SIA Wandoo Finance
Consolidated Annual Report for 2022

Riga, 2023

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Information About the Group

Name of the Group's Parent Company	Wandoo Finance
Legal status of the Parent Company	Limited liability company
Registration number	40103970112
Registered in the Commercial Register	17.02.2016
Address	Kārļa Ulmaņa gatve 119, Mārupe, Mārupes novads, LV-2167
Main types of activity of the Parent Company	Activities of holding companies Development of IT systems and provision of IT development and programming services to other companies
Board of the Parent Company	
Chairman of the Board	Krišjānis Znotiņš, held the office of Member of the Board from 13.11.2023 to 17.11.2023, individual representation rights Chairman of the Board from 17.11.2023, individual representation rights
Member of the Board	Raivo Tambors, held office from 02.10.2020 to 13.11.2023 individual representation rights
Annual Report prepared by	Irita Siņuka, Chief Accountant at SIA Wandoo Finance
Reporting year	1 January – 31 December 2022
Auditor's name and address	SIA Sandra Dzerele un Partneris Commercial Company of Sworn Auditors Licence No. 38 Address: Vīlandes iela 7-1 Riga, LV-1010 Latvia Sworn Auditor in Charge Sandra Dzerele Certificate No. 82.

Information on subsidiaries involved in the consolidation

Name of the Company	Wandoo Finance LLC
Registration number, place and date	400165806, established on 7 March 2016
Address	P. Kavtaradze № 14a, Block A, Flat 55, Tbilisi 0186, Georgia
Reporting year	1 January – 31 December 2022
Participating interest of the Parent Company	100%
Name of the Company	Wandoo Finance Sp z.o.o
Registration number, place and date	629774, established on 27 July 2016
Address	Chalubinskiego 8, Warsaw, Poland, 00-613
Reporting year	1 January – 31 December 2022
Participating interest of the Parent Company	99%
Name of the Company	Swaper, SIA
Registration number, place and date	40203005445, established on 14 July 2016
Address	K.Ulmaņa gatve 119, Mārupes nov., LV-2167, Latvia
Reporting year	1 January – 31 December 2022
Participating interest of the Parent Company	100%
Name of the Company	Wandoo Finance S.L.
Registration number, place and date	B87821823, established on 25 April 2017
Address	Avenida de Europa N 19, 3A, Parque Empresarial La Moraleja, Alcobendas, 28108 Madrid, Spain
Reporting year	1 January – 31 December 2022
Participating interest of the Parent Company	100%
Name of the Company	Wandoo Finance ApS
Registration number, place and date	38542710, established on 23 March 2017
Address	Automatikvej 1, 3. 4, 2860 Søborg, Denmark
Reporting year	1 January – 31 December 2022
Participating interest of the Parent Company	100%
Name of the Company	Timbex Sp z.o.o
Registration number, place and date	806248, acquired on 8 December 2022
Address	ul. Grzybowska 4 13, Warsaw, Poland, 00-131
Reporting year	1 January – 31 December 2022
Participating interest of the Parent Company	100%
Name of the Company	Avinto Finance IFN S.A.
Registration number, place and date	46777294, established on 5 September 2022
Address	194 Calea Floreasca, Floreasca Lake Offices 2nd floor, Bucharest, Romania, 014472
Reporting year	5 September – 31 December 2022
Participating interest of the Parent Company	95%

Management Report
to the Consolidated Annual Report for 2022

General description of the Group

Wandoo Finance group (hereinafter - the Group) consists of the Parent Company SIA Wandoo Finance, which implements activity of holding company and provides IT systems development services to other companies, and 7 subsidiaries in 6 countries, active operation being implemented in Spain and Poland. The Group's subsidiaries are fast-growing crediting companies that provide consumer lending services, using the latest technologies and unique self-developed platforms.

The main type of activity of subsidiaries is issuing of loans to short-term borrowers. Subsidiaries carry out assessment of borrowers and assess the related risks according to the requirements of legislation of each particular country, in order to make responsible investments of the funds of investors.

The Group has successfully staffed the management team, as well as the team of IT developers, which allows to develop the Group according to the strategic goals.

Financial performance results and financial standing

The Group closed the year 2022 with loss of EUR 851 536, which has decreased by more than 55% compared to 2021, when the loss of the reporting year comprised EUR 1 918 499.

The total net turnover in 2022 increased by 46.85% compared to 2021, which can be explained by the increase in the provided loan brokerage services by 130% and increase in interest revenue from issued loans by 117%. Upon the net turnover increasing, also the service acquisition costs related to the core business have increased by 35.88%. In 2022, other revenue from the economic activity increased by 413% compared to 2021, which can be explained by significant increase in net profit from the sales of investment portfolio and increase in revenue from customer attraction commission fees.

The Group continued to optimise costs and internal processes in 2022; therefore, the total administration costs remained almost the same compared to 2021, despite the increase in net turnover.

The Group's Parent Company increased the share capital in the reporting year, capitalising claim rights in the amount of 3.4 million euro and issuing 350 new capital shares.

As a result, the equity capital of the Group increased significantly in 2022. On 31 December 2022, the equity capital of the Group became positive and comprised EUR 2 200 075 (on 31 December 2021, it was negative and comprised EUR -621 500).

It is expected that in the following years, as a result of growth, the Group will gain profit which will allow to cover the accrued loss of the previous years.

Significant risks and uncertain conditions

Significant risks, which may affect the operating results of the Group, are risks related to the core business of subsidiaries. These are:

- Credit risk – the risk that the Group may incur financial loss if counterparty is unable to meet its contractual obligations; and credit risk is mainly related to debts of borrowers – natural persons. The Group actively follows that the repayment deadlines are observed;

- Interest rate risk – the risk that changes to interest rates will affect the Group's revenue or value of portfolios of financial instruments. It is in the interests of the Group to follow the potential market changes to respond to them in a timely manner;
- State risk – the risk related to changes to the legislation, which may have adverse impact on the Group, affected by changes to the legislation of the specific country. Similar as with interest rate risks, the Group pays particular attention to potential changes to ensure that there is time to respond to such changes;
- Currency risk - the risk that the Group may incur unforeseen loss due to foreign currency exchange rate fluctuations. The Group strives to balance the incoming and outgoing currency flows;
- Market risk – the risk related to material deterioration of quality of debtors portfolio on the represented markets, which will affect increasing of the amount of provisions and increase of potential loss. The Group continuously revises and, if necessary, improves the methodology that ensures a more qualitative portfolio. The Group constantly improves the debt recovery procedures to improve recoverability of the overdue receivables portfolio.
- Liquidity risk – the risk that the Group will be unable to ensure its current and future cash flow and security for funds borrowing needs in a manner that the Group's day-to-day operation or the Group's overall financial status is not compromised. To prevent this risk, the Group plans the future cash flow.

Further development of the Group and validity of the going concern assumption

In 2021 and 2022, the restrictions related to the spread of COVID-19 were effective in the Republic of Latvia and many other countries, which significantly slowed down the economic development in the country and in the world; therefore, the economic development is still uncertain. The Company's management continues to assess the situation. Until now, the economic restrictions related to the spread of the coronavirus have not affected operations of the Company.

