



LOGICOM PUBLIC LIMITED

REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

LOGICOM PUBLIC LIMITED

REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

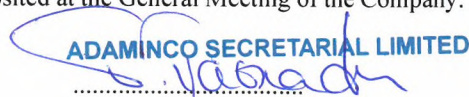
Year ended 31 December 2021

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We hereby certify that the report and financial statements of Logicom Public Limited for the year ended 31 December 2021 is a true copy of the report and financial statements laid and deposited at the General Meeting of the Company.



.....
Director
Anthoulis Papachristoforou
For Logicom Public Limited


ADAMINCO SECRETARIAL LIMITED

.....
Secretary
Adaminco Secretarial Limited

LOGICOM PUBLIC LTD

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS**DIRECTORS**

Takis Klerides, Chairman
Varnavas Irinarchos, Vice Chairman and Managing Director
Anthoulis Papachristoforou, Deputy Managing Director
George Papaioannou, Director
Anastastios Athanasiades, Director
Andreas Constantinides, Director
Christoforos Hadjikyprianou, Director

GROUP CHIEF FINANCIAL OFFICER

Anthoulis Papachristoforou

SECRETARY

Adaminco Secretarial Limited
 Zenonos Sozou 3, 1st floor
 3105 Limassol

REGISTERED OFFICE

Zenonos Sozou 3, 1st floor
 3105 Limassol

MANAGEMENT OFFICE

26 Stasinou Street, Ayia Paraskevi
 2003 Strovolos, Nicosia

INDEPENDENT AUDITORS

KPMG Limited
 14 Esperidon street
 1087 Nicosia

LEGAL ADVISORS

Scordis, Papapetrou & Co LLC
 Zenonos Sozou 3, 1st floor
 3105 Limassol

BANKERS

Hellenic Bank Public Company Limited
 Bank of Cyprus Public Company Limited
 Eurobank EFG
 Alpha Bank Cyprus Ltd
 AstroBank Limited
 Societe Generale Bank - Cyprus Limited
 The Cyprus Development Bank Public Company Limited
 FIMBank PLC
 Ancoria Bank Limited
 National Bank of Greece (Cyprus) Ltd

BANKERS

National Bank of Greece S.A.
 Alpha Bank S.A.
 Piraeus Bank A.E.
 Eurobank Ergasias S.A.
 Standard Chartered Bank (UAE)
 National Bank of Fujairah PSC
 Mashreqbank PSC
 National Bank of Kuwait SAK
 Emirates NBD Bank PJSC
 Standard Chartered Bank (Bahrain)
 The Commercial Bank of Qatar (Q.S.C.)
 Standard Chartered Bank (Qatar)
 Bank of Beirut (Oman)
 Vista Bank (Romania) SA
 Banca Transilvania SA
 Alpha Bank Romania SA
 Albaraka Turk Katilim Bankasi A.S.
 Turkiye Garanti Bankasi A.S.
 QNB Finansbank A.S.
 Arab Bank PLC Jordan
 Credito Valtellinese spa
 Banco BPM S.p.A.
 UniCredit Bank AG
 Saudi British Bank
 Emirates NBD (KSA)
 Abu Dhabi Commercial Bank
 First Abu Dhabi Bank
 Bank Audi S.A.L.
 Societe Generale de Banque au Liban
 Banque Marocaine Pour Le Commerce et L' Industrie
 Emirates NBD (Egypt)

LOGICOM PUBLIC LIMITED**STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE OFFICIALS OF THE
COMPANY RESPONSIBLE FOR THE FINANCIAL STATEMENTS**

According to the articles of the Conditions for Transparency (Movable Securities for Trading in Controlled Market) Law of 2007 as amended ("Law"), we the members of the Board of Directors and Anthoulis Papachristoforou, BA (Hons) FCCA, Group Chief Financial Officer responsible for the preparation of the financial statements, of the Group and the Company Logicom Public Limited, for the year ended 31 December 2021, we confirm that to the best of our knowledge:

- (a) The annual financial statements that are presented in pages 36 to 150.
- (i) were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and in accordance with the provisions of Article 9, section (4) of the Law, and
 - (ii) give a true and fair view of the assets and liabilities, of the financial position and of the profit or losses of Logicom Public Limited and the businesses that are included in the Consolidated Financial Statements as a whole, and
- (b) The consolidated and separate management report gives a fair review of the developments and the performance of the business as well as the position of Logicom Public Limited and the businesses that are included in the Consolidated Financial Statements as a whole, together with a description of the main risks and uncertainties which are faced.

Members of the Board of Directors:

Takis Klerides, Chairman

Varnavas Irinarchos, Vice Chairman and Managing Director

Anthoulis Papachristoforou, Deputy Managing Director

George Papaioannou

Anastastios Athanasiades

Andreas Constantinides

Christoforos Hadjikyprianou

Responsible for the preparation of financial statements

Anthoulis Papachristoforou (Group Chief Financial Officer)

Nicosia, 28 April 2022

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT**

The Board of Directors of Logicom Public Limited (the “Company”) presents to the members its consolidated and separate report together with the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) and the separate financial statements of the Company for the year ended 31 December 2021.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES***DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION***

The activities of the Group and the Company continue to be affected by the spread of the Coronavirus pandemic (COVID-19) and by the restrictive measures taken by the governments of the countries in which the Group operates, as well as, by the impact of these measures on the supply chain. The Management has analyzed the impact of the pandemic on the results to the extent that it could be determined presented below as well. A relevant analysis is also presented in note 3.

The Group's turnover increased by 10,1% in relation to 2020. The increase resulted from the Distribution Sector. The turnover of the Distribution sector shows an increase of 10,7% mainly due to the increase of sales in the markets of Greece, Romania, Cyprus and Gulf region. The turnover of the Software and Integrated Solutions Sector decreased by 2,2%, mainly due to the delay in the implementation of projects in the Greek Market. The Coronavirus pandemic (COVID-19) and its consequences on the supply chain, limited the growth of the Group's Turnover.

The Company's Turnover increased by 15,3% in relation to 2020, due to the increase of sales to third parties.

The percentage of the Group's gross profit margin shows a decrease from 8,2% in 2020 to 7,9% in 2021, mainly due to the increase in sales in the Distribution Sector, where the gross profit margin is lower (2021: Gross profit: €74.956.926 to Sales: €949.209.173 and 2020: Gross profit: €71.047.666 to Sales: €862.017.413 as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income).

The percentage of the Company's gross profit margin shows a decrease from 7,6% in 2020 to 6,0% in 2021, mainly due to sales with a lower than average gross profit margin (2021: Gross profit €4.971.585 to Sales: €83.052.353 and 2020: Gross Profit €5.485.135 to Sales: €72.040.139 as reported in the Statement of Profit and Loss and Other Comprehensive Income).

Group's Other Income decreased from €2.107.324 in 2020 to €899.612 in 2021 and in percentage terms by 57,3% mainly due to the obtained one-off state provision of a deduction on the repayment of tax liabilities by a foreign subsidiary in the context of financial measures provided to address the economic consequences of the Coronavirus pandemic (COVID-19), as well as the increase in contributions from suppliers for the promotion of their products during 2020. Other income also includes income from other collaborations.

Company's Other Income increased from €15.560.785 in 2020 to €16.541.210 in 2021 and in percentage terms by 6,3% mainly due to the increase in the administration expenses charged to subsidiary companies in the context of applying the Group's transfer pricing policy. Other Income also includes dividends receivable from subsidiaries and income from business relationships with third parties.

The Expected Credit Losses of the Group are decreased compared to 2020 and amounted to €75.318 from €2.247.873 in the corresponding period last year. The decrease is due to the recognition of an impairment provision for Cash and Cash Equivalents of €2.159.087 during 2020 which derived entirely from the subsidiary company Logicom (Middle East) SAL in Lebanon, as a result of the prolonged political and economic instability that had a severe negative impact on the country. Expected Credit Losses include a provision for impairment of receivables amounting to €75.318 compared to €88.786 in 2020. Expected Credit Losses were recognised in the results according to the provisions of IFRS 9.

The Expected Credit Losses of the Company amounted to €603.823 (2020: €924.345) and mainly relate to provisions for expected credit losses from subsidiary companies that were recognised in the results according to the provisions of IFRS 9. The decrease is mainly due to the decrease in the provision for expected credit losses on the loan receivable from the subsidiary company Logicom (Middle East) SAL in Lebanon from €887.223 in 2020 to €113.900 in 2021.

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT****DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES** *(continued)*

There were no Other Expenses in 2021.

The Company's Other Expenses in 2020 mainly relate to the impairment of its investment in the subsidiary company Logicom (Middle East) S.A.L in Lebanon.

The increase in Group's Administration Expenses by €2.144.163, and in percentage terms 5,2% compared to 2020, is mainly due to the increase of personnel expenses. Administration expenses include an amount of €317.545 for 2021 and €686.754 for 2020 concerning expenditures on prevention and hygiene measures directly related to the Coronavirus pandemic (COVID-19). The term 'Administration Expenses' encompasses all the operating expenses of the Group, including Administrative, Distribution and Operational expenses.

The increase in the Company's Administration Expenses by €667.302, and in percentage terms 7,8%, compared to 2020, is mainly due to the increase of management personnel expenses. Administration Expenses include an amount of €117.878 for 2021 and €98.160 for 2020 concerning expenditure on prevention and hygiene measures directly related to the Coronavirus pandemic (COVID-19).

The Group's profit from operating activities amounted to €32.017.201 which increased by 9,3% compared to 2020 mainly due to the increase in Turnover and the decrease in the Expected Credit Losses, despite the decrease in the Gross Profit Margin and the increase in Administration Expenses.

The Company's profit from operating activities amounted to €11.728.899 which increased by 4,4% compared to 2020 mainly due to the increase of Other Income, which mainly relates to Dividends Receivable from subsidiaries and Administrative Management Services charged to subsidiaries, as well as, due to the reduction of Other Expenses.

The Group's financing cost, including Interest Receivable and Payable, and related Bank Charges resulting from the banking facilities used for the execution of the Group's operations decreased to €4.500.795 compared to €5.368.716 in 2020 and in percentage terms 16,2%, due to the gradual reduction of the borrowing rates in US Dollars.

The Company's financing cost, including Interest Receivable and Payable, and related Bank Charges resulting from the bank facilities used for the execution of the Company's operations amounted to €2.125.822 compared to €2.882.282 in 2020 and in percentage terms 26,2% decrease, due to the gradual reduction of the borrowing rates in US Dollars.

The Foreign Exchange Difference, mainly resulting from the exchange rate fluctuation between the US Dollar and the Euro, had a negative impact on the Group's results amounting to a loss of €1.432.559, compared to a profit of €536.531 in 2020. It is clarified that the provisions of IFRS 9 in relation to Hedge Accounting have been adopted, with the aim to reduce the effects of the exchange rate fluctuation between the US Dollar and the Euro in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Hedge Accounting limited the effect of exchange rate differences on Group results. Loss amounting to €2.633.110 which arose on the conversion of short-term and long-term loans was offset in the reserves with a profit of €2.633.110 that arose on the conversion of the net investments in foreign subsidiary companies.

According to the directives of the International Accounting Standard 21, the increase in the value of the Company's long term investments in foreign subsidiaries, due to exchange differences, amounting to €734.139 is transferred to the Reserves until the date of liquidation where any result will be transferred to the Statement of Profit or Loss and Other Comprehensive Income.

References to the Group's profit from associates after taxation refer to the share of profit of €1.581.313, compared to €2.709.416 in 2020, by the Group associated company, Demetra Holdings Plc.

References to the Net share of profit/(loss) from joint ventures refer to the net profit of the investments in the Desalination Plants in Larnaca and Episkopi.

Reference to the profit or loss attributable to Minority Interests refer to the 40% of the net profit of Verendrya Ventures Limited, that relate to the participation of Demetra Holdings Plc to its share capital.

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT****DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES** *(continued)*

The Group's taxation amounts to €2.995.789 compared to €3.782.573 in 2020, mainly due to the reversal of the provision for Deferred Taxation from tax losses of the Group's companies during 2020.

The Company's taxation amounted to €209.064 compared to €651.755 in 2020, mainly due to the reversal of Deferred Taxation that was calculated on the Company's tax losses during 2020.

The Group's profit before tax amounted to €27.772.458 for the year 2021 compared to €26.968.944 in 2020 and in percentage terms an increase of 3,0%. The increase is mainly due to the increase in Turnover and the decrease of the Expected Credit Losses.

The Company's profit before tax amounted to €9.571.072 for the year 2021 compared to €8.960.867 in 2020, that corresponds to an increase in percentage terms of 6,8%. The increase is mainly due to the increase in the administration expenses charged to subsidiary companies and the decrease of the Other Expenses.

The Group's earnings per share and diluted earnings per share in 2021 increased by 6,4% compared to 2020 to 33,40 cents.

The profit attributable to the Company's shareholders increased by €1.485.209 and in percentage terms by 6,4% from €23.260.480 in 2020 to €24.745.689 in 2021.

The Group's cash and cash equivalents compared to the bank overdrafts present a credit balance of €669.548 at the end of 2021 compared to a debit balance of €19.617.545 at the end of 2020. (2021: Cash and cash equivalents: €40.515.953 debit balance plus bank overdrafts: €41.185.501 credit balance, 2020: Cash and cash equivalents: €55.643.856 debit balance plus bank overdrafts: €36.026.311 credit balance). The short-term loans have increased in 2021 to €72.609.182 from €50.268.209 in 2020. The long-term loans have decreased in 2021 to €15.242.650 from €17.348.558 in 2020.

The Company's cash and cash equivalents compared to the bank overdrafts present a credit balance of €18.877.927 at the end of 2021 compared to €18.515.313 at the end of 2020. (2021: Cash and cash equivalents: €2.648.229 debit balance plus bank overdrafts: €21.526.226 credit balance, 2020: Cash and cash equivalents: €4.194.690 debit balance plus bank overdrafts: €22.710.003 credit balance). The short-term loans have increased in 2021 to €35.838.206 from €27.372.729 in 2020. The long-term loans have decreased to €8.948.458 in 2021 from €11.321.586 in 2020.

Verendrya Ventures Limited, of which the Company holds 60% of its share capital, in a joint venture with a 50% share:

- Completed the construction of the Desalination plant in Episkopi based on the agreement with the Water Development Department dated 7 August 2009. As announced, as per the agreement dated 20 July 2011 Demetra Holdings Plc, participates indirectly to the execution and operation of the desalination project in Episkopi as a result of the indirect 40% share in Verendrya Ventures Limited. The construction of the project was completed in June 2012 and the desalination unit remained in stand by mode from 1 July 2012 until 27 April 2014. The desalination unit started production on the 28th of April 2014. As of today, claims are pending in regards to the execution of this contract.

- On 26 January 2012, signed an agreement with the Water Development Department for the renovation and operation of the existing desalination unit in Larnaca. Demetra Holdings Plc participates indirectly in the implementation and operation of the desalination project in Larnaca with 40% share in Verendrya Ventures Limited. The renovation of the unit was completed in June 2015 and started operations on the 4th of July 2015. As of today, claims are pending in regards to the execution of this contract.

LOGICOM PUBLIC LIMITED

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

The performance of the Group and the Company is also assessed with the following financial ratios:

<u>Ratio</u>	<u>Change</u>	Group		<u>Change</u>	Company	
		2021	2020		2021	2020
Working Capital	15,7%	2,43	2,10	33,3%	0,64	0,48
Inventory Days	40,6%	33	24	(27,2)%	4	5
Trade Receivables Days	13,8%	88	77	19,0%	97	81
Net Debt to Equity	58,6%	0,46	0,29	3,5%	1,29	1,24
Net Debt to Profit before Taxation, Depreciation, Amortization and Interest	81,8%	2,60	1,43	11,3%	5,46	4,91
Interest Coverage	22,3%	8,66	7,08	45,8%	6,96	4,77

Working Capital Ratio ((Trade Receivables + Inventories) / Trade Creditors) - The increase in the ratio for the Group is mainly due to the significant increase of trade receivables and inventories, despite the increase in trade payables, compared to 2020. The increase for the Company is also due to the increase in trade receivables in relation to the decrease in trade payables compared to 2020.

Inventory Days ((Inventories / Cost of Sales) X 365) - The increase of the Group's ratio is mainly due to the increase in inventories compared to 2020. The Company's ratio decrease is due to the decrease in inventories compared to 2020.

Trade Receivable Days ((Trade Receivables / Turnover) X 365) - The increase observed for the Group, as well as, for the Company, is due to the increase in trade receivables.

Net Debt to Equity Ratio ((Bank Borrowings - Cash and Cash Equivalents) / Equity) - For the Group, the ratio shows a significant increase compared to the previous year due to the significant increase in working capital financed by additional net borrowing, despite the increase in equity. For the Company, the ratio also shows an increase due to the increase in net borrowing despite the increase in equity.

Net Debt to Profit before Tax, Depreciation, Amortisation and Interest ((Bank Borrowings - Cash and Cash Equivalent) / Profit before Tax, Depreciation, Amortisation and Interest) - For the Group the ratio shows a significant increase compared to the previous year due to the significant increase in net debt. For the Company the ratio shows also an increase due to the increase in net debt.

Interest coverage ratio (Profit before Tax, Depreciation, Amortization and Interest / Interest expense) - For the Group, the ratio shows an increase compared to the previous year due to the decrease in interest payable as a result of the decrease in the borrowing rates, as well as, the increase in profitability. For the Company, the ratio shows a significant increase due to the significant decrease in interest payable as a result of the decrease in borrowing rates and the increase in profitability.

The financial ratios used above, for the performance and the position of the Group, serve the best analysis and understanding of these results.

MAIN RISKS, UNCERTAINTIES AND RISK MANAGEMENT

The main risks faced by the Group and the Company are stated below and further analysed in note 37 of the consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT****DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES** *(continued)***Credit risk**

Credit risk is the risk of default by counter parties to transactions mainly from trade receivables of the Group and the Company. The Group and the Company ensure the application of appropriate mechanisms and ensure the maintenance of related monitoring procedures and controls over credits. Credit risk is monitored on an ongoing basis.

The Group entered into an agreement with Atradius Credit Insurance N.V. for the insurance of the credit that the Group offers to its customers. The Group has also entered into an agreement in March 2020 for additional insurance in addition to the credit limit provided by Atradius, with Cooper Gay S.A. The issuance of such insurance agreement is considered to be the most appropriate method for hedging against credit risk.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and stock prices, will affect the income or value of the Group's financial instruments. The purpose of the market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing performance.

Interest rate risk

Interest rate risk is the risk of fluctuations in the value of financial instruments due to movements in market interest rates. Income and cash flows from operations of the Group and the Company are dependent on changes of market interest rates, since the Group and the Company have material assets which bear interest. The Group and the Company are exposed to interest rate risk on borrowings. Borrowing in variable interest rates exposes the Group and the Company in interest rate risk that affects cash flows. Borrowing in fixed interest rates exposes the Group and the Company in interest rate risk that affects the fair value. The management of the Group and the Company is monitoring the fluctuations of interest rates on an ongoing basis and ensures that the necessary actions are taken.

Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.

The Company and the Group are subject to foreign exchange risk on sales, purchases and loans in currencies other than the Company's and subsidiary companies functional currency, and on the long term loans to foreign subsidiaries. Management is aware of the foreign exchange risk and is applying alternative methods to hedge the risk.

The hedging of foreign exchange risk is managed by the Foreign Exchange Risk Manager together with the Group Chief Financial Officer in collaboration with the Risk Management Committee. This issue is discussed and examined at the Risk Management Committee meetings because the Group and Company are materially affected from the movements in foreign currencies against the Euro, and if necessary it is discussed and examined further at the Board of Directors meeting.

Other market price risks

The Company and the Group are exposed to financial risks arising from changes in share prices. The Company and the Group monitor the spread of their portfolio and maintain mainly long-term investments for strategic purposes, in order to mitigate their exposure to these financial risks. The Group's main investments are classified as investments at fair value through other comprehensive income.

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT****DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES** *(continued)***Liquidity risk**

Liquidity risk is the risk that arises when the period in which the assets can be converted to cash does not concur with the period in which the liabilities fall due. When expiry dates do not concur, the performance can increase but at the same time the risk for losses can also increase. The Group and the Company have procedures in place to minimize such losses, such as retaining sufficient amounts in cash and other highly liquid assets and retaining sufficient amounts in secured credit facilities in order to cover liabilities when they fall due.

Management estimates that the ability of the Group to receive in advance its trade receivables through the factoring agreement with recourse in Greece and Cyprus, reduces even further the liquidity risk.

Fair Value

Fair Value risk is the risk that arises when the book values of the Group's and Company's assets and liabilities are significantly different from their fair values at the reporting date.

Management believes that by valuating the financial assets and liabilities of the Group and the Company at their fair value, where this can be measured reliably, the risk is significantly limited.

Capital Management

Group's and Company's management has as a principle the maintenance of a strong capital base for the support of the credibility and trust of the investors and creditors as well as the market as a whole. Management monitors continuously the return on equity.

Operating Environment

The Group operates in Cyprus, in the geographical area of Southeast Europe, Middle East and Northern Africa with a significant presence in the wider Gulf region.

The macroeconomic prospects of the Cypriot economy are positive. As mentioned above, the Group operates in the geographical region of Southeast Europe where the economies of the countries and especially the economy of Greece are exiting from a prolonged period of economic recession, as well as in the Middle East with significant presence in the wider Gulf area where political instability exists which in return creates economic instability. Lebanon is still experiencing intense political instability with a consequent prolonged economic crisis with restrictions on cash flow movements to banks and a devaluation of the domestic currency.

The World Health Organisation's declaration of the Coronavirus (COVID-19) as a pandemic, led the governments of most countries and all the countries in which the Group operates, to impose strict measures to contribute to the restraining of its spread. These measures have slowed down the economies, as well as, the global economy and have had a wider impact on the respective economies. The Coronavirus (COVID-19) vaccination programs implemented by the governments of most countries have resulted in a reduction on the pressure on health systems and in a gradual easing of the restrictive measures.

Businesses and governments in most of the countries have adapted to the new circumstances and returned to their operations in an effort to limit the impact of the pandemic and restart market and the real economy. The prolonged restrictive measures implemented by the governments of the countries in which the Group operates and the slowdown of the already tense economic climate, as well as, the negative and prolonged impact on the supply chain, had as a consequence the limitation of the further increase of the turnover of the Group.

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT****DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES** *(continued)*

The Management of the Group and the Company, proceeded on time to take counter-effect measures to limit the operating expenses and to protect the employees. With the cooperation of vendors and banks, the safeguarding of liquidity was achieved, and at the same time, the support to the customers and business associates of the Group.

The Cyprus Government, following the example of other countries, has lifted several restrictive measures. However, the estimates for significant losses in revenues from important sectors of the economy such as tourism, for the third consecutive year, as well as the support measures by the State for both companies and employees that were affected by the restrictive measures, are expected to further burden the economic climate.

The Company's Management, having already managed the developments in relation to the pandemic during 2020 and 2021, has taken and is still taking all the necessary measures to address any problems that may arise regarding the Group's operations and the management of the relevant risks. The Management, as it is not able to predict all the developments that could negatively affect the economies of the countries in which the Group operates, takes all the necessary measures to deal with any problems that may arise due to external factors, in order to maintain the viability of the Group and the expansion of its operations in the present business and economic environment.

On 24 February 2022, a dispute broke out between Russia and Ukraine. The management's assessment of the impact of the conflict is given in note 45.

OPERATIONS OF THE COMPANY AND ITS SUBSIDIARY COMPANIES

The Group continued during the year 2021 the distribution of high technology products, the supply of services and complete information technology, telecommunication and software solutions and the participation in large infrastructure projects in the water sector, as well as its participation in public companies.

FORSEEABLE DEVELOPMENT OF THE COMPANY

The slowdown of the global economy growth rate, which is worsened even further due to the prolonged existence of the Coronavirus pandemic (COVID-19) with subsequent effects it has on the production and supply chain, in conjunction with the geopolitical developments, the conflict, between Russia and Ukraine, as well as the observed instability noted in areas of the Group operations in 2021, have affected the Group's and the Company's activities and have led to the restraint of turnover.

In 2021, despite effects of the pandemic, turnover is increased, the Group's profitability from ordinary activities (excluding share of profit / loss from associated companies and joint ventures) increased significantly compared to the same period last year. Borrowing costs are decreased as a result of decreased interest rates.

The Management of the Group is closely monitoring the developments in order to maintain and strengthen growth prospects without affecting the viability and the strong financial position of the Group. The planning for 2022 has been formed on the basis of the continuous effort for growth both in the existing, but also in new markets, and taking advantage of the opportunities offered by the market.

RESEARCH AND DEVELOPMENT ACTIVITIES

There were no significant activities in the sector of research and development from the Group companies.

FOREIGN OPERATIONS - BRANCHES

The Group operates through subsidiary companies in United Arab Emirates, Saudi Arabia, Lebanon, Jordan, Greece, Italy, Romania, Germany, Qatar, Kuwait, Oman, Bahrain, Egypt and Morocco. The Group operates a branch in Malta.

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT****USE OF FINANCIAL INSTRUMENTS**

The derivative financial instruments of the Group and the Company relate to contracts for differences for the hedging of the fluctuations in foreign currencies. The Group and the Company's management follow a policy to minimize the risk arising from the fluctuation of foreign exchange differences, as stated in the significant accounting policies.

The profit arising from the change in the fair value of derivative financial instruments for the year that was recognised in Group's and Company's results amounted to €2.396.254 (2020: loss €2.024.259) and €1.697.993 (2020: loss €1.681.020) respectively.

SHARE CAPITAL

There was no change to the issued share capital of the Company for the year 2021.

All shares are listed and traded in the Cyprus Stock Exchange, they have the same and equal rights and have no limitations in their transfer. Detailed information in relation to the Company's share capital is presented in note 26 of the consolidated and separate financial statements.

All shares of the Company's subsidiary companies are held directly or indirectly by the Company.

COMPOSITION, SEGREGATION OF DUTIES AND REIMBURSEMENT OF THE BOARD OF DIRECTORS - SHARE CAPITAL PARTICIPATION - REELECTION

The Board of Directors members as at 31 December 2021 and as at the date of the present report are presented in page 2. Details regarding the segregation of duties and the reimbursement of the Board of Directors members are included in Part I (A and B) and II (B) of the Board of Directors Report on Corporate Governance for 2021 respectively, which is presented after this Report. Additional information is provided in the part 'Report on Corporate Governance' of the present Report. Please also refer to note 41 of the consolidated and separate financial statements.

The percentages of participation in the Company's share capital that were held directly or indirectly by the members of the Board of Directors of the Company as at 31 December 2021 and 28 April 2022 are presented in notes 39 and 40 of the consolidated and separate financial statements.

According to article 94 of the Company's articles of association Anthoulis Papachristoforou, Christoforos Hadjikyprianou and Andreas Constantinides, resign and offer themselves for re-election.

The Company's subsidiary companies' Board of Directors are comprised by executive directors.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The significant events after the reporting date that have a bearing on the understanding of the consolidated and separate financial statements are presented in note 45.

PROPOSALS REGARDING PROFIT DISTRIBUTION, ABSORPTION OF LOSSES AND FORMATION OF PROVISIONS

The Board of Directors decided to propose for approval at the Annual General Meeting of the shareholders, a final dividend of €5.926.368 for 2021, which corresponds to €0,080 cent per share and in percentage terms to 24,0% of the profits for the year attributable to the Company's shareholders.

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT****REPORT ON CORPORATE GOVERNANCE**

The Board of Directors of the Company has decided on 6 March 2003 to implement all the provisions of the Corporate Governance Code ('the Code') which was issued by the Cyprus Stock Exchange (CSE) Board. The Code in force at the time of the approval of this Report is Section 3 of the RAA 21/2019 (5th edition - January 2019) which is uploaded on the CSE website.

There are no material deviations from the provisions of the Code.

The internal control and risk management systems aim to ensure the orderly operation of the Group and the adherence to the internal controls and procedures.

Through the internal control system, which is under the supervision of the Audit Committee and the contribution of the Risk Management Committee, the Company has implemented effective procedures for the composition and preparation of the financial statements, as well as for the preparation of the periodic information reporting as required for the listed companies. The main characteristics of these procedures, in addition to what has already been stated above, are:

- The Financial Statements of the Subsidiary Companies of the Group are prepared with the responsibility of the Financial Controller of each company under the supervision of the Group Chief Financial Officer.
- The Financial Statements of the Group and the Company are prepared with the responsibility of the Company's Financial Controller under the supervision of the Group Chief Financial Officer.
- The announcements of the Group's results per quarter as well as the explanatory statements are prepared by the Group Chief Financial Officer and are reviewed by the Audit Committee. The relevant announcements are approved by the Board of Directors prior to their publication.

The shareholders who held, directly or indirectly, a significant interest (including indirect participation through pyramid structures or cross participations) in the Company are stated in note 40 of the consolidated and separate financial statements.

The Company's share capital is divided into ordinary shares with equal rights. There were no issued shares with preference control or voting rights.

Each Board Member is elected from the Company's shareholders general meeting or appointed from the Board of Directors. A Member who is appointed by the Board of Directors is mandatory to resign at the first annual general meeting following his appointment, where his election will be decided. In every annual general meeting one third of the oldest board members in terms of the time served on the board, retires and their reelection is decided on the annual general meeting, provided that they are available for reelection. Any member of the Board of Directors can be forced to an early retirement following a decision of the general meeting.

The Company's Articles of Association can be amended with a special resolution of the shareholders general meeting.

The Board of Directors' authority is general and it is only limited by the power given to the Company's shareholders' General Meeting either by the Law or the Company's Articles of Association. The decision for the issue of new shares, except in the case where this relates to granting of shares to the members on the proportion of the shares already held, is taken by the general meeting and in any case the current legislation is applied to any information that is relevant. The right to purchase own shares of the Company, unless otherwise permitted by law, is given to the Board of Directors from the general meeting for a specific period with a special resolution.

The composition, the terms of execution and the operation of the directive, managerial and supervision bodies as defined by the Code are stated in the Board of Directors report on the Corporate Governance.

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT****REPORT ON CORPORATE GOVERNANCE** *(continued)*

As mentioned in Part II (A) of the Corporate Governance Report of the Members of the Board of Directors for 2021 that is presented after the present Report, a diversity policy is applied with reference to the training and specialisation of the directors in order to better meet the requirements of the Company's operating sectors. The final selection decision is made on the basis of objective criteria aimed at the composition of the Board of Directors by members with high academic training, successful professional background and a wide range of experiences, taking also into consideration that experience is an important element of perception and fair judgement. The extend and importance of these parameters, however, is assessed in parallel with the need of age renewal. In the evaluation of these criteria no discrimination should be made in regards to the gender.

The composition of the Company's Board of Directors at the period under review allows the effective performance of its duties, reflects the operation and the share structure of the Company and allows the fair and equal treatment of all the Company's shareholders, is considered to be in adherence with the above mentioned policy and is as follows:

Takis Klerides, 70 years old. He holds a business Studies Diploma of the United Kingdom, he is a member of the Association of Chartered Certified Accountants UK and the Institute of Certified Public Accountants of Cyprus (ICPAC). He exercised the profession of Certified Accountant up to 1999. From 2003 onwards, he exercises the profession of Business Consultant specialised in the field of banking, financing and insurance activities. He served as a Minister of Finance and he was a member of The Institute of Certified Public Accountants of Cyprus board. He serves on the Board of Directors of the Company since 15 September 2003.

Varnavas Irinarchos, 63 years old. Graduate of Stockholm University Business Administration school and post graduate of the same University in Computers Science. He is an entrepreneur in the sector of information technology. He serves on the Board of Directors of the Company, of which he is the founder, since 9 December 1986.

George Papaioannou, 59 years old. Graduate of Ehtniko Kapodistriako University Law School of Athens. From 1990 up to 2002 he served at the Law Office of the Republic of Cyprus, as an Attorney of the Republic with a specific interest in issues of administrative and criminal law. He took part in legal congresses and was a member of the anti-corruption committee in the Council of Europe. In 2002 he resigned from his position in the Republic's Law Office and he runs his own law firm in Nicosia, with specific interest in issues of criminal nature. He serves on the Board of Directors of the Company since 21 August 2008.

Anthoulis Papachristoforou, 53 years old. He holds a Bachelor's degree in Accounting and Finance from the London South Bank University, and a degree in Business Studies from the Institute of Commercial Management in Bournemouth, UK, and professionally specialised in the field of finance. He is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Cyprus (ICPAC). He serves on the Board of Directors since 17 November 2013.

Anastasios Athanasiades, 53 years old. He holds a Bachelor of Arts Honors Degree in Economics, Accounting, and Finance from the University of Manchester. He is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and a member of the Institute of Certified Public Accountants of Cyprus. He exercises the profession of Certified Accountant and Tax Consultant, specializing on the issues of international tax and audit of financial statements. He served as Deputy Chairman and Deputy Government Commissioner of the Cyprus Securities and Exchange Commission. He serves on the Board of Directors of the Company since 7 December 2015.

Andreas Constantinides, 62 years old. He holds a Bachelor Degree in Economics Sciences from the University of Warwick. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He was a partner at PriceWaterhouseCoopers Limited in Cyprus, specialised in the fields of Consumer Markets, Information Technology and Agricultural Industry. He also served as member of the Board of Directors of the Cyprus Broadcasting Corporation (CyBC). He is a member in various Committee Councils, such as, inter alia, that of the Pancyprian Gymnasium Association (GSP), Junior and Senior School of Nicosia and the Cyprus-Austria Association. He serves on the Board of Directors of the Company since 24 February 2020.

LOGICOM PUBLIC LIMITED**CONSOLIDATED AND SEPARATE MANAGEMENT REPORT****REPORT ON CORPORATE GOVERNANCE** (*continued*)

Christoforos Hadjikyprianou, 61 years old. He holds a BSc in industrial technology and an MBA in Business Administration from the Southern Illinois University, U.S.A. He also holds a Doctorate degree (PhD) in Enrolment Management and Consumer Behaviour from Middlesex University, UK. He is the CEO and President of the Council of the European University Cyprus and he is also a member of the executive committee Galileo Global Education. He also serves in various social and athletic committees and he is currently Secretary General of the Cyprus University Sports Federation. He serves on the Board of Directors of the Company since 24 February 2020.

The Corporate Governance Report of the members of the Board of Directors for the year 2021 is presented after the present Report.

STATUTORY AUDITORS

The Group's statutory auditors, KPMG Limited, have expressed their willingness to continue in office. A resolution for re-election of the independent auditors and an authorisation to the Board of Directors for fixing their remuneration will be submitted at the Annual General Meeting.

NON-FINANCIAL STATEMENT

The Non- Financial Report of the Company and the Group will be published by the 30th of June 2022.¹

AVAILABILITY OF THE FINANCIAL STATEMENTS

The full text of the Annual Financial Report is available, free of charge, from the Registered Office of the Company (3 Zenonos Sozou, 1st Floor, 3105 Limassol, P.O. Box: 51094, 3501 Limassol. Tel: +357 25 818444, Fax: +357 25 372282, E-mail: log@adamides.com) and from the Management Offices of the Company (26 Stasinou, Ayia Paraskevi, 2003 Strovolos, Nicosia, O.O. Box: 23472, 1683 Nicosia, Tel: +357 22 551000, Fax: +357 22 514294) and is posted on the website of the Company (www.logicom.net) and the Cyprus Stock Exchange (www.cse.com.cy).

By order of the Board of Directors,

Adaminco Secretarial Limited
Secretary

Nicosia, 28 April 2022

1. Section 113, aa 151A.(9)(b) and 151B.(9)(b)

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CORPORATE GOVERNANCE REPORT OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2021

I Part One - The Adoption of the Corporate Governance Code

II Part Two - The Implementation of the Corporate Governance Code

I. PART ONE – The Adoption of the Corporate Governance Code

A. THE COMPANY’S RESOLUTION– The Members of the Governance Committees

On 6 March 2003, the Company’s Board of Directors resolved to implement all of the provisions of the Corporate Governance Code (“the Code”)². Through the Code Committees, the Company also implements the provisions of the Code for all its subsidiary companies, with the exception of the provisions concerning the composition of the boards of directors, where it is deemed that their composition is more effective by Executive directors.

