Joint Stock Company
“Mintos Marketplace”

Unified registration number 40103903643

Report for the year 2022
(8th financial year)

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION
TOGETHER WITH INDEPENDENT AUDITORS’ REPORT

Riga, Latvia
2023

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Management Report

General information

Name of the company	Mintos Marketplace
Legal status of the company	Joint stock company, investment firm
Unified registration number, place and date of registration	40103903643 Riga, 1 June 2015
Registered office	Skanstes iela 50 Riga, Latvia, LV-1013
Licence number and date	06.06.08.719/534, 17 August 2021
Major shareholder	AS Mintos Holdings
Board Members	Martins Sulte – Chairman of the Management Board Martins Valters – Member of the Management Board Karlis Kronbergs – Member of the Management Board
Supervisory Board Members	Janis Abasins – Chairman of the Supervisory Board Mikus Janvars – Deputy of the Chairman of the Supervisory Board Reinis Viba – Member of the Supervisory Board
Financial period	1 January – 31 December 2022
Auditors	Rainers Vilāns Latvian Certified Auditor Certificate No. 200 KPMG Baltics SIA Roberta Hirša iela 1, Riga Latvia, LV-1045 Licence No. 55

The leading platform for investing in loans in Europe

AS Mintos Marketplace (hereinafter – Mintos or the Company) offers retail investors an accessible way to build wealth through passive investing in loans. On Mintos, investors have thousands of loans available for investment from more than 50 alternative lending companies in 23 countries, making it easy to achieve unparalleled diversification.

With over 500 000 registered users, a 58% market share[1], and EUR 576 million in assets under administration at the end of 2022, we're the leading platform for investing in loans in Europe.

In 2022, we started expanding our product portfolio and scaling our services across the EU to reach more investors. Launching more traditional assets such as ETFs in early 2023 will be the first step to transforming Mintos into a multi-asset investment platform. Broadening our offering will enable us to become a one-stop solution for passive, long-term investing, helping retail investors across the EU reach their financial goals.

Key events of 2022

We launched Notes

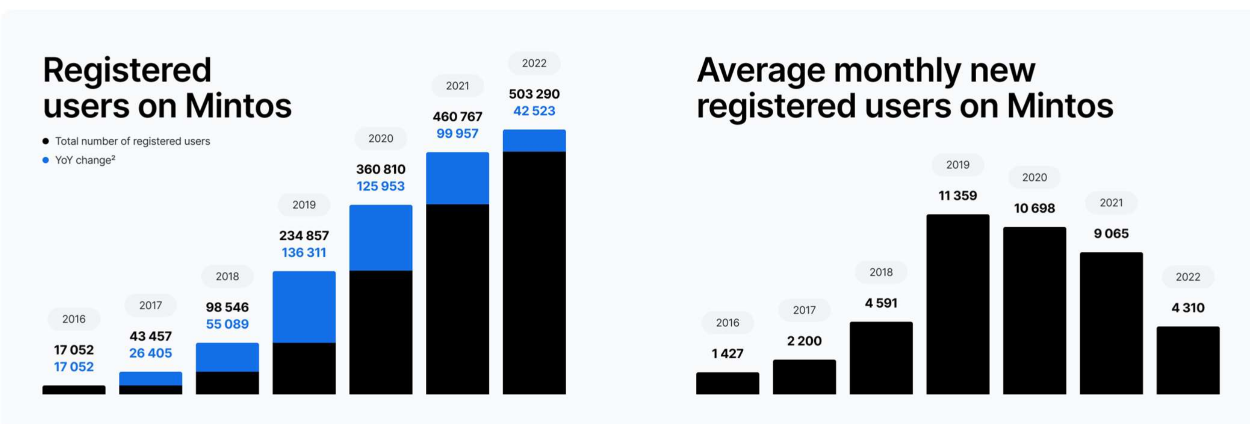
After receiving the investment firm license in August 2021, we spent the first half of 2022 transforming our business into a regulated setup under The Markets in Financial Instruments Directive (MiFID II). In May 2022 we launched the first Notes, loan backed securities that allow investors to invest in loans in a regulated environment and benefit from increased investor protection. The transition to Notes was a huge team effort, involving all functions of the Company. It was completed by the end of June, and since July 2022 only investments in financial instruments are available on the platform.

As part of becoming regulated, we had to introduce tax withholding for investments in Notes. From the very start of our licensing process more than 2 years ago, we had worked with Latvian lawmakers and the financial institution trade association to affect a law change that improves the taxation experience for investors on Mintos. We're very happy to see that these efforts paid off in November 2022, when the Parliament of Latvia passed a law that reduces withholding tax requirements for the majority of our investors from 20% to 5%, and also simplifies the process.

We reached 500 thousand investors

In 2022 we saw a slower growth of our investor base, as our marketing activities were limited due to regulatory restrictions. Nevertheless, in November, we reached a milestone of 500 thousand registered users. By the end of the year, 52 thousand new investors had joined Mintos (2021: 100 thousand), an average of 4.3 thousand per month.

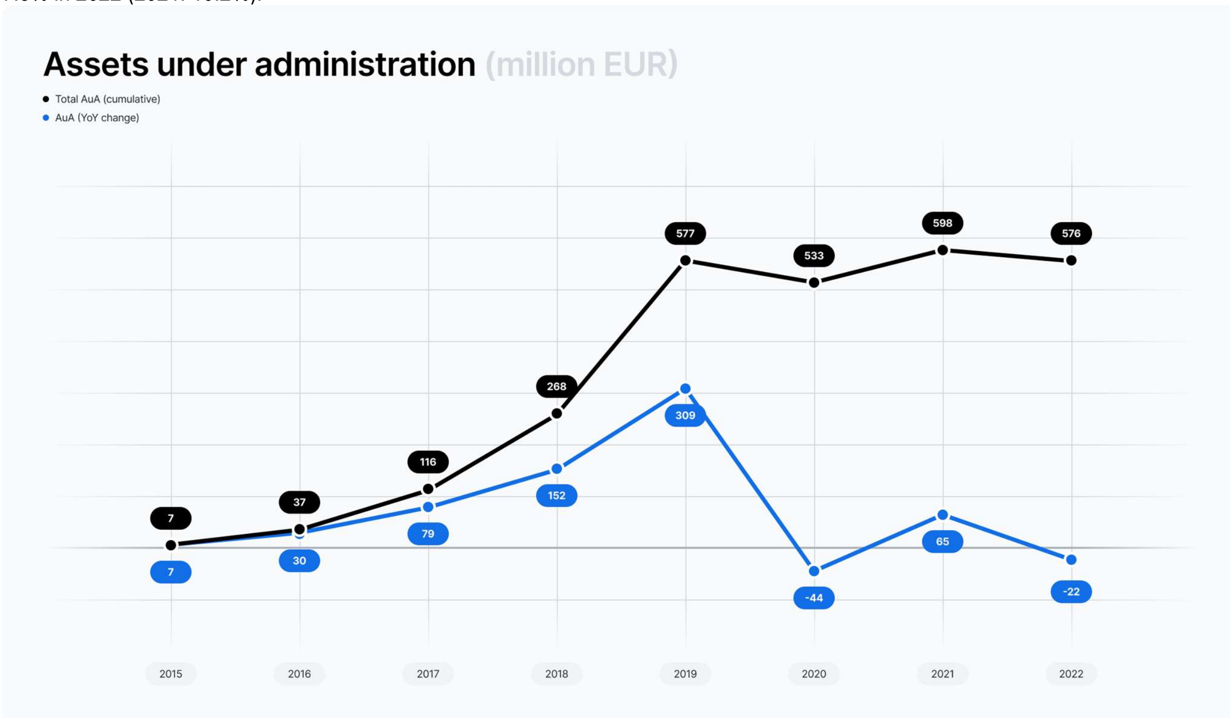
In December, we launched our regulated services in France. All of Mintos' website and user interface is now also available in French. In 2023 we plan to passport to other EU countries, opening up new opportunities for increasing our customer base and accelerating growth.



[1] Market share based on total investments according to data from p2pmarketdata for EUR platforms as of 31 December 2022. Source: https://p2pmarketdata.com/statistics/

[2] New registrations minus closed accounts

Our assets under administration stood at EUR 576 million at the end of 2022, a EUR 22 million (4%) decrease over 2021. This was in line with our expectations as we went through the regulatory process. Over the course of the year, investors invested more than EUR 740 392 436 with automated strategies, which accounts for 82.6% of all investments. On average, investors earned a net return of 7.8% in 2022 (2021: 10.2%).



At the end of 2022, we worked with 59 lending companies from 23 countries (2021: 67 lending companies from 33 countries). Over the year, we added 3 new lending companies to the platform. On the other hand, we stopped working with 11 lending companies.

We achieved good recoveries, despite Russia's war in Ukraine

In February 2022, we stopped cooperation with lending companies from the Russian Federation due to the Russian Federation invasion of Ukraine. Sanctions against the Russian Federation and retaliatory measures by the Russian Federation had a large impact on companies working with the Russian Federation in 2022, including Mintos. When these measures were first implemented, there were concerns about the implications: Banks in the EU refused to accept payments in Russian rubles – and even if they accepted such payments, it was not possible to exchange rubles for euros. On the Russian Federation side, transactions out of the country were banned, and legislative limits were ultimately imposed on ruble transfers. This meant that investments in Russian loans – about 12% of our assets under administration at the time – were stuck in the country. Consequently, our monthly revenue dropped by approximately 18%.

To recover investors' funds, we've been working closely with the lending companies and local consultants since the start of the war to identify ways of transferring borrowers' repayments. While some payment flows have been reestablished, certain limitations imposed by the Central Bank of the Russian Federation still apply, the main one being a monthly limit of RUB 10 million on transactions outside of the Russian Federation. Towards the end of the year, we started to receive payments from lending companies, and this will continue provided external factors don't change.

In 2022 we also made significant progress in recovering funds from lending companies suspended in previous years. We saw a number of cases brought to court that were ruled in our favor, while others are still in progress. In total, we recovered EUR 6.4 million in 2022 and closed the year with EUR 77.3 million principal at risk, 8% decrease compared to the beginning of the year. This brings the expected lifetime recovery from the cases that have gone into default to a solid 60%.

Financial results

Our revenue decreased by 4.4% in 2022 compared to the year before. We closed the year with EUR 8.78 million in revenue, down from EUR 9.185 million in 2021.

Our total comprehensive income in 2022 amounted to EUR 899 thousand, up from a loss of EUR 1.688 million in 2021. Income was largely the result of stable net commission income as well as other income generated.

The result includes EUR 117 thousand related to the fair value of share-based payment benefits which are being recognized over the vesting period. Excluding these payments, the result is a profit of EUR 1.016 million compared to a loss of EUR 1.529 million in 2021 (adjustment for share-based payment benefits included).

In 2022, we also continued to make significant investments in IT systems with a total investment of EUR 1.364 million, compared to EUR 1.930 million in 2021.

The Management Board proposes to partly cover accumulated losses with year 2022 profit in the amount of EUR 899 180.

Risks and uncertainties

Risk management is an integral part of our operations at Mintos and essential to ensure sustainable business development. Our risk management strategy is defined in our Disclosure on risk management practices, which is provided in accordance with the disclosure requirements set out in Regulation (EU) 2019/2033. We assess which risks are material to our operations on an annual basis, and have identified the following risks as material: compliance risk, concentration risk, counterparty and credit risk, liquidity risk, operational risk, and reputational risk. For each material risk, we create policies that outline how the risk is managed, controlled, and monitored. Risk management policies are approved by the Supervisory Board.

