

Intraware Investments Public Ltd

CONSOLIDATED FINANCIAL STATEMENTS

prepared in accordance with International Financial Reporting Standards

(IFRS) as adopted by the European Union

for the year ended 31 December 2020

and Independent auditor's report

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Myrianthi Petrou Andreas Christofi Andreas Konialis Vitaly Halblau Igor Lukashov
Company Secretary:	Virna Secretarial Services Ltd
Independent Auditors:	Eurofast Audit Ltd Certified Public Accountants and Registered Auditors 117 Strovolos Avenue Office 201 2042 Nicosia Cyprus
Registered office:	Arsinois 12A Strovolos 2006 Nicosia Cyprus
Bankers:	Eurobank Cyprus Ltd Vontobel
Registration number:	HE292020

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (É)/2007) ("the Law") and with Article 140(1) of the Laws and Regulations of the Cyprus Stock Exchange we, the members of the Board of Directors and the other responsible persons are solely responsible for the consolidated financial statements of Intraware Investments Public Ltd (the "Company") for the year ended 31 December 2020 and on the basis of our knowledge, declare that:

(a) The annual consolidated financial statements which are presented on pages 14 to 63:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the Law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Group and the entities included in the consolidated financial statements as a whole and

b) The Management report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:


.....
Myrianthi Petrou


.....
Andreas Christofi

Nicosia, 30 April 2021

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Group for the year ended 31 December 2020.

Principal activities

The principal activities of Intraware Investments Public Limited (the Company) are the holding of investments (the Group) and trademarks. The principal activities of the Group, which remain unchanged from last year, are wellness and fitness services.

Results

The Group's results for the year are set out in the consolidated financial statements. The net profit for 2020 year attributable to shareholders of the Company amount to EUR 1 707 thousand (2019: EUR 5 506 thousand).

During 2020 year the Company transferred the right of control over Bladesteel Limited (Cyprus) to a related party (no remuneration has been received for this transfer of control).

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory. The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 33 of the consolidated financial statements and in chapter Going concern.

Commitments

The Company had no capital or other commitments as at 31 December 2020 and as at 31 December 2019.

Dividends

In 2021 year, the Board of Directors approved the payment of dividend for EURO 2 040 thousand out of the profits of 2020 year (2019: EUR 500 thousand).

Share capital

There were no changes in the share capital of the Company during 2019-2020 years.

Listing to the Emerging Companies Market of the Cyprus Stock Exchange

On 15 January 2016, the Cyprus Stock Exchange announced the listing on the CSE Emerging Companies Market of 40 000 ordinary nominal shares of the Company, of a nominal value of €1, at a listing price of €3 104,00, pursuant to Article 58(1) of the CSE Law.

The trading of the shares, started on Monday, 18 January 2016. The Cyprus Stock Exchange undertook to keep the registry of the Company at the CSE Central Depository / Registry.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 5. All of them were members of the Board of Directors throughout the year ended 31 December 2020.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

There were no material events after the reporting period other than those described in note 36 of these consolidated financial statements.

Independent Auditors

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

Responsibilities of Directors

The Directors are responsible for the accuracy and completeness of the consolidated financial statements prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of Cyprus Company Law, Cap. 113, that fairly present the financial position of the Group as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year then ended.

In the preparation of these consolidated financial statements, the Directors of the Group are responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- IFRS compliance and disclosure of all significant deviations from IFRS in the consolidated financial statements;
- preparing the financial statements based on the going concern assumption, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

The Directors of the Group are also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control throughout the Group;
- maintaining proper accounting records that disclose the financial position of the Group with reasonable accuracy and at any time, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with Russian legislation and accounting standards;
- taking steps that are reasonably available to them to safeguard the assets of the Group; and

- detecting and preventing fraud and other irregularities.

On 29 April 2021 the Board of Directors of Intraware Investments Public Ltd authorized these consolidated financial statements for issue.

By order of the Board of Directors,



Myrianthi Petrou
Director

Nicosia, 29 April 2021



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Audit

INDEPENDENT AUDITOR'S REPORT

To the Members of Intraware Investments Public Ltd

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Intraware Investments Public Ltd (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to notes in page 21 Economic Environment in which the Group operates and Basis of preparation (Going concern), of the consolidated financial statements which refers to the significant uncertainty of the Cyprus and Russian economy due to the COVID-19 global outbreak. These adverse economic developments may adversely affect the operations, profitability and liquidity of the Company, however these developments cannot be determined with certainty at this stage. Our opinion is not qualified in respect of this matter.

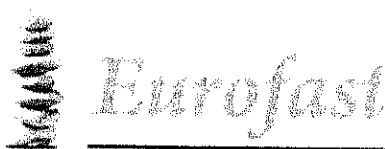
Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Goodwill and other intangible assets

Key audit matter

Goodwill is the excess of the purchase price over the fair value of the acquirer's share in the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries or associates at the acquisition date. Goodwill is initially recognized at cost less accumulated impairment losses, if any.



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Audit

Independent Auditor's Report (continued)

To the Members of Intraware Investments Public Ltd

Goodwill is the most significant intangible assets of the Group. Goodwill was formed when the businesses were acquired in 2015 (see IV Relevant disclosures, note 9). The group tests whether goodwill has suffered any impairment on an annual basis.

Other intangible assets consist of customer relationships representing future benefits from loyal customers in connection with expected purchases of cards, relating services and food (see IV Relevant disclosures, note 11). Intangible assets are initially recognized at fair value at the acquisition date are subsequently carried at cost less accumulated amortization and impairment losses.

Audit procedure followed

Our audit procedures included, among others, evaluating the impairment testing of goodwill carried out by the Group as well as the assumptions and methodologies used, in particular those relating to the forecasted revenue growth and profit margins for the valuation of other intangible assets.

Revenue recognition

Key audit matter

The most important source of revenue of the Group is derived from clubs cards sales and sport services rendered. A clubs card can be less or more than one year membership. It provides a pre-agreed range of services, which are included in the card value. Revenue from services rendering is recognized by the Group in the accounting period in which the services are rendered (see IV Relevant disclosures, note 1). Amounts received from customers as payments for future services (including cards for sport services) are initially recognized as deferred revenue (see IV Relevant disclosures, note 23) and are amortized with recognition of revenue in proportion to rendering of services.

Audit procedures followed

Our audit procedures included, among others, evaluating the business model and methodology used by the Group to recognise revenue in the appropriate period to which it relates to as per the requirements of the applicable IFRS.

Borrowings

Key audit matter

Borrowings are represented mainly by loans from related parties (see IV Relevant disclosures, note 21). Due to the steady mutually beneficial relations between the parties concerned these liabilities are not subject to immediate repayment and do not have a significant impact on the financial position of the Group.

Audit procedure followed

Our audit procedures included, among others, assessment and evaluation of the existence, rights and obligations, as well as the valuation of the carrying value of borrowings included in these consolidated financial statements which are consistent with the going concern basis of preparation.

License Agreements

Key audit matter

The group companies and Intraware Investments Public Ltd had the license agreements valid in the audited period,



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Audit

Independent Auditor's Report (continued)

To the Members of Intraware Investments Public Ltd

according to which Intraware Investments Public Ltd granted to the group companies non-exclusive rights for the trademark and know-how along with monthly payments. In view of the epidemic environment and business restrictions in 2020 Intraware Investments Public Ltd and the group companies entered into additional agreements, according to which the group companies were free of payments for the period from April 01 through June 30, 2020.

Audit procedure followed

Our audit procedures included, among others, the review of accounting records, to check that no income was recognized for that period.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the consolidated statement of profit or loss and other comprehensive income in pages 34 to 38, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

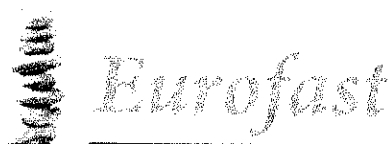
The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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



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Audit

Independent Auditor's Report (continued)

To the Members of Intraware Investments Public Ltd

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap.



Audit

Independent Auditor's Report (continued)

To the Members of Intraware Investments Public Ltd

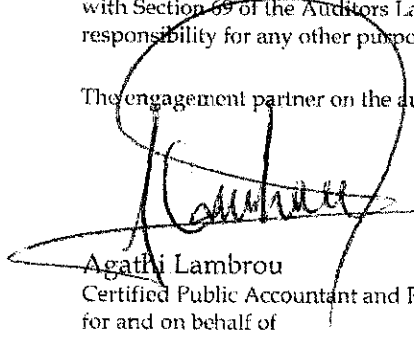
113, and which is included as a specific section of the management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated financial statements.

- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii) and (vi) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Agathi Lambrou.



Agathi Lambrou
Certified Public Accountant and Registered Auditor
for and on behalf of

Eurofast Audit Ltd
Certified Public Accountants and Registered
Auditors

Nicosia, 29 April 2021

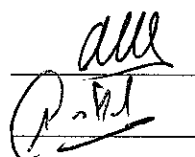
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
OF INTRAWARE GROUP FOR THE YEAR ENDED 31 DECEMBER 2020**
(in thousand EUR)

	Note	2020	2019
Revenue	1	26 134	54 898
Cost of Sales	2	(19 532)	(36 690)
Gross profit		6 602	18 208
Selling and marketing expenses	3	(1 356)	(2 503)
Administrative expenses	4	(3 380)	(5 480)
Other income	5	3 229	1 679
Other losses	6	(1 256)	(403)
Operating income		3 839	11 501
Financial income	7	1 135	445
Financial expenses	7	(3 778)	(5 334)
Profit before tax		1 196	6 612
Income tax expense	25	263	(176)
Profit for the year from continuing operations		1 459	6 436
Net profit for the year		1 459	6 436
Net profit/(loss) for the year attributable to:			
Owners of the Group	29	1 708	5 506
Non-controlling interests		(248)	930
Total profit for the year		1 460	6 436
Earnings per share from continuing operations (basic and diluted), EUR		42,68	137,65
Other comprehensive income for the year			
Items that may not be reclassified subsequently to profit or loss:			
Foreign currency translation differences		900	(1 000)
Comprehensive income attributable to:			
Owners of the Group	29	2 549	4 650
Non-controlling interests		(190)	786
Total comprehensive income for the year		2 360	5 436

The notes on pages 20 to 63 are an integral part of these consolidated financial statements.

On 29 April 2021 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director

Andreas Christofi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF INTRAWARE GROUP AS AT 31 DECEMBER 2020
(in thousand EUR)

	Note	2020	2019
Non-current assets			
Property, plant and equipment	8	2 877	5 297
Right-of-use assets	26	18 475	30 670
Goodwill	9	3 811	4 984
Other intangible assets	11	716	1 477
Investments in associated companies	10	100	99
Loans granted to shareholders	16	2 286	3 244
Capital in partnerships	17	665	370
Other non-current assets		256	338
Deferred tax assets	25	713	564
Total non-current assets		29 899	47 043
Current assets			
Advances paid	12	5 316	5 323
Inventories	13	271	393
Other receivables	14	467	435
Other assets		173	8
Income tax overpayment		101	112
Trade receivables	15	1 966	1 882
Loans granted to shareholders	16	1 016	-
Loans granted to other parties		6 339	6 365
Financial assets	18	4 174	3 308
Cash	19	1 525	2 759
Total current assets		21 348	20 585
TOTAL ASSETS		51 247	67 628

The notes on pages 20 to 63 are an integral part of these consolidated financial statements.