During 2021, and up until the drafting of this Report, the positions of the officers and members of the Code Committees have been held by the following individuals:

1. **Reference Officer** (*§ A.2.5. of the Code – The Board of Directors must appoint one of the Independent, Non-Executive Directors to be the Senior Independent Director. He/she shall be available to listen to the concerns of the shareholders which have not been resolved through normal communication channels.*)

George Papaioannou (Non-Executive, Independent Director).

2. **Nomination Committee** (*§ A.4.1. of the Code – A Nomination Committee must be established to present its views to the Board of Directors on recommendations for the appointment of new Directors. The majority of the Members of this Committee must be Non-Executive Directors and its Chairman may be either the Chairman of the Board of Directors (in case he/she is Non-Executive) or a Non-Executive Director. The Chairman and the members of the Nomination Committee must be stated in the Annual Report.*)

Takis Klerides (Chairman, Non-Executive, Independent Director), Varnavas Irinarchos (Executive Director), George Papaioannou (Non-Executive, Independent Director), Anastasios Athanasiades (Non-Executive, Independent Director) and Christoforos Hadjikyprianou (Non-Executive, Independent Director).

3. **Remuneration Committee** (*§ B.1.1. of the Code – To avoid potential conflicts of interest, the Board of Directors must set up a Remuneration Committee comprising exclusively Non-Executive Directors which shall make recommendations to the Board of Directors, based on agreed terms of reference, on the framework and amount of the remuneration of the Executive Directors, determining on behalf of the Board of Directors specific remuneration packages for each Executive Director, including pension rights and any compensation payments. Companies are urged to include in the Remuneration Committee at least one member with knowledge and experience in remuneration policy.*)

Takis Klerides (Chairman, Non-Executive, Independent Director) and Christoforos Hadjikyprianou (Non-Executive, Independent Director).

2. The present report is drafted on the basis of the Code in force at the time of the reporting period, namely Annex 3 to RAA 21/2019 (5th Edition- January 2019) which is posted on the website of CSE
<http://www.cse.com.cy/CMSPages/GetFile.aspx?guid=c97d387c-f342-4620-af39-3c58684863aa>

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4. **Audit Committee** (*§ C.3.1. of the Code – The Board of Directors must set up an Audit Committee comprising at least two Non-Executive Directors with written terms of reference which must expressly set out their powers and duties. The members of the Committee, the majority of whom must be Independent Non-Executive Directors, including the Chairman, must be stated in the Annual Report. The Chairman of the Committee or any other Member thereof must have experience in Accounting or Audit. The Committee must meet at regular intervals, at least four times a year.*)

Anastasios Athanasiades (Chairman, Non-Executive, Independent Director), George Papaioannou (Non-Executive, Independent Director) and Andreas Constantinides (Non-Executive, Independent Director).

5. **Risk Management Committee** (*§ C.3.8. and § C.3.9 of the Code – The risk management systems are supervised by a separate Risk Management Committee which comprises Non-Executive Directors. The Risk Management Committee must meet at least once every quarter and its Chairman must report to the Board of Directors – All companies whose securities are listed in the Main Market are required to set up a Risk Management Committee [...].*)

Andreas Constantinides (Chairman, Non-Executive, Independent Director), Takis Klerides (Non-Executive, Independent Director), Anastasios Athanasiades (Non-Executive, Independent Director), George Papaioannou (Non-Executive, Independent Director) and Christoforos Hadjikyprianou (Non-Executive, Independent Director).

6. **Corporate Governance Code Compliance Officer** (*§ C.3.7. of the Code – The Board of Directors must appoint a competent executive as Corporate Governance Code Compliance Officer.*)

Demos Anastasiou.

7. **Investor Liaison Officer** (*§ D.2.4. of the Code – The Board of Directors must appoint a management executive or officer of the company as Investor Liaison Officer. The information pertaining to the company must be distributed to all shareholders fairly, timely and free of charge.*)

Demos Anastasiou.

B. TERMS OF REFERENCE

The Terms of Reference of each Officer and Committee, approved by the Board of Directors upon their recommendation, are as follows:

B.1. Terms of Reference of the Reference Officer

The Reference Officer addresses the concerns and problems of the shareholders arising from their relations with the Company which have not been resolved through other communication procedures.

B.2. Terms of Reference of the Nomination Committee

- 2.1. The purpose of the Committee is to assist the Board of Directors in:
- finding qualified individuals to become members of the Board of Directors,
 - determining the composition of the Board of Directors and its Committees,
 - monitoring the procedures for the evaluation of the efficiency of the Board of Directors, and
 - developing and implementing the Company's Corporate Governance guidelines.
- 2.2. For this purpose, the Committee shall have the following powers and responsibilities:
- a. Guide the search for qualified individuals to become members of the Board of Directors and select candidate directors to be proposed to the shareholders for approval at the annual general meeting. The Committee shall select candidate directors of utmost personal and professional integrity, who have demonstrated particular skill and judgment and are highly competent to work as a team, in collaboration with the other directors, in order to serve the long-term interests of the shareholders.

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- b. Review the composition of the committees of the Board of Directors and recommend to the Board the appointment of Directors to each committee. The Committee shall review and recommend the composition of the Committees on an annual basis and shall propose additional members to fill vacancies, if required.
 - c. Elaborate and propose Corporate Governance guidelines to the Board of Directors for approval. The Committee shall review these guidelines on an annual basis or more frequently if deemed necessary, and propose changes if required.
 - d. Elaborate and propose the annual reporting process on the work of the Board of Directors and its committees to the Board of Directors for approval. The Committee shall supervise the annual reports.
 - e. Review on an annual basis the remuneration and benefits of the Directors.
 - f. Delegate any of its responsibilities to sub-committees, as the Committee shall deem appropriate.
 - f. Assign investigations on candidate directors and retain external advisors, as the Committee shall deem appropriate. The Committee shall have exclusive power to approve the relevant remuneration and terms of reference.
- 2.3. The Committee shall have respective powers and responsibilities for the entire Group of the Company.
- 2.4. The Committee shall submit a report on its actions and recommendations to the Board of Directors after each meeting and shall prepare and present to the Board an annual performance report. The Committee shall review the adequacy of these terms of reference at least once a year and shall propose any changes to the Board of Directors for approval.

B.3. Terms of Reference of the Remuneration Committee

- 3.1. The purpose of the Committee is to have the overall responsibility arising from the obligations of the Board of Directors to control and determine the remuneration of the Company's executive officers.
- 3.2. In order to be able to fulfil its purpose, the Committee shall have the following powers and responsibilities:

- a. Periodically review the remuneration policy of executive or managing directors on a periodic basis, including the policy on share-based remuneration and its implementation.

Similarly, it shall assess the degree of success and fulfilment of the objectives by each officer and, based on that assessment, shall recommend to the Board of Directors their proposed remuneration, including salary, bonus, incentives, etc., and the form in which these shall be paid (Share Options, etc.)

The amount of the remuneration must be adequate, but not excessive, to attract and retain in the service of the Company, the Chief Executive Officer and the other Executive Directors that enhance the Company's management. Part of the remuneration of the Chief Executive Officer and the other Executive Directors must be determined in such manner as to link this remuneration to the performance of both the Company and the individual concerned.

The Committee shall request the views of the Chairman and the Chief Executive Officer on the proposals relating to the remuneration of the other Executive Directors.

The Remuneration Committee shall not determine the remuneration of the Directors for participating in activities of the committees. This shall be determined by the Company's Board of Directors.

- b. Process and revise the incentive schemes for the Company's personnel and propose to the Board of Directors schemes or changes that will encourage the personnel to make even greater effort towards fulfilling the Company's objectives.
The incentive schemes must:
 - (i) aim at the long-term increase of the performance of the incentives, in order to encourage officers and other members of personnel to remain with the Company;
 - (ii) not burden the Company's profitability; and
 - (iii) be compatible with the shareholders' interests.

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- 3.3.
- a. The Committee shall be able to access professional advice both within and outside the Company and take into consideration the remuneration paid in comparable companies in view of determining the remuneration of the Chief Executive Officer and other Executive Directors, with due regard to the principle of maintaining and increasing the performance of the Company and/or the area of responsibility of each officer in question and that remuneration increases must reflect a corresponding improvement in the Company's performance.
 - b. When determining salary increases, the Remuneration Committee must take into consideration the terms of remuneration and employment conditions at all levels of the Company, so that all members of personnel perceive the distribution by the Company of its positive results as being equitable, to the extent that this reflects their role and contribution towards improving the Company's performance.
 - c. The Committee must examine the compensation-related commitments (including pension contributions) arising from the employment contracts of the Chief Executive Officer and other Executive Directors, if any, in case of early termination, and pursue the inclusion of an express provision on this matter in the initial contract. The employment contracts of these Officers must not include provisions which may reasonably be considered as prohibitive in cases of acquisition or merger of the Company, nor provisions that burden the Company with any fines that may be imposed on the Directors.
 - d. In case the initial contract does not include an express provision on compensation-related commitments, in case of early removal, the Committee must, in accordance with the legal framework and depending on the specificities of each case, adapt its approach with the broader aim of avoiding the reward of decreased performance, applying fair treatment where the removal is not due to decreased performance and ensuring strict treatment aiming at reducing compensation in the cases of retiring Executive Directors so as to reflect the obligation of those retiring to mitigate the loss.
- 3.4. The Committee has respective powers and responsibilities for the entire Group of the Company.
- 3.5. The Committee shall prepare the Annual Remuneration Report which shall be submitted by the Board of Directors to the Company's shareholders as well as the part of the Corporate Governance Report which relates to the remuneration of the Directors, in accordance with the instructions and provisions of the Corporate Governance Code of the Cyprus Stock Exchange.

B.4. Terms of Reference of the Audit Committee

- 4.1. The role of the Committee is to assist the Board of Directors in supervising the quality and accuracy of the Company's financial statements, complying with legal and administrative rules, examining the professional level of the auditors, their audit work and independence, as well as the performance of the internal control. The Chairman of the Audit Committee must have experience in Accounting or Finance.
- 4.2. The number of the Committee's Members is determined by the Board of Directors.
- 4.3. The Committee's duties and responsibilities are as follows:
- a. Assess the standard of internal audit, review the Company's internal financial controls and internal control systems and ensure the implementation of the provisions of the Corporate Governance Code relating to the staffing, operation and independence of the Department.
 - b. Review all of the Company's financial statements and overview of the financial information procedure and the submission of recommendations or suggestions for the safeguard of its integrity.
 - c. Make suggestions and recommendations for improving the management control.
 - d. Review circulars, financial reports or other information relating to the rights of the shareholders before these are forwarded to them.
 - e. Assume responsibility for the procedure of selection and appointment suggestion of the statutory auditors or audit firms.
 - f. Inform the Board of Directors about the results of the statutory audit and the explanation of the statutory audit contribution to the integrity of the financial information and the role of the Committee in this procedure.
 - g. Assume responsibility for the Company's relations with the statutory auditors in general, including discussions on the auditors' personnel who shall be responsible for the Company's audit.

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- h. Review the extent and effectiveness of the audit as well as of the independence and effectiveness of the statutory auditors or audit firms and especially the adequacy of the provision of non audit services from the statutory auditors based on the current legislation.
- i. Monitor the observations/suggestions of the statutory auditors on the Company's management, the preparation and presentation of its financial statements and the monitoring of their implementation.
- j. Submit to the Board of Directors an annual report which includes:
 - (i) The remuneration for auditing and advisory services paid to the Company's Statutory Auditors by the Company and its subsidiaries
 - (ii) The assignment to Auditors of advisory duties if deemed essential, either on the basis of the significance of the matter for the Company and its subsidiaries or on the basis of the remuneration to the statutory auditors.
- k. Supervise the selection procedures by the Chief Financial Officer of the Accounting Policies and Accounting Estimates used in the Company's Financial Statements.
- l. Draft, with the assistance of the Corporate Governance Code Compliance Officer, the Board of Directors' Report on Corporate Governance, to be included in the Company's Annual Report.
- m. Review the Company's transactions referred to in paragraph A.1.2 (g) of the Corporate Governance Code in order to ensure they are carried out at arm's length.

4.4 The Committee has respective powers and duties for the entire Group of the Company.

B.5. Terms of Reference of the Risk Management Committee

5.1. The Committee has the following objectives:

- a. Form the strategy for undertaking every form of risk that corresponds to the Company's corporate objectives and the adequacy of available resources in both technical means and personnel.
- b. Verify the independence, adequacy and effectiveness of the functioning of the Risk Management Directorate of which the Committee shall have responsibility to appoint and supervise.
- c. Ensure the development and ongoing effectiveness of the internal risk management system and its integration into the business decision making process with regard to any form of risk.
- d. Determine the principles that must regulate the risk management in terms of identification, prediction, measurement, monitoring, control and addressing them, in accordance with the business strategy implemented at the time and adequacy of available resources.
- e. Be informed on a regular basis and monitor the Company's overall risk profile, guide the Risk Management Directorate in the implementation of the risk taking strategy and their policy management.
- f. Ensure that the Company's Board of Directors is adequately informed in relation to all issues regarding the underwriting strategy, the tolerance level and risk profile when executing its strategic and supervisory duties.

5.2. The Committee has the following powers and responsibilities:

- a. To investigate any activity that falls within the scope of its operation and obtain all necessary information.
- b. To appoint external, legal or other professional consultants who will be deemed necessary for the implementation of its work and to secure resources for the payment of the respective remunerations and expenses.
- c. To form on an annual basis and suggest to the Board of Directors the risk undertaking strategy of the Company, to observe the implementation of the Board of Directors' relevant decisions and to suggest appropriate amendments.
- d. To approve and review on an annual basis and any other time that this is required, the risk management principles and policies.
- e. To obtain and review the quarterly submitted Risk Management reports relevant to the Company's total risk tolerance level and the improvement and efficiency of the risk management process, to inform the Board of Directors about the significant risks that the Company has undertaken and to observe and confirm their effective treatment.

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- f. To annually assess the adequacy and effectiveness of the Company's risk management policy based on the annual Risk Management report and especially its adherence to the defined risk tolerance level.
- g. To formulate suggestions and recommend corrective actions to the Board of Directors, in the case where it identifies a weakness in the implementation of the strategy that has been formed for the Company's risk management or deviations on its implementation.
- h. To formulate suggestions to the Board of Directors regarding any matter that falls within its purpose and duties.
- i. To prepare and review a Risk Management Manual which will record:
 - i. The Company's risk management policy (risk appetite/tolerance, risk capacity, risk target, actual risks),
 - ii. The risks that the Company faces (credit risk, market risk, liquidity risk, operational risk),
 - iii. The procedure of Risk Management (risk measurement, risk control, risk mitigation, risk monitoring and performance).

5.3. The Committee has respective powers and duties for the entire Group of the Company.

B.6. Terms of Reference of the Compliance Officer

The Compliance Officer is responsible for the implementation of the Code. In performing his duties, he may consult with the other members of the Board of Directors and obtain advice from the Company's internal and external advisors, as the case may be. The Directors may address the Compliance Officer to ensure that their actions are in full compliance with the Code. The Directors who are informed or suspect that a breach of the Code has occurred or may occur must immediately notify the Compliance Officer.

B.7. Terms of Reference of the Investor Liaison Officer

The Investor Liaison Officer shall act in order to:

1. Ensure the ongoing and smooth communication with all the shareholders;
2. Provide the shareholders with sound and accurate information on material changes in the Company concerning its financial situation, performance, assets and their governance, in an ongoing and timely manner;
3. Encourage the shareholders to have a greater participation in the General Meetings and their business and provide them with the opportunity to express their views on various matters affecting the Company;
4. Where deemed necessary by the Board of Directors, organize meetings, workshops, seminars and lectures aimed at providing additional information to investors;
5. Ensure the Company's presence and participation in press conferences, meetings and other activities that may be organized by the Cyprus Stock Exchange in Cyprus and abroad.

The Investor Liaison Officer must have knowledge of the Company's financial situation and growth strategy and be updated on any significant developments in the Company.

B.8. The Corporate Governance Code applicable at any time

The Terms of Reference of the Committees and the Officers will also include all powers and responsibilities provided for in the Corporate Governance Code applicable at any time.

II. PART TWO – The Implementation of the Corporate Governance Code

A. DIRECTORS

A.1. Board of Directors

During 2021 the Board of Directors held 14 meetings. It has also taken 23 Written Decisions according to the article 112 of the Company's Article of Association. The Board's regular meetings were scheduled for the last Thursday of each month. The Management of the Company is informed of the meetings schedule of the Board of Directors, as well as, the agenda if this is deemed advisable. The Group Planning and Development Manager, the Director of Distribution, the Group Director of Sales Marketing and Services and the Director of Group Operations are usually present or advisable at the meetings of the Board of Directors.

The Directors hold offices on other boards of directors as well. Unless otherwise expressly stated, holding such offices on other boards of directors does not affect the Board of Directors' independence.

The exclusive responsibility of the Board of Directors covers all the matters set out in provision A.1.2. of the Code.

In view of the better exercise of their duties, Directors may obtain independent, professional advice at the Company's expense, provided they notify the Board of Directors or, in exceptional cases, the Chairman or another member of the Board of Directors. The Directors have access to the advice and services of the Company's Secretary.

It is deemed that the judgment of the Directors is impartial and independent and is taken in the interests of the Company and, by extension, of its shareholders.

There is no specific training programme for the Directors in relation to the legislation on the Stock Exchange and the companies. They are, however, informed about the basic provisions that regulate the status and function of directors of public companies and the relevant amendments made from time to time.

The responsibilities of the Board of Directors are exercised collectively and performed with the authorization granted by the Managing Director.

The managerial staff is considered to be the backbone of the Company's business and the employment procedure follows rational criteria aimed at recruiting the best available candidates under the circumstances.

For management purposes, the Board of Directors shall implement through the Nomination Committee of the Corporate Governance Code, a diversity policy that recognises the benefits of diversity in the composition of the Board of Directors and in particular in the diversity, training and specialisation of the directors to better meet the requirements of the Company's operating sectors. The final selection decision is made on the basis of objective criteria aimed at the composition of the Board of Directors by members with high academic training, successful professional background and a wide range of experiences while taking into consideration that experience is an important element of perception and fair judgement. The extend and importance of these parameters, however, is assessed with the need for age renewal. There is no gender discrimination in measuring these criteria.

The composition of the Board of Directors during the period under review allows the effective exercise of its responsibilities, reasonably reflects the activity and shareholding structure of the Company and allows fair and equal treatment of all its shareholders, while it is considered compatible with the provision A.1.12. of the Code as well as the mentioned diversity policy and are as follows:

Takis Klerides, 70 years old. He holds a business Studies Diploma of the United Kingdom and he is a member of the Association of Chartered Certified Accountants UK and member of The Institute of Certified Public Accountants of Cyprus. He exercised the profession of Certified Accountant up to 1999. From 2003 onwards, he exercises the profession of Business Consultant specialised in the field of banking, financing and insurance activities. He served as a Minister of Finance and he was a member of The Institute of Certified Public Accountants of Cyprus Board. He serves on the Board of Directors of the Company since 15 September 2003.

LOGICOM PUBLIC LIMITED

Varnavas Irinarchos, 63 years old. Graduate of Stockholm University Business Administration school and post graduate of the same University in Computers Science. He is an entrepreneur in the sector of information technology. He serves on the Board of Directors of the Company, of which he is the founder, since 9 December 1986.

George Papaioannou, 59 years old. Graduate of Ehtniko Kapodistriako University Law School of Athens. From 1990 up to 2002 he served at the Law Office of the Republic of Cyprus, as an Attorney of the Republic with a specific interest in issues of administrative and criminal law. He took part in legal congresses and was a member of the anti-corruption committee in the Council of Europe. In 2002 he resigned from his position in the Republic's Law Office and he runs his own law firm in Nicosia, with specific interest in issues of criminal nature. He serves on the Board of Directors of the Company since 21 August 2008.

Anthoulis Papachristoforou, 53 years old. He holds a Bachelor's degree in Accounting and Finance from the London South Bank University, and a degree in Business Studies from the Institute of Commercial Management in Bournemouth, UK, and professionally specialised in the field of finance. He is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Cyprus (ICPAC). He serves on the Board of Directors since 17 November 2013.

Anastasios Athanasiades, 53 years old. He holds a Bachelor of Arts Honors Degree in Economics, Accounting, and Finance from the University of Manchester. He is a Fellow Member of the Institute of Chartered Accountants in England and Wales (FCA) and a member of the Institute of Certified Public Accountants of Cyprus. He exercises the profession of Certified Accountant and Tax Consultant, specializing on the issues of international tax and audit of Financial Statements. He served as Deputy Chairman and Deputy Government Commissioner of the Cyprus Securities and Exchange Commission. He serves on the Board of Directors of the Company since 7 December 2015.

Andreas Constantinides, 62 years old. He holds a Bachelor Degree in Economics Sciences from the University of Warwick. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He was a partner at PriceWaterhouseCoopers Limited in Cyprus, specialised in the fields of Consumer Markets, Information Technology and Agricultural Industry. He also served as member of the Board of Directors of the Cyprus Broadcasting Corporation (CyBC). He is a member in various Committee Councils, such as, inter alia, that of the Pancyprian Gymnasium Association (GSP), Junior and Senior School of Nicosia and the Cyprus-Austria Association. He serves on the Board of Directors of the Company since 24 February 2020.

Christoforos Hadjikyprianou, 61 years old. He holds a BSc in industrial technology and an MBA in Business Administration from the Southern Illinois University, U.S.A. He also holds a Doctorate degree (PhD) in Enrolment Management and Consumer Behaviour from Middlesex University, UK. He is the CEO and President of the Council of the European University Cyprus and he is also a member of the executive committee Galileo Global Education. He also serves in various social and athletic committees and he is currently Secretary General of the Cyprus University Sports Federation. He serves on the Board of Directors of the Company since 24 February 2020.

A.2. Balance in the Board of Directors

The Board of Directors comprises of seven members, Takis Klerides (Chairman of the Board of Directors), Varnavas Irinarchos, George Papaioannou, Anthoulis Papachristoforou, Anastasios Athanasiades, Andreas Constantinides and Christoforos Hadjikyprianou.

Takis Klerides, George Papaioannou, Anastasios Athanasiades, Andreas Constantinides and Christoforos Hadjikyprianou are Non-Executive Directors.

Based on the criteria of the Code, amongst the Non-Executive Directors, Anastasios Athanasiades, Andreas Constantinides and Christoforos Hadjikyprianou are Independent Directors. On 15/09/2012 Takis Klerides and on 24/08/2017 George Papaioannou completed nine years of service on the Board of Directors and according to provision A.2.3.(h) of the Code, following that date they ought to have been considered as Non-Independent. However, the Board of Directors is of the opinion that their personality, scientific knowledge, professional experience and background, on the one hand, and proven objectivity and impartiality in the exercise of their duties as Directors of the Company on the other, as well as the absence of any interconnection with the Management or the Main Shareholders and of any direct or indirect conflict of interest with the interests of the Company and its shareholders, confirm and guarantee that their independence is not affected. For the reasons stated above, the Board of Directors considered them to be Independent Directors.

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Chief Executive Officer is the Vice-Chairman and Managing Director Varnavas Irinarchos and Deputy Chief Executive and Managing Director Anthoulis Papachristoforou. Anthoulis Papachristoforou is also the Group's Chief Financial Officer.

Based on the above, during the period under review, out of the six members of the Board of Directors, excluding the Chairman, four are Independent Directors and two are Executive Directors.

Independent Directors have confirmed their independence in accordance with the criteria laid down in provision A.2.3. of the Code.

There have been no issues between the Shareholders and the Company and no reports have been made to the Compliance Officer to resolve any such issues.

A.3. Provision of Information

The Board of Directors has been regularly informed about the Company's financial situation and prospects. Directors are notified of the items to be discussed prior to the meetings.

The businesses of the Board of Directors are held on the basis of the agenda which is drafted following liaison between the Chairman, the Vice-President and Managing Director and the other members of the Board and forwarded to the Secretary at least three days prior to the date set for the meeting, except in urgent cases. In addition to the issues on the agenda, at its meetings the Board of Directors also addresses issues raised by the Directors after the drafting of the agenda.

The minutes of each meeting are prepared and forwarded to the members of the Board of Directors prior to the date of the next meeting and, upon approval, are signed by all Directors present at the meeting in question.

A.4. Appointments to the Board of Directors

The composition of the Nomination Committee is set out in Part I.A.2. of this Report. The majority of the Members of the Nomination Committee are Non-Executive Directors (including the Chairman). The Terms of Reference of the Nomination Committee are set out in Part I under B.2., with reference also to paragraph 1.B.8..

A.5. Re-election

According to article 94 of the Company's Articles of Association, at every Annual General Meeting 1/3 of the members of the Board of Directors (or the nearest percentage thereof) retires by rotation. Moreover, according to Provision A.5 of the Code, Directors are required to resign [...] at least every three years [...] but may offer themselves for re-election. According to Order A.5.2. of the Code all Directors must be subject to re-election by shareholders at the earliest opportunity after their appointment and subsequently to re-election, at intervals not exceeding three years.

According to the provision mentioned above, the members of the Board of Directors retiring by rotation at the Annual General Meeting of 2022 are Anthoulis Papachristoforou, Christoforos Hadjikyprianou and Andreas Constantinides who offer themselves for re election.

Anthoulis Papachristoforou was born in Limassol in 1969, with origin from Agros. He studied Accounting and Finance (BA Hons) at London South Bank University and he holds a degree in Commercial Management from the Institute of Commercial Management in Bournemouth, England. He is a member of the Association of Chartered Certified Accountants and The Institute of Certified Public Accountants of Cyprus. He worked as an auditor in the audit firm Grant Thornton (Cyprus) (1992-1994) and as a corporate planning and control coordinator at Esso Cyprus Inc in Nicosia (1994-2001). Since May 2001 he has been the Group Chief Financial Officer of Logicom Public Limited, in November 2013 he was appointed as a member of the Board of Directors of the Company and from August 2017 he was assigned additional duties as Deputy CEO.

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Christoforos Hadjikyprianou is a graduate of Southern Illinois University in the United States of America, from which he received a BSc in Industrial Technology and a Master's degree in Business Administration (MBA). He holds a PhD, from Middlesex University in the United Kingdom, in Enrolment Management and Consumer Behaviour. Dr. Christoforos Hadjikyprianou is the CEO and President of the Council of the European University Cyprus. He is also a member of the Galileo Global Education Executive Committee. He is a judge at the European Business Awards and a member of the Board of Directors of the Cyprus Jordan Union and the Cyprus East and Southern Asia Association. He also serves in various social and athletic committees and he is currently Secretary General of the Cyprus University Sports Federation. He is also a member of the European Executive Committee of Laureate International Universities.

Andreas Constantinides holds a Bachelor Degree in Economics Sciences from the University of Warwick. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He was a partner at PriceWaterhouseCoopers Limited in Cyprus, specialised in the fields of Consumer Markets, Information Technology and Agricultural Industry. He also served as member of the Board of Directors of the Cyprus Broadcasting Corporation (CyBC). He is a member in various Committee Councils, such as, inter alia, that of the Pancyprian Gymnasium Association (GSP), Junior and Senior School of Nicosia and the Cyprus Austria Association. He serves on the Board of Directors of the Company since 24 February 2020.

Except as stated above, no member of the Board has been elected or re-elected for a period exceeding three years.

B. REMUNERATION OF DIRECTORS

B.1. Procedure

The composition of the Remuneration Committee is set out in Part I.A.3 of this Report. The Members of the Committee are Non-Executive Directors and have no business or other relationship that could materially affect the performance of their duties. All the members of the Remuneration Committee are Independent Directors. Due to his long-standing experience with a business consulting firm, the Chairman of the Remuneration Committee has knowledge and experience in remuneration policy issues. The Terms of Reference of the Remuneration Committee are set out in Part I.B.3 with reference also to paragraph I.B.8.

B.2. The level and composition of the remuneration – Remuneration Policy - Remuneration Report

During the year under review, it was not deemed necessary to use the services of a consultant on market standards for remuneration systems.

The Company's policy on the remuneration of its Executive directors recognises the necessity of the determination of remuneration of which the level and composition will be able to allow the attraction, retention and motivation of Executive directors which fulfil the required criteria, academic qualifications, knowledge and experience. Consists in correlating remuneration to individual performance and the Company's overall progress and the competitive comparison against other businesses of similar operations and comparable size.

Not any factor exists in the composition of the Executive directors' remuneration which consists wholly of non-variable factors without any predetermined or quantifiable performance criteria.

There is no annual bonus scheme and other benefits to the Executive directors, except the bestowal of a car or the reimbursement of maintenance and running expenses of a private car and except as mentioned below in paragraph B.3..

There are no retirement or early retirement plans or option plans or share-option plans to the benefit of Executive directors.

The report of the Remuneration Committee has been approved by the Board of Directors and is submitted to the shareholders of the Company for approval as part of this Annual Report.

The amount and the composition of the remuneration of the Executive Board of Directors are listed in Part II.B.3.

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B.3. Notification

The remuneration and other benefits of the Executive directors in 2021 were as follows:

Varnavas Irinarchos, Managing Director- €176.200 (Salary €151.200 plus Entertainment Expenses €25.000). He is provided with a car and the relevant running and maintenance costs are also covered, amounting to €19.502 including depreciation, in the period under review. His employment contract was renewed and is valid from 01/01/2022 until 31/12/2022 with a salary of €150.000 plus entertainment expenses of €25.000 plus running and maintenance costs of a car.

Anthoulis Papachristoforou, Deputy Managing Director- €271.000 (Salary €197.000 plus Entertainment Expenses €24.000 plus Bonus €50.000 - the bonus was granted based on the evaluation of the results of the Group for the year 2020). He is provided with a car and the relevant running and maintenance costs amounting to €25.021, including the depreciation, in the period under review are covered.

The Executive directors have the right to participate in the Share Option or other Bonus Schemes, if and where applicable to the Company's regular personnel, but are not remunerated for their participation in the Board of Directors and in the committees of the Board of Directors. In 2021 there were no Share Option Schemes in force.

The amount and the composition of the remuneration of the Non-Executive Directors is determined in the General Meeting. It is recognised, in one hand, that the remuneration of Non-Executive Directors should not include rights to purchase share or other information related to the Company's performance and, on the other hand, that it should reasonably reflect the time commitment, requirements and responsibilities of their role, without however, its composition being able to influence the independence of the Non-Executive Independent Directors.

The remuneration of the Non-Executive Directors for their participation in the Board of Directors which were determined with the decision taken by the Annual General Meeting in 2020 are the following: Chairman annual lump sum amount of €25.000 plus €500 per participation at the meetings of the Board of Directors and Non-Executive Directors annual lump sum amount of €7.000 plus €400 per participation at the meetings of the Board of Directors. The chairman of the Audit Committee and the Risk Management Committee are remunerated with an additional annual lump sum amount of €2.000. and €1.000 respectively.

The remuneration of the Non-Executive Directors for their participation in the Committee of the Corporate Governance Code, unless otherwise decided by the Board of Directors, is equal to the remuneration for the participation in the meetings of the Board of Directors.

The total remuneration received by the Chairman and the Non-Executive Directors during 2021, referring to the period between the Annual General Meetings of 2020 (03/08/2020) until 31/12/2021, are as follows: Takis Klerides (Chairman) €51.705, George Papaioannou €26.658, Anastasios Athanasiades €29.474, Christoforos Hadjikyprianou €23.058 and Andreas Constantinides €25.471.

No remuneration is paid for the participation of members of the Company's Board of Directors in the boards of directors of its subsidiary companies.

The Independent Non-Executive Directors do not receive and did not receive any reimbursement from the Company except from their remuneration as members of the Board of Directors within the twelve months preceding their appointment, as this was approved with a decision of the Annual General Meeting of 2020.

C. RESPONSIBILITY AND INTERNAL AUDIT – RISK MANAGEMENT

C.1. Financial Statements

The notifications, reports and statements of the Company, reflect the true picture of the Board of Directors data and estimates at the material time. Notifications are issued where required under statutory obligations and where deemed advisable in order to provide shareholders and investors in general with timely information.

The Company intends to continue to operate as a going concern for the next 12 months.

LOGICOM PUBLIC LIMITED**C.2. Internal Control and Risk Management Systems**

The Audit Committee ensures that the Company maintains a sufficient Internal Audit System to guarantee the maximum possible protection of the Shareholders' investments and the Company's assets. The Audit Committee inspects the Internal Audit Systems through the Company's Internal Audit Department and provides assurances to the Board of Directors that their effectiveness is satisfactory.

The internal control services are carried out by the Internal Audit Department, headed by Mr. Rovertos Giousellis, Certified Internal Auditor, member of the Association of Chartered Certified Accountants (ACCA) and the Institution of Certified Public Accountants of Cyprus (ICPAC).

The Company's statutory auditors do not provide internal audit services.

The audit by the Internal Audit Department of the Internal Audit and Risk Management Systems is carried out on a sample basis in accordance with the International Standards of Internal Audit and covers audits of the financial and operating systems, as well as, compliance and management systems that threaten the achievement of the Company's objectives.

The Internal Audit Department helps the Group to achieve its objectives by applying a systematic and disciplined methodology in the assessment and improvement of the Risk Management Systems and Internal Control Systems and in the implementation of the Corporate Governance Code by each company.

The Board of Directors has not been informed of any violation of the Laws and Regulations governing the operation of the Cyprus Stock Exchange and the Cyprus Securities and Exchange Commission.

No loans or guarantees have been granted to any Directors (or to any person associated with the same within the first degree or to their spouses or to companies in which they hold more than 20% of the voting rights) of the Company or the Company's subsidiaries either by the Company itself or its subsidiaries or by a company associated with the Company and, with the exception of normal business practice, there are no amounts receivable from a Director or any person associated therewith as stated above.

C.3. Audit Committee, Statutory Auditors and Compliance with the Code – Risk Management Committee

The Audit Committee comprises three members and its composition is set out in Part I.A.4 of this Report. Its Chairman and two members are Non-Executive, Independent Directors and have no business or any other relationship that could materially affect the exercise of their duties. The Terms of Reference of the Audit Committee are set out in Part I.B.4 with additional reference in paragraph I.B.8.. The Chairman of the audit Committee has experience in Accounting and Audit and is a Qualified Accountant/Auditor. The members of the Committee, as a whole, have sufficient experience in the area in which the Company operates.

In 2021, the Audit Committee held 10³ meetings and, as per its Terms of Reference, examined, amongst other issues, the issues related to the services of the Auditors, which have been found to be adequate, including their remuneration, which it considers reasonable. The relevant report has been submitted to the Board of Directors.

The statutory auditors and the entities belonging to the same group as the statutory auditors of the company do not provide to the Company any other services which as statutory auditors are not allowed to provide.

The accounting policies and accounting estimates followed are deemed to be satisfactory. The Company has adopted the International Financial Reporting Standards in relation to its business.

There have been no material transactions of the Company or its subsidiaries or associated companies, of any kind, in which the Chief Executive Officer, any senior management executive, secretary, auditor or major shareholder of the Company holding directly or indirectly more than 5% of the Company's issued share capital or voting rights, has any material interest, either directly or indirectly.

It is hereby confirmed that the Company has complied with the provisions of the Code.

This Report was drafted with the assistance of the Compliance Officer.

LOGICOM PUBLIC LIMITED*Risk Management Committee*

The Risk Management Committee comprises five members who are Non-Executive Directors. Its composition is set out in Part I.A.5 of this Report. The Committee's Terms of Reference are set out in Part I.B.5 with additional reference in paragraph I.B.8.

The Risk Management Committee has perused, approved and adopted a Risk Management Manual, prepared by the Company's Internal Auditor, which records in detail, the categories of risks encountered by the Company and the Management's policy and procedures for addressing these risks.

In 2021, the Risk Management Committee held 4 meetings. At the quarterly meetings of the Committee, the Management presented the results of the methods and processes of managing the risks based on the Manual and the Committee confirmed the ongoing effectiveness of the internal risk management system and its continuous development across the range of the Company's operations. The Chairman of the Committee informed the Board of Directors accordingly.