The Group will continue its development also in the coming years, extending the range of services provided by subsidiaries with new financial products, thus increasing the amount of loans issued and strengthening the positions of subsidiaries on the respective markets.

An essential task is to ensure business growth on the existing and new markets, paying particular attention to control and optimization of costs. This will allow to increase the business volumes, improve profitability, at the same time retaining attractive return on capital for the Company's shareholders.

In 2023 and 2024, the Group's management plans to continue raising of funding.
The main attention in the investment policy will be paid to return on planned investment, considering the project funding costs and potential risks of investment projects.

One of the main goals of the Group is management of the aforesaid risks, attracting competent experts with extensive experience in this field and ensuring timely risk assessment and a plan of risk mitigation measures corresponding to the market situation, as well as automation of internal processes aimed at raising the operational efficiency.

This financial statement has been prepared, based on the going concern assumption. The Group closed the year 2022 with loss and further activity is aimed at increasing the turnover and profit.

Aggregate of the Company's own shares

In the reporting year the Company has neither redeemed, nor sold its shares.

The Company's branches and representation abroad

The Company does not have representation offices or branches abroad.

Recommendation for profit distribution

The Board of the Group's Parent Company recommends that the loss of the reporting year is covered from the profit of the following years.

Events after the end of the reporting year

After the end of the reporting year, the Group has received an extra-group loan of EUR 2 890 000 and has made repayment of the loan in the amount of EUR 2 502 745.

In 2023, the Group has concluded several new credit facility agreements with the total credit limit of EUR 2 310 000 and several loan agreements with the total loan amount EUR 530 000 and repayment periods from one to up to ten years.

After the balance sheet date, the Group has established a subsidiary in Luxembourg with the share capital equal to EUR 12 000, and has also acquired a subsidiary in Latvia with the share capital equal to EUR 2 800. After the end of the reporting year, the Group repurchased 4.9% of shares of the Romanian subsidiary.

On 04.01.2023, the Romanian subsidiary received a licence from the Romanian National Bank for crediting activities.

In the period of time between the last day of the reporting year and the day when the management signs the Annual Report there have not occurred any significant or extraordinary circumstances that would affect the annual results and the Company's financial standing.

Krišjānis Znotiņš
Chairman of the Board

05 December 2023

Statement of Management's Responsibility

The management of the Parent Company is responsible for the preparation of consolidated financial statements based on the initial accounting for each reporting period which truly reflects the company's financial standing at the end of the reporting year as well as on performance results and cash flows for this period.

The management confirms that appropriate accounting methods were used to prepare this financial statement for the period ending on 31 December 2022, their application was consistent, reasonable and cautious decisions have been made. The management confirms that the respective regulatory accounting principles of the Republic of Latvia have been adhered to and the consolidated financial statements have been drawn up in accordance with the going concern assumption.

The management is responsible for appropriate keeping of accounting records, preservation of the Group's assets, as well as prevention of fraud and other dishonest practices.
The management confirms that it has provided the information and explanations required to perform the audit.

Krišjānis Znotiņš
Chairman of the Board

05 December 2023

Consolidated Profit and Loss Statement for 2022 and 2021

	Notes	2022 Eur	2021 Eur
Net turnover	3	12 462 928	8 486 788
from other operating activities		*12 462 928*	*8 486 788*
Cost of sales	4	(11 259 069)	(8 286 047)
Gross profit or loss		**1 203 859**	**200 741**
Selling expense	5	(14 093)	(13 911)
Administrative expense	6	(1 854 656)	(1 856 203)
Other operating income	7	478 857	93 362
Other operating expense	8	(273 916)	(146 264)
Other interest income and similar income	9	2 946	907
from other persons		*2 946*	*907*
Interest and similar expense	10	(387 506)	(201 048)
to other persons		*(387 506)*	*(201 048)*
Profit or loss before corporate income tax		**(844 509)**	**(1 922 416)**
Corporate income tax for the reporting year		(1 920)	(1 824)
Profit or loss after the calculation of corporate income tax		(846 429)	(1 924 240)
Profit or loss for the reporting year		**(851 536)**	**(1 918 499)**
Share of profit or loss of minority shareholders		5 107	(5 741)

Notes from Page 14 to 31 are an integral part of these financial statements.

Krišjānis Znotiņš
Chairman of the Board

I. Siņuka
Irita Siņuka
Chief Accountant

05 December 2023

Consolidated Balance Sheet as at 31 December 2022 and 2021

ASSETS	Notes	31.12.2022 Eur	31.12.2021 Eur
Non-current assets			
I Intangible assets			
Concessions, patents, licences, trade marks and similar rights		17 027	28 113
Other intangible assets		410 257	252 630
Advance payments for intangible assets		1 140	-
Total intangible assets	11	***428 424***	***280 743***
II Property, plant and equipment			
Other property, plant and equipment		66 771	58 252
Total property, plant and equipment	12	***66 771***	***58 252***
III Non-current financial assets			
Other loans and other non-current receivables	13	62 976	63 121
Total non-current financial assets		***62 976***	***63 121***
Total non-current assets		***558 171***	***402 116***
Current assets			
II Receivables			
Trade receivables	14	3 980 439	1 500 053
Other receivables	15	6 930 013	5 106 649
Prepaid expense	16	64 208	37 226
Total receivables		***10 974 660***	***6 643 928***
III Cash	17	***905 260***	***1 216 586***
Total current assets		***11 879 920***	***7 860 514***
Total assets		**12 438 091**	**8 262 630**

Notes from Page 14 to 31 are an integral part of these financial statements.

Krišjānis Znotiņš
Chairman of the Board

I. Siņuka
Irita Siņuka
Chief Accountant

05 December 2023

Consolidated Balance Sheet as at 31 December 2022 and 2021

EQUITY AND LIABILITIES	**Notes**	**31.12.2022 Eur**	**31.12.2021 Eur**
Equity			
Share capital	18	3 753	3 403
Share premium	18	10 033 797	6 647 897
Reserves:			
foreign currency translation reserve		89 265	(182 489)
Retained earnings			
Previous years' retained earnings or accumulated loss		(7 083 607)	(5 165 108)
Profit or loss of the reporting year		(851 536)	(1 918 499)
Total retained earnings		*(7 935 143)*	*(7 083 607)*
Participating interest of minority shareholders		*8 403*	*(6 704)*
Total equity		***2 200 075***	***(621 500)***
Liabilities			
I Non-current liabilities			
Other loans	19	4 640 549	4 239 046
Taxes and mandatory state social insurance contributions		-	43 190
Total non-current liabilities		***4 640 549***	***4 282 236***
II Current liabilities			
Other loans	19	409 844	-
Trade payables		1 258 263	413 830
Taxes and mandatory state social insurance contributions		281 426	351 713
Other liabilities	20	3 334 623	3 617 410
Accrued liabilities	21	313 311	218 941
Total current liabilities		***5 597 467***	***4 601 894***
Total liabilities		***10 238 016***	***8 884 130***
Total equity and liabilities		**12 438 091**	**8 262 630**

Notes from Page 14 to 31 are an integral part of these financial statements.