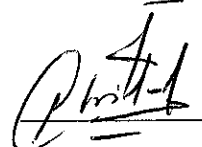
On 29 April 2021 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
OF INTRAWARE GROUP AS AT 31 DECEMBER 2020
(in thousand EUR)

	Note	2020	2019
Owners' equity			
Share capital	20	40	40
Translation reserve	20	477	(365)
Additional paid-in capital	20	222	222
Accumulated profit (loss)		2 263	1 353
Current year profit		1 708	5 506
Equity attributable to owners of the Group		4 710	6 256
Non-controlling interest		233	918
TOTAL EQUITY		4 943	7 174
Non-current liabilities			
Long-term lease liabilities	26	15 549	25 165
Deferred tax liabilities	25	152	390
Total non-current liabilities		15 701	25 555
Current liabilities			
Short-term loans and borrowings	21	3 136	3 423
Short-term lease liabilities	26	5 185	7 256
Short-term other payables	22	5 127	4 872
Other liabilities	24	449	766
Liabilities to owners	28	385	463
Deferred revenue	23	16 321	18 119
Total current liabilities		30 603	34 899
TOTAL EQUITY AND LIABILITIES		51 247	67 628

The notes on pages 20 to 63 are an integral part of these consolidated financial statements.

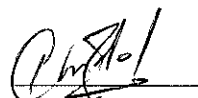
On 29 April 2021 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
OF INTRAWARE GROUP FOR THE YEAR ENDED 31 DECEMBER 2020
(in thousand EUR)

	Share capital	Additional paid-in capital	Translation reserve	Accumulated profit (loss)	Non-controlling interest	Total
For the year ended 31.12.2018	40	222	635	1 353	25	2 275
Dividends	-	-	-	(500)	-	(500)
Acquisitions	-	-	-	-	398	398
Disposal	-	-	-	-	499	499
Current year profit	-	-	-	5 506	33	5 539
Foreign currency translation differences	-	-	(1 000)	-	(37)	(1 037)
For the year ended 31.12.2019	40	222	(365)	6 359	918	7 174
Dividends	-	-	-	(2 040)	-	(2 040)
Acquisitions	-	-	-	-	-	-
Disposal	-	-	-	(2 056)	(494)	(2 550)
Current year profit	-	-	-	1 708	(248)	1 460
Non-controlling interests	-	-	-	-	-	-
Foreign currency translation differences	-	-	842	-	58	900
For the year ended 31.12.2020	40	222	477	3 971	233	4 943

The notes on pages 20 to 63 are an integral part of these consolidated financial statements.

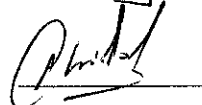
On 29 April 2021 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi

CONSOLIDATED STATEMENT OF CASH FLOWS
OF INTRAWARE GROUP FOR THE YEAR ENDED 31 DECEMBER 2020
(in thousand EUR)

	Not e	2020	2019
Cash flows from operating activities			
Profit before tax		1 196	6 612
Amortisation of intangible assets	11	468	755
Depreciation of property, plant and equipment and right-of-use assets	8	4 482	5 156
Interest expense	7	3 778	5 297
Interest income	7	(1 115)	(436)
Foreign exchange differences (net)	5, 6	108	(13)
Impairment / (reversal) of impairment loss on trade and other receivables	5	927	44
Income from forgiven lease		(2 599)	-
Impairment of property, plant and equipment and intangible assets	8, 11	-	-
Impairment of goodwill	6, 9	-	-
Income from acquisition of subsidiaries		-	(436)
Income from disposal of subsidiaries	I	-	(495)
Other non-cash expenses/(income) net		(109)	(18)
Operating cash flows before working capital changes		7 135	16 468
(Increase)/decrease in trade and other receivables		(374)	617
(Increase)/decrease in inventories	13	122	38
(Increase)/decrease in other assets		(866)	(3 308)
Increase/(decrease) in trade and other payables		858	600
Increase/(decrease) in deferred revenue	23	(1 797)	1 974
Increase/(decrease) in provisions		(24)	43
Cash generated from operating activities		5 054	16 432
Income tax paid		(220)	(451)
Interest paid		(3 613)	(5 311)
Net cash from operating activities		1 221	10 671
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(955)	(1 027)
Proceeds from sale of noncurrent assets	5	300	244
Loans issued		(3 338)	(5 617)
Repayment of loans issued		1 468	-
Interest received		82	20
Payment for acquisition of subsidiary, net of cash acquired		-	(1 843)
Cash outflow due to disposal of subsidiaries		(147)	(51)
Net cash used in investing activities		(2 590)	(8 273)

Cash flows from financing activities		
Dividends paid to company's shareholders	(2 119)	(1 921)
Proceeds of loans and borrowings	1 100	-
Repayment of loans and borrowings	(768)	(17)
Lease payments	(332)	(2 944)
Net cash from financing activities	(2 119)	(4 882)
Cash and cash equivalents at the beginning of the year		
	2 759	6 092
Increase (decrease) of cash and cash equivalents	(3 488)	(2 484)
Translation differences	2 254	(849)
Cash and cash equivalents at the end of the year	1 525	2 759

The notes on pages 20 to 63 are an integral part of these consolidated financial statements.

On 29 April 2021 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information on the Group

Intraware Investments Public Ltd (the "Company") and its subsidiaries (together with the Company, the "Group") is one of the largest chains of fitness clubs in Russian market of fitness services. Key activities of the Group are fitness clubs services to population, services of management of fitness clubs and additional activities (catering, retail of sport goods).

The subsidiaries are as follows:

Name of the subsidiary	Russian City	Ownership interest	Ownership interest
		2020	2019
FOK "Altufeyvo Sport" LLC	Moscow	98%	98%
FOK "AK-Bars" LLC	Kazan	98%	98%
FOK "Volga-Fitnes" LLC	Volgograd	98%	98%
FOK "Zchemchuzhina" LLC	Perm	98%	98%
FOK "Marino" LLC	Moscow	98%	98%
FOK "Monarh" LLC	Moscow	98%	98%
FOK "Nagatinskaia" LLC	Moscow	98%	98%
FOK "Olimp" LLC	Voronezh	98%	98%
FOK "Park Pobedy" LLC	Moscow	98%	98%
FOK "Planeta" LLC	Moscow	98%	98%
FOK "Platinum" LLC	Voronezh	98%	98%
FOK "Rost Fitnes" LLC	Rostov-on-Don	98%	98%
FOK "Sam-Fitnes" LLC	Samara	98%	98%
FOK "Sun-City" LLC	Novosibirsk	98%	98%
FOK "Senator" LLC	Moscow	98%	98%
FOK "Arena" LLC	Kazan	98%	98%
FOK "Fusion" LLC	Moscow	98%	98%
FOK "Chistye Prudy" LLC	Moscow	98%	98%
FOK "Mosfilmovskiy" LLC	Moscow	98%	98%
"RTI-Finance" LLC	Moscow	49%	49%
"Sport Center" LLC	Moscow	98%	98%
FOK "Oktyabrskiy" LLC	Novosibirsk	0%	0%
Bladesteel Ltd	Cyprus	-	100%

All above listed subsidiaries are fitness clubs except «Sport Center» LLC which is a management company and «Bladesteel» Ltd (real estate).

As at January 1, 2020 the Group has signed a contract with related party (shareholder of Intraware Investments Public Ltd) on transfer of decision-making rights over its subsidiary Bladesteel Limited (Cyprus). No remuneration has been received from the shareholder for this transfer of control. As a consequence, the Group has determined that it has ceased to have rights sufficient to give it power over the investee and has derecognised the assets and liabilities of the subsidiary with the net assets derecognized through equity.

There were no other changes in group structure during 2020 year.

Although the Group has less than 51% of charter capital of «RTI-Finance» LLC and «Sport Center» LLC, the Group has control over these entities through the appointment, based on agreement with existing shareholders, of directors having unlimited and full rights as to the operating, investment and financing activities of the Companies. All significant actions of these entities are executed at the discretion of Company's Governing bodies.

At January 1, 2019 the Group has also obtained control over fitness club FOK "Oktyabrskiy" LLC (see note 31).

Starting from July 1, 2019 the Group has ceased the control over FOK "Pozitiv" LLC, FOK "Trud" LLC and FOK "Chernavskiy" LLC according to IFRS 10 "Consolidated Financial Statements". Financial result for the period from January 01, 2019 to July 01, 2019 of the fitness clubs has been included in these consolidated financial statements.

Since January 2016 the Company is listed on the Cyprus Stock Exchange (Emerging Companies Market).

Economic environment in which the Group operates

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation.

The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

On March 11, 2020, the World Health Organization announced a pandemic of the coronavirus disease COVID-19 caused by the coronavirus SARS-CoV-2. Due to its spreading the most significant drop in global financial markets since the 2008 Global Financial Crisis has occurred because of the state of emergency declaration, strict quarantine measures and closure of its borders by many countries in the world. As a result, global recession occurred in 2020 year. Starting from the end of 2020 year Russian and global economy began to recover.

Significant decrease of the Group's revenue for 2020 year compared to 2019 year has occurred due to restrictive state measures against coronavirus. These measures include shutting down of fitness clubs from the end of March 2020 until the end of June 2020. The Group's management undertook all possible measures to minimize its negative impact on the Group (please see chapter Going concern below).

Basis of preparation

General provisions

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter - IFRS).

The companies of the Group maintain their accounting records in Russian Rubles in accordance with the Russian regulations on accounting and reporting. Russian accounting principles are significantly different from IFRS. In this regard, the financial statements that have been prepared in accordance

with the Russian accounting standards have been adjusted to ensure that the consolidated financial statements comply with IFRS.

The consolidated financial statements have been prepared on a historical cost basis except when IFRS require the application of other basis of valuation, in particular, financial instruments that have been measured at fair value.

Principles of consolidation

The consolidated financial statements comprise the financial statements of Intraware Investments Public Ltd and its subsidiaries for the year ended 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The date of exchange is the acquisition date where a business combination is achieved in a single transaction, and is the date of each share purchase where a business combination is achieved in stages by successive share purchases.

The excess of the cost of acquisition over the acquirer's share of the fair value of the net assets of the acquiree at each exchange transaction is recorded as goodwill. The excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired over cost is recognized immediately in profit or loss for the year.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date.

Inter-group transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless the cost of the corresponding asset cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent

with the Group's policies.

