Consolidated annual 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 — 2023

mintos

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Management report

General information

Name of the Parent company	Mintos Holdings
Legal status of the Parent company	Joint stock company
Unified registration number, place and date of registration	40103902690 Riga, 27 May 2015
Registered office	Skanstes iela 50 Riga, Latvia, LV–1013
Major shareholders	ALPS Investments AS (30.93% from voting shares) MS CAP SIA (15.63% from voting shares) Obelo Capital AS (10.31% from voting shares) KM Invest AS (10.31% from voting shares) Novo Holdings AS (10.31% from voting shares)
Board Members	Martins Sulte — Chairman of the Management Board Martins Valters — Member of the Management Board
Supervisory Board Members	Janis Abasins – Chairperson of the Supervisory Board Mikus Janvars – Deputy of the Chairperson 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

Mintos 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 Mintos. It was completed by the end of June, and since July 2022 only investments in financial instruments are available on the platform.

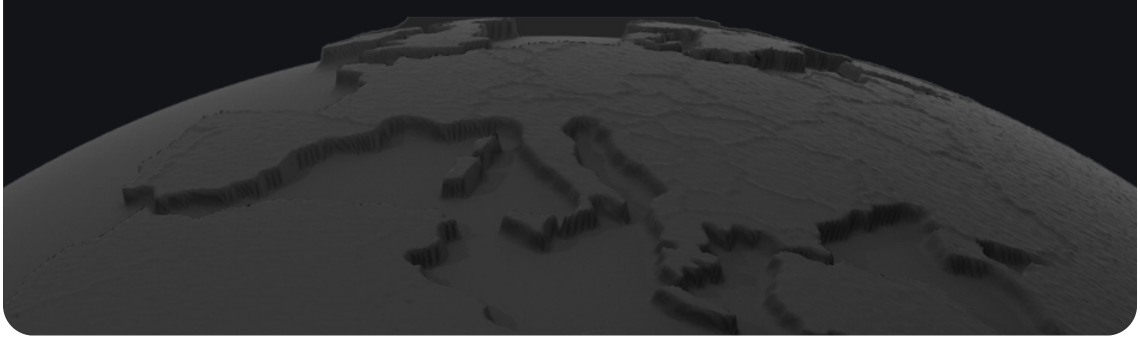
As part of becoming regulated, we had to introduce tax withholding for investments in Notes. From the very start of our licensing process more than 2 years ago, we had worked with Latvian lawmakers and the financial institution trade association to affect a law change that improves the taxation experience 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.

Registered users: **503 k**

Assets under administration: **€ 576 m**

Funded accounts: **153 k**

Loans from: **23 countries**

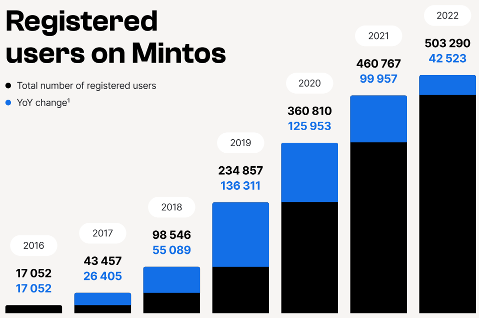


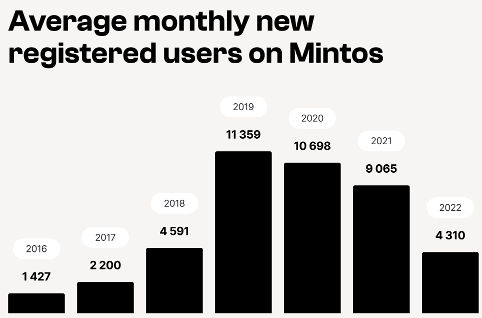
1 Market share based on total investments according to data from p2pmarketdata for EUR platforms as of 31 December 2022.

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.

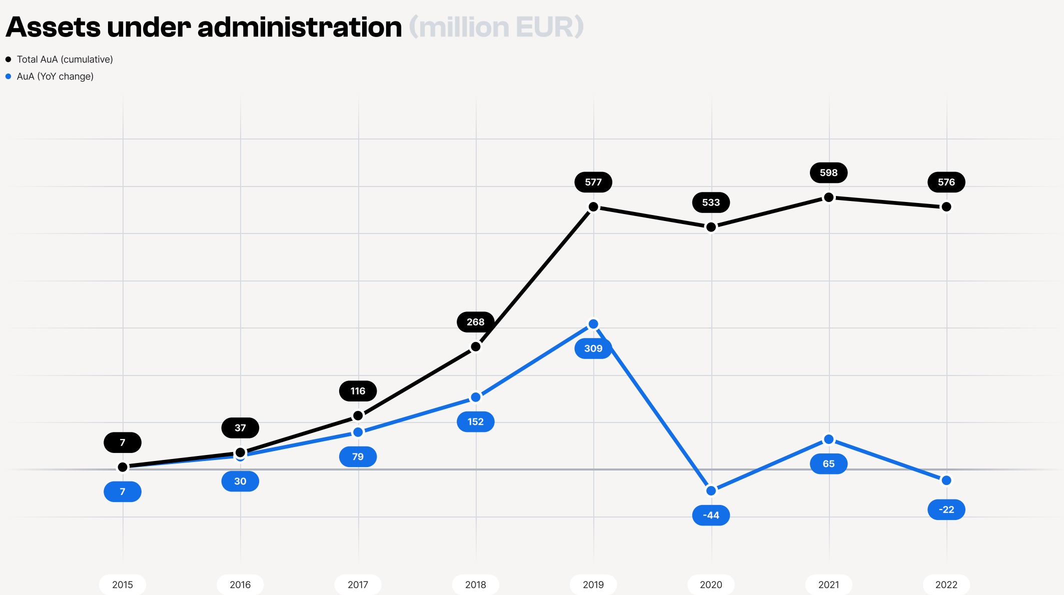
In December, we launched our regulated services in France. All of Mintos' website and user interface is now also available in French. In 2023 we plan to passport to other EU countries, opening up new opportunities for increasing our customer base and accelerating growth.