Krišjānis Znotiņš
Chairman of the Board

I. Siņuka

Irita Siņuka
Chief Accountant

05 December 2023

Consolidated Statement of Changes in Equity

Types of changes	Share capital	Share premium	Foreign currency recalculation reserve	Retained earnings	Participating interest of minority shareholders	Equity
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31.12.2020	**3 003**	**1 203 297**	**(159 027)**	**(5 165 108)**	**(963)**	**(4 118 798)**
Loss for the reporting period	-	-	-	(1 918 499)	(5 741)	(1 924 240)
Increase / (decrease) for the reporting year	400	5 444 600	(23 462)	-	-	5 421 538
Balance as at 31.12.2021	**3 403**	**6 647 897**	**(182 489)**	**(7 083 607)**	**(6 704)**	**(621 500)**
Loss for the reporting period	-	-	-	(851 536)	-	(851 536)
Increase in the reporting year	350	3 385 900	271 754	-	15 107	3 673 111
Balance as at 31.12.2022	**3 753**	**10 033 797**	**89 265**	**(7 935 143)**	**8 403**	**2 200 075**

Notes from Page 14 to 31 are an integral part of these financial statements.

Krišjānis Znotiņš
Chairman of the Board

I. Siņuka
Irita Siņuka
Chief Accountant

05 December 2023

Consolidated Cash Flow Statement	**31.12.2022 Eur**	**31.12.2021 Eur**
Cash flow from operating activities		
Profit or loss before tax	(844 509)	(1 922 416)
Adjustments:		
- Property, plant and equipment depreciation	37 813	41 591
- Intangible assets amortization	195 776	537 056
- Profit or loss from foreign currency exchange rate fluctuations	(23 760)	112 514
- Interest expense	377 591	200 316
- Interest income	(2 946)	(907)
- Net (profit) or loss from sale or liquidation of long-term investments	(1 007)	(188)
- Long-term and short-term financial assets impairment	3 733 393	2 700 075
Cash flow from operating activities before changes in current assets and current liabilities	**3 472 351**	**1 668 041**
Adjustments:		
- Decrease / (increase) of receivables	(8 209 274)	(4 341 838)
- (Decrease) / increase of payables	4 175 003	1 048 329
Gross cash flow from operating activities	**(561 920)**	**(1 625 468)**
- Interest paid	(31 963)	-
- Corporate income tax paid	(1 149)	(1 074)
Net cash flow from operating activities	**(595 032)**	**(1 626 542)**
Cash flow from investing activities		
- Acquisition of property, plant and equipment and intangible assets	(389 789)	(334 939)
- Loans issued	(19 000)	(22 500)
- Revenue from repayment of loans	10 560	51 021
- Interest received	181	-
Net cash flow from investing activities	**(398 048)**	**(306 418)**
Cash flow from financing activities		
- Proceeds from increase in share capital	10 000	3 004 950
- Loans received	2 815 000	10 000
- Loans repaid	(2 143 246)	(235 333)
Net cash flow from financing activities	**681 754**	**2 779 617**
Result of fluctuations of foreign currency exchange rates	**-**	**(870)**
Net cash flow of the reporting year	**(311 326)**	**845 787**
Balance of cash and its equivalents at the beginning of the reporting year	**1 216 586**	**370 799**
Balance of cash and its equivalents at the end of the reporting year	**905 260**	**1 216 586**

Notes on pages 14 to 31 are an integral part of these financial statements.

Krišjānis Znotiņš
Chairman of the Board

I. Siņuka
Irita Siņuka
Chief Accountant

05 December 2023

Notes to the financial statement

1) General information about the Group

SIA Wandoo Finance (hereinafter – the Group's Parent Company) is registered with the Enterprise Register of the Republic of Latvia on 17 February 2016. The legal address of the Group's Parent Company is Kārļa Ulmaņa gatve 119, Mārupe, Mārupes novads, LV-2167.

Wandoo Finance Group (hereinafter - the Group) provides IT systems development services and other services, having subsidiaries in 6 countries. The Group's subsidiaries are crediting companies that, using the latest technologies, provide consumer and study lending services.

Information about subsidiaries of the Group is reflected in the following table.

Information about the subsidiary and country of residence	Participating interest (%)	Part of the Group since
SIA Swaper, Kārļa Ulmaņa gatve 119, Mārupe, LV-2167, Latvia	100	14 July 2016
Wandoo Finance LLC, P. Kavtaradze № 14a, Block A, Flat 55, Tbilisi 0186, Georgia	100	7 March 2016
Wandoo Finance Sp z.o.o, Chalubinskiego 8, Warsaw, 00-613, Poland	99	27 July 2016
Wandoo Finance S.L., Avenida de Europa N 19, 3A, Parque Empresarial La Moraleja, Alcobendas, 28108 Madrid, Spain	100	25 April 2017
Wandoo Finance ApS, Automatikvej 1, 3. 4, 2860 Søborg, Denmark	100	23 March 2017
Timbex Sp z.o.o., ul. Grzybowska 4 13,00-131 Warsaw, Poland	100	8 December 2022
Avinto Finance IFN S.A., 194 Calea Floreasca, Floreasca Lake Offices 2nd floor, 014472 Bucharest, Romania	95	5 September 2022

2) Summary of significant accounting policies

Basis of Preparation of the Financial Statement

The Group's financial statement has been prepared according to the Law on Accounting, the Law on the Annual Financial Statements and Consolidated Financial Statements and the Cabinet of Ministers Regulations No. 775 Regulations on the Application of the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia.
The Balance Sheet, the Profit and Loss Statement, the Cash Flow Statement, the Statement of Changes in Equity are prepared based on the scheme provided in the respective annexes to the Law on the Annual Financial Statements and Consolidated Financial Statements.

The financial statement is prepared in accordance with the initial carrying amount principle. The monetary unit used in the financial statement is euro (EUR). The financial statement covers the period from 1 January 2022 till 31 December 2022.

The Group is classified as a medium-sized Group according to the criteria defined in the law.

The law envisages additional benefits for small and medium-sized groups in preparation of their financial statements, but at the same time provides that any financial statement should give a true and fair view of the financial position, profit or loss of the group, and for annual reports of medium and large groups – also cash flow.

The consolidated profit and loss statement was prepared according to the turnover costs method. The consolidated cash flow statement was prepared according to the indirect method.
The financial statement gives a true and fair view of the assets, liabilities, financial standing, profit or loss and cash flow of the company.
The financial statement has been prepared in compliance with the following general principles:

- it is assumed that the Company will continue its activity (a going concern basis);
- the same accounting policy and evaluation methods are used as were used in the previous reporting year;