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

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

Going concern

The Group has prepared these consolidated financial statements based on the going concern assumption.

As at 31 December 2020 the Group's current liabilities exceed the current assets for the amount of EUR 9 255 thousand (as at 31 December 2019 - EUR 14 314 thousand). This fact indicates a material uncertainty that may raise significant doubt on the ability of the Group to continue as a going concern, as well as on the ability to realize its assets and repay its liabilities in the normal course of business.

Furthermore, the Group has paid EUR 2 040 thousand as dividends in 2019 year (2019: EUR 500 thousand) which had a significant impact on equity and financial position of the Group. The Board of Directors controls this outflow of resources and is able to temporarily cease declaring dividends should the need for this action in order to maintain appropriate levels of liquidity.

Movement restrictions and social distance measures introduced since the first quarter 2020, caused by the spread of the new coronavirus infection COVID-19 had a significant impact on the Group's performance. Fitness clubs in Russia were closed to visitors for a significant part of 2020. The negative effect can also be supplemented by the gradual introduction of additional requirements for self-isolation and the fear of customers to visit the objects with a large crowd of people. At the same time, with the opening of fitness clubs, the population that has come out of self-isolation is more likely to improve and maintain physical health and related services.

Managements reviewed the Group's current activities, including cash flow forecasts for the 12-month period. As a result, the Group's management made a number of decisions, including reducing current expenses, reducing office staff, postponing a number of planned investment projects to open new fitness clubs, negotiating with lessors to reduce lease payments, negotiating with suppliers and contractors about deferring payments up to 6 months after resuming the activity of fitness clubs. The measures appeared to be effective, e.g. the administrative expenses in EUR equivalent have reduced by 40% and the lease concessions gains in 2020 amounted to 2 599 EUR thousand (see p.5).

At this stage, management cannot reliably estimate the future pace of recovery, and therefore considers various development scenarios to quickly adapt to changing needs and believes that the measures taken will enable the Group to fulfill its financial liabilities. Moreover, given the unpredictability of the duration and magnitude of the COVID-19 pandemic in the world, its actual impact on the Group's future profitability, financial position and cash flows may differ from current estimates and assumptions of management. In these circumstances, these consolidated financial statements have been prepared on a going concern basis but the uncertainty remains.

Functional and presentation currency

The Board of Directors during its meeting held on 22 January 2018, has decided to change its presentation currency from Russian Ruble to Euro for the preparation of its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the

European Union starting from the financial year ended 31 December 2017.

The financial statements are presented in thousands of Euros, unless otherwise stated, which is the Company's presentation currency. The functional currency is the currency of the primary economic environment in which a company operates. The Russian subsidiaries' functional currency is the national currency of the Russian Federation, the Russian rubles. The functional currency of Cyprus' companies is Euro.

The results and financial position of the Company are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- (ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates; and
- (iii) all resulting translation exchange differences are recognized as a separate component of equity as a cumulative translation reserve.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the official exchange rate of the Central Bank of Russia at the respective reporting dates. Foreign exchange gains and losses resulting from the settlement of transactions denominated in foreign currency and from the revaluation of monetary assets and liabilities denominated in foreign currency into RUB at the Central Bank's official year-end exchange rates are recognized in profit or loss. Revaluation at year-end rates does not apply to non-monetary items, including property, plant and equipment, equity components.

Exchange rate at the end of the year	2020	2019
RUB to 1 US dollar	73,8757	61,9057
RUB to 1 Euro	90,6824	69,3406
Exchange rate average	2020	2019
RUB to 1 Euro	82,4488	72,5021

Impact of effective changes in International Financial Reporting Standards

The Company has adopted all new standards, interpretations and amendments, effective from 1 January 2020 and are relevant to the operations of the Company. Below is a list of new standards/interpretations that became effective for the Company from 1 January 2020:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (issued on October 2018 and effective for annual periods beginning on or after January 1, 2020; earlier application is permitted). The amendments to IAS 1 and IAS 8 introduce new definition of materiality.
- Amendments to IFRS 3, Definition of a Business (issued on 22 October 2018 and effective for annual periods beginning on or after 1 January 2020).

- Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020). The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

The Company has reviewed these interpretations and amendments to standards while preparing these financial statements. The interpretations and amendments to standards have no significant impact on the Company's financial statements.

Application of new and revised International Financial Reporting Standards not effective yet

Below is a list of standards/interpretations that have been issued and are not effective for periods starting on 1 January 2020, but chose to apply them earlier:

- Amendment to IFRS 16 "COVID-19-Related Rent Concessions Amendment" (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020). The amendment provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. The Group has adopted this amendment in these financial statements. As a result the lease concessions gains in 2020 have been recognized in amount of 2 599 EUR thousand (please see p. 5).

Below is a list of standards/interpretations that have been issued and are not effective for periods starting on 1 January 2020, but will be effective for later periods, and Group did not choose to apply them earlier:

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on September 11, 2014 and effective for annual periods beginning on the date, to be determined by the IASB or after that date). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4. Under this standard, groups of insurance contracts must be recognized and measured at (i) risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). An insurer will recognize the expected profit for providing coverage as the coverage is provided over time and as the risk is freed. If the group of contracts is or becomes unprofitable, the entity will recognize the loss immediately.
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (issued on January 23, 2020 and effective for annual periods beginning on or after January 1, 2022). These limited scope amendments clarify that liabilities are classified as current and non-current depending on the rights existing at the end of the reporting period. Liabilities are long-term if the entity has a significant right at the end of the reporting period to defer settlement by at least 12 months. The guidance no longer contains a requirement that such a right must be unconditional. Management's expectations as to whether it will subsequently exercise its right to defer redemption does not affect the classification of liabilities. The right to defer redemption arises only if the entity meets all applicable conditions at the end of the period. A liability is classified as current if the condition is violated at or before the reporting date, even if at the end of the reporting period an exemption from the obligation

to fulfill the condition is received from the creditor. At the same time, a loan is classified as long-term if the condition of the loan agreement is violated only after the reporting date.

- Revenue Prior to Intended Use of the Asset, Onerous Contracts - Cost to Complete the Contract, Reference to the Conceptual Framework for Financial Reporting - Amendments with narrow-scope to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRS 2018-2020 relating to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for the annualized periods beginning on or after 1 January 2022). The amendment to IAS 16 prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- The amendment to IAS 37 clarifies the concept of "costs to fulfill a contract". The amendment specifies that the costs of fulfilling a contract include both incremental costs and an allocation of other costs directly related to the contract. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets use in fulfilling the contract, rather than on assets dedicated to the contract.
- IFRS 3 has been supplemented by the reference to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework.
- The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.
- Illustrative Example 13 of IFRS 16 has been amended to remove the illustration of the reimbursement of leasehold improvements by the lessor to avoid some confusion on how a lessee should account for leasehold improvements.

Unless otherwise described above, the new standards, amendments to standards and interpretations are expected to have no impact or to have a non-material impact on the Group's consolidated financial statements.

Significant accounting estimates and professional judgments

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on the management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying accounting policies. Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

- (1) **Fair value of identifiable assets and liabilities acquired at business combination.** As a result of the business combinations in current (see note 31) and previous periods the Group has acquired a pool of assets and liabilities. The measurement of fair value of identifiable assets and liabilities acquired, in particular in respect of Property, plant and equipment (see note 8) and Intangible assets (see note 11) required a significant use of judgment and assumptions, see relevant notes.

- (2) ***Amortization of intangible assets.*** The intangible assets of the Group are represented mainly by customer related assets acquired in business combinations (see notes 31 and 11) and recognized at fair value as at acquisition dates. These assets are amortized over the period when the Group expects to derive economic benefits from them - normally over the residual expected lease terms for respective fitness club premises. At the same time amortization is not calculated on a straight-line method as this would contradict the matching principle that requires that revenues and any related expenses be recognized in the same period. Instead the biggest part of the intangible assets amortization shall be recognized within the first 3-5 years after the acquisition. Such an accounting treatment aligns the amortization expenses with corresponding income that is expected from these intangible assets, i.e. an income from customers that prolong their subscriptions or purchase services of the Group based on loyalty gained before the acquisition date.
- (3) ***Impairment of intangible assets and other non-current assets.*** Intangible assets with indefinite useful life (see note 11) and goodwill (note 9) are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset or cash generating unit.
- (4) ***Valuation of deferred income according to loyalty programs with clients.*** In the normal course of the Group's business constructive obligations arise in connection with granting cumulative discounts to the clients who purchased club cards earlier. The size of discounts depends on the term of membership in club and time of renewal of cards and may differ from time to time and in different clubs. To estimate the deferred income the Group management evaluates the probability of renewal of cards (on basis of statistics of renewed and ended cards ratio for the period) and the estimated discount for reacquired cards. The resulting liability is disclosed in note 23).
- (5) ***Transactions with related parties.*** In the normal course of business, the Group enters into transactions with related parties. Judgment is applied in determining whether the transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgment is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. The conditions and terms of such operations are disclosed in note 28.
- (6) ***Useful lives of property, plant and equipment.*** Management assesses the remaining useful lives of property, plant and equipment (see note 8) at least once per year as at the financial year end. The useful lives are assessed in accordance with the assets' current technical conditions and the estimated period when these assets will bring economic benefit to the Group. Useful lives of the leasehold improvements are calculated based on residual lease terms according to the lease contracts (as at 31.12.2020 the average residual lease term was 7 years) increased by lease prolongation that the management is certain of, and decreased by adverse possibilities: probability of the lessor to terminate the lease in case of the default of the, probability that the renegotiation of the lease will not be successful, probability that the Group will decide to discontinue the lease. As a result, the average effective term as at reporting date amounts to 9 years and the average residual useful lives used in calculation of the depreciation of leasehold improvements amount to 2 years, maximum - 14 years. The changes from the previous year's assessments, if any, are accounted for prospectively without restating comparatives.
- (7) ***Contingent liabilities valuation.*** The value of contingent liabilities is determined based on management's estimates, its interpretation of the relevant legislation and subsequent events. In particular, the Group recognizes provision for contingent liabilities if it is probable that its positions may be successfully challenged by tax authorities. As at 31.12.2020 the Group estimates that its tax position is stable and no provisions have to be recognized (see further note 35).

Accounting policies

(a) Subsidiaries

Subsidiaries are those entities, including special purpose entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Property, plant and equipment

Property, plant and equipment are assets that comply with the requirements of IAS 16 "Property, Plant and Equipment". Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Historical cost of property, plant and equipment includes all expenditures that are directly attributable to its creation or acquisition including payments and payroll to sellers, contractors, other material and direct labor costs. Historical cost may also include purchase price, import duties and other taxes (except for those subsequently recoverable from the tax authorities) and also cost of transportation, handling and other costs directly attributable to the acquisition of the asset. Interests on borrowings are included in the cost of property, plant and equipment in cases when the requirements of IAS 23 "Borrowing Costs" are met.