Our business operations are affected by market dynamics on the macroeconomic level. Mintos performance is tied to the ability of borrowers across multiple geographies to make repayments on their loans, and on the business performance of the lending companies on the platform. Mintos' management and risk team monitor global developments, assess the potential risks, and evaluate responses where necessary. The management does not consider market risk as significant.

We're committed to maintaining a controlled environment that protects investors and enables us to effectively prevent or fight financial crime on the platform. To this end, we're monitoring all transactions according to a set of Know Your Customer (KYC), Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), counter-proliferation financing, and sanctions compliance procedures. Mintos follows the General Data Protection Regulation (GDPR) requirements and continually invests in resilient technologies for data security.

We're also dedicated to protecting investors on the platform from exposing themselves to unacceptable risk levels. To achieve this, investors need to complete a Suitability and Appropriateness assessment before investing, and we provide them with supporting tools for assessing the risk of an investment, such as the Mintos Risk Score. We are also working on initiatives to increase investors' awareness of the risks that come with investing.

Events after the balance sheet date

There have been no significant events after the balance sheet date.

Martins Sulte Chairman of the Board	Martins Valters Member of the Board	Karlis Kronbergs Member of the Board

22 March 2023

Statement of management responsibilities

The management of Mintos will continue to evaluate the market developments to make decisions that are in the best interest of all Mintos stakeholders.

The management of Mintos is responsible for the preparation of the financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and give a true and fair view on the financial position of the Company as of 31 December 2022 and the results of its operations and cash flows for year then ended.

The Company's management is also responsible for the maintenance of proper accounting records, taking reasonable efforts to safeguard the Company's assets and detection of fraud and other illegal activities.

They are also responsible for operating the Company in compliance with the Law on the Financial Instrument Market, regulations of the Financial and Capital Market Commission and other legislation of the Republic of Latvia applicable to investment firms.

The management confirms that the Company's financial statements for the period 1 January 2022 through 31 December 2022 presented in the 2022 annual report are prepared in accordance with the source documents, applying appropriate accounting policies. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The Company's management confirms that these financial statements have been prepared in accordance with International Financial Reporting Standards on a going concern basis and in full compliance with the Regulation of the Financial and Capital Market Commission on the Preparation of Annual Reports and Consolidated Annual Reports of Banks, Investment Firms, and Investment Management Companies.

The conclusions and comments in this management report are assessed based on inputs known when the report was being completed.

Martins Sulte Chairman of the Board	Martins Valters Member of the Board	Karlis Kronbergs Member of the Board

22 March 2023

Statement of comprehensive income

	Notes	2022 EUR	2021* EUR
Commission and fee income	5	8 779 921	9 185 224
Commission and fee expenses	6	(116 899)	(80 679)
Net commission income		**8 663 022**	**9 104 545**
Employee remuneration expenses	7	(4 007 888)	(5 457 250)
Depreciation and amortization	13, 14	(1 847 658)	(1 676 298)
Administrative and other general expenses	8	(3 946 271)	(3 870 156)
Other income	9	2 282 752	378 226
Other expenses	10	(139 243)	(47 860)
Impairment losses	27a	(53 117)	(62 357)
Interest expenses	11	(55 744)	(57 276)
Interest income		3 327	74
Income/ (loss) before tax		**899 180**	**(1 688 352)**
Corporate income tax	12	-	-
Income/ (loss) for the year		**899 180**	**(1 688 352)**
Other comprehensive income/(loss)		**-**	**-**
Total comprehensive income/(loss)		**899 180**	**(1 688 352)**

* Data for 2021 was reclassified to provide comparative information, no effect on prior year results and equity.

The accompanying notes on pages 12 to 37 form an integral part of these financial statements.

Martins Sulte Chairman of the Board	Martins Valters Member of the Board	Karlis Kronbergs Member of the Board

22 March 2023

Statement of financial position

ASSETS	Notes	31.12.2022 EUR	31.12.2021 EUR
Non-current assets			
Intangible assets	13	2 368 411	2 480 302
Fixed assets	13	175 658	272 984
Right-of-use leased assets	14	367 930	504 982
Other debtors and assets	16	148 470	40 386
Total non-current assets		**3 060 469**	**3 298 654**
Current assets			
Trade receivables	15	850 467	1 543 086
Other debtors and assets	16	481 630	488 189
Cash and cash equivalents	17	1 985 948	1 082 543
Total current assets		**3 318 045**	**3 113 818**
TOTAL ASSETS		**6 378 514**	**6 412 472**
EQUITY AND LIABILITIES			
Equity			
Share capital	18	6 150 000	5 850 000
Other capital reserves	18, 24	852 536	736 006
Accumulated losses		(2 508 169)	(3 407 349)
Total Equity		**4 494 367**	**3 178 657**
Non-current liabilities			
Lease	14	170 112	316 845
Contract liabilities	22	32 538	71 027
Total Non-current liabilities		**202 650**	**387 872**
Current liabilities			
Trade and other payables	19	597 905	535 013
Loans from related parties	23	-	1 240 460
Lease	14	209 553	187 875
Corporate income tax		434	26
Taxes and State mandatory social insurance payments	20	182 741	255 545
Accrued liabilities	21	478 845	523 320
Contract liabilities	22	212 019	103 704
Total Current liabilities		**1 681 497**	**2 845 943**
TOTAL EQUITY AND LIABILITIES		**6 378 514**	**6 412 472**

The accompanying notes on pages 12 to 37 form an integral part of these financial statements.

Martins Sulte Chairman of the Board	Martins Valters Member of the Board	Karlis Kronbergs Member of the Board

22 March 2023

Statement of cash flows

Cash flows to/ from operating activities	Notes	2022 EUR	2021 EUR
Profit/ (loss) before tax		899 180	(1 688 352)
Adjustments for:			
Amortization and depreciation	13, 14	1 847 658	1 676 298
Loss/ (gain) from fluctuations of currency exchange rates	9, 10	29 390	(9 031)
Other interest and similar income		(3 327)	(74)
Interest and similar expense	11	55 744	57 276
Share-based payment expense	7	116 530	159 322
(Gain)/ loss on disposal of property, plant and equipment		(4 813)	1 640
Impairment losses	27a	53 117	62 357
Decrease in receivables and other assets		479 644	22 578
Increase/ (decrease) in payables		91 716	(2 290 024)
Cash generated from operations		**3 564 839**	**(2 008 010)**
Corporate income tax paid		(1 777)	(1 705)
Net cash flows to/ from operating activities		**3 563 062**	**(2 009 715)**
Cash flows to/ from investing activities			
Purchase of equipment	13	(34 345)	(68 092)
Disposals of equipment		3 796	5 991
Purchase of intangible assets	13	(1 404 367)	(2 023 022)
Disposal of intangible assets		-	60 000
Sale of investment in subsidiary		-	280 000
Issued loans	23	-	(144)
Received repayment of issued loans	23	-	144
Interest received	23	-	1
Net cash flows to investing activities		**(1 434 916)**	**(1 745 122)**
Cash flows to/ from financing activities			
Issued share capital	18	300 000	1 800 000
Payment of lease liabilities	14	(218 169)	(450 817)
Received loans from related parties	23	232 969	3 607 000
Repayment of received loans	23	(1 473 429)	(108 656)
Interest paid	23	(36 722)	(42 344)
Net cash flows to/ from financing activities		**(1 195 351)**	**4 805 183**
Change in cash and cash equivalents		932 795	1 050 346
Net foreign exchange difference		(29 390)	9 031
Cash and cash equivalents at the beginning of the year		1 082 543	23 166
Cash and cash equivalents at the end of the year	**17**	**1 985 948**	**1 082 543**

The accompanying notes on pages 12 to 37 form an integral part of these financial statements.

Martins Sulte Chairman of the Board	Martins Valters Member of the Board	Karlis Kronbergs Member of the Board

22 March 2023

Statement of changes in equity

	Notes	Share capital EUR	Other capital reserves EUR	Retained earnings / (loss) EUR	Total EUR
Balance as of 31 December 2020		**750 000**	**576 684**	**(1 718 997)**	**(392 313)**
(Loss) for the reporting year		-	-	(1 688 352)	**(1 688 352)**
Issue of share capital		5 100 000	-	-	**5 100 000**
Share-based payments	24	-	159 322	-	**159 322**
Total comprehensive (loss)		-	-	(1 688 352)	**(1 688 352)**
Balance as of 31 December 2021		**5 850 000**	**736 006**	**(3 407 349)**	**3 178 657**
Income for the reporting year		-	-	899 180	**899 180**
Issue of share capital	18	300 000	-	-	**300 000**
Share-based payments	24	-	116 530	-	**116 530**
Total comprehensive income		-	-	899 180	**899 180**
Balance as of 31 December 2022	**18**	**6 150 000**	**852 536**	**(2 508 169)**	**4 494 367**

The accompanying notes on pages 12 to 37 form an integral part of these financial statements.

Martins Sulte Chairman of the Board	Martins Valters Member of the Board	Karlis Kronbergs Member of the Board

22 March 2023

Notes to the financial statements

1. Corporate information

The Company was registered with the Republic of Latvia Enterprise Register on 1 June 2015. The registered office of the Company is at Skanstes iela 50, Riga.

On 17 August 2021 the Company became an investment firm licensed to provide investment services and auxiliary investment services. The Company provides investment services. The activities of the Company are regulated by the Financial Instruments Market Law and other normative documents of the Republic of Latvia. The Company's operation is monitored by Latvijas Banka, the central bank of Latvia.

NACE

64.19 Other monetary intermediation

66.19 Other activities auxiliary to financial services, except insurance and pension funding

64.99 Other financial service activities, except insurance and pension funding N.E.C.

The core business activity of the Company during the reporting year was to operate a global online investment platform providing investors with an easy and transparent way to invest in loans originated by a variety of alternative lending companies around the world.

The parent company of the Company is AS Mintos Holdings (Latvia).

The financial statements of the Company for the period from 1 January 2022 through 31 December 2022 were approved by a resolution of the Company's Board on 22 March 2023. In accordance with the Commercial Law of the Republic of Latvia, the shareholders' meeting has the right to make the decision on the approval of the financial statements.

2. Summary of significant accounting policies

a. Basis of preparation

These individual financial statements of the Company are based on the accounting records made pursuant to the legislative requirements and prepared in conformity with International Financial Reporting Standards as adopted by the European Union (IFRS) effective as at the date of these financial statements and in line with requirements set by the Republic of Latvia and Financial and Capital Market Commission. The financial statements were prepared on a going concern basis. These financial statements are prepared on a historical cost basis.

The presentation currency used in the financial statement is euro (EUR), the presentation currency of the Republic of Latvia. The financial statements cover the period 1 January 2022 through 31 December 2022.

The individual financial statements provide comparative information in respect of the previous period. Comparative period is from 1 January 2021 through 31 December 2021.