Notes to the financial statement

- items of the financial statement are recognised and measured on a prudent basis, especially adhering to the following rules:
  a) only the profit earned before the balance sheet date is included in the financial statement,
  b) all the liabilities, as well as anticipated amounts at risk and loss that have occurred during the reporting year or previous years, even if they have become known during the time between the Balance Sheet date and the day when the Annual Report is signed by the management, the authorised person or a governing body, are taken into account,
  c) impairment of assets and depreciation amounts are calculated and taken into account regardless of whether the reporting year has closed with a profit or a loss;
- amounts in items of the Balance Sheet and the Profit and Loss Statement are specified based on an accrual basis, namely, income and expenses are specified taking into account the time of their occurrence rather than the time of receipt or payment of cash. Income and expenses related to the reporting year are specified regardless of the payment date or the date of receipt of the invoice;
- expenses are reconciled with income in the corresponding reporting periods;
- assets and liabilities items of the Balance Sheet are evaluated separately;
- any set-off between the assets and liabilities items of the Balance Sheet or the income and expense items of the Profit and Loss Statement is forbidden,
- if an alienated or liquidated long-term investment object is excluded, the income and costs related to the exclusion of the said object are mutually set off. The net value is indicated in the Profit and Loss Statement — the profit or loss from alienation of the long-term investment object, which is calculated as a difference between the book value of the excluded object and the income and expenses of its alienation or liquidation provided that the gross amounts are shown in the notes to the financial statement;
- the amounts in items of the Balance Sheet and the Profit and Loss Statement are specified taking into account the economic contents and nature of transactions rather than their legal form only;
- items of the Balance Sheet and the Profit and Loss Statement are evaluated at acquisition or production cost. Acquisition costs are the purchase price of a commodity or a service (less received discounts), whereto the purchase related additional expenses are added. Production cost is the acquisition costs of raw materials and consumables and other expenses that directly relate to the manufacturing of the respective object. Production cost may also include the parts of costs that are indirectly related to the manufacturing of the object only if these costs refer to the same period.

Items of the balance sheet, the profit and loss statement, the cash flow statement and the statement of changes in equity shown important financial information, which has a significant influence on the evaluation or decision-making of users of the annual report. Insignificant amounts which do not considerably impact the assessment or decision-making by the users of the annual financial statement in the said components of financial statement are shown in the respective items aggregating similar financial information and the details of these sums are given below in the notes to financial statement.

Going concern basis

This financial statement has been prepared, based on the going concern assumption. The strategic partner of the Group has confirmed availability of the credit facility till 31 December 2024. The management of the Group has established successful cooperation with multiple companies to which the company provides IT services that allows to diversify the revenue flow. The Group closed the year 2022 with loss and the further activity is aimed at increasing the turnover and profit, whereas in 2022 repeated increasing of the share capital by 3.4 million EUR was implemented, and equity is positive.

Consolidation guidelines

The consolidated financial statement includes the financial information of the Group's Parent Company and all subsidiaries controlled by it, covering the year 2022.

The financial statements of the Group's subsidiaries have been prepared, applying the accounting principles of the Group's Parent Company. If the period of the annual report of any subsidiary of the Group involved in the consolidation differs from the balance sheet date of the annual report of the Parent Company, such subsidiary shall be involved in the consolidation based on the (unaudited) financial statements prepared for the consolidation, the annual report period of which corresponds to the balance sheet date of the consolidated annual report.

Notes to the financial statement

The control exists if the Group's Parent Company is subject to or is entitled to various benefits from its investments into the investment recipient, or it is capable of influencing the operating results of the investment recipient by exercising its influence over the investment recipient. Consolidation of a subsidiary starts when the Group gains control over it, and ends when the Group loses control over this subsidiary.

Financial statements of the Group's Parent Company and its subsidiaries are consolidated in the Group's financial statement, combining the respective assets and liabilities, as well as revenue and costs items. All mutual transactions of the Group's companies, balances and unrealised gain and loss from mutual transactions of the Group's companies, are fully excluded during the consolidation process.

Changes to the Group's participating interest in the subsidiary, as a result of which the control is not lost, are accounted in equity capital transactions. If the Group loses the control over a subsidiary, it shall:
- terminate recognition of assets and liabilities of the subsidiary;
- terminate recognition of non-controlling participating interest according to its carrying amount;
- terminate recognition of the cumulative revaluation difference accounted in the equity capital;
- recognise the fair value of the received consideration;
- recognise the retained investments according to their fair value;
- recognise any gains or loss in the Profit and Loss Statement, attributing them to the share of profit of shareholders of the Group's Parent Company.
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Use of estimates

In the preparation of the financial statements, the management of the Group has made a number of estimates and assumptions which have an impact on the balance of individual items of the Balance Sheet and the Profit and Loss Statement included in financial statements as well as the amount of contingent liabilities. Future events can influence the said estimates and assumptions. Any impact of changes in such estimates and assumptions on the Company's performance results is indicated in financial statements at the moment they have been established.

Foreign currency revaluation

The functional currency of the Parent Company and the currency used in the Group's financial statement is the monetary unit of the Republic of Latvia – Euro (EUR). All foreign currency transactions are revalued into euro according to the euro reference exchange rate published by the European Central Bank on the day of making the respective transaction. The monetary assets and liabilities that are expressed in a foreign currency shall be converted into EUR according to the euro reference exchange rate published by the European Central Bank on the last day of the reporting year.

Currency exchange rate differences arising from settlement in currencies or reflecting assets and liabilities items using currency exchange rates that differ from the currency exchange rates used initially for accounting of transactions, shall be recognised in the Profit and Loss Statement at their net value.

The applied currency exchange rates at the end of the reporting period:

	31.12.2022	**31.12.2021**
	EUR 1	**EUR 1**
GEL	4.0233	4.0233
DKK	7.43640	7.44090
PLN	4.59690	4.55970
RUB	85.30040	91.46710

Intangible assets

Intangible assets are measured at historical cost which is amortized on a straight-line basis over the useful life of the assets. If any events or a change in conditions indicates that the carrying value of an intangible asset may not be recoverable, the value of the respective intangible asset is reviewed for impairment. Impairment loss is recognised if the carrying value of the intangible assets exceeds its recoverable amount.

Concessions, patents, licences, trade marks and similar rights

Intangible assets mainly consist of the usage rights, licences, patents, concessions and similar rights, which have been obtained for remuneration. Intangible assets are valued according to their historical cost value less the accrued amortization. Amortization is calculated using the straight-line method over their useful life of 3 years.

Notes to the financial statement

Other intangible assets

Other intangible assets comprise the costs of the Group's internally developed management information systems and includes capitalised costs of salaries of IT employees, as well as external costs incurred during the development stage. Capitalisation of the costs of salaries of IT employees is done based on detailed reports about implemented improvement works. Significant costs of maintenance and improvement of systems are added to the historical costs of assets, if they meet the capitalisation criteria.

These costs are capitalised only in case when they meet all the following criteria:

- the project is clearly identified and the related costs are divided by items and closely monitored;
- technical and industrial feasibility of completion of the project is justified;
- there is a clear intent to complete the project and use or sell the asset obtained as a result of the project;
- the Group is capable of using or selling the intangible asset obtained as a result of the project;
- the Group is capable of demonstrating how the intangible asset will generate credible future economic benefits;
- the Group has sufficient technical, financial and other resources to complete the project and use or sell the obtained intangible asset.

After the initial recognition, the intangible asset is evaluated at its cost, deducting the accrued amortization. Amortization is calculated using the straight-line method over the asset's useful life of 3 years. The useful life of the asset shall be revised by the management each year, also adjusting the amortization period respectively.

Property, plant and equipment

Property, plant and equipment is accounted at historical cost less accumulated depreciation and impairment. Land is not depreciated. Depreciation is calculated using the straight-line method during the useful life of the asset. Furniture and office equipment are depreciated in 5 years; Computers and devices – in 3 years. The Company capitalises the assets the value of which exceeds EUR 100 and the useful life of which exceeds 1 year.

