

***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 2021  
and Independent auditor's report***

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## BOARD OF DIRECTORS AND OTHER OFFICER

<b>Board of Directors:</b>	Myrianthi Petrou Andreas Christofi Andreas Konialis Vitaly Halblau
<b>Company Secretary:</b>	Virna Secretarial Services Ltd
<b>Independent Auditors:</b>	Eurofast Audit Ltd Certified Public Accountants and Registered Auditors 117 Strovolos Avenue Office 201 2042 Nicosia Cyprus
<b>Registered office:</b>	Arsinois 12A Strovolos 2006 Nicosia Cyprus
<b>Bankers:</b>	Eurobank Cyprus Ltd Vontobel
<b>Registration number:</b>	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 2021 and on the basis of our knowledge, declare that:

- (a) The annual consolidated financial statements which are presented on pages 14 to 61:
  - (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, 13 July 2022

## MANAGEMENT REPORT

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

### 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 2021 year amounts to EUR 3 346 thousand (2020: loss EUR (721) thousand / restated/).

### 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 32 of the consolidated financial statements and in chapter Going concern.

### Implementation and compliance to the Code of Corporate Governance

The Company recognises the importance of implementing sound corporate governance policies, practices and procedures. As a company listed on the Cyprus Stock Exchange (CSE), Intraware Investments Public Ltd has adopted CSE's Corporate Governance Code and applies its principles.

### Commitments

The Company had no capital or other commitments as at 31 December 2021 and as at 31 December 2020.

### Dividends

In 2021 year, the Board of Directors approved the payment of dividend for EURO 3 333 thousand out of the profits of previous years (2020: EUR 2 040 thousand).

### Share capital

There were no changes in the share capital of the Company during 2020-2021 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 2021 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 2021. Mr. Vitali Halblau was appointed on 5 March 2021.

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

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

### **Events after the reporting period**

There were no material events after the reporting period other than those described in note 35 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 2021, 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 13 July 2022 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, 13 July 2022





## 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 2021, 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 2021, 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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## 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 10). 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 12). 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 2). Amounts received from customers as payments for future services (including cards for sport services) are initially recognized as deferred revenue 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 22). 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.





## Independent Auditor's Report (continued)

### To the Members of Intraware Investments Public Ltd

#### License Agreements

##### Key audit matter

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



## Independent Auditor's Report (continued)

### To the Members of Intraware Investments Public Ltd

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

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

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

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





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## Independent Auditor's Report (continued)

### To the Members of Intraware Investments Public Ltd

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. 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, 13 July 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
OF INTRAWARE GROUP FOR THE YEAR ENDED 31 DECEMBER 2021**  
(in thousand EUR)

	Note	2021	2020 (restated)
Revenue	2	38 348	26 134
Cost of Sales	3	(24 817)	(21 038)
<b>Gross profit</b>		<b>13 531</b>	<b>5 096</b>
Selling and marketing expenses	4	(3 036)	(1 553)
Administrative expenses	5	(4 391)	(3 448)
Other income	6	1 802	3 229
Other losses	7	(1 355)	(2 022)
<b>Operating income</b>		<b>6 551</b>	<b>1 302</b>
Financial income	8	626	1 135
Financial expenses	8	(3 594)	(3 778)
<b>Profit before tax</b>		<b>3 583</b>	<b>(1 341)</b>
Income tax expense/gain	25	(237)	620
<b>Profit for the year from continuing operations</b>		<b>3 346</b>	<b>(721)</b>
<b>Net profit for the year</b>		<b>3 346</b>	<b>(721)</b>
<b>Net profit/(loss) for the year attributable to:</b>			
Owners of the Group	28	3 482	(473)
Non-controlling interests		(136)	(248)
<b>Total profit for the year</b>		<b>3 346</b>	<b>(721)</b>
Earnings per share from continuing operations (basic and diluted), EUR		87,05	(11,83)
<b>Other comprehensive income for the year</b>			
<b>Items that may not be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences		(332)	602
<b>Comprehensive income attributable to:</b>			
Owners of the Group	28	3 285	566
Non-controlling interests		(271)	(685)
<b>Total comprehensive income for the year</b>		<b>3 014</b>	<b>(119)</b>

The notes on pages 20 to 61 are an integral part of these consolidated financial statements.

On 13 July 2022 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	2021	2020 (restated)
<b>Non-current assets</b>			
Property, plant and equipment	9	4 977	2 877
Right-of-use assets	26	36 691	18 475
Goodwill	10	4 001	3 811
Other intangible assets	12	835	716
Investments in associated companies	11	261	100
Loans granted to shareholders	17		2 286
Capital in partnerships	18	774	665
Other non-current assets			256
Deferred tax assets	25	1 404	1 038
<b>Total non-current assets</b>		<b>48 943</b>	<b>30 224</b>
<b>Current assets</b>			
Advances paid	13	10 909	4 071
Inventories	14	334	271
Other receivables	15	2 157	467
Other assets		463	173
Income tax overpayment		176	97
Trade receivables	16	1 029	1 966
Loans granted to shareholders	17	272	1 016
Loans granted to other parties		202	5 656
Financial assets through profit or loss	19	3 394	4 174
Cash	20	1 023	1 525
<b>Total current assets</b>		<b>19 959</b>	<b>19 416</b>
<b>TOTAL ASSETS</b>		<b>68 902</b>	<b>49 640</b>

The notes on pages 20 to 61 are an integral part of these consolidated financial statements.

On 13 July 2022 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director

Director



Myrianthi Petrou

Andreas Christofi



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

	Note	2021	2020 (restated)
<b>Owners' equity</b>			
Share capital	21	40	40
Translation reserve	21	477	674
Additional paid-in capital	21	222	222
Other reserves		255	255
Accumulated profit (loss)		(14 027)	2 008
Current year profit		3 482	(472)
<b>Equity attributable to owners of the Group</b>		<b>(9 551)</b>	<b>2 727</b>
Non-controlling interest		154	233
<b>TOTAL EQUITY</b>		<b>(9 397)</b>	<b>2 960</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	26	33 138	15 549
Long-term payables other		598	515
Deferred tax liabilities	25	14	152
<b>Total non-current liabilities</b>		<b>33 750</b>	<b>16 216</b>
<b>Current liabilities</b>			
Short-term loans and borrowings	22	728	3 136
Short-term lease liabilities	26	9 585	5 185
Short-term other payables	23	3 928	4 991
Other liabilities	24	1 354	449
Liabilities to owners	27	886	382
Deferred revenue on club cards sold		28 068	16 321
<b>Total current liabilities</b>		<b>44 549</b>	<b>30 464</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>68 902</b>	<b>49 640</b>

The notes on pages 20 to 61 are an integral part of these consolidated financial statements.