The chart of accounts corresponds to the requirements laid down by the Financial and Capital Market Commission in the Regulations on the Preparation of Annual Accounts and Annual Consolidated Accounts for Banks, Investment Firms and Investment Management Companies.

b. New standards and amendments

New accounting and financial reporting standards, interpretations and amendments which were not applicable to the previous annual financial statements since then have been issued. Some of the standards become effective in 2022, others become effective for later reporting periods. In this section those relevant for the Company are summarized. Where the implementation impact was or is expected to be reasonably material it is disclosed.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

- Amendment to IFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021;
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract;
- Amendment to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IFRS 3 – Reference to the Conceptual Framework.

c. Standards issued but not yet effective and not early adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

2. Summary of significant accounting policies (continued)

c. Standards issued but not yet effective and not early adopted (continued)

The following new and amended standards are not expected to have a significant impact on the Company's financial statements:
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Definition of Accounting Estimate (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.

d. Financial instruments

(i) Classification

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assets are classified as either financial assets subsequently measured at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income (OCI). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. When financial assets are recognized initially, they are measured at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Company determines the classification of its financial assets after initial recognition and, where allowed or prompted and appropriate, re-evaluates this designation at each financial year-end. Currently all financial assets of the Company are classified and measured at amortized cost.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Currently the Company's all financial liabilities are classified as amortized costs.

(ii) Date of recognition

Accounts receivables from customers are recognized after services to the customers are provided. Other assets are recognized on the date when Company enters into the contract giving rise to the financial instruments.

(iii) Initial and subsequent measurement of financial instruments

All financial instruments are measured initially at their fair value and in case of financial assets not at fair value though profit or loss and loans and borrowings, and payables net of directly attributable transaction costs.

Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, financial assets measured at amortized cost are measured at amortized cost using the EIR, less allowance for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in Interest and similar income in the Statement of comprehensive income. The losses arising from impairment are recognized in the Statement of comprehensive income in Credit loss expense. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired. The Company's financial assets at amortized cost include trade receivables, accrued income and loans to related parties.

2. Summary of significant accounting policies (continued)

d. Financial instruments (continued)

(iv) Derecognition

A financial asset is derecognized only when the contractual rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. A financial liability is derecognized only when the obligation under the liability is discharged according to the contract or cancelled or expires.

All purchases and sales of financial assets are recognized and derecognized on the settlement date.

(v) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms, if relevant.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets where the Company calculates ECL are:

- Trade receivables and other receivables
- Loans to related parties
- Cash and cash equivalents.

Impairment of other receivables from customers/contract assets (Trade receivables)

For trade receivables and unbilled receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company is taking into consideration its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Due to the specifics of the Company's operations whereby there is only very limited number of counterparties and very short payment cycle for trade receivables, majority of the trade receivables outstanding as at year end are paid according to the contractual payment due date which is shortly after the year end. As a result, in practice there can be limited need, if any, for forward looking adjustments to be made.

Impairment of loans to related parties

Receivables from related parties inherently are subject to the Company's credit risk. For related party exposures Stage 2 and lifetime ECL calculation is applied based on 30 days back stop and 90 days back stop is applied to Stage 3 determination. Further qualitative factors evaluated include extension of the payment terms granted, previous arrears in the last 12 months and significant adverse changes in business.

Impairment of cash and cash equivalents

For cash and cash equivalents default is considered as soon as balances are not cleared beyond conventional banking settlement timeline, i.e., a few days. Therefore, transition is straight from Stage 1 to Stage 3 given the low number of days that it would take the exposure to reach Stage 3 classification, meaning default. For cash and cash equivalents no Stage 2 is applied given that any past due days would result in default.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit engagements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

e. Intangible assets

Intangible assets comprise purchased licenses, internally developed software and purchased internet domain names. Intangible non-current assets are stated at cost and amortized over their estimated useful lives on a straight-line basis over 3-year period, except purchased internet domain name which is not amortized and not tested as there were no indications. Internally developed software development costs include the costs related to development of software, mainly consisting of internally capitalized salary expenses. The Company has made estimation of the responsibilities for every development team member duty, based on that salary expenses are capitalized.

2. Summary of significant accounting policies (continued)

f. Fixed assets

Equipment is stated at cost less accumulated depreciation and any impairment in value, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Equipment	- over 3 to 5 years

Depreciation is calculated when asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Or it is engaged in commercial activity.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of comprehensive income in the year the item is derecognized.

g. Client acquisition costs

The Company incurred various expenditure that is related to client (investor) acquisition. Once the expenditure is incurred, the Company assesses if it can reliably measure expected future economic benefit related to the investment made. Future economic benefit arises from commission income that is earned as a direct result from incurred expenditure. If reliable measure is possible, the smaller of the two – incurred expenditure or future economic benefit – is recognized as deferred client acquisition costs in the statement of financial position. In subsequent periods the deferred client acquisition costs are recognized as expenses based on estimated realization of the related economic benefit. If estimates in economic benefits related to previously recognized client acquisition costs change and as a result of these changes the expected economic benefits are lower than previously assessed, write-down is made. In cases when a reliable measure cannot be made the incurred expenditure is expensed directly to profit and loss.

IFRS 15 requires incremental costs of obtaining a contract and certain costs to fulfill a contract to be recognized as an asset if certain criteria are met. Any capitalized contract costs assets are amortized on a systematic base that are consistent with the Company's transfer of the services to the customer.

The Company analyses the costs from contracts regarding IFRS 15 and these costs are recognized as the client acquisition costs only if certain criteria are met. Client acquisition costs are incurred to attract and acquire new clients and would not otherwise have occurred.

h. Impairment of non-financial assets

The Company assesses at each reporting date or more frequently if events or changes in circumstances indicate that there is an indication that a non-financial asset may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of equipment is the higher of an asset's net selling price and its value in use. In assessing 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 and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the Statement of comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase amount constitutes reversal of impairment losses. In case of reversal of impairment, the carrying amount is increased up to its recoverable amount but only to an extent it doesn't exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Impairment of goodwill are never allowed to be reversed.

i. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

j. Income and expense recognition

The Company applied IFRS 15 to all revenue arising from contracts with customers. The Company establishes a five-step model to account for the revenue arising from contracts with its customers and requires that revenue be recognized at an amount that reflects the consideration to witch an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company is taking into consideration all the relevant facts and circumstances when applying each step of IFRS 15 five-step revenue recognition model to contracts with the customers. Accounting is specified for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Company recognizes revenues using input method on a straight-line basis.

The main source of income is service fee income from lending companies, which includes the service fee calculated from the outstanding loans. Revenue from Service fee – lending companies is recognized at point in time and is variable amount. Performance obligation is to provide service of using a platform monthly.

2. Summary of significant accounting policies (continued)

j. Income and expense recognition (continued)

Connection fees obtained by the Company are non-refundable upfront fees paid by the lending companies for the connection to Mintos platform. Connection fees do not represent a separate performance obligation from the provision of service of using the platform. Therefore, revenue from connection fees is deferred and recognized as revenue over the estimated term of customer relationship (i.e., period of lending companies using the platform), being 3 years based on current historical information and best estimate of the management. The fee is a fixed amount agreed in the contract. Connection fees received from customers which are deferred are accounted as contract liabilities in the statement of financial position. After launching Notes, instead of connection fee, the Company is charging to lending companies annual prospectus renewal fees which are recognized as revenue within in 12 months.

Performance fee is paid by lending companies in case the interest paid to investors is below a benchmark rate agreed and is calculated as the spread between the actual interest rate and the benchmark rate and applied to invested amount. This fee is not applied for investments in Notes.

The Company recognizes penalty income from contract (related to only investments via claims) penalties and late payments. From the date when the Company has legal rights on such penalty the Company recognizes these when the Company is sure it will receive it, usually it is income payment date.

The Company receives monitoring fee from lending companies for administration of payment delays related to Notes. The Company recognizes the revenue when the lending companies pay the fee, i.e., on fee payment date.

Foreign currency exchange commissions and secondary market fees are recognized at point in time and are variable amounts. Performance obligation is satisfied when service is provided to a customer.

The Company recognizes inactivity fee income in the month for which it was calculated and collected.

All payments are typically due 7-14 days, without having financing component.

Expenses are recognized on an accrual basis.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer to a customer goods or services for which the Company has received payment (or payment is due) from the customer. If a customer pays before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or when the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. Contract liabilities are advances received. The Company recognizes the revenues as an average monthly amount over estimated length of the customer relationship.

k. Share-based payments

All employees of the Company receive remuneration for services provided in the form of share-based payments. All of the Company's share-based payments are equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a Black-Scholes valuation model which is detailed in Note 24. That cost is recognized under employee remuneration expense (Note 7), together with the corresponding increase in equity (other capital reserves), over the period in which the service is provided. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of comprehensive income for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

2. Summary of significant accounting policies (continued)

k. Share-based payments (continued)

Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as of the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

l. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

m. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

n. Client funds and financial instruments

Client funds and financial instruments consist of the clients' safeguarded funds that are not invested and Notes on the Mintos platform in which the clients have invested. After pooling together 6-20 loans issued by lending companies, Notes are emitted by a special purpose entity within the Mintos Group (refer to Note 23 for group information) that acts as the issuer. As the Company does not bear the credit risks and other finance risks related to client funds and financial instruments, but only earns commission for servicing them, they are not recognized in the statement of financial position. Client funds and financial instruments are disclosed in the Note 25 of these financial statements.

o. Leases

The Company (as a lessee) determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has few contracts that include extension and termination options. The Company considers all relevant factors that create an economic incentive when evaluating whether it plans to renew or terminate a lease. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that are within its control and affect its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Refer to Note 14 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease period.

2. Summary of significant accounting policies (continued)

o. Leases (continued)

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments. In calculating the present value of lease payments, the Company uses the borrowing rate determined in the agreement. If the borrowing rate is not mentioned, the Company uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term lease and leases of low-value assets

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

How the company estimates the incremental borrowing rate for leases

The Company uses the interest rate implicit in the old vehicle lease but cannot readily determine the interest rate implicit in the office rent and new vehicle lease, hence it uses its borrowing rate to measure lease liabilities. The company's borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The rate therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The average interest rate for vehicle leases in 2022 is 4% (2021: 3.85%), and for office rent 4.5% (2021: 4.5%).

p. Capital adequacy

The Company's capital adequacy is calculated in accordance with Regulation (EU) No 2019/2033 (IFR) of the European Parliament and of the Council on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 and respective Regulatory Technical Standards (EBA/RTS/2020/11) developed by the European Banking Authority (EBA).

According to the regulation, the Company is categorized as an investment firm other than small and non-interconnected (Class 2).

The minimum capital requirement is set by the higher of the fixed overhead requirement (FOR), permanent minimum capital requirement (PMCR) and K-factor requirement. According to FOR, the Company is required to hold eligible capital equal to at least one quarter of the fixed overhead of the previous year. PMCR equals the initial capital required for an investment firm, i.e., EUR 750 000. The K-factor requirement amounts to the sum of capital required for risk to the client, market and firm in accordance with IFR.
The Company reports the level of its own funds to Latvijas Banka quarterly and annually.

r. Income taxes and deferred taxes

Legal entities are not required to pay income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia. Corporate income tax is paid on distributed profits and deemed profit distributions. Both distributed profits and deemed profit distributions are subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognized in the statement of profit or loss as expense in the reporting period when respective dividends are declared, while as regards other deemed profit items, at the time when expense is incurred in the reporting year. Corporate income tax from deemed profit distributions is presented as 'Administrative and other general expenses' in the statement of comprehensive income.

No provision is recognized for income tax payable on a dividend distribution before dividends are declared.

s. Subsequent events

Post-year-end events that provide additional information about the Company's position at the balance sheet data (adjusting events) are reflected in the financial statements. No adjusting events are disclosed in the financial statements.

3. Significant estimates and judgements

The preparation of financial statements in accordance with IFRS requires the management to make estimates and judgements that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the judgements used in arriving at the estimates to change. Such estimates judgements are based on most reliable information available to the management in respect to specific events and actions. The effect of any changes in estimates will be recorded in the financial statements when determinable.