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.



1 New registrations minus closed accounts.

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 5.6% in 2022 compared to the year before. We closed the year with EUR 9.192 million in revenue, down from EUR 9.737 million in 2021.

Our total comprehensive income in 2022 amounted to EUR 188 thousand, up from a loss of EUR 2.501 million in 2021. Income was largely the result of stable net commission income as well as other income generated.

The result includes charges of EUR 121 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 total comprehensive income of EUR 309 thousand compared to a total comprehensive loss of EUR 2.342 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 1.717 million, compared to EUR 2.191 million in 2021.

Risks and uncertainties

Risk management is an integral part of our operations at Mintos and essential to ensure sustainable business development. 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

18 April 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 conclusions and comments in this management report are assessed based on inputs known when the report was being completed. The future activities of Mintos may differ from what we've stated as management's opinion in this report. We will always act based on market changes, and significant threats and opportunities.

The Management is responsible for preparing Mintos Holdings AS Consolidated Annual Report for the year 2022 in accordance with applicable law and regulation.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

18 April 2023

Consolidated Financial Statements:

Consolidated Statement of comprehensive income

Consolidated Financial Statements:

Consolidated Statement of comprehensive income

18 April 2023

	Notes	2022 EUR	2021 EUR
Commission and fee income	5	9 191 725	9 737 271
Commission and fee expenses	6	(116 900)	(80 679)
Net commission income		**9 074 825**	**9 656 592**
Employee remuneration expenses	7	(4 828 167)	(6 082 779)
Depreciation and amortization	12, 13	(2 437 127)	(1 741 533)
Administrative and other general expenses	8	(3 825 129)	(4 291 507)
Other income	9	2 285 697	302 430
Impairment losses	27a	(51 854)	(239 613)
Interest and similar expenses	10	(103 682)	(72 911)
Interest income		2 009	350
Income/ (loss) before tax		**243 359**	**(2 468 971)**
Corporate income tax	11	(791)	(503)
Deferred income tax	11	(22 480)	(30 980)
Income/ (loss) for the year		**220 088**	**(2 500 454)**
Other comprehensive income/(loss)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		(32 257)	(998)
Other comprehensive (loss) for the year, net of tax		(32 257)	(998)
Total comprehensive income/(loss)		**187 831**	**(2 501 452)**

The accompanying notes on pages 18 to 42 form an integral part of these financial statements.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Consolidated Financial Statements:

Consolidated Statement of financial position

Consolidated Financial Statements:

Consolidated Statement of financial position

18 April 2023

Assets	Notes	31.12.2022 EUR	31.12.2021 EUR
Non-current assets			
Intangible assets	12	3 354 248	3 529 256
Fixed assets	12	179 269	275 925
Right-of-use leased assets	13	814 052	997 562
Other debtors and assets	14	168 574	40
Total non-current assets		**4 516 143**	**4 802 783**
Current assets			
Trade receivables	15	719 556	787 460
Other debtors and assets	14	530 818	537 423
Cash and cash equivalents	16	2 842 495	1 787 033
Total current assets		**4 092 869**	**3 111 916**
TOTAL ASSETS		**8 609 012**	**7 914 699**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	1 120 658	1 111 942
Share premium	17	9 701 879	9 666 801
Other capital reserves	17, 24	835 206	714 365
Foreign currency exchange reserve		(38 474)	(6 217)
Accumulated losses		(6 173 035)	(6 393 123)
Total Equity		**5 446 234**	**5 093 768**
Non-current liabilities			
Other loans	18	260 562	-
Deferred tax liabilities	11	127 484	105 004
Lease	13	438 309	719 609
Contract liabilities	19	33 703	74 271
Total Non-current liabilities		**860 058**	**898 884**
Current liabilities			
Trade and other payables	20	635 689	545 698
Other loans	18	120 740	-
Lease	13	369 372	384 270
Corporate income tax		648	225
Taxes and State mandatory social insurance payments	21	426 156	322 105
Accrued liabilities	22	529 574	562 028
Contract liabilities	19	220 541	107 721
Total Current liabilities		**2 302 720**	**1 922 047**
TOTAL EQUITY AND LIABILITIES		**8 609 012**	**7 914 699**

The accompanying notes on pages 18 to 42 form an integral part of these financial statements.

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Martins Valters
Member of the Board

Consolidated Financial Statements:

Consolidated Statement of cash flows

Consolidated Financial Statements:
Consolidated Statement of cash flows

18 April 2023

Cash flows to/from operating activities	Notes	2022 EUR	2021 EUR
Profit/(loss) before tax		243 359	(2 468 971)
Adjustments for:			
Amortisation and depreciation	12, 13	2 437 127	1 741 533
Loss/(gain) from fluctuations of currency exchange rates		41 527	(9 048)
Other interest and similar income		(2 009)	(350)
Interest and similar expense	10	47 714	72 911
Share-based payment expense	7, 24	120 841	159 322
(Gain)/loss on disposal of property, plant and equipment		(4 403)	1 383
Impairment losses	27a	51 854	239 613
(Increase)/decrease in receivables and other assets		(415 754)	(532 665)
Increase/(decrease) in payables		394 554	(1 682 033)
Cash generated from operations		**2 914 810**	**(2 478 305)**
Corporate income tax paid		(2 490)	(353)
Net cash flows to/from operating activities		**2 912 320**	**(2 478 658)**
Cash flows to/from investing activities			
Purchase of equipment	12	(35 615)	(70 609)
Disposal of equipment		4 061	6 436
Purchase of intangible assets	12	(1 716 787)	(2 190 837)
Issued loans to related parties	23	-	(60 000)
Received repayment of issued loans	23	-	116 000
Interest received		-	350
Net cash flows to/from investing activities		**(1 748 341)**	**(2 198 660)**
Cash flows to/from financing activities			
Issued share capital	17	8 716	110 848
Issued, paid share premium, net	17	35 078	6 165 359
Repayment of lease liabilities	13	(444 372)	(451 583)
Interest paid		(45 562)	(72 911)
Received other loans	23, 27	409 000	-
Repayment of received other loans	23, 27	(29 850)	(164 251)
Net cash flows to/from financing activities		**(66 990)**	**5 587 462**
Change in cash		1 096 989	910 143
Net foreign exchange difference		(41 527)	9 048
Cash and cash equivalents at the beginning of the year		1 787 033	867 842
Cash and cash equivalents at the end of the year	16	**2 842 495**	**1 787 033**