The residual value of an asset corresponds to the expected value of the receipts, which the Group expects to receive from its disposal in the state and the age it will be at the end of its useful life, less the estimated costs of disposal of the asset. The residual value of the asset is nil if the Group expects to use the asset until the end of its useful life.

Depreciation is calculated using the straight-line method based on their estimated useful lives. Depreciation commences in the month following the month of the recognition of the property, plant and equipment in accounting.

The groups and the estimated useful lives of property, plant and equipment are as follows:

Property, Plant & Equipment group	Useful life
1 Leasehold improvements	Residual lease terms according to the lease contracts increased by one lease prolongation that the management is certain of and decreased by adverse possibilities. In practice average useful life approximates 9 years, maximum – 15 years
2 Sport equipment	1-15 years, in practice 5 years on average
3 Office equipment	1-10 years, in practice 3 years on average
4 Other property, plant & equipment	2-25 years, in practice 6 years on average

If a major component of an item of property, plant and equipment consists of several components with significantly different useful lives, they are recognized as separate items of property, plant and equipment.

Depreciation of an asset ceases at the earlier of two dates: the date of classification of assets as held for sale (or its inclusion in a disposal group classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", and the date of derecognition. Depreciation does not cease when the asset becomes idle or is retired from active use.

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period and if current expectations differ from previous estimates, these changes shall be applied prospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

At each reporting date management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in the statement of comprehensive income. An impairment loss recognized for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Repair and maintenance costs of property, plant and equipment are recognized in profit or loss as incurred. Subsequent costs are capitalized, if the recognition criteria are satisfied (usually - if it can be clearly demonstrated that they extend the useful life of the asset, substantially increase the efficiency compared to their original capacity, or otherwise increase the economic benefits of the asset).

Assets under construction and other property, plant and equipment not yet available for use are assessed likewise the historical cost of property, plant and equipment.

(c) Investment property

Investment property is property held by the Group and used to earn rentals or for capital appreciation with the course of time and that is not occupied by the Group. Investment property comprises properties (buildings, premises and land) that are leased by the Group to third parties under an operating lease.

In the statement of financial position, investment property is recognized at initial cost less accumulated depreciation and impairment losses. Depreciation of the investment property is calculated using the same useful life as for property, plant and equipment.

(d) Leases

According to IFRS 16, a contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for compensation. In order to determine whether the contract conveys the right to control the use of identified asset for a period of time, the Group analyzes the existence of the right to obtain substantially all the economic benefits from the use of the identified asset and the right to determine how to use the identified asset.

The Group as a lessee

As a lessee, upon lease commencement the Group recognizes a right-of-use asset and a lease liability.

The right-of-use asset is measured using a cost model at the lease commencement date. Subsequently the Group continues to measure the right-of-use asset at a cost less accumulated depreciation and accumulated impairment and is adjusted to reflect certain remeasurement of the lease liability. The Group depreciates right-of-use asset on a straight-line basis from the lease commencement date to its end. If under the lease agreement the ownership of the underlying asset is conveyed to the Group, the right-of-use asset is depreciated over remaining useful life for the leased asset. If the Group has the right-of-use asset that meets the definition of investment property, then it represents it as a part of the investment property and remeasures it at fair value in accordance with the Group's accounting policies. If the Group has the right-of-use asset that relates to a class of PPE to which the Group applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined or at the Group's incremental borrowing rate. The Group uses market rates based on zero-coupon yield as a discount rate. Lease payments that are included in the measurement of lease liabilities consist of fixed payments, variable lease payments, the amounts expected to be payable under residual value guarantees, the assessment of a purchase option and the penalties for terminating the lease. After the

lease commencement date the carrying amount of the lease liability increases by the interest—reducing over the life of the lease and reduces by the amount of lease payments made. The carrying amount is remeasured if the lease is changed or modified. The Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate if the lease term changes or the value of the option to purchase the underlying asset changes. The Group remeasures the lease liability in the event of a change in amounts expected to be payable under the residual value guarantee or a change resulting from a change in an index or a rate used to determine those payments. The Group accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets or the rental reimbursement increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract. The Group recognizes the revaluation amount of the lease liability as an adjustment to the right-of-use asset.

The Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease. The Group decided not to recognize the right-of-use assets and lease liabilities in relation to low-value leases and leases that expire within 12 months. The Group recognizes lease payments under such leases as an expense on a straight-line basis over the lease term.

The Group also decided to apply practical simplifications and not to separate components that are not leases from components that are leases, and instead consider each component of the lease as one component of the lease.

For certain leases in which the Group is a lessee, the Group has applied judgment to determine the lease term for leases in which it is a lessee and which include options to extend the lease. An assessment of the Group's reasonable assurance that such options will be exercised affects the lease term, which largely determines the amount of recognized lease liabilities and right-of-use assets. The maximum extension period used by the Group is 10 years.

Group as a lessor

Leases for which the Group retains substantially all the risks and rewards associated with owning an asset are classified as operating leases. The lease income is recognized on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operational nature. Initial direct costs incurred when entering into an operating lease are included in the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are received.

Goodwill

Goodwill is the excess of the purchase price over the fair value of the acquirer's share in the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary or associate at the acquisition date. Goodwill is initially recognized at cost less accumulated impairment losses, if any.

The Group tests goodwill for impairment at least once a year or more frequently when there is an indication that the unit may be impaired. Goodwill is allocated to cash-generating units (groups of assets that generate cash flows) or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. As a rule, cash-generating units are the corresponding Group's clubs.

(e) Joint arrangements

Under IFRS 11 "Joint Arrangements" investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint operations and recognizes its direct interest in the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

(f) Intangible assets

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination except for goodwill are recognized at fair value at the acquisition date. Group's intangible assets, except for goodwill and trademarks have finite useful lives and are subsequently carried at cost less accumulated amortization and impairment losses.

Amortization of intangible assets is calculated based on the period during which the assets' future economic benefits are expected to be consumed by the Group.

The useful life of customer relationships is the residual expected lease term for respective fitness club premises. The amortization is non-linear and the principal part of these assets is amortized within the first 3-5 years.

Rights under franchise agreements have useful lives of 4 and 5 years which are relevant to residual terms of corresponding franchise agreements. The amortization is calculated on a straight-line basis.

Trademarks have indefinite useful life and are tested for impairment annually.

(g) Inventories

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is determined on a weighted average cost basis.

The cost of inventories is written down below cost to net realisable value if those inventories are damaged, if they have become wholly or partially obsolete, if their selling prices have declined or if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. Net realisable value is the estimated selling price for inventories in the ordinary course of the business less selling costs. Write-down of inventories is recognized as a cost of sales in the current reporting period.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less.

Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date are included in other non-current assets.

(i) Impairment of other assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Revenue recognition

Revenue from services rendering is recognized by the Group in the accounting period in which the services are rendered. Revenue which is recognized in these financial statements does not include VAT (regarding companies which pay VAT) and reduced by the amount of discounts and rebates given to the customers according to all marketing promotions of the Group.

Amounts received from the customers of the services as payments for future services (including cards for sport services) are initially recognized in item "Deferred revenue" and are amortized with recognition of revenue in proportion to rendering of services.

(k) Borrowing costs

Costs on borrowings to finance acquisition, construction or production of qualifying assets (which are assets that take a substantial period of time to get ready for their intended use or sale), are recognized according to IAS 23 "Borrowing costs" at initial cost till such assets are ready for their intended use or sale. All other borrowing costs are expensed.

(l) Transactions with owners

In all cases when the Group receives assets from the owners of the Group, the assets received are initially recognized at fair value in correspondence with additional paid-in capital.

The companies of the Group may incur expenses that are not caused by economic necessity but are advised by the owners of the Group. Such expenses are recognized in correspondence with additional paid-in capital.

In the same way, the differences between fair value of loans given to (received from) the owners of the Group and their notional value are recognized as additional paid-in capital.

(m) Provisions

According to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Provisions are revised once a year and are recognized in the financial statements at expected net present value, calculated using rates reflecting risks specific to the liability.

(n) Income tax

The income tax charge according IAS 12 "Income Tax" comprises current tax and deferred tax. Current tax is the amount expected to be paid to state budget in respect to taxable profits or losses for the current and prior periods, using tax rates enacted or substantially enacted at the reporting date.

Deferred income tax is provided using the statement of financial position liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction when initially recorded affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized.

Deferred tax liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized. Amount of deferred tax assets is revised at every balance sheet date and is deducted to the extent that the probability of making profit from the tax liability realization does not exist anymore.

(o) Earnings per share

Basic earnings per share. Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Transactions eliminated on consolidation

Intra-group balances and any unrealized gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(q) Share capital and Additional paid-in capital

Share capital represents the issued number of shares outstanding at their par value. Any excess amount of capital raised is included in Additional paid-in capital. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in Additional paid-in capital. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

(r) Finance income and costs

Finance income comprises interest income on loans and accounts receivable, and exchange differences arising on financial activities. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Interest expense is recognized in profit or loss using the effective interest method.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment results that are reported to the Group's chief operating decision-maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(t) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is obtained when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, for more details see par. «Principles of consolidation» in the section III. «Basis of preparation».

When the control obtained without owning interest in share capital of an acquired company the Group uses the following accounting method. The Group combines the acquired company's financial

data into consolidated financial statements by item-by-item summing up of similar assets, liabilities, income and expenses. All transactions within the Group's companies and unrealized gains and losses as well as the mutual balances within the Group's companies are eliminated. Equity and current financial results of the acquired companies are recognized as Non-controlling interest.