LOGICOM PUBLIC LIMITED***D. RELATIONSHIP WITH SHAREHOLDERS*****D.1. Constructive use of the Annual General Meeting**

The Annual General Meeting was convened and held in accordance with legal and regulatory provisions as well as with the provisions of the Corporate Governance Code.

The procedures followed at the general meetings permit, challenge and support the participation of the shareholders in the discussion of the issues on the agenda and the adoption of relevant resolutions. The shareholders are provided with satisfactory evidence and adequate time is provided for investigation and additional explanations in relation to the issues concerning extraordinary business at the annual general meetings or issues relating to the agenda of an extraordinary general meeting. Prior to and after concluding the business of the general meetings, opportunities are provided for communication and discussion amongst the shareholders and the members of the Board of Directors and the other officers and management executives of the Company.

D.2. Equal Treatment of Shareholders

The entire authorized and issued share capital is divided into ordinary shares and there are no shareholders holding any titles with varied rights in relation to the exercise of voting rights or participation in the Company's profits. During voting, every shareholder is entitled to one vote for every share held.

Participation in the general meeting by proxy requires authorizations for which relevant forms are proposed and attached to the invitation.

The invitations are sent out within the deadlines determined by the Companies Law.

Provided they represent an adequate number of shares (5%), shareholders may propose issues to be discussed at the general meetings of the shareholders in accordance with the procedures established by the Companies Law.

The members of the Board of Directors and management executives are aware of their obligations, subject to their ongoing obligations for immediate announcement, to communicate information to the Board of Directors and to the shareholders through the Company's annual report and the accounts, relating to any material own interest which may arise from Company's transactions that fall within their duties, as well as any other conflicts of interest with those of the Company or its associated companies arising in the performance of their duties.

The information concerning the Company is provided to all shareholders fairly, promptly and free of charge.

The Company has a website providing information on important developments in the Company's operations, including the announcements made to the Stock Exchange, and allows visitors to personally contact the Investor Liaison Officer.

The Company's announcements and reports provide prompt and accurate information on the material changes concerning the Group and its business, including issues relating to the Company's financial statements, the objectives and activities, as amended, the main shareholders and voting rights, material foreseeable risks, material issues concerning employees (upgrading and restructuring of personnel) and the shareholders, governance structure and policies and the Company's extraordinary transactions.

Nicosia, 28 April 2022

By order of the Board of Directors,

Adaminco Secretarial Limited
Secretary of Logicom Public Limited

Independent Auditors' report

To the Members of Logicom Public Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Logicom Public Limited (the "Company") and its subsidiaries (the "Group") and the separate financial statements of Logicom Public Limited (the "Company"), which are presented on pages 36 to 150 and comprise the consolidated statement of financial position and statement of financial position of the Company as at 31 December 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "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 "Auditors' responsibilities for the audit of the consolidated and separate financial statements" section of our report. We remained independent of the Group and the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards) ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the consolidated and separate financial statements, 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.

Key audit matters including the most significant risks of substantive inaccuracies, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of trade receivables for the Group and trade receivables and other receivables for the Company.

Refer to note 24 to the consolidated and the separate financial statements

Key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2021, the trade receivables of the Group amounted to € 234.318.204 and the trade and other receivables of the Company amounted to €21.371.541.</p> <p>The significance of these balances for the Group and the Company and taking into account the general financial and political environment in the countries where the Group operates, creates a risk as to the recovery of these balances, and the uncertainty, the use of assumptions and judgements that accompany the assessment of provisions for bad debts, caused the valuation of these balances to be one of the key audit matters.</p>	<p>Our audit procedures included amongst others, the following:</p> <ul style="list-style-type: none"> — Assessment of the operational effectiveness of the controls in relation to the credit insurance on the Group's customers; — Review of subsequent to the year-end cash receipts; -Assessment of the reasonableness of the assumptions and information, taken into account in the calculation of the provision for doubtful debts, such as the age of the balances, the characteristics of the customers, the extent of insurance coverage and whether the amounts have been recovered post year end. -independent assessment of the expected credit losses (ECL) calculation prepared by the Management, using our own internal model.

Valuation of inventories for the Group and the Company

Refer to note 23 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2021 the stock of the Group amounted to € 79.362.639 and of the Company amounted to €845.009.</p> <p>Considering that the activities of the companies of the Group include the distribution of high-tech products and the fact that this specific industry is characterized by rapid developments and changes, there is a risk that the inventories held at year end may be slow moving or impaired. The uncertainty relating to the valuation of inventory caused this risk to be one of the key audit matters.</p>	<p>Our audit procedures included amongst others, the following:</p> <ul style="list-style-type: none"> —Understanding and evaluating the process applied by the Company and Group to estimate the provision for impairment. — Assessment of the amount of provision for impairment taking into account the characteristics of the country in which the inventories are held, the age and type of inventories, their marketability as well as the Group's ability for stock rotation and price protection. — Comparison of the cost of the inventories with their net realizable value.

Amount payable and share of results from related company for the Group and amount payable from subsidiary company for the Company	
Refer to notes 20,24 and 43 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2021 the amount payable and share of results from related company for the Group amount to €23.354.742 and €107.298 respectively and amount payable from subsidiary for the Company amount to €18.006.078.</p> <p>The Group and the Company have significant receivable balances from M.N. Larnaca Desalination Co. Limited and M.N. Limassol Water Co. Ltd (the “desalination companies”), through its subsidiary Verendrya Ventures Limited.</p> <p>The share of the results and the impairment of the amount due by the desalination company which were recognized during the year have been determined on the basis of assumptions and estimates that involve inherent uncertainty in the calculation of the expected discounted cash flows in relation to the desalination projects.</p> <p>The subject matter is one of the key issues that the Board of Directors has exercised significant judgment and therefore is one of the key audit matters.</p>	<p>Our audit procedures included amongst others, the following:</p> <p>-Review of the statutory audit work carried out in the context of the mandatory audit of the subsidiary company with an emphasis on the assessment of the reasonableness of the assumptions used to determine the value of the significant assets of the desalination company, in comparison with statistical and other data, and consequently the share of the result recognized in Group.</p> <p>—Review of the expected discounted cash flows of the subsidiary company Verendrya Ventures Limited which consists of the expected discounted cashflows of the desalination company in Larnaca as well as those of the company that has undertaken the similar project of the desalination unit in Limassol to determine a possible impairment on the amount payable by Verendrya Ventures Limited to the Company;</p>

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report and Consolidated Management Report and the Corporate Governance Report, but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated and separate 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 and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed in relation to other information obtained prior to the date of the auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the Management Report and Consolidated Management Report and Corporate Governance Report, our report is presented in the "*Report on other legal and regulatory requirements*" section.

Responsibilities of the Board of Directors and those charged with governance for the consolidated and separate financial statements

The Board of Directors is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors and those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and separate 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 and separate 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 and the Company'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 Company's and 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 auditors' report to the related disclosures in the consolidated and separate 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 auditors' report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other Regulatory and Legal Requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Date of appointment and period of engagement

We were appointed auditors of the Company since its incorporation in 1986 by the General Meeting of the Company's member to audit the consolidated financial statements of the Group for the year ended 31 December 2021. Our total uninterrupted period of engagement, having been renewed annually by shareholders' resolution is 35 years covering all periods from 31.12.1986 to 31.12.2021.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 11 April 2022.

Provision of Non-audit Services

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L53(I)/2017").

Other legal requirements:

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the Management Report and Consolidated Management Report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated and separate financial statements.
- In the light of the knowledge and understanding of the of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the Management Report and Consolidated Management Report.
- In our opinion, based on the work undertaken in the course of our audit, 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 Companies Law, Cap. 113, and which is included as a specific section of Management Report and Consolidated Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated and separate financial statements.
- In light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

Report on other legal and regulatory requirements

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of Logicom Public Limited for the year ended 31 December 2021 comprising an XHTML file which includes the consolidated financial statements for the year then ended and XBRL files with the marking up carried out by the entity of 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 all disclosures made in the consolidated financial statements or made by cross-reference therein to other parts of the annual financial report for the year ended 31 December 20XX that correspond to the elements in Table 1 of Annex II of the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission, as amended from time to time (the “ESEF Regulation”) (the “digital files”).

The Board of Directors of Logicom Public Limited is responsible for preparing and submitting the consolidated financial statements for the year ended 31 December 2021 in accordance with the requirements set out in the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission. (the “ESEF Regulation”).

Our responsibility is to examine the digital files prepared by the Board of Directors of Logicom Public Limited. According to the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the “Audit Guidelines”), we are required to plan and perform our audit procedures in order to examine whether the content of the consolidated financial statements included in the digital files correspond to the consolidated financial statements we have audited, and whether the format and marking up included in the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined correspond to the consolidated financial statements, and the consolidated financial statements included in the digital files, are presented and marked-up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/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 auditors' report is Michael M. Antoniadis.

Michael M. Antoniadis, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of
KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon street
1087 Nicosia
Cyprus
28 April 2022

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2021

	Note	2021 €	2020 €
Revenue	6	949.209.173	862.017.413
Cost of sales	7	<u>(874.252.247)</u>	<u>(790.969.747)</u>
Gross profit		74.956.926	71.047.666
Other income	8	899.612	2.107.324
Expected credit losses	37.1	(75.318)	(2.247.873)
Administrative expenses	10	<u>(43.764.019)</u>	<u>(41.619.856)</u>
Profit from operations		<u>32.017.201</u>	<u>29.287.261</u>
Net foreign exchange (loss)/profit		(1.432.559)	536.531
Interest receivable		595.992	659.208
Interest payable and bank charges		<u>(5.096.787)</u>	<u>(6.027.924)</u>
Net finance costs	11	(5.933.354)	(4.832.185)
Net share of profit from associated companies after tax	20	1.581.313	2.709.416
Net share of profit/(loss) from joint ventures after tax	20	<u>107.298</u>	<u>(195.548)</u>
Profit before tax		27.772.458	26.968.944
Tax	12	<u>(2.995.789)</u>	<u>(3.782.573)</u>
Profit for the year after tax		<u>24.776.669</u>	<u>23.186.371</u>
Other comprehensive income that will not be reclassified to profit or loss in future periods			
Increase/(Decrease) from revaluation of investments at fair value through other comprehensive income	18	912.931	(205.182)
Deferred taxation arising from revaluation of land and buildings	35	3.309	(591)
Adjustment on remeasurement of obligation	29	595.970	(271.163)
Deferred taxation arising from the remeasurement of obligation	35	<u>(48.679)</u>	<u>5.943</u>
		<u>1.463.531</u>	<u>(470.993)</u>
Other comprehensive income that will be reclassified to profit or loss in future periods			
Exchange difference from translation and consolidation of financial statements from foreign operations	11	7.579.741	(8.785.101)
Exchange difference in relation to hedge of a net investment in a foreign operation	11	(2.633.110)	3.009.015
Share of (loss)/profit from associated company	20	<u>(214.823)</u>	<u>147.738</u>
		<u>4.731.808</u>	<u>(5.628.348)</u>
Other comprehensive income/(expenses) for the year after tax		<u>6.195.339</u>	<u>(6.099.341)</u>
Total comprehensive income for the year after tax		<u>30.972.008</u>	<u>17.087.030</u>
Profit for the year after tax attributable to:			
Company's shareholders		24.745.689	23.260.480
Non-controlling interest	27	<u>30.980</u>	<u>(74.109)</u>
Profit for the year after tax		<u>24.776.669</u>	<u>23.186.371</u>
Total comprehensive income for the year after tax attributable to:			
Company's shareholders		30.941.028	17.161.139
Non-controlling interest	27	<u>30.980</u>	<u>(74.109)</u>
Total comprehensive income		<u>30.972.008</u>	<u>17.087.030</u>
Basic earnings per share (cent)	14	<u>33,40</u>	<u>31,40</u>
Diluted earnings per share (cent)	14	<u>33,40</u>	<u>31,40</u>

The notes on pages 44 to 150 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 €	2020 €
Assets			
Property, plant and equipment	15	22.246.895	22.053.885
Right-of-use assets	16	4.896.969	5.193.533
Intangible assets and goodwill	17	8.697.465	9.093.901
Investments in associated companies and joint ventures	20	80.144.277	79.422.663
Investments at fair value through other comprehensive income	18	11.725.167	6.985.960
Trade and other receivables	24	24.174.092	24.055.226
Deferred taxation	35	<u>1.179.785</u>	<u>1.197.053</u>
Total non-current assets		<u>153.064.650</u>	<u>148.002.221</u>
Inventories	23	79.362.639	51.046.991
Trade and other receivables	24	241.847.813	191.031.564
Investments at fair value through profit and loss	21	14.943	12.881
Current tax assets	31	529.879	822.003
Cash and cash equivalents	25	<u>40.515.953</u>	<u>55.643.856</u>
Total current assets		<u>362.271.227</u>	<u>298.557.295</u>
Total assets		<u>515.335.877</u>	<u>446.559.516</u>
Equity			
Share capital	26	25.187.064	25.187.064
Reserves	27	<u>176.240.064</u>	<u>151.543.735</u>
Equity attributable to shareholders of the company		201.427.128	176.730.799
Non-controlling interest	27	<u>(2.594.747)</u>	<u>(2.497.363)</u>
Total equity		<u>198.832.381</u>	<u>174.233.436</u>
Liabilities			
Long-term loans	32	11.509.386	13.842.401
Obligations under finance leases	33	3.831.093	4.144.363
Trade and other payables	30	11.863.763	11.690.929
Deferred taxation	35	462.236	908.374
Provisions for other liabilities and termination of employment	28,29	<u>2.746.538</u>	<u>3.268.831</u>
Total non-current liabilities		<u>30.413.016</u>	<u>33.854.898</u>
Trade and other payables	30	162.633.317	141.706.797
Bank overdrafts	32	41.185.501	36.026.311
Short term loans	32	72.609.182	50.268.209
Current portion of long-term loans	32	3.733.264	3.506.157
Obligations under finance leases	33	1.157.660	1.114.669
Promissory notes	34	1.997.842	1.939.027
Derivative financial instruments	22	421.946	2.733.095
Current tax liabilities	31	2.205.164	1.176.917
Provisions for other liabilities and termination of employment	28,29	<u>146.604</u>	<u>-</u>
Total current liabilities		<u>286.090.480</u>	<u>238.471.182</u>
Total liabilities		<u>316.503.496</u>	<u>272.326.080</u>
Total equity and liabilities		<u>515.335.877</u>	<u>446.559.516</u>

The consolidated financial statements were approved by the Board of Directors of Logicom Public Limited on 28 April 2022.

.....
Varnavas Irinarchos
Vice Chairman and Managing Director

.....
Anthoulis Papachristoforou
Group Chief Financial Officer/ Director

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Share capital €	Share Premium Reserve €	Revaluation Reserve €	Difference arising on the conversion the share capital to Euro €	Hedge reserve €	Statutory reserve €	Translation reserve €	Retained earnings €	Total €	Non- controlling interest €	Total €
Balance at 1 January 2020	25.187.064	10.443.375	6.385.831	116.818	(9.690.897)	2.435.557	(652.294)	129.153.173	163.378.627	(2.423.254)	160.955.373
Total comprehensive income											
Profit for the year	-	-	-	-	-	-	-	23.260.480	23.260.480	(74.109)	23.186.371
Other comprehensive income	-	-	(591)	-	3.009.015	-	(8.785.101)	(322.664)	(6.099.341)	-	(6.099.341)
Transactions with owners, recognized directly in equity											
Proposed dividend for 2019 that was paid in 2020 (note 13)	-	-	-	-	-	-	-	(3.703.980)	(3.703.980)	-	(3.703.980)
Share of other transactions with owners from an associated company (note 20)	-	-	-	-	-	-	-	(104.987)	(104.987)	-	(104.987)
Other movements											
Transfer	-	-	-	-	-	338.720	-	(338.720)	-	-	-
Balance at 1 January 2021	25.187.064	10.443.375	6.385.240	116.818	(6.681.882)	2.774.277	(9.437.395)	147.943.302	176.730.799	(2.497.363)	174.233.436
Total comprehensive income											
Profit for the year	-	-	-	-	-	-	-	24.745.689	24.745.689	30.980	24.776.669
Other comprehensive income	-	-	3.309	-	(2.633.110)	-	7.579.741	1.245.399	6.195.339	-	6.195.339
Transactions with owners, recognized directly in equity											
Proposed dividend for 2020 that was paid in 2021 (note 13)	-	-	-	-	-	-	-	(5.926.368)	(5.926.368)	-	(5.926.368)
Share of other transactions with owners from an associated company (note 20)	-	-	-	-	-	-	-	(446.695)	(446.695)	-	(446.695)
Other movements											
Transfer	-	-	-	-	-	75.361	-	53.003	128.364	(128.364)	-
Balance at 31 December 2021	25.187.064	10.443.375	6.388.549	116.818	(9.314.992)	2.849.638	(1.857.654)	167.614.330	201.427.128	(2.594.747)	198.832.381

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31st of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31st of December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution tax rate of 2,65% (31.12.2019 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

Retained earnings is the only reserve that is available for distribution.

The notes on pages 44 to 150 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2021

	Note	2021 €	2020 €
Cash flows from/(used in) operations			
Profit for the year after tax		24.776.669	23.186.371
<i>Adjustments for:</i>			
Exchange differences		7.878.076	(3.918.185)
Depreciation	15	1.452.732	1.370.585
Depreciation on leased property, plant and equipment	15	218.710	237.111
Depreciation on right-of-use assets	16	1.635.688	1.612.007
Interest payable		4.023.057	4.946.050
Interest receivable	11	(595.992)	(659.208)
Change in fair value of derivative financial instruments		(2.311.149)	1.786.264
Share of (profit)/loss from joint ventures after tax	20	(107.298)	195.548
Share of profit from associated companies after tax	20	(1.581.313)	(2.709.416)
Expected credit losses	37.1	75.318	2.247.873
Provision recognised for the decrease in the value of inventories	23	(20.061)	65.970
(Profit)/loss on revaluation of investments at fair value through profit and loss	8	(2.062)	6.403
Profit from the disposal of property, plant and equipment	8	(18.533)	(29.706)
Amortisation of research and development	17	252.151	247.876
Amortisation of goodwill	17	296.588	280.737
Charge to profit or loss for provisions	29	562.165	509.353
Tax	12	2.995.789	3.782.573
		<u>39.530.535</u>	<u>33.158.206</u>
(Increase)/decrease in inventories		(28.295.587)	16.856.939
(Increase)/decrease in trade and other receivables		(51.010.433)	14.273.512
Increase in trade and other payables		21.099.354	17.420.923
Proceeds from promissory notes		58.815	1.808.478
Benefits paid for termination of employment		(581.507)	(446.533)
		<u>(19.198.823)</u>	<u>83.071.525</u>
Interest paid		(3.751.106)	(4.626.025)
Taxation paid		(2.132.743)	(2.899.189)
		<u>(25.082.672)</u>	<u>75.546.311</u>
Net cash flow (used in)/from operations			
Cash flows (used in)/from investing activities			
Payments to acquire investments at fair value through other comprehensive income	18	(3.826.276)	(3.328.310)
Proceeds from disposal of property, plant and equipment		137.918	1.105.168
Payments to acquire intangible assets	17	(158.775)	(242.294)
Payments for provisions	28	-	(40.000)
Payments to acquire property, plant and equipment	15	(1.617.154)	(2.072.065)
Interest received	11	595.992	659.208
		<u>(4.868.295)</u>	<u>(3.918.293)</u>
Net cash flow used in investing activities			
Cash flows from/(used in) financing activities			
Proceeds from issue of new loans	32	131.511.049	53.774.366
Repayment of loans	32	(111.275.984)	(77.757.165)
Repayments of obligations under finance leases	33	(1.721.782)	(1.609.684)
Dividends paid	13	(5.926.368)	(3.703.980)
		<u>12.586.915</u>	<u>(29.296.463)</u>
Net cash flow from/(used in) financing activities			
Net change in cash and cash equivalents		(17.364.052)	42.331.555
Cash and cash equivalents at beginning of the year		19.617.545	(21.111.933)
Effect of exchange rate fluctuations on cash and cash equivalents held		(2.923.041)	(1.602.077)
Cash and cash equivalents at end of the year	25	<u>(669.548)</u>	<u>19.617.545</u>

The notes on pages 44 to 150 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2021

	Note	2021 €	2020 €
Revenue	6	83.052.353	72.040.139
Cost of sales	7	<u>(78.080.768)</u>	<u>(66.555.004)</u>
Gross profit		4.971.585	5.485.135
Other income	8	16.541.210	15.560.785
Expected credit losses	37.1	(603.823)	(924.345)
Other expenses	9	-	(378.656)
Administrative expenses	10	<u>(9.180.073)</u>	<u>(8.512.771)</u>
Profit from operations		11.728.899	11.230.148
Net foreign exchange (loss)/profit		(32.005)	613.001
Interest receivable		34	-
Interest payable and bank charges		<u>(2.125.856)</u>	<u>(2.882.282)</u>
Net finance expenses	11	<u>(2.157.827)</u>	<u>(2.269.281)</u>
Profit before tax		9.571.072	8.960.867
Tax	12	<u>(209.064)</u>	<u>(651.755)</u>
Profit for the year after tax		<u>9.362.008</u>	<u>8.309.112</u>
Other comprehensive income that will not be reclassified to profit or loss in future periods			
Deferred taxation arising from revaluation of land and buildings	35	<u>3.309</u>	<u>(591)</u>
Other comprehensive income/(expenses) for the year after tax		<u>3.309</u>	<u>(591)</u>
Total comprehensive income for the year after tax		<u>9.365.317</u>	<u>8.308.521</u>

The notes on pages 44 to 150 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 €	2020 €
Assets			
Property, plant and equipment	15	4.299.511	4.561.550
Right-of-use assets	16	383.451	468.989
Investments in subsidiary companies	19	53.331.217	53.331.217
Long-term loans to subsidiary companies	43	27.562.770	26.390.617
Deferred taxation	35	<u>91.760</u>	<u>277.310</u>
Total non-current assets		<u>85.668.709</u>	<u>85.029.683</u>
Inventories	23	845.009	988.735
Trade and other receivables	24	21.380.880	18.125.489
Receivables from subsidiary companies	43	33.209.766	30.029.151
Investments at fair value through profit and loss	21	6.758	6.758
Cash and cash equivalents	25	<u>2.648.299</u>	<u>4.194.690</u>
Total current assets		<u>58.090.712</u>	<u>53.344.823</u>
Total assets		<u>143.759.421</u>	<u>138.374.506</u>
Equity			
Share capital	26	25.187.064	25.187.064
Reserves	27	<u>25.797.129</u>	<u>22.358.180</u>
Total equity		<u>50.984.193</u>	<u>47.545.244</u>
Liabilities			
Long-term loans	32	6.230.046	8.603.174
Obligations under finance leases	33	278.808	375.382
Deferred taxation	35	<u>462.236</u>	<u>466.316</u>
Total non-current liabilities		<u>6.971.090</u>	<u>9.444.872</u>
Trade and other payables	30	22.852.659	24.174.671
Bank overdrafts	32	21.526.226	22.710.003
Short term loans	32	35.838.206	27.372.729
Current portion of long-term loans	32	2.718.412	2.718.412
Obligations under finance leases	33	129.378	115.272
Promissory notes	34	1.997.842	1.939.027
Derivative financial instruments	22	738.388	2.351.275
Current tax liabilities	31	<u>3.027</u>	<u>3.001</u>
Total current liabilities		<u>85.804.138</u>	<u>81.384.390</u>
Total liabilities		<u>92.775.228</u>	<u>90.829.262</u>
Total equity and liabilities		<u>143.759.421</u>	<u>138.374.506</u>

The financial statements were approved by the Board of Directors of Logicom Public Limited on 28 April 2022.

.....
Varnavas Irinarchos
Vice Chairman and Managing Director

.....
Anthoulis Papachristoforou
Group Chief Financial Officer / Director

The notes on pages 44 to 150 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Note	Share capital €	Share Premium Reserve €	Revaluation Reserve €	Difference arising on the conversion the share capital to Euro €	Retained earnings €	Total €
Balance at 1 January 2020	25.187.064	10.443.375	2.308.379	116.818	4.885.067	42.940.703
Total comprehensive income						
Profit for the year	-	-	-	-	8.309.112	8.309.112
Other comprehensive income for the year	-	-	(591)	-	-	(591)
Transactions with owners, recognized directly in equity						
Proposed dividend for 2019 that was paid in 2020	13	-	-	-	(3.703.980)	(3.703.980)
Balance at 1 January 2021	<u>25.187.064</u>	<u>10.443.375</u>	<u>2.307.788</u>	<u>116.818</u>	<u>9.490.199</u>	<u>47.545.244</u>
Total comprehensive income						
Profit for the year	-	-	-	-	9.362.008	9.362.008
Other comprehensive income for the year	-	-	3.309	-	-	3.309
Transactions with owners, recognized directly in equity						
Proposed dividend for 2020 that was paid in 2021	13	-	-	-	(5.926.368)	(5.926.368)
Balance at 31 December 2021	<u>25.187.064</u>	<u>10.443.375</u>	<u>2.311.097</u>	<u>116.818</u>	<u>12.925.839</u>	<u>50.984.193</u>

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31st of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31st of December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution rate of 2,65% (31.12.2019 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

Retained earnings is the only reserve that is available for distribution.

The notes on pages 44 to 150 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note	2021 €	2020 €
Cash flows from/(used in) operations			
Profit for the year after tax		9.362.008	8.309.112
<i>Adjustments for:</i>			
Depreciation	15	600.970	478.950
Change in derivative financial instruments	22	(1.612.887)	1.443.024
Depreciation on right-of-use assets	16	122.524	117.240
Profit from the disposal of property, plant and equipment	8	(1.234)	(11.911)
Expected credit losses	37.1	603.823	924.345
Loss on revaluation of investments at fair value through profit and loss	21	-	2.836
Impairment loss of investments in subsidiaries	19	-	375.820
Dividends receivable	8	(11.058.408)	(10.949.366)
Interest receivable	11	(34)	-
Interest payable	11	1.728.167	2.525.145
Tax	12	209.064	651.755
		<u>(46.007)</u>	<u>3.866.950</u>
Decrease in inventories		143.726	800.802
(Increase)/decrease in trade and other receivables		(3.267.700)	2.271.763
(Increase)/decrease in balances with subsidiary companies		(4.944.352)	9.625.502
(Decrease)/increase in trade and other payables		(1.322.012)	1.715.261
Increase in promissory notes		58.815	1.808.478
		<u>(9.377.530)</u>	<u>20.088.756</u>
Interest paid		(1.714.101)	(2.508.062)
Tax paid		<u>(24.189)</u>	<u>(68.360)</u>
Net cash flow (used in)/from operations		<u>(11.115.820)</u>	<u>17.512.334</u>
Cash flows from/(used in) investing activities			
Payments to acquire property, plant and equipment	15	(437.261)	(896.469)
Proceeds from disposal of property, plant and equipment		99.564	895.112
Interest received	11	34	-
Dividends received	8	11.058.408	10.949.366
Net cash flow from investing activities		<u>10.720.745</u>	<u>10.948.009</u>
Cash flows from/(used in) financing activities			
Proceeds from issue of new loans	32	55.737.363	30.091.141
Repayment of loans	32	(49.645.014)	(45.120.803)
Repayments of obligations under finance leases	33	(133.520)	(125.088)
Dividends paid	13	<u>(5.926.368)</u>	<u>(3.703.980)</u>
Net cash flow from/(used in) financing activities		<u>32.461</u>	<u>(18.858.730)</u>
Net change in cash and cash equivalents		<u>(362.614)</u>	<u>9.601.613</u>
Cash and cash equivalents at beginning of the year		<u>(18.515.313)</u>	<u>(28.116.926)</u>
Cash and cash equivalents at end of the year	25	<u>(18.877.927)</u>	<u>(18.515.313)</u>

The notes on pages 44 to 150 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

1. STATUS AND PRINCIPAL ACTIVITY

Logicom Public Limited (the "Company") was incorporated in Cyprus on 9 December 1986 as a private company with limited liability. The Company is tax resident in Cyprus (domiciled). The principal activities of the Company are the distribution of high technology products and the provision of finance to its subsidiaries. On 23 July 1999 the Company became public in accordance with the provisions of the Cyprus Companies Law and on 4 January 2000 commenced trading of its shares in the Cyprus Stock Exchange.

These separate and consolidated financial statements include the Company and its subsidiaries ("the Group").

The address of the registered office of the Company is the following:

Zenonos Sozou 3
1st floor
3105 Limassol

The address of the management office of the Company is the following:

Stasinou 26
Ayia Paraskevi
2003 Strovolos
Nicosia

On 1 January 1999, Logicom Public Limited acquired the whole share capital of Logicom (Overseas) Limited of €17.100. The principal activity of Logicom (Overseas) Limited is the distribution of high technology products and the assembly of computers. The company remained dormant during 2021.

On 1 January 2000, Logicom Public Limited acquired the whole share capital of SOLATHERM ELECTRO - TELECOMS "SET" Limited, of €5.135 which was renamed to ENET Solutions Limited on 11 January 2001. The principal activity of ENET Solutions Limited is the supply of solutions and services for networks and telecommunications. The company ENET Solutions Limited was renamed to Logicom Solutions Limited on 30 January 2009. The operations of the companies DAP Noesis Business Solutions Ltd and Netvision Ltd were transferred to Logicom Solutions Ltd in January 2009. The share capital of Logicom Solutions Ltd was transferred to Logicom Services Ltd for €2.398.056 on 31 December 2011.

On 27 April 2000, Netcom Limited was incorporated in Cyprus with a share capital of €17.086, which is wholly owned by Logicom Public Limited. The principal activity of Netcom Limited is the execution of infrastructure projects, such as the construction of a desalination plant in Episkopi Limassol and the renovation and operation of a desalination plant in Larnaca. On 20 July 2010 the whole share capital of Netcom Limited was acquired by Verendrya Ventures Limited. The company remained dormant during 2021.

On 25 July 2000, Logicom (Middle East) SAL was incorporated in Lebanon, with a share capital of LBP 75.000.000 which is wholly owned by Logicom Public Limited. The principal activity of Logicom (Middle East) SAL is the distribution of high technology products.

On 21 February 2001, ENET Solutions Logicom S.A. was incorporated in Greece with a share capital of €601.083, which is wholly owned by Logicom Public Limited. The principal activity of ENET Solutions Logicom S.A. is the distribution of high technology products.

On 7 August 2001, Logicom Jordan LLC was incorporated in Jordan, with a share capital of JOD 50.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Jordan LLC is the distribution of high technology products.

On 3 October 2001, Logicom FZE was incorporated in the United Arab Emirates, with a share capital of AED 1.000.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom FZE is the distribution of high technology products.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

1. STATUS AND PRINCIPAL ACTIVITY (continued)

On 7 November 2001, Logicom Dubai LLC was incorporated in the United Arab Emirates, with a share capital of AED 300.000, which is wholly owned, directly and indirectly, by Logicom Public Limited. The principal activity of Logicom Dubai LLC is the distribution of high technology products.

On 14 June 2005, Logicom Italia s.r.l. was incorporated in Italy, with a share capital of €10.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Italia s.r.l. is the distribution of high technology products. On 5 May 2014 there was an increase in the share capital of Logicom Italia s.r.l to €200.000 which is wholly owned by Logicom Public Ltd.

On 1 December 2005, Logicom IT Distribution Ltd was incorporated in Turkey, with a share capital of 5.000 Turkish liras, which is owned evenly by subsidiary companies ENET Solutions Logicom S.A. and Logicom FZE. On 30 March 2007 there was an increase in the share capital of Logicom IT Distribution Ltd to 140.000 Turkish liras, which is owned by 40 % from Enet Solutions Logicom S.A. and by 60% from Logicom FZE. On 27 December 2007 there was a further increase in the share capital of Logicom IT Distribution Ltd to 1.540.000 Turkish liras which is owned by 4% from Enet Solutions Logicom S.A. and by 96% from Logicom FZE. The principal activity of Logicom IT Distribution Ltd is the distribution of high technology products. During 2019, Logicom IT Distribution Ltd ceased operations and remains dormant.

On 1 August 2006, Rehab Technologies Ltd was incorporated in Saudi Arabia, with a share capital of SAR 500.000 which is held by a trustee on behalf of Logicom Public Ltd. Logicom Public Ltd has full control of the operations of Rehab Technologies Ltd through a contractual agreement. The principal activity of Rehab Technologies Ltd is the distribution of high technology products. The activities of Rehab Technologies Ltd were transferred to Logicom Saudi Arabia LLC on 8 June 2010 and the company has since remained dormant.

On 19 March 2007, Logicom Information Technology Distribution S.R.L. was incorporated in Romania with a share capital of 200 Romanian Lei, which is wholly owned by Logicom Public Limited. During the year 2018 there was an increase in the share capital of the company to 10.250.000 Romanian Lei. The principal activity of Logicom Information Technology Distribution S.R.L. is the distribution of high technology products.

On 12 April 2007, Logicom Bulgaria EOOD was incorporated in Bulgaria, with a share capital of 20.000 Bulgarian Lev, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Bulgaria EOOD is the distribution of high technology products. During 2021, the company remained dormant.

On 30 January 2008, Verendrya Ventures Limited was incorporated in Cyprus, with a share capital of EUR1.000 which belongs to Logicom Public Limited and to Demetra Holdings Plc by 60% and 40% respectively. The principal activity of Verendrya Ventures Limited is the execution of projects relating to the construction of desalination units.

On 6 May 2009, Logicom Services Limited was incorporated in Cyprus, with a share capital of €10.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Services Limited is the holding of investments.

On 28 July 2009, the Group acquired, through its subsidiary Logicom Services Limited, the 36,77% of the company Newcytech Business Solutions Limited. The main activity of Newcytech Business Solutions Limited is the provision of complete IT solutions. On 30 October 2009 Logicom Services Limited acquired the 100% of the share capital of Newcytech Business Solutions Limited amounting to €756.776.

With the acquisition of Newcytech Business Solutions Limited the Group acquired also the 100% of the company Newcytech Distribution Ltd with share capital of €8.550. The main activity of Newcytech Distribution Ltd is the import and wholesale of computers in the local market. The share capital of Newcytech Distribution Ltd was transferred to Logicom Services Limited on 30 June 2010.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

On 16 August 2009, Enet Solutions LLC was incorporated through the subsidiary company Logicom Services Limited, in the United Arab Emirates, with a share capital of AED300.000. The main activity of Enet Solutions LLC is the provision of complete IT solutions. During 2021, the company remained dormant.

On 29 September 2009, Logicom Saudi Arabia LLC was incorporated in Saudi Arabia, with a share capital of SAR 26.800.000 which is owned by 75% from Logicom FZE and by 25% from a trustee on behalf of Logicom Public Limited. Logicom Public Limited has contractually the full control of the operations of Rehab Technologies Ltd. The principal activity of Logicom Saudi Arabia LLC is the distribution of high technology products.

On 3 November 2009, ICT Logicom Solutions SA was incorporated in Greece, through the subsidiary company Logicom Services Limited, with a share capital of €100.000. The principal activity of ICT Logicom Solutions SA is the provision of complete IT solutions.

On 7 December 2009, CUC Cyprus Utilities Company Limited was incorporated in Cyprus, with share capital of €1.000, which is wholly owned by Verendrya Ventures Limited. The principal activity of CUC Cyprus Utilities Company Limited is the execution and operation of infrastructure projects. During 2021, the company remained dormant.

On 29 September 2010, Logicom Distribution Germany GmbH was incorporated in Germany, with a share capital of €27.000 which is wholly owned by Logicom Public Limited. The principal activity of Logicom Distribution Germany GmbH is the distribution of high technology products.

On 7 April 2010, M.N. E.P.C. Water Co. was incorporated in Cyprus with a partners' share of €10.000 which is owned by 50% from the Group's company Verendrya Ventures Ltd, through its subsidiary Netcom Ltd. M.N. E.P.C. Water Co. undertook the construction of Episkopi desalination plant on behalf of M.N. Limassol Water Co. Ltd. During the year the partnership remained dormant.

On 4 November 2010, M.N. Limassol Water Co. Limited was incorporated in Cyprus with a share capital of €10.000 which is composed of 5.000 shares Class A and 5.000 shares Class B. The Group's company Verendrya Ventures Limited, through its subsidiary Netcom Ltd holds 2.500 shares Class A and 2.495 shares Class B. M.N. Limassol Water Co. Limited was assigned the construction and operation of Episkopi Desalination plant.