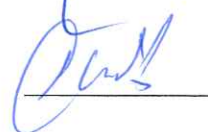
On 13 July 2022 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**OF INTRAWARE GROUP FOR THE YEAR ENDED 31 DECEMBER 2021**  
(in thousand EUR)

	Share capital	Additional paid-in capital	Other reserves	Translation reserve	Accumulated profit (loss)	Non-controlling interests	Total
<b>For the year ended 31.12.2019</b>	<b>40</b>	<b>222</b>	<b>255</b>	<b>(365)</b>	<b>6 104</b>	<b>918</b>	<b>7 174</b>
Dividends	-	-	-	-	(2 040)	-	(2 040)
Acquisitions	-	-	-	-	-	-	-
Disposal	-	-	-	-	(2 056)	-	(2 056)
Current year profit	-	-	-	-	(472)	(248)	(720)
Foreign currency translation differences	-	-	-	1 039	-	(437)	602
<b>For the year ended 31.12.2020 (restated)</b>	<b>40</b>	<b>222</b>	<b>255</b>	<b>674</b>	<b>1 536</b>	<b>233</b>	<b>2 960</b>
Dividends	-	-	-	-	(3 333)	-	(3 333)
Business acquisitions under common control - new components	-	-	-	-	(12 039)	-	(12 039)
Business acquisitions under common control - increase of share	-	-	-	-	(192)	192	-
Current year profit	-	-	-	-	3 482	(136)	3 346
Foreign currency translation adjustments	-	-	-	(197)	(135)	(135)	(332)
<b>For the year ended 31.12.2021</b>	<b>40</b>	<b>222</b>	<b>255</b>	<b>477</b>	<b>(10 546)</b>	<b>154</b>	<b>(9 397)</b>

The notes on pages 20 to 61 are an integral part of these consolidated financial statements.

On 13 July 2022 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 2021**  
(in thousand EUR)

	Note	2021	2020 (restated)
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>3 583</b>	<b>(1 341)</b>
Amortisation of intangible assets	12	302	468
Depreciation of property, plant and equipment and right-of-use assets	9	4 055	4 482
Interest expense	8	3 594	3 778
Interest income	8	(555)	(1 115)
Foreign exchange differences (net)	6, 7	(275)	108
Impairment / (reversal) of impairment loss on trade and other receivables	6	-	1 677
Income from forgiven lease		-	(2 599)
Impairment of property, plant and equipment and intangible assets	9, 12	-	-
Impairment of goodwill	7, 10	106	-
Other non-cash expenses/ (income) net		(302)	(109)
<b>Operating cash flows before working capital changes</b>		<b>10 508</b>	<b>7 135</b>
(Increase)/ decrease in trade and other receivables		(7 625)	871
(Increase)/ decrease in inventories	14	(63)	122
(Increase)/ decrease in other assets		779	(866)
Increase/ (decrease) in trade and other payables		(979)	1 929
Increase/ (decrease) in deferred revenue		11 746	(1 797)
Increase/ (decrease) in provisions		1 086	(24)
Change in assets of acquired subsidiaries		6 980	-
Change in liability of acquired subsidiaries		(13 486)	-
<b>Cash generated from operating activities</b>		<b>8 947</b>	<b>5 054</b>
Income tax paid		(586)	(220)
Interest paid		(3 257)	(3 613)
<b>Net cash from operating activities</b>		<b>5 104</b>	<b>1 221</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(1 729)	(1 646)
Purchase of intangible assets		(380)	-
Proceeds from sale of noncurrent assets	6	20	300
Loans issued		(734)	(3 338)
Repayment of loans issued		459	1 468
Interest received		108	82
Payment for acquisition of subsidiary, net of cash acquired		393	-
Cash outflow due to disposal of subsidiaries		-	-

		(147)	
<b>Net cash used in investing activities</b>		<b>(1 863)</b>	<b>(2 590)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to company's shareholders		(2 314)	(2 119)
Proceeds of loans and borrowings		1 559	1 100
Repayment of loans and borrowings		(1 532)	(768)
Lease payments		(2 809)	(332)
<b>Net cash from financing activities</b>		<b>(5 096)</b>	<b>(2 119)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	20	<b>1 525</b>	<b>2 759</b>
Increase (decrease) of cash and cash equivalents		(1 854)	(3 488)
Translation differences		1 352	2 254
<b>Cash and cash equivalents at the end of the year</b>	20	<b>1 023</b>	<b>1 525</b>

The notes on pages 20 to 61 are an integral part of these consolidated financial statements.

On 13 July 2022 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
		2021	2020
FOK "Altufevo Sport" LLC	Moscow	100%	98%
FOK "AK-Bars" LLC	Kazan	98%	98%
FOK "Volga-Fitnes" LLC	Volgograd	100%	98%
FOK "Zchemchuzhina" LLC	Perm	100%	98%
FOK "Marino" LLC	Moscow	100%	98%
FOK "Monarh" LLC	Moscow	100%	98%
FOK "Nagatinskaia" LLC	Moscow	100%	98%
FOK "Olimp" LLC	Voronezh	100%	98%
FOK "Park Pobedy" LLC	Moscow	100%	98%
FOK "Planeta" LLC	Moscow	100%	98%
FOK "Platinum" LLC	Voronezh	100%	98%
FOK "Rost Fitnes" LLC	Rostov-on-Don	100%	98%
FOK "Sam-Fitnes" LLC	Samara	100%	98%
FOK "Sun-City" LLC	Novosibirsk	100%	98%
FOK "Senator" LLC	Moscow	100%	98%
FOK "Arena" LLC	Kazan	100%	98%
FOK "Fusion" LLC	Moscow	100%	98%
FOK "Chistye Prudy" LLC	Moscow	100%	98%
FOK "Mosfilmovskiy" LLC	Moscow	100%	98%
"RTI-Finance" LLC	Moscow	49%	49%
"Sport Center" LLC	Moscow	100%	98%
FOK "Oktyabrskiy" LLC	Novosibirsk	100%	0%
FOK "Positiv" LLC	Moscow	100%	0%
FOK "Trud" LLC	Moscow	100%	0%
FOK "Chernavsky" LLC	Voronezh	100%	0%
FOK "62" LLC	Moscow	100%	0%
FOK "Vodny" LLC	Moscow	100%	0%
FOK "Deauville" LLC	Moscow	100%	0%
FOK "Solnechny" LLC	Moscow	100%	0%
FOK "Khotoshevsky" LLC	Moscow	100%	0%
FOK "64" LLC	Yekaterinburg	100%	0%
FOK "Novospassky" LLC	St. Petersburg	100%	0%



FOK "63" LLC	Moscow region	100%	0%
FOK "Aviamotornaya" LLC	Moscow	100%	0%
FOK "Pravda" LLC	Moscow	100%	0%
FOK "Primorsky" LLC	St. Petersburg	100%	0%

During the period from October 5, 2021 till November 29, 2021 the Group obtained control over 14 fitness clubs:

- FOK "Positiv" LLC
- FOK "Trud" LLC
- FOK "Chernavsky" LLC
- FOK "62" LLC
- FOK "Vodny" LLC
- FOK "Deauville" LLC
- FOK "Solnechny" LLC
- FOK "Khotoshevsky" LLC
- FOK "64" LLC
- FOK "Novospassky" LLC
- FOK "63" LLC
- FOK "Aviamotornaya" LLC
- FOK "Pravda" LLC
- FOK "Primorsky" LLC

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

All the subsidiaries listed above are fitness clubs except «Sport Center» LLC which is a management company.

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.

Although the Group has less than 51% of charter capital of «RTI-Finance» LLC the Group has control over the entity 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 Company. All significant actions of the entity are executed at the discretion of Company's Governing body.

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

### **Economic environment in which the Group operates**

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. Ongoing political tension in the region and international sanctions against certain Russian companies and individuals

continue to have a negative impact on the Russian economy.