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(u) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1. Revenue

<i>in thousand EUR</i>	2020	2019
Revenue from club cards sales	13 164	30 634
Revenue from related sport services rendering	10 082	17 855
Licence fees income	1 680	3 575
Revenue from retailing and food services	937	1 871
Revenue from sports clubs management	206	616
Revenue from operating leasing	66	347
Total	26 134	54 898

2. Cost of Sales

<i>in thousand EUR</i>	2020	2019
Outstaffing services	10 350	21 885
Depreciation	4 462	5 096
Material costs	1 095	2 239
Salary and social taxes	947	1 877
Utilities expenses	673	2 570
Leasing	601	501
Cost of goods sold	565	1 055
Amortization	468	755
Repairs and maintenance	299	417
Disinfection and cleansing	16	23
Royalties	-	223
Other expenses	56	50
Total	19 532	36 690

3. Selling and marketing expenses

<i>in thousand EUR</i>	2020	2019
Advertising and marketing services	811	1 456
Salary and social taxes	467	943
Holiday organization services	51	50
Material costs	6	29
Other expenses	20	24
Total	1 356	2 503

4. General administrative expenses

<i>in thousand EUR</i>	2020	2019
Consulting services	912	1 088
Salary and social taxes	869	1 263
Material costs	521	1 207
Bank services	423	740
Communication services	156	176
Asset repairs and maintenance	100	219
Utilities expenses	73	145
Security services	57	128
Cleaning services	43	64
Travelling expenses	27	118
Depreciation	20	61
Leasing	19	31
Brokerage commission	14	25
Insurance	12	10
Transport expenses	11	21
Other expenses	124	187
Total	3 380	5 480

5. Other income

<i>in thousand EUR</i>	2020	2019
Covid19 rent concessions gains	2 599	-
Profit from assets disposal	300	244
Long-term lease modification income	165	7
Exchange differences (profit)	64	168
Profit from other disposal	1	44
Share in profit of jointly control companies	1	9
Income from disposal of subsidiaries	-	495
Income from acquisition of subsidiaries	-	436
Write-off of accounts payable	-	104
Bad debt provision (recovery)	-	8
Other income (immaterial)	100	165
Total	3 229	1 679

6. Other losses

<i>in thousand EUR</i>	2020	2019
Net impairment (loss) on other financial and contract assets	488	-
Write-down of accounts receivable	408	-
Exchange differences (losses)	172	156
Bad debt allowance (accrual)	32	51
Loss from assets and other disposal	17	24
Interest and penalties under contracts	2	3
Other individually immaterial expenses	138	168
Total	1 256	403

7. Financial income and financial expenses

Financial income

<i>in thousand EUR</i>	2020	2019
Exchange differences (income) on financial activities	568	30
Loan interest receivable	547	406
Imputed interest income on accounts receivable and payable	20	9
Total	1 135	445

Financial expenses

<i>in thousand EUR</i>	2020	2019
Interests on lease liabilities	3 589	4 616
Loan interest payable	188	111
Exchange differences (expenses) on financial activities	-	316
Imputed loan interest expenses	-	254
Imputed interest expenses on accounts receivable and payable	-	37
Total	3 778	5 334

8. Property, plant and equipment

The major part of property, plant and equipment is acquired through business combination (see note 31) and recognized initially at fair value estimated by the Group based in reference to recent market transactions.

Improvements of leasehold property relate to initial reconstruction of the leased property to achieve fitness club standards of the Group. The fair value estimate was based on cost of recently performed improvements for determined analogues with further adjustment for property space and remained useful life as at the acquisition date.

Expenses for depreciation of property, plant and equipment are recorded in the consolidated statement of profit or loss and other comprehensive income within the lines "Cost of sales" and "General administrative expenses" (see notes 2 and 4).

<i>in thousand EUR</i>	Improvements of leased property	Sport equipment	Buildings	Assets not ready for use	Other Property, Plant & Equipment	TOTAL
Initial value						
Initial value as at 01.01.2019	2 212	2 738	-	161	258	5 369
Additions in 2019	69	853	-	17	63	1 003
Additions from obtaining of control over Bladesteel Ltd	-	-	2 256	-	-	2 256
Disposals in 2019	(21)	(599)	-	(194)	(34)	(848)
Translation reserve	325	411	-	15	39	791
Initial value as at 31.12.2019	2 585	3 403	2 256	-	327	8 570
Additions in 2020	-	83	793	-	54	931
Disposals in 2020	-	(18)	-	-	(1)	(19)
Disposal as a result of cease control over Bladesteel Ltd	-	-	(2 256)	-	-	(2 256)
Translation reserve	(608)	(807)	(72)	-	(78)	(1 565)
Initial value as at 31.12.2020	1 976	2 661	721	-	302	5 662
Accumulated depreciation and impairment						
Accumulated depreciation and impairment as at 01.01.2019	(530)	(1 863)	-	-	(160)	(2 552)
Depreciation accrued in 2019	(153)	(298)	(17)	-	(60)	(511)
Disposals in 2019	6	171	-	-	15	192
Transfers of impairment	43	(41)	-	-	(2)	-
Transfers of depreciation	(244)	203	-	-	42	-
Translation reserve	(93)	(270)	-	-	(24)	(387)
Accumulated depreciation and impairment as at 31.12.2019	(970)	(2 098)	(17)	-	(190)	(3 275)
Depreciation accrued in 2020	(132)	(172)	(20)	-	(16)	(341)
Disposals in 2020	0	18	-	-	1	18
Translation reserve	240	508	19	-	46	813
Accumulated depreciation and impairment as at 31.12.2020	(862)	(1 745)	(19)	-	(159)	(2 784)
Carrying amount as at 01.01.2019	1 682	875	-	161	98	2 817
Carrying amount as at 31.12.2019	1 614	1 305	2 239	-	137	5 296
Carrying amount as at 31.12.2020	1 114	917	703	-	143	2 877

9. Goodwill and test of non-current assets for impairment

<i>In thousand EUR</i>	Net book value as at 31.12.2019	Impairment	Translation differences	Net book value as at 31.12.2020
Goodwill	4 984	-	(1 173)	3 811
Total	4 984	-	(1 173)	3 811

Management uses 21 (in 2019 – 21) cash generating units (CGU) for impairment test. The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions.

The calculations use cash flow projections based on financial budget for the subsequent year approved by management. The management expects that revenue from fitness services in 2021 will reach revenue of the last year before the Covid-19 crisis and will gradually increase by 2.5% till 2024 and by 2% in subsequent years.

The period of calculation is consistent with lease terms expected by the management for each fitness club. The terms range from 1 to 14 years (from 5 to 14 years for 2019 year impairment test) with an average of 7 years (8 years for 2019 year impairment test).

The cash flows are discounted at pre-tax rate of 14,8% (13,9% for 2019 year impairment test). The rate is derived from the Group's weighted average cost of capital (WACC) calculated by management.

As a result of the test no additional impairment of goodwill or other noncurrent assets has been recognized in 2020 (2019: the same).

10. Investments in associated companies

During the 2019 year the Company acquired 20% of the share capital of A.C.T. Squad Fitness Limited for an amount of 90 thousand euro.

Movement in the accounts of investments in associated companies for the years ended 31 December 2020 and 2019 is presented below:

<i>in thousand EUR</i>	2020	2019
Investments in associated companies at 01 January	99	-
New affiliated companies	-	90
Share in profit (net of income tax)	1	9
Investments in associated companies at 31 December	100	99

11. Other intangible assets

<i>in thousand EUR</i>	Customer relationship (club cards)	Customer relationship (related services)	Rights under franchise agreements	Other non- material assets	Total
Initial value					
Initial value 01.01.2019	3,660	2,619	407	75	6,762
Translation differences	1,149	(78)	59	3	1,134
Initial value as at 31.12.2019	4,809	2,542	467	79	7,896
Translation differences	(1,132)	(598)	(110)	(6)	(1,846)
Initial value as at 31.12.2020	3,677	1,943	357	72	6,050
Accumulated amortization and impairment					
Accumulated amortization and impairment as at 01.01.2019	(2,847)	(2,208)	(396)	(22)	(5,473)
Amortization accrued in 2019	(472)	(284)	(11)	(1)	(768)
Translation differences	(437)	321	(58)	(3)	(177)
Accumulated amortization and impairment as at 31.12.2019	(3,756)	(2,170)	(465)	(27)	(6,418)
Amortization accrued in 2020	(331)	(136)	(1)	(1)	(468)
Translation differences	914	523	110	6	1,553
Accumulated amortization and impairment as at 31.12.2020	(3,172)	(1,783)	(357)	(21)	(5,333)
Carrying amount as at 31.12.2018	813	412	11	53	1,289
Carrying amount as at 31.12.2019	1,053	371	1	52	1,477
Carrying amount as at 31.12.2020	505	160	-	52	716

The main intangible assets are acquired through business combination (see note 31) and recognized initially at fair value. The fair value was estimated by the discounted cash flow method.

Customer relationships represent future benefits from loyal customers in connection with expected purchases of cards, relating services and food. The expected prolongation of cards and purchases of relating services and food are projected on the basis of prolongation rates confirmed by business

practice of each club. The projection period was determined similar to useful lives of leasehold improvements in the corresponding club.

Rights under franchise agreements represent future benefits from concluded franchise agreements as at the acquisition date. The expected cash flows were projected in accordance with the terms of agreements and expected costs.

Amortization of customer relationships is non-linear and is calculated in accordance with the recognition of corresponding profits by the Group. Amortization of other assets with definite useful lives is carried out on a straight-line basis. Amortization expense is presented in the consolidated statement of comprehensive income within the line "Cost of sales" (see note 2).

12. Advances paid

<i>in thousand EUR</i>	2020	2019
Advances paid for the purchase of current assets and services	5 316	5 323
Total	5 316	5 323

13. Inventories

<i>in thousand EUR</i>	2020	2019
Other inventory	108	186
Goods	88	119
Equipment and maintenance accessories	75	88
Total	271	393

14. Other receivables

<i>in thousand EUR</i>	2020	2019
Financial assets		
Other receivables	371	359
Total financial assets	371	359
Non-financial assets		
Other taxes overpayments	96	76
Total non-financial assets	96	76
Total	467	435

15. Trade receivables

<i>in thousand EUR</i>	2020	2019
Receivables from customers, the nominal amount	2 021	1 924
Allowance for receivables from customers	(55)	(42)
Total	1 966	1 882

16. Loans to shareholders

<i>in thousand EUR</i>	2020	2019
Balance at 1 January	3 244	2 217
New loans granted	187	1 016
Unrealized foreign exchange (loss)/profit	(33)	11
Loss allowance on loans receivable	(95)	-
Total	3 303	3 244

<i>in thousand EUR</i>	2020	2019
Loans to parent companies	3 274	3 104
Loans to associates	125	140
Less allowance on loans receivable	(95)	-
	3 303	3 244
Less current portion	(1 016)	-
Non-current portion	2 286	3 244

The loans are repayable as follows:

<i>in thousand EUR</i>	2020	2019
Within one year	1 016	-
Between one and five years	2 286	3 244
	3 303	3 244

17. Capital in partnerships

<i>in thousand EURO</i>		
Balance at 1 January	370	-
Deposits	296	376
Share of partnership loss	(1)	(6)
Balance at 31 December	665	370

<i>Name</i> <i>in thousand EURO</i>	Country of incorporation	Principal activities	2020 Holding %	2019 Holding %	2020	2019
Decalia Capital Direct Investment II SCSp	Switzerland	Metal factory	4,17	4,17	374	370
Decalia Capital Direct Investment III SCSp	Switzerland	Bi-Metal factory and Radiology clinics	4	-	291	-
Total					665	370

18. Financial assets

<i>in thousand EUR</i>	2020	2019
Balance at 1 January	3 308	-
Additions	2 223	3 332
Disposals	(1 179)	(202)
Change in fair value	(171)	164
Profit from sale of financial assets	(4)	7
Interest income from bonds	62	43
Interest received from bonds	(65)	(36)
Balance at 31 December	4 174	3 308

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realized within twelve months from the reporting date.