Property, plant and equipment are depreciated starting from the month, which follows the month when the asset put in use. Each part of the assets, having a material value, compared to the total asset value is depreciated separately. If the Group depreciates some parts of a the asset separately, it also depreciates the remaining parts of the same asset separately. The residual value consists of those parts of the fixed asset that are not individually significant. Depreciation of the remaining parts is calculated using approximation methods in order to genuinely reflect their useful life.

If any events or changes in circumstances indicate that the balance sheet value of property, plant and equipment may not be recoverable, the value of the respective assets is reviewed for impairment. If there is an indication of irrecoverability of value and the balance sheet value of the asset exceeds its estimated recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The recoverable amount of a property, plant and equipment is the higher of net realisable value and its value in use. When estimating the value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money of the asset value changes and related risks. If an asset does not generate significant cash flows, to estimate its recoverable amount the recoverable amount of the cash generating unit to which an asset belongs must be determined. Loss from asset impairment is recognised in the Profit and Loss Statement as cost of sales.

Trade receivables

Trade receivables comprise customer debts for the services provided by the Group. Trade receivables are carried and reflected in the balance sheet according to the initial amount of invoices less provisions created for doubtful debts. Provisions for doubtful debts are estimated, when it is no longer likely for the full debt amount to be received. Debts are written off, if they are deemed impossible to recover.

Notes to the financial statement

Other receivables

Loans issued by the Group

Loans issued by the Group are reflected in the balance sheet item "Other receivables".

Loans are non-derivative financial assets with fixed payment schedule. Loans are initially reflected at their gross value, which is determined by adding to the loan amount the costs related to issue of the loan and deducting the related revenue from commission fees of customers.

After initial recognition loans are measured at amortised cost. Amortised cost is calculated taking into consideration the loan issue commission fees as well as any discounts or premiums related to the loan, and deducting provisions created for doubtful debts.

Profit and loss is recognised in the Profit and Loss Statement at the moment of derecognition or impairment of these assets, as well as during the amortization process. The profit resulting from amortization is reflected in the Profit and Loss Statement as "Interest revenue from issued loans" and is recognised on a straight-line basis using time apportionment and taking into account the actual profitability of the asset.

Issued loans (or, depending on the conditions, any part of this financial asset or a part of a group of similar financial assets) are derecognised (i.e., it is excluded from the Group's balance sheet), when the rights to cash flows from the respective financial asset item ceases; or the Group has transferred its rights to cash flows from the financial asset; and either (a) has transferred essentially all risks and rewards arising from the ownership rights to the financial asset; or (b) has neither transferred, nor retained essentially all risks and rewards arising from ownership rights to the financial asset, but has not retained control over the respective asset.

Impairment of loans issued by the Group

Impairment of loans issued is recognised if there are objective indications that a loss event has occurred and it affects future cash flows of assets. Impairment is calculated as difference between the book value of the asset and the estimated present value of future net cash flows. The future cash flow is discounted with the actual interest rate, which is calculated at the moment of initial recognition of assets.

The Group applies an internally developed model for impairment calculations of issued loans, assessing whether there is objective evidence that the expected recoverable amount of these financial assets is lower than the book value of these assets. Issued loans are grouped with assets having similar credit risk parameters divided by country and product type, and are assessed collectively. Impairment of collectively assessed assets covers the asset loss that is characteristic of loan portfolios with similar credit risk levels. The amount of loss is recognised in the Profit and Loss Statement.

The impairment (or expected loss) is calculated according to a methodology based on internal ratings, where the key parameters are probability of default (PD), loss given default (LGD) and exposure at default (EAD). Impairment is equal to multiplication of PD, LGD and EAD. EAD is comprised of the principal and accrued interest of issued loans.

To determine PD, the Group applies transition rates, according to which loans transfer from one category of days of delay to the next category. This methodology uses statistical analysis of historical data and days of delay and default, in order to assess the loans for which default is expected. The Group determines default, when:

- a payment is overdue for more than 90 days.
- a fraud case is detected.
- the debtor has died or bankruptcy proceedings have been completed.

LGD is calculated as a part of assets that are not recovered during the loan administration process after 90 days of delay and is calculated as 1 – recovery rate. Recovery rate represents the discounted incoming cash flows following default. All recovered funds are discounted applying the average weighted annual interest rate (APR) of the respective product.

If the historical data is insufficient for the respective product, a similar type product of the Group is used as the benchmark.

If the amount of impairment loss decreases in the following periods and the impairment can be objectively linked to an event that has occurred after recognition of impairment, the previously recognised impairment loss is reversed. Any subsequent changes to impairment loss is recognised in the Profit and Loss Statement to the extent the asset book value does not exceed the amortised acquisition value on the date of such changes.

Notes to the financial statement

Receivables related to loan brokerage services

The Group provides loan brokerage services in Poland and acts as an agent, transferring cash flows among partners and their customers on a daily basis. Such transfers create a claim of debtors or creditors regarding the difference between the amount transferred to partners and received by partners.

Receivables for funds transferred to customers on behalf of cooperation partners constitute the amount to be received from cooperation partners and are reflected in the item "Other receivables" Whereas the amount to be transferred to cooperation partners is constituted by loan repayments made by customers, which the Group has not transferred to cooperation partners. These amounts are reflected in the item "Other payables".

Cash and cash equivalents

Cash and cash equivalents are constituted by cash in bank, in hand and in transit.

Other loans and Other borrowings

Other loans and borrowings are initially recognised at cost, which is determined by adding to the fair value of the loan or borrowing the cost of issuing the loan or deducting the cost of receiving the borrowing.

Subsequent to recognition, loans and borrowings are measured at their amortised value, using effective interest rate method. Amortised value is calculated based considering loan issuing or borrowing expenses, as well as other related discounts and premiums.
Profit or loss resulting from loan amortisation are recorded in profit and loss as interest income or expenses.

Accrued liabilities

The Balance Sheet item "Accrued liabilities" shows certain trade payables for goods and services received during the reporting year for which, due to delivery, purchase or contractual conditions or other reasons, the corresponding supporting document (invoice) has not yet been received for payment at the Balance Sheet date.
The Company makes an allowance for the liability of employees for unused annual leave.
The accumulated cost of unused annual leave is estimated by multiplying the average daily earnings of employees for the last six months of the reporting year by the number of days of untaken leave accumulated at the end of the reporting year.

Contingent assets and liabilities

This financial statement does not show contingent liabilities. Contingent liabilities are shown only if there is substantial risk that additional expenses will be incurred in future. Contingent assets are not recognised in this financial statement, yet they are reflected only when the possibility that economic benefits related to the transaction will reach the Group is sufficiently substantiated.

Financial liabilities, guaranties granted, and other contingent liabilities not included in the Balance Sheet

Sureties and guarantees

The Group has no financial liabilities, provided guarantees or other potential liabilities and guarantees not included in the balance sheet.

Liabilities for the concluded lease and rental agreements essential for the company's performance, including the operational lease liabilities

The Parent Company as well as subsidiaries in Spain and Poland have concluded long-term agreements on lease of office premises for a period of 5 years with annuals costs equalling EUR 270 138. The subsidiary in Denmark has concluded an agreement on lease of virtual office premises until 31 March 2024 with the annual costs equalling EUR 1 704.