On 29 November 2011, the Group obtained 100% of Inteli-scape Limited, through its subsidiary Logicom Services Limited, with share capital of €85.500. The principal activity of Inteli-scape Limited is the development and sale of computer software. On 1 January 2015, the company Inteli- Scape Limited merged with Logicom Solutions Limited which is wholly owned by Logicom Services Limited.

On 7 August 2012, M.N. Larnaca Desalination Co. Limited was incorporated in Cyprus with a share capital of €10.000 which is composed of 5.000 shares Class A and 5.000 shares Class B. The Group's company Verendrya Ventures Ltd, through its subsidiary Netcom Ltd holds 2.500 shares Class A and 2.495 shares Class B. M.N. Larnaca Desalination Co. Limited was assigned the renovation and operation of Larnaca Desalination plant.

On 2 September 2012, Logicom LLC was incorporated in Oman with a share capital of USD 51.800 which is owned by 99% by the subsidiary company Logicom FZE and by 1% by the subsidiary Logicom Dubai LLC. The principal activity of Logicom LLC is the distribution of high technology products.

On 1 October 2013, Cadmus Tech Points S.A.L. was incorporated in Lebanon with a share capital of LBP 30.000.000 which is wholly owned by Logicom Public Limited. The principal activity of Cadmus Tech Points S.A.L. is the distribution of high technology products. During the year, the company remained dormant.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS****Year ended 31 December 2021****1. STATUS AND PRINCIPAL ACTIVITY (continued)**

On 23 March 2014, Logicom Trading and Distribution LLC was incorporated in Qatar with a share capital of QAR 200.000 which is owned by 49% by Logicom Public Limited and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Trading and Distribution LLC is the distribution of high technology products.

On 1 June 2014, Logicom Kuwait for Computer Company W.L.L. was incorporated in Kuwait with a share capital of KD 20.000 which is owned by 49% by the subsidiary company Logicom FZE and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Kuwait for Computer Company W.L.L. is the distribution of high technology products.

On 23 May 2017, the Group acquired the company Najada Holdings Limited in Cyprus, with a share capital of €100, which is wholly owned by Logicom Public Limited. The principal activity of Najada Holdings Limited is the purchase and holding of immovable property.

On 6 September 2018, Logicom Bahrain W.L.L. was incorporated in Bahrain, with a share capital of BD 5.000 which is owned by 49% by the subsidiary Logicom FZE and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Bahrain W.L.L. is the distribution of high technology products.

On 7 November 2019, Logicom Egypt LLC was incorporated in Egypt, with a share capital of EGP 1.000 which is owned by 95% by the subsidiary company Logicom FZE and by 5% by the subsidiary Logicom (Overseas) Limited. The principal activity of Logicom Egypt LLC is the trading and distribution of high technology products.

On 2 September 2020, Logicom Distribution Egypt LLC was incorporated in Egypt, with share capital of EGP 2.000.000 which is owned by 51% by the subsidiary company Logicom Egypt LLC and by 49% by the subsidiary Logicom FZE. The principal activity of Logicom Distribution Egypt LLC is the trading and distribution of high technology products.

On 27 July 2021, Elogicomnet Morocco Distribution SARL was incorporated in Morocco, with share capital of MAD 70.000, which is owned by 99,99% by the subsidiary company Logicom FZE and by 0,01% by Logicom (Overseas) Limited. The principal activity of Elogicomnet Morocco Distribution SARL is the trading and distribution of high technology products.

2. BASIS OF PREPARATION***Statement of compliance***

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 and the requirements of the Stocks and Cyprus Stock Exchange laws and regulations and the Transparency (securities admitted to trading on a regulated market) Law.

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 28 April 2022.

Basis of presentation

The consolidated and separate financial statements have been prepared under the historical cost convention, except for the land and buildings, investments at fair value through profit or loss and available for sale investments which are stated at their fair value. The methods used to measure the fair values are analysed further below and in note 37.5.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

2. BASIS OF PREPARATION *(continued)****Going concern***

The Coronavirus pandemic (COVID-19) and the prolonged measures taken by the governments of the countries in which the Group operates, to contribute to the restraining of its spread, have resulted to the slowdown in the global economy and disrupted the normal business of the Companies of the Group. The ability to work from home and the electronic means of sales realisation enabled the Group to continue to operate normally and increase turnover and net profitability.

Taking into account the sound capital position and the availability of cash and cash equivalent at 31 December 2021 of the Group and the Company, the Management has assessed that both the Group and the Company have the capacity to continue as a going concern and therefore have prepared the Consolidated and Separate Financial Statements on this basis.

On 31 December 2021, the Group's current assets exceeded its current liability by €76 million. The 2022 budget which is improved compared to 2021, as well as, the estimates for the coming years, the perspectives of the Group and the planned development, and the available for use limit of bank overdrafts amounting to €128 million, were taken into consideration by the Board of Directors in their assessment of whether the Group has the capacity to continue as a going concern. In this assessment, the Board of Directors also took into account the distribution of the bank facilities held by the Group in the various assets and the possibility of their repayment.

On 31 December 2021, the Company's current liabilities exceeded its current assets by €28 million. The budget for 2022 is improved compared to 2021, as well as, the estimates for the coming years. The perspectives of the Company and the planned development, as well as, the available for use limit of bank overdrafts amounting to €22 million as at 31 December 2021, were taken into consideration by the Board of Directors in their assessment of whether the Company can continue as a going concern. The Board of Directors also took into account the distribution of bank facilities held by the Company in the various assets, and the possibility of their repayment.

The effect of the pandemic COVID-19 on the operation and the financial statements of the Company is examined in Note 3.

Functional and presentation currency

The consolidated and separate financial statements are presented in Euro (€) which is the functional currency of the Company.

Estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with the IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements in applying accounting policies that have significant effects on the amounts recognised in the consolidated and separate financial statements are included in the following notes:

- Note 16 – Right-of-use assets
- Note 20 – Equity - accounted investees

Assumptions and estimates

Information about assumptions and estimates that have a significant risk of resulting in a material adjustment to the values of the assets and liabilities within the next financial year are included in the following notes:

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

2. BASIS OF PREPARATION (*continued*)

Estimates and judgments (continued)

- Note 17 – Measurement of the recoverable amount of goodwill
- Note 19 – Recoverability of investments in subsidiary companies
- Note 20, 44 – Impairment of investments in associated companies and joint ventures
- Note 23 – Measurement of provision for slow moving stock
- Note 24, 37 – Measurement of provision for expected credit losses for trade receivables and contract assets: main assumptions for the determination of the weighted average loss rate
- Note 29 - Provisions for termination of employment
- Note 35 - Recognition of deferred taxation: Utilisation of tax losses
- Note 36 - Important assumptions on the probability and magnitude of a resource outflow
- Note 43 - Recoverability of receivables from subsidiary companies

Fair value calculation: A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The levels have been determined as follows:

- Level 1: investments measured at fair value using quoted prices in active markets.
- Level 2: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are based on observable market data.
- Level 3: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are not based on observable market data.

The Group has established procedures for monitoring changes in the fair values of monetary assets and liabilities as well as other assets and liabilities. The methods of estimating the fair value as well as analyzing the fair values of the Group and the Company are presented in note 37.5.

3. IMPACT OF THE CORONAVIRUS PANDEMIC (COVID-19) ON THE FINANCIAL STATEMENTS

The Coronavirus pandemic (COVID-19) continued in 2021 to, diversify the working conditions, affect the supply chain and have a number of economic implications on the economies of the countries in which the Group operates. The Group assessed the main effects of the pandemic in its financial statements and its operations as follows:

The Turnover increased by 10,1% compared to 2020. The percentage of increase could have been higher, but the effect of the pandemic cannot be accurately determined. The demand for products and services in the technology sector in which the companies of the Group operate, increased due to the increased needs of working from home and distance learning. However, the impact of the supply chain, with shortages in production but also delays in deliveries created shortages in product availability. In addition, the financial instability in the countries in which the Group operates limited the execution of large projects.

The Administration Expenses include an amount of €317.545 from expenditures on prevention and hygiene measures directly related to the Coronavirus pandemic (COVID-19). The Management, in the context of actions taken to reduce the impact of the pandemic, proceeded to actions to reduce operating costs.

In the context of safeguarding the safety and health of the employees, but also in the context of compliance with the regulations of the countries against the Coronavirus pandemic (COVID-19), the Group implemented the extensive use of work from home utilizing its technological infrastructure thus maintaining its business readiness in full.

No substantial adjustments were made to contracts recognised as right-of-use assets as a result of the pandemic.

No discrepancies in the fair value of assets due to Coronavirus pandemic (COVID-19) have been identified.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to all periods presented in the consolidated and separate financial statements of the Company, and have been applied consistently by all Group entities unless mentioned otherwise (Note 29).

Adoption of new and revised IFRSs and Interpretations as adopted by the European Union (EU)

From 1 January 2021, the Group has adopted all the changes to International Financial Reporting Standards (IFRS) as adopted by the EU that are relevant to its operations. This adoption did not have a material effect on the financial statements of the Company.

The following Standards, Amendments to Standards and Interpretations have been issued by International Accounting Standards Board ("IASB") but are not yet effective for annual periods beginning on 1 January 2021. Those which may be relevant to the Company are set out below. The Group and the Company do not intend to adopt the following new IFRSs, Amendments in IFRSs and Interpretations before the date of validity.

(i) Standards and Interpretations adopted by the EU

IFRS 16 "Leases" (Amendments): COVID-19-Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021)

A one-year extension to the optional practical expedient for COVID-19 related rent concessions under IFRS 16 has been published by the IASB. This amendment is a response to the ongoing economic challenges resulting from the COVID-19 coronavirus pandemic.

Under that practical expedient, a lessee is not required to assess whether eligible rent concessions (such as rent holidays and temporary rent reductions) are lease modifications, if they are a direct consequence of COVID-19 and meet certain conditions, instead accounting for them in accordance with other applicable guidance. The amendment does not affect lessors.

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

IFRS 3 "Business Combinations" (Amendments) (effective for annual periods beginning on or after 1 January 2022)

The amendments to IFRS 3 relate to an update of a reference to the Conceptual Framework of Financial Reporting without changing the accounting requirements for business combinations

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

IAS 16 "Property, Plant and Equipment" (Amendments) (effective for annual periods beginning on or after 1 January 2022)

The amendments to IAS 16 prohibit a company from deducting, from the cost of property, plant and equipment, amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds together with the costs of producing those items in profit or loss.

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (Amendments) (effective for annual periods beginning on or after 1 January 2022)

The amendments to IAS 37 specify what is included in the costs to fulfil a contract when assessing whether a contract is onerous.

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Standards and Interpretations adopted by the EU (continued)

Annual Improvements of IFRSs 2018-2020 (effective for annual periods beginning on or after 1 January 2022)

Annual Improvements contain minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Example 13 of IFRS 16 Leases.

The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

IAS 1 Presentation of Financial Statements (Amendments) and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023)

The amendments to IAS 1 and the update to IFRS Practice Statement 2 aim to help companies on the application of materiality to the disclosure of accounting policies. The key amendments to IAS 1 include: (1) requiring companies to disclose their material accounting policies rather than their significant accounting policies, (2) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed, and (3) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The amendments to IFRS Practice Statement 2 are to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material i.e. "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments): Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)

The amendments to IAS 8 are issued to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both: (1) selecting a measurement technique (estimation or valuation technique), and (2) choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The Group does not expect any significant impact on the consolidated and separate financial statements from the implementation of the amendments.

(ii) Standards and Interpretations not yet adopted by the EU

IAS 1 Presentation of Financial Statements (Amendments): Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

IASB has amended IAS 1 to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ii) Standards and Interpretations not yet adopted by the EU (continued)

IAS 12 Income Taxes (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

Targeted amendments to IAS 12 clarify how companies should account for deferred tax on certain transactions (e.g. leases and decommissioning provisions). The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

IFRS 10 Consolidated Financial Statements (Amendments) and IAS 28 Investments in Associates and Joint Ventures (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely; early adoption continues to be permitted)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Basis of consolidation***Business combinations*

Business combinations are accounted using the 'acquisition method' when control is transferred to the Group. The cost of an acquisition is measured as the total consideration which is transferred at the fair values on the date of acquisition and the amount of non-controlling interests in the acquired company. For each business combination the Group decides whether it will measure the non-controlling interests in the acquired company in fair value or in proportion of the share of identifiable assets of the acquired company. When the acquisition cost exceeds the share of the Group in the identifiable net assets acquired, the difference is recognised as goodwill in the consolidated statement of financial position. In the case where the share of the Group in the identifiable net assets acquired exceeds the acquisition cost (i.e. negative goodwill), the difference is recognised directly in the consolidated income statement at the year of acquisition. Expenses related to the acquisition are recognised as they occur and they are included in other operating expenses.

When the Group acquires a company, it evaluates the financial assets and liabilities undertaken in regards to their classification and predetermination based on the terms of the contract, the economic circumstances and the relevant terms at the date of acquisition.

Subsidiary companies

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiary companies acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date that control ceases to exist

Adjustments were made in the financial statements of the subsidiaries, where was considered necessary, in order to align their accounting policies with the accounting policies applied by the Group.

In the separate financial statements of the Company, the investments in subsidiary companies are presented at cost. In the event where the value of one investment is estimated to be permanently impaired, the deficit is transferred to the results.

Non-controlling interest

Non-controlling interest relates to the portion of profit or loss and the net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. Profits or losses attributable to the Non-controlling interest are disclosed in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss for the period. Non-controlling interest is presented in the consolidated statement of financial position in equity, separately from equity attributable to equity holders of the parent company.

Contingent consideration

Any contingent consideration is recognized initially at fair value at the acquisition date. If the contingent consideration is classified as equity it should not be remeasured and its subsequent settlement must be accounted for within equity. If the contingent consideration is classified as an asset or a liability, any changes in its fair value should be recognized in profit or loss.

Equity accounted investees

Investments in associated companies relate to all entities, in which the Group exercises significant influence, but not control or joint control, and are in general accompanied with a share between 20% and 50% in the voting rights. Entities under common control relate to entities in which the Group exercises joint control based on contractual arrangement that provides for the unanimous consent of the parties exercising control over the strategic financial and operating decisions.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Basis of consolidation** (continued)

Investments in joint ventures and entities under common control are accounted for using the equity method. Investments which are accounted for using the equity method, which includes transaction costs, are recognised initially at cost. After the recognition, the consolidated financial statements include the share of profit/(loss) from the investments in associated companies and joint ventures until the date on which the Group ceases to exercise significant influence or joint control.

When Group's share of losses exceeds the share of investments recognised under the equity method, the carrying amount of investments, including any long-term share which is part of the investment is eliminated and no additional losses are recognized, except to the degree that the Group has an obligation or has made payments on behalf of its investment.

Elimination of transactions on consolidation

Intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions are eliminated. Unrealised gains arising from transactions within investments in associated companies and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Investments in subsidiary companies

Investments in subsidiary companies are stated in the parent company's books at cost less adjustments for any permanent impairment in the value of the investments. Any adjustments that arise are recorded in profit or loss.

Investments in associates

Associates are those entities in which the Group has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

In these consolidated financial statements, interests in associates are accounted for using the equity method. Under the equity method, an investment in an associate is initially recognised at cost, which includes transaction costs, and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate, until the date on which significant influence ceases. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in consolidated profit or loss.

Revenue

Under IFRS15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

The Group bases its estimates on historic results, taking into consideration the type of the customer, the type of the transaction and the specific features of each contract. In order to estimate the possibility of receiving a consideration, the Group examines only the ability and the intention of the customer to give the consideration when it falls due.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Revenue recognition** (continued)

The sales, the cost or the level of completion estimates are reconsidered in cases of changes in conditions. Any increases or decreases in the estimates arising, are reflected in the statement of profit or loss during the period in which the circumstances that led to the reconsideration are made known to the management.

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Sale of goods

Sales of goods are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised goods to the customer, which is usually when the goods are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the goods.

Sale of services

Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the completion of the milestones set in the contract that approximate the percentage of completion of the contract. When there is no milestones basis in the contract, the basis used is the actual labour hours spent relative to the total expected labour hours.

The Company provides business services for design, development, implementation, administration and support on Information Technology and Communications solutions, mainly with fixed price contracts. Revenue from rendering of services is recognised in the accounting period in which the services are provided. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Certain contracts include multiple deliverables, such as the sale of computers and related installation services. However, the installation is simple, does not include consolidation service and can be executed by a different party. Therefore, it is accounted as a separate installation obligation. When the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the independent sale prices. Where these are not directly observable, they are estimated based on the expected cost plus margin. If the contracts include the installation of equipment, the revenue for the products is recognised at a moment in time during the delivery of the equipment, the legal title has been transferred and the customer has accepted the equipment.

Revenue, cost or level of completion estimations are revised in case of change in conditions. Any increases or decreases in the estimated income or expenses that may follow are reflected in the results during the period in which the circumstances that led to the revision become known from the management. At the end of the year, all the significant contracts are evaluated. If the services offered by the Company exceed the payments made up to date, a contract asset is recognised. If the payments exceed the offered services, an obligation is recognised. If the contract includes an hourly payment, revenue is recognised for the amount that the Company is entitled to receive. The customers are invoiced on a monthly basis and the amount is paid when invoiced.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue recognition** (continued)*Deferred income*

Deferred income consists of sales of services based on contracts, and relates to services that were incurred in the period after the year end. Deferred income is included in trade and other payables.

Cost of sales

Cost of sales is presented after the deduction of rebates from suppliers and provisions for slow moving stock. Trade suppliers usually provide discounts (“rebates”) to the Company and its subsidiaries.

Rebates are usually issued in the form of credit notes and can relate to specific discounts for specified order, to specific item for a period of time or could form a discount in the form of a permanent diminution in value for specific items in stock.

A supplier could also set targets to Group companies and if these are met then rebates could be generated in the form of credit notes.

Other income

Other income includes dividend income, commissions receivable, profit from disposal of property, plant and equipment, profit from revaluation of shares, marketing funds and other sundry income. Other income is recognised when it is considered as receivable. The income from dividend is recognized at the date the right to receive payment is established from the Group.

Finance income and finance costs

The Group's finance income and finance costs include interest income, interest expense, the foreign currency gain or loss on financial assets and financial liabilities and hedge ineffectiveness recognised in profit or loss.

Interest income or expense is recognised using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Property, plant and equipment

Items of property, plant and equipment are stated at cost, which includes the capitalised borrowing cost, less accumulated depreciation and accumulated impairment losses except in the case of land and buildings which are stated at fair value. Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss as ‘Other income/expense’. When revalued assets are sold, the relating amounts included in the revaluation reserve are transferred to the retained earnings.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful economic lives, as follows:

	%
Buildings	4-5
Furniture and fittings	10
Computers	20-33,3
Motor vehicles	20

Land is not depreciated.

Depreciation is calculated on a daily basis from the date of acquisition of the property, plant and equipment, and up to the date of their disposal.

Depreciation methods, estimated useful economic lives and estimated residual values of all property, plant and equipment are reviewed at the reporting date of the accounts.

Revaluation and provision for impairment of parts of property, plant and equipment

Approximately every three years, or earlier if necessary, assessments are performed to estimate the net values of land and buildings. If it is determined that the net recoverable amount of a part is significantly lower than its net value as it appears in the books of the Company and this difference is considered to be permanent, then the book value is reduced to the net recoverable amount. The revaluation is made by professional independent valuers.

Inventories

Inventories are stated at cost which includes the cost of purchase, transportation costs to the warehouse and freight charges, less any provision for a decrease in the inventory value. The cost of inventories is assigned by using the first-in-first-out method. In calculating the provision for decrease in the value of inventories, the cost is compared to the net realisable value. In the case where the net realisable value is lower than the cost, a provision for the decrease in the value of inventories is recognised.

The net realisable value is the estimated selling price in which the inventories can be sold in the ordinary course of business, less costs to sell.

Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost
- FVOCI - debt investment
- FVOCI - equity investment
- or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments** (continued)*ii. Classification and subsequent measurement* (continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments** (continued)*iv. Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*v. Derivative financial instruments and hedge accounting**Derivative financial instruments and hedge accounting*

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

v. Derivative financial instruments and hedge accounting (continued)

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- financial asset is more than 90 days past initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**4. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Impairment of assets *(continued)*Impairment *(continued)**i. Non-derivative financial assets* *(continued)*

The maximum period considered when estimating ECLs is the maximum contractual period over the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- non-derivative financial assets including hedge accounting;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For trade receivables, the Group has a policy of writing off the gross carrying amount only when there are legal assurances that the Group have exercised all its legal rights and the financial assets cannot be recovered or the Group has entered in to an agreement for partial settlement of the financial asset and the remaining amount can be written off.

Non financial assets

At each reporting date, the Group reviews the carrying amounts of its non financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of assets (continued)****Impairment (continued)***i. Non-derivative financial assets (continued)*

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Measurement at fair value

Fair value is the amount that could be recovered from the sale of an asset or paid to transfer a liability in a current transaction between participants in the principal or, failing this, in the most advantageous market in which the Group has access at the measurement date. The fair value of the liability reflects the risk of a failure.

The Group measures the fair value of an element using the values presented in an active market where these are available. A market is considered active if the transactions for the asset or liability are presented with sufficient frequency and volume to provide values on a continuous basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of data in the markets and minimize the use of unobservable inputs. The valuation technique used incorporates all the main parameters that market participants would consider in pricing a transaction. The best evidence of fair value of a financial instrument on initial recognition is normally the transaction price, which is the fair value of the consideration paid or received.

Based on the Group's judgment on whether the fair value on the initial recognition differs from the transaction price and the fair value is not established by the quoted market price in an active market for similar assets or liabilities, and it is not based on a valuation technique that uses only data extracted from the markets then, the financial asset is measured initially at fair value, adjusted so that the difference between the fair value at initial recognition and transaction value is presented as deferred income / expense. Then, the difference is recognised to the profit or loss throughout the life of the instrument using appropriate apportionment methodology, but not later than when the valuation is entirely supported by data extracted exclusively from the markets or the transaction has been completed.

If an asset or a liability measured at fair value has a bid price and an ask price, the Group measures its assets at bid price and liabilities at an ask price.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of assets (continued)****Impairment** (continued)*i. Non-derivative financial assets (continued)*

The Group recognises transfers between levels of the fair value hierarchy at the end of reporting period in which the change occurs.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

Trade and other payables

Trade and other payables are initially recognized at fair value plus any attributable transaction costs and subsequently these are stated at amortized cost using the effective interest method less any impairment losses.

Interest bearing borrowings

Borrowings are recorded initially at the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Promissory notes

Promissory notes comprise of Company's and Group's liabilities towards financial institutions that undertake the financing of invoices issued from certain suppliers. The financing of invoices by the subject financial institutions decreases the vendors' liabilities and is recognised as borrowings. The promissory notes bear discounting cost which is recognised in finance expenses.

Income tax/Taxation

Taxation comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the year, and any adjustment to tax payable in respect of previous year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax/Taxation (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Long-term loans representing part of the Group's investment in foreign subsidiaries

All foreign exchange differences arising from long-term loans are recognised in other comprehensive income in the financial statements of the Group and are transferred to the consolidated profit and loss at the time of the sale of the subsidiary.

All foreign exchange differences arising from long-term loans are recognised in the profit or loss of the year in which they occur in the financial statements of the parent company.

Deferred taxation resulting from net foreign exchange differences from long-term loans is transferred to other comprehensive income.

Non-derivative financial instruments, including hedge accounting

On initial designation of the non derivative financial instruments as the hedging instruments, the Group formally records the relationship between hedge items and hedging instruments, including the risk management objectives and strategy used for assessing hedging and the methods used to evaluate the effectiveness of hedging.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-derivative financial instruments, including hedge accounting (continued)

The Group makes an assessment, both at the inception of the hedge, as well as, on ongoing basis of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in fair value or cash flows of the respective hedge items attributable to the hedged risk, and whether the actual results of each hedge are within a range between 80 and 125 percent.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated using the exchange rates enacted at the date of the transaction at the respective functional currency of each company of the Group.

Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and,
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign subsidiaries

The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

Intangible assets and goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Software development and licensing costs for the use and distribution of computer software are capitalized and amortised in profit or loss on a straight-line basis over their useful economic lives.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets and goodwill (continued)

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Goodwill is not amortised, tested for impairment on an annual basis.

The estimated useful lives for current and comparative periods are as follows:

Development costs	5 years
License fees	2 years
Distribution rights	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Operating segments

Operating segments relate to components of the Group which may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about the allocation of resources to each segment and assess its performance.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

i. The Group and the Company as lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration of the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Lease (continued)

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents separately in the statement of financial position the right-of-use assets that do not meet the definition of investment property and lease liability.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. The Group and the Company as lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income/revenue'.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Provisions**

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it's probable that an outflow of economic benefits will be required to settle the obligation and the amount of the liability to be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The release of the discount is recognised as financing expense.

Warranties

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities. There is no provision for the warranties provided by the Group on the computer components and the computers, because all the computer components and the computers carry warranties from the suppliers equal to the warranties given.

Employee benefits***Short-term employee benefits***

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits (continued)

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are pre-settled.

Deferred expenditure

Deferred expenditure are the expenses that consist of purchases of services based on contracts, and relates to services that were incurred in the period after the year end. Deferred expenditure is included in trade and other receivables.

Earnings per share

The Company presents basic and diluted earnings per share that corresponds to the shareholders. The basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of issued shares outstanding during the year. The diluted earnings per share are calculated by adjusting the profit attributable to the shareholders of the Company and the weighted average number of issued shares.

Events after the reporting date

Assets and liabilities are adjusted for events that occurred during the period from the year end to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the year end or imply that the going concern concept in relation to part or the whole of the Group is not appropriate.

Share capital

(i) Ordinary shares

Ordinary shares issued and fully paid are classified as share capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(ii) Dividends

Dividends are recognised as a liability in the year they are declared, according to IAS 10.

Comparatives

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

5. OPERATING SEGMENTS

The Group can be divided into two important segments, the distribution segment and the services segment. The distribution segment that mainly operates in the distribution of high technology products is divided in three main geographical segments as described below. The services segment operates mainly in the provision of solutions and services for networks and telecommunications and the provision of solutions and services for software to customers in Cyprus and abroad. The following summary describes the operations in each of the Group's reportable segments:

- European markets distribution segment - This segment operates mainly in the distribution of high technology products in Cyprus, Greece and Italy.
- UAE and Saudi Arabia distribution segment - This segment operates mainly in the distribution of high technology products in United Arab Emirates and Saudi Arabia.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

5. OPERATING SEGMENTS *(continued)*

- Other markets distribution segment - This segment operates mainly in the distribution of high technology products in countries that the Group operates in other than the countries mentioned above.
- Services segment - This segment operates mainly in the provision of solutions and services for networks and telecommunications and the provision of solutions and services for software to customers in Cyprus and abroad.

The companies of the Group buy and sell goods and services according to their needs from other group companies. The transactions are made in the context of commercial practices related to intra-group transactions in the relevant sections of operations.

Logicom Public Limited and Logicom FZE charge its subsidiary companies with a fee for administration services and financing cost.

Information regarding the results of each reportable segment is presented below. The information is used for the preparation of the consolidated and separate financial statements. The performance is evaluated based on the profit before taxation of each segment, as presented in the management reports which are examined by the Board of Directors. For this reason the taxation of each reporting segment is not presented in the note. The profit of each segment is used for the evaluation of the performance since the management believes that the below information are the most appropriate for the evaluation of the results of all segments that are reported. The accounting policies of the operating segments are presented in note 4.

Revenue and total non-current assets are allocated between Cyprus, Greece, UAE and other foreign countries as follows:

	Revenue		Total non-current assets	
	2021	2020	2021	2020
	€	€	€	€
Cyprus	103.659.340	98.834.133	142.642.918	135.092.478
Greece	131.103.726	100.325.030	1.397.110	1.439.588
United Arab Emirates	264.837.500	257.319.479	5.171.957	5.137.553
Other foreign countries	<u>449.608.607</u>	<u>405.538.771</u>	<u>3.852.665</u>	<u>6.332.602</u>
	<u>949.209.173</u>	<u>862.017.413</u>	<u>153.064.650</u>	<u>148.002.221</u>

Major Customer

Revenue from one customer of the Group's European Markets Distribution Segment represents approximately €25.400.000 (2020: €18.400.000) of the Group's total revenue.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

5. OPERATING SEGMENTS (continued)

2021	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from sale of products	217.281.360	571.755.305	98.553.451	52.772.145	-	940.362.261
Revenue from rendering of services	-	-	-	8.846.912	-	8.846.912
Revenue from third parties	<u>217.281.360</u>	<u>571.755.305</u>	<u>98.553.451</u>	<u>61.619.057</u>	<u>-</u>	<u>949.209.173</u>
Intersegment revenue	<u>46.774.430</u>	<u>141.143.843</u>	<u>3.275.974</u>	<u>2.575.745</u>	<u>(193.769.992)</u>	<u>-</u>
Other income	16.542.551	5.313.604	579.352	5.441.926	(26.977.821)	899.612
Depreciation and amortisation	1.065.666	1.112.405	678.243	484.258	-	3.340.572
Impairment of goodwill	-	-	-	296.588	-	296.588
Personnel costs	8.221.879	12.206.087	2.816.451	5.464.320	(710.166)	27.998.571
Travelling expenses	346.258	104.943	30.909	31.844	-	513.954
Provision for doubtful debts	620.783	106.598	(61.451)	972	(591.583)	75.319
Professional fees	1.570.743	991.031	370.575	458.522	(577.206)	2.813.665
Rent	3.504	193.100	76.717	23.638	-	296.959
Credit insurance	386.762	1.065.102	90.578	65.655	(254.796)	1.353.301
Transportation expenses	<u>468.126</u>	<u>1.064.501</u>	<u>161.871</u>	<u>13.690</u>	<u>-</u>	<u>1.708.188</u>
Profit from operations	<u>15.834.980</u>	<u>22.080.148</u>	<u>1.896.366</u>	<u>9.215.732</u>	<u>(17.010.025)</u>	<u>32.017.201</u>
Net foreign exchange loss	(1.779.005)	(16.421)	(1.451.866)	(142.532)	1.957.265	(1.432.559)
Interest receivable	32.357	914.507	502.380	61.255	(914.507)	595.992
Interest payable and bank charges	<u>(2.788.146)</u>	<u>(2.404.133)</u>	<u>(1.349.883)</u>	<u>(386.070)</u>	<u>1.831.445</u>	<u>(5.096.787)</u>
Net finance expenses	<u>(4.534.794)</u>	<u>(1.506.047)</u>	<u>(2.299.369)</u>	<u>(467.347)</u>	<u>2.874.203</u>	<u>(5.933.354)</u>
Net share of profit from associated companies and joint ventures after tax	-	-	107.298	1.581.313	-	1.688.611
Profit/(loss) before tax	<u>11.300.186</u>	<u>20.574.101</u>	<u>(295.705)</u>	<u>10.329.698</u>	<u>(14.135.822)</u>	<u>27.772.458</u>
Tax	<u>(566.688)</u>	<u>(1.744.117)</u>	<u>(127.007)</u>	<u>(557.977)</u>	<u>-</u>	<u>(2.995.789)</u>
Profit/(loss) after tax	<u>10.733.498</u>	<u>18.829.984</u>	<u>(422.712)</u>	<u>9.771.721</u>	<u>(14.135.822)</u>	<u>24.776.669</u>
Acquisition of property, plant and equipment	506.145	255.655	403.120	452.234	-	1.617.154
Acquisition of right-of-use assets	52.441	633.445	444.586	57.642	-	1.188.114
Total assets	321.923.109	272.981.050	87.497.781	149.057.752	(316.123.815)	515.335.877
Total liabilities	253.645.614	170.933.937	88.732.141	58.271.852	(255.080.048)	316.503.496
Net investment assets in associated companies and joint ventures	-	-	151.037	79.993.240	-	80.144.277

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

5. OPERATING SEGMENTS (continued)

2020	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from sale of products	184.794.615	533.146.371	83.779.602	48.313.202	-	850.033.790
Revenue from rendering of services	-	-	-	11.983.623	-	11.983.623
Revenue from third parties	184.794.615	533.146.371	83.779.602	60.296.825	-	862.017.413
Intersegment revenue	38.422.473	139.459.065	804.447	1.484.053	(180.170.038)	-
Other income	15.975.672	4.210.931	67.890	4.976.962	(23.124.131)	2.107.324
Depreciation and amortisation	899.453	1.110.980	700.266	519.769	-	3.230.468
Impairment of goodwill	-	-	-	280.737	-	280.737
Personnel costs	7.586.516	11.904.297	2.703.237	5.230.706	(242.011)	27.182.745
Travelling expenses	178.086	93.823	18.211	41.101	-	331.221
Provision for doubtful debts	897.766	108.449	2.142.184	23.599	(924.125)	2.247.873
Professional fees	1.295.467	703.618	207.355	360.898	(329.331)	2.238.007
Rent	4.632	220.828	98.763	25.865	-	350.088
Credit insurance	474.564	1.110.355	75.491	62.170	(276.579)	1.446.001
Transportation expenses	640.644	1.194.813	111.004	12.203	-	1.958.664
Profit from operations	15.089.602	21.062.674	177.310	9.746.651	(16.788.976)	29.287.261
Net foreign exchange profit/(loss)	2.590.414	(109.281)	275.280	138.935	(2.358.817)	536.531
Interest receivable	28.808	1.186.785	594.289	3.350	(1.154.024)	659.208
Interest payable and bank charges	(3.663.292)	(3.594.219)	(1.084.658)	(335.932)	2.650.177	(6.027.924)
Net finance expenses	(1.044.070)	(2.516.715)	(215.089)	(193.647)	(862.664)	(4.832.185)
Net share of (loss)/profit from associated companies and joint ventures after tax	-	-	(195.548)	2.709.416	-	2.513.868
Impairment of investments in subsidiary companies	(375.820)	-	-	-	375.820	-
Profit/(loss) before tax	13.669.712	18.545.965	(233.327)	12.262.420	(17.275.826)	26.968.944
Tax	(1.774.005)	(1.552.866)	(340.860)	(114.842)	-	(3.782.573)
Profit/(loss) after tax	11.895.707	16.993.099	(574.187)	12.147.578	(17.275.826)	23.186.371
Acquisition of property, plant and equipment	1.383.118	271.330	433.556	226.355	-	2.314.359
Acquisition of right-of-use assets	162.690	63.787	135.252	-	-	361.729
Total assets	191.242.492	220.308.859	69.592.551	138.363.955	(172.948.341)	446.559.516
Total liabilities	127.990.535	136.805.160	69.699.757	49.488.107	(111.657.479)	272.326.080
Net investment assets in associated companies and joint ventures	-	-	349.218	79.073.445	-	79.422.663

6. REVENUE

THE GROUP

	2021 €	2020 €
Sales of products	940.362.261	850.033.790
Rendering of services	8.846.912	11.983.623
	<u>949.209.173</u>	<u>862.017.413</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**6. REVENUE** *(continued)***THE COMPANY**

	2021	2020
	€	€
Sales of products	82.136.886	70.599.824
Interest receivable from subsidiary companies (Note 43)	<u>915.467</u>	<u>1.440.315</u>
	<u>83.052.353</u>	<u>72.040.139</u>

7. COST OF SALES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	€	€	€	€
Cost of goods sold	871.069.222	787.674.515	78.080.768	66.555.004
Staff salaries	2.644.749	2.652.642	-	-
Social insurance	157.544	136.914	-	-
Other personnel costs	175.277	202.595	-	-
Net (reversal of provision)/provision of impairment of inventories (Note 23)	(13.255)	65.970	-	-
Depreciation on right-of-use assets	<u>218.710</u>	<u>237.111</u>	<u>-</u>	<u>-</u>
	<u>874.252.247</u>	<u>790.969.747</u>	<u>78.080.768</u>	<u>66.555.004</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**8. OTHER INCOME****THE GROUP**

	2021 €	2020 €
Profit from the disposal of property, plant and equipment	18.533	29.706
Profit/(loss) from revaluation of investments at fair value through other comprehensive income (Note 21)	2.062	(6.403)
Sundry operating income	<u>879.017</u>	<u>2.084.021</u>
	<u><u>899.612</u></u>	<u><u>2.107.324</u></u>

During 2020, the Group's Other Income includes an amount of €312.337 which relates to a deduction for discounting the tax liability of a subsidiary in Greece, in the context of the measures announced by the Greek Government to address the negative effects of the pandemic on businesses.