In the statement of cash flows, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

19. Cash and cash equivalents

<i>in thousand EUR</i>	2020	2019
Cash at bank	1 265	2 352
Transfers in transit	199	286
Cash in hand	60	120
Bank deposits	1	1
Total	1 525	2 759

20. Share capital and additional paid-in capital

Authorized capital

Under its Memorandum the Company fixed its share capital at 40 000 ordinary shares of nominal value of €1 each.

Issued capital and additional paid-in capital

Upon incorporation on 11 August 2011 the Company issued to the subscribers of its Memorandum of Association 10 000 ordinary shares of €1 each at par.

On 13 March 2015 the Board of Directors proposed and the shareholders approved the increase of the authorized share capital to 30 000 ordinary shares and the issue of additional 20 000 ordinary shares of €1 each at par. Furthermore, on 6 May 2015 the Board of Directors proposed and the shareholders approved the increase of authorized share capital to 40 000 ordinary shares and the issue of additional 10.000 ordinary shares of €1 each with a share premium of €22,20 per share recognized as Additional paid-in capital in amount of 222 thousand EUR. As at 31 December 2015 the Company had a total authorized and issued share capital of 40 000 ordinary shares.

In 2016-2020 years, there were no changes in the share capital.

Translation reserve

Translation reserve is derived as the difference of translation of the Group's financial position and financial result into presentation currency - EURO.

Dividends

In 2020 year, the Board of Directors approved the payment of dividend for EURO 2 040 thousand out of the profits of 2019 year (2019: EUR 500 thousand).

Dividends are subject to a deduction of special contribution for defense at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

Defense contribution

Companies in Cyprus which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defense at 17% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defense is payable by the Company for the account of the shareholders.

21. Loans and borrowings

The overall structure of the Group loans is as follows:

<i>in thousand EUR</i>	2020	2019
Short term loans	3 136	3 422
Total short-term loans	3 136	3 422

Short-terms loans are presented in the table below:

Lender	Currency	The interest rate	Carrying amount as at 31.12.20	Nominal value as at 31.12.2020
Worteck Global Corp. (related party)	EUR	5%	1 727	1 727
Other loans	RUB	10-12%	1 409	1 409
Total short-term loans			3 136	3 136

Reconciliation of differences in liabilities related to financing activities, including both monetary and non-monetary movements, is presented below:

<i>in thousand EUR</i>	2020
Loans payable as at 01.01.2020	3 422
Proceeds of loans and borrowings	1 100
Repayment of loans and borrowings	(1 237)
Foreign exchange differences	(568)
Decrease of interest accrued	(82)
Translation differences	500
Loans payable as at 31.12.2020	3 136

<i>in thousand EUR</i>	2019
Loans payable as at 01.01.2019	3 510
Proceeds of loans and borrowings	-
Repayment of loans and borrowings	(17)
Foreign exchange differences	286
Decrease of interest accrued	14
Disposal of subsidiaries in 2019	(99)
Translation differences	(271)
Loans payable as at 31.12.2019	3 422

22. Short-term accounts payable

<i>in thousand EUR</i>	2020	2019
Financial liabilities		
Payables to suppliers (operating activity)	3 670	4 658
Other payables (operating activity)	1 402	190
Accounts payable for non-current assets	-	24
Total financial liabilities	5 072	4 872
Non-financial liabilities		
Advances received (operating activity)	55	-
Total non-financial liabilities	55	-
Total	5 127	4 872

23. Deferred revenue

<i>in thousand EUR</i>	2020	2019
Club cards (short-term)	16 264	17 869
Deferred income on discounts	58	249
Total	16 321	18 119

24. Other liabilities

<i>in thousand EUR</i>	2020	2019
Vacation provision	206	230
Income tax	65	206
VAT	60	126
Other taxes	58	35
Social chargers	46	68
Salaries payable	15	103
Total	449	766

25. Income tax

Income tax in the Statement of Comprehensive Income in profit and losses includes:

Components of income tax expense:

<i>In thousand EUR</i>	2020	2019
Current income tax (12,5%)	12	107
Current income tax (20%)	79	435
Deferred income tax (20%)	(354)	(365)
Total tax expense	(263)	176

Tax rate is 12,5% for parent company in Cyprus and 20% for its subsidiaries in Russia. The deferred tax in Russian subsidiaries as at 31 December 2020 and 31 December 2019 was calculated at the 20% rate.

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

Reconciliation between the expected and the actual tax charge is provided below:

<i>In thousand EUR</i>	2020		2019	
Profit before tax	(1 430)	2 626	597	6 015
Tax rates	20,00%	12,50%	20,00%	12,50%
Tax calculated at the applicable tax rates	286	(328)	(119)	(752)
Tax effect of expenses not deductible for tax purposes	(11)	(177)	49	(72)
Tax effect of allowances and income not subject to tax	-	501	-	749
Overseas tax in excess of credit claim used during the year	-	(8)	-	(32)
Total tax income (expense)	275	(12)	(70)	(106)

The basis of temporary differences between the value of assets and liabilities in the Statement of financial position and their tax bases are the differences between IFRS and the legislation on taxes and duties of countries in which the Group companies are operating. The sources of the appearance and the tax effect of the change in temporary differences are presented in the table below.

Deferred tax assets (liabilities) classified by types of assets and liabilities which formed differences (net):

<i>In thousand EUR</i>	As at 31 December 2019	Disposals due to disposal of Bladesteel Limited through retained earnings	Recognized in the Statement of Comprehensive Income in profit and losses	Translation differences	As at 31 December 2020
Property, plant and equipment and construction in progress	(122)	238	(44)	(100)	(28)
Intangible assets	(275)		0	142	(133)
Receivables	105		(78)	(12)	15
Deferred income (Sport offers prepaid)	50		64	(102)	12
Deferred tax losses for the future	46		214	(31)	229
Lease liabilities - обязательства по аренде	373		198	(106)	465
Financial liabilities	-		-	-	-
Other	(3)		(0)	3	-
Net deferred tax asset (liability)	174	238	354	- 206	560
<i>Recognised in the Statement of Financial Position:</i>	-				
Deferred tax asset	564				712
Deferred tax liability	(390)				(152)

<i>In thousand EUR</i>	As at 31 December 2018	Acquisition of subsidiaries	Disposals of subsidiaries	Recognized in the profit and losses	Translation differences	As at 31 December 2019
Property, plant and equipment and construction in progress	58	(138)	-	(49)	8	(122)
Intangible assets	(240)	-	(12)	12	(35)	(275)
Receivables	222	-	-	(137)	19	105
Deferred income	70	(107)	-	88	(1)	50
Deferred tax losses for the future	85	8	(132)	74	12	46
Lease liabilities	-	-	-	356	16	373
Financial liabilities	(16)	-	-	18	(2)	-
Other	(6)	-	-	3	(1)	(3)
Net deferred tax asset (liability)	173	(237)	(144)	365	16	174
<i>Recognised in the Statement of Financial Position:</i>						
Deferred tax asset	282					564
Deferred tax liability	(109)					(390)

26. Right-of-use assets and lease obligations

The Group mainly leases buildings and other non-residential real estate.

The right-of-use assets:

<i>in thousand EUR</i>	Buildings	Total
Right-of-use assets as at 01.01.2020	30 670	30 670
Additions	2 714	2 714
Modifications	(3 950)	(3 950)
Depreciation	(4 108)	(4 108)
Translation differences	(6 850)	(6 850)
Right-of-use assets as at 31.12.2020	18 475	18 475

<i>in thousand EUR</i>	Buildings	Total
Right-of-use assets as at 01.01.2019	30 175	30 175
Additions	920	920
Depreciation	(4 829)	(4 829)
Translation differences	4 404	4 404
Right-of-use assets as at 31.12.2019	30 670	30 670

Lease liabilities:

in thousand EUR

	31.12.2020	31.12.2019
Long-term lease liabilities	15 549	25 165
Short-term lease liabilities	5 185	7 256
Lease liabilities	20 735	32 420

The change in the carrying amount of lease liabilities is presented below:

<i>in thousand EUR</i>	Lease liabilities containing no purchase options	Total
Lease liabilities as at 01.01.2020	32 421	32 421
Conclusion of new lease agreements	2 714	2 714
Modification of lease agreements	(4 296)	(4 296)
Interest expense on the lease liability	3 589	3 589
Lease payments	(3 921)	(3 921)
Translation differences	(9 773)	(9 773)
Lease liabilities as at 31.12.2020	20 735	20 735

<i>in thousand EUR</i>	Lease liabilities containing no purchase options	Total
Lease liabilities as at 01.01.2019	30 977	30 977
Conclusion of new lease agreements	920	920
Modification of lease agreements		
Interest expense on the lease liability	4 616	4 616
Lease payments	(7 560)	(7 560)
Interest payments		
Translation differences	3 467	3 467
Lease liabilities as at 31.12.2019	32 421	32 421

The Group had no lease liabilities with option to purchase an asset.

Expenses related to leases in the income statement:

<i>in thousand EUR</i>	2020	2019
Leases in accordance with IFRS 16		
Interest expense on the lease liability	3 589	4 616
Depreciation for the lease asset	4 108	4 618
Shorter-term leases expense	342	541

In accordance with IFRS 16, the Group also recognized depreciation and interest expenses, but did not recognize lease payments under these lease agreements. During 12 months ended 31 December 2020 the Group has recognized depreciation expenses in the amount of 4 108 thousand EUR (2019: 4 618 thousand EUR) and interest expenses in the amount of 3 589 thousand EUR (2019: 4 616 thousand EUR).

In addition, the income statement discloses expenses related to a short-term lease in the amount of 342 thousand EUR (2019: 541 thousand EUR). Mainly these expenses are related to rent of sport equipment.

27. Lease payments

The maturity of lease payments is presented in the table below.

Lease payments under non-cancellable operating leases payable in the following periods (nominal value, denominated in RUB)

<i>in thousand EUR</i>	31.12.2020	31.12.2019
Less than 1 month (and past due)	366	634
1-6 months	2 211	3 705
6 months to 1 year	2 730	3 825
1-5 years	16 658	22 473
Over 5 years	8 073	14 113
Total	30 037	51 124

28. Related parties

Transaction balances and transactions with related parties

Term "related party" is defined in IAS 24 "Related Party Disclosures". Parties are usually considered related if they are under common control, one of them has control, significant influence or joint control over the other in financial or operating decision making. Substance of relations, but not their legal form is considered.

Turnover and balance disclosures with related parties under transactions performed by the Group in the reporting period are presented in the following tables. Transactions and balances refer to settlement of accounts with related parties in the category «Shareholders» and "Other related parties".

Loan interest expense from other related parties:

<i>in thousand EUR</i>	Nature of transaction	2020	2019
Worteck Global Corp.	Loan interest	67	88
Amikon LLC	Loan interest	4	5
Total interest expense		71	93

Loans issued to shareholders – please see note 16.