Notes to the financial statement

Information about pledged or otherwise encumbered assets of the company
The Group has no pledged or otherwise encumbered assets.

Recognition of revenue
Revenue is recognised based on premise that the Group will earn future economic benefits and to the extent that they can be measured reliably, net of value added tax and discounts associated with the sale.

The core business of the Group is development of IT systems and provision of related services; consumer lending and process organisation services. The following conditions are also taken into account when recognising revenue.

Revenue from loan brokerage services
The Group provides loan brokerage services that include attraction of customers for consumer loan applications in Poland. The cooperation agreement states that the Group receives a commission fee for the amount of loans issued by cooperation partners. Revenue is recognised in the period when these services are provided. Amounts charged on behalf of cooperation partners are not included in revenue.
Revenue from development of IT products and services
The Group provides IT systems development services to other companies. The IT services include programming works, infrastructure creation solutions, development of mobile applications. Revenue is recognised in the period when the services are provided. Revenue from consulting services and related costs shall be recognised based on the stage of completion of the transaction at the balance sheet date. If the outcome of the transaction related to the service cannot be reasonably estimated, revenue is recognised only to the extent that the recognised costs are recoverable.
Interest income from issued loans
The Group's subsidiaries are lending companies, which provide consumer and study lending services. Interest revenue is recognised accrual basis monthly, regardless of receipt of actual payment. Interest revenue from issued loans is recognised in the initial repayment period, for which the loan was issued.
If the repayment term of the issued loan is extended, the Group recognises the interest revenue related to the term of extension over the new term. Revenue from commission fees for issue of loans is accounted at the amortised cost of receivables and is included in revenue on a monthly basis according to the loan repayment schedule.
Penalties and default interest
Penalties and default interest are recognised in revenue at the moment of receiving a payment.
Income from assignment of issued loans
The Group sells those issued loans, which are deemed irrecoverable. Profit or loss resulting from assignment transactions are recognised on the transaction date as net value between gained revenue and book value of assigned loans at the moment of assignment. Profit or loss from sales of loans is indicated at net value in the item "Other income".

Principles for recognition of expenses
Costs in the Profit and Loss Statement are recognzed on an accrual basis, taking into account the time of their occurrence.

Costs are initially recognised without value added tax (VAT). If it is impossible to fully recover VAT for received services or VAT calculated in accordance with the effective legislation, VAT is recognised in the respective expenditure item. This principle is applied also when VAT paid with respect to asset acquisition transaction cannot be recovered, and it is capitalised at the acquisition value of the respective asset.

Corporate income tax
Corporate income tax, in accordance with the requirements of the Law on Corporate Income Tax, consists of the corporate income tax calculated for the reporting year, which is recognised in the Profit and Loss Statement. Corporate income tax is calculated on distributed profit (dividends) and conditionally distributed profit, for which the corporate income tax base is increased.

Notes to the financial statement

Events after the balance sheet date

Only such events after the balance sheet date are presented in the financial statement which provide additional information on the Group's financial position at the balance sheet date (adjusting events). If events after the Balance Sheet date are not adjusting, they are disclosed in the notes to the financial statement only if they are material.

Related parties

Related parties are shareholders with significant influence on the Group, making decisions related to the core business, Members of the Board, a close family member of any private person stated above, as well as companies under control or significant influence of these persons.

Research and development activities and treasury stock and shares

The Company has no research and development activities and it has not repurchased its shares in the reporting year.

Notes to the financial statement

3)
Net turnover

	2022 Eur	2021 Eur
Revenue from development of IT products and services	2 742 600	2 649 330
Revenue from loan brokerage services	2 451 148	1 067 921
Interest income from issued loans and extension fees	6 366 071	2 935 898
Penalties and default interest received	712 970	1 793 739
Other operating income	190 139	39 900
	12 462 928	**8 486 788**

Increase of net turnover in 2022, compared to 2021 is related to the increase in the loan brokerage services provided by subsidiary in Poland, as well as increase in interest income from loans issued by the subsidiary in Spain.

4)
Cost of sales

	2022 Eur	2021 Eur
Remuneration for work	3 349 406	2 730 267
Impairment expense of loans issued	3 733 393	2 700 075
Rent of premises	180 494	130 656
IT service costs	113 649	37 456
Affiliate commissions	1 002 849	337 373
Database costs	1 036 550	744 221
Loan write off expense	360 611	354 006
Expenses for use of peer-to-peer platform	819 035	347 628
Amortization of intangible assets	184 690	527 388
Debt recovery costs	241 695	203 593
Costs of IT goods and related costs	5 584	1 957
Costs related to customer settlements	183 130	136 902
Depreciation of property, plant and equipment	33 046	34 525
Payment service prover commissions	14 937	-
	11 259 069	**8 286 047**

In 2022, the number of employees increased significantly; therefore, also remuneration for work increased considerably. In the reporting year, also costs of provisions for doubtful lending loans increased significantly. The increase in sales costs in 2022 can be explained by the overall increase in turnover in 2022.

5)
Selling expense

	2022 Eur	2021 Eur
Amortization of intangible assets	11 086	9 668
Outdoor advertising and other selling costs	3 007	4 243
	14 093	**13 911**

6)

Administrative expense

	2022 Eur	2021 Eur
Office maintenance expense	159 797	117 699
Administration personnel expense	814 953	984 848
Professional services	433 676	393 039
Depreciation of property, plant and equipment	4 767	7 066
Rent and maintenance of premises	62 240	75 486
IT service costs	157 685	113 865
Transportation costs	3 632	6 381
Travel expenses	28 164	10 754
Bank charges	112 572	97 086
Representation costs	7 557	2 765
Insurance costs	22 516	20 203
Other administrative expenses	47 097	27 011
	1 854 656	**1 856 203**

7)

Other operating income

	2022 Eur	2021 Eur
Net profit from sale of loan portfolios**	211 335	20 388
Income from affiliate commissions	191 131	64 971
State aid for salaries of employees	318	345
Net profit from the sale of property, plant and equipment*	1 007	188
Revenue not related to the core business	16 830	7 470
Revenue from debt collection services	34 476	-
Net gain from currency exchange rate fluctuations	23 760	-
	478 857	**93 362**

***Information about the profit or loss from alienation and liquidation of non-current assets**

No.	Non-current asset	Book value at the moment of	Gross revenue or expenses	Profit or loss from the object alienation
1	Other propertly, plant and equipment	-	1 007	1 007
		-	**1 007**	**1 007**

** The gross value of sold portfolio is EUR 2 972 380, less impairment allowance for doubtful loans equalling EUR 2 863 841, resulting in net portfolio value of EUR 108 539. Proceeds from net portfolio sales constitutes EUR 319 874, as a result of which the net profit from sales of the investment portfolio comprises EUR 211 335.

Notes to the financial statement

8)

Other operating expense	**2022** **Eur**	**2021** **Eur**
Net loss from writing off of long-term investments*	232 386	-
Net loss from currency rate fluctuations	-	112 514
Non-deductible VAT	9 734	3 449
Intangible assets impairment adjustment	-	14 537
Adjustment of reduction of tax paid abroad	2 140	1 940
Receivables impairment adjustment	19 967	-
Other minor operating costs	9 689	13 824
	273 916	**146 264**

* Loss related to liquidation of Onzaem LLC (Russia).