In 2021, the continuing political tension in the region was exacerbated by further developments in the situation with Ukraine, which negatively impacted commodity and financial markets and increased volatility, especially in currency exchange rates. Since December 2021, the situation has continued to deteriorate and remains highly volatile. There is increased volatility in the financial and commodity markets. Additional sanctions and restrictions on business activities of organizations operating in the region are expected, as well as the consequences for the economy, the full range and possible consequences of which cannot be assessed.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. In response to the pandemic, Russian authorities took the measures to contain the spread and mitigate the effects of COVID-19, such as banning and restricting travel, quarantine, self-isolation and limiting commercial activities, including the closure of companies. Some of the above measures were subsequently mitigated, but as of December 31, 2021, infection rates remained high, the vaccination rate was relatively low, and there was a risk that Russian government authorities would impose additional restrictions in subsequent periods, including as new virus varieties emerged.

In 2021, Russia's economy was showing positive signs of recovery from the pandemic. This was also facilitated by the recovery of the global economy and higher prices on global commodity markets. However, higher prices in some markets in Russia and around the world are also contributing to inflation in Russia.

The future effects of the current economic situation and the measures described above are difficult to predict and management's current expectations and estimates could differ from actual results

The Group uses confirmatory forecasting information, including macroeconomic projections, to estimate expected credit losses for loans, receivables and similar assets. However, as with any economic forecast, assumptions and their probability are inherently subject to high levels of uncertainty and, consequently, actual results may differ significantly from those projected.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

## **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.

### **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 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has



the ability to affect those returns through its power over the investee.

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.

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### Going concern

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



assumption.

As at 31 December 2021 the Group's current liabilities exceed the current assets for the amount of EUR 24 590 thousand (as at 31 December 2020 - EUR 11 048 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.

At the same time, the Group has paid EUR 3 333 thousand as dividends in 2021 year (2020: EUR 2 040 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.

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, the Management believes that these consolidated financial statements have been properly prepared on a going concern basis.

#### **Functional and presentation currency**

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	2021	2020
RUB to 1 US dollar	74,2926	73,8757
RUB to 1 Euro	84,0695	90,6824
Exchange rate average	2021	2020
RUB to 1 Euro	87,0861	82,4488

#### Impact of effective changes in International Financial Reporting Standards

The Company has adopted all new standards, interpretations and amendments to standards, effective from 1 January 2021 and are relevant to the operations of the Company. None of these interpretations and amendments to standards had significant impact on the Company's financial statements.

Several new standards and amendments to standards have been published that are mandatory for annual periods beginning on or after 1 January 2022, and which the Group has not early adopted:

- Amendments to IFRS 10 and IAS 28 – «Investments in Associates and Joint Ventures» (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB);
- IFRS 17, «Insurance Contracts» (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1 – «Classification of Liabilities as Current or Non-current» (issued on 23 January 2020 and 15 July 2020 and effective for annual periods beginning on or after 1 January 2023);
- «Property, Plant and Equipment – Proceeds before Intended Use», «Onerous Contracts – Cost of Fulfilling a Contract», "Reference to the Conceptual Framework" - limited scope amendments to IAS 16, IAS 37 and IFRS 3, and the Annual Improvements to IFRS standards 2018-2020, relating to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022);
- Amendments to IAS 1 and IFRS 2: Disclosure of Accounting Policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8 – «Definition of Accounting Estimates» (issued on 12 February 2021, and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 16 – «COVID-19-Related Rent Concessions» (issued on 31 March 2021 and are effective for annual periods beginning on or after 1 April 2021);
- Amendments to IAS 12 – «Deferred Tax related to Assets and Liabilities arising from a Single Transaction» (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

The Group is in the process of reviewing these standards and amendments to IFRS and does not expect any significant impact on its consolidated financial statements.



### **Significant accounting estimates and professional judgment**

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 30) 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 9) and Intangible assets (see note 12) required a significant use of judgment and assumptions, see relevant notes.
- (2) *Impairment of intangible assets and other non-current assets.* Intangible assets with indefinite useful life (see note 12) and goodwill (note 10) 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.
- (3) *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 27.
- (4) *Useful lives of property, plant and equipment.* Management assesses the remaining useful lives of property, plant and equipment (see note 9) 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 31.12.2021 the average residual lease term was 8 years (as at 31.12.2020 - 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. The changes from the previous year's assessments, if any, are accounted for prospectively without restating comparatives.
- (5) *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 31.12.2021 and 31.12.2020 the Group estimates that its tax position is stable and no provisions have to be recognized (see further note 34).



## 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. Retrospective restatements**

In preparing these financial statements the Group has found several errors the financial statements previously reported and has made retrospective restatement of statement of financial position as at 31.12.2020 and of statement of comprehensive income for the year ended 31.12.2020. These adjustments and their effect are described in detail below.

#### **Adjustments in the Consolidated statement of comprehensive income**

<i>in thousand EUR</i>	2020 (restated)	2020 (previously reported)	Adjustment	Comments (see below)
Cost of Sales	(21 038)	(19 532)	(1 506)	Adj.#1
<b>Gross profit</b>	<b>5 096</b>	<b>6 602</b>	<b>(1 506)</b>	-
Selling and marketing expenses	(1 553)	(1 356)	(197)	Adj.#1
Administrative expenses	(3 448)	(3 380)	(68)	Adj.#1
Other losses	(2 022)	(1 256)	(766)	Adj.#1 and Adj.#2
<b>Profit before tax</b>	<b>(1 341)</b>	<b>1 196</b>	<b>(2 537)</b>	-
Income tax gains/(expense)	620	263	357	Adj.#1
<b>Net profit/(loss) for the year</b>	<b>(721)</b>	<b>1 459</b>	<b>(2 180)</b>	<b>Adj.#1 and Adj.#2</b>
Basic earnings per share from continuing operations (basic and diluted), EURO	(11,83)	42,68	(54,50)	Adj.#1 and Adj.#2
Foreign currency translation differences	602	900	(297)	Adj.#1 and Adj.#2
<b>Comprehensive income attributable to:</b>				-
Owners of the Group	566	2 549	(1 983)	Adj.#1 and Adj.#2
Non-controlling interests	(685)	(190)	(494)	Adj.#1 and Adj.#2
<b>Total comprehensive income for the year</b>	<b>(119)</b>	<b>2 359</b>	<b>(2 477)</b>	<b>Adj.#1 and Adj.#2</b>