Loans received from other related parties:

Lender	Currency	The interest rate	The term of repayment	Carrying amount at 31.12.2020	Nominal value at 31.12.2020
Worteck Global Corp	RUB	5,00%	31.12.2020	1 727	1 727
Amikon LLC	RUB	5,00%	31.12.2020	96	96
Total loans from other related parties				1 823	1 823

Shareholders' current accounts - credit

in thousand EUR

	31.12.2020	31.12.2019
Shareholder's account	385	384

The shareholders' current accounts are interest free, and have no specified repayment date.

Key management personnel expenses (3 employees):

in thousand EUR

	Benefits in 2020	Benefits in 2019
Short-term benefits paid to key management personnel	159	45
Social security contributions	37	13
Total	197	58

There are no settlements of account balances with key management personnel as at the reporting dates.

Ultimate controlling party

As at 31 December 2020, Intraware Investments Public Ltd does not have a single ultimate controlling party (as at 31 December 2019 – same).

The major shareholders of Intraware Investments Public Ltd.:

Shareholders	The number of shares	Percentage of the total number of shares
Transpay Holdings Ltd.	16 000	40%
Brigidi Holdings Ltd.	7 100	17,75%
Farnon Management Ltd.	3 600	9%
TOTAL	26 700	66,75%

In addition, several members of the Board control some insignificant shares: Myrianthi Petrou is a Chairwoman of the Board who controls 0,0025% (1 share) and Andreas Christofi is a member of the Board who controls 0,0025% (1 share).

29. Earnings per share

	2020	2019
Basic earnings per share		
from continuing operations, EURO	42,68	137,65
Total basic earnings per share, EURO	42,68	137,65

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Group has no dilutive securities such as convertible securities, options and warrants on shares and other rights, as well as contractual obligations for shares issue in future.

The following table reflects the income and share data used in the basic EPS computations:

	2020	2019
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	1 707	5 506
Profit attributable to ordinary equity holders of the parent for basic earnings	1 707	5 506
Weighted average number of ordinary shares for basic EPS	40 000	40 000

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

30. Operating segments

Management of the Group has chosen to operate each of the fitness clubs by separate legal entities that consolidate all the cash flows that are relevant for that component.

All the operating segments (fitness clubs) of the Group exhibit similar long-term financial performance as they have similar economic characteristics. Therefore, for the purposes of segment information disclosure the Group has aggregated all the operating segments being similar in each of the following respects:

- (a) the nature of the products and services;
- (b) the nature of the production processes;
- (c) the type or class of customer for their products and services;
- (d) the methods used to distribute their products or provide their services;
- (e) and the nature of the regulatory environment.

The Group has designated the aggregated operating segments in Moscow (12 legal entities or 11 fitness clubs and one management company aggregated to a segment 'Fitness clubs in Moscow') and other regions of Russia (10 legal entities or 10 fitness clubs aggregated to a segment 'Fitness clubs in other regions') as separate reporting segments given that, according to perception of the management, these regions demonstrate different stages of economic development and therefore their economic performance may be different in the future.

Transactions between reportable segments and with other operating segments of the Group (primarily lease) are normally conducted under arm's length basis.

In 2020, the method of compilation the financial information in respect of operating segments used by management to make operating decisions has changed. The corresponding items of segment information for the previous reporting period were restated.

Financial information in respect of operating segments for the year ended 31.12.2020:

<i>in thousand EURO</i>	Fitness clubs in Moscow	Fitness clubs in other regions	Other minor segments	Total segments
Revenue from club cards sales	7,807	4,952	405	13,164
Revenue from related services and retail	8,182	2,847	(10)	11,019
Other revenue (operating lease and franchising)	872	34	1,045	1,952

Revenues between operating segments of the Group	802	21	1,055	1,878
Elimination of revenues between operating segments of the Group	(802)	(21)	(1,055)	(1,878)
Total revenue	16,861	7,834	1,440	26,134
Cost of Sales	(12,601)	(5,855)	(1,076)	(19,532)
Selling and marketing expenses	(875)	(406)	(75)	(1,356)
Administrative expenses	(2,181)	(1,013)	(186)	(3,380)
Other income	2,083	968	178	3,229
Other losses	(810)	(376)	(69)	(1,256)
Financial income	732	340	63	1,135
Financial expenses	(2,437)	(1,132)	(208)	(3,778)
Income tax gains/(expense)	170	79	14	263
Expenses between operating segments of the Group	(802)	(21)	(1,055)	(1,878)
Elimination of expenses between operating segments of the Group	802	21	1,055	1,878
Profit or loss for the segment	942	437	80	1,459

Other segment information

Total assets of the reportable segment	33,063	15,361	2,824	51,247
Total liabilities of the reportable segment	29,874	13,879	2,551	46,304

Financial information in respect of operating segments for the year ended 31.12.2019:

<i>in thousand EURO</i>	Fitness clubs in Moscow	Fitness clubs in other regions	Other minor segments	Total segments
Revenue from club cards sales	17,252	7,888	169	25,309
Revenue from related services and retail	14,543	5,418	114	20,076
Other revenue (operating lease and franchising)	175	15	624	815
Revenues between operating segments of the Group	1,555	46	2,117	3,718
Elimination of revenues between operating segments of the Group	(1,555)	(46)	(2,117)	(3,718)
Total revenue	31,971	13,322	907	46,200
Cost of Sales	(22,916)	(9,549)	(650)	(33,115)
Selling and marketing expenses	(1,780)	(742)	(51)	(2,572)
Administrative expenses	(4,837)	(2,015)	(137)	(6,990)
Other income	799	333	23	1,154
Other losses	(799)	(333)	(23)	(1,154)

Financial income	483	201	14	698
Financial expenses	(163)	(68)	(5)	(235)
Income tax gains/(expense)	(82)	(34)	(2)	(119)
Expenses between operating segments of the Group	(1,555)	(46)	(2,117)	(3,718)
Elimination of expenses between operating segments of the Group	1,555	46	2,117	3,718
Profit or loss for the segment	2,676	1,115	76	3,867

Other segment information

Total assets of the reportable segment	19,661	8,193	558	28,412
Total liabilities of the reportable segment	18,087	7,537	513	26,137

31. Business combinations

The Group did not acquire subsidiaries in 2020.

Bladesteel Ltd (Cyprus). In September 2019 the Group has acquired 100% shares in a company Bladesteel Ltd (Cyprus) for an amount of EUR 1 900 thousand. This entity is primarily engaged in real estate sector.

The assets and liabilities recognized as a result of the control obtained over this company are as follows:

<i>in thousand EURO</i>	2019
Property, plant and equipment	2 256
Other assets	178
Deferred tax liabilities	(138)
Accounts payable	(396)
Net identifiable assets acquired	1 900
Less: non-controlling interests	-
Consideration paid	1 900
Goodwill	-

The business of Bladesteel Ltd contributed in 2019 revenues of EUR 220 thousand and financial result of EUR 156 thousand to the Group.

FOK "Oktyabrskiy" LLC (Russia). At January 1, 2019 the Group obtained control over fitness club FOK "Oktyabrskiy" LLC (Russia). The Group has expressed its intention to acquire 98% of the share capital of the mentioned company to become the majority shareholder. The shareholders of new company accepted the letter of intent by resolution and notified the Group by a letter of acceptance. The Group had 0% of charter capital of mentioned fitness club, but the control was obtained through the appointment of a General director to this company as a fully authorized representative of the Group. The General director has unlimited and full rights as to the activities of the Company, its investments, its financing, any amendments to its corporate structure, any new business or activities introduced to the Company, approval of financial transactions and any other actions on which the decision are made by Company's Governing bodies.

The assets and liabilities recognized as a result of the control obtained over the company are as follows:

<i>in thousand EUR</i>	2019
Property, plant and equipment	73
Intangible assets	708
Deferred tax assets	11
Inventories	16
Accounts receivable	181
Other assets	957
Deferred tax liabilities	(110)
Loans and borrowings	(19)
Accounts payable	(82)
Deferred revenue	(1 338)
Net identifiable assets	397
Less: net assets of the Group existing prior to the acquisition	(770)
Less: non-controlling interests	373
Net identifiable assets acquired	-
Consideration paid	-
Goodwill	-

The business contributed in 2019 revenues of EUR 3 060 thousand and financial result of EUR 0 thousand to the Group because NCI have 100% share of financial result.

32. Joint venture in the form of joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. In accordance with IFRS 11 certain activities of the subsidiary FOK "AK-Bars" in Kazan have been classified by the Group as a joint operation. The club operates in a building and uses in their work equipment owned by the partner of this joint operation. The Group has the full right to all assets and bears full responsibility for all liabilities presented in these financial statements. Under the agreement, the Group's share in the financial result of the club is 21%. Therefore, revenue and expenses are presented in the amount of 21% in the statement of comprehensive income.

The disclosures below summarize aggregated 100% financial position and 100% financial results of this joint operation:

Financial position of the joint operation

<i>in thousand EUR</i>	2020	2019
Non-current assets	463	614

Current assets	266	241
Total assets	729	855
Equity	96	127
Non-current liabilities	36	48
Current liabilities	597	680
Total equity and liabilities	729	855

Financial results of the joint operation		
<i>in thousand EUR</i>	2020	2019
Revenue	546	338
Cost of Sales	(514)	(168)
Selling and marketing expenses	(11)	(29)
General administrative expenses	(14)	(38)
Other income (expense)	(19)	4
Income tax expense	(3)	(21)
Net profit	(14)	86

33. Financial risks management

The operations of the Group are exposed to a number of financial risks. Major risks inherent to the Group's operations are credit risk, liquidity risk, foreign exchange risk, fair value interest rate risk, market risk, compliance risk, operational risk and cash flow interest rate risk.

The Group's financial risk management program is focused on the unpredictability of financial markets and is aimed at minimizing potential adverse effects on the Group's financial results. The Group's finance department is responsible for risk management; it develops general risk management principles and policies for solving specific risk-related issues.

Description of the Group's management of the above risks is presented below.

(i) Foreign currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will change as a result of a change in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates is presented in the table below.

The foreign currency risk is minimized by concluding contracts with customers and suppliers in the functional currency of the Group – Russian rubles.

Foreign currency financial assets and liabilities (carrying value):

<i>in thousand EUR</i>	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	EUR		RUB	
Cash	911	1 833	614	926
Accounts receivable	1 639	1 424	691	809
Loans granted	3 303	3 244	6 339	6 365
Trade financial instruments	4 174	3 308	-	-
Total financial assets	10 026	9 606	7 644	8 100

Accounts payable	(691)	(167)	(24 987)	(37 297)
Loans received	(1 836)	(2 306)	(1 300)	(1 117)
Total financial liabilities	(2 527)	(2 473)	(26 286)	(38 414)
Total	7 499	7 336	(18 643)	(30 313)

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of changes in profit or loss and retained earnings caused by rises of USD and Euro exchange rates. Currency depreciation will have the same effect, but with a negative sign. These possible changes in exchange rates reflect the reasonable management assumption on the exchange rate volatility as at the reporting date. Since the net position of the Group in regard to financial instruments denominated in foreign currency is positive or insignificantly negative, the increase of the exchange rate will increase profits, and the decrease of the exchange rate will cause losses.