During the period of implementation of the restrictive measures, against the spread of the pandemic, by the governments of the countries in which the Group operates, subsidiaries received support packages whose value is not significant.

THE COMPANY

	2021 €	2020 €
Profit from the disposal of property, plant and equipment	1.234	11.911
Dividends receivable (Note 43)	11.058.408	10.949.366
Administration services (Note 43)	5.351.333	3.855.758
Sundry operating income	<u>130.235</u>	<u>743.750</u>
	<u><u>16.541.210</u></u>	<u><u>15.560.785</u></u>

The sundry operating income for the Group and the Company mainly includes contributions from vendors for the promotion of their products.

9. OTHER EXPENSES**THE COMPANY**

	2021 €	2020 €
Impairment charge of investments in subsidiaries (Note 19, 43)	-	375.820
Sundry operating expenses	<u>-</u>	<u>2.836</u>
	<u><u>-</u></u>	<u><u>378.656</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**10. ADMINISTRATIVE EXPENSES****THE GROUP**(a) Personnel expenses

	2021 €	2020 €
Staff salaries	22.835.084	22.534.178
Directors fees - Executive directors	447.200	447.650
Social insurance	2.204.355	2.133.821
Other personnel costs	1.949.768	1.557.743
Expenses related to defined benefits plan (Note 29)	<u>562.165</u>	<u>509.353</u>
	<u>27.998.572</u>	<u>27.182.745</u>

The average number of employees during the year was 817 (2020:793).

(b) Other administrative expenses

	2021 €	2020 €
Depreciation	1.452.733	1.370.585
Depreciation Right-of-use assets	1.635.687	1.612.007
Amortisation of research and development	252.151	247.876
Amortisation of goodwill	296.588	280.737
Directors fees - Non executive directors	156.366	130.048
Rent	296.959	350.088
Common expenses	64.179	61.832
Taxes and licences	154.980	183.047
Electricity and water	316.591	289.340
Cleaning	160.057	235.924
Insurance	2.010.182	2.070.240
Repairs and maintenance	337.259	169.732
Telephone and postage	674.821	590.478
Printing and stationery	66.369	72.705
Subscriptions and donations	422.622	349.278
Staff training expenses	84.535	87.496
Other staff expenses	847.782	693.677
Computer hardware maintenance expenses	337.699	253.741
Auditors' remuneration for the statutory audit of annual accounts	314.045	301.915
Legal fees	501.033	346.778
Other professional fees (Subnote 1)	1.440.875	1.175.641
Advertising	383.574	239.671
Traveling	513.954	331.221
Entertainment	229.109	110.898
Motor vehicles expenses	387.445	293.786
Transportation expenses	1.708.188	1.958.664
Services from third parties	401.346	283.623
Other expenses	<u>318.318</u>	<u>346.083</u>
	<u>15.765.447</u>	<u>14.437.111</u>
Total administrative expenses	<u><u>43.764.019</u></u>	<u><u>41.619.856</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**10. ADMINISTRATIVE EXPENSES** *(continued)***THE COMPANY**(a) Personnel expenses

	2021	2020
	€	€
Staff salaries	4.623.926	4.641.258
Directors fees - Executive directors	447.200	447.650
Social insurance	590.295	593.630
Other personnel costs	<u>(640.402)</u>	<u>(790.440)</u>
	<u>5.021.019</u>	<u>4.892.098</u>

The average number of employees during the year was 104 (2020:100).

(b) Other administrative expenses

	2021	2020
	€	€
Depreciation	600.970	478.950
Depreciation Right-of-use assets	122.524	117.240
Directors fees - Non executives directors	156.366	130.048
Common expenses	3.132	2.550
Taxes and licences	15.444	11.496
Electricity and water	76.730	62.387
Cleaning	20.120	22.861
Insurance	188.205	275.947
Repairs and maintenance	143.413	72.826
Telephone and postage	172.289	114.257
Printing and stationery	7.988	10.498
Subscriptions and donations	338.642	282.626
Staff training expenses	32.350	23.065
Other staff expenses	156.505	169.503
Computer hardware maintenance expenses	210.702	145.538
Auditors' remuneration for the statutory audit of annual accounts	63.550	54.120
Legal fees	54.551	45.001
Other professional fees (Subnote 1)	599.748	564.770
Advertising	219.553	134.153
Traveling	244.746	92.171
Entertainment	34.455	22.136
Motor vehicles expenses	69.849	52.177
Transportation expenses	220.928	442.385
Services from third parties	371.021	264.390
Other expenses	<u>35.273</u>	<u>29.578</u>
	<u>4.159.054</u>	<u>3.620.673</u>
Total administrative expenses	<u><u>9.180.073</u></u>	<u><u>8.512.771</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**10. ADMINISTRATIVE EXPENSES** *(continued)*

As a result of the pandemic, the administrative expenses of the Group have increased by €317.545 (2020: €686.754) from expenditures on prevention and hygiene measures, and by €117.818 (2020: €98.160) for the Company. These expenses are mainly included in the accounts Other staff expenses and Cleaning expenses.

Subnote 1

The Group's other professional fees that are presented above include fees amounting to €16.670 (2020: €29.850) for non-audit services provided by the statutory audit firm of the Company.

The Company's other professional fees that are presented above include fees amounting to €16.670 (2020: €28.350) for non-audit services provided by the audit firm of the Company.

11. NET FINANCE EXPENSES**THE GROUP**

	2021	2020
	€	€
<u>Finance income</u>		
Interest receivable	595.992	659.208
Net foreign exchange profit	-	2.560.789
Net foreign exchange profit on derivative financial instruments	<u>2.396.254</u>	<u>-</u>
	<u>2.992.246</u>	<u>3.219.997</u>
<u>Finance expenses</u>		
Bank charges	(1.073.730)	(1.081.874)
Interest payable	(3.751.106)	(4.626.025)
Interest on other obligations	(67.503)	(79.635)
Interest on leases	(204.448)	(240.390)
Net foreign exchange loss	(3.828.813)	-
Net foreign exchange loss on derivative financial instruments	<u>-</u>	<u>(2.024.258)</u>
	<u>(8.925.600)</u>	<u>(8.052.182)</u>
Net finance expenses	<u>(5.933.354)</u>	<u>(4.832.185)</u>
Net finance expenses recognized in other comprehensive income that are to be reclassified to profit or loss in future periods		
Exchange difference from translation and consolidation of financial statements from foreign operations	7.579.741	(8.785.101)
Exchange difference in relation to hedge of net investment in a foreign operation	<u>(2.633.110)</u>	<u>3.009.015</u>
	<u>4.946.631</u>	<u>(5.776.086)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**11. NET FINANCE EXPENSES** *(continued)***THE COMPANY**

	2021	2020
	€	€
<u>Finance income</u>		
Interest receivable	34	-
Net foreign exchange profit	-	2.294.021
Net foreign exchange profit on derivative financial instruments	<u>1.697.993</u>	<u>-</u>
	<u>1.698.027</u>	<u>2.294.021</u>
 <u>Finance expenses</u>		
Bank charges	(397.689)	(357.137)
Interest payable	(1.714.101)	(2.508.061)
Interest on leases	(14.066)	(17.084)
Net foreign exchange loss	(1.729.998)	-
Net foreign exchange loss on derivative financial instruments	<u>-</u>	<u>(1.681.020)</u>
	<u>(3.855.854)</u>	<u>(4.563.302)</u>
 Net finance expenses	<u>(2.157.827)</u>	<u>(2.269.281)</u>

12. TAXATION**THE GROUP**

	2021	2020
	€	€
Corporation tax - current year	3.245.029	2.864.803
Corporation tax- adjustment for prior years	(99.986)	(517.235)
Special defence contribution	18.055	16
Other taxes	290.016	301.339
Deferred tax - (credit)/charge (Note 35)	<u>(457.325)</u>	<u>1.133.650</u>
	<u>2.995.789</u>	<u>3.782.573</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**12. TAXATION** (continued)

The subsidiary companies of the Group are taxed in the countries in which they operate as follows:

Company	Country	Tax rate	Tax rate
		2021 %	2020 %
Logicom (Overseas) Limited	Cyprus	12,5	12,5
Logicom Solutions Limited	Cyprus	12,5	12,5
Netcom Limited	Cyprus	12,5	12,5
CUC Cyprus Utilities Company Limited	Cyprus	12,5	12,5
Najada Holdings Limited	Cyprus	12,5	12,5
Logicom (Middle East) SAL	Lebanon	17	17
ENET Solutions - Logicom S.A.	Greece	22	24
Logicom FZE	United Arab Emirates	0	0
Logicom Dubai LLC	United Arab Emirates	0	0
Logicom Jordan LLC	Jordan	20	20
Logicom Italia s.r.l.	Italy	25	24
Logicom IT Distribution Limited	Turkey	22	22
Rehab Technologies Limited	Saudi Arabia	20	20
Logicom Bulgaria EOOD	Bulgaria	10	10
Logicom Information Technology Distribution s.r.l.	Romania	16	16
Verendrya Ventures Ltd	Cyprus	12,5	12,5
Logicom Services Ltd	Cyprus	12,5	12,5
Enet Solutions LLC	United Arab Emirates	0	0
ICT Logicom Solutions SA	Greece	22	24
Logicom Saudi Arabia LLC	Saudi Arabia	20	20
Newcytech Business Solutions Ltd	Cyprus	12,5	12,5
Newcytech Distribution Ltd	Cyprus	12,5	12,5
Logicom Distribution Germany GmbH	Germany	30	30
Logicom LLC	Oman	15	15
Logicom Kuwait for Computer Company W.L.L	Kuwait	15	15
Logicom Trading & Distribution LLC	Qatar	10	10
Cadmus Tech Points S.A.L	Lebanon	17	17
Logicom Bahrain WLL	Bahrain	0	0
Logicom Egypt LLC	Egypt	22,5	22,5
Logicom Distribution Egypt LLC	Egypt	22,5	22,5
Elogicomnet Morocco Distribution SARL	Morocco	0	-

The tax rates for companies based in Morocco range from 10% to 31% depending on the amount of net taxable income. However, the subsidiary company Elogicomnet Morocco Distribution SARL is exempt from corporate tax liability for 3 years.

THE COMPANY

	2021 €	2020 €
Special defence contribution	10	15
Other taxes	24.275	68.321
Deferred tax - charge (Note 35)	<u>184.779</u>	<u>583.419</u>
	<u>209.064</u>	<u>651.755</u>

The Company is subject to corporation tax at 12,5% on all of its profits.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**12. TAXATION** *(continued)*Reconciliation of taxation with the taxation based on accounting profit**THE GROUP**

	2021 €	2020 €
Profit before tax	<u>27.772.458</u>	<u>26.968.944</u>
Effective tax rate	<u>12,98%</u>	<u>15,14%</u>
Tax for the year based on accounting profit	3.604.865	4.083.098
Tax effect for:		
Depreciation	348.865	143.851
Capital allowances	(184.149)	(102.774)
Income not allowed in computation of taxable income	(1.369.285)	(2.681.416)
Expenses not allowed in computation of taxable income	844.732	304.990
Tax effect of tax losses brought forward	-	1.117.054
Special defence contribution	18.056	16
Other taxes	290.016	301.339
Deferred tax	(457.325)	1.133.650
Adjustment for prior years	<u>(99.986)</u>	<u>(517.235)</u>
	<u>2.995.789</u>	<u>3.782.573</u>

Reconciliation of taxation with the taxation based on accounting profit**THE COMPANY**

	2021 €	2020 €
Profit before tax	<u>9.571.072</u>	<u>8.960.867</u>
Effective tax rate	<u>12,50%</u>	<u>12,50%</u>
Tax for the year based on accounting profit	1.196.384	1.120.108
Tax effect for:		
Depreciation	75.121	59.869
Capital allowances	(42.497)	(54.008)
Income not allowed in computation of taxable income	(1.611.399)	(1.667.677)
Expenses not allowed in computation of taxable income	382.391	(575.346)
Tax effect of tax losses brought forward	-	1.117.054
Special defence contribution	10	15
Other taxes	24.275	68.321
Deferred tax	<u>184.779</u>	<u>583.419</u>
	<u>209.064</u>	<u>651.755</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**12. TAXATION** (*continued*)Deferred taxation recognized in other comprehensive income**THE GROUP**

	2021 €	2020 €
Revaluation of land and buildings	3.309	(591)
Adjustment on remeasurement of obligation	<u>(48.679)</u>	<u>(5.943)</u>
	<u><u>(45.370)</u></u>	<u><u>(6.534)</u></u>

THE COMPANY

	2021 €	2020 €
Revaluation of land and buildings	<u>3.309</u>	<u>(591)</u>
	<u><u>3.309</u></u>	<u><u>(591)</u></u>

13. DIVIDENDS

	2021 €	2020 €
Dividends paid	<u>5.926.368</u>	<u>3.703.980</u>
	<u><u>5.926.368</u></u>	<u><u>3.703.980</u></u>

During the year a final dividend for 2020 of €5.926.368 was paid. This corresponds to €0,080 cent per share. In accordance with IAS 10, dividends are recognised in the year in which they are declared.

The proposed final dividend for 2021 amounting to €5.926.368, corresponds to €0,080 cent per share and in accordance with IAS 10, it will be recognized during 2022, the year in which it will be declared.

14. EARNINGS PER SHARE**THE GROUP**Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to the shareholders of the parent Company, the weighted average number of issued shares and the weighted average number of issued shares during the year as follows:

	2021	2020
Earnings attributable to shareholders (€)	<u>24.745.689</u>	<u>23.260.480</u>
Weighted average number of issued shares during the year	<u>74.079.600</u>	<u>74.079.600</u>
Basic earnings per share (cent)	<u><u>33,40</u></u>	<u><u>31,40</u></u>
Diluted weighted average number of shares	<u>74.079.600</u>	<u>74.079.600</u>
Diluted earnings per share (cent)	<u><u>33,40</u></u>	<u><u>31,40</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**15. PROPERTY, PLANT AND EQUIPMENT**

THE GROUP	Land and buildings	Computers	Furniture and fittings	Motor vehicles	Total
	€	€	€	€	€
Cost or revaluation					
2020					
Balance at 1 January 2020	19.397.134	8.077.643	3.591.107	1.570.327	32.636.211
Additions for the year	303.291	1.599.656	136.107	275.305	2.314.359
Disposals and write offs for the year	(1.169)	(1.397.912)	(321.277)	(90.531)	(1.810.889)
Reclassification to intangible assets (Note17)	-	(242.294)	-	-	(242.294)
Exchange differences	(406.417)	(191.421)	(146.531)	(48.237)	(792.606)
Balance at 31 December 2020	19.292.839	7.845.672	3.259.406	1.706.864	32.104.781
2021					
Balance at 1 January 2021	19.292.839	7.845.672	3.259.406	1.706.864	32.104.781
Additions for the year	288.158	924.934	180.861	223.201	1.617.154
Disposals and write offs for the year	(197.879)	(515.089)	(61.072)	(62.816)	(836.856)
Exchange differences	367.254	175.851	114.644	54.305	712.054
Balance at 31 December 2021	19.750.372	8.431.368	3.493.839	1.921.554	33.597.133
Depreciation					
2020					
Balance at 1 January 2020	376.729	5.415.425	2.579.905	1.177.355	9.549.414
Charge for the year	371.301	804.513	296.273	143.493	1.615.580
Disposals and write offs for the year	(263)	(482.064)	(169.738)	(83.362)	(735.427)
Reclassification to intangible assets (Note17)	-	(7.884)	-	-	(7.884)
Exchange differences	(43.393)	(169.414)	(113.413)	(44.567)	(370.787)
Balance at 31 December 2020	704.374	5.560.576	2.593.027	1.192.919	10.050.896
2021					
Balance at 1 January 2021	704.374	5.560.576	2.593.027	1.192.919	10.050.896
Charge for the year	395.650	839.589	250.097	186.106	1.671.442
Disposals and write offs for the year	(197.879)	(412.139)	(44.978)	(62.475)	(717.471)
Exchange differences	54.719	155.274	94.160	41.218	345.371
Balance at 31 December 2021	956.864	6.143.300	2.892.306	1.357.768	11.350.238
Net book value					
Balance at 31 December 2020	18.588.465	2.285.096	666.379	513.945	22.053.885
Balance at 31 December 2021	18.793.508	2.288.068	601.533	563.786	22.246.895

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**15. PROPERTY, PLANT AND EQUIPMENT** *(continued)*

THE COMPANY	Land and buildings	Computers	Furniture and fittings	Motor vehicles	Total
	€	€	€	€	€
Cost or revaluation					
2020					
Balance at 1 January 2020	3.442.111	2.411.236	277.372	483.632	6.614.351
Additions for the year	1.793	827.538	25.667	41.471	896.469
Disposals and write offs of the year	-	(884.978)	-	(39.121)	(924.099)
Balance at 31 December 2020	3.443.904	2.353.796	303.039	485.982	6.586.721
2021					
Balance at 1 January 2021	3.443.904	2.353.796	303.039	485.982	6.586.721
Additions for the year	5.000	298.563	34.783	98.915	437.261
Disposals and write offs for the year	-	(112.971)	-	(13.000)	(125.971)
Balance at 31 December 2021	3.448.904	2.539.388	337.822	571.897	6.898.011
Depreciation					
2020					
Balance at 1 January 2020	627	1.066.965	184.980	334.547	1.587.119
Exchange differences	68.006	321.506	25.497	63.941	478.950
Disposals and write offs of the year	-	(1.777)	-	(39.121)	(40.898)
Balance at 31 December 2020	68.633	1.386.694	210.477	359.367	2.025.171
2021					
Balance at 1 January 2021	68.633	1.386.694	210.477	359.367	2.025.171
Charge for the year	142.224	361.046	20.898	76.802	600.970
Disposals and write offs for the year	-	(14.641)	-	(13.000)	(27.641)
Balance at 31 December 2021	210.857	1.733.099	231.375	423.169	2.598.500
Net book value					
Balance at 31 December 2020	3.375.271	967.102	92.562	126.615	4.561.550
Balance at 31 December 2021	3.238.047	806.289	106.447	148.728	4.299.511

On 31 December 2019 the Group through independent professional appraisers proceeded to a revaluation of land and buildings as follows:

		Surplus/ (Deficit) €
Logicom Public Ltd	Land and buildings	281.098
Najada Holdings Ltd	Land	2.100.000
Logicom FZE	Buildings	(610.844)
Logicom Jordan LLC	Land and buildings	23.978
		<u>1.794.232</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**15. PROPERTY, PLANT AND EQUIPMENT** *(continued)*

If land and buildings were recognised under historic cost, these would have been as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	€	€	€	€
Cost	14.835.974	14.745.695	1.504.486	1.499.486
Depreciation	<u>(3.066.013)</u>	<u>(2.811.738)</u>	<u>(993.262)</u>	<u>(947.857)</u>
	<u>11.769.961</u>	<u>11.933.957</u>	<u>511.224</u>	<u>551.629</u>

The value of the land which is not depreciated is as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	€	€	€	€
Balance at 31 December	<u>8.479.091</u>	<u>8.479.091</u>	<u>369.365</u>	<u>369.365</u>

Approximately every three years, or earlier if required, revaluations are prepared to estimate the fair values of land and buildings.

The revaluations were made on the basis of the comparative method of estimation for the calculation of the market value, using the cost of construction method for the market value of the building under examination as well as the prospects of the properties under examination. Revaluations were made by independent professional valuers.

On 9 February 2018, the company Najada Holdings Limited, a subsidiary company of Logicom Public Limited, acquired all the interests of the immovable property Parcel 1878 Sheet/Plan 30/06E2, area 16 decares and 147 sq.m, at Strovolos Municipality in Nicosia ('The Property'). The purchase price amounted to €8.125.000. The decision for the acquisition of the Property was taken taking into consideration the present and future premises needs of the Group as well as the opportunities for its commercial development and exploitation.

On 31 December 2019, the property was revalued with a revaluation surplus of €2.100.000.

On land and buildings, borrowing costs of €504.855 as well as professional and legal costs of €822.705 for the design and licensing of the building under construction of Najada Holdings Limited, have been capitalised. In 2021, amounts of €154.965 have been capitalised in relation to borrowing costs and €75.162 in relation to professional and legal costs (2020: borrowing costs: €168.666, professional and legal costs: €132.833). The cost of the building under construction is not depreciated.

The land and buildings of Logicom Public Limited were revalued on 31 December 2019 and the surplus from revaluation amounted to €281.098.

The subsidiary company Logicom FZE acquired land in the Free Trade Zone Area in Jebel Ali. The land is leased under an operating lease for 10 years from the 1 August 2007 with an option for renewal. During the year, the subsidiary proceeded with the construction of an office building and a warehouse in the land. The annual lease payment is €154.090. The land and buildings were revalued on 31 December 2019 and the revaluation loss amounted to €610.844.

The land and buildings of Logicom Jordan LLC were revalued on 31 December 2019 and the revaluation surplus amounted to €23.978.

The Group's Management estimates that the accounting value of land and buildings is not significantly different from their fair value.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**15. PROPERTY, PLANT AND EQUIPMENT** *(continued)*

The provision for deferred taxation arising from the revaluation of land and buildings is presented in note 35.

The mortgage on land and buildings of the Group and the Company are presented in note 32.

Land and buildings are classified as Level 3, in the calculation of their fair value, where the valuation technique is performed by independent qualified appraisers using a variety of valuation methods and assumptions based mainly on the market situation at each valuation date as stated in note 37.5.

The main property of the Group included in the Land and Buildings category are presented below:

Type of property	Assessment method	Non-observable data	Data fluctuation range	2021 €	2020 €
Land and buildings	Comparative method	Sale price per sq.m.	€500/sq.m.- €1.700/sq.m.	2.636.047	2.773.271
Land	Comparative method	Sale price per sq.m.	€1.000/sq.m.	602.000	602.000
Land	Comparative method and development method	Sale price per sq.m.	€300/sq.m.- €800/sq.m.	10.225.000	10.225.000
Buildings	Cost price	Capitalised borrowing costs and professional costs		1.327.550	1.097.433
Land and buildings	Comparative method	Sales price per sq.m.	JOD 270/sq.m. – 728/sq.m.	793.695	737.310
Buildings	Comparative method	Transfer price per sq.m.	USD 1.720 (€1.532)/sq.m.	3.121.363	3.045.992

Data Sensitivity: The fair value will increase / (decrease) if the sale or transfer price per sq.m. increase / (decrease).

The remaining properties included in Land and Buildings have been valued from independent professional appraisers in the country in which they are located during the period ended 31 December 2019. This category includes improvements and additions to rental properties for which no assessment has been made.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

16. RIGHT-OF-USE ASSETS

THE GROUP	Right of use land €	Right of use buildings and warehouse €	Right of use motor vehicles €	Total €
Acquisition cost				
Balance at 1 January 2020	1.928.401	5.836.938	328.315	8.093.654
Additions for the year	-	136.281	225.448	361.729
Exchange differences	(162.966)	(312.876)	(8.163)	(484.005)
Balance at 31 December 2020	<u>1.765.435</u>	<u>5.660.343</u>	<u>545.600</u>	<u>7.971.378</u>
2021				
Balance at 1 January 2021	1.765.435	5.660.343	545.600	7.971.378
Additions for the year	-	1.007.984	180.130	1.188.114
Write offs for the year	-	(563.210)	(141.985)	(705.195)
Exchange differences	151.208	93.682	3.421	248.311
Balance at 31 December 2021	<u>1.916.643</u>	<u>6.198.799</u>	<u>587.166</u>	<u>8.702.608</u>
Depreciation				
Balance at 1 January 2020	96.420	1.251.652	101.278	1.449.350
Charge	94.833	1.364.391	152.783	1.612.007
Exchange differences	(14.709)	(265.520)	(3.283)	(283.512)
Balance at 31 December 2020	<u>176.544</u>	<u>2.350.523</u>	<u>250.778</u>	<u>2.777.845</u>
2021				
Balance at 1 January 2021	176.544	2.350.523	250.778	2.777.845
Charge	91.773	1.411.934	131.981	1.635.688
Write offs for the year	-	(563.210)	(141.903)	(705.113)
Exchange differences	19.179	78.372	(332)	97.219
Balance at 31 December 2021	<u>287.496</u>	<u>3.277.619</u>	<u>240.524</u>	<u>3.805.639</u>
Net book value				
Balance at 31 December 2020	<u>1.588.891</u>	<u>3.309.820</u>	<u>294.822</u>	<u>5.193.533</u>
Balance at 31 December 2021	<u>1.629.147</u>	<u>2.921.180</u>	<u>346.642</u>	<u>4.896.969</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**16. RIGHT-OF-USE ASSETS** *(continued)*

THE COMPANY	Right of use buildings and warehouse €
Acquisition cost	
Balance at 1 January 2020	703.475
Additions for the year	<u>-</u>
Balance at 31 December 2020	<u>703.475</u>
2021	
Balance at 1 January 2021	703.475
Additions for the year	<u>36.986</u>
Balance at 31 December 2021	<u>740.461</u>
Depreciation	
Balance at 1 January 2020	117.246
Charge	<u>117.240</u>
Balance at 31 December 2020	<u>234.486</u>
2021	
Balance at 1 January 2021	234.486
Charge	<u>122.524</u>
Balance at 31 December 2021	<u>357.010</u>
Net book value	
Balance at 31 December 2020	<u>468.989</u>
Balance at 31 December 2021	<u>383.451</u>

The Group and the Company used prior knowledge to determine the lease period. The average borrowing cost applied, at recognition, for Europe is 3,17% for land, warehouse and buildings and 3,5% for motor vehicles and for the Middle East is 5,44% for land, warehouse and buildings and 2,95% for motor vehicle. The average borrowing cost applied for the new leases recognised during the year is: for Europe 3,22% for motor vehicles and for the Middle East 3,13% for land, warehouse and buildings and 2,29% for motor vehicles.

There were no significant changes in the lease contracts as a result of the Coronavirus pandemic (COVID-19), to the extent that they affect the value of the right-of-use assets, obligations under finance leases and related depreciation.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

17. INTANGIBLE ASSETS AND GOODWILL

THE GROUP	Development costs €	Licensing costs €	Goodwill €	Distribution rights €	Total €
Cost					
2020					
Balance at 1 January 2020	-	465.852	9.316.104	1.214.174	10.996.130
Additions (Note 15)	242.294	-	-	-	242.294
Exchange differences	-	-	-	(21.275)	(21.275)
Decrease for the year	-	-	(280.737)	-	(280.737)
Write offs for the year	-	(465.852)	-	-	(465.852)
Balance at 31 December 2020	<u>242.294</u>	<u>-</u>	<u>9.035.367</u>	<u>1.192.899</u>	<u>10.470.560</u>
2021					
Balance at 1 January 2021	242.294	-	9.035.367	1.192.899	10.470.560
Additions	158.775	-	-	-	158.775
Exchange differences	-	-	-	(19.451)	(19.451)
Decrease for the year	-	-	(296.588)	-	(296.588)
Balance at 31 December 2021	<u>401.069</u>	<u>-</u>	<u>8.738.779</u>	<u>1.173.448</u>	<u>10.313.296</u>
Amortisation					
2020					
Balance at 1 January 2020	-	465.852	653.169	485.602	1.604.623
Amortisation for the the year	7.884	-	-	239.992	247.876
Exchange differences	-	-	-	(9.988)	(9.988)
Write offs for the year	-	(465.852)	-	-	(465.852)
Balance at 31 December 2020	<u>7.884</u>	<u>-</u>	<u>653.169</u>	<u>715.606</u>	<u>1.376.659</u>
2021					
Balance at 1 January 2021	7.884	-	653.169	715.606	1.376.659
Amortisation for the year	16.216	-	-	235.935	252.151
Exchange differences	-	-	-	(12.979)	(12.979)
Balance at 31 December 2021	<u>24.100</u>	<u>-</u>	<u>653.169</u>	<u>938.562</u>	<u>1.615.831</u>
Net book value					
Balance at 31 December 2020	<u>234.410</u>	<u>-</u>	<u>8.382.198</u>	<u>477.293</u>	<u>9.093.901</u>
Balance at 31 December 2021	<u>376.969</u>	<u>-</u>	<u>8.085.610</u>	<u>234.886</u>	<u>8.697.465</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**17. INTANGIBLE ASSETS AND GOODWILL** *(continued)*

THE COMPANY	Licensing costs €
Cost	
2020	
Balance at 1 January 2020	465.852
Write offs for the year	<u>(465.852)</u>
Balance at 31 December 2020	<u>-</u>
2021	
Balance at 31 December 2021	<u>-</u>
Amortisation	
2020	
Balance at 1 January 2020	465.852
Write offs for the year	<u>(465.852)</u>
Balance at 31 December 2020	<u>-</u>
2021	
Balance at 31 December 2021	<u>-</u>
Net book value	
Balance at 31 December 2020	<u>-</u>
Balance at 31 December 2021	<u>-</u>

Goodwill

For the purpose of the impairment testing, each subsidiary company is considered as a separate cash generating unit. The impairment was recognised prior to the application of the revised IAS 38.

Logicom Solutions Ltd

Goodwill amounting to €2.343.488 arose on the acquisition of the subsidiary company Logicom Solutions Ltd on 1 January 2000 which also includes the takeover of Inteli-scape Limited as an economic unit. The management estimates that there is no need for goodwill impairment on the basis that the recoverable amount exceeds the carrying amount of goodwill. The recoverable amount is equal to the value in use that is estimated as the current value of the expected future cash flows for a period of 3 years and the company's terminal value. For the determination of the terminal value the expected cash flows up to 2024 were used divided by the difference between the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated at 6,07% and the growth rate to perpetuity to 2%.

The amount of goodwill as at 31 December 2021 is €2.343.488 (2020: €2.343.488).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

17. INTANGIBLE ASSETS AND GOODWILL (*continued*)

Newcytech Business Solutions Limited

Goodwill amounting to €7.535.670 arose on the acquisition of the subsidiary company Newcytech Business Solutions Limited (“Newcytech”) on 30 October 2009. Goodwill includes an amount of €1.213.107 that was recognised from acquisitions of activities, equipment and inventories made by Newcytech prior to the acquisition.

Management estimates that there is no need for impairment of the goodwill, that arose on the acquisition of Newcytech, on the basis that the recoverable amount exceeds the carrying amount of goodwill. The recoverable amount equals the value in use that is calculated as the present value of the estimated expected future cash flows for a period of 3 years and the terminal value of the company. For the determination of the terminal value the cash flows up to 2024 were used divided with the difference of the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated to 6,07% and the growth rate to perpetuity to 2%.

During the year Newcytech recognised impairment of the goodwill, that was maintained in the Statement of Financial Position, amounting to €296.588. The indicated amount of goodwill arising from the acquisition of Newcytech Business Solutions on 31 December 2021 including the goodwill in the Statement of Financial Position of Newcytech, is €5.742.122 (2020: €6.038.710).

The main assumptions that were used in calculating the present value of the estimated future cash flows as assessed and evaluated by the Management are:

Discount rate

The discount rate is calculated at the same level as the weighted average cost of capital of the Group. For the calculation the Credit Default Swaps (CDS), the financing cost after the deduction of tax, the purchase interest rate and the degree of influence of the Company from market changes were taken into account.

Growth rate for terminal value

The rate is calculated based on previous experience of the company's growth rate and the Company's segments of operations, and by also taking into account the ongoing technological development, expertise and experience of the company. The rate is compared with the growth rate of the Gross Domestic Product of Cyprus, the country in which the company is operating.

Estimated future inflows

The future inflows from the above subsidiaries have been calculated based on the growth rates of the companies in the last years as well as based on the business development plans of the companies:

- The budget for 2022 shows an increase of 6,5% in the turnover of Logicom Solutions Ltd and 12,5% increase in the turnover of Newcytech Business Solutions Ltd, taking into consideration the projects that the companies expect to perform during the year as well as their planned development.
- The growth for 2023 is estimated to be at positive rates at the level of 1% for Logicom Solutions Ltd and 3% for Newcytech Business Solutions Ltd and 1% and 1% increase is also foreseen for 2024 respectively.
- The growth after 2024 is expected to be within the expectations of the Management based on growth data for the country and segment of operations of the Company.

Management does not consider that there will be a considerable change in the above main assumptions that will affect the recoverable amount of goodwill so that it will be lower than the carrying amount.

Development/licensing costs

The development costs relate to the costs of designing and developin the e-commerce portal of the distribution sector.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

17. INTANGIBLE ASSETS AND GOODWILL *(continued)*

The development cost was originally classified in Property, plant and equipment, in the Computers category. Acquisition costs of €242.294 and accumulated depreciation of €7.884 were reclassified to intangible assets with retrospective application.

Licencing costs relate to the acquisition of the distribution rights of Nokia products in Cyprus which have been acquired by Logicom Public Ltd on 11 July 2011 through a distribution contract and which have a duration until the end of 2015 with a right of renewal for a further year. This contract was not renewed. However, a new contract was signed for the distribution of Nokia products.

Licencing costs that have been fully amortised in the year 31 December 2016, have been written off during 2020.

Distribution rights

Costs relating to the distribution of products are capitalised and amortised in profit or loss with equal annual charges over the expected useful economic life for 5 years.

The distribution rights of €1.246.623 arose from the acquisition of the business of Gemini SP S.R.L. in Romania on 5 December 2017, a distributor of high technology products. The distribution rights which relate to the contracts with Hewlett Packard Enterprise N.V., Hewlett Packard Europe N.V. and Dell Distribution (EMEA) Ltd, are capitalised and then amortised to profit or loss.

The consideration transferred was calculated at the date of the acquisition at fair value of €1.480.874 out of which €99.650 referred to a contingent consideration. Its stated value is mentioned in Note 28.

The distribution rights' stated amount as at 31 December 2021 is €234.886 (2020: €477.293).

18. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 €	2020 €
Balance at 1 January	6.985.960	3.862.832
Additions	3.826.276	3.328.310
Revaluation transferred to equity	<u>912.931</u>	<u>(205.182)</u>
Balance at 31 December	<u><u>11.725.167</u></u>	<u><u>6.985.960</u></u>

The investments at fair value through other comprehensive income at 31.12.2021 and 31.12.2020 relate to an investment of the subsidiary Logicom Services Limited in Hellenic Bank Public Limited. The investment is valued based on its market value at the reporting date. The market value of the shares in Hellenic Bank Public Limited held by the Group on 31 December 2021, amount to €10.462.034 on 28 April 2022.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

19. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company has the following investments in subsidiary companies:

Company	Country of incorporation	2021 Holding %	2020 Holding %	2021 €	2020 €
Logicom (Overseas) Limited	Cyprus	100	100	-	-
Logicom (Middle East) SAL	Lebanon	100	100	-	-
ENET Solutions - Logicom S.A.	Greece	100	100	1.205.400	1.205.400
Logicom FZE	United Arab Emirates	100	100	18.693.825	18.693.825
Logicom Trading & Distribution LLC	Qatar	100	100	46.313	46.313
Logicom Jordan LLC	Jordan	100	100	78.372	78.372
Logicom Italia s.r.l.	Italy	100	100	3.569.544	3.569.544
Rehab Technologies Limited	Saudi Arabia	100	100	-	-
Logicom Information Technology Distribution s.r.l.	Romania	100	100	2.200.063	2.200.063
Logicom Bulgaria EOOD	Bulgaria	100	100	-	-
Logicom Services Ltd	Cyprus	100	100	24.010.000	24.010.000
Verendrya Ventures Ltd	Cyprus	60	60	600	600
Logicom Distribution Germany GmbH	Germany	100	100	27.000	27.000
Cadmus Tech Points S.A.L	Lebanon	100	100	-	-
Najada Holdings Limited	Cyprus	100	100	3.500.100	3.500.100
				<u>53.331.217</u>	<u>53.331.217</u>

The value of the investments as listed above consists of the share capital and the contribution from the parent company to its subsidiaries.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Logicom Solutions Ltd in Cyprus with share capital of €11.115.

