Annual report for the year 2021

7th financial year

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Riga — 2022

mintos

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General information

Name of the company	Mintos Marketplace
Legal status of the company	Joint stock company, investment brokerage company
Unified registration number, place and date of registration	40103903643 Riga, 1 June 2015
Registered office	Skanstes iela 50 Riga, Latvia, LV–1013
Licence number and date	06.06.08.719/534, 17 August 2021
Major shareholder	AS Mintos Holdings
Board Members	Martins Sulte – Chairman of the Management Board from 27 May 2020 (registered in the Enterprise Register on 8 July 2020); Martins Valters – Member of the Management Board from 27 May 2020 (registered in the Enterprise Register on 8 July 2020); Karlis Kronbergs – Member of the Management Board from 23 July 2021 (registered in the Enterprise Register on 11 August 2021)
Supervisory Board Members	Janis Abasins – Chairperson of the Supervisory Board from 22 December 2020 (registered in the Enterprise Register on 30 December 2020); Mikus Janvars – Deputy of the Chairperson of the Supervisory Board from 23 December 2020 (registered in the Enterprise Register on 30 December 2020); Reinis Viba – Member of the Supervisory Board from 22 December 2020 (registered in the Enterprise Register on 30 December 2020)
Financial period	1 January – 31 December 2021
Auditors	Rainers Vilāns Latvian Certified Auditor Certificate No 200 KPMG Baltics SIA Vesetas iela 7, Riga Latvia, LV-1013 License No 55

Management report

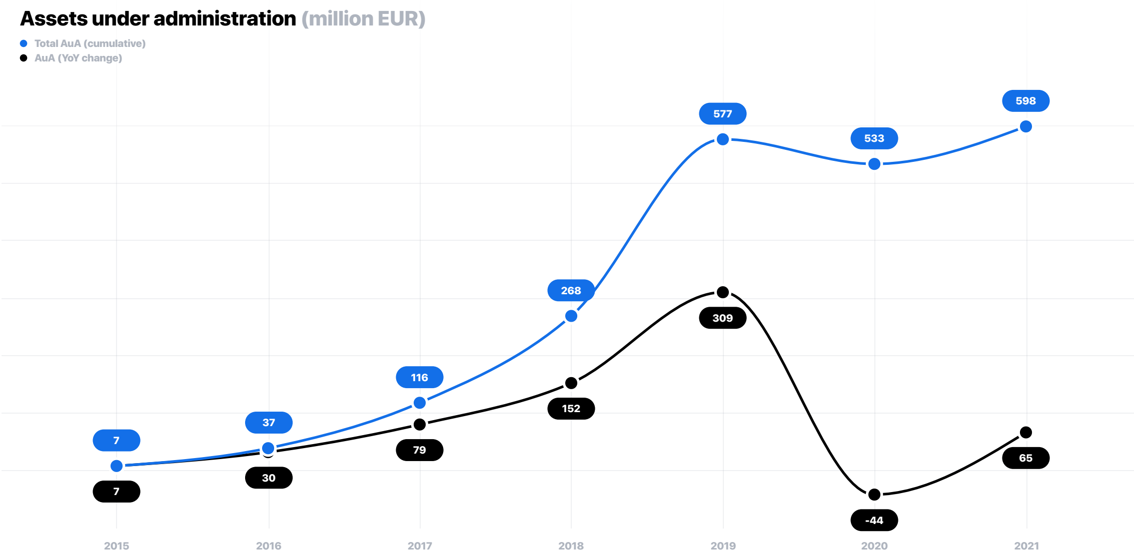
We are Mintos

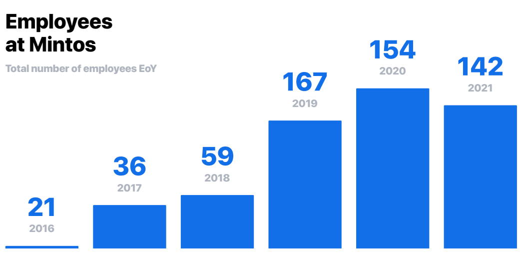
We operate a global investment platform that provides retail investors with an accessible way to build wealth by investing in loans.

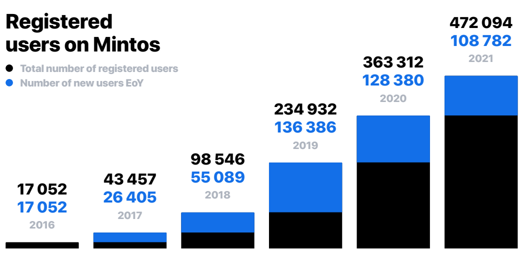
Retail investors come to Mintos to invest in loans issued to consumers and small businesses all around the world. These loans are offered for investment on our platform by more than 60 selected lending companies from 30+ countries.

With 472 thousand registered users and €598 million in assets under administration, Mintos is the leading platform for investing in loans in Europe with a 43% market share[1] based on loans funded.

Registered users:	472 k	Assets under administration:	€ 598 m
Funded accounts:	165 k	Loans from:	33 countries







1 European Crowdfunding Investments, Peer-to-Peer & Online Lending Statistics

We're shaping the future of retail investing

Our vision is to become the primary relationship for the next generation of investors in Europe.

To achieve our vision, we are building a multi-asset investment platform for European retail investors who want to build long-term wealth via passive investing. We started with a unique offering of loan-based investments where we are the market leader. Now we are expanding into new asset classes and we will continue scaling across Europe to offer our services to the next generation of investors.

The focus of 2021

The year when we became a regulated market participant.

Our main focus of 2021 was to finish the process of becoming regulated. Our journey to this goal was a 17 months-long effort that finished in August 2021 when we secured European investment firm license from the Financial and Capital Market Commission in Latvia. Obtaining