Sensitivity to increase of the exchange rates:

Impact on profit and loss:

<i>in thousand EUR</i>	31.12.2020	31.12.2019
Euro exchange rate – increase 15%	(1 125)	(1 100)

(ii) Interest rate risk

Interest rate risk is related to the changes in fair value (financial instruments with floating interest rates) or future cash flows (financial instruments with fixed interest rates) because of changes in market interest rates. The structure of the Group's loans and borrowings by type of interest rate is presented in the table below.

Classification of loans and borrowings by type of interest rate:

<i>in thousand EUR</i>	31.12.2020	31.12.2019
Loans and borrowings (issued) with fixed interest rate	9 641	9 609
Loans and borrowings (received) with fixed interest rate	(3 136)	(3 422)
<i>Except for the loans received with a zero-interest rate</i>	-	-
Total	6 505	6 187

(iii) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has significant concentration of credit risk relating to cash at bank and receivables from related and third parties. The Company has policies in place to ensure that it monitors on a continuous basis the ageing profile of its receivables.

The Group's maximum exposure to credit risk by class of assets equals to the carrying amounts of financial assets in the statement of financial position as follows:

Financial assets

<i>in thousand EUR</i>	As at 31.12.2020	As at 31.12.2019
Long-term loans issued	2 286	3 244

Short-term accounts receivable	2 329	2 234
Short-term loans issued	7 355	6 365
Trade financial instruments	4 174	3 308
Cash	1 525	2 759
Total	17 670	17 910

The table below shows the balances of the Group's bank accounts as at the reporting date.

Cash

<i>in thousand EUR</i>	Moody's rate	As at 31.12.2020	As at 31.12.2019
OJSC "Sberbank of Russia"	B3, stable	412	657
Eurobank Cyprus Ltd	Caa3	905	1 831
OJSC "AK Bars" Bank	B1, positive	90	18
OJSC "Alfa Bank", Rostov branch	Ba1, stable	7	26
OJSC VTB Bank	Baa3, stable	49	108
Other	No rating	62	119
Total		1 525	2 759

Financial assets that are either past due or impaired

The management of the Group believes that there are no reasons to think that any of counterparties have indicators of failing to fulfill its obligations regarding financial instruments in the future. Analysis of the quality of financial assets is shown in the table below.

Analysis of short-term trade and other receivables by credit quality

<i>in thousand EUR</i>	2020		2019	
	Accounts receivable	Loans issued	Accounts receivable	Loans issued
Current, not past due and not impaired	104	7 355	2 068	6 365
Past due, but not impaired:				
• past due less than 30 days	-	-	-	-
• past due 30-90 days	88	-	-	-
• past due 90-180 days	244	-	-	-
• past due 180-360 days	512	-	166	-
• past due more than 360 days	1 382	-	-	-
Total past due, but not impaired	2 226	-	166	-
Individually impaired (nominal amount):				
Total individually impaired	-	-	-	-
Allowance for impairment	(426)	-	(42)	-
Total	2 329	7 355	2 234	6 365

(iv) Defaults and violation of loans' repayment terms

The Group does not have overdue loans and borrowings received at the reporting date.

(v) Capital risk

Capital includes equity shares and Additional paid-in capital as well as other capital components.

Share capital of Intraware Investments Public Ltd meets all regulatory Cypriot requirements.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

(vi) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments.

(vii) Liquidity risk

Liquidity risk is the risk that the Group will be unable to repay its liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and access to funding through open credit facilities and the possibility of operational management in the event of a misbalance. The Group management exercises careful control over liquidity status. The Group developed a budgeting system that includes planning cash flows and controls in order to ensure the necessary funds to meet financial needs.

Management of the Group also monitors the amounts of financing, current investment expenditures and debt financing on a daily basis, monitors revenue and analyses expenditure structure, and monitors meeting the planned results for timely debt repayment.

The table below breaks down the Group's financial liabilities by maturity (liquidity) categories determined by contractual terms of payments. The data in the table below is undiscounted cash flows. Cash flows arising within 12 months after the balance sheet date are approximately equal to their carrying balances as the impact of discounting is not significant.

As at 31 December 2020 the Group's current liabilities exceed the current assets for the amount of EUR 9 255 thousand (as at 31 December 2019 - EUR 14 314 thousand). This fact indicates a material uncertainty that may raise significant doubt on the ability of the Group to continue as a going concern, as well as on the ability to realize its assets and repay its liabilities in the normal course of business (see also par. «Going concern» in the section «III. Basis of preparation»).

The line "Accounts payable" includes all accounts payable of the Group except for those that do not correspond the definition of the financial instrument, therefore, with the exception of advances received and tax liabilities.

Financial liabilities as at 31.12.2020

<i>in thousand EUR</i>	Less than 1 month (and past due)	1-6 months	6 months to 1 year	1-5 years	Over 5 years	Total
Accounts payable	252	784	4 036	-	-	5 072
Lease liabilities	366	2 040	2 730	16 658	8 073	29 866
Loans and borrowings received	-	2 845	291	-	-	3 136
Total financial liabilities	618	5 669	7 057	16 658	8 073	38 074

Financial liabilities as at 31.12.2019

<i>in thousand EUR</i>	Less than 1 month (and past due)	1-6 months	6 months to 1 year	1-5 years	Over 5 years	Total
Accounts payable	351	1 859	2 662	-	-	4 872
Lease liabilities	628	2 861	3 767	31 657	11 934	51 124
Loans and borrowings received	-	881	2542	-	-	3 422
Total financial liabilities	9 78	5 879	16 398	31 657	11 934	66 846

(viii) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Group.

(ix) Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

34. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that the transaction to asset sell or liability transfer occurs:

- either on the main market for the asset or liability;
- or on the most advantageous market for the asset or liability in case of absence of the main market.

Financial assets and liabilities of the Group are not traded on active markets. Therefore, the fair value of financial assets and liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices that are used in existing transactions on the current market.

Assets and liabilities whose fair value is estimated or disclosed in the financial statements are classified as described below under the fair value hierarchy based on the data of the lowest level input that is significant to the fair value measurement in general:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date (without any adjustment);
- Level 2 - measurement models, which are essential for data fair value assessment of the lowest level of the hierarchy, are directly or indirectly observable on the market;

- Level 3 - measurement models, which are essential for data fair value assessment of the lowest level of the hierarchy, are not observable on the market.

Classifying financial instrument to any of the category of the fair value hierarchy, Group use an appropriate judgment. If observable data that require significant adjustment is used in fair value measurement, the financial instrument needs to be classified to Level 3. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

The tables below shows the hierarchy of the data sources used for the recognition or disclosure of assets and liabilities fair value of the Group in 2020 year.

(i) Multiple and single estimates of fair value.

Multiple estimates of fair value are estimates required or permitted by IFRS in the statement of financial position at the end of each reporting period. Single estimates of fair value are estimates required or permitted by IFRS in the statement of financial position at the end of the period under certain conditions. As at the reporting date the Group had no financial assets and liabilities that require multiple and single estimates of fair value as at the reporting date.

(ii) Assets and liabilities that are not measured at fair value but disclosed at fair value.

At the Level 2 and Level 3 of the fair value hierarchy its estimation has been performed using method of discounted cash flows. Fair value of unquoted financial instruments with floating interest rate was assumed equal to the book value. The fair value of unquoted instruments with fixed interest rate is based on the method of discounted cash flows using current market interest rates for new instruments with similar credit risk and maturity.

Financial instruments carried at fair value. Cash and cash equivalents are carried at cost which approximates the current fair value.

Financial assets carried at amortized cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty.

Financial liabilities carried at amortized cost. Fair values of liabilities are determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities was estimated based on expected cash flows discounted at current interest rates for instruments with similar credit risk and remaining maturity.

The Group has the following categories of financial instruments:

<i>in thousand EUR</i>	Carrying amount		Fair value		Level	Initial data	Valuation method
	31.12.2020	31.12.2019	31.12.2020 0	31.12.2019			
Financial assets							
Long-term loans issued	2 286	3 244	2 286	3 244	Level 3	Market loan rates	Discounted Cash Flows
Short-term accounts receivable	1 523	2 234	1 523	2 234	Level 3	Market loan rates	Discounted Cash Flows

Short-term loans issued	7 355	6 365	7 355	6 365	Level 3	Market loan rates	Discounted Cash Flows
Trade financial instruments	4 174	3 308	4 174	3 308	Level 1	-	-
Cash	1 525	2 759	1 525	2 759	Level 2	-	-
Total financial assets	16 863	17 909	16 863	17 909	-	-	-

Financial liabilities at amortized cost							
Long-term loans and borrowings received	-	-	-	-	Level 3	Market loan rates	Discounted Cash Flows
Long-term accounts payable	(15 549)	(25 165)	(15 549)	(25 165)	Level 3	Market loan rates	Discounted Cash Flows
Short-term loans and borrowings received	(3 136)	(3 423)	(3 136)	(3 423)	Level 3	Market loan rates	Discounted Cash Flows
Short-term accounts payable	(10 128)	(12 299)	(10 128)	(12 299)	Level 3	Market loan rates	Discounted Cash Flows
Total financial liabilities at amortised cost	(28 813)	(40 887)	(28 813)	(40 887)	-	-	-

35. Contingencies and commitments

Contingent liabilities on litigations. From time to time in the normal course of business, the Group gets claims. Based on its own estimates and both internal and external professional advice, the management believes that no material losses will arise in respect of claims therefore there were no provisions as well as contingent liabilities on litigations.

Contingent liabilities on tax risks. Russian tax, currency and customs legislation is subject to varying interpretation, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the regional and federal authorities. Recent events in Russia suggest that the tax authorities may be taking a more assertive position in their interpretation of legislation and their assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect to taxes for three calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods. Management believes that the Group has no possible unaccounted tax obligations that have not been provided for in these consolidated financial statements.

Guarantees. During 2019-2020 years the Group did not issue or received any guarantees.

Assets pledged as security. The Group had no pledged assets as at 31 December 2020 and as at 31 December 2019 years.

Other commitments. The Group had no capital or other commitments as at 31 December 2020 and as at 31 December 2019.

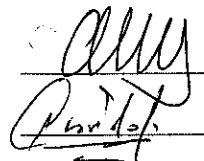
36. Subsequent events

There were no significant subsequent events that can influence the Group's financial position, cash flows or operating results which took place during the period between reporting date and date of signing of the Company's financial statements for the year ended December 31, 2020.

On 29 April 2021 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director

Director

The image shows two handwritten signatures in black ink. The top signature is cursive and appears to be 'Myrianthi'. The bottom signature is also cursive and appears to be 'Andreas'. Both signatures are written over horizontal lines.

Myrianthi Petrou

Andreas Christofi