The accompanying notes on pages 18 to 42 form an integral part of these financial statements.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Consolidated Financial Statements:

Consolidated Statement of changes in equity

Consolidated financial statements:
Consolidated statement of changes in equity

18 April 2023

	Notes	Share capital EUR	Share premium EUR	Other capital reserves EUR	Accumulated losses EUR	Foreign currency translation reserve EUR	Total EUR
Balance as of 31 December 2020		**1 001 094**	**3 501 442**	**576 684**	**(3 892 669)**	**(5 219)**	**1 181 332**
Issue of share capital	17	110 848	6 165 359	-	-	-	6 276 207
Share-based payments	24	-	-	159 322	-	-	159 322
Reorganisation result	17	-	-	(21 641)	-	-	(21 641)
Transactions with shareholders		**110 848**	**6 165 359**	**137 681**	**-**	**-**	**6 413 888**
Loss for the reporting year		-	-	-	(2 500 454)	-	(2 500 454)
Other comprehensive (loss)		-	-	-	-	(998)	(998)
Total comprehensive (loss)		**-**	**-**	**-**	**(2 500 454)**	**(998)**	**(2 501 452)**
Balance as of 31 December 2021	**17**	**1 111 942**	**9 666 801**	**714 365**	**(6 393 123)**	**(6 217)**	**5 093 768**
Issue of share capital	17	8 716	35 078	-	-	-	43 794
Share-based payments	24	-	-	120 841	-	-	120 841
Transactions with shareholders		**8 716**	**35 078**	**120 841**	**-**	**-**	**164 635**
Income for the reporting year		-	-	-	220 088	-	220 088
Other comprehensive (loss)		-	-	-	-	(32 257)	(32 257)
Total comprehensive income/ (loss)		**-**	**-**	**-**	**220 088**	**(32 257)**	**187 831**
Balance as of 31 December 2022	**17**	**1 120 658**	**9 701 879**	**835 206**	**(6 173 035)**	**(38 474)**	**5 446 234**

The accompanying notes on pages 18 to 42 form an integral part of these financial statements.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Notes to the consolidated financial statements

1. Corporate information

The consolidated financial statements of Mintos Holdings AS (the Company) and its subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board Members on 18 April 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. The registered office of the Group is at Skanstes iela 50, Riga.

The core business activity of the Group 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.

Mintos Marketplace AS provides investment services. Mintos Payments SIA is a licenced electronic money institution. The activities of Mintos Marketplace AS are regulated by the Financial Instruments Market Law and activities of Mintos Payments SIA are regulated by the Law on Payment Services and Electronic Money and other normative documents of the Republic of Latvia.

Information on the Group's structure is provided in Note 4.

2. Summary of significant accounting policies

a. Basis of preparation

These consolidated financial statements of the Group 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), on a going concern basis. These consolidated financial statements were authorised for issue by the Company's Board on 18 April 2023. These consolidated financial statements are prepared on a historical cost basis except where noted otherwise.

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

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Group's consolidated financial statements are presented in euros, which is also parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Consolidated Statement of comprehensive income under Exchange differences on translation of foreign operations.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

c. 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 Group are summarised. 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.

d. 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 Group has not early adopted the new or amended standards in preparing these financial statements.

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.

e. 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 Group'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 Group'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 Group 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 Group 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 Group's all financial liabilities are classified at 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 the Group 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.

<u>Financial assets at amortized cost</u>

The Group 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 recognised in the Statement of comprehensive income in Credit loss expense. Gains and losses are recognized in profit or loss when the asset is derecognised, modified, or impaired. The Group's financial assets at amortized cost include trade receivables, accrued income.

(iv) Derecognition

A financial asset is derecognized only when the contractual rights to receive cash flows from the asset have expired, or the Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 Group 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 Group 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 Group calculates ECL are:

- Trade receivables and other receivables
- Cash and cash equivalents

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

For trade receivables and unbilled receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group 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 Group'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 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 Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit engagements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

f. Intangible assets

Intangible assets comprise purchased licences, 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 amortised 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 Group has made estimation of the responsibilities for every development team member duty, based on that salary expenses are capitalized.

g. 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.

h. Client acquisition costs

The Group incurred various expenditure that is related to client (investor) acquisition. Once the expenditure is incurred, the Group 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 fulfil 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 Group's transfer of the services to the customer.

The Group 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.

i. Impairment of non-financial assets

The Group 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.

j. 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.

k. Income and expense recognition

The Group applied IFRS 15 to all revenue arising from contracts with customers. The Group 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 Group 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 Group 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.

Connection fees obtained by the Group 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 Group 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 Group recognizes penalty income from contract (related to only investments via claims) penalties and late payments. From the date when the Group has legal rights on such penalty the Group recognizes these when the Group 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 Group 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 Group'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 Group has received payment (or payment is due) from the customer. If a customer pays before the Group 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 Group performs under the contract. Contract liabilities are advances received. The Group recognizes the revenues as an average monthly amount ever estimated length of the customer relationship.

l. Share-based payments

All employees of the Group receive remuneration for services provided in the form of share-based payments. All the Group'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 expenses (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 Group'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 as at the beginning and end of that period.