The significant areas of estimation and judgements in preparation of these financial statements relates to following areas (the same significant estimates and assumptions judgements as in last year):

- Share-based payments. See Note 24 for more details.
- Useful life of intangible assets. See Note 2e for more details.
- Judgement in relation to not recognizing any clients' funds and financial instruments in the statement of financial position. See Note 2n for more details.
- Impairment of intangible assets. See Note 13 for more details.

4. Disclosure on risk management practices and internal governance for the year ended 31 December 2022

Mintos is an authorized investment firm supervised by Latvijas Banka, the central bank of Latvia. This disclosure has been developed in accordance with the requirements of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms.

According to IFR, the governing regulation for Investment Firms in Europe, the Company is a Class 2 investment firm. As such, since obtaining the license on 17 August 2021, the Company has been required to publicly disclose information regarding the Company's risk management objectives, internal governance arrangements, remuneration policy, own funds, and own funds requirements.

DISCLOSURE ON RISK MANAGEMENT PRACTICES

This disclosure on risk management practices is provided in accordance with the disclosure requirements set out in Regulation (EU) 2019/2033 of the European parliament and of the council of 27 November 2019.

We at Mintos treat risk management as an integral part of our business operations. We believe that appropriate risk management process is essential to ensure sustainable business development.

Risk profile

Our business model is to provide investors with convenient means to invest in loans issued by various lending companies around the world through an investment platform which is owned and operated by us. The cooperation structure with the lending companies is constructed in such a way that Mintos does not assume commitments to the lending companies before receiving funds from investors. Also, Mintos does not invest in loans on its own behalf.

Risk appetite

Risk appetite is the amount of risk we are ready to accept while pursuing our business objectives. We set the risk appetite for each material risk. Where possible, we try to quantify the amount of risk we are ready to take and measure the compliance on a regular basis. Risk appetite is set by the Management team and the Management Board and approved by the Supervisory Board.

Our high-level risk appetite statement

In pursuit of our high growth business strategy, we are ready to assume business risks such as operational, liquidity, concentration, and other risks while maintaining high reputation and ensuring compliance with the applicable laws and regulations.

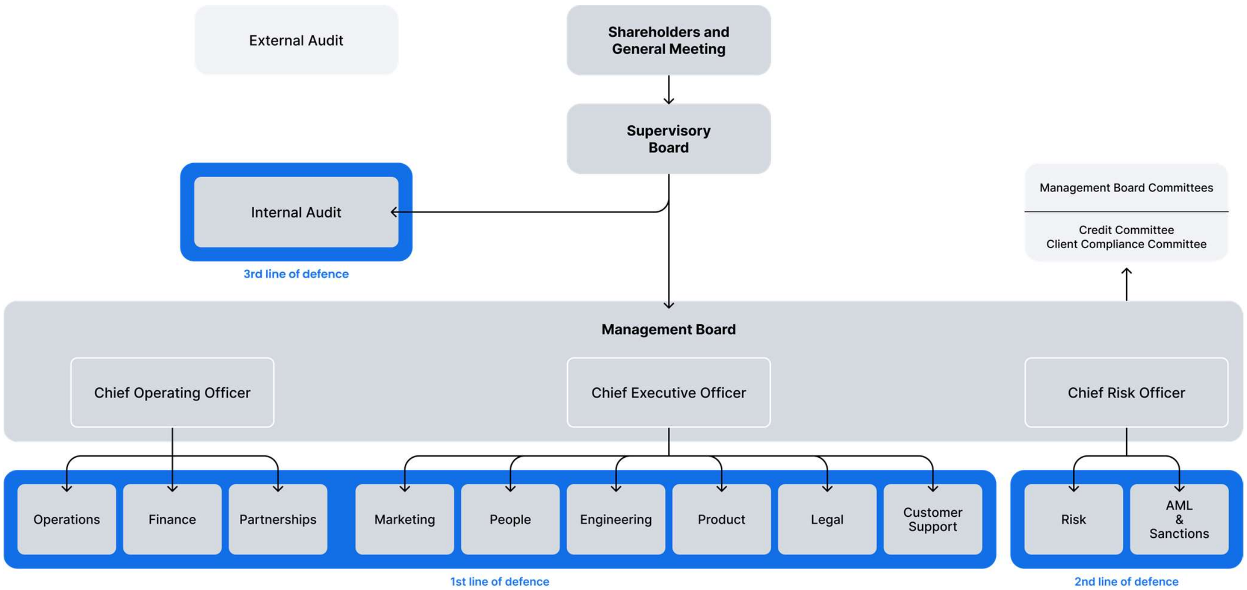
Risk governance

The Company has built a risk governance framework in accordance with the three lines of defense model.

4. Disclosure on risk management practices and internal governance for the year ended 31 December 2022 (continued)

Risk governance (continued)

Governance structure



The first line of defense includes all business units that are responsible for risk identification and management. The second line of defense consists of Risk and AML units which report to the Chief Risk Officer and are responsible for monitoring and controlling the risks as well as setting the risk policies across the organization. The third line of defense consists of an independent internal audit which currently is an outsourced function.

Risk Culture

Mintos' Management team believes that a strong risk culture is a key to ensure effective risk management. The Management team facilitates risk awareness across all our teams. We make sure that every team member understands the importance of the applicable risks and how to manage those through relevant training and risk procedures where necessary.

Risk management

During the annual risk assessment, we identify which risks are material to our operations. For each material risk we create policies that outline how the risk is managed, controlled, and monitored. Risk management policies are approved by the Supervisory Board and updated annually.

Principal risks

These are the risks that we have identified as material for our operations:

Risk description	Risk management
Counterparty and credit risk	
Credit risk is the risk that Mintos might suffer losses due to its partners (counterparties) not fulfilling their financial obligations towards Mintos. The main source of credit risk for Mintos lies with its counterparties – banks and payment service providers which hold Mintos' funds and investors' uninvested funds.	Before starting a relationship with a counterparty, we assess the credit risk of the institution. We have set limits on the amount of funds that can be held with a counterparty depending on the risk level. We regularly monitor the risk of our counterparties and check compliance with the limits. To decrease the risk, we do not hold all funds with one counterparty but distribute the funds among several counterparties.
Liquidity risk	
Liquidity risk is the risk that Mintos can't meet its financial obligations.	We constantly monitor our liquidity and do forecasting to ensure that there is always a sufficient cash buffer to meet all payments.

Mintos invests a significant amount into scaling its business. It's important to ensure that Mintos has sufficient funds to sustain the scale-up plan.	
Reputational risk	
Reputational risk is the risk that Mintos suffers losses due to damaged reputation. Reputation is a cornerstone for successful operations to every financial institution. Loss of reputation might also lead to slower growth than otherwise possible due to less investors joining Mintos as a result of the damaged reputation.	When making strategic decisions, we always evaluate the reputational aspect of such decisions. Moreover, before starting a relationship with a new partner or customer, we assess whether the cooperation might have any negative effect on our reputation.
Operational risk	
Operational risk is the risk that Mintos might suffer losses due to flaws in processes, IT failure, human error, or external fraud. Ina rapid growth environment it's important to ensure that the processes are adjusted in a timely manner to keep up with the growth.	We assess operational risk to identify processes where the risk is material. We apply risk mitigating tools to ensure that the residual risk is not above our risk appetite.
Compliance risk	
Compliance risk is the risk that Mintos suffers losses due to noncompliance with the applicable regulations. As a licensed investment firm, Mintos must comply with several regulations in different areas.	Our risk management process is built to ensure that we run our business in compliance with all applicable regulations. We have dedicated teams that control the compliance with internal policies and external regulations.
Concentration risk	
Concentration risk is the risk of Mintos suffering losses due to excessive concentration of revenue sources. In order to have a sustainable business it's important to limit concentration to a single customer or market, the loss of which could significantly impact the financial stability of Mintos.	While pursuing our business strategy, we strive to diversify our revenue sources across multiple geographies and customers in order not to have excessive concentrations that might substantially harm the business in case of negative scenarios.

Internal governance

The Company operates in accordance with the Articles of Association, the Commercial Law of the Republic of Latvia, and other laws and regulations applicable to investment firms. The structure of the Company is organized in accordance with the management structure, as reflected in *AS Mintos Marketplace governance structure* above. AS Mintos Marketplace has the sole shareholder AS Mintos Holdings, Supervisory Board, Management Board, Management team, internal and external audit functions, Client Compliance Committee, and Credit Committee.

See the Management report's general information section regarding the members of the Supervisory Board and the Management Board.

The Company's management body and each member's number of directorships:

Members of the management body	Non-executive directorships within Group	Executive directorships within Group	Non-executive directorships outside Group	Executive directorships outside Group	Total number of directorships within Group	Total number of directorships outside Group
Janis Abasins	1	0	0	2	1	2
Mikus Janvars	1	0	0	2	1	2
Reinis Viba	1	0	0	1	1	1
Martins Sulte	0	1	1	1	1	2
Martins Valters	0	1	1	1	1	2
Karlis Kronbergs	0	1	0	0	1	0

4. Disclosure on risk management practices and internal governance for the year ended 31 December 2022 (continued)

Internal governance (continued)

Management team – manages and oversees the Company's business activities to achieve its strategic objectives as agreed with the Company's Management Board. The Management team includes members of the Management Board, Head of Legal and Compliance Officer, Head of People, Head of Engineering, Head of Product, Head of Partnerships, and Head of Marketing.

Client Compliance Committee – the Client Compliance Committee is a collegial institution of the Company, which reports to the Management Board and whose purpose is to ensure the evaluation of the Company's Client business transactions and the compliance with AML and the sanctions laws and regulations.

Credit Committee – the Credit Committee is a collegial institution of the Company, which reports to the Management Board and whose purpose is to manage and oversee the decision making and monitoring process for all credit risk related actions and processes regarding loans placed on Mintos platform and the lending companies which issue those loans.

Risk Committee – the Company has not set up a separate risk committee, the duties of the risk committee are being performed by the Supervisory Board.

Diversity and Inclusion

In line with AS Mintos Marketplace Diversity and Inclusion Policy, the Company is committed to encourage and promote equality, fairness, respect, diversity, and inclusion among its employees and management, and is dedicated to preventing and eliminating any kind of discrimination within its environment. The Company is committed to increasing diversity, including the management, and to develop and engage managers and leaders to actively champion inclusion and diversity in Mintos, to share learnings, and accelerate the change. The Company's employees and the management shall be guaranteed the same opportunities when working for the Company, and the Company has zero tolerance for discrimination, harassment, sexual harassment, and bullying.

To promote independent opinions and critical thinking, the Supervisory Board, the Management Board, and the Management team will also be groups of diverse members based on their gender, age, geographical origin, educational and professional background – with due considerations to local regulations.

The Company does not set specific targets under the Diversity and Inclusion Policy. Instead, the Company promotes positive attitude toward diversity and inclusion and makes sure that diversity and inclusion are integrated into day-to-day operations in the Company, and will be continually empowered in practice.

Remuneration

The Company's Remuneration policy is to set the framework for the remuneration system, including all components of remuneration, in order to ensure that the Company manages remuneration practices in accordance with laws, regulations and internal rules applicable to its business. The Remuneration Policy aims to promote sound and effective risk management and discourage any excessive risk taking. In accordance with the Remuneration Policy, the Management Board reviews and sets remuneration for employees of the Company. Remuneration of the Management Board is being reviewed and determined by the Supervisory Board. The Remuneration Policy principles establish, among others, the system of calculations of remuneration of the employees who hold positions affecting the company's risk profile and profits, which allows the company to attract highly qualified specialists and, at the same time, reduces risks of financially encouraged risky behaviors of employees.