### Adjustments in the Consolidated statement of financial position:

<i>in thousand EUR</i>	31.12.2020 (restated)	31.12.2020 (previously reported)	Adjustment	Comments
Deferred tax assets	1 038	713	325	Adj.#1
<b>Total non-current assets</b>	<b>30 224</b>	<b>29 899</b>	<b>325</b>	<b>-</b>
Advances paid	4 071	5 316	(1 245)	Adj.#1
Income tax overpayment	97	101	(4)	-
Loans granted to other parties	5 656	6 339	(683)	Adj.#2
<b>Total current assets</b>	<b>19 416</b>	<b>21 348</b>	<b>(1 932)</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>49 640</b>	<b>51 247</b>	<b>(1 607)</b>	<b>-</b>
Translation reserve	674	477	197	Adj.#1 and Adj.#2
Other reserves	255	-	255	Adj.#3
Accumulated profit (loss)	2 008	2 263	(255)	Adj.#3
Current year profit (loss)	(472)	1 708	(2 180)	-
<b>Equity attributable to owners of the Group</b>	<b>2 727</b>	<b>4 710</b>	<b>(1 983)</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>2 960</b>	<b>4 943</b>	<b>(1 983)</b>	<b>-</b>
Long-term payables other	515	-	515	Adj.#4
<b>Total non-current liabilities</b>	<b>16 216</b>	<b>15 701</b>	<b>515</b>	<b>-</b>
Short-term trade payables	4 815	5 127	(312)	Adj.#1 and Adj.#4
Short-term payables other	625	449	176	Adj.#4
<b>Total current liabilities</b>	<b>30 464</b>	<b>30 603</b>	<b>(139)</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>49 640</b>	<b>51 247</b>	<b>(1 607)</b>	<b>-</b>

### Description of adjustments

Adj.#1 Untimely recognition of operating expenses (primarily, Oustaffing services and Advertising costs) and relevant effect on deferred income tax asset

Adj.#2 Untimely recognition of credit losses

Adj.#3 Other reserves presented separately

Adj.#4 Long-term and short-term liability for property, plant and equipment purchased presented separately from other liabilities

## 2. Revenue

<i>in thousand EUR</i>	2021	2020
Revenue from club cards sales	20 073	13 164
Revenue from related sport services rendering	14 340	10 082
Licence fees income	1 934	1 680
Revenue from retailing and food services	1 361	937
Revenue from sports clubs management	548	206
Revenue from operating leasing	91	66
<b>Total</b>	<b>38 348</b>	<b>26 134</b>



### 3. Cost of Sales

<i>in thousand EUR</i>	2021	2020 (restated)
Outstaffing services	13 133	11 654
Depreciation	4 014	4 462
Utilities expenses	2 212	775
Salary and social tax	2 129	947
Cost of goods sold	1 006	565
Leasing	714	608
Material costs	569	1 095
Amortization	302	468
Repairs and maintenance	275	329
Disinfection and cleansing	18	19
Royalties	183	58
Taxes	1	0
Cleaning services	242	2
Other expenses	17	56
<b>Total</b>	<b>24 817</b>	<b>21 038</b>

### 4. Selling and marketing expenses

<i>in thousand EUR</i>	2021	2020 (restated)
Advertising and marketing services	2 104	1 007
Salary and social tax	871	467
Holiday organization services	29	51
Material costs	4	6
Other expenses	28	22
<b>Total</b>	<b>3 036</b>	<b>1 553</b>

### 5. General administrative expenses

<i>in thousand EUR</i>	2021	2020 (restated)
Salary and social taxes	1 633	869
Consulting services	1 114	922
Bank services	615	424
Material costs	220	554
Communication services	175	164
Asset repairs and maintenance	260	110
Utilities expenses	44	73
Security services	66	57

Cleaning services	69	43
Travelling expenses	47	27
Depreciation	41	20
Leasing	39	23
Brokerage commission	13	14
Insurance	4	12
Transport expenses	13	11
Other expenses	38	126
<b>Total</b>	<b>4 391</b>	<b>3 448</b>

#### 6. Other income

<i>in thousand EUR</i>	2021	2020 (restated)
Write-off of accounts payable	306	0
Bad debt provision (recovery)	391	0
Exchange differences (profit)	268	64
Profit from other disposal	157	1
Profit from providing asset in financial lease	131	0
Long-term lease modification income	36	165
Profit from assets disposal	20	300
Other income	494	100
Covid19 rent concessions gains	0	2 599
<b>Total</b>	<b>1 802</b>	<b>3 229</b>

#### 7. Other losses

<i>in thousand EUR</i>	2021	2020 (restated)
Write-down of accounts receivable	383	408
Net impairment (loss) on financial and contract assets	281	488
Loss from assets and other disposal	146	17
Loss from goodwill impairment	106	0
Shortage discovery as a result of inventory count	66	0
Bad debt provision (accrual)	8	782
Interest and penalties under contracts	6	2
Sanctions, fines and penalties - losses	3	0
Other losses	356	153
Exchange differences (losses)	0	172
<b>Total</b>	<b>1 355</b>	<b>2 022</b>



## 8. Financial income and financial expenses

### Financial income

in thousand EUR

	2021	2020
Loan interest receivable	530	547
Imputed interest income on accounts receivable and payable	71	20
Exchange differences (income) on financial activities	26	568
<b>Total</b>	<b>626</b>	<b>1 135</b>

### Financial expenses

in thousand EUR

	2021	2020
Interests on lease liabilities	3 156	3 589
Exchange differences (expenses) on financial activities	239	-
Loan interest payable	174	188
Other interest payable	26	-
<b>Total</b>	<b>3 594</b>	<b>3 778</b>

## 9. Property, plant and equipment

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 3 and 5).

in thousand EUR	Improvements of leased property	Sport equipment	Buildings	Other Property, Plant & Equipment	TOTAL
<b>Initial value</b>					
Initial value as at 01.01.2020	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)
<b>Initial value as at 31.12.2020</b>	<b>1 976</b>	<b>2 661</b>	<b>721</b>	<b>302</b>	<b>5 662</b>
Additions in 2021	135	358	-	68	561
Disposals in 2021	(5)	(120)	-	(4)	(129)
Acquired in business combinations in 2021	1 219	560	-	143	1 922
Translation reserve	211	238	57	(13)	492
<b>Initial value as at 31.12.2021</b>	<b>3 536</b>	<b>3 697</b>	<b>778</b>	<b>496</b>	<b>8 508</b>
<b>Accumulated depreciation and impairment as at 01.01.2020</b>	<b>(970)</b>	<b>(2 098)</b>	<b>(17)</b>	<b>(190)</b>	<b>(3 275)</b>
Depreciation accrued in 2020	(132)	(172)	(20)	(16)	(341)
Disposals in 2020	0	18	-	1	18
Translation reserve	240	508	19	46	813
<b>Accumulated depreciation and impairment as at 31.12.2020</b>	<b>(862)</b>	<b>(1 745)</b>	<b>(19)</b>	<b>(159)</b>	<b>(2 784)</b>

Depreciation accrued in 2021	(183)	(360)	(7)	(40)	(591)
Disposals in 2021	3	75	-	4	82
Translation reserve	(74)	(147)	(2)	(14)	(237)
<b>Accumulated depreciation and impairment as at 31.12.2021</b>	<b>(1 117)</b>	<b>(2 177)</b>	<b>(28)</b>	<b>(210)</b>	<b>(3 531)</b>
<b>Carrying amount as at 01.01.2020</b>	<b>1 614</b>	<b>1 305</b>	<b>2 239</b>	<b>137</b>	<b>5 296</b>
<b>Carrying amount as at 31.12.2020</b>	<b>1 114</b>	<b>917</b>	<b>703</b>	<b>143</b>	<b>2 877</b>
<b>Carrying amount as at 31.12.2021</b>	<b>2 420</b>	<b>1 520</b>	<b>750</b>	<b>287</b>	<b>4 977</b>

## 10. Goodwill and test of non-current assets for impairment

<i>In thousand EUR</i>	<b>Net book value as at 31.12.2020</b>	<b>Impairment</b>	<b>Translation differences</b>	<b>Net book value as at 31.12.2021</b>
Goodwill	3 811	(106)	296	4001

Management uses 35 (in 2020– 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 2022 will reach revenue of the last year before the Covid-19 crisis and will gradually increase by 2.5% till 2025 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 16 years (from 1 to 14 years for 2020 year impairment test) with an average of 7 years (7 years for 2020 year impairment test).