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 Group'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.

m. 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 Group.

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.

n. 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.

o. 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. Client funds and financial instruments are safeguarded in accordance with the Financial Instrument Market Law. Clients also have direct investments in loans through assignment agreements and payments in process related to those investments. 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 4 for group information) that acts as the issuer. As the Group does not bear the credit risks and other financial risks related client funds, financial instruments and direct investments in loans, but only earns commission for servicing and safeguarding 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.

p. Leases

The Group (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 Group has few contracts that include extension and termination options. The Group considers all relevant factors that create an economic incentive when evaluation whether it plans to renew or terminate a lease. After the commencement date, the Group 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 13 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 Group 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.

Lease liabilities

At the commencement date of the lease, the Group 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 Group uses the borrowing rate determined in the agreement. If the borrowing rate is not mentioned, the Group 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 Group 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 Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

How the Group estimates the incremental borrowing rate for leases

The Group 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 Group's borrowing rate is the rate of interest that the Group 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 Group '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%).

q. Income taxes and deferred taxes

The Groups tax for the period consists of current and deferred tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or from tax authorities using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Based on Latvian Corporate income tax law, starting from year 2018, corporate income tax is calculated on the basis of distributed profit or in case of expenses treated as deemed profit distribution (20/80 of the net amount payable to shareholders). Current tax arising from distributed profit is recognized when the shareholder of the Group decides on profit distribution. Corporate income tax from deemed profit distributions is presented as 'Administrative and other expenses' in the statement of comprehensive income.

The tax rates and tax laws used to compute the amount are those that are applicable during the taxation period in the countries where the Group and the Parent Company operates. Current corporate income tax rate for the Parent company is applied at the statutory rate of 25% from distributed profit. Current corporate income tax rates for the foreign subsidiaries are:

Estonia	0%	from undistributed profit and 20/80 from distribution of profit (0% from undistributed profit and 14/86 from regular dividend payments in the amount that is below or equal to the extent of taxed dividends paid during the 3 preceding years)
Poland	19%	
United Kingdom	19%	
Lithuania	15%	
Germany	15%	
Mexico	30%	
Indonesia	25%	

Deferred tax in consolidated financial statements arises from temporary differences arising between the tax bases of assets and liabilities and their carrying value for accounting purposes in the countries where tax is not calculated at distribution (i.e., Latvia and Estonia), as well as from undistributed profits of subsidiaries, since it is expected that the earnings of subsidiaries will be distributed at some moment. To the extent that subsidiaries' profit distribution is assumed, the deferred tax liability is recognized in consolidated financial statements.

r. Subsequent events

Post-year-end events that provide additional information about the Group'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 judgements as in last year):

- Share-based payments. See Note 24 for more details;
- Useful life of intangible assets. See Note 2f for more details;
- Judgement in relation to not recognizing any clients' funds and financial instruments in the statement of financial position. See Note 2o for more details;
- Impairment of intangible assets. See Note 12 for more details.

4. Group information

Information about companies included in the Group

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	2022 % of ownership	2021 % of ownership
Mintos Holdings AS	Holding company	Latvia	100	100
Mintos Marketplace AS	Global online marketplace for loans	Latvia	100	100
Mintos Finance Estonia OU	Support entity	Estonia	100	100
Mintos Polska Sp.z.o.o	Support entity	Poland	100	100
Mintos Finance SIA	Support entity	Latvia	100	100
Mintos Marketplace Ltd	Support entity	United Kingdom	100	100
Mintos Finance II SIA	Support entity	Latvia	100	100
Mintos Finance Holding OÜ	Support entity	Estonia	100	100
Mintos Capital Management SIA	Support entity	Latvia	100	100
Минтос Маркетплейс ООО liquidated*	Support entity	Russia	100	100
Mintos Payments UAB liquidated**	Support entity	Lithuania	100	100
Mintos Marketplace S.A.P.I. S.A. de C.V	Support entity	Mexico	100	100
Mintos Payments SIA	Electronic money institution	Latvia	100	100
Mintos Deutschland GmbH	Support entity	Germany	100	100
Mintos Development SIA	Support entity	Latvia	100	-
Mintos Marketplace Indonesia PT	Support entity	Indonesia	49	49

Mintos Finance Holding OÜ has 100% ownership of 36 Support entities in Estonia, which were intended to start offering investments in the form of Notes (Mintos Finance No1 OU - Mintos Finance No39 OU). The Group is planning to liquidate these entities as Notes investments in Estonia did not start.

From 2022 Mintos Capital Management SIA has 100% ownership of 45 Support entities in Latvia, which offer investments in the form of Notes (Mintos Finance No.1 SIA – Mintos Finance No.45 SIA).

* Includes data of Минтос Маркетплейс ООО till its liquidation date as of 2 August 2022.

** Mintos Payments UAB was liquidated on 27 February 2023.

5. Commission and fee income

Starting from January 2022, one of the Group's subsidiaries charges a monthly fee to inactive investors.

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

Type of income		2022 EUR	2021 EUR
Service fee - lending companies		8 219 996	9 099 426
Inactivity fee		336 323	-
Connection fee		292 747	222 965
Foreign currency exchange commissions		191 431	175 552
Secondary market fee		151 228	239 328
	Total:	**9 191 725**	**9 737 271**
Geographical markets			
Europe		6 517 557	6 815 551
Asia		1 432 772	1 815 344
Africa		669 441	807 470
America		571 955	298 906
	Total:	**9 191 725**	**9 737 271**
Timing of revenue recognition			
Services transferred at a point in time		8 898 978	9 514 306
Services transferred over estimated term of customer relationship		292 747	222 965
	Total:	**9 191 725**	**9 737 271**

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	5 226 840	6 547 541
Social security contributions	1 156 475	1 473 108
Share-based payment expenses (see Note 24)	120 841	159 322
Business risk duty	634	743
	6 504 790	8 180 714
Less: Capitalized development costs	(1 676 623)	(2 097 935)
Total:	**4 828 167**	**6 082 779**

Part of salaries and related taxes have been capitalised to IT development costs (see Note 12). The Group employed 129 employees at the end of year 2022 (average 139 during the year) and 165 employees at the end of year 2021 (average 172 during the year).

