in the consolidated statement of cash flow	**440 692**	**56 011**

7.4 Remuneration of the audit firm

	31 December 2021	31 December 2020
Audit of financial statements of Parent Company	5 930	5 516
Audit of financial statements of subsidiaries	48 702	17 336
Total	**54 632**	**22 852**

7.5 Employment structure

The table below presents the information on the average number of employed people based on an employment contract, by occupations:

	For year ended December 31 2021	2020
White - collar workers	90	63
Total	**90**	**63**

7.6 Contingent liabilities and receivables

As at the end of the reporting period the Group recognizes provisions when they can be reliably measured and there are obligations from past events that will result in the inflow of funds embodying economic benefits to settle those obligations. In order to estimate the provisions, the Group adopts certain assumptions and judgments according with the Group's best knowledge.

As at the end of the reporting period, the Group also performs an analysis and estimates, the obligations for which, it is not probable that the payment of funds embodying economic benefits will be necessary to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is a possible obligation that arises from certain past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

On 22 March 2021, STRG Holdings Limited entered into a pledge agreement with ING Bank Slaski S.A. for the pledge of 100% of the shares owned in Wolante Investments sp. z o.o. (the Ascendor to debt) in favour of ING Bank Slaski S.A., being the lender to R2G Polska sp. z o.o. (a sub-subsidiary of Wolante Investments sp. z o.o.) of a loan facility of PLN 10300. The shares were pledged for a maximum amount of PLN 22800. On the same date, STRG Holdings Limited entered into a subordination and security assignment agreement with ING Bank Slaski S.A. to subordinate the overdraft facility and hedging agreements that R2G Polska sp. z o.o. entered into with ING Bank Slaski S.A., in addition to the loan facility agreement.

The Group had no other contingent liabilities as at 31 December 2021 and 31 December 2020.

7.7 Subsequent events

On 01 June 2022, the Board of Directors of Wolante Investments Sp. z o.o. in a written resolution formally initiated a merger process of the company with its wholly owned subsidiary Sendit Sp. z o.o. in which Wolante Investments Sp. z o.o. is the acquiring company and Sendit Sp. z o.o, is the acquired company. As a result of the merger, all the assets of Sendit sp. z o.o. were transferred to Wolante Investments Sp. z o.o. on 01 September 2022.

On 01 September 2022 the subsidiary Wolante Investments Sp. z o.o. changed the name to Alsendo Sp. z o.o.

On 10 June 2022, STRG Holdings Limited (Borrower) entered into a loan agreement with Abris CEE Mid-Market Fund III L.P. (Lender) for a loan facility of EUR 300,000. The loan bears interest of 2% p.a. and is repayable by 09 June 2023.

On 23 June 2022, STRG Holdings Limited (Lender) entered into a loan agreement with Alsendo Holdings S.a.r.l. (Borrower) for a loan facility of EUR 300,000. The loan bears interest of 2.5% p.a. and is repayable by 30 May 2023.

On 09 August 2022, STRG Holdings Limited incorporated Alsendo Holdings S.a.r.l. with share capital of 50,000 ordinary shares at a nominal value of EUR 1 each (total share capital: EUR 50,000).

On 18 August 2022, STRG Holdings Limited issued 84,000 ordinary shares of EUR 0.01 each and 756,000 redeemable preference shares of EUR 0.01 each and share premium of EUR 11.10 each (total share premium: EUR 8,391,600) to Abris CEE Mid-Market Fund III L.P..

On 18 August 2022, STRG Holdings Limited issued 3,000 ordinary shares of EUR 0.01 each and 27,000 redeemable preference shares of EUR 0.01 each and share premium of EUR 11.10 each (total share premium: EUR 299,700) to Abris CEE Mid-Market Fund III L.P.. These were set off against the outstanding principal amount of EUR 300,000 under loan agreement dated 10 June 2022 with Abris CEE Mid-Market Fund III L.P..

On 02 September 2022, STRG Holdings Limited (Lender) entered into a loan agreement with Alsendo Holdings S.a.r.l. (Borrower) for a loan facility of EUR 9,700,000. The loan bears interest of 2.5% p.a. and is repayable by 30 September 2022.

On 29 September 2022, Alsendo Holdings S.a.r.l. issued 8,200,000 new shares at a nominal value of EUR 1.00 to STRG Holdings Limited. This was set off against the outstanding principal amount of EUR 8,200,000 under loan agreement dated 02 September 2022 with STRG Holdings Limited.

On 16 March 2023 STRG Holdings Limited issued 12,000 ordinary shares of EUR 0.01 each and 108,000 redeemable preference shares of EUR 0.01 each and share premium of 11.10 each (total share premium:: EUR 1,198,800) to Abris CEE Mid-Market Fund III L.P.

On 24 March 2023, STRG Holdings Limited subscribed 1,200,000 new shares at a nominal value of 1,00 each in Alsendo Holdings S.a.r.l.

On 13 April 2023, STRG Holdings Limited entered into a share purchase agreement with Introcor sp. z o.o. and Mr Grzegorz Sławomir Iwaniuk for the acquisition of 1 share in e-Coletlogistics Srl representing 0.01 % of the issued share capital for a total consideration of EUR 250 (EUR 2,500,000*0.01%) plus a deferred payment up to EUR 300 (EUR 3,000,000*0.01%).

On 05 May 2023, STRG Holdings Limited issued 1,000 ordinary shares of EUR 0.01 each and 9,000 redeemable preference shares of EUR 0.01 each and share premium of 11,10 each (total share premium: EUR 99,000) to Abris CEE Mid-Market Fund III L.P.

On 03 July 2023 a major restructuring was put in place with regards to the Alsendo Group. In essence, the share capital of Alsendo Holdings S.a.r.l. was increased from 8,250,000 to 141,328,350 shares of EUR 1.00 each. The issue was repaid as follows:

- STRG Holdings Limited:
  1. contribution of a loan from Alsendo Holdings S.a.r.l. dated 23 June 2022 amounting to EUR 300,000,
  2. contribution of 248,610 shares owned in the share capital of Alsendo sp. z o.o. having a value of EUR 115,3327,693 and
  3. contribution of cash of an amount of EUR 150,000,
- KFF S.a.r.l:
  1. contribution of 34,825 shares owned in the share capital of Alsendo sp. z o.o. having a value of EUR 16,154,969 and
  2. contribution of cash of an amount of EUR 1,145,969.

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these Consolidated Financial Statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and

Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the Consolidated Financial Statements as at 31 December 2021 as it is considered as a non-adjusting event.

The Group has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Group. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Group's Companies and has concluded that there is no significant impact in their profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for further actions in case the crisis becomes prolonged.

There were no other material events after the reporting period, which have a bearing on the understanding of the Consolidated Financial Statements.