The cash flows are discounted at pre-tax rate of 15,6% (14,8% for 2020 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 an impairment of goodwill in amount of EUR 106 thousand has been recognized in 2021 in respect of the fitness club "AK-Bars" that is subject to liquidation (2020: nil).

## 11. Investments in associated companies

During the 2021 year the Company acquired 25% of the share capital of Feelgood Tech LLC for an amount of 161 thousand euro.

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. At 31.12.2021 the share in the capital of A.C.T. Squad Fitness Limited has not changed.

Movement in the accounts of investments in associated companies for the years ended 31 December 2021 and 2020 is presented below:

<i>in thousand EUR</i>	<b>2021</b>	<b>2020</b>
------------------------	-------------	-------------



<b>Investments in associated companies at 01 January</b>	<b>100</b>	<b>99</b>
New affiliated companies	161	-
Share in profit (net of income tax)	-	1
<b>Investments in associated companies at 31 December</b>	<b>261</b>	<b>100</b>

## 12. Other intangible assets

<i>in thousand EUR</i>	Customer relationship (club cards)	Customer relationship (related services)	Rights under franchise agreements	Research and development	Other immaterial assets	Total
<b>Initial value</b>						
Initial value 01.01.2020	4 809	2 542	467	-	79	7 896
Additions in 2020	-	-	-	-	-	-
Translation differences	(1 132)	(598)	(110)	-	(6)	(1 846)
<b>Initial value as at 31.12.2020</b>	<b>3 677</b>	<b>1 943</b>	<b>357</b>	<b>-</b>	<b>72</b>	<b>6 050</b>
Additions in 2021	-	-	-	380	52	382
Disposal in 2021	-	(49)	-	-	-	-
Translation differences	289	102	-	-	-	391
<b>Initial value as at 31.12.2021</b>	<b>3 966</b>	<b>2 045</b>	<b>-</b>	<b>380</b>	<b>55</b>	<b>6 446</b>
<b>Accumulated amortization and impairment as at 01.01.2020</b>	<b>(3 756)</b>	<b>(2 170)</b>	<b>(465)</b>	<b>-</b>	<b>(27)</b>	<b>(6 418)</b>
Amortization accrued in 2020	(331)	(136)	(1)	-	(1)	(468)
Translation differences	914	523	110	-	6	1 553
<b>Amortization and impairment as at 31.12.2020</b>	<b>(3 172)</b>	<b>(1 783)</b>	<b>(357)</b>	<b>-</b>	<b>(21)</b>	<b>(5 333)</b>
Amortization accrued in 2021	(220)	(82)	-	-	-	(302)
Translation differences	(257)	(92)	357	-	17	25
<b>Accumulated amortization and impairment as at 31.12.2021</b>	<b>(3 650)</b>	<b>(1 957)</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(5 611)</b>
<b>Carrying amount as at 31.12.2019</b>	<b>1053</b>	<b>371</b>	<b>1</b>	<b>-</b>	<b>52</b>	<b>1477</b>
<b>Carrying amount as at 31.12.2020</b>	<b>505</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>716</b>
<b>Carrying amount as at 31.12.2021</b>	<b>316</b>	<b>88</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>835</b>

Customer relationships (acquired in a business combination) 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 3).

During 2021 the Group has started developing a mobile application. The development cost for 2021 was EUR 380 thousand.

### 13. Advances paid

<i>in thousand EUR</i>	2021	2020 (restated)
Advances paid for the purchase of current assets and services	10 909	4 071
<b>Total</b>	<b>10 909</b>	<b>4 071</b>

### 14. Inventories

<i>in thousand EUR</i>	2021	2020
Other inventory	106	108
Goods	102	88
Equipment and maintenance accessories	126	75
<b>Total</b>	<b>334</b>	<b>271</b>

### 15. Other receivables

<i>in thousand EUR</i>	2021	2020
<b>Financial assets</b>		
Other short-term receivables from operating activities	2 017	371
<b>Non-financial assets</b>		
Other taxes overpayments	140	96
<b>Total</b>	<b>2 157</b>	<b>467</b>

### 16. Trade receivables

<i>in thousand EUR</i>	2021	2020
Receivables from customers, the nominal amount	1 561	2 021
Allowance for receivables from customers	(532)	(55)
<b>Total</b>	<b>1 029</b>	<b>1 966</b>

### 17. Loans to related parties

<i>in thousand EUR</i>	2021	2020
Balance at 1 January	3 303	3 244
New loans granted	269	187
Interest charged	2	-
Unrealized foreign exchange (loss)/profit	1	(33)



Reversal of impairment/(Impairment charge) on loans receivable	95	(95)
Set off against loans payable	(2 468)	-
Set off against dividends payable	(1 019)	-
Assigned to shareholders' current accounts -	(125)	-
Assigned from shareholders' current accounts -	213	-
<b>Total</b>	<b>272</b>	<b>3 303</b>

The loans are repayable as follows:

<i>in thousand EUR</i>	<b>2021</b>	<b>2020</b>
Within one year	272	1 016
Between one and five years	-	2 286
<b>Total</b>	<b>272</b>	<b>3 303</b>

#### 18. Capital in partnerships

*in thousand EURO*

Balance at 1 January	665	370
Deposits	109	296
Share of partnership loss	-	(1)
<b>Balance at 31 December</b>	<b>774</b>	<b>665</b>

<i>Name</i>	<b>Country of</b>	<b>Principal</b>	<b>2021</b>	<b>2020</b>		
<i>in thousand EURO</i>	<b>incorporation</b>	<b>activities</b>	<b>Holding</b>	<b>Holding</b>	<b>2021</b>	<b>2020</b>
			<b>%</b>	<b>%</b>		
Decalia Capital Direct Investment II SCSp	Switzerland	Metal factory	4,17	4,17	483	374
Decalia Capital Direct Investment III SCSp	Switzerland	Bi-Metal factory and Radiology clinics	4	4	291	291
<b>Total</b>					<b>774</b>	<b>665</b>

#### 19. Financial assets through profit or loss

*in thousand EUR*

	<b>2021</b>	<b>2020</b>
<b>Balance at 1 January</b>	<b>4 174</b>	<b>3 308</b>
Additions	1 897	2 223
Disposals	(2 862)	(1 179)
Change in fair value	130	(171)
Profit from sale of financial assets	50	(4)

Interest income from bonds	68	62
Interest received from bonds	(63)	(65)
<b>Balance at 31 December</b>	<b>3 394</b>	<b>4 174</b>

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.

## 20. Cash and cash equivalents

<i>in thousand EUR</i>	2021	2020
Cash at bank	500	1 265
Transfers in transit	289	199
Cash in hand	233	60
Bank deposits	1	1
<b>Total</b>	<b>1 023</b>	<b>1 525</b>

## 21. Share 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 2016-2021 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 in functional currency (Russian Roubles for the Russian subsidiaries) into presentation currency - EURO.