The Management team consists of the Management Board and heads of functions that have significant impact on operations of the Group. At the 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 Group amounted to EUR 796 thousand in 2022 and EUR 1 039 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	1 227 056	1 151 323
Bank commissions	590 999	856 586
Legal expenses	426 827	433 147
Compliance expenses	418 891	271 401
Non-deductible VAT	356 074	420 153
Office expenses	206 061	321 181
Other personnel related expenses	180 685	190 237
Audit and consultation expenses	164 816	123 668
Office rent and related expenses	97 995	107 732
Direct client acquisition costs*	45 270	350 806
Business trips	40 930	28 063
Indirect client acquisition expenses	9 694	25 673
Other expenses	59 831	11 537
Total:	**3 825 129**	**4 291 507**

* 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*	2 115 259	220 497
Income from reduced lease payments (Note 13)	-	20 680
Currency exchange income	-	9 048
Other income	170 438	52 205
Total:	**2 285 697**	**302 430**

* Penalty income is recognized based on contracts for not meeting contractual liabilities. See Note 2k. 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. Interest and similar expenses

	2022 EUR	2021 EUR
Interest expenses calculated on leases (Note 13)	42 359	59 596
Currency exchange losses	41 527	-
Penalty expenses	14 441	12 600
Interest expenses from received other loans (Note 23, 27)	5 355	437
Interest on deferred payments	-	278
Total:	**103 682**	**72 911**

11. Corporate income tax, deferred corporate income tax

	2022 EUR	2021 EUR
Current corporate income tax/ (benefit)	791	503
Deferred corporate income tax	22 480	30 980
Corporate income tax charged to the statement of comprehensive income:	**23 271**	**31 483**

Deferred corporate income tax liabilities:

	2022 EUR	2021 EUR
Liabilities		
From undistributed profits of the Group's subsidiaries	127 484	105 004
Deferred corporate income tax liabilities:	**127 484**	**105 004**

Certain Group subsidiaries have undistributed profits, which will be taxed upon distribution. For the amount that has not been distributed and is likely to be distributed deferred tax liability is recognised.

Certain Group subsidiaries in their early stages of operations in other jurisdictions have tax losses, hence no deferred tax asset had been recognised due to recoverability assessment.

Corporate income tax reconciliation:

	2022 EUR	2021 EUR
Income/ (loss) before corporate income tax	**243 359**	**(2 468 971)**
Theoretical corporate income tax 0%	-	-
Effect from different tax rates	63 659	687 560
Unrecognized deferred tax effect	(63 659)	(687 560)
Non-deductible expense*	(2 172)	(1 123)
Change in undistributed profits of the Group's subsidiaries	(22 480)	(30 980)
Corporate income tax charge for distributed subsidiary profits during the year	-	-
Withholding tax from interest	(641)	(353)
Minimal corporate income tax	(150)	(150)
Total corporate income tax	**(25 443)**	**(32 606)**
Out of this:		
Corporate income tax and deferred corporate income tax	(23 271)	(31 483)
Administrative and other general expenses*	(2 172)	(1 123)
Effective income tax rate	9.6%	1.3%

* These expenses recognized in Note 8 Administrative and other general expenses under Other expenses.

12. 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	1 831 947	662 185	2 534 718	**366 337**
Additions	-	1 851 142	339 695	2 190 837	**70 609**
Disposals	-	-	-	-	**(26 431)**
Reclassified to other category	(30 428)	474 299	(443 871)	-	**-**
Depreciation and amortization	(194)	(1 196 105)	-	(1 196 299)	**(148 391)**
Depreciation of disposals	-	-	-	-	**13 801**
Carrying amount as of 31 December	**9 964**	**2 961 283**	**558 009**	**3 529 256**	**275 925**
As of 31 December 2021					
Cost	15 307	5 491 855	558 009	6 065 171	**662 282**
Accumulated amortisation, depreciation, and impairment	(5 343)	(2 530 572)	-	(2 535 915)	**(386 357)**
Carrying amount as of 31 December	**9 964**	**2 961 283**	**558 009**	**3 529 256**	**275 925**
Year ended 31 December 2022					
Carrying amount as of 1 January	9 964	2 961 283	558 009	3 529 256	**275 925**
Additions	-	1 602 729	114 058	1 716 787	**35 615**
Disposals	-	-	-	-	**(81 618)**
Reclassified to other category	-	665 291	(665 291)	-	**-**
Depreciation and amortization	(195)	(1 891 600)	-	(1 891 795)	**(121 279)**
Depreciation of disposals	-	-	-	-	**70 626**
Carrying amount as of 31 December	**9 769**	**3 337 703**	**6 776**	**3 354 248**	**179 269**
As of 31 December 2022					
Cost	15 307	7 759 875	6 776	7 781 958	**616 279**
Accumulated amortization, depreciation, and impairment	(5 538)	(4 422 172)	-	(4 427 710)	**(437 010)**
Carrying amount as of 31 December	**9 769**	**3 337 703**	**6 776**	**3 354 248**	**179 269**

Internal software is the core technical asset for operating the Mintos platform. It also includes Payment system, AML system and Mobile application development. Internal software costs included capitalized salary and related taxes in amount of EUR 1 676 623 during 2022 (EUR 2 097 935 during 2021), see Note 7. In addition, contractors' fees in the amount of EUR 13 474 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.

Part of the IT employees are involved in building a technical solution (Mintos systems) which is the backbone for operating 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 capitalized amount can vary from 30 % to 90%.