Main principles of Mintos Remuneration Policy include:

1. Fair and equal approach to all the employees' pay, including those employees whose profile has an impact on the Company's' risk profile, based on responsibilities assigned and capabilities demonstrated.
2. The pay principles are based on a structure of levels and sublevels within each team, which allows the Policy to comply with gender neutrality principle and avoid gender pay gap in the Company.
3. Employees whose profile has an impact on the Company's' risk profile do not have a variable part of remuneration.
4. Alignment of the Remuneration Policy with the Company's strategy, defined objectives, and interests of the shareholder.
5. High competitiveness in line with market practices and remuneration trends.
6. Enhancement of performance in terms of results and adherence to Mintos virtues.
7. Clear governance and compliance with regulatory requirements.
8. Equity participation for all employees to create long-term motivation and value.
9. Attraction and retention of top talent to ensure high performance, continuous growth, and the company's success.
10. The Remuneration policy is being reviewed once a year, subject to approval by the Management Board and the Supervisory Board.

4. Disclosure on risk management practices and internal governance for the year ended 31 December 2022 (continued)

Financial year 2022 AS Mintos Marketplace information on remuneration, broken down by senior management and employees whose actions have a material impact on the Company's risk profile:

Employees that have impact on the Company's risk profile	Number of employees	Total amount of remuneration awarded in 2022 (EUR), incl. employer's social security contributions
Supervisory Board	3	87 312
Management Board and other Management team members	8	659 216
Other employees that have impact on the Company's risk profile	6	309 331
Total employees that have impact on the Company's risk profile	17	1 055 859

During the financial year of 2022, the Company had 3 members of the Supervisory Board (2021: 3), 8 members of the Management Board and other Management team (2021: 9), and 6 other employees that had an impact on the Company's risk profile (2021: 6), in total 17 beneficiaries (2021: 18).

The total amount of remuneration awarded to the Supervisory Board consists of EUR 87 312 (2021: EUR 53 406), including share-based payments amounted to EUR 22 thousand (2021: EUR 10 thousand), the total amount of remuneration awarded to the Management Board and other Management team members consists of EUR 659 216 (2021: EUR 992 813), including share-based payments amounted to EUR 8 thousand (2021: EUR 35 thousand), the total amount of remuneration awarded to the other employees that have impact on the Company's risk profile is EUR 309 331 (2021: EUR 363 277), including share-based payments amounted to EUR 757 (2021: EUR 1 329) (see Note 7).

Fixed remuneration (base salary) is intricately linked to the employee's job description as part of the terms of employment, professional experience, and organizational responsibility, reflected in Mintos Levels and salary review process. Fixed remuneration is determined annually, reviewed semi-annually, and paid out monthly. The amounts are based on market salary data and Mintos Levels and salary review process. In addition, fixed remuneration includes payments which form part of routine employment packages for certain categories of employees, such as mobile phone allowances (documented in Company policies). Fixed salary for the Senior Management is decided annually by the Management Board and confirmed by the Supervisory Board.

Neither the Company's Senior Management, nor employees that have impact on the Company's risk profile have variable remuneration according to the Company's Remuneration Policy.

There were no severance payments awarded to the employees that have impact on the Company's risk profile during the financial year 2022.

The Company does not offer to employees a payout in instruments policy and does not have deferred compensation. Mintos does not benefit from a derogation laid down in Article 32(4) of Directive (EU) 2019/2034.

5. Commission and fee income

Starting from January 2022, the Company charges a monthly fee to inactive investors.

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Type of income:		2022 EUR	2021 EUR
Service fee – lending companies		7 818 515	8 553 972
Inactivity fee		336 323	-
Connection fee		282 424	216 372
Foreign currency exchange commissions		191 431	175 552
Secondary market fee		151 228	239 328
	TOTAL:	**8 779 921**	**9 185 224**

Geographical markets:			
Europe		7 536 732	7 682 534
Africa		668 516	807 470
America		531 359	260 875
Asia		43 314	434 345
	TOTAL:	**8 779 921**	**9 185 224**

Timing of revenue recognition:			
Services transferred at a point in time		8 497 497	8 968 852
Services transferred over estimated term of customer relationship		282 424	216 372
	TOTAL:	**8 779 921**	**9 185 224**

6. Commission and fee expenses

Commission expenses consist of commissions charged to execute foreign currency conversions.

7. Employee remuneration expenses

		2022 EUR	2021 EUR
Salaries		4 287 129	5 885 871
Social security contributions		967 718	1 341 483
Share-based payment expenses (see Note 24)		116 530	159 322
Business risk duty		525	694
		5 371 902	7 387 370
Less: Capitalized development costs		(1 364 014)	(1 930 120)
	TOTAL:	**4 007 888**	**5 457 250**

Part of salaries and related taxes have been capitalized to IT development costs (see Note 13). The Company employed 111 employees at the end of year 2022 (average 118 during the year) and 142 employees at end of year 2021 (average 160 during the year).

The Management team consists of the Management Board and heads of functions that have significant impact on operations of the Company. At end of year 2022 6 employees were in the Management team (average 7 during the year) and 8 employees as of 31 December 2021 (average 9 during the year). The Management team's salaries and social security contributions of the Company amounted to EUR 651 thousand in 2022 and EUR 958 thousand in 2021, while share-based payments amounted to EUR 8 thousand (EUR 35 thousand in 2021).

8. Administrative and other general expenses

		2022 EUR	2021 EUR
IT expenses		1 149 172	1 118 581
Compliance expenses*		922 861	357 665
Bank commissions		472 806	761 861
Non-deductible VAT		347 115	401 881
Legal expenses		310 135	229 662
Office expenses		283 703	213 585
Other personnel related expenses		169 814	180 400
Audit and consultation expenses**		107 371	73 405
Office rent and related expenses (Note 14)		75 842	93 570
Direct client acquisition costs***		45 270	350 806
Business trips		30 753	26 695
Indirect client acquisition expenses		9 694	25 673
Other expenses		21 735	36 372
	TOTAL:	**3 946 271**	**3 870 156**

* Compliance expenses increased in 2022 because of outsourced AML services received in the amount of EUR 575 762 including from the related party in the amount of EUR 526 470 (2021: EUR 88 871).
** EUR 33 475 fee for audit services in 2022 (2021: EUR 27 810).
*** Direct client acquisition costs consist of expenses related to affiliate, refer-a-friend, and investor bonus programs, as well as cash-back campaigns (only in 2021).

9. Other income

		2022 EUR	2021 EUR
Penalty income*		2 113 150	220 497
Income from provided supporting administrative services to related party		95 173	40 032
Income from reduced lease payments (Note 14)		-	20 680
Currency exchange income		-	9 031
Other income		74 429	87 986
	TOTAL:	**2 282 752**	**378 226**

* Penalty income is recognized based on contracts for not meeting contractual liabilities. See Note 2j. Penalty income has increased for the reporting year, as larger amounts have been delayed for longer periods, leading to increased fees from the lending companies.

10. Other expenses

		2022 EUR	2021 EUR
Expenses to provide supporting administrative services to a related party		76 821	34 220
Currency exchange expenses		29 390	-
Net sublease revaluation		18 073	-
Penalty expenses		14 304	12 143
Other expenses		655	1 497
	TOTAL:	**139 243**	**47 860**

11. Interest expenses

		2022 EUR	2021 EUR
Interest expenses from received loan (Note 23)		36 722	-
Interest expenses calculated on leases (Note 14)		19 022	57 276
	TOTAL:	**55 744**	**57 276**

12. Corporate income tax, deferred corporate income tax

Corporate income tax disclosure:

	2022 EUR	2021 EUR
Income/ (loss) before corporate income tax	899 180	(1 688 352)
Theoretical corporate income tax 0%	-	-
Non-deductible expense*	(2 171)	(1 123)
Corporate income tax charge for the reporting year	-	-
Change in unrecognized tax loss	-	-
Total corporate income tax	**(2 171)**	**(1 123)**

* These expenses recognized under administrative and other general expenses line in the statement of comprehensive income.

13. Intangible and fixed assets

	Trademarks, domains, licences EUR	Internal software EUR	Internal software in progress EUR	TOTAL INTANGIBLE ASSETS EUR	Fixed assets EUR
Year ended 31 December 2021					
Carrying amount as of 1 January	40 586	1 858 501	635 631	**2 534 718**	357 597
Additions	-	1 731 093	291 929	**2 023 022**	68 092
Disposals	-	-	(920 784)	**(920 784)**	(17 682)
Reclassified to other category	(30 428)	30 428	-	**-**	-
Depreciation and amortization	(194)	(1 156 460)	-	**(1 156 654)**	(145 279)
Depreciation of disposals	-	-	-	**-**	10 256
Carrying amount as of 31 December	**9 964**	**2 463 562**	**6 776**	**2 480 302**	**272 984**
As of 31 December 2021					
Cost	15 307	4 954 489	6 776	**4 976 572**	653 455
Accumulated amortization, depreciation, and impairment	(5 343)	(2 490 927)	-	**(2 496 270)**	(380 471)
Carrying amount as of 31 December	**9 964**	**2 463 562**	**6 776**	**2 480 302**	**272 984**
Year ended 31 December 2022					
Carrying amount as of 1 January	9 964	2 463 562	6 776	**2 480 302**	272 984
Additions	-	1 404 367	-	**1 404 367**	34 345
Disposals	-	-	-	**-**	(79 109)
Depreciation and amortization	(195)	(1 516 063)	-	**(1 516 258)**	(120 256)
Depreciation of disposals	-	-	-	**-**	67 694
Carrying amount as of 31 December	**9 769**	**2 351 866**	**6 776**	**2 368 411**	**175 658**
As of 31 December 2022					
Cost	15 307	6 358 856	6 776	**6 380 939**	608 689
Accumulated amortization, depreciation, and impairment	(5 538)	(4 006 990)	-	**(4 012 528)**	(433 031)
Carrying amount as of 31 December	**9 769**	**2 351 866**	**6 776**	**2 368 411**	**175 658**

Internal software is the core technical asset for operating the Mintos platform. Internal software costs included capitalized salary and related taxes in the amount of EUR 1 364 014 during 2022 (EUR 1 930 120 during 2021), see Note 7. In addition, contractors' fees in the amount of EUR 17 402 were capitalized (2021 – EUR 48 000). The costs incurred are recognized as an intangible asset. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and impairment. Estimated useful live of intangible assets is 3 years.

13. Intangible and fixed assets (continued)

Part of the IT employees are involved in building a technical solution (Mintos systems) which is the backbone for operating the Mintos platform. The Mintos system is constantly updated to meet both external and internal needs, and it is constantly being developed and not expected to be finalized in the foreseeable future. As the system is fully developed internally by the IT department, the related payroll and tax payments are capitalized for those IT employees who were involved in the development of the system. The list of capitalized salaries is reviewed every month, and the capitalized amount can vary from 30 % to 90%.

Given these aspects and future development projections, the management considers that there is no need to recognize impairment.

Capitalization costs for systems that are not being launched yet are shown in the position 'Internal software in progress'.