9)

Other interest income and similar income	**2022** **Eur**	**2021** **Eur**
Other interest revenue	2 946	907
	2 946	**907**

10)

Interest and similar expense	**2022** **Eur**	**2021** **Eur**
Interest on loans received	377 591	200 316
Fines and penalties paid	9 915	732
	387 506	**201 048**

Notes to the financial statement

11)

Intangible assets	**Concessions, patents, licences, trademarks and similar rights**	**Other intangible assets**	**Advance payments for intangible assets**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
Cost				
31.12.2021	67 158	1 067 678	-	1 134 836
Acquired	-	342 316	1 140	343 456
Currency rate fluctuations	1 266	-	-	1 266
Written-off	(8 371)	(586 528)	-	(594 899)
31.12.2022	60 053	823 466	1 140	**884 659**
Amortization				
31.12.2021	39 045	815 048	-	854 093
Calculated	13 618	184 689	-	198 307
Currency rate fluctuations	(1 266)	-	-	(1 266)
Written-off	(8 371)	(586 528)	-	(594 899)
31.12.2022	43 026	413 209	-	**456 235**
Residual book value				
31.12.2021	**28 113**	**252 630**	-	**280 743**
Residual book value				
31.12.2022	**17 027**	**410 257**	**1 140**	**428 424**

Starting from 2019, the Group ensures accounting of separate IT systems development and maintenance costs, thus meeting the capitalization criteria of internally developed intangible investments. The Group capitalises internal and external costs with respect to investments into management information systems and development of functionalities of loan accounting platforms.

Notes to the financial statement

12) Fixed assets

	Other property, plant and equipment EUR	Total EUR
Cost		
31.12.2021	241 139	241 139
Acquired	46 331	46 331
Written-off	(18 022)	(18 022)
Currency rate fluctuations	(3 551)	(3 551)
31.12.2022	265 897	**265 897**
Depreciation		
31.12.2021	182 887	182 887
Calculated	38 239	38 239
Written-off	(18 449)	(18 449)
Currency rate fluctuations	(3 551)	(3 551)
31.12.2022	199 126	**199 126**
Residual book value 31.12.2021	**58 252**	**58 252**
Residual book value 31.12.2022	**66 771**	**66 771**

13) Other loans and other non-current receivables

	31.12.2022 Eur	31.12.2021 Eur
Security deposits paid	62 976	63 121
	62 976	**63 121**

Other loans and other non-current receivables reflect security deposits provided by the Group's companies in relation to rent of office premises.

14) Trade receivables

	31.12.2022 Eur	31.12.2021 Eur
Book value of trade receivables	3 980 439	1 500 053
	3 980 439	**1 500 053**

15)

Other receivables	**31.12.2022 Eur**	**31.12.2021 Eur**
Claims arising from loan servicing brokerage *	3 804 723	3 226 617
Loans issued to customers	3 073 541	1 579 719
Receivables from portfolio sale	3 082	206 736
Advance payments made for services	6 185	64 682
Tax overpayment	32 302	28 895
Short-term loans to employees **	8 481	-
Erroneous money transfers	1 699	-
	6 930 013	**5 106 649**

* Claims arising from loan servicing brokerage are comprised of claims of the subsidiary in Poland against cooperation partners regarding amounts (loans) transferred to customers on their behalf.
Loans issued by the Group to customers (loan portfolio):

	31.12.2022	**31.12.2021**
Principal receivable	4 795 899	2 755 285
Accrued interest	936 828	618 181
Impairment allowance	(2 659 186)	(1 793 747)
	3 073 541	**1 757 183**

** In the reporting year, the Group's Parent Company has issued two short-term loans to employees of the company with the applicable annual interest rate of 4% in the amount of EUR 5 000 and EUR 4 000, and repayment in February and December 2023.

16)

Prepaid expense	**31.12.2022 Eur**	**31.12.2021 Eur**
IT services	15 125	27 455
Insurance costs	5 156	3 471
Personnel training costs	1 931	5 451
Subscriptions and other expenses	41 996	849
	64 208	**37 226**

17)

Cash	**31.12.2022 Eur**	**31.12.2021 Eur**
Cash at bank	904 727	1 216 053
Cash on hand	533	533
	905 260	**1 216 586**

18)
Share capital and share premium

At the beginning of 2021, the share capital value of the Group's Parent Company constituted EUR 3 003, comprising of 3 003 capital shares with par value of one share EUR 1.

In December 2021, the share capital of the Group's Parent Company was increased by two issues of capital shares, issuing 400 new capital shares with par value of one share EUR 1. Paying up of shares was done by cash contribution in the amount of EUR 400. Share premium was paid with cash contribution in the amount of EUR 3 004 550 and the remaining part was covered by capitalising a loan of EUR 2 440 050.

In December 2022, the Company increased its share capital by issuing 350 new capital shares with par value of one share EUR 1 and issue premium of EUR 3 385 900. Paying up of shares was done by capitalising claim rights in the amount of EUR 3 386 250.

As a result, share capital of the Group's Parent Company at the end of the reporting year is EUR 3 753, comprised of ,753 shares with par value of one share EUR 1 and share issue premium of EUR 10 033 797.

19)
Other loans

	31.12.2022			31.12.2021		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
	EUR	EUR	EUR	EUR	EUR	EUR
From legal entities	4 257 138	408 208	4 665 346	3 986 157	-	3 986 157
From a natural person	80 000	-	-	-	-	-
Interest calculated on lons received	303 411	1 636	305 047	252 889	-	252 889
	4 640 549	**409 844**	**4 970 393**	**4 239 046**	**-**	**4 239 046**

The Group has received several loans from legal entities and a natural person:

1. In 2019, the Group concluded an assignment agreement with a legal entity on taking over of claim rights against subsidiary Swaper SIA in the amount of EUR 187 475. According to the concluded agreement the assignment repayment term is 14.01.2021 and the annual interest rate is 15%. The loan is not secured with any guarantee or pledge.
   The debt of the Group's Parent Company for a loan received by itself towards the legal entity together with the liabilities taken over under the assignment constituted EUR 194 719 as at 31.12.2019. In 2020, the loan repayment term was changed to open-ended. In 2021, the loan was novated as a credit facility and its repayment term was set at 31 December 2024 with an interest rate of 15%. The total outstanding loan amount at the beginning of the reporting year was EUR 172 035. In the reporting year, the loan was increased by EUR 70 000. The total outstanding loan amount together with the accrued interest constitutes EUR 277 974 as at 31.12.2022.

2. In 2019, the Group concluded an assignment agreement with a legal entity on taking over of claim rights against the subsidiary Swaper SIA in the amount of EUR 848 380. According to the concluded agreement the assignment repayment term is 23.02.2021 and the interest rate is 15%. The Group's debt towards the legal entity constituted EUR 899 719 as at 31.12.2019. In 2021, the assignment repayment terms was extended till 23 February 2023. In 2022, all the liabilities arising from the assignment agreement were novated, transforming them into credit facility liabilities with a credit limit of EUR 1 459 486 and its repayment term set at 31 December 2024. The loan is not secured with any guarantee or pledge. The Group's debt towards the legal entity constituted EUR 455 970 as at 31.12.2021. In the reporting year, the

Notes to the financial statement

loan was increased by EUR 670 000. The total loan amount together with the accrued interest constitutes EUR 1 291 720 as at 31.12.2022.