Mintos Payments SIA has obtained relevant license and first stage of Payment system's (carrying amount as of 31 December 2022 EUR 504 991 and EUR 551 233 as of 31 December 2021) operations was launched in March 2022 and will help Mintos Group to offer virtual IBAN accounts. At this point the company is generating loss; however the company gradually will implement its business plan when Mintos Group expands its product offering. Given these aspects and future development projections, the Group's management foresee its initial financial projection to remain feasible and 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'.

13. Lease

The Group has lease contract of motor vehicles and office rent of 2 premises used in its operations. 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 initial term of 5 years, in September 2024 the Group might need another office. For this reason, management is taking into account only the non-cancellable period for office rent. The Group's obligations under its leases are secured by the lessor's title to the leased asset. Contracts include extension and termination option, which are further discussed below. The Group applies the 'current lease' recognition exemptions for some leases.

In January 2022 the Group subleased one of the premises as due to COVID-19 partly of premises are not used by employees. In September 2022 the Group terminated sublease agreement and subleased to a new lessee in December 2022. The Group derecognized impairment of the right to use office space in amount of EUR 227 249 as sublease was not long-term as it was expected in 2021. During the impairment test of the right-of-use leased assets, an impairment in amount of EUR 92 520 was recognized.

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

	Motor vehicles EUR	Office rent EUR	Total EUR
As of 1 January 2021	**43 647**	**1 584 482**	**1 628 129**
Remeasurement of the lease	-	(6 475)	(6 475)
Impairment of the asset	-	(227 249)	(227 249)
Depreciation expenses	(12 476)	(384 367)	(396 843)
As of 31 December 2021	**31 171**	**966 391**	**997 562**
As of 1 January 2022	**31 171**	**966 391**	**997 562**
Remeasurement of the lease	77	105 737	105 814
Impairment reverse of the asset	-	227 249	227 249
Impairment of the asset	-	(92 520)	(92 520)
Depreciation expenses	(12 486)	(411 567)	(424 053)
As of 31 December 2022	**18 762**	**795 290**	**814 052**

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

	2022 EUR	2021 EUR
As of 1 January	**1 103 879**	**1 523 021**
Accretion of interest (Note 10)	42 359	59 596
Remeasurement of the lease	105 815	(6 475)
Discounts (Note 9)	-	(20 680)
Payments	(444 372)	(451 583)
As of 31 December	**807 681**	**1 103 879**
Current	369 372	384 270
Non-current	438 309	719 609

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

	2022 EUR	2021 EUR
Depreciation expense of right-of-use assets	(424 054)	(396 843)
Interest expense on lease liabilities (Note 10)	(42 359)	(59 596)
Income from lease discounts (Note 9)	-	20 680
Impairment reverse/ impairment of right-of-use assets	134 729	(227 249)
Expenses relating to short-term leases	(21 166)	(14 542)
(included in Administrative and other general expenses Note 8)		
Total amount recognized in the statement of comprehensive income	**(352 850)**	**(677 550)**

The Group has some lease contracts that include extension and termination options. These options are negotiated by the management to provide flexibility in managing the leased-asset portfolio and align with the Group'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	1 138 248	698 046	1 836 294	698 007	1 014 644	1 712 651
TOTAL:	**1 138 248**	**698 046**	**1 836 294**	**698 007**	**1 014 644**	**1 712 651**

The Group had total cash outflows for leases of EUR 444 372 in 2022 (2021: EUR 451 583).

14. Other debtors and assets

	31.12.2022 EUR	31.12.2021* EUR
Prepaid expenses***	132 365	40
Security deposits	36 209	-
Total other debtors and assets non-current	**168 574**	**40**
Prepaid expenses***	230 022	74 814
Security deposit for client cash**	132 689	254 854
Security deposits	88 632	41 867
Cash in Estonian deposit account of the court	-	92 500
Other debtors and assets	119 516	111 811
Impairment allowance for other debtors (Note 27a)	(40 041)	(38 423)
Total other debtors and assets current	**530 818**	**537 423**
TOTAL:	**699 392**	**537 463**

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

** 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.

15. Trade receivables

	31.12.2022 EUR	31.12.2021 EUR
Unbilled receivables*	686 758	787 647
Trade receivables	400 988	183 073
Impairment allowance (Note 27a)	(368 190)	(183 260)
TOTAL:	**719 556**	**787 460**

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

16. Cash and cash equivalents

	31.12.2022 EUR	31.12.2021* EUR
Cash at bank	1 619 575	1 755 262
Current deposit (initial term less than 3 months) at bank	1 000 000	-
Cash at payment institutions	222 920	31 771
TOTAL:	**2 842 495**	**1 787 033**

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

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

17. Share capital and other equity reserves

Share capital and share premium

	Paid in Capital	Share premium	Number of shares
			31.12.2022
Class A shares	1 107 029.90	9 654 723.06	11 070 299
Class B shares	13 627.90	47 155.84	136 279
TOTAL:	**1 120 657.80**	**9 701 878.90**	**11 206 578**

	Paid in Capital	Share premium	Number of shares
			31.12.2021
Class A shares	1 107 029.90	9 654 723.06	11 070 299
Class B shares	4 911.90	12 077.46	49 119
TOTAL:	**1 111 941.80**	**9 666 800.52**	**11 119 418**

Class A shares are shares with voting rights and are entitled to dividends. Each share has nominal value of EUR 0.10. During 2022 no changes in Class A shares.

Class B shares are shares without voting rights but are entitled to dividends. Each share has nominal value of EUR 0.10. These conditional share capital's shares are issued when employees exercise their share options (see Note 24). During 2022 87 160 of Class B shares were issued (38 213 in 2021) that resulted in increase in share capital by EUR 8 716 and share premium by EUR 35 078.38.

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 Group has chosen to recognize the credit in other equity reserves. See Note 24 for more information.