### Dividends

In 2021 year, the Board of Directors approved the payment of dividend for EURO 3 333 thousand out of the profits of previous years (2020: EUR 2 040 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.

## 22. Loans and borrowings

The overall structure of the Group loans is as follows:

<i>in thousand EUR</i>	2021	2020
Short term loans	728	3 136
<b>Total short-term loans</b>	<b>728</b>	<b>3 136</b>

Short-terms loans are presented in the table below:

Lender	Currency	The interest rate	Carrying amount as at 31.12.2021	Carrying amount as at 31.12.2020
Worteck Global Corp. (related party)	EUR	5,00%	-	1 727
PJSC Sberbank	RUB	3-10%	478	-
Other loans	RUB	0-12%	251	1 409
<b>Total short-term loans</b>			<b>728</b>	<b>3 136</b>

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

<i>in thousand EUR</i>	2021
<b>Loans payable as at 01.01.2021</b>	<b>3 136</b>
Proceeds of loans and borrowings	1 559
Acquired in business combinations in 2021	83
Repayment of loans and borrowings	(1 532)
Foreign exchange differences	213
Decrease of interest accrued	(21)
Set off against loans receivable	(2 468)
Translation differences	(241)
<b>Loans payable as at 31.12.2021</b>	<b>728</b>

<i>in thousand EUR</i>	2020
<b>Loans payable as at 01.01.2020</b>	<b>3 422</b>
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
<b>Loans payable as at 31.12.2020</b>	<b>3 136</b>

### 23. Short-term accounts payable

<i>in thousand EUR</i>	2021	2020 (restated)
<b>Financial liabilities</b>		
Payables to suppliers (operating activity)	1 792	4 050
Other payables (operating activity)	1 650	711
Accounts payable for non-current assets	93	177
<b>Non-financial liabilities</b>	<b>3 536</b>	<b>4 937</b>
Advances received (operating activity)		
Provision for future expenses	-	55
Taxes and social chargers for payables to employees	393	-
<b>Total</b>	<b>3 928</b>	<b>4 991</b>

### 24. Other liabilities

<i>in thousand EURO</i>	2021	2020
Vacation provision	338	206
Other provisions for payables to employees	430	-
Salaries payable	155	15
Social charges	154	46
Income tax	19	65
VAT	74	60
Other taxes	17	58
Personal Income Tax	36	-
Taxes on other provisions for payables to employees	131	-
<b>Total</b>	<b>1 354</b>	<b>449</b>

### 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>	2021	2020 (restated)
Current income tax in Cyprus (12,5%)	30	12
Current income tax in Russia (20%)	430	79
Deferred income tax in Russia (20%)	(223)	(712)
<b>Total tax expense/gain</b>	<b>237</b>	<b>(620)</b>

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 2021 and 31 December 2020 was calculated at the 20% rate.

Under certain conditions interest income in Cyprus 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>	2021		2020 (restated)	
Profit before tax	983	2 600	(4 700)	3 359
Tax rates	20,00%	12,50%	20,00%	12,50%
Tax calculated at the applicable tax rates	(197)	(325)	(940)	(420)
Tax effect of expenses not deductible for tax purposes	(10)	(314)	1 573	(86)
Tax effect of allowances and income not subject to tax	-	623	-	501
Overseas tax in excess of credit claim used during the year	-	(14)	-	(8)
<b>Total tax income (expense)</b>	<b>(207)</b>	<b>(30)</b>	<b>633</b>	<b>(13)</b>

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 2020 (restated)	Addition as a result of business acquisition (recognized in equity)	Recognized in the Statement of Comprehensive Income in profit and losses	Translation differences	As at 31 December 2021
Property, plant and equipment	(28)	-	(164)	(8)	(200)
Intangible assets	(133)	-	31	(9)	(111)
Receivables	340	-	(193)	20	-
Deferred income	12	(166)	149	6	-
Deferred tax losses	229	373	(177)	12	437
Lease liabilities	465	-	446	53	964
Other	-	-	(128)	5	(133)
<b>Net deferred tax asset (liability)</b>	<b>886</b>	<b>207</b>	<b>220</b>	<b>78</b>	<b>1 389</b>
<i>Recognised in the Statement of Financial Position:</i>					
Deferred tax asset	1 038				1 404
Deferred tax liability	(152)				(14)

<i>In thousand EUR</i>	As at 31 December 2019	Disposals of subsidiaries	Recognized in the profit and losses	Translation differences	As at 31 December 2020 (restated)
Property, plant and equipment	(122)	238	(44)	(100)	(28)
Intangible assets	(275)	-	0	142	(133)
Receivables	105	-	(78)	313	340
Deferred income	50	-	64	(102)	12
Deferred tax losses for the future	46	-	214	(31)	229
Lease liabilities	373	-	198	(106)	465
Other	(3)	-	(0)	3	-
<b>Net deferred tax asset (liability)</b>	<b>174</b>	<b>238</b>	<b>354</b>	<b>(116)</b>	<b>886</b>
Deferred tax asset	564				1038
Deferred tax liability	(390)				(152)

## 26. Right-of-use assets and lease obligations

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

The right-of-use assets:

*in thousand EUR*

### Right-of-use assets as at 01.01.2021

	Buildings	Total
Additions in 2021	316	316
Acquired in business combinations	20 341	20 341
Disposals	(219)	(219)
Modifications in 2021	(1 105)	(1 105)
Depreciation in 2021	(3 464)	(3 464)
Translation differences in 2021	2 347	2 347

### Right-of-use assets as at 31.12.2021

36 691 36 691

*in thousand EUR*

### Right-of-use assets as at 01.01.2020

	Buildings	Total
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

### Lease liabilities:

*in thousand EUR*

	31.12.2021	31.12.2020
Long-term lease liabilities	33 138	15 549
Short-term lease liabilities	9 585	5 185



<b>Lease liabilities</b>	<b>42 723</b>	<b>20 735</b>
--------------------------	---------------	---------------

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

<i>in thousand EUR</i>	<b>Lease liabilities containing no purchase options</b>	<b>Total</b>
<b>Lease liabilities as at 01.01.2021</b>	<b>20 735</b>	<b>20 735</b>
Conclusion of new lease agreements	170	170
Acquired in business combinations	16 660	16 660
Modification of lease agreements	1 995	1 995
Interest expense on the lease liability	3 156	3 156
Lease payments	(5 965)	(5 965)
Translation differences	5 973	5 973
<b>Lease liabilities as at 31.12.2021</b>	<b>42 723</b>	<b>42 723</b>

<i>in thousand EUR</i>	<b>Lease liabilities containing no purchase options</b>	<b>Total</b>
<b>Lease liabilities as at 01.01.2020</b>	<b>32 421</b>	<b>32 421</b>
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)
<b>Lease liabilities as at 31.12.2020</b>	<b>20 735</b>	<b>20 735</b>

Expenses related to leases in the income statement:

<i>in thousand EUR</i>	<b>2021</b>	<b>2020</b>
<b>Leases in accordance with IFRS 16</b>		
Interest expense on the lease liability	3 156	3 589
Depreciation for the lease asset	3 464	4 108
Shorter-term leases expense	765	342

In addition, the income statement discloses expenses related to a short-term lease in the amount of 765 thousand EUR (2020: 342 thousand). Mainly these expenses are related to rent of sport equipment.