14. Lease

The Company has lease contract of motor vehicles and office rent of premises used in its operations. The office premises were partly (11% rent area) subleased to a related party. Lease of motor vehicles have lease term of 5 years and office rent term is 10 years with non-cancellable period of 60 months. Due to the dynamic environment and high growth expectations, management predicts that after 5 years, in September 2024, the Company might need another office. For this reason, management is taking into account only the non-cancellable period for office rent. The Company's obligations under its leases are secured by the lessor's title to the leased asset. Contract includes extension and termination option, which are further discussed below. The Company applies the 'current lease' recognition exemptions for some leases.

Recognition and movement of right-of-use assets in 2022 and 2021:

	Motor vehicle EUR	Office rent EUR	Total EUR
As of 1 January 2021	**43 647**	**1 584 482**	**1 628 129**
Termination	-	(925 068)	**(925 068)**
Remeasurement of the lease	-	(6 266)	**(6 266)**
Write-off because of net investment in sublease	-	(64 133)	**(64 133)**
Depreciation of terminated	-	246 685	**246 685**
Depreciation expenses	(12 476)	(361 889)	**(374 365)**
As of 31 December 2021	**31 171**	**473 811**	**504 982**
As of 1 January 2022	**31 171**	**473 811**	**504 982**
Remeasurement of the lease	77	74 015	**74 092**
Depreciation expenses	(12 486)	(198 658)	**(211 144)**
As of 31 December 2022	**18 762**	**349 168**	**367 930**

Recognition and movement of lease liabilities (included under interest-bearing loans and borrowings) during the period:

	2022 EUR	2021 EUR
As of 1 January	**504 720**	**1 523 021**
End of lease	-	(597 814)
Accretion of interest	19 022	57 276
Remeasurement of the lease	74 092	(6 266)
Discounts	-	(20 680)
Payments	(218 169)	(450 817)
As of 31 December	**379 665**	**504 720**
Current	209 553	187 875
Non-current	170 112	316 845

14. Lease (continued)

The following are the amounts recognized in statement of comprehensive income:

	2022 EUR	2021 EUR
Depreciation expense of right-of-use assets	(211 144)	(374 365)
Interest expense on lease liabilities (Note 11)	(19 022)	(57 276)
Expenses relating to short-term leases (included in Administrative and other general expenses Note 8)	(854)	(2 995)
Income from lease discounts (Note 9)	-	20 680
Total amount recognized in statement of comprehensive income	**(231 020)**	**(413 956)**

The Company has one lease contract that includes extension and termination options. These options are negotiated by the management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. The management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments as of 31 December 2022 and as of 31 December 2021 relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within 5 years 31.12.2022 EUR	More than 5 years 31.12.2022 EUR	Total 31.12.2022 EUR	Within 5 years 31.12.2021 EUR	More than 5 years 31.12.2021 EUR	Total 31.12.2021 EUR
Termination options expected not to be exercised	704 392	361 075	1 065 467	455 186	532 117	987 303
TOTAL:	**704 392**	**361 075**	**1 065 467**	**455 186**	**532 117**	**987 303**

The Company had total cash outflows for leases of EUR 218 169 in 2022 (2021: EUR 450 817).

15. Trade receivables

	31.12.2022 EUR	31.12.2021 EUR
Unbilled receivables*	451 118	375 129
Trade receivables from related parties (Note 23)	201 024	61 254
Unbilled receivables from related parties* (Note 23)	200 748	406 942
Trade receivables	199 850	143 577
Receivables from the parent company (Note 23)	-	706 993
Impairment allowance (Note 27a)	(202 273)	(150 809)
TOTAL:	**850 467**	**1 543 086**

* Unbilled receivables consist of service fee from lending companies that has not been billed yet as at the balance sheet date.

16. Other debtors and assets

	31.12.2022 EUR	31.12.2021 EUR
Prepaid expenses	132 365	40
Financial sublease receivable (Note 23)	16 105	40 346
Total other debtors and assets non-current	**148 470**	**40 386**
Prepaid expenses	218 585	72 826
Security deposit for client cash*	132 689	254 854
Security deposits	88 595	36 864
Financial sublease receivable (Note 23)	11 613	24 519
Goods for sale	-	14 351
Security deposits from related parties (Note 23)	-	8 266
Other debtors	70 078	73 990
Other debtors from related parties (Note 23)	111	40 942
Impairment allowance for other debtors (Note 27a)	(40 041)	(38 423)
Total other debtors and assets current	**481 630**	**488 189**
TOTAL:	**630 100**	**528 575**

* Security deposit to ensure safeguarding of client funds in other currencies in accordance to Financial instrument Market Law requirements.

Starting from June 2022 direct client acquisition costs included in prepaid expenses are recognized gradually in 3 years according to the Company's historical data on average cost recovery period.

17. Cash and cash equivalents

	31.12.2022 EUR	31.12.2021 EUR
Current deposit (initial term less than 3 months) in the commercial bank in the Republic of Latvia	1 000 000	-
Commercial banks in the Republic of Latvia	839 732	389 063
Commercial banks in the Republic of Estonia	127 579	686 738
Commercial banks in the Republic of Poland	18 637	6 742
TOTAL:	**1 985 948**	**1 082 543**

These financial assets are not impaired as of 31 December 2022 (31.12.2021: EUR 0). Placements with Banks, except for the deposit, are on demand nature and have a low probability of default and loss hence no material ECL on placements with Banks arises.

18. Share capital and other capital reserves

Share capital

The share capital of the Company is EUR 6 150 000 and consists of 6 150 000 shares (31.12.20201: EUR 5 850 000 and 5 850 000 shares), increased by EUR 300 000 in December 2022. The par value of each share is EUR 1. All share capital is paid in.

Other capital reserves

For equity-settled share-based payment transactions, IFRS 2 requires entities to recognize an increase in equity when goods or services are received. However, IFRS 2 Share-based Payment does not specify where in equity this should be recognized. The Company has chosen to recognize the credit in other equity reserves. See Note 24 for more information.

19. Trade and other payables

	31.12.2022 EUR	31.12.2021 EUR
Trade payables	326 496	127 944
Salary payables	220 766	276 113
Trade payables to related parties (Note 23)	40 983	107 726
Other payables	9 660	23 230
TOTAL:	**597 905**	**535 013**

20. Taxes and State mandatory social insurance payments

	31.12.2022 EUR	31.12.2021 EUR
Statutory social insurance contributions	106 607	151 816
Personal income tax	58 447	81 066
Value added tax	17 646	22 609
Business risk duty	41	54
TOTAL:	**182 741**	**255 545**

21. Accrued liabilities

	31.12.2022 EUR	31.12.2021 EUR
Accrued expense of unused vacation	314 887	341 131
Accrued expense of received services	129 994	152 603
Other accrued expenses	33 964	29 586
TOTAL:	**478 845**	**523 320**

22. Contract liabilities

Contract liabilities consist of connection fee recognized over 3 years and prospectus renewal fee recognized over 1 year.

	01.01.2021 EUR	Revenue recognized during 2021 EUR	New contract liabilities during 2021 EUR	31.12.2021 EUR	Revenue recognized during 2022 EUR	New contract liabilities during 2022 EUR	31.12.2022 EUR
Contract liabilities	269 642	(216 372)	121 461	174 731	(282 424)	352 250	244 557
Current <12m:	160 670			103 704			212 019
- Including related party	33 016			28 802			75 516
Non-current > 12m:	108 972			71 027			32 538
- Including related party	38 315			22 710			10 389
TOTAL:	**269 642**			**174 731**			**244 557**

23. Related party disclosures

Related parties are defined as persons that can control the Company by making financial and operating decisions, members of the Management team of the Company or its parent company, and close members of the families of any individual referred to previously, and entities over which these persons exercise control.

23. Related party disclosures (continued)

During the year 2022 and 2021 the Company had transactions with entities within Mintos Group (i.e. with parent company of Mintos – AS Mintos Holdings and other entities owned by AS Mintos Holdings) and related parties outside Mintos Group.

	Transactions during:		Balances as of:	
	2022	2021	31.12.2022	31.12.2021
	EUR	EUR	EUR	EUR
Mintos Group companies				
Income				
Income from Parent company	2 844	1 840	-	-
Interest income from companies within the group	1 551	-	-	-
Income from other companies within the group*	3 415 143	3 871 637	-	-
Expenses				
Interest expenses from Parent company	36 722	-	-	-
Expenses from Parent company	480	-	-	-
Expenses from other companies within the group	626 031	95 340	-	-
Assets				
Receivable from Parent company from sale of subsidiary	-	-	-	548 014
Receivable from Parent company from costs compensation	-	-	-	158 979
Purchase of assets	4 555	3 082	-	-
Trade receivables from Parent company	-	-	-	-
Trade receivables and other debtors from other companies within the group	-	-	401 883	517 404
Financial sublease receivable from other companies within the group	-	-	27 718	64 865
Liabilities				
Loans from Parent company	-	-	-	1 240 460
Trade payables to other companies and contract liabilities within the group	-	-	126 888	159 238
Outside Mintos Group				
Income from other related parties outside the group	1 729	-	-	-
Expenses from other related parties outside the group	2 836	2 943	-	-
Assets: Right-of-use leased assets from other related parties outside the group	-	-	6 204	8 686
Liabilities: Lease from other related parties outside the group	-	-	6 552	8 973
TOTAL INCOME/ ASSETS:	**3 425 822**	**3 876 559**	**435 805**	**1 297 948**
TOTAL EXPENSES/ LIABILITIES:	**666 069**	**98 283**	**133 440**	**1 408 671**

* Some investments in loans on Mintos are structured through intermediary companies that are part of Mintos Group. From a Mintos Marketplace perspective, income related to these investments is considered income from the Mintos Group companies passing through the transactions. From a Mintos Group perspective, this is income earned from third parties.

23. Related party disclosures (continued)

Set out below movement table of transactions with related parties:

			Issued loans EUR	Received loans EUR	Incoming interest EUR	Outgoing interest EUR
Total balance from financing and investing activities as of:		**31.12.2020**	**-**	**1 042 116**	**1**	**42 344**
2021	Received		-	3 607 000	-	-
	Repaid		-	(108 656)	-	(42 344)
	Capitalized in share capital		-	(3 300 000)	-	-
	Issued		144	-	-	-
	Received repayment		(144)	-	(1)	-
Total balance from financing and investing activities as of:		**31.12.2021**	**-**	**1 240 460**	**-**	**-**
2022	Received		-	232 969	-	36 722
	Repaid		-	(1 473 429)	-	(36 722)
Total balance from financing and investing activities as of:		**31.12.2022**	**-**	**-**	**-**	**-**

24. Share-based payments

Share option plan

According to the Company's share option plan, share options of the parent are granted to all employees of the Company. Until the end of 2017 the exercise price of the share options was equal to the best guess fair value estimate of the underlying shares on the date of grant. Since the beginning of 2018, the exercise price of the share options is calculated with a discount on the best guess fair value estimate. Vesting of the options is dependent on the employee remaining in service for the company. The standard vesting period is 4 years, with a 1-year cliff. The options can be exercised within a 10-year period from the grant date. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these share options.

The Company recognized expenses in amount of EUR 116 530 during the reporting year (EUR 159 322 in 2021) in relation to the respective share option plan.

Movement during the year in number and weighted average exercise price (WAEP) of options:

	2022		2021	
	Number	WAEP	Number	WAEP
Outstanding at 1 January	619 029	0.53	762 009	0.59
Granted	29 304	2.46	57 484	2.22
Exercised	(87 160)	0.50	(38 213)	0.10
Forfeited	(190 383)	0.76	(162 251)	0.44
Outstanding at 31 December	370 790	0.88	619 029	0.53
Exercisable as of 31 December	307 941	0.61	502 010	0.45

There were 46 344 share options vested during 2022 (134 776 in 2021). Share-based payments to the Management team were EUR 8 291 (2021: EUR 34 933).