To simplify group holding structure, it was decided to merge Grumpy Investments AS into Mintos Holding AS, as a result shareholders of Grumpy Investments AS became direct shareholders of Mintos Holdings AS. This merging of the business structure was combinations under common control – i.e. transactions in which the combining businesses are ultimately controlled by the same party both before, and after the combination. In November 2021 the Group's major shareholder Grumpy Investments AS reorganisation was finished. Reorganisation result in amount of EUR 21 641 is recognized in Other capital reserves.

Foreign currency translation reserve

Foreign currency translation reserve is used to record exchange differences arising from the translation of the net investment in foreign operations.

18. Other loans

	31.12.2022 EUR	31.12.2021 EUR
Non-current:	**260 562**	**-**
Loans from related parties	130 000	-
Other loans	129 750	-
Interest from loans from related parties	432	-
Interest from other loans	380	-
Current:	**120 740**	**-**
Loans from related parties	60 000	-
Other loans	59 400	-
Interest from loans from related parties	895	-
Interest from other loans	445	-

19. 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	278 457	(222 965)	126 500	181 992	(292 747)	364 999	254 244
Non-current >12m	113 659			74 271			33 703
Current <12m	164 798			107 721			220 541
TOTAL:	**278 457**			**181 992**			**254 244**

20. Trade and other payables

	31.12.2022 EUR	31.12.2021* EUR
Trade payables	341 293	152 704
Salary payables	256 694	320 788
Other payables	37 702	72 206
TOTAL:	**635 689**	**545 698**

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

21. Taxes and State mandatory social insurance payments

	31.12.2022 EUR	31.12.2021 EUR
Personal income tax	278 418	103 543
Statutory social insurance contributions	126 062	179 530
Value added tax	21 629	38 968
Business risk duty	47	64
TOTAL:	**426 156**	**322 105**

22. Accrued liabilities

	31.12.2022 EUR	31.12.2021* EUR
Accrued expense of unused vacation	341 818	362 150
Accrued expense of received services	153 791	170 292
Other accrued expenses	33 965	29 586
TOTAL:	**529 574**	**562 028**

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

23. Related party disclosures

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

Set out below movement table of transactions with related parties:

	Transactions during: 2022 EUR	2021 EUR	Balances as of: 31.12.2022 EUR	31.12.2021 EUR
Income				
Income from the Management team	1 119	214	-	-
Income from other related parties	610	-	-	-
Expenses				
Expenses from the Management team	26 476	26 206	-	-
Expenses from other related parties	2 580	437	-	-
Assets				
Right-of-use leased assets from the Management team	-	-	6 204	8 686
Liabilities				
Loans from other related parties (including interest)	-	-	191 327	-
Lease from the Management team	-	-	6 552	8 973
TOTAL INCOME/ ASSETS:	**1 729**	**214**	**6 204**	**8 686**
TOTAL EXPENSES/ LIABILITIES:	**29 056**	**26 643**	**197 879**	**8 973**

Set out below movement table of transactions with related parties:

			Current issued loans EUR	Received loans EUR	Interest EUR
Total balance from financing and investing activities as of:		31.12.2020	56 000	150 000	573
2020	Received (including reorganisation result)		-	14 251	8 941
	Repaid		-	(164 251)	(9 514)
	Issued		60 000	-	214
	Received repayment		(116 000)	-	-
Total balance from financing and investing activities as of:		31.12.2021	-	-	214
2021	Received		-	205 000	2 580
	Repaid		-	(15 000)	(1 467)
	Issued		-	-	-
	Received repayment		-	-	-
Total balance from financing and investing activities as of:		31.12.2022	-	190 000	1 327

24. Share-based payments

Share option plan

According to the Group's share option plan, share options of the parent are granted to all employees of the Group. 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 Group. 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 Group does not have a past practice of cash settlement for these share options.

The Group recognized expenses in amount of EUR 120 841 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	0.70	762 009	0.59
Granted	34 441	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	375 927	0.90	619 029	0.53
Exercisable as of 31 December	307 941	0.61	502 010	0.45

There were 46 344 share options vesting during 2022 (134 776 in 2021). Share-based payments to 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	196 144	7.09	281 402	8.07

The weighted average remaining contractual life for the share options outstanding was 5.19 years (5.96 years as of 31 December 2021).

Fair value calculations

The fair value of share options is estimated at the grant date by using a Black-Scholes option pricing model. The Group 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 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 Group's operations, the management of the Group 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 Group'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 Group 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 Group'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. The client continues to have the beneficial interest in both financial instruments and funds and therefore they are not included in the Consolidated statement of financial position.

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 Group 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.

The Group 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 Mintos Marketplace AS 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 categorised 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 Group are measured at amortized cost and designated as such upon initial recognition. The Group 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 Group has not disclosed the fair values separately.

Valuation methods and assumptions

The Group 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 Group has no net gains or losses of financial instruments to report.

27. Risk management

a. *Financial risks management*

The Group has assessed that its material financial risks arise from liquidity risk. The Group 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 Group's exposure to foreign currency changes for all other currencies is not material.

Liquidity risk

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

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

Liabilities		31.12.2022 EUR
Lease non-current		451 457
Lease current		398 358
Trade and other payables		635 689
Accrued liabilities		529 574
Other loans		381 302
	TOTAL:	**2 396 380**

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

Liabilities		31.12.2021 EUR
Lease non-current		736 236
Lease current		425 206
Trade and other payables		545 698
Accrued liabilities		562 028
	TOTAL:	**2 269 168**

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

Liabilities		31.12.2022 EUR
Lease non-current		438 309
Lease current		369 372
	TOTAL:	**807 681**

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

Liabilities		31.12.2021 EUR
Lease non-current		719 609
Lease current		384 270
	TOTAL:	**1 103 879**

Set out below received loans movement table of other loans transactions in 2022. No other loans received in 2021:

			Received loans EUR	Incoming interest EUR
Total balance from financing and investing activities as of:		31.12.2021	-	-
2022	Received		204 000	2 775
	Repaid		(14 850)	(1 950)
Total balance from financing and investing activities as of:		31.12.2022	189 150	825

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 Group is exposed to credit risk from its financing activities, including balances with the banks, trade receivables, unbilled receivables for which the invoices have not been issued at end of the year or loans to related parties. The main source of credit risk for the Group lies with its counterparties – banks and payment service providers which hold Group's funds and customers' 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.