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>	<b>31.12.2021</b>	<b>31.12.2020</b>
------------------------	-------------------	-------------------

Less than 1 month	901	366
1-6 months	5 455	2 211
6 months to 1 year	5 554	2 730
1-5 years	49 334	16 658
Over 5 years	15 002	8 073
<b>Total</b>	<b>76 246</b>	<b>30 037</b>

## 27. 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	2021	2020
Worteck Global Corp.	Loan interest	65	67
Amikon LLC	Loan interest	4	4
Trafalgar Capital SA	Loan interest	10	-
<b>Total interest expense</b>		<b>79</b>	<b>71</b>

Loans issued to shareholders – please see note 17.

### Loans received from related parties:

Lender	Currency	The interest rate	The term of repayment	Carrying amount at 31.12.2021	Nominal value at 31.12.2020
Worteck Global Corp	RUB	5,00%	31.12.2020	-	1 727
Amikon LLC	RUB	5,00%	31.12.2020	-	96
<b>Total loans from other related parties</b>				<b>-</b>	<b>1 823</b>

### Receivables from related parties:

<i>in thousand EURO</i>	Nature of transactions	2021	2020
Bladesteel Limited		89	13
<b>Total license fee income</b>		<b>89</b>	<b>13</b>

### Professional Fees from related parties:

<i>in thousand EURO</i>	Nature of transactions	2021	2020
Branwick Practice Consulting	Administration services	312	604



Total Administration services	312	604
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**Payables to related parties:**

*in thousand EURO*

Bladesteel Limited

**Total**

Nature of transactions	2021	2020
	1 243	87
<b>Total</b>	<b>1 243</b>	<b>87</b>

**Rental payments to related parties:**

*in thousand EURO*

Bladesteel Limited

**Total**

Nature of transactions	2021	2020
	791	466
<b>Total</b>	<b>791</b>	<b>466</b>

**Shareholders' current accounts - credit**

*in thousand EUR*

Shareholder's account

31.12.2021	31.12.2020
-	385

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

**Key management personnel expenses (4 employees, 2020 – 3 employees):**

*in thousand EUR*

Short-term benefits paid to key management personnel

Social security contributions

**Total**

Benefits in 2021	Benefits in 2020
55	28
8	4
<b>63</b>	<b>32</b>

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

**Ultimate controlling party**

As at 31 December 2021, Intraware Investments Public Ltd does not have a single ultimate controlling party (as at 31 December 2020 – 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%
<b>TOTAL</b>	<b>26 700</b>	<b>66,75%</b>

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).

## 28. Earnings per share

	2021	2020 (restated)
Basic earnings per share		
from continuing operations, EURO	87,05	(11,83)
<b>Total basic earnings per share, EURO</b>	<b>87,05</b>	<b>(11,83)</b>

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:

	2021	2020 (restated)
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	3 482	(473)
<b>Profit attributable to ordinary equity holders of the parent for basic earnings</b>	<b>3 482</b>	<b>(473)</b>
<b>Weighted average number of ordinary shares for basic EPS</b>	<b>40 000</b>	<b>40 000</b>

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.

## 29. 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 31.12.2021:**

<i>in thousand EURO</i>	<b>Fitness clubs in Moscow</b>	<b>Fitness clubs in other regions</b>	<b>Other minor segments</b>	<b>Total segments</b>
Revenue from club cards sales	13 048	6 090	0	19 137
Revenue from related sport services rendering	10 431	4 388	631	15 450
Revenue from retailing and food services	990	417	96	1 503
Other revenue (operating lease and franchising)	495	208		751
Revenues between operating segments of the Group	1 554	53	1 800	3 408
<b>Total revenue</b>	<b>26 519</b>	<b>11 156</b>	<b>2 527</b>	<b>40 249</b>
Cost of goods sold, selling and marketing and other administrative expenses	(27 251)	(11 420)	(2 498)	(41 168)
Other income (expenses)	1 400	663	(2 167)	(104)
Financial income and expenses	0	0	0	0
Income tax gains (expenses)	93	26	(1)	118
<b>Profit or loss for the segment</b>	<b>760</b>	<b>426</b>	<b>(2 139)</b>	<b>(906)</b>

**Other segment information**

Total assets of the reportable segment	17 552	7 675	17 609	42 837
Total liabilities of the reportable segment	22 772	13 496	13 391	49 660

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

<i>in thousand EURO</i>	<b>Fitness clubs in Moscow</b>	<b>Fitness clubs in other regions</b>	<b>Other minor segments</b>	<b>Total segments</b>
Revenue from club cards sales	18 913	8 788	(14 432)	13 269
Revenue from related sport services rendering	13 694	6 710	(10 253)	10 151
Revenue from retailing and food services	1 346	626	(953)	1 019
Other revenue (operating lease and franchising)	456	212	(322)	345
Revenues between operating segments of the Group	791	21	1 052	1 865

<b>Total revenue</b>	<b>35 201</b>	<b>16 356</b>	<b>(24 908)</b>	<b>26 649</b>
Cost of goods sold, selling and marketing and other administrative expenses	(17 341)	(8 046)	(1 940)	(27 326)
Other income (expenses)	(132)	(21)	(67)	(220)
Interest income	0	0	0	0
Interest expenses	0	0	0	0
Income tax gains (expenses)	102	(34)	67	135
<b>Profit or loss for the segment</b>	<b>17 830</b>	<b>8 256</b>	<b>(26 848)</b>	<b>(762)</b>

#### Other segment information

Total assets of the reportable segment	17 602	6 970	(20 017)	4 555
Total liabilities of the reportable segment	15 833	8 550	(32 567)	(8 184)

### 30. Business combinations

During the period from October 5, 2021 till November 29, 2021 the Group obtained control over 14 fitness clubs:

- FOK "Positiv" LLC
- FOK "Trud" LLC
- FOK "Chernavsky" LLC
- FOK "62" LLC
- FOK "Vodny" LLC
- FOK "Deauville" LLC
- FOK "Solnechny" LLC
- FOK "Khotoshevsky" LLC
- FOK "64" LLC
- FOK "Novospassky" LLC
- FOK "63" LLC
- FOK "Aviamotornaya" LLC
- FOK "Pravda" LLC
- FOK "Primorsky" LLC

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

<i>in thousand EUR</i>	<b>2021</b>
Property, plant and equipment	1 922
Right-of-use assets	20 341
Deferred tax assets	373
Inventories	116
Accounts receivable	990



Other assets	2 260
Cash	400
Deferred tax liabilities	(166)
Loans and borrowings	(8 155)
Long-term lease liabilities	(16 660)
Accounts payable	(4 552)
Deferred revenue	(8 908)
<b>Net identifiable liability acquired</b>	<b>(12 039)</b>

These business acquisitions in 2021 took place between parties under common control - therefore, unlike arm-length business acquisitions under IFRS 3, these assets and liabilities were not restated to fair value as at the date control was obtained, and no other additional assets and liabilities (e.g. goodwill and other internally-generated intangible assets) were recognized. Full amount of the net liability acquired has been recognized as a deduction in equity.