The range of exercise price is from EUR 0.10 to EUR 2.72. Below is summary of the range of exercise prices for options outstanding at the end of the year:

	2022		2021	
Range of exercise price	**Number**	**Contractual maturity**	**Number**	**Contractual maturity**
EUR 0.10 to EUR 0.16	141 501	3.01	231 875	4.01
EUR 0.32 to EUR 0.64	38 282	3.53	105 752	4.64
EUR 0.80 to EUR 2.72	191 007	7.03	281 402	8.07

The weighted average remaining contractual life for the share options outstanding was 5.13 years (5.96 years as of 31 December 2021).

24. Share-based payments (continued)

Fair value calculations

The fair value of share options is estimated at the grant date by using a Black-Scholes option pricing model. We consider the terms and conditions on which the share options were granted, as well as making estimates on some of the assumptions to adjust for the Black-Scholes model's drawbacks when valuing American type of options. The inputs used in the model are market observable whenever possible. Considering the start-up nature of the Company's operations, the management of the Company needs to make certain assumptions. The weighted average fair value of options granted at the measurement date was EUR 4.96 (EUR 4.96 in 2021).

The following table lists the key inputs used during 2022 and 2021:

	2022	2021
Weighted average fair value of share price	5.48	6.16
Weighted average exercise price	2.46	2.22
Expected life of share options (years)	5	6
Expected volatility (%)	95%	80%
Dividend yield (%)	0%	0%
Risk-free interest rate (%)	4.4%	3.6%

The two most significant inputs with highest sensitivity to the calculations of share option value are fair value of share price and expected life of share options. Since 2018 the Company's policy has been to provide a strike price that is set at a discount from the best guess fair value, which is estimated by applying several valuation techniques. Before that, the strike price was equal to the estimated share price at each grant date. The expected life of share options was initially assumed to be at the end date on which the first option agreements granted (in 2015) could be exercised, considering the environment and how long it took other fintech companies to go public or get sold. However, as the business was impacted by the pandemic-caused downturn of 2020 as well as a prolonged licensing process, the assumption was changed in 2021 by extending the expected life by 2 years. The new expected exercise date for options granted is estimated around the end of 2027. Expected volatility is estimated by observing other companies that became listed in recent periods operating in similar industries, while risk-free interest rate is calculated by looking at various markets across the globe where the Company plans to operate. Dividends are expected to yield 0% at parent level during the calculation period, as all profit is planned to be reinvested to further grow the value of Mintos Group.

25. Client funds and financial instruments

The Company's core activity is to operate a global online platform for loans providing investors with an easy and transparent way to invest in loans originated by a variety of alternative lending companies around the world. Starting from September 2021, client funds and financial instruments are safeguarded in accordance with the Financial Instrument Market Law.

Starting from May 2022, clients are investing in financial instruments – loan-backed securities called Notes. New investments directly in loans were discontinued on 30 June 2022.

The Company holds and safeguards client funds in segregated bank accounts. The outstanding amount of client funds in local currency equivalent as of 31 December 2022 and 31 December 2021 were:

Currency	In local currency	31.12.2022, EUR	In local currency*	31.12.2021, EUR*
EUR	45 751 469	45 751 469	47 978 273	47 978 273
KZT	907 207 600	1 833 467	278 758 506	564 207
PLN	4 834 608	1 032 861	6 708 681	1 459 393
CZK	1 002 608	41 574	2 345 445	94 353
MXN	748 650	35 896	1 210 229	52 292
GBP	31 707	35 749	51 379	61 145
DKK	114 507	15 398	128 655	17 301
SEK	141 672	12 738	91 248	8 902
RUB	-	-	113 426 221	1 329 696
USD	-	-	82 480	72 824

* In contrast to previous year's Annual report Note "Servicing assets and liabilities" where disclosure of investors and lending companies cash held in a separate bank accounts is provided, this report discloses only amounts of safeguard client funds. Data for 2021 is included for information purposes.

25. Client funds and financial instruments (continued)

The Company held and safeguarded the following clients' financial instruments as of 31 December 2022:

By financial instrument type		31.12.2022 EUR	31.12.2021 EUR
Notes		199 113 641	-
	TOTAL:	**199 113 641**	**-**

In accordance with the Financial Instrument Market Law the Company is obligated to ensure an annual audit of practices of client funds and financial instrument safeguarding. During the reporting period, the audit was conducted, and the report submitted to the regulator. No shortcomings were reported.

Clients had the following outstanding investments in loans and payments in process related to those investments (direct investments through assignment agreements):

By loan type		31.12.2022 EUR	31.12.2021* EUR
Personal Loans		192 679 992	316 878 469
Short-Term Loans		53 822 223	107 874 546
Car Loans		51 377 003	83 358 612
Business Loans		15 489 556	18 676 705
Mortgage Loans		4 030 072	5 835 998
Agricultural Loans		1 441 630	2 391 468
Pawn broking Loans		273 682	6 455 532
Invoice Financing		2 584	110 015
	TOTAL:	**319 116 742**	**541 581 345**

* In contrast to previous year's Annual report Note "Servicing assets and liabilities" where disclosure of outstanding investments in loans is provided, this report disclosure consists of outstanding investments in loans, due and overdue amounts from lending companies. Data for 2021 is included for information purposes.

26. Fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All financial assets of the Company are measured at amortized cost and designated as such upon initial recognition. The Company assesses that all its financial assets and liabilities have the carrying amount as a reasonable approximation of fair value because of the short-term nature for the accounts receivable and payable and liabilities constituting lease contracts. Therefore, the Company has not disclosed the fair values separately.

Valuation methods and assumptions

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
The management assessed that cash, trade receivables, other assets, trade payables, and other current liabilities approximate their carrying amounts largely due to the current maturities of these instruments. The Company has no net gains or losses of financial instruments to report.

27. Risk management

a. Financial risks management

The Company has assessed that its material financial risks arise from liquidity risk. The Company also has limited exposure to credit risk through the money held in bank accounts as well as other receivables. Interest rate and foreign exchange risk in year 2022 and 2021 has been negligible as the Company's exposure to foreign currency changes for all other currencies is not material.

Liquidity risk

The Company is exposed to the liquidity risk in case it would not be able to meet its financial liabilities. The Company manages its liquidity risk mostly by maintaining an adequate level of cash as well as through intercompany borrowing.

The below table discloses undiscounted financial liabilities as of 31 December 2022:

Liabilities	< 3 months EUR	3 – 12 months EUR	1 – 2 years EUR	2 – 5 years EUR	31.12.2022 EUR
Lease non-current	-	-	152 428	1 388	**153 816**
Lease current	55 635	166 912	-	-	**222 547**
Trade and other payables	597 905	-	-	-	**597 905**
Accrued liabilities	143 358	335 487	-	-	**478 845**
TOTAL:	**796 898**	**502 399**	**152 428**	**1 388**	**1 453 113**

The below table discloses undiscounted financial liabilities as of 31 December 2021:

Liabilities	< 3 months EUR	3 – 12 months EUR	1 – 2 years EUR	2 – 5 years EUR	31.12.2021 EUR
Lease non-current	-	-	366 871	1 388	**368 259**
Lease current	51 591	154 773	-	-	**206 364**
Loans from related parties	1 240 460	-	-	-	**1 240 460**
Trade and other payables	512 035	22 978	-	-	**535 013**
Accrued liabilities	182 189	341 131	-	-	**523 320**
TOTAL:	**1 986 275**	**518 882**	**366 871**	**1 388**	**2 873 416**

The below table discloses discounted financial liabilities as of 31 December 2022:

Liabilities	31.12.2022 EUR
Lease non-current	170 112
Trade and other payables	597 905
Accrued liabilities	478 845
Lease current	209 553
TOTAL:	**1 456 415**

The below table discloses discounted financial liabilities as of 31 December 2021:

Liabilities	31.12.2021 EUR
Lease non-current	316 845
Loans from related parties current	1 240 460
Trade and other payables	535 013
Accrued liabilities	523 320
Lease current	187 875
TOTAL:	**2 803 513**

27. Risk management (continued)

a. Financial risks management (continued)

Counterparty and credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including balances with the banks, trade receivables, or unbilled receivables for which the invoices have not been issued at end of the year.

Given the short-term nature of the receivables the Company is not incorporating forward-looking information into determination of ECL.

<u>Balances with banks</u>

The Company holds the cash balances (see Note 17) with commercial banks in Latvia, Estonia, and Poland. Balances with the banks are held with several banks, including balances held with institutions with credit ratings equal or above Baa1 (by Moody's, institution group's rating is applied if no rating is issued for standalone counterparty) of EUR 1 929 020 (2021: EUR 967 444) and institutions with no ratings issued of EUR 56 928 (2021: EUR 115 099). Given that significant balances are kept only with European Union banks, the Company believes that there is very minimal credit risk associated with these balances.

<u>Unbilled receivables and trade receivables</u>

Customer credit risk is managed by the Company's established policy, procedures, and controls relating to customer credit risk management. Outstanding customer receivables and unbilled receivables are regularly monitored. Accrued income for which the bills are not yet issued by the end of the period (see Note 15) are usually withheld directly from the settlements with the Company's clients, limiting credit risk exposure.

Based on the assessment of debtor payment discipline and other qualitive information of their financial standing impairment allowance was made in 2022 and in 2021. The Company's net trade receivables from the customers, unbilled receivables as of 31 December 2022 was EUR 850 467 (31 December 2021: EUR 836 093) including EUR 166 346 (31 December 2021: EUR 106 122) of provisions for doubtful debts and EUR 35 927 (2021: EUR 44 687) impairment based on Expected credit loss calculation below. As of 31 December 2022 were impaired also other debtors and assets in the amount of EUR 40 041 (31 December 2021: EUR 38 423).

An impairment analysis is performed at the 31 of December 2022 and at the 31 of December 2021 using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events and current conditions.

The carrying amounts of receivables represent the maximum credit exposure. Trade receivables in amount of EUR 35 were written off during 2022 (2021: EUR 0).

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as of 31 December 2022. There are no trade receivables from debtors in the Russian Federation as of 31 December 2022, hence no credit risk exposure on the Russian geographical market.