The Company owns indirectly, through the subsidiary companies Enet Solutions Logicom S.A. and Logicom FZE, the 100% of Logicom IT Distribution Ltd in Turkey with share capital of €8.713.606.

The Company owns indirectly, through the subsidiary company Verendrya Ventures Limited, the 60% of the subsidiary Netcom Limited in Cyprus with share capital €17.100.

The Company owns indirectly, through the subsidiary company Logicom FZE, the 100% of the subsidiary Logicom Saudi Arabia LLC in Saudi Arabia with share capital of €4.960.896.

The Company owns indirectly, through the subsidiary company Logicom FZE, the 100% of the subsidiary Logicom Dubai LLC in United Arab Emirates, with share capital of €92.129.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Newcytech Business Solutions Limited in Cyprus with share capital of €756.776.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Newcytech Distribution Limited in Cyprus with share capital of €8.550.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of the subsidiary Enet Solutions LLC in the United Arab Emirates with share capital of €56.589.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS****Year ended 31 December 2021****19. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)**

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of the subsidiary ICT Logicom Solutions SA in Greece, with share capital of €100.000.

The Company owns indirectly, through the subsidiaries Logicom FZE and Logicom Dubai LLC, the 100% of Logicom LLC in Oman, with share capital of €41.086.

The Company owns indirectly, through its subsidiary Logicom FZE, the 100% of Logicom Kuwait for Computer Company WLL in Kuwait, with share capital of €50.997.

The Company owns indirectly, through its subsidiary Logicom FZE, the 100% of Logicom Bahrain W.L.L. in Bahrain, with share capital of €11.383.

The Company owns indirectly through its subsidiaries Logicom FZE and Logicom (Overseas) Limited the 100% of Logicom Egypt LLC in Egypt, with share capital of €56.

The Company owns indirectly through its subsidiaries Logicom FZE and Logicom Egypt LLC the 100% of Logicom Distribution Egypt LLC in Egypt, with share capital of €107.541.

The Company owns indirectly through its subsidiaries Logicom FZE and Logicom (Overseas) Limited the 100% of Elogicomnet Morocco Distribution SARL in Morocco, with share capital of €6.763.

As at 31 December 2021, the Company made an impairment assessment on the value of the investments in subsidiary companies by comparing the net asset value of each investment with the carrying amount as stated in the Company's books. There was no indication for impairment in the value of the investments in subsidiaries, except for Logicom Information Technology Distribution s.r.l and Logicom Italia s.r.l, according to the comparison mentioned above. The value of the investment in Logicom (Middle East) SAL was fully impaired in 2020. The value of the investments in the companies Logicom Information Technology Distribution s.r.l. and Logicom Italia srl were not impaired based on the calculation of the expected future cash flows of these companies for the years 2022-2024 divided by the weighted average cost of capital that was calculated at 6,07%, with growth rate to perpetuity of 2% and based on the fact that the discounted future cash flows exceed the value of these investments. Impairments on the values of the investments are presented in the Statement of Profit or Loss.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

19. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

The following table presents the dates of acquisition, the nominal values and the number of shares of the main subsidiary companies:

Company	Date of acquisition/ incorporation	Nominal Value	Number of shares
Logicom (Overseas) Limited	01/01/1999	EUR 1,71	10.000
Logicom Solutions Limited	01/01/1999	EUR 1,71	6.500
Netcom Limited	27/04/2000	EUR 1,71	10.000
Logicom (Middle East) SAL	25/07/2000	LBP 15.000	20.000
ENET Solutions - Logicom S.A.	21/02/2001	EUR 2,94	410.000
Logicom Jordan LLC	07/08/2001	JOD 1	50.000
Logicom FZE	03/10/2001	AED 1 εκ.	1
Logicom Dubai LLC	07/11/2001	AED 100	3.000
Logicom Italia s.r.l.	14/06/2005	EUR 10.000	1
Logicom IT Distribution Limited	01/12/2005	YTL 25	920.000
Rehab Technologies Limited	01/08/2006	SAR 500	1.000
Logicom Information Technology Distribution s.r.l.	19/03/2007	RON 200	1
Logicom Bulgaria EOOD	12/04/2007	BGN 20.000	1
Verendrya Ventures Ltd	30/01/2009	EUR 1	1.000
Logicom Services Ltd	06/05/2009	EUR 1	10.000
Enet Solutions LLC	16/08/2009	AED 1.000	300
ICT Logicom Solutions SA	03/11/2009	EUR 1	100.000
Logicom Saudi Arabia LLC	29/09/2009	SAR 10	2.680.000
Newcytech Business Solutions Ltd	30/10/2009	EUR 1,71	442.559
Newcytech Distribution Ltd	30/10/2009	EUR 1,71	5.000
Logicom Distribution Germany GmbH	29/09/2010	EUR 1	25.000
Logicom LLC	02/09/2012	OMR 1	20.000
Cadmus Tech Points S.A.L	01/10/2013	LBP10.000	3.000
Logicom Kuwait for Computer Company W.L.L	13/03/2014	KWD200	100
Logicom Trading & Distribution LLC	23/03/2014	QAR1.000	200
Najada Holdings Limited	23/05/2017	EUR 1	100
Logicom Bahrain WLL	06/09/2018	BD50	100
Logicom Egypt LLC	07/11/2019	LE10	100
Logicom Distribution Egypt LLC	02/09/2020	LE10	200.000
Elogicomnet Morocco Distribution SARL	27/07/2021	MAD10	70.000

20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

The Group participates in the consortium M.N Limassol Water Co. Limited and M.N. E.P.C Water Co. (partnership) with 50% holding through its subsidiary company Verendrya Ventures Limited. The above consortiums have undertaken the construction and operation of the desalination plant in Episkopi.

During 2012, the Group has also acquired a 50% holding through its subsidiary company Verendrya Ventures Limited, in the joint venture M.N Larnaca Desalination Co. Limited for the renovation and operation of the existing desalination unit in Larnaca.

On 15 March 2018, the Group increased its total shareholding held in Demetra Holdings Plc to 29,62%, resulting in having significant influence.

The Group recognizes the above investments using the equity method.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)****THE GROUP**

	2021 €	2020 €
M.N. Limassol Water Co. Ltd	151.037	349.218
M.N. E.P.C Water Co.	-	-
M.N. Larnaca Desalination Co. Ltd	-	-
Demetra Holdings Plc	<u>79.993.240</u>	<u>79.073.445</u>
	<u>80.144.277</u>	<u>79.422.663</u>

	M.N. Larnaca Desalination Co. Ltd €	M.N. E.P.C Water Co. €	M.N. Limassol Water Co. Ltd €	Demetra Holdings Plc €	Total €
Balance at 1 January 2020	-	-	682.501	76.321.278	77.003.779
Dividend	-	-	(419.160)	-	(419.160)
Reclassification of loss from investments in joint ventures after tax	280.855	570			281.425
Share of (loss)/profit from investments in joint ventures after tax	(280.855)	(570)	85.877	-	(195.548)
Net share of profit from associated companies after tax	-	-	-	2.709.416	2.709.416
Transfer from investments at fair value through other comprehensive income	-	-	-	147.738	147.738
Share of other transactions with owners	-	-	-	(104.987)	(104.987)
Balance at 31 December 2020	<u>-</u>	<u>-</u>	<u>349.218</u>	<u>79.073.445</u>	<u>79.422.663</u>

	M.N. Larnaca Desalination Co. Ltd €	M.N. E.P.C Water Co. €	M.N. Limassol Water Co. Ltd €	Demetra Holdings Plc €	Total €
Balance at 1 January 2021	-	-	349.218	79.073.445	79.422.663
Dividend	-	-	(219.560)	-	(219.560)
Reclassification of loss from investments in joint ventures after tax	243.377	(16.056)			227.321
Share of (loss)/profit from investments in joint ventures after tax	(243.377)	16.056	334.619	-	107.298
Adjustment	-	-	(313.240)	-	(313.240)
Net share of profit from associated companies after tax	-	-	-	1.581.313	1.581.313
Share of loss through other comprehensive income	-	-	-	(214.823)	(214.823)
Share of other transactions with owners	-	-	-	(446.695)	(446.695)
Balance at 31 December 2021	<u>-</u>	<u>-</u>	<u>151.037</u>	<u>79.993.240</u>	<u>80.144.277</u>

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Year ended 31 December 2021

20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

The profit that resulted from M.N. Limassol Water Co. Limited of €334.619 (2020: €85.877) was debited to the amount of investment in Verendrya Ventures Limited in M.N. Limassol Water Co. Limited.

The loss that resulted from M.N. Larnaca Desalination Co. Ltd of €243.377 (2020: €280.855) was credited to the loan granted from Verendrya Ventures Limited to M.N. Larnaca Desalination Co. Ltd.

The profit that resulted from M.N.E.P.C. Water Co. of €16.056 (2020: loss €570) was debited to the loan granted from Verendrya Ventures Limited to M.N. Limassol Water Co. Limited.

According to the Bank Loan Agreement between M.N. Limassol Water Co. Ltd and Hellenic Bank Public Limited, a restriction with regards to the dividend distribution exists if any of the below applies:

- Based on the instructions issued by the Water Development Department, the production of the desalinated water is restricted below the minimum quantities as specified in the contract.
- The Water Development Department instructs the company to operate in a stand-by mode.
- The economic position or the future cash flows of M.N. Limassol Water Co. Limited are not in a position to warrant the distribution of dividends.

Regarding the investment in the desalination unit of Larnaca, M.N. Larnaca Desalination Co's Limited management has prepared its financial statements for the year ended 31 December 2021 using estimates, assumptions and evidence that include the legal opinion in relation to the validity of claims in favor and against the company and an opinion from its consultants in respect of the level of compensation that the company is expected to be entitled to. Judgement has also been applied in the allocation of the expected compensation in the financial model of the company between financial and intangible asset. In accordance with the provisions of the paragraph 92 of IAS 37 'Provisions, contingent liabilities and contingent assets' no further information is disclosed in relation to the subject matter on the grounds that it may prejudice the position of the company in a dispute with other parties.

The production of the desalination plants M.N. Limassol Water Co. and M.N. Larnaca Desalination Co. may fluctuate according to the instructions of the Water Development Department.

The recognition of investment in M.N. Larnaca Desalination Co. Ltd during 2018, arose from the decrease of the conventional interest of the loan receivable to 0% from 4,5% and in consequence the fair value of the rejected cash flows discounted at the effective interest was recognised as increase in the investment.

The adjustment of €313.240 relates to an amount resulted from the initial application of IFRS 9 "Financial Instruments" in M.N. Limassol Water Co. and was not recognised by Verendrya Ventures Limited in previous years.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES** *(continued)*

Significant total amounts of investments accounted for using the equity method:

<u>2021</u>	M.N. Larnaca Desalination Co. Limited 50% 31/12/2021 €	M.N. E.P.C. Water Co. 50% 31/12/2021 €	M.N. Limassol Water Co. Limited 50% 31/12/2021 €	Total €
Non-current assets	17.110.705	-	30.197.583	47.308.288
Cash and cash equivalents	484.399	736	727.578	1.212.713
Current assets	<u>6.472.210</u>	<u>3.208</u>	<u>8.204.096</u>	<u>14.679.514</u>
Total assets	<u>24.067.314</u>	<u>3.944</u>	<u>39.129.257</u>	<u>63.200.515</u>
Current liabilities	(1.473.085)	(1.000)	(3.615.302)	(5.089.387)
Short-term borrowing	(35.242.228)	-	(3.126.000)	(38.368.228)
Long-term loans	<u>-</u>	<u>-</u>	<u>(32.086.758)</u>	<u>(32.086.758)</u>
Total liabilities	<u>(36.715.313)</u>	<u>(1.000)</u>	<u>(38.828.060)</u>	<u>(75.544.373)</u>
Net assets	<u>(12.647.999)</u>	<u>2.944</u>	<u>301.197</u>	<u>(12.343.858)</u>
Revenue	9.658.734	38.959	4.962.501	14.660.194
Interest receivable	789.039	-	2.270.804	3.059.843
Expenses	(10.848.511)	-	(4.651.816)	(15.500.327)
Depreciation and amortisation	(85.533)	(6.848)	(529.751)	(622.132)
Interest payable	(483)	-	(1.303.981)	(1.304.464)
Tax	<u>-</u>	<u>-</u>	<u>(78.519)</u>	<u>(78.519)</u>
(Loss)/profit	<u>(486.754)</u>	<u>32.111</u>	<u>669.238</u>	<u>214.595</u>
Group's share in net assets	<u>(6.324.000)</u>	<u>1.472</u>	<u>150.599</u>	<u>(6.171.929)</u>
Group's share in (loss)/profit	<u>(243.377)</u>	<u>16.056</u>	<u>334.619</u>	<u>107.298</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES** *(continued)*

<u>2020</u>	M.N. Larnaca Desalination Co. Limited 50% 31/12/2020 €	M.N. E.P.C. Water Co. 50% 31/12/2020 €	M.N. Limassol Water Co. Limited 50% 31/12/2020 €	Total €
Non-current assets	17.797.863	-	34.100.840	51.898.703
Cash and cash equivalents	2.033.065	787	2.617.618	4.651.470
Current assets	4.205.483	1.926	6.960.424	11.167.833
Total assets	24.036.411	2.713	43.678.882	67.718.006
Current liabilities	(955.417)	(31.879)	(5.009.146)	(5.996.442)
Short-term borrowing	(35.242.229)	-	(3.126.000)	(38.368.229)
Long-term loans	-	-	(35.471.779)	(35.471.779)
Total liabilities	(36.197.646)	(31.879)	(43.606.925)	(79.836.450)
Net assets	(12.161.235)	(29.166)	71.957	(12.118.444)
Revenue	5.187.038	-	1.114.186	6.301.224
Interest receivable	814.759	-	2.331.273	3.146.032
Expenses	(6.470.613)	(1.140)	(1.164.663)	(7.636.416)
Depreciation and amortisation	(92.402)	-	(656.502)	(748.904)
Interest payable	(491)	-	(1.437.935)	(1.438.426)
Tax	-	-	(14.606)	(14.606)
(Loss)/profit	(561.709)	(1.140)	171.753	(391.096)
Group's share in net assets	(6.080.618)	(14.583)	35.979	(6.059.222)
Group's share in (loss)/profit	(280.855)	(570)	85.877	(195.548)

The balances and transactions between the joint ventures are presented in note 44.

The Group holds 59.232.100 shares corresponding to 29,62% of the total share capital of Demetra Holdings Plc and exercises significant influence.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**20. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES** *(continued)*

Percentage Reporting date	2021 29,62% €	2020 29,62% €
Non-current assets	249.158.077	254.904.633
Cash and cash equivalents	917.223	970.572
Current assets	<u>32.552.304</u>	<u>23.569.278</u>
Total assets	<u>282.627.604</u>	<u>279.444.483</u>
Current liabilities	(3.700.538)	(3.327.009)
Short-term borrowing	(1.838.302)	(1.841.226)
Long-term loans	<u>(7.023.808)</u>	<u>(7.316.612)</u>
Total liabilities	<u>(12.562.648)</u>	<u>(12.484.847)</u>
Net assets	<u>270.064.956</u>	<u>266.959.636</u>
Revenue	9.363.002	13.300.806
Interest receivable	203.697	201.636
Expenses	(3.743.939)	(3.959.412)
Depreciation and amortisation	(64.063)	(87.262)
Interest payable	(359.262)	(367.385)
Tax	<u>(60.770)</u>	<u>58.868</u>
Profit	<u>5.338.665</u>	<u>9.147.251</u>
Group's share in net assets	<u>79.993.240</u>	<u>79.073.445</u>
Group's share in profit for the year	<u>1.581.313</u>	<u>2.709.416</u>

The balances and transactions between the joint ventures are presented in note 44.

The market value of the investment in Demetra Holdings Plc at the reporting date amounted to €23.455.912 (2020: €23.811.304) and on 28 April 2022 amounts to €22.745.126.

21. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP		THE COMPANY	
	2021 €	2020 €	2021 €	2020 €
Balance at 1 January	12.881	19.284	6.758	9.594
Change in fair value	<u>2.062</u>	<u>(6.403)</u>	<u>-</u>	<u>(2.836)</u>
Balance at 31 December	<u>14.943</u>	<u>12.881</u>	<u>6.758</u>	<u>6.758</u>

THE GROUP

	2021 €	2020 €
Shares of the companies listed in CSE	9.817	7.755
Other investments	<u>5.126</u>	<u>5.126</u>
	<u>14.943</u>	<u>12.881</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**21. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS** *(continued)***THE COMPANY**

	2021 €	2020 €
Shares of the companies listed in CSE	1.633	1.633
Other investments	<u>5.125</u>	<u>5.125</u>
	<u><u>6.758</u></u>	<u><u>6.758</u></u>

As at the date of the approval of the financial statements, 28 April 2022, the value of the shares traded in the CSE was €9.568.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2021 €	2020 €	2021 €	2020 €
Derivative financial instruments- liabilities	<u>421.946</u>	<u>2.733.095</u>	<u>738.388</u>	<u>2.351.275</u>

The derivative financial instruments of the Group and the Company refer to contracts of exchange of foreign currency for the hedging of the fluctuations in foreign currencies. The Group and the Company's management follow a policy to minimize the risk arising from the fluctuation of foreign exchange differences, as stated in the significant accounting policies.

The loss from the change in fair value of derivative financial instruments for the year, that was recognised in Group's and Company's results amounted to €2.396.254 (2020: loss €2.024.259) and €1.697.993 (2020: loss €1.681.020) respectively.

The exposure of the Group and the Company to foreign exchange risk is presented in note 37.2.2 of the consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**23. INVENTORIES****THE GROUP**

	2021 €	2020 €
Net value of inventories at 31 December	<u>79.362.639</u>	<u>51.046.991</u>

During the year inventories of €871.274.677 (2020: €787.977.595) were recognised in the cost of sales.

THE COMPANY

	2021 €	2020 €
Net value of inventories at 31 December	<u>845.009</u>	<u>988.735</u>

During the year inventories of €78.080.768 (2020: €66.555.004) were recognised in cost of sales.

Inventories consist of finished goods for sale. Inventories are stated net of any provision for slow moving stock determined as obsolete and which it is possible that they cannot be sold.

Movement in provision for slow moving stocks:

THE GROUP

	2021 €	2020 €
Balance at 1 January	1.513.201	1.554.159
Provision recognised for the decrease in the value of inventories	12.571	169.026
Reversal of provision	(25.826)	(103.056)
Exchange differences	90.717	(106.928)
Balance at 31 December	<u>1.590.663</u>	<u>1.513.201</u>

THE COMPANY

	2021 €	2020 €
Balance at 1 January	<u>4.065</u>	<u>4.065</u>
Balance at 31 December	<u>4.065</u>	<u>4.065</u>

For the determination of the provision for slow moving stock, the characteristics of the country in which the inventories are held, the age and the type of inventories, their marketability as well as the Group's option for stock returns and price protection from the vendors, were taken into consideration.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**24. TRADE AND OTHER RECEIVABLES****THE GROUP**

	2021 €	2020 €
Trade receivables	227.715.152	181.745.619
Other receivables	3.989.347	1.955.835
Prepayments	4.359.612	3.460.572
Receivables from joint ventures (Note 44)	23.354.742	22.861.617
Contract asset	<u>6.603.052</u>	<u>5.063.147</u>
	<u>266.021.905</u>	<u>215.086.790</u>
Non-current receivables		
Receivables from joint ventures (Note 44)	23.354.742	22.861.617
Trade debtors	<u>819.350</u>	<u>1.193.609</u>
	24.174.092	24.055.226
Current receivables	<u>241.847.813</u>	<u>191.031.564</u>
	<u>266.021.905</u>	<u>215.086.790</u>

THE COMPANY

	2021 €	2020 €
Trade receivables	11.956.814	9.045.372
Other receivables	9.414.727	9.070.467
Prepayments	<u>9.339</u>	<u>9.650</u>
	<u>21.380.880</u>	<u>18.125.489</u>

Trade and other receivables are stated net of any provision for doubtful debts. The provision for doubtful debts amounted to €3.218.509 (2020: €2.973.480) for the Group and to €123.065 (2020:€115.869) for the Company (Note 37.1).

There was no amount of trade debtors of Logicom FZE and Logicom Dubai LLC that has been settled through factoring agreement without recourse.

The Group has recognized a loss of €75.318 (2020: €88.786) for the impairment of its trade receivables during the year ended 31 December 2021. The loss has been included separately in the Statement of Profit or Loss and Other Comprehensive Income.

Part of the trade receivables of Logicom Public Ltd in Cyprus and Malta and the subsidiary companies Enet Solutions Logicom S.A. in Greece and Logicom FZE in United Arab Emirates have been settled through the factoring agreement with recourse. The total amount of trade receivables that were settled as at 31 December amounted to €18.375.296 (2020: €25.064.546).

During 2020, the Group's trade receivables include an amount receivable of €1.980.970 which concerns an amount of VAT that have been invoiced from the subsidiary company Logicom Saudi Arabia LLC to their vendors Cisco Systems and HPI. The company has received the final position of the tax authority by later dated 13 April 2021, which has accepted the position of the company.

Based on the final opinion of the tax authority, the company proceeded to issue credit notes to the affected suppliers for the cancellation of these invoices. The VAT paid has been recovered within the year, through the declarations and corresponding VAT debts to the tax authority.

The Company's other receivables mainly include trade receivable balances of the subsidiary company Logicom FZE that were settled through the factoring agreement with recourse.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**24. TRADE AND OTHER RECEIVABLES** (continued)

The risks in relation to trade and other receivables as well as the information relevant to the provision for doubtful debts are presented in note 37.1.

25. CASH AND CASH EQUIVALENTS**THE GROUP**

	2021 €	2020 €
Cash in hand	60.174	49.318
Current accounts with banks	<u>42.624.344</u>	<u>57.753.625</u>
	42.684.518	57.802.943
Expected credit losses (Note37.1)	<u>(2.168.565)</u>	<u>(2.159.087)</u>
	<u><u>40.515.953</u></u>	<u><u>55.643.856</u></u>

The expected credit losses relate to a provision for impairment of cash and cash equivalents which derived entirely from the subsidiary company Logicom (Middle East) SAL in Lebanon, as a result of the prolonged political and economic instability that had a severe impact on the country as well as cash flow restrictions.

THE COMPANY

	2021 €	2020 €
Cash in hand	50.171	32.484
Current accounts with banks	<u>2.598.128</u>	<u>4.162.206</u>
	<u><u>2.648.299</u></u>	<u><u>4.194.690</u></u>

The deposit interest rates for 2021 amounts to 0% - 1,0% per annum (2020: 0% - 1,0%).

For cash flow statement purposes, cash and cash equivalents include:

THE GROUP

	2021 €	2020 €
Cash at bank and in hand	40.515.953	55.643.856
Bank overdrafts (Note 32)	<u>(41.185.501)</u>	<u>(36.026.311)</u>
	<u><u>(669.548)</u></u>	<u><u>19.617.545</u></u>

THE COMPANY

	2021 €	2020 €
Cash at bank and in hand	2.648.299	4.194.690
Bank overdrafts (Note 32)	<u>(21.526.226)</u>	<u>(22.710.003)</u>
	<u><u>(18.877.927)</u></u>	<u><u>(18.515.313)</u></u>

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Year ended 31 December 2021**26. SHARE CAPITAL**

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
Authorised				
Ordinary shares of €0,34 each	<u>100.000.000</u>	<u>34.000.000</u>	<u>100.000.000</u>	<u>34.000.000</u>
Issued and fully paid				
Balance at 1 January	<u>74.079.600</u>	<u>25.187.064</u>	<u>74.079.600</u>	<u>25.187.064</u>
Balance at 31 December	<u>74.079.600</u>	<u>25.187.064</u>	<u>74.079.600</u>	<u>25.187.064</u>

All the shares are listed and traded in the Cyprus Stock Exchange, they have the same and equal rights and have no limitations in their transfer.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**27. RESERVES****THE GROUP**

	Difference arising on the conversion the share capital to Euro €	Share Premium €	Retained earnings €	Revaluation Reserve €	Translation reserve €	Hedge reserve €	Statutory reserve €	Total €	Non- controlling interest €	Total €
Balance at 1 January 2020	116.818	10.443.375	129.153.173	6.385.831	(652.294)	(9.690.897)	2.435.557	138.191.563	(2.423.254)	135.768.309
Profit for the year	-	-	23.260.480	-	-	-	-	23.260.480	(74.109)	23.186.371
Exchange differences in relation to foreign operations	-	-	-	-	(8.785.101)	3.009.015	-	(5.776.086)	-	(5.776.086)
Deferred tax on revaluation of land and buildings (note 35)	-	-	-	(591)	-	-	-	(591)	-	(591)
Deficit arising from the revaluation of investments at fair value through other comprehensive income	-	-	(205.182)	-	-	-	-	(205.182)	-	(205.182)
Adjustment for remeasurement of obligation (note 29)	-	-	(271.163)	-	-	-	-	(271.163)	-	(271.163)
Deferred tax from the administrative expenses (note 35)	-	-	5.943	-	-	-	-	5.943	-	5.943
Share of profit from associated company	-	-	147.738	-	-	-	-	147.738	-	147.738
Total comprehensive income	-	-	22.937.816	(591)	(8.785.101)	3.009.015	-	17.161.139	(74.109)	17.087.030
Proposed dividend for 2019 that was paid in 2020 (note 13)	-	-	(3.703.980)	-	-	-	-	(3.703.980)	-	(3.703.980)
Transfer to retained earnings	-	-	(338.720)	-	-	-	338.720	-	-	-
Share of other transactions with owners from associated company	-	-	(104.987)	-	-	-	-	(104.987)	-	(104.987)
	-	-	(4.147.687)	-	-	-	338.720	(3.808.967)	-	(3.808.967)
Balance at 31 December 2020	116.818	10.443.375	147.943.302	6.385.240	(9.437.395)	(6.681.882)	2.774.277	151.543.735	(2.497.363)	149.046.372

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**27. RESERVES (continued)****THE GROUP**

	Difference arising on the conversion the share capital to Euro €	Share Premium €	Retained earnings €	Revaluation Reserve €	Translation reserve €	Hedge reserve €	Statutory reserve €	Total €	Non- controlling interest €	Total €
Balance at 1 January 2021	116.818	10.443.375	147.943.302	6.385.240	(9.437.395)	(6.681.882)	2.774.277	151.543.735	(2.497.363)	149.046.372
Profit for the year	-	-	24.745.689	-	-	-	-	24.745.689	30.980	24.776.669
Exchange differences in relation to foreign operations	-	-	-	-	7.579.741	(2.633.110)	-	4.946.631	-	4.946.631
Deferred tax on revaluation of land and buildings (note 35)	-	-	-	3.309	-	-	-	3.309	-	3.309
Surplus arising from the revaluation of investments at fair value through other comprehensive income	-	-	912.931	-	-	-	-	912.931	-	912.931
Adjustment from remeasurement of obligation (note 29)	-	-	595.970	-	-	-	-	595.970	-	595.970
Deferred tax from administrative expenses (note 35)	-	-	(48.679)	-	-	-	-	(48.679)	-	(48.679)
Share of loss from associated company	-	-	(214.823)	-	-	-	-	(214.823)	-	(214.823)
Total comprehensive income	-	-	25.991.088	3.309	7.579.741	(2.633.110)	-	30.941.028	30.980	30.972.008
Proposed dividend for 2020 that was paid in 2021 (note 13)	-	-	(5.926.368)	-	-	-	-	(5.926.368)	-	(5.926.368)
Transfer to retained earnings	-	-	53.003	-	-	-	75.361	128.364	(128.364)	-
Share of other transactions with owners from associated company (Note 20)	-	-	(446.695)	-	-	-	-	(446.695)	-	(446.695)
	-	-	(6.320.060)	-	-	-	75.361	(6.244.699)	(128.364)	(6.373.063)
Balance at 31 December 2021	116.818	10.443.375	167.614.330	6.388.549	(1.857.654)	(9.314.992)	2.849.638	176.240.064	(2.594.747)	173.645.317

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**27. RESERVES** (continued)**THE COMPANY**

	Difference arising on the conversion the share capital to Euro €	Share Premium €	Retained earnings €	Revaluation Reserve €	Total €
Balance at 1 January 2020	116.818	10.443.375	4.885.067	2.308.379	17.753.639
Profit for the year	-	-	8.309.112	-	8.309.112
Deferred tax on revaluation of land and buildings (note 35)	-	-	-	(591)	(591)
Total comprehensive income	-	-	8.309.112	(591)	8.308.521
Proposed dividend for 2019 that was paid in 2020 (note 13)	-	-	(3.703.980)	-	(3.703.980)
Balance at 1 January 2021	116.818	10.443.375	9.490.199	2.307.788	22.358.180
Profit for the year	-	-	9.362.008	-	9.362.008
Total comprehensive income	-	-	9.362.008	-	9.362.008
Proposed dividend for 2020 that was paid in 2021 (note 13)	-	-	(5.926.368)	-	(5.926.368)
Deferred tax due to revaluation (note 35)	-	-	-	3.309	3.309
	-	-	(5.926.368)	3.309	(5.923.059)
Balance at 31 December 2021	116.818	10.443.375	12.925.839	2.311.097	25.797.129

Retained earnings

Retained earnings include accumulated profits or losses of the Company.

Share premium

Share premium consists of amounts incurred from the issue of shares at prices higher than the nominal value.

Reserve arising from the change of the nominal value of the shares

Reserve arising from the change of the nominal value of the shares consists of the difference arising from the change of the nominal value of the shares, following the adoption of the Euro as the official currency of the Republic of Cyprus.

Revaluation reserve

Revaluation reserve consists of the accumulated amounts of revaluations of land and buildings and the deferred taxation arising from the revaluations.

Fair value reserve

Fair value reserve consists of the accumulated amounts of revaluations of the available for sale investments recognised at their fair value.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**27. RESERVES** (continued)Translation Reserve

Translation reserve consists of the accumulated exchange differences that arise on the translation of the equity of the foreign subsidiary companies and the exchange differences that arise from the long-term loans of the parent company to the foreign subsidiary companies.

Exchange differences that arise from the long-term loans to foreign subsidiary companies are transferred to other comprehensive income and presented in the translation reserve in the financial statements of the Group. Exchange differences are transferred to profit and loss on the disposal of the subsidiary company. Deferred taxation arising from net exchange differences from the translation of the long-term loans is transferred to other comprehensive income and is presented in the translation reserve.

Exchange differences arising from long-term loans to foreign subsidiary companies are recognised in profit and loss in the year they are incurred and are recognised in the financial statements of the parent Company.

Hedging Reserve

Hedging Reserve consists of the accumulated amounts of the hedging of the net investment in foreign subsidiary companies with the Group's liabilities at a foreign currency.

Statutory reserve in Group subsidiary companies

This reserve consists of amounts transferred every year from retained earnings, according to the statutory requirements applicable in certain countries.

Non-controlling interests

The significant non-controlling interest from the subsidiaries of the Group are analysed in the table below before the adjustments for the transactions within the Group:

VERENDRYA VENTURES LIMITED	2021	2020
	€	€
Non-controlling interest	40%	40%
Non-current assets	22.088.619	22.013.233
Current assets	1.435.848	1.215.794
Non-current liabilities	(29.627.165)	(29.096.064)
Current liabilities	(384.169)	(376.372)
Net assets	(6.486.867)	(6.243.409)
Net assets related to non-controlling interest	(2.594.747)	(2.497.364)
Revenue	-	-
Profit/(loss)	77.451	(185.273)
Other comprehensive income	-	-
Total comprehensive income/(expenses)	77.451	(185.273)
Profit/(loss) attributable to non-controlling interest	30.980	(74.109)
Other comprehensive income attributable to non-controlling interest	-	-
Cash flows from operating activities	-	1.000
Cash flows from investing activities	-	-
Cash flow from financing activities (dividend paid to non-controlling interest: zero)	-	-
Net increase/(decrease) in cash and cash equivalents	-	1.000

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**28. PROVISIONS FOR OTHER LIABILITIES**

THE GROUP	Contingencies from the acquisition of operations €
Balance at 1 January 2020	137.056
Payments during the year	(40.000)
Exchange differences	<u>(1.700)</u>
Balance at 1 January 2021	95.356
Exchange differences	<u>(1.555)</u>
Balance at 31 December 2021	<u><u>93.801</u></u>

Contingencies from acquisition of operations

The contingencies from the acquisition of operations refer to:

1. Amount of €40.000 relates to a balance payable on 31 December 2019 to the previous owner of Inteli-scape Ltd as this was adjusted due to payments and revised agreements. The amount is payable in equal instalments of €40.000 per annum. The obligation was fully repaid in 2020.
2. Amount of €93.801 (2020: €95.356) refers to a balance payable to Gemini SP S.r.l. relating to the acquisition of business from the Group's subsidiary company Logicom IT Distribution S.r.l (note 17). The amount is payable provided that no liabilities occur that will burden Logicom IT Distribution S.r.l. and so long as Gemini SP S.R.L and its owners do not undertake competitive operations to those acquired by Logicom IT Distribution S.r.l. The lump sum amount is payable in 2022.

The amounts included in the consolidated statement of financial position include the following:

	THE GROUP	
	2021	2020
	€	€
Provisions to be used after more than twelve months	-	95.356
Provisions to be used within twelve months	<u>93.801</u>	<u>-</u>

29. PROVISION FOR EMPLOYEES END OF SERVICE BENEFITS

	THE GROUP	
	2021	2020
	€	€
Balance at 1 January	3.173.475	2.993.992
Charged to profit or loss	591.830	588.988
Experience adjustments	(154.309)	(7.021)
Financial assumptions	(434.485)	272.242
Demographic assumptions	(7.176)	-
Payments during the year	(581.507)	(446.534)
Exchange differences	<u>211.513</u>	<u>(228.192)</u>
Balance at 31 December	<u><u>2.799.341</u></u>	<u><u>3.173.475</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**29. PROVISION FOR EMPLOYEES END OF SERVICE BENEFITS** *(continued)*

The amounts included in the consolidated statement of financial position include the following:

	THE GROUP	
	2021	2020
	€	€
Provisions to be used after more than twelve months	2.746.538	3.173.475
Provisions to be used within twelve months	<u>52.803</u>	<u>-</u>
	<u><u>2.799.341</u></u>	<u><u>3.173.475</u></u>

	THE GROUP	
	2021	2020
	€	€
Net defined benefit liability	<u>2.799.341</u>	<u>3.173.475</u>
Total employee benefit liability	<u><u>2.799.341</u></u>	<u><u>3.173.475</u></u>

THE GROUP

	Defined benefit obligation	
	2021	2020
	€	€
Balance at 1 January	<u>3.173.475</u>	<u>2.993.992</u>
<i>Included in profit or loss</i>		
Current service cost	562.165	509.353
Settlement, curtailment, termination cost	(37.838)	-
Interest cost	<u>67.503</u>	<u>79.635</u>
	<u>591.830</u>	<u>588.988</u>
<i>Included in OCI</i>		
Remeasurement (profit)/loss:		
Actuarial loss arising from:		
Remeasurement of obligation due to change in accounting treatment	(278.518)	-
Demographic assumptions	(7.176)	-
Financial assumptions	(155.967)	272.242
Experience adjustments	<u>(154.309)</u>	<u>(7.021)</u>
	<u>(595.970)</u>	<u>265.221</u>
<i>Other</i>		
Contributions paid by the employer	(45.499)	(31.297)
Benefits paid	<u>(536.008)</u>	<u>(415.237)</u>
	<u>(581.507)</u>	<u>(446.534)</u>
Effect of movements in exchange rates	<u>211.513</u>	<u>(228.192)</u>
Balance at 31 December	<u><u>2.799.341</u></u>	<u><u>3.173.475</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**29. PROVISION FOR EMPLOYEES END OF SERVICE BENEFITS** *(continued)*

	THE GROUP			
	2021	2020	2021	2020
Actuarial assumptions	%	%	%	%
Discount rate	2,57	2,13		
Future salary growth	2,85	2,74		
Duration of defined benefit obligation (in years)			<u>14,12</u>	<u>15,24</u>
THE GROUP	2021	2020	2021	2020
Sensitivity analysis:	%	%	%	%
0,5% movement	Increase		Decrease	
Discount rate	(6,5)	(7,2)	7,2	8,1
Future salary growth	<u>7,0</u>	<u>7,4</u>	<u>(6,3)</u>	<u>(6,7)</u>

The Group contributes to a defined benefit retirement plan in subsidiary companies on the basis of the local legislation. The contributions refer to the subsidiary companies in Greece, Italy, Lebanon, Kuwait, Oman, Qatar, and Bahrain however, the significant amounts relate to the subsidiary companies in United Arab Emirates and Saudi Arabia.