### 31. 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>	<b>2021</b>	<b>2020</b>
Non-current assets	1	463
Current assets	473	266
<b>Total assets</b>	<b>474</b>	<b>729</b>
Equity	168	96
Non-current liabilities	-	36
Current liabilities	306	597
<b>Total equity and liabilities</b>	<b>474</b>	<b>729</b>

#### Financial results of the joint operation

<i>in thousand EUR</i>	<b>2021</b>	<b>2020</b>
Revenue	488	546
Cost of Sales	-	(514)
Selling and marketing expenses	-	(11)
General administrative expenses	(496)	(14)

Other income (expense)	2	(19)
Income tax expense	-	(3)
<b>Net profit</b>	<b>(6)</b>	<b>(14)</b>

In 2021 the management of the Group has decided to close the club and the leasing was terminated, and part of the assets were sold and part will be transferred to other clubs. The goodwill that relates to this club has been impaired (see note 10).

## 32. 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):

in thousand EUR	31.12.2021	31.12.2020 (restated)	31.12.2021	31.12.2020 (restated)
	EUR		RUB	
Cash	66	911	956	614
Accounts receivable	582	1 639	2 437	691
Loans granted	272	3 303	202	5 656
Trade financial instruments	3 394	4 174	-	-
<b>Total financial assets</b>	<b>4 315</b>	<b>10 026</b>	<b>3 595</b>	<b>6 962</b>
Accounts payable	(981)	(1 062)	(46 917)	(25 523)
Loans received	0	(1 836)	(728)	(1 300)
<b>Total financial liabilities</b>	<b>(981)</b>	<b>(2 898)</b>	<b>(47 645)</b>	<b>(26 823)</b>
<b>Total</b>	<b>3 334</b>	<b>7 127</b>	<b>(44 050)</b>	<b>(19 861)</b>

#### 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:**

*in thousand EUR*

Euro exchange rate – increase 10%

31.12.2021	31.12.2020
328	701

**(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:**

*in thousand EUR*

	31.12.2021	31.12.2020 (restated)
Loans and borrowings (issued) with fixed interest rate	474	8958
Loans and borrowings (received) with fixed interest rate	(728)	(3 136)
<i>Except for the loans received with a zero-interest rate</i>	-	-
<b>Total</b>	<b>(254)</b>	<b>5 822</b>

**(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**

*in thousand EUR*

	As at 31.12.2021	As at 31.12.2020 (restated)
Long-term loans issued	-	2 286
Short-term accounts receivable	3 019	2 329
Short-term loans issued	474	6 673
Trade financial instruments	3 394	4 174
Cash	1 023	1 525

Total	7 911	16 987
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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 31.12.2021	As at 31.12.2020 (restated)
OJSC "Sberbank of Russia"	B3, stable	628	412
Eurobank Cyprus Ltd	Caa3	66	905
OJSC "AK Bars" Bank	B1, positive	0	90
OJSC "Alfa Bank", Rostov branch	Ba1, stable	23	7
JSC VTB Bank	Baa3, stable	74	49
<b>Total</b>		<b>791</b>	<b>1 465</b>

**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>	2021		2020 (restated)	
	Accounts receivable	Loans issued	Accounts receivable	Loans issued
<b>Current, not past due and not impaired</b>	<b>1 028</b>	<b>474</b>	<b>1 485</b>	<b>6 673</b>
Past due, but not impaired:				
• past due less than 30 days	69	-	-	-
• past due 30-90 days	441	-	88	-
• past due 90-180 days	-	-	244	-
• past due 180-360 days	956	-	86	-
<b>Total past due, but not impaired</b>	<b>1 465</b>	<b>-</b>	<b>418</b>	<b>-</b>
Individually impaired (nominal amount):				
<b>Total individually impaired</b>	<b>526</b>	<b>570</b>	<b>426</b>	<b>682</b>
<b>Allowance for impairment</b>	<b>(526)</b>	<b>(570)</b>	<b>(426)</b>	<b>(682)</b>
<b>Total</b>	<b>3 019</b>	<b>474</b>	<b>2 329</b>	<b>6 673</b>

**(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 2021 the Group's current liabilities exceed the current assets for the amount of EUR 24 590 thousand (as at 31 December 2020 - EUR 11 048 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 31.12.2021**

<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	1 351	1 346	1 880	598	-	5 175
Lease liabilities	885	5 267	5 300	38 124	12 181	61 757
Loans and borrowings received	5	139	584	-	-	728
<b>Total financial liabilities</b>	<b>2 241</b>	<b>6 751</b>	<b>7 764</b>	<b>38 722</b>	<b>12 181</b>	<b>67 660</b>

**Financial liabilities as at 31.12.2020 (restated)**

<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	554	528	4 255	515	0	5 852
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	5 840	12 112	16 658	8 073	43 301
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**(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.

### 33. 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.

**(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:

in thousand EUR	Carrying amount		Fair value		Level	Initial data	Valuation method
	31.12.2021	31.12.2020 (restated)	31.12.2021	31.12.2020 (restated)			
<b>Financial assets</b>							
Long-term loans issued	-	2 286	-	2 286	Level 3	Market loan rates	Discounted Cash Flows
Short-term accounts receivable	-	-	-	-	Level 3	Market loan rates	Discounted Cash Flows
Short-term loans issued	3 019	2 329	3 019	2 329	Level 3	Market loan rates	Discounted Cash Flows
Trade financial instruments	474	6 673	474	6 673	Level 1	-	-
Cash	3 394	4 174	3 394	4 174	Level 2	-	-
<b>Total financial assets</b>	<b>1 023</b>	<b>1 525</b>	<b>1 023</b>	<b>1 525</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Financial liabilities at amortized cost</b>							
Long-term loans and borrowings received	-	-	-	-	Level 3	Market loan rates	Discounted Cash Flows
Long-term accounts payable	(33 736)	(16 064)	(33 736)	(16 064)	Level 3	Market loan rates	Discounted Cash Flows
Short-term loans and borrowings received	(728)	(3 136)	(728)	(3 136)	Level 3	Market loan rates	Discounted Cash Flows
Short-term accounts payable	(14 162)	(10 521)	(14 162)	(10 521)	Level 3	Market loan rates	Discounted Cash Flows
<b>Total financial liabilities at amortised cost</b>	<b>(48 626)</b>	<b>(29 721)</b>	<b>(48 626)</b>	<b>(29 721)</b>	-	-	-

### 34. 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 2020-2021 years the Group did not issue or received any guarantees.

**Assets pledged as security.** The Group had no pledged assets as at 31 December 2021 and as at 31 December 2020 years.

**Other commitments.** The Group had no capital or other commitments as at 31 December 2021 and as at 31 December 2020.

### 35. Subsequent events

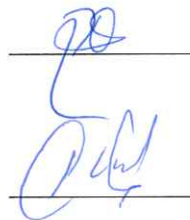
In February 2022, after the situation in Ukraine escalated, sanctions were imposed by the United States, the European Union and some other countries. This may have a serious negative impact on the economy of Russia.

According to estimates of the Group's management, the possible negative impact of these circumstances on the Company's operations and financial position will be insignificant. The actual impact of future business environment may differ from management's assessment.



There were no other events after the reporting date that had or may have an impact on the Group's financial position, cash flows or results of operations between the reporting date and the date of signing the financial statements for the reporting year.

Director



Myrianthi Petrou

Director



Andreas Christofi