		Days past due						
	Fully impaired doubtful debts EUR	**0 days EUR**	**<30 days EUR**	**31-60 days EUR**	**61-90 days EUR**	**>90 days EUR**	**Total EUR**	**Grand total EUR**
Expected credit loss rate	100%	0.36%	5.08%	8.42%	8.74%	18.38%	-	-
Estimated total gross carrying amount at default	166 346	662 263	41 803	3 446	18 149	160 734	**886 395**	**1 052 741**
Expected credit loss	166 346	2 384	2 124	290	1 586	29 543	**35 927**	**202 273**

27. Risk management (continued)

a. Financial risks management (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as of 31 December 2021:

		Days past due					
	Fully impaired doubtful debts EUR	<30 days EUR	31-60 days EUR	61-90 days EUR	>90 days EUR	Total EUR	Grand total EUR
Expected credit loss rate	100%	0.57%	35.26%	100%	20.73%	-	-
Estimated total gross carrying amount at default	106 122	1 541 314	4 376	4 587	143 618	**1 693 895**	**1 800 017**
Expected credit loss	106 122	8 785	1 543	4 587	29 772	**44 687**	**150 809**

Movement in the allowance for impairment of trade receivables, other debtors and assets during the year was as follows:

By impairment allowance type	2022 EUR	2021 EUR
From the Statement of comprehensive income:		
Impairment allowance for doubtful debts in trade receivables	60 372	69 116
Impairment allowance for doubtful debts in other debts and assets	1 618	38 423
Impairment allowance based on expected credit loss calculation	(8 760)	206
Written off trade receivables	35	-
Impairment reverse in trade receivables	(148)	(45 388)
Total impairment losses in the Statement of comprehensive income	**53 117**	**62 357**
Loss/ (gain) from fluctuations of currency exchange rates	-	214
Total in balance as of 31 December, including:	**242 314**	**189 232**
Impairment allowance in trade receivables, including (Note 15):	202 273	150 809
Trade receivable impairment allowance	166 346	106 122
Impairment based on Expected credit loss calculations	35 927	44 687
Impairment allowance for other debtors (Note 16)	40 041	38 423

b. Capital management

The Company considers its capital to comprise of its equity share capital, equity reserves related to share-based options, plus its accumulated retained results. The Company is part of Mintos group, which aims to provide new and innovative financial solutions for its clients. Therefore, the Company's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern in providing its services. The Company is subject to external capital adequacy requirements as disclosed in Other regulatory disclosures. The management of the Company believes that the current level of capital is sufficient for further operations.

28. Events after the balance sheet date

There have been no significant events after the balance sheet date.

Martins Sulte Chairman of the Board	Martins Valters Member of the Board	Karlis Kronbergs Member of the Board

22 March 2023

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Independent Auditors' Report

To the shareholder of AS "Mintos Marketplace"

Report on the Audit of the Financial Statements

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of AS "Mintos Marketplace" ("the Company") set out on pages 8 to 37 of the accompanying Annual Report, which comprise:

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AS "Mintos Marketplace" as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis 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 *Auditors' Responsibility for the Audit of the 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) (IESBA Code) 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 IESBA Code and the '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:

- the Management Report, as set out on pages from 3 to 6 of the accompanying Annual Report,
- the Statement on Management Responsibility, as set out on page 7 of the accompanying Annual Report,
- Other regulatory disclosures, as set out on pages from 42 to 46 of the accompanying Annual Report.

Our opinion on the 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 Related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Company 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 Related to Other Information

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 Financial and Capital Market Commission of the Republic of Latvia – Regulation No. 113 'Regulation on the preparation of annual reports and consolidated annual reports of credit institutions, investment broker companies and investment management companies'.

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Financial and Capital Market Commission of the Republic of Latvia – Regulation No. 113 'Regulation on the preparation of annual reports and consolidated annual reports of credit institutions, investment broker companies and investment management companies'.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

— Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

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.

KPMG Baltics SIA
Licence No. 55

Rainers Vilāns
Member of the Board
Latvian Sworn Auditor
Certificate No. 200
Riga, Latvia
22 March 2023

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND IT HAS A TIME-STAMP

Other regulatory disclosures

Capital adequacy

In order to provide transparency to their investors and the wider markets, Article 46 of Regulation (EU) 2019/2033 requires investment firms that do not qualify as small and non-interconnected investment firm to publicly disclose the information specified in Part Six of the Regulation. As of the reporting date, the Company is not classified as small and non-interconnected investment firm. This Note contains and is a part of mandatory disclosures applicable to the Company in accordance with the Regulation. This section covers disclosures set by Article 49 – Own funds and Article 50 – Own funds requirements.

a. Own funds

The Company's own funds during the reporting period consisted of only Common Equity Tier 1 items, including share capital, retained earnings, and deductions of certain intangible assets. The Company's own funds position on 31 December 2022 was EUR 4 477 821 (31 December 2021: EUR 3 161 917).

In accordance with the Commission implementing Regulation (EU) 2021/2284, the Company uses templates to convey sufficiently comprehensive and comparable information on the composition and quality of its own funds. This is achieved by the quantitative disclosure template (EU I CC1.01) on the composition of own funds and a flexible template (EU I CC2) on the reconciliation of regulatory own funds with the audited financial statements. A template (EU I CCA) provides information on the most relevant features of own funds instruments issued by the Company.

Template EU I CC1.01 - Composition of regulatory own funds (Investment firms other than small and non-interconnected)

		(a)	(b)
		Amounts	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	**OWN FUNDS**	4 477 821	
2	**TIER 1 CAPITAL**	4 477 821	
3	**COMMON EQUITY TIER 1 CAPITAL**	4 477 821	
4	Fully paid up capital instruments	6 150 000	1S
5	Share premium		
6	Retained earnings	(2 508 169)	3S
7	Accumulated other comprehensive income		
8	Other reserves	852 536	2S
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters		
11	Other funds		
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(16 546)	
13	(-) Own CET1 instruments		
14	(-) Direct holdings of CET1 instruments		
15	(-) Indirect holdings of CET1 instruments		
16	(-) Synthetic holdings of CET1 instruments		
17	(-) Losses for the current financial year		
18	(-) Goodwill		
19	(-) Other intangible assets	(16 546)	3A,4A
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities		
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		

22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		
25	(-)Defined benefit pension fund assets		
26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments		
28	**ADDITIONAL TIER 1 CAPITAL**		
29	Fully paid up, directly issued capital instruments		
30	Share premium		
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
32	(-) Own AT1 instruments		
33	(-) Direct holdings of AT1 instruments		
34	(-) Indirect holdings of AT1 instruments		
35	(-) Synthetic holdings of AT1 instruments		
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment		
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment		
38	(-) Other deductions		
39	Additional Tier 1: Other capital elements, deductions and adjustments		
40	**TIER 2 CAPITAL**		
41	Fully paid up, directly issued capital instruments		
42	Share premium		
43	(-) TOTAL DEDUCTIONS FROM TIER 2		
44	(-) Own T2 instruments		
45	(-) Direct holdings of T2 instruments		
46	(-) Indirect holdings of T2 instruments		
47	(-) Synthetic holdings of T2 instruments		
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment		
49	(-) T2 instruments of financial sector entities where the institution has a significant investment		
50	Tier 2: Other capital elements, deductions and adjustments		

Deduction of intangible assets based on the prudential accumulated amortization calculated in accordance with the Commission delegated Regulation (EU) 2020/2176. Given the Company's policy on amortization of internally developed software assets within 3 years, essentially only the assets not finished yet and therefore not amortized and other acquired intangible assets have been deducted.

Template EU I CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	c
		Balance sheet as in published/audited financial statements	**Cross reference to EU IF CC1**
		As at period end	
Assets - *Breakdown by asset classes according to the balance sheet in the published/audited financial statements*			
1A	Intangible assets	2 368 411	
2A	Internal software	2 351 866	
3A	Internal software in progress	6 776	19
4A	Trademarks, domains, licenses	9 769	19
5A	Fixed assets	175 658	
6A	Right-of use leased assets	367 930	

7A	Other debtors and assets	630 100	
8A	Trade receivables	850 467	
9A	Cash at banks	1 985 948	
10A	**Total Assets**	**6 378 514**	
Liabilities - *Breakdown by liability classes according to the balance sheet in the published/audited financial statements*			
1L	Lease	379 665	
2L	Contract liabilities	244 557	
3L	Trade and other payables	597 905	
4L	Corporate income tax	434	
5L	Taxes and State mandatory social insurance payments	182 741	
6L	Accrued liabilities	478 845	
7L	**Total Liabilities**	**1 884 147**	
Shareholders' Equity			
1S	Share capital	6 150 000	4
2S	Other capital reserves	852 536	8
3S	Retained losses	(2 508 169)	6
4S	**Total Shareholders' equity**	**4 494 367**	

The Company meets the obligations laid down in Part Six of Regulation (EU) 2019/2033 on an individual basis.

Template EU I CCA: Main features of own instruments issued by the firm

		a
		Share capital
1	Issuer	AS Mintos Marketplace
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Commercial Law (Komerclikums)
5	Instrument type (types to be specified by each jurisdiction)	Ordinary share (akcija)
6	Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	EUR 6.150
7	Nominal amount of instrument (Currency in million)	EUR 6.150 (6 150 000 shares @ EUR 1.00 each)
8	Issue price	N/A
9	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretional
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretional
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Noncumulative

24	Convertible or non-convertible	Nonconvertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	No
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

b. Own funds requirement

The Company should have available internal capital which is adequate in quantity, quality, and distribution to cover the specific risks to which it is or may be exposed. The Management Board is responsible for capital management and capital requirement compliance. During the reporting period, total capital requirement was set according to the own fund requirements in accordance with Part Three of Regulation (EU) 2019/2033, and no additional own funds requirement or guidance was imposed by the regulator. There is no additional capital requirement in relation to Minimum Requirement for own funds and Eligible Liabilities (MREL). During the reporting period, the Company completed an initial Internal capital adequacy assessment process (ICAAP), which will be reviewed at least annually. As a result of ICAAP, no additional capital buffers to the own fund's requirements were applied as of the reporting date.

The local regulator Latvijas Banka monitors capital requirements of the Company. In accordance with Regulation (EU) No 2019/2033 (IFR) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, the minimum capital requirement is set by the higher of the Fixed overhead requirement (FOR), permanent minimum capital requirement (PMCR), and K-Factor requirement.

Own funds requirement determined as the highest of the three requirements.

	31.12.2022 EUR	**31.12.2021 EUR**
Applied own Funds requirement	2 452 095	2 004 900
Permanent minimum capital requirement	750 000	750 000
Fixed overhead requirement	2 452 095	2 004 900
Total K-Factor Requirement	481 423	506 123

In accordance with the regulation, permanent minimum capital requirement is equal to EUR 750 000.
The FOR shall amount to at least one quarter of the fixed overheads of the preceding year. According to the regulation, during the reporting period and as of reporting date, capital requirement was set according to the FOR projected and submitted with application for the investment firm license in September 2021. The projected fixed overheads after allowed deductions were EUR 8 019 601, and the FOR was one quarter equivalent of this amount. After 12 months of operations as a licensed investment firm, the FOR was set according to fixed overheads of the preceding year. Based on audited financial results of 2021, starting from November 2022, the annual fixed overheads amounted to EUR 10 946 583, and accordingly, the FOR was EUR 2 623 646. According to the audited financial results of 2022, the annual fixed overheads amounted to EUR 9 808 378, the FOR was EUR 2 452 095.

The K-factor requirement is calculated as at least the sum of each of the K-factors applicable to the Company.
Total K-factor requirement on 31 December 2022 was EUR 481 423 (31.12.2021: EUR 506 123).
K- factor requirement in aggregate form by risk factor categories risk to market (RtM), risk to firm (RtF) and risk to client RtC):

	31.12.2022 EUR	**31.12.2021 EUR**
Risk to client (RtC)	469 192	495 277
Risk to market (RtM)	12 119	10 659
Risk to firm (RtF)	112	187
Total K-Factor Requirement	481 423	506 123

The Company is required to maintain own funds above the following thresholds, calculated as own funds over the own fund's requirement:

- Common equity Tier 1 capital (CET1) ≥56%
- Common equity Tier 1 capital (CET1) + Additional tier 1 capital AT1 ≥75%
- Common equity Tier 1 capital (CET1) + Additional tier 1 capital AT1 + Tier 2 capital ≥100%

As the owns funds of the Company consisted only of CET1 all condition above were met and the ratio was 182.6% on 31 December 2022 (31.12.2021: 157.7%).

The Company has complied in full of all its externally imposed capital requirements over the reported period.