It is noted that, as far as the methodology for the return of the defined benefit in Greece is concerned, it has changed in relation to the methodology that had been applied in previous actuarial analysis and is based on the opinion of the Interpretations Committee of the International Financial Reporting Standards ("IFRIC") published in December 2020 and adopted by the International Accounting Standards Board in May 2021.

Methodology applies for IAS 19 disclosures in previous periods

Based on the methodology applied in previous actuarial studies, the defined benefit obligation was calculated for each employee based on the maximum of:

- benefit of the employee based on the calculation of their service in the company up to the valuation date, and
- retirement benefit ratio (with maximum accrued benefit of 16 years).

Therefore, the accrued service benefit is reimbursed from the date of commencement of the employee's employment until the completion of the maximum accrued estimated, regardless of the years remaining for their retirement.

Methodology applied based on the opinion of the International Financial Reporting Standards Interpretations Committee (IFRIC)

According to the methodology based on the opinion of the International Financial Reporting Standards Interpretation Committee (IFRIC), the accrued benefit is attributed based on the remaining years of service. Service performance will commence when the employee has completed 16 years of service (the maximum number of years accrued for most employees) upon retirement and on a pro rata basis based on the remain years of service. Specifically:

For employees where the maximum accrued benefit is limited to 16 years of service with the company (e.g. for employees with less than 16 years of service on 12 November 2012), the benefit begins to accrue 16 years before retirement. The defined benefit obligation is set to zero for employees who fall into this category.

For employees with more than 16 years of service, as of 12 November 2012, the calculation is adjusted to allow for a longer period during which the maximum accrued benefit will be completed. Therefore, the benefit accumulation may start for a period exceeding the 16 years remaining until retirement. For each employee, the maximum period where the benefit is accumulated is determined separately (with a maximum duration of 28 years).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**29. PROVISION FOR EMPLOYEES END OF SERVICE BENEFITS** *(continued)*

The above change in accounting treatment was not implemented for previous years as the amounts are not material.

30. TRADE AND OTHER PAYABLES**THE GROUP**

	2021 €	2020 €
Trade payables	126.163.917	111.117.083
Contract liabilities	9.671.085	7.265.732
Accrued expenses	9.626.298	7.575.822
Other payables and loans payable to associated companies	24.094.867	22.878.402
Deferred income	<u>4.940.913</u>	<u>4.560.687</u>
	<u>174.497.080</u>	<u>153.397.726</u>
Non-current payables		
Loans payable to associated companies (Note 44)	11.842.141	11.638.755
Other payables	<u>21.622</u>	<u>52.174</u>
	11.863.763	11.690.929
Current payables	<u>162.633.317</u>	<u>141.706.797</u>
	<u>174.497.080</u>	<u>153.397.726</u>

The loans payable to associated companies in the non-current liabilities relate to a loan balance between the subsidiary company Verendrya Ventures Limited and Demetra Holdings Plc in relation to the latter's participation in the desalination plants in Episkopi and Larnaca.

THE COMPANY

	2021 €	2020 €
Trade payables	20.061.696	21.123.124
Accrued expenses	1.185.566	982.872
Other payables	<u>1.605.397</u>	<u>2.068.675</u>
	<u>22.852.659</u>	<u>24.174.671</u>

The risks in relation to trade and other payables are presented in note 37.

31. CURRENT TAX ASSETS AND LIABILITIES**THE GROUP**

	2021 €	2020 €
Current tax assets	<u>529.879</u>	<u>822.003</u>
Current tax liabilities	<u>2.205.164</u>	<u>1.176.917</u>

THE COMPANY

	2021 €	2020 €
Current tax liabilities	<u>3.027</u>	<u>3.001</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**32. LOANS AND BANK OVERDRAFTS****THE GROUP**

	2021 €	2020 €
Long-term loans	15.242.650	17.348.558
Short term loans	72.609.182	50.268.209
Bank overdrafts (Note 25)	<u>41.185.501</u>	<u>36.026.311</u>
	<u><u>129.037.333</u></u>	<u><u>103.643.078</u></u>

The long-term loans of the Group are repayable as follows:

THE GROUP

	2021 €	2020 €
Within one year	3.733.264	3.506.157
Between two and five years	<u>11.509.386</u>	<u>13.842.401</u>
	<u><u>15.242.650</u></u>	<u><u>17.348.558</u></u>

THE COMPANY

	2021 €	2020 €
Long-term loans	8.948.458	11.321.586
Short term loans	35.838.206	27.372.729
Bank overdrafts (Note 25)	<u>21.526.226</u>	<u>22.710.003</u>
	<u><u>66.312.890</u></u>	<u><u>61.404.318</u></u>

The long-term loans of the Company are repayable as follows:

THE COMPANY

	2021 €	2020 €
Within one year	2.718.412	2.718.412
Between two and five years	<u>6.230.046</u>	<u>8.603.174</u>
	<u><u>8.948.458</u></u>	<u><u>11.321.586</u></u>

The long term loans of the Group and the Company consist of:

Loan in Euro repayable in fourteen years, with 168 equal monthly instalments of €47.901. The interest rate is equal to 6 month EURIBOR + 3,15% annually and the first instalment was paid on 27 July 2017.

Loan in Euro repayable in eight years, with 32 equal quarterly instalments of €516.488. The interest rate is equal to 3 month EURIBOR + 3,25% annually and the first instalment was paid on 13 June 2018.

Loan in Euro repayable in five years, with 20 equal quarterly instalments of €163.144. The interest rate is equal to 3 month EURIBOR + 3,25% annually and the first instalment was paid on 22 April 2018.

Loan in Euro repayable in five years, in 60 equal monthly instalments of €19.768 plus interest. The interest rate is equal to 3 month EURIBOR +3% annually and the first instalment was paid in January 2020.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS****Year ended 31 December 2021****32. LOANS AND BANK OVERDRAFTS (continued)**

Loan in Euro repayable in four years, in 16 equal quarterly instalments of €57.841. The interest rate is equal to 3 month EURIBOR +1,30% annually and the first instalment was paid on 05 January 2022.

The weighted average cost of borrowing and bank overdrafts and the interest rate are analysed below:

The weighted average cost of the bank overdraft is 2,73% annually (2020: 3,46%). The bank overdrafts are repayable on demand by the respective banks.

The interest rate of short-term loans is equal to 3 month USD LIBOR plus 2,50% - 2,80% annually (2020: 3 month USD LIBOR plus 2,60% - 2,80% annually). Short-term loans are repayable within three months from the day that they are signed.

Undrawn balance of the bank overdrafts:

The undrawn balance of the bank overdrafts of the Group at 31 December 2021 amounted to €128 million (2020: €133 million) and of the Company to €22 million (2020: €24 million).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

32. LOANS AND BANK OVERDRAFTS (continued)

*Reconciliation of liabilities arising from financing activities:***THE GROUP**

	Bank loans €	Bank overdrafts €	Retained Earnings €	Total €
Balance at 1 January 2020	91.599.566	50.873.720	129.153.173	271.626.459
<i>Changes from financing cash flows:</i>				
Proceeds from borrowings	53.774.366	-	-	53.774.366
Repayment of principal	(77.757.165)	-	-	(77.757.165)
Dividends paid	-	-	(3.703.980)	(3.703.980)
Repayment of interest	(3.656.613)	(760.893)	-	(4.417.506)
Total changes from financing cash flows	(27.639.412)	(760.893)	(3.703.980)	(32.104.285)
The effect of changes in foreign exchange rates	-	-	-	-
<i>Other changes:</i>				
Interest payable	3.656.613	760.893	-	4.417.506
Changes in the bank overdrafts	-	(14.847.409)	-	(14.847.409)
Total liability-related other changes	3.656.613	(14.086.516)	-	(10.429.903)
Total equity-related other changes	-	-	22.494.109	22.494.109
Balance at 1 January 2021	67.616.767	36.026.311	147.943.302	251.586.380
<i>Changes from financing cash flows:</i>				
Proceeds from borrowings	131.511.049	-	-	131.511.049
Repayment of principal	(111.275.984)	-	-	(111.275.984)
Dividends paid	-	-	(5.926.368)	(5.926.368)
Repayment of interest	(3.129.789)	(411.062)	-	(3.540.851)
Total changes from financing cash flows	17.105.276	(411.062)	(5.926.368)	10.767.846
The effect of changes in foreign exchange rates	-	-	-	-
<i>Other changes:</i>				
Interest payable	3.129.789	411.062	-	3.540.851
Changes in the bank overdrafts	-	5.159.190	-	5.159.190
Total liability-related other changes	3.129.789	5.570.252	-	8.700.041
Total equity-related other changes	-	-	25.597.396	25.597.396
Balance at 31 December 2021	87.851.832	41.185.501	167.614.330	296.651.663

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

32. LOANS AND BANK OVERDRAFTS (continued)

THE COMPANY	Bank loans €	Bank overdrafts €	Retained Earnings €	Total €
Balance at 1 January 2020	53.723.977	30.258.843	4.885.066	88.867.886
<i>Changes from financing cash flows:</i>				
Proceeds from borrowings	30.091.141	-	-	30.091.141
Repayment of principal	(45.120.803)	-	-	(45.120.803)
Dividends paid	-	-	(3.703.980)	(3.703.980)
Repayment of interest	(1.798.342)	(709.720)	-	(2.508.062)
Total changes from financing cash flows	(16.828.004)	(709.720)	(3.703.980)	(21.241.704)
The effect of changes in foreign exchange rates	-	-	-	-
<i>Other changes:</i>				
Interest payable	1.798.342	709.720	-	2.508.062
Changes in the bank overdrafts	-	(7.548.840)	-	(7.548.840)
Total liability-related other changes	1.798.342	(6.839.120)	-	(5.040.778)
Total equity-related other changes	-	-	8.309.112	8.309.112
Balance at 1 January 2021	38.694.315	22.710.003	9.490.198	70.894.516
<i>Changes from financing cash flows:</i>				
Proceeds from borrowings	55.737.363	-	-	55.737.363
Repayment of principal	(49.645.014)	-	-	(49.645.014)
Dividends paid	-	-	(5.926.368)	(5.926.368)
Repayment of interest	(1.334.460)	(379.641)	-	(1.714.101)
Total changes from financing cash flows	4.757.889	(379.641)	(5.926.368)	(1.548.120)
The effect of changes in foreign exchange rates	-	-	-	-
<i>Other changes:</i>				
Interest payable	1.334.460	379.641	-	1.714.101
Changes in the bank overdrafts	-	(1.183.777)	-	(1.183.777)
Total liability-related other changes	1.334.460	(804.136)	-	530.324
Total equity-related other changes	-	-	9.362.009	9.362.009
Balance at 31 December 2021	44.786.664	21.526.226	12.925.839	79.238.729

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**32. LOANS AND BANK OVERDRAFTS** (continued)

The banking facilities are secured by:

1. The guarantee of Logicom Solutions Ltd for \$6.600.000, \$12.000.000, €28.266.000 and €494.500.
2. First mortgage with registration number Y1858/99 amounts to €598.010, second mortgage with registration number Y3404/99 amounts to €256.290 and third mortgage with registration number Y3405/99 amounts to €170.860 on building with registration number N1664 at Ayia Paraskevi owned by Logicom Public Limited.
3. First mortgage with registration number Y1953/99 dated 9 March 1999 for plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €133.270, owned by Logicom Public Limited.
4. Second mortgage with registration number Y5753/00 dated 21 July 2000 on plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €136.688, owned by Logicom Public Limited.
5. First mortgage with registration number Y791/18 dated 16 February 2018 on plot with registration number 10/2003 in Nicosia (Apostolos Varnavas area - Agios Makarios (Strovolos municipality)) for €6.500.000 owned by the company Najada Holdings Limited.
6. Assignment of receivables of Logicom Public Ltd for the amount of \$12.000.000 and €2.400.000.
7. Corporate guarantee of Logicom Public Limited with no amount restriction.
8. Corporate guarantee of Logicom Public Limited of \$40.000.000, \$40.000.000, €1.500.000, €1.500.000, AED 40.000.000, \$16.000.000, €6.103.000, \$500.000, €7.500.000, \$5.000.000, €216.000, €5.200.000, €2.200.000, €3.000.000, €1.210.000, €10.895.693,53, €59.000, €356.500, €495.000, €25.866.000 and €7.094.500.
9. Fire safety guarantee of €2.218.900.
10. Pledge of Demetra Holdings Plc listed securities owned by Logicom Services Limited.

33. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	€	€	€	€
Balance at 1 January	5.259.032	6.587.301	490.654	598.658
Additions	960.685	300.730	36.986	-
Repayments	(1.721.782)	(1.609.684)	(133.520)	(125.088)
Interest	204.448	240.390	14.066	17.084
Exchange differences	286.370	(259.705)	-	-
Balance at 31 December	4.988.753	5.259.032	408.186	490.654

THE GROUP

The present value of minimum lease payments

	2021	2020
	€	€
Not later than 1 year	1.157.660	1.114.669
Later than 1 year and not later than 5 years	2.128.028	2.375.671
Later than 5 years	1.703.065	1.768.692
	<u>4.988.753</u>	<u>5.259.032</u>
Present value of finance lease liabilities	4.988.753	5.259.032

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**33. OBLIGATIONS UNDER FINANCE LEASES** *(continued)*

THE COMPANY	The present value of minimum lease payments	
	2021	2020
	€	€
Not later than 1 year	129.378	115.272
Later than 1 year and not later than 5 years	278.808	119.425
Later than 5 years	-	255.957
	<u>408.186</u>	<u>490.654</u>
Present value of finance lease liabilities	<u><u>408.186</u></u>	<u><u>490.654</u></u>

The Group leases land, warehouses, buildings and vehicles under leases. The average lease term is 44 months. For the year ended 31 December 2021, the average effective borrowing rate for the European markets was 3,17% for the leases of land, buildings and warehouses and 3,50% for the leases of vehicles. For Middle East markets the average effective borrowing rate was 5,44% for the leases of land, buildings and warehouses and 2,95% for the leases of vehicles. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Euro.

The fair values of lease obligations approximate to their carrying amounts as presented above.

The Group's obligations under leases are secured for the lessors' by title to the leased assets.

34. PROMISSORY NOTES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	€	€	€	€
Liabilities	<u>1.997.842</u>	<u>1.939.027</u>	<u>1.997.842</u>	<u>1.939.027</u>

The Company has signed an agreement, with FIMBank Plc, for the financing of invoices issued from certain suppliers, with a limit of €2.0m (2020: €4.0m). The Company uses this facility to settle the invoices issued by foreign vendors.

The exposure of the Group and the Company to liquidity risk is presented in note 37 of the consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

35. DEFERRED TAX

Liabilities/Assets of deferred taxation

	Liabilities 2021 €	Assets 2021 €	Transfer to Reserves €	Transfer to Statement of Comprehensive Income €	Exchange difference €	Liabilities 2020 €	Assets 2020 €
THE GROUP							
Deferred taxation arising from:							
Temporary differences arising from differences between depreciation and capital allowances							
	(22.909)	4.151	-	4.841	(367)	(24.966)	1.734
Temporary differences arising from loss for the year							
	-	376.285	-	(95.786)	(2.907)	-	474.980
Revaluation of land and buildings							
	(439.327)	-	3.309	-	3.399	(442.726)	-
Temporary differences arising from administrative expenses							
	-	700.822	(48.679)	9.054	(18.232)	-	710.000
Temporary differences arising from unrealised exchange difference							
	-	109.378	-	539.216	505	(440.682)	10.339
Exchange difference							
	-	(10.851)	-	-	(10.851)	-	-
	<u>(462.236)</u>	<u>1.179.785</u>	<u>(45.370)</u>	<u>457.325</u>	<u>(28.453)</u>	<u>(908.374)</u>	<u>1.197.053</u>
THE COMPANY							
Deferred taxation arising from:							
Temporary differences arising from differences between depreciation and capital allowances							
	(22.909)	-	-	771	-	(23.680)	-
Temporary differences arising from loss for the year							
	-	91.760	-	(185.550)	-	-	277.310
Revaluation of land and buildings							
	(439.327)	-	3.309	-	-	(442.636)	-
	<u>(462.236)</u>	<u>91.760</u>	<u>3.309</u>	<u>(184.779)</u>	<u>-</u>	<u>(466.316)</u>	<u>277.310</u>

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax asset recognised relates to unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of the year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax asset mainly relates to the Company's and subsidiary companies tax losses in Romania and Italy, as well as, from temporary differences arising from the administration expenses of the subsidiary companies in Greece and Saudi Arabia. The Companies are expected to generate tax profits in the coming years based on the overall tax planning prepared in relation to their operations. Deferred tax on tax losses is considered recoverable.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

36. CONTINGENCIES AND LITIGATIONS

The most important guarantees are as follows:

- (1) The Company has provided a bank guarantee of up to USD 4.000.000 (€3.531.697) to a foreign supplier for providing a trading credit facility. This guarantee is valid from 08 June 2021 until 18 August 2022. The guarantee was increased on 09 February 2022 for an amount up to USD 4.400.000 (€3.884.867).
- (2) The Company has provided a second bank guarantee of up to USD 400.000 (€353.170) to a second foreign supplier for providing a trading credit facility. This guarantee is valid from 18 August 2020 until 18 August 2021. The guarantee was renewed until 18 August 2022.
- (3) The Company has provided a third bank guarantee of up to €1.500.000 to a third foreign supplier for providing a trading credit facility. This guarantee is valid from 11 February 2021 until 11 August 2021. The guarantee was renewed until 11 August 2022.
- (4) The Company has provided a fourth bank guarantee of up to €450.000 to a fourth foreign supplier for providing a trading credit facility. This guarantee is valid from 12 August 2020 until 11 August 2021. The guarantee was renewed until 11 August 2022.
- (5) The Company has provided a fifth bank guarantee of up to USD 800.000 (€706.339) to a fifth foreign supplier for providing a trading credit facility. This guarantee is valid from 15 April 2022 until 15 April 2023.
- (6) The Company has provided a sixth bank guarantee of up to USD 3.000.000 (€2.648.773) to a sixth foreign supplier for providing a trading credit facility. This guarantee is valid from 15 April 2022 until 15 April 2023.
- (7) The Company has provided a seventh bank guarantee of up to USD 300.000 (€264.877) to a seventh foreign supplier for providing a trading credit facility. This guarantee was valid from 25 April 2021 until 25 April 2022. The Company examines the need for renewal or modification of the guarantee.
- (8) The Company has provided an eighth bank guarantee of up to USD 150.000 (€132.439) to an eighth foreign supplier for providing a trading credit facility. This guarantee was valid from 25 April 2021 until 25 April 2022. The Company examines the need for renewal or modification of the guarantee.
- (9) Companies of the group have provided bank guarantees in order to participate to government projects and private sector projects.
- (10) Verendrya Ventures Ltd committed not to request repayment of the loan receivable from M.N. Larnaca Desalination Co. Ltd for the following 12 months or until it becomes possible without affecting the company's ability to continue to operate as a going concern.
- (11) The Company committed to provide financial and other assistance to Verendrya Ventures Ltd, to the extent of its participation in the company, which will enable it to continue its activities and meets its obligation as they fall due. As part of the financial assistance provided, the Company has also committed not to claim repayment of the amounts due from Verendrya Ventures Ltd, until the company has the necessary liquidity.

In December 2018, the subsidiary company Logicom Saudi Arabia LLC in Saudi Arabia ("the company"), received notice of Zakat and Income tax assessments from the General Authority of Zakat and Tax ("GAZT") relating to the years 2010 - 2014. The total claim is additional tax and Zakat of €2,4m (SAR10,3 m), plus additional penalties to be computed when the tax is settled. In February 2019 the company has filed an objection in response to the claim and in September 2019 received a negative response. In November 2019 the Company contacted the General Secretariat of Tax Affairs ('GSTC') and expects a response on this matter.

In October 2020 the General Secretariat of Tax Affairs ('GSTC') asked the company to resubmit its position in writing, which the company did. The General Secretariat of Tax Affairs ('GSTC') should have submitted its assessment, however, the company has not receive any response on the matter.

As there was a tax amnesty, to avoid fines and other charges, the Company paid the corporate tax on 31 March 2021 in protest. At the moment the company considers that it is possible to recover the amount and for this reason did not recognise any provision. In May 2021, The General Secretariat of Tax Affairs ("GSTC") issued a decision in favor of the company, accepting most of its positions. Both the company and the General Authority of Zakat and Tax have appealed but a date has not yet been set by the appeals committee of the tax authorities. At this time the company considers that it is possible to recover the amount and for this reason did not proceed with a forecast.

The company has submitted the Zakat and Income tax forms up to 2020 and is expecting the assessment of the local authorities.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Year ended 31 December 2021**36. CONTINGENCIES AND LITIGATIONS** *(continued)*

Apart from the tax liabilities that have already been accounted for in the consolidated and separate financial statements, based on the existing information, it is possible that additional tax liabilities may arise during the examination of the tax and other affairs of the companies of the Group.

37. RISK MANAGEMENT

The main financial assets held by the Group and the Company are cash and cash equivalents, investments and trade and other receivables. The main financial liabilities of the Group and the Company are bank overdrafts and loans and trade and other payables. The Group and the Company took all necessary actions during the year to reconsider, review and strengthen the internal management policies, procedures and strategy, where necessary, to reflect and address the unforeseen adverse effects of the Coronavirus pandemic (COVID-19). The Management of the Group and the Company and in particular the Risk Management Committee monitor the risks to which the Company and the Group are exposed by their financial assets and liabilities and take the appropriate measures. These risks are analysed below:

37.1 Credit risk

Credit risk is the risk of default by counter parties to transactions mainly from trade receivables of the Group and the Company. The Group and the Company ensure the application of appropriate mechanisms and ensure the maintenance of related monitoring procedures and controls over credits. Credit risk is monitored on an ongoing basis.

The Group entered into an agreement with Atradius Credit Insurance N.V. ('Insurance Company') for the credit insurance that the Group offers to its customers. The issuance of such insurance agreement is considered to be the most appropriate method for hedging against credit risk. The insurance company was evaluated in January 2022 by the rating agency Moody's as A2 with negative prospects. The Group also signed an agreement in March 2020 for additional insurance beyond the credit limits provided by Atradius with Cooper Gay SA. (representative of Lloyd's Insurance Company S.A.).

The insurance agreements for the trade receivables and the procedures required under these agreements, have significantly improved the monitoring and control of trade receivables, mainly in the approval of credit limits, which is done in cooperation with the credit insurance company as the latest has the resources for a better evaluation of the credibility of each debtor. It should be noted that the credit insurance covers all trade receivables other than governmental or semi-governmental organizations as well as natural persons.

The carrying value of investments represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date of the consolidated and separate financial statements was:

THE GROUP

	2021	2020
	€	€
Receivables from joint ventures	23.354.742	22.861.617
Trade and other receivables	238.307.551	188.764.601
Cash and cash equivalents	<u>40.455.779</u>	<u>55.594.538</u>
	<u>302.118.072</u>	<u>267.220.756</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)37.1 Credit risk (continued)**THE COMPANY**

	2021 €	2020 €
Long-term loans to subsidiary companies	27.562.770	26.390.617
Trade and other receivables	21.371.541	18.115.839
Cash and cash equivalents	2.598.128	4.162.206
Balances with subsidiary companies	<u>33.209.766</u>	<u>30.029.151</u>
	<u>84.742.205</u>	<u>78.697.813</u>

Cash and cash equivalents

The Group held cash and cash equivalents amounting to €42.624.344 (2020: €57.753.625), which represent the maximum credit risk exposure, after trade and other receivables from whom any risk has been limited as explained above. Cash and cash equivalents are deposited in banks and financial institutions, which are valued according to Moody's rating as shown below:

THE GROUP

31 December 2021	Number of banks	Balance €	Expected credit losses	Net balance €
A1	5	5.673.196	-	5.673.196
A2	2	6.531.450	-	6.531.450
A3	4	3.262.981	-	3.262.981
Aa3	1	1.328.719	-	1.328.719
B1	1	758.886	-	758.886
B2	7	2.988.831	-	2.988.831
B3	1	2.937.099	-	2.937.099
Ba1	1	1.733.656	-	1.733.656
Ba2	2	4.238.609	-	4.238.609
Ba3	2	1.388.266	-	1.388.266
Baa1	3	1.712.613	-	1.712.613
Baa3	1	8.826	-	8.826
Unrated	14	<u>10.061.212</u>	<u>(2.168.565)</u>	<u>7.892.647</u>
Total	44	<u>42.624.344</u>	<u>(2.168.565)</u>	<u>40.455.779</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)37.1 Credit risk (continued)

The Group's maximum exposure to credit risk of the Group by geographic region, is as follows:

2021	Europe €	Middle East €	Total €
Cash and cash equivalents	17.190.327	23.265.452	40.455.779
Receivables from joint ventures	23.354.742	-	23.354.742
Trade and other receivables	97.897.491	133.807.008	231.704.499
Contract asset	6.603.052	-	6.603.052
	<u>145.045.612</u>	<u>157.072.460</u>	<u>302.118.072</u>

2020	Europe €	Middle East €	Total €
Cash and cash equivalents	13.536.849	42.057.689	55.594.538
Receivables from joint ventures	22.861.617	-	22.861.617
Trade and other receivables	85.227.319	98.474.135	183.701.454
Contract asset	5.063.147	-	5.063.147
	<u>126.688.932</u>	<u>140.531.824</u>	<u>267.220.756</u>

The maximum exposure to credit risk of the Group, for trade receivables by geographic region, is as follows:

THE GROUP

	2021 €	2020 €
Europe	87.967.930	77.308.392
Middle East	<u>139.747.222</u>	<u>104.437.227</u>
	<u>227.715.152</u>	<u>181.745.619</u>

THE COMPANY

	2021 €	2020 €
Europe	<u>11.956.814</u>	<u>9.045.372</u>
	<u>11.956.814</u>	<u>9.045.372</u>

In accordance to the above analysis, 39% of the Group's trade receivables (2020: 43%) originates from Europe and 61% (2020: 57%) of the Group's trade receivables originates from the Middle East.

The ageing of the remaining trade receivables which are not impaired is as follows:

THE GROUP

	2021 €	2020 €
0 until 90 days	218.740.502	169.048.500
91 until 180 days	4.852.611	7.720.070
more than 180 days	<u>4.122.039</u>	<u>4.977.049</u>
	<u>227.715.152</u>	<u>181.745.619</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** *(continued)*37.1 Credit risk *(continued)***THE COMPANY**

	2021	2020
	€	€
0 until 90 days	11.289.468	8.752.981
91 until 180 days	110.433	301.505
more than 180 days	<u>556.913</u>	<u>(9.114)</u>
	<u>11.956.814</u>	<u>9.045.372</u>

The ageing of the balances, the characteristics of the customers and the countries in which the Group operates were taken into account in determining the provision for doubtful debts.

The provision for doubtful debts for the year shows an increase compared to the corresponding provision in 2020. The Management of the Grope estimates that the credit insurance of the trade receivables has significantly decrease the risk for doubtful debtors.

The ageing of the receivable from subsidiary companies in the Company's books is presented as follows:

THE COMPANY

	2021	2020
	€	€
0 until 180 days	33.209.766	30.029.151
more than 180 days	<u>27.562.770</u>	<u>26.390.617</u>
	<u>60.772.536</u>	<u>56.419.768</u>

The expected credit losses recognised during the year are analysed as follows:

THE GROUP

	2021	2020
	€	€
Trade receivables	66.748	147.898
Loans payable to associated companies and joint ventures	(908)	(59.112)
Cash and cash equivalents (Note25)	<u>9.478</u>	<u>2.159.087</u>
At 31 December	<u>75.318</u>	<u>2.247.873</u>

THE COMPANY

	2021	2020
	€	€
Trade receivables	12.239	(46)
Long-term loans to subsidiary companies	41.698	894.666
Impairment of receivables from subsidiary companies (Note 37.1)	606.657	169.244
Receivables from subsidiary companies	<u>(56.771)</u>	<u>(139.519)</u>
At 31 December	<u>603.823</u>	<u>924.345</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** *(continued)**37.1 Credit risk (continued)*

The provision for doubtful debts is analysed as follows:

THE GROUP

	Trade receivables €	Loans receivable from joint ventures €	Total €
Balance at 1 January 2020	3.160.949	492.928	3.653.877
Expected credit losses	147.898	(59.112)	88.786
Provision for doubtful debts	(112.014)	-	(112.014)
Exchange differences	(223.353)	-	(223.353)
Balance at 1 January 2021	2.973.480	433.816	3.407.296
Expected credit losses	(125.159)	908	(124.251)
Provision for doubtful debts	191.907	-	191.907
Exchange differences	178.281	-	178.281
Balance at 31 December 2021	<u>3.218.509</u>	<u>434.724</u>	<u>3.653.233</u>

THE COMPANY

	Trade receivables €	Long-term loans to subsidiary companies €	Receivables from subsidiary companies €	Total €
Balance at 1 January 2020	116.082	1.058.669	365.862	1.540.613
Expected credit losses	(213)	894.666	(139.519)	754.934
Balance at 1 January 2021	115.869	1.953.335	226.343	2.295.547
Expected credit losses	7.196	41.699	(56.771)	(7.876)
Balance at 31 December 2021	<u>123.065</u>	<u>1.995.034</u>	<u>169.572</u>	<u>2.287.671</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)*37.1 Credit risk (continued)*

The Group estimates that the fair value of other receivables is not significantly different from their carrying value as recognised in the financial statements, as the average repayment period of other receivables is less than 6 months.

The Group estimates expected credit losses for trade receivables using a provision matrix based on each company's ageing reports. The Group calculates the average credit loss rates using the roll rate method, in the probability that a trade receivable will gradually move to the default of the repayment obligation until the write-off. The average credit loss rates are calculated separately for each company of the Group in order to have common geographical and macroeconomic data in each grouping. The Group, depending on the differentiation of its customer base, uses the appropriate groupings, i.e. by country/geographical region. The average credit loss rates are adjusted based on the macroeconomic position of each company of the Group.

Expected credit losses on contract assets are calculated on the basis of the internal assessment of the creditworthiness of each customer. Expected credit losses on contract assets have not been recognised, as no substantial amounts have been incurred.

The probability of default as well as the assumptions and estimations for credit losses in the case of default is estimated, for loans to subsidiaries or associated companies. The significant increase of the credit risk is also estimated on the basis of the decrease in the credibility of the counterparty's country as this is measured by the credit rating institution Moody's.

The total expected credit losses are presented below:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	€	€	€	€
Specific provision for bad debts	2.527.683	2.157.496	115.208	115.209
Expected credit losses	<u>690.826</u>	<u>815.984</u>	<u>7.857</u>	<u>660</u>
	<u><u>3.218.509</u></u>	<u><u>2.973.480</u></u>	<u><u>123.065</u></u>	<u><u>115.869</u></u>

When there is a breach of payment terms by a specific trade debtor, the Group assesses the recoverability of each balance based on the creditworthiness of each debtor. The assessment takes into consideration the coverage and the percentage of coverage by the credit insurance company, the financial position of the debtor and any guarantees that have been received by the company. In case that the recovery of an amount is deemed remote, then the Management registers a specific provision for bad debts.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)**37.1 Credit risk** (continued)

The following table provides information about the exposure to credit risk and expected credit losses for trade.

THE GROUP

	Weighted-aver age loss rate 2021 %	Gross carrying amount 2021 €	Impairment loss allowance 2020 €	Weighted-aver age loss rate 2020 %	Gross carrying amount 2019 €	Impairment loss allowance 2019 €
Balances not impaired	0,0301	200.133.408	60.205	0,0475	150.361.740	71.350
1 to 90 days	0,3915	25.225.776	98.764	0,4220	25.812.740	108.921
91 to 180 days	6,3086	1.268.828	80.046	1,2355	3.714.663	45.895
More than 180 days	14,6090	3.092.678	451.810	17,8027	3.313.073	589.818
		<u>229.720.690</u>	<u>690.825</u>		<u>183.202.216</u>	<u>815.984</u>

THE COMPANY

	Weighted-aver age loss rate 2021 %	Gross carrying amount 2021 €	Impairment loss allowance 2021 €	Weighted-aver age loss rate 2020 %	Gross carrying amount 2020 €	Impairment loss allowance 2020 €
Balances not impaired	0,0437	11.031.268	4.816	0,0010	8.027.254	76
1 to 90 days	0,2700	1.061.839	2.884	0,0152	1.020.526	155
91 to 180 days	-	(42.325)	-	-	(3.182)	-
More than 180 days	0,5400	29.097	157	0,3681	116.643	429
		<u>12.079.879</u>	<u>7.857</u>		<u>9.161.241</u>	<u>660</u>

37.2 Market risk

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

37.2.1 Interest rate risk

Interest rate risk is the risk of fluctuations in the value of financial instruments due to movements in market interest rates. Income and cash flows from operations of the Group and the Company are dependent on changes of market interest rates, since the Group and the Company have material assets which bear interest. The Group and the Company are exposed to interest rate risk on borrowings. Borrowing in variable interest rates exposes the Group and the Company in interest rate risk that affects cash flows. Borrowing in fixed interest rates exposes the Group and the Company in interest rate risk that affects the fair value. The management of the Group and the Company and more specifically the Risk Management Committee is monitoring the fluctuations of interest rates on an ongoing basis and ensures that the necessary actions are taken.

The interest rates and repayment dates applicable for loans and bank facilities are stated in note 32.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)**37.2.1 Interest rate risk** (continued)Sensitivity analysis on interest rates

A possible increase of the interest rates by 1% in relation to the weighted average interest rates of the year, would have decrease the profit for the year. The analysis below assumes that all other parameters remain constant:

THE GROUP

	2021	2020
	€	€
Long-term loans	(152.427)	(173.486)
Short term loans	(726.092)	(502.682)
Bank overdrafts	(411.855)	(360.263)
Promissory notes	(19.978)	(19.390)
Cash and cash equivalents	<u>405.160</u>	<u>556.439</u>
	<u>(905.192)</u>	<u>(499.382)</u>

THE COMPANY

	2021	2020
	€	€
Long-term loans	(89.485)	(113.216)
Short term loans	(358.382)	(273.727)
Bank overdrafts	(215.262)	(227.100)
Promissory notes	(19.978)	(19.390)
Cash and cash equivalents	<u>26.483</u>	<u>41.947</u>
	<u>(656.624)</u>	<u>(591.486)</u>

A possible decrease of the interest rates by the same percentage would have an equal but opposite effect on the profit for the year.

37.2.2 Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.

The Company and the Group are subject to foreign exchange risk on sales, purchases and loans in currencies other than the Company's and subsidiary companies' functional currency, and on the long term loans to foreign subsidiaries. Management is aware of foreign exchange risk and is examining alternative methods to hedge the risk.

The hedging of foreign exchange risk is managed by the Foreign Exchange Risk Manager together with the Group Chief Financial Officer in collaboration with the Risk Management Committee. This issue is discussed and examined in the meetings of the Risk Management Committee as the Group and the Company are materially affected from the movements in foreign currencies against the Euro, and if necessary discussed and examined further in the meeting of the Board of Directors.

Until today, the hedging methods that have been used against foreign exchange risk are the following:

1. Natural Hedging. The Company maintains to the maximum extent, assets (investments in foreign subsidiaries) and liabilities (bank overdrafts, short and long term loans) at the same currency, mainly the United States Dollars (USD). In this way any gain or loss in assets is hedged by the corresponding loss or gain in liabilities.
2. The percentage of sales in foreign currency on total turnover is approximately the same with the percentage of bank borrowings in foreign currency in relation to the total borrowings of the Group.
3. The bank borrowings are usually made in the currency that the suppliers invoice the Company.
4. In cases of projects were the total cost of completion of the project is known from the time of the validation of the tender, then forward contracts are used, for the period required to complete the project and for the specific amount in foreign currency that the Company will be invoiced.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** *(continued)***37.2.2 Foreign exchange risk** *(continued)*

5. In addition, the Company enters into forward exchange contracts based on turnover at regular intervals e.g. weekly, for covering the payments to suppliers based on the credit period that they give to the Company. In this way the purchase of foreign currency for payments to suppliers in future periods is secured with the receipts from trade receivables.