Concentration risk

Concentration risk is the risk of the Group 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 the Group. 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.

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

Balances with banks

The Group holds the cash balances (see Note 16) with commercial banks and payment institutions in Latvia, Lithuania, Estonia, United Kingdom, Germany, Mexico, Indonesia and Poland. Balances with the banks are held with several banks, including balances held with institutions with credit ratings equal or above Ba2 (by Moody's, institution group's rating is applied if no rating is issued for standalone counterparty) of EUR 2 439 928 (2021: EUR 1 327 032) and institutions with no ratings issued of EUR 402 567 (2021: EUR 460 000). Apart from that, the money held in the European Union's banks in amount of up to EUR 100 000 are guaranteed by the local state deposit insurance schemes except for Mintos Marketplace AS as an investment firm is not eligible to these guaranties, with total balance with the European Union's banks amounting to EUR 2 603 760 (2021: EUR 1 082 543). Given that significant balances are kept only with European Union banks with investment grade credit rating for deposits, the Group believes that there is very minimal credit risk associated with these balances.

Unbilled receivables and trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control 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 end of the period (see Note 15) are usually withheld directly from the settlements with Group's clients, thus 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 Group's net trade receivables from the customers, unbilled receivables as of 31 December 2022 was EUR 719 556 (2021: EUR 787 460) after accounting for EUR 324 897 (2021: EUR 141 897) of impairment allowance for doubtful debts and EUR 43 293 (2021: EUR 41 363) impairment allowance 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 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. There are trade receivables from debtors in the Russian Federation as of 31 December 2022 in the amount of EUR 82 053, from which EUR 80 532 were impaired as doubtful debts. Trade receivables is the amount of EUR 35 were written off during 2022 (2021: no trade receivables were written off).

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of 31 December 2022:

		Days past due						
	Fully impaired doubtful debts	**0 days EUR**	**<30 days EUR**	**30-60 days EUR**	**60-90 days EUR**	**>90 days EUR**	**Total EUR**	**Grand total EUR**
Expected credit loss rate	100%	1.70%	23.03%	52.81%	57.74%	66.36%	-	-
Estimated total gross carrying amount at default	324 897	677 010	33 766	3 756	19 563	16 166	750 261	1 075 158
Expected credit loss	324 897	11 509	7 776	1 984	11 296	10 728	43 293	368 190

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

	Fully impaired doubtful debts	<30 days EUR	30-60 days EUR	60-90 days EUR	>90 days EUR	Total EUR	Grand total EUR
Expected credit loss rate	100%	0.60%	36.35%	100%	22.68%	-	
Estimated total gross carrying amount at default	141 897	828 539	4 376	4 587	133 218	970 720	1 112 617
Expected credit loss	141 897	4 971	1 591	4 587	30 214	41 363	183 260

Movement in the allowance for impairment in respect of trade receivables and 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	183 148	69 116
Impairment allowance based on expected credit loss calculation	1 930	-
Impairment allowance for doubtful debts in other debts and assets	1 618	38 423
Written off trade receivables	35	-
Impairment of right-to-use assets	92 520	227 249
Impairment allowance reverse based on expected credit loss calculation	-	(40 670)
Impairment allowance reverse in doubtful debts	(148)	(54 505)
Impairment reverse of right-to-use assets	(227 249)	-
Total impairment losses in the Statement of comprehensive income	**51 854**	**239 613**
Total in balance as of 31 December, including:	**408 231**	**221 683**
Impairment allowance in trade receivables, including (Note 15):	368 190	183 260
Trade receivable impairment allowance	324 897	141 897
Impairment based on Expected credit loss calculations	43 293	41 363
Impairment allowance for other debtors (Note 14)	40 041	38 423

b. *Capital management*

The Group considers its capital to comprise of its equity share capital, share premium, equity reserves related to share-based options plus its accumulated retained results. The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. Starting from 2021, the Group includes two subsidiaries – Mintos Marketplace AS and Mintos Payments SIA that have to adhere to regulatory capital requirements monitored by Latvijas Banka, the central bank of the Republic of Latvia. Both subsidiaries were compliant with the requirements as at end of the year. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The management of the Group believes that current level of capital, is sufficient for further operations. There have been no changes in how the Group manages its capital during the reporting year.

c. *Compliance risk management*

Compliance risk is the risk that Group suffers losses due to noncompliance with the applicable regulations. Several companies within the Group must comply with different regulations in multiple 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.

d. *Operational risk management*

Operational risk is the risk that the Group might suffer losses due to flaws in processes, IT failure, human error, or external fraud. In a 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.

e. Reputational risk management

Reputational risk is the risk that the Group 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 customers joining the Group 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.

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

18 April 2023

Independent auditors' report

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Independent Auditors' Report

To the shareholders of AS Mintos Holdings

Report on the Audit of the Consolidated Financial Statements

Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AS Mintos Holdings ("the Company") and its subsidiaries ("the Group") set out on pages 10 to 42 of the accompanying consolidated Annual Report, which comprise:

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of AS Mintos Holdings and its subsidiaries as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 Consolidated Financial Statements* section of our report.

We are independent of the Group 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 consolidated 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 Group's management is responsible for the other information. The other information comprises:

- the Management Report, as set out on pages from 3 to 8 of the accompanying consolidated Annual Report,
- the Statement of Management Responsibility, as set out on page 9 of the accompanying consolidated Annual Report.

Our opinion on the consolidated financial statements does not cover the other information included in the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia 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 the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

- the information given in the Management Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

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

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

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG Baltics SIA
Licence No. 55

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

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails

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