3. According to business transfer agreement related to the Swaper platform a transfer agreement was concluded in 2019 whereby the Group assumed loan liabilities in the amount of EUR 3 551 375. The applied interest rate is 2.79% and the final repayment term is 31.12.2024. The loan is not secured with any guarantee or pledge.
   The outstanding total loan amount at the beginning of the reporting year constituted EUR 3 611 041. In the reporting year, an agreement on offset in the amount of EUR 155 365 was concluded and partial repayment of the loan in the amount of EUR 1 893 916 was made, as a result of which the total outstanding loan amount together with the accrued interest constitutes EUR 1 655 843 as at 31.12.2022.

4. In 2022, the Group concluded a loan agreement with a legal entity with the loan amount of EUR 200 000. According to the loan agreement the loan repayment terms is 30.09.2024 and the applied interest rate is 18.50%. The loan is not secured with any guarantee or pledge. The total outstanding loan amount together with the accrued interest constitutes EUR 212 837 as at 31.12.2022.

5. In 2022, the Group concluded two loan agreements with a legal entity with the loan amount of EUR 100 000 each. According to the loan agreements the loan repayment terms are 12.08.2023 and 14.12.2023, the applied interest rate is 16% and the interest payment shall be made on a monthly basis. The loans are not secured with any guarantee or pledge. Consequently, the total outstanding loan amount under both agreements constitutes EUR 200 000 as at 31.12.2022.

6. In 2022, the Group concluded a loan agreement with a legal entity with the loan amount of EUR 200,000. According to the loan agreement the loan repayment term is 31.10.2023 and the applied interest rate is 18%. The loan is not secured with any guarantee or pledge. The total outstanding loan amount together with the accrued interest constitutes EUR 208,208 as at 31.12.2022.

7. In 2022, the Group concluded a credit facility agreement with a legal entity with the credit limit of EUR 600 000. According to the credit facility agreement the repayment term is 31.05.2024 and the applied interest rate is 18.5%. The loan is not secured with any guarantee or pledge. In the reporting year, credit facility payments equal to EUR 545 000 were received. The total outstanding credit facility loan amount together with the accrued interest constitutes EUR 562 460 as at 31.12.2022.

8. In 2022, the Group concluded a credit facility agreement with a legal entity with the credit limit of EUR 80 000. According to the credit facility agreement the repayment term is 17.11.2024 and the applied interest rate is 16%. The accrued interest shall be paid twice a year in May and November. The loan is not secured with any guarantee or pledge. In the reporting year, credit facility payments equal to EUR 80 000 were received. The total outstanding credit facility loan amount together with the accrued interest constitutes EUR 81 636 as at 31.12.2022.

9. In 2022, the Group concluded a credit facility agreement with a legal entity with the credit limit of EUR 500 000. According to the credit facility agreement the repayment term is 31.12.2024 and the applied interest rate is 17%. The loan is not secured with any guarantee or pledge. In the reporting year, credit facility payments equal to EUR 500 000 were received. The total outstanding credit facility loan amount together with the accrued interest constitutes EUR 509 715 as at 31.12.2022.

10. In 2022, the Group concluded a credit facility agreement with a legal entity with the credit limit of EUR 50 000. According to the credit facility agreement the repayment term is 08.12.2024 and the applied interest rate is 14%. The interest shall be paid on a monthly basis. The loan is not secured with any guarantee or pledge. The outstanding credit facility loan amount constitutes EUR 50 000 as at 31.12.2022.

For events after the end of the reporting year, see Note 23.

20)
Other liabilities

	31.12.2022 Eur	31.12.2021 Eur
Liabilities related to peer-to-peer platform	3 054 000	2 504 000
Salary payable	248 061	201 380
Liabilities arising from loan servicing brokerage	-	846 219
Prepayments and overpayments received from customers	17 461	52 857
Other minor payables	15 101	12 954
	3 334 623	**3 617 410**

The liabilities of use of co-financing platform are comprised of payments received from the co-financing platform administered by Swaper Platform Ou.

21)
Accrued liabilities

	31.12.2022 Eur	31.12.2021 Eur
Allowance for unused annual leave	193 432	184 360
Accrued liabilities to suppliers	119 879	34 581
	313 311	**218 941**

22)
Personnel expenses and number of employees

Average number of employees	**2022**	**2021**
Number of employees in the reporting year	**98**	**80**
including Members of the Board	1	2
Other employees	97	78

Remuneration for carrying out their functions	**2022 Eur**	**2021 Eur**
To Members of the Board	158 396	263 194

Personnel costs	**2022 Eur**	**2021 Eur**
Remuneration for work	3 270 448	2 832 155
State social insurance expenses	700 875	615 639
Other social security costs	36 032	4 127
	4 007 355	**3 451 921**

Notes to the financial statement

23)
Events after the end of the reporting year

Significant events after the end of the reporting year
After the end of the reporting year, the Group has received loans of EUR 2 890 000 and has made repayments of loans in the amount of EUR 2 502 745.

In 2023, the Group has concluded several credit facility agreements with the total credit limit of EUR 2 310 000 and several loan agreements with the total loan amount EUR 530 000 with repayment term from one to ten years.

After the balance sheet date, the Group has established a subsidiary in Luxembourg with the share capital equal to EUR 12 000, and has also acquired a subsidiary in Latvia with the share capital equal to EUR 2 800. After the end of the reporting year, the Group repurchased 4.9% of shares of the Romanian subsidiary.

On 04.01.2023, the Romanian subsidiary received a licence from the Romanian National Bank for crediting activities.

In the period of time between the last day of the reporting year and the day when the management signs the Annual Report there have not occurred any significant or extraordinary events that would affect the annual results and the Group's financial standing.

Krišjānis Znotiņš
Chairman of the Board

I. Siņuka
Irita Siņuka
Chief Accountant

05 December 2023

The Translation of the Consolidated Annual Report provided in the Latvian language.

Independent Auditor's Report

To the shareholder(s) of the SIA "Wandoo Finance"

Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SIA "Wandoo Finance", reg. No. 40103970112, ("the Company") and its subsidiaries ("the Group") set out on pages 09 to 31 of the accompanying consolidated annual report, which comprise:

- the consolidated balance sheet as at 31 December 2022,
- the consolidated profit and loss statement for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended, and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Company and its subsidiaries as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Basic for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Consolidated Financial Statements section of our report.*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on Other information

The Company's management is responsible for the other information. The other information comprises:

- Information about the Group, as set out on page 03 to page 04 of the accompanying consolidated Annual Report,
- the Management Report, as set out on page 05 to page 07 of the accompanying consolidated Annual Report.
- Statement on management responsibility, as set out on page 08 of the accompanying consolidated Annual Report.

Our opinion on the consolidated financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia section of our report.*

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Group and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:
- the information given in the Management Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

We communicate with 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.

Sworn auditors' commercial company
SIA "Sandra Dzerele un partneris"
License No. 38

Sandra Dzerele
Chair of the Board
Responsible sworn auditor
Certificate No. 82

Riga, Latvia, 05 December 2023

The Translation of the Report provided in the Latvian language