Hedging of net investment in foreign operation

The Group applies hedge accounting to decrease foreign exchange risk.

Specifically, the equity and long-term loans that are part of the net investment in subsidiary companies Logicom FZE, Logicom Dubai LLC, Logicom Jordan LLC and Logicom Saudi Arabia LLC, where the functional currency is the USD are hedged with the bank borrowings of the Group in USD. Hedging is determined on a quarterly basis and the amount is adjusted accordingly. The hedge effectiveness is assessed on a monthly basis and to the extent the hedging is ineffective, the exchange differences are recognized in statement of profit or loss and other comprehensive income.

As at 31 December 2021 the amounts that were hedged were USD 45.000.000 of net investment in the above foreign companies and USD 45.000.000 of bank borrowings.

The carrying value of financial assets and liabilities of the Group denominated in foreign currency as at the date of the consolidated and separate financial statements is as follows:

THE GROUP	USD	
	2021 €	2020 €
Trade and other receivables	10.169.287	11.020.028
Cash and cash equivalents	2.439.733	551.181
Trade and other payables	(46.152.176)	(43.972.683)
Short term loans	(40.854.101)	(32.168.549)
Bank overdrafts	(17.858.390)	(20.859.821)
	<u>(92.255.647)</u>	<u>(85.429.844)</u>

THE COMPANY	USD	
	2021 €	2020 €
Trade and other receivables	637.817	584.766
Cash and cash equivalents	65.333	87.637
Trade and other payables	(7.961.569)	(15.139.785)
Short term loans	(35.838.206)	(27.372.729)
Bank overdrafts	(17.858.390)	(20.859.821)
Balances with subsidiary companies	30.490.534	39.307.933
	<u>(30.464.481)</u>	<u>(23.391.999)</u>

The following foreign exchange rates were used in the preparation of the consolidated and separate financial statements:

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)37.2.2 Foreign exchange risk (continued)

	Average Rate		Rate as at reporting date	
	2021 €	2020 €	2021 €	2022 €
USD 1	0,8455	0,8755	0,8829	0,8149

Sensitivity analysis on fluctuations of foreign exchange rates

A possible strengthening of the Euro against the US Dollar and the other currencies by 10% as at 31 December 2021 would have increased/decreased respectively the profit for the year and the shareholders' funds. The analysis below assumes that all other parameters and mainly interest rates remain constant:

THE GROUP

	Effect on the shareholders funds		Effect on profit or loss	
	2021 €	2020 €	2021 €	2020 €
USD	<u>5.515.165</u>	<u>3.474.826</u>	<u>7.647.946</u>	<u>7.054.892</u>

THE COMPANY

	Effect on the shareholders funds		Effect on profit or loss	
	2021 €	2020 €	2021 €	2020 €
USD	<u>3.046.448</u>	<u>2.339.200</u>	<u>3.046.448</u>	<u>2.339.200</u>

A possible weakening of the Euro against the above currencies by 10% would have equal but opposite effect, if all other parameters remain constant.

37.3 Other market price risks

The Company and the Group are exposed to financial risks arising from changes in share prices. The Company and the Group monitor the spread of their portfolio and maintain long-term investments for strategic purposes, in order to mitigate their exposure to these financial risks. The Group's main investments are classified as investments at fair value through other comprehensive income.

37.4 Liquidity risk

Liquidity risk is the risk that arises when the expiry date of assets and liabilities does not concur. When expiries do not concur, the performance can increase but at the same time the risk for losses can also increase. The Group has procedures in place to minimize such losses, such as retaining sufficient amounts in cash and other highly liquid assets and retaining sufficient amounts in secured credit facilities in order to cover liabilities when they fall due.

The Management estimates that the ability of the Group to receive in advance its trade receivables through the factoring agreement with recourse in Cyprus and Greece, reduces even further the liquidity risk.

Bank loans and overdrafts of the Group and the Company are presented in note 32.

The expected cash outflows based on the information included in the consolidated and separate financial statements are presented below:

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)37.4 Liquidity risk (continued)**THE GROUP****Liquidity Risk**

	Balance	Cash outflows arising from contractual liabilities				
		6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
<u>31 December 2021</u>						
Long-term loans	15.242.650	1.865.478	1.867.785	3.229.258	6.439.496	1.840.633
Short term loans	72.609.182	72.609.182	-	-	-	-
Trade and other payables	174.497.080	162.633.317	-	17.115	4.507	11.842.141
Bank overdrafts	41.185.501	41.185.501	-	-	-	-
Provision for other liabilities	93.801	93.801	-	-	-	-
Promissory notes	1.997.842	1.997.842	-	-	-	-
Obligations under finance leases	4.988.753	550.267	607.393	903.820	1.224.208	1.703.065
	<u>310.614.809</u>	<u>280.935.388</u>	<u>2.475.178</u>	<u>4.150.193</u>	<u>7.668.211</u>	<u>15.385.839</u>
<u>31 December 2020</u>						
Long-term loans	17.348.558	1.752.315	1.753.842	3.512.621	8.069.254	2.260.526
Short term loans	50.268.209	50.268.209	-	-	-	-
Trade and other payables	153.397.726	141.706.797	-	-	-	11.690.929
Bank overdrafts	36.026.311	36.026.311	-	-	-	-
Provision for other liabilities	95.356	-	-	95.356	-	-
Promissory notes	1.939.027	1.939.027	-	-	-	-
Obligations under finance leases	5.259.032	565.800	548.868	770.773	1.604.899	1.768.692
	<u>264.334.219</u>	<u>232.258.459</u>	<u>2.302.710</u>	<u>4.378.750</u>	<u>9.674.153</u>	<u>15.720.147</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

37. RISK MANAGEMENT (continued)

37.4 Liquidity risk (continued)

THE COMPANY

Liquidity Risk

	Balance	Cash outflows arising from contractual liabilities				
		6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
<u>31 December 2021</u>						
Long-term loans	8.948.458	1.359.208	1.359.204	2.204.890	4.025.156	-
Short term loans	35.838.206	35.838.206	-	-	-	-
Trade and other payables	22.852.659	22.852.659	-	-	-	-
Bank overdrafts	21.526.226	21.526.226	-	-	-	-
Promissory notes	1.997.842	1.997.842	-	-	-	-
Obligations under finance leases	408.186	63.956	65.422	137.556	141.252	-
	<u>91.571.577</u>	<u>83.638.097</u>	<u>1.424.626</u>	<u>2.342.446</u>	<u>4.166.408</u>	<u>-</u>
<u>31 December 2020</u>						
Long-term loans	11.321.586	1.359.205	1.359.207	2.718.408	5.884.766	-
Short term loans	27.372.729	27.372.729	-	-	-	-
Trade and other payables	24.174.671	24.174.671	-	-	-	-
Bank overdrafts	22.710.003	22.710.003	-	-	-	-
Promissory notes	1.939.027	1.939.027	-	-	-	-
Obligations under finance leases	490.654	57.180	58.092	119.425	255.957	-
	<u>88.008.670</u>	<u>77.612.815</u>	<u>1.417.299</u>	<u>2.837.833</u>	<u>6.140.723</u>	<u>-</u>

37.5 Fair Value

Items of the assets and liabilities of the Group and the Company, as these are classified in amortised cost or fair value, are presented below:

Assets and liabilities in amortised cost:

THE GROUP

	2021	2020
	€	€
Trade and other receivables	266.021.905	215.086.790
Cash and cash equivalents	40.515.953	55.643.856
Long-term loans	(15.242.650)	(17.348.558)
Short term loans	(72.609.182)	(50.268.209)
Bank overdrafts	(41.185.501)	(36.026.311)
Provisions for other liabilities	(93.801)	(95.356)
Trade and other payables	(174.497.080)	(153.397.726)
Promissory notes	(1.997.842)	(1.939.027)
	<u>911.802</u>	<u>11.655.459</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)37.5 Fair Value (continued)**THE COMPANY**

	2021	2020
	€	€
Long-term loans to subsidiary companies	27.562.770	26.390.617
Balances with subsidiary companies	33.209.766	30.029.151
Trade and other receivables	21.380.880	18.125.489
Cash and cash equivalents	2.648.299	4.194.690
Long-term loans	(8.948.458)	(11.321.586)
Short term loans	(35.838.206)	(27.372.729)
Bank overdrafts	(21.526.226)	(22.710.003)
Trade and other payables	(22.852.659)	(24.174.671)
Promissory notes	(1.997.842)	(1.939.027)
	<u>(6.361.676)</u>	<u>(8.778.069)</u>

The fair values of the financial assets and liabilities of the Group and the Company are approximately the same as the amounts reported in the consolidated and separate financial statements at the end of year.

Assets and liabilities at fair value:

THE GROUP

	2021	2020
	€	€
Investments at fair value through profit and loss	14.943	12.881
Investments at fair value through other comprehensive income	11.725.167	6.985.960
Land and buildings	18.793.508	18.588.465
Derivative financial instruments	(421.946)	(2.733.095)
	<u>30.111.672</u>	<u>22.854.211</u>

THE COMPANY

	2021	2020
	€	€
Investments at fair value through profit and loss	6.758	6.758
Land and buildings	3.261.782	3.375.271
Derivative financial instruments	(738.388)	(2.351.275)
	<u>2.530.152</u>	<u>1.030.754</u>

The table below analyses financial assets carried at fair value, based on the valuation method used to determine their value. The different levels have been defined as follows:

- Level 1: investments measured at fair value using quoted prices in active markets.
- Level 2: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are based on observable market data.
- Level 3: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are not based on observable market data.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)37.5 Fair Value (continued)**THE GROUP**

31 December 2021	Level 1 €	Level 2 €	Level 3 €	Total €
Investments at fair value through profit and loss	14.943	-	-	14.943
Investments at fair value through other comprehensive income	11.725.167	-	-	11.725.167
Land and buildings	-	-	18.793.508	18.793.508
Derivative financial instruments	-	(421.946)	-	(421.946)
	<u>11.740.110</u>	<u>(421.946)</u>	<u>18.793.508</u>	<u>30.111.672</u>
31 December 2020	Level 1 €	Level 2 €	Level 3 €	Total €
Investments at fair value through profit and loss	12.881	-	-	12.881
Investments at fair value through other comprehensive income	6.985.960	-	-	6.985.960
Land and buildings	-	-	18.588.465	18.588.465
Derivative financial instruments	-	(2.733.095)	-	(2.733.095)
	<u>6.998.841</u>	<u>(2.733.095)</u>	<u>18.588.465</u>	<u>22.854.211</u>

During 2021 there were no transfers between the three levels reported above.

The fair value of investments at fair value through profit and loss and through other comprehensive income is based on the stock exchange prices at the reporting date.

The determination of the fair value of the land and buildings is made with the assistance of independent qualified appraisers using various valuation methods and assumptions which are mainly based on market conditions at each valuation date.

The fair value of derivative financial instruments is determined by the exchange rates of foreign currencies as provided by the European Central Bank at the reporting date. The Company enters into derivative contracts for the purchase of foreign exchange at pre-specified prices for future delivery in order to reduce foreign exchange risk, using derivative financial instruments such as fixed forward contracts, flexible forward contracts and open-ended contracts.

THE COMPANY

31 December 2021	Level 1 €	Level 2 €	Level 3 €	Total €
Investments at fair value through profit and loss	6.758	-	-	6.758
Land and buildings	-	-	3.261.782	3.261.782
Derivative financial instruments	-	(738.388)	-	(738.388)
	<u>6.758</u>	<u>(738.388)</u>	<u>3.261.782</u>	<u>2.530.152</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**37. RISK MANAGEMENT** (continued)**37.5 Fair Value** (continued)

31 December 2020	Level 1	Level 2	Level 3	Total
	€	€	€	€
Investments at fair value through profit and loss	6.758	-	-	6.758
Land and buildings	-	-	3.375.271	3.375.271
Derivative financial instruments	-	(2.351.275)	-	(2.351.275)
	<u>6.758</u>	<u>(2.351.275)</u>	<u>3.375.271</u>	<u>1.030.754</u>

37.6 Capital Management

The Group's and the Company's management has as a principle the maintenance of a strong capital base for the support of the credibility and trust of the investors and creditors as well as the market as a whole. Management monitors continuously the return on equity.

In order to maintain or change the share capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings minus cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratio is as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	€	€	€	€
Total borrowings (Note 32,34)	131.035.175	105.582.105	68.310.732	63.343.345
Less: Cash and cash equivalents (Note 25)	<u>(40.515.953)</u>	<u>(55.643.856)</u>	<u>(2.648.299)</u>	<u>(4.194.690)</u>
Net debt	90.519.222	49.938.249	65.662.433	59.148.655
Total equity	<u>198.832.381</u>	<u>174.233.436</u>	<u>50.984.193</u>	<u>47.545.244</u>
Gearing ratio	<u>0,46</u>	<u>0,29</u>	<u>1,29</u>	<u>1,24</u>

38. OPERATING ENVIRONMENT OF THE GROUP

The Group operates in Cyprus, in the geographical area of Southeast Europe, Middle East and the Northern Africa with significant presence in the wider area of the Gulf.

In the Gulf region, political instability has been observed in recent years, resulting in economic instability. Despite the current situation, the Group has managed to expand its presence in the region. Lebanon is still experiencing intense political instability with a consequent prolonged economic crisis with restrictions in the movement of cash in banks and a devaluation of the domestic currency.

The Greek economy has now entered into a phase of recovery and the economic environment is improved. The Group has managed to maintain and strengthen its presence in the country without any particular problems.

The Cyprus economy has been in a continuous growth in the recent years, with the exception of 2020, when a deficit of 5% of GDP was observed due to Coronavirus pandemic (COVID-19).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

38. OPERATING ENVIRONMENT OF THE GROUP *(continued)*

The World Health Organisation's declaration of the Coronavirus (COVID-19) as a pandemic, led the governments of most countries and all the countries in which the Group operates, to impose strict measures to contribute to the restraining of its spread. These measures have slowed down the economies, as well as, the global economy and have had a wider impact on the respective economies. The Coronavirus (COVID-19) vaccination programs implemented by the governments of most countries have resulted in a reduction on the pressure on health systems and in a gradual easing of the restrictive measures.

Businesses and governments in most of the countries have adapted to the new circumstances and returned to their operations in an effort to limit the impact of the pandemic and restart market and the real economy. The prolonged restrictive measures implemented by the governments of the countries in which the Group operates and the slowdown of the already tense economic climate, as well as, the negative and prolonged impact on the supply chain, had as a consequence the limitation of the further increase of the turnover of the Group.

The Company's Management, having already managed the developments in relation to the pandemic during 2020 and 2021, has taken and is taking all the necessary measures to address any problems that may arise regarding the Group's operations and the management of the relevant risks. The Management, as it is not able to predict all the developments that could negatively affect the economies of the countries in which the Group operates, takes all the necessary measures to deal with any problems that may arise due to external factors, in order to maintain the viability of the Group and the expansion of its operations in the present business and economic environment.

On 24 February 2022, a dispute broke out between Russia and Ukraine. The management's assessment of the impact of the dispute is given in note 45.

39. DIRECTORS' INTEREST

The percentage of the share capital of the Company that was held by each member of the Board of Directors, directly or indirectly, is as follows:

	31/12/2021	28/04/2022
	Fully paid	Fully paid
	Shares	Shares
	%	%
Varnavas Irinarchos ¹	51,55	51,55
Takis Klerides ²	0,55	0,55
George Papaioannou ³	1,09	1,09
Anthoulis Papachristoforou	0,76	0,76
Anastasios Athanasiades	0,07	0,07
Andreas Constantinides	-	-
Christoforos Hadjikyprianou	-	-

- The indirect ownership of Mr. Varnavas Irinarchos as at 28 April 2022 of 51,55% arises from the participation of the company Edcrane Ltd.
- The direct ownership of Mr. Takis Klerides as at 28 April 2022 is 0,28% and the indirect ownership which arises from the participation of his daughter Mrs. Pamela Klerides, is 0,27%.
- The direct ownership of Mr. George Papaioannou as at 28 April 2022 is 1,08% and his indirect ownership that arises from the participation of his sons Mr. Christos Papaioannou is 0,0034% and Mr. Alexandros Papaioannou is 0,0034%.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

40. SHAREHOLDERS' INTEREST

The shareholders who held, directly or indirectly, more than 5% of the share capital of the Company were as follows:

	31/12/2021	28/04/2022
	%	%
Varnavas Irinarchos ¹	51,55	51,55
Demetra Holdings Plc	10,28	10,28

1. The indirect ownership of Mr. Varnavas Irinarchos as at 28 April 2022 arises through the company Edcrane Ltd. The ultimate parent company of the Group is Takero Limited which holds 100% of Edcrane's Ltd shares.

41. DIRECTORS' CONTRACTS

No important contract exists or existed at the end of the financial year and at the date of issuing the financial statements in which the members of management, their spouses or their underage children have or had direct or indirect significant interest, except from the employment contracts of Mr. Varnavas Irinarchos and Mr. Anthoulis Papachristoforou.

(1) Contract of Mr. Varnavas Irinarchos, Managing Director

Employment contract as Managing Director of the Company for two years from 1 January 2005, with annual salary (13 months) of €93.973 which will be increasing at a proportion equal to the annual rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4% over his last salary, whichever is higher. For 2021 the annual salary of the Managing Director was €151.200. The Company will also pay annually (12 months) for entertainment expenses an amount of €25.629, that will be increasing in every following annual period at a proportion equal to the rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4%, whichever is higher. For 2021 the allowance for entertainment expenses amounted to €25.000.

In addition, the Company provides to the Director an appropriate vehicle and covers all related expenses.

The contract was renewed for one year from 1 January 2022, with an annual salary (13 months) of €150.000. The Company will also pay annually (12 months), for entertainment expenses the amount of €25.000.

Mr. Varnavas Irinarchos is committed not to form, assist or take part in any way in the incorporation of a company or business, which performs operations similar or competitive to the operations of the Company during his employment and for at least five years after his departure from the Company. Mr. Varnavas Irinarchos accepts that this constraint is by no means in contrast with the general principle of Restraint of Trade, and that it is considered reasonable as the employee benefited from the bonus issue of shares during the listing of the Company in the CSE.

(2) Contract of Mr Anthoulis Papachristoforou, Group Chief Financial Officer

In 2021 the annual salary of Mr. Anthoulis Papachristoforou amounted to €197.000, plus bonus of €50.000 and the allowance for entertainment expenses amounted to €24.000. The remuneration of Mr. Anthoulis Papachristoforou for 2022 will be the same as 2021. The Company provides to the Director an appropriate vehicle and covers all related expenses.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**42. REMUNERATION OF NON EXECUTIVE DIRECTORS**

The remuneration of non-executive directors is analysed as follows:

	2021 €	2020 €
Takis Klerides	51.705	43.500
George Papaioannou	26.658	21.400
Nicos Michaelas	-	23.934
Anastasios Athanasiades	29.474	24.200
Christoforos Hadjikyprianou	23.058	8.707
Andreas Constantinides	<u>25.471</u>	<u>8.307</u>
	<u>156.366</u>	<u>130.048</u>

The remuneration of the non-executive directors for 2021 relate to the period from 04/08/2020 to 31/12/2021 (2020: 31/05/2019 to 03/08/2020).

43. RELATED PARTY TRANSACTIONS

The companies of the Group buy and sell goods and services according to their needs from other Group companies. Transactions are made in the context of commercial practices related to intragroup transactions in the relevant operating activities.

Logicom Public Limited and Logicom FZE charge their subsidiary companies with a fee for administration services and financing cost.

Transactions and balances between Group companies:

The impairments made by Logicom Public Limited in relation to balances and investments in subsidiaries were as follows:

	2021 €	2020 €
Impairment of subsidiaries balances (Note 37.1)		
Enet Solutions LLC	102.071	169.244
Rehab Technologies Limited	<u>504.586</u>	<u>-</u>
	<u>606.657</u>	<u>169.244</u>
Impairment of investment in subsidiary		
Logicom (Middle East) S.A.L.	<u>-</u>	<u>375.820</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**43. RELATED PARTY TRANSACTIONS (continued)**

The amounts charged by Logicom Public Limited to its subsidiary companies for administration services were as follows:

Administration services

	2021	2020
	€	€
Logicom Solutions Limited	209.888	166.543
Newcytech Business Solutions Ltd	270.135	183.067
ENET Solutions - Logicom S.A.	669.994	515.720
Logicom Saudi Arabia LLC	1.212.791	938.822
Logicom FZE	2.056.228	1.514.993
ICT Logicom Solutions SA	49.618	26.610
Logicom Information Technology Distribution s.r.l.	448.286	340.582
Logicom Jordan LLC	221.790	-
Logicom Italia s.r.l.	212.603	169.421
	<u>5.351.333</u>	<u>3.855.758</u>

The amounts charged by Logicom Public Ltd to its subsidiary companies for interest were as follows:

Interest

	2021	2020
	€	€
Logicom Saudi Arabia LLC	91.390	737.566
Logicom Information Technology Distribution s.r.l.	414.500	280.000
Logicom Italia s.r.l.	85.050	122.500
Logicom Jordan LLC	19.017	-
Verendrya Ventures Ltd	305.510	300.249
	<u>915.467</u>	<u>1.440.315</u>

The sales made by Logicom Public Ltd to its subsidiary companies were as follows:

Sales

	2021	2020
	€	€
Logicom Solutions Limited	4.590.010	2.669.709
Newcytech Business Solutions Ltd	4.777.888	4.819.833
ENET Solutions - Logicom S.A.	16.029.208	12.207.246
Logicom Jordan LLC	3.379.858	3.055.898
Logicom (Middle East) SAL	2.564	(133.595)
Logicom FZE	76.303	25.352
Logicom Italia s.r.l.	18.523	51.167
Logicom Information Technology Distribution s.r.l.	8.363.126	7.185.769
Logicom Saudi Arabia LLC	3.192	35.582
ICT Logicom Solutions SA	12.275	-
Elogicomnet Morocco Distribution SARL	60.352	-
Logicom Distribution Egypt LLC	1.272	-
	<u>45.811.231</u>	<u>40.032.751</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**43. RELATED PARTY TRANSACTIONS** *(continued)*

The balances between Logicom Public Ltd and its subsidiary companies in the books of the parent company were as follows:

Long-term loans to subsidiary companies:

	2021	2020
	€	€
ENET Solutions - Logicom S.A.	2.262.052	2.087.849
Logicom (Middle East) SAL	4.217.111	3.892.348
Logicom FZE	2.617.517	2.415.940
Logicom Jordan LLC	2.698.305	2.490.506
Verendrya Ventures Ltd	<u>17.762.819</u>	<u>17.457.310</u>
	29.557.804	28.343.953
Expected credit losses	<u>(1.995.034)</u>	<u>(1.953.336)</u>
	<u><u>27.562.770</u></u>	<u><u>26.390.617</u></u>

There is no written agreement between the parent and the subsidiary companies, regarding the long-term loans receivable from the subsidiary companies. The loans bear no interest and there is no fixed repayment date. The loans are recognised according to the provisions of IAS 21.

The long-term loan with the subsidiary company Verendrya Ventures Limited, relates to a contract for the financing of the operations of the desalination units in Larnaca and Episkopi. The loan bears an annual interest of 1,75% (2020: 1,75%) and has no fixed repayment date.

Taking into consideration the expected future cash flows of the subsidiary company, which consists of the expected future cash flows of the desalination company in Larnaca as well as those of the company that has undertaken the same project of the desalination unit in Limassol no impairment has been recognised for the loan with the subsidiary company Verendrya Ventures Limited. The determination of the expected future cash flows is based on estimates, judgements and assumptions that were applied by the management of Verendrya Ventures Limited (Note 20).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**43. RELATED PARTY TRANSACTIONS (continued)****Balances with subsidiary companies**

		2021	2020
		€	€
	Nature	Debit/ (Credit)	Debit/ (Credit)
Logicom (Overseas) Limited	Other	(282.218)	(245.737)
Netcom Limited	Other	128.054	124.505
Logicom Solutions Limited	Trade	(822.127)	(1.544.274)
Logicom Services Ltd	Financing	27.354.222	23.849.986
Newcytech Business Solutions Ltd	Trade	345.024	1.900.957
ENET Solutions - Logicom S.A.	Trade	4.189.025	470.684
ICT Logicom Solutions SA	Other	(117.046)	(171.369)
Logicom Jordan LLC	Trade	(2.089.668)	341.648
Logicom (Middle East) SAL	Trade/Financing	(585.293)	320.683
Logicom FZE	Trade/Financing	(18.997.267)	(18.120.512)
Logicom Italia s.r.l.	Trade/Financing	4.868.957	2.995.330
Rehab Technologies Limited	Financing	-	465.727
Logicom Saudi Arabia LLC	Trade/Financing	628.129	7.339.763
Logicom Information Technology Distribution s.r.l.	Trade/Financing	17.245.467	11.050.827
Logicom Trading & Distribution LLC	Other	-	814.930
Logicom Distribution Germany GmbH	Other	(620.332)	(576.133)
Najada Holdings Limited	Financing	1.827.655	1.109.761
Verendrya Ventures Ltd	Financing	243.259	128.718
Elogicomnet Morocco Distribution SARL	Other	63.496	-
		<u>33.379.337</u>	<u>30.255.494</u>
Expected credit losses from subsidiary companies		<u>(169.572)</u>	<u>(226.343)</u>
		<u>33.209.765</u>	<u>30.029.151</u>

The above balances are repayable according to the nature of each transaction.

Balances with associated companies

	2021	2020
	€	€
	Debit/ (Credit)	Debit/ (Credit)
M.N. E.P.C Water Co.	(350)	(350)
M.N. Larnaca Desalination Co Ltd	(18.357)	(14.851)
M.N. Limassol Water Co. Ltd	<u>(16.204)</u>	<u>(12.105)</u>
	<u>(34.911)</u>	<u>(27.306)</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**43. RELATED PARTY TRANSACTIONS (continued)**

The sales made by Logicom FZE to Group companies were as follows:

Sales

	2021	2020
	€	€
Logicom Public Limited	14.144	7.804
Logicom Jordan LLC	1.579.756	1.694.084
Logicom (Middle East) SAL	264.828	632.153
Logicom Dubai LLC	94.413.417	90.785.078
ENET Solutions - Logicom S.A.	3.425	-
Logicom Bahrain WLL	3.432.211	1.602.726
Logicom Information Technology Distribution s.r.l.	1.740	-
Logicom Saudi Arabia LLC	7.710.640	11.270.412
Logicom Kuwait for Computer Company W.L.L	9.514.772	13.243.698
Logicom Trading & Distribution LLC	9.303.700	5.719.487
Logicom LLC	<u>13.488.879</u>	<u>14.369.879</u>

The amounts charged by Logicom FZE to Group companies for administration services were as follows:

Administration services

	2021	2020
	€	€
Logicom Public Limited	901.646	1.133.425
Logicom Dubai LLC	1.337.511	821.201
Logicom Kuwait for Computer Company W.L.L	679.496	557.021
Logicom Trading & Distribution LLC	746.216	570.901
Logicom LLC	327.318	291.535
Enet Solutions LLC	43.514	-
Logicom Saudi Arabia LLC	<u>14.505</u>	<u>59.953</u>
	<u>4.050.206</u>	<u>3.434.036</u>

The amounts charged by Logicom FZE to Group companies for interest were as follows:

Interest

	2021	2020
	€	€
Logicom Dubai LLC	347.709	752.486
Logicom Kuwait for Computer Company W.L.L	214.979	206.271
Logicom LLC	148.276	128.639
Logicom Trading & Distribution LLC	108.012	66.628
Logicom Saudi Arabia LLC	49.426	-
Logicom Jordan LLC	<u>46.106</u>	<u>-</u>
	<u>914.508</u>	<u>1.154.024</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**43. RELATED PARTY TRANSACTIONS (continued)**

The sales made by Logicom Jordan LLC to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom FZE	-	216.869
ENET Solutions - Logicom S.A.	-	<u>961</u>

The sales made by ENET Solutions - Logicom S.A. to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom Public Limited	7.358.978	6.385.091
ICT Logicom Solutions SA	51.206	49.580
Logicom Italia s.r.l.	194.839	-
Logicom Information Technology Distribution s.r.l.	716.523	474.129
Logicom Solutions Limited	56.327	6.090
Logicom LLC	<u>261.892</u>	<u>56.795</u>

The sales made by Logicom Solutions Ltd to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom Public Limited	30.149	56.257
Newcytech Business Solutions Ltd	165.226	220.646
ICT Logicom Solutions SA	<u>1.898.443</u>	<u>808.690</u>

The sales made by Logicom (Middle East) SAL to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom FZE	125.611	527.045
Logicom Saudi Arabia LLC	-	<u>301</u>

The sales made by Logicom IT Distribution s.r.l. to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom Public Limited	115	716
ENET Solutions - Logicom S.A.	215.646	52.075
Logicom Italia s.r.l.	2.934.601	6.292
Logicom Solutions Limited	<u>-</u>	<u>188</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**43. RELATED PARTY TRANSACTIONS (continued)**

The sales made by Logicom Saudi Arabia LLC to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom FZE	491.669	61.702
Logicom Public Limited	<u>2.716</u>	<u>-</u>

The sales made by Newcytech Business Solutions Limited to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom Public Limited	86.640	16.667
Logicom Solutions Limited	235.816	261.334
Newcytech Distribution Ltd	<u>121.937</u>	<u>71.793</u>

The sales made by Logicom Italia SRL to Group companies were as follows:

Sales

	2021 €	2020 €
ENET Solutions - Logicom S.A.	<u>13.455</u>	<u>-</u>

The sales made by ICT Logicom Solutions S.A. to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom Solutions Limited	<u>37.533</u>	<u>48.666</u>

The sales made by Logicom Distribution Germany Gmbh to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom Italia s.r.l.	<u>169.053</u>	<u>197.551</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2021

43. RELATED PARTY TRANSACTIONS (continued)

The sales made by Logicom Kuwait Computer Company Limited WLL to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom Trading & Distribution LLC	200.142	-
Logicom Bahrain WLL	24.868	-
Logicom LLC	<u>22.195</u>	<u>-</u>

The sales made by Logicom Bahrain WLL to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom LLC	<u>534.770</u>	<u>-</u>

The sales made by Logicom LLC to Group companies were as follows:

Sales

	2021 €	2020 €
Logicom FZE	988	-
Logicom Bahrain WLL	<u>112.575</u>	<u>-</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**43. RELATED PARTY TRANSACTIONS (continued)**

The balances between Group companies and the parent Company are presented below:

		2021	2020
		€	€
	Nature	Debit/ (Credit)	Debit/ (Credit)
Logicom (Overseas) Limited	Other	282.218	245.737
Netcom Limited	Other	(128.054)	(124.505)
Logicom Solutions Limited	Trade	822.127	1.544.274
Logicom Services Ltd	Financing	(27.354.222)	(23.849.986)
Newcytech Business Solutions Ltd	Trade	(345.024)	(1.900.957)
ENET Solutions - Logicom S.A.	Trade/Financing	(6.451.077)	(2.558.533)
ICT Logicom Solutions SA	Other	117.046	171.369
Logicom Jordan LLC	Trade/Financing	(608.637)	(2.832.154)
Logicom (Middle East) SAL	Trade/Financing	(3.631.818)	(4.213.031)
Logicom FZE	Trade/Financing	16.379.750	15.704.572
Logicom Italia s.r.l.	Trade/Financing	(4.868.957)	(2.995.330)
Rehab Technologies Limited	Financing	-	(465.727)
Logicom Saudi Arabia LLC	Trade/Financing	(628.129)	(7.339.763)
Logicom Information Technology Distribution s.r.l.	Trade/Financing	(17.245.467)	(11.050.827)
Logicom Trading & Distribution LLC	Other	-	(814.930)
Logicom Distribution Germany GmbH	Other	620.332	576.133
Najada Holdings Limited	Financing	(1.827.655)	(1.109.761)
Verendrya Ventures Ltd	Financing	(18.006.078)	(17.586.027)
Elogicomnet Morocco Distribution SARL	Other	<u>(63.496)</u>	<u>-</u>

During the year the companies of the Group paid dividends to the Company, as follow:

Dividend

	2021	2020
	€	€
Logicom FZE	7.058.408	6.519.436
Logicom Trading & Distribution LLC	-	814.930
Logicom (Overseas) Limited	-	15.000
Logicom Services Ltd	<u>4.000.000</u>	<u>3.600.000</u>
	<u>11.058.408</u>	<u>10.949.366</u>

Transactions and balances between related parties:

There were no significant transactions and balances with related parties, including the Directors, during the year ended 31 December 2021.

44. BALANCES WITH ASSOCIATED COMPANIES AND JOINT VENTURES

The balances with the joint ventures, relate to the financing of the construction, maintenance, renovation and operation of the desalination plants in Cyprus through its subsidiary company Verendrya Ventures Limited.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTSYear ended 31 December 2021**44. BALANCES WITH ASSOCIATED COMPANIES AND JOINT VENTURES** *(continued)*

The balances with jointly ventures were as follows:

Balances with joint ventures

	2021 €	2020 €
	Debit	Debit
M.N. Larnaca Desalination Co Limited	10.199.922	10.443.300
M.N. Limassol Water Co. Limited	<u>13.589.544</u>	<u>12.852.133</u>
	23.789.466	23.295.433
Expected credit losses	<u>(434.724)</u>	<u>(433.816)</u>
	<u>23.354.742</u>	<u>22.861.617</u>

The amounts receivable from joint ventures are presented after the deduction of the accumulated impairments and loss in addition to the value of the investment. The net value of the balances as at 31 December 2021 is considered recoverable based on the expected discounted future cash flows from these companies. As mentioned in note 20, for the calculation of the expected future cash flows of the M.N. Larnaca Desalination Co. Ltd estimates, assumptions, judgements and evidence which include the legal opinion in relation to the validity of claims in favor and against the company and an opinion from its consultants in respect of the level of compensation that the company is expected to be entitled to, have been made. The Group considers that there were no evidence for impairment of the amount receivable from joint venture M.N. Limassol Water Co..

The loan with M.N. Limassol Water Co. Ltd is non-current, bearing interest of 4,5% per annum and does not have a specified repayment date. The M.N. Larnaca Desalination Co. Ltd is non-current, interest free and has no specified repayment date.

Interest receivable for 2021 amounts to €501.441 (2019: €503.170) and is included in note 11.

The balances with the associated companies, relate to a loan that the subsidiary Verendrya Ventures Limited entered into with Demetra Holdings Plc in relation to the latter's participation in the desalination plants in Episkopi and Larnaca.

The balances with associated companies were as follows:

Balances with associated companies

	2021 €	2020 €
	Credit	Credit
Demetra Holdings Plc	<u>11.842.141</u>	<u>11.638.755</u>

The long-term loan of the subsidiary company Verendrya Ventures Limited, with Demetra Holdings Plc, relates to the financing of the desalination projects in Larnaca and Limassol. The loan bears an interest rate of 1,75% (2020: 1,75%) per annum and does not have a specified repayment date.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS****Year ended 31 December 2021****45. EVENTS AFTER THE REPORTING PERIOD**

At the end of February 2022, a dispute broke out between Russian and Ukraine, which in connection with the consequent global sanctions imposed on Russia and other natural and legal persons, have not at this stage directly affected the activities of the Company and the Group. It is noted that the Company does not maintain a subsidiary, nor any activities in these countries. The Management closely monitors and evaluates the developments, aiming at the best possible management of the potential short-term effects and risks of this conflict, both in the global economy and in the activities of the Group, and its operational readiness and continuity. Taking into consideration the extend and the unpredictable development of this dispute, it is not possible, at this stage to assess the extend of its financial impact on the results of the Group and the Company.

There were no other significant events after the reporting date that have a bearing on the understanding of the consolidated and separate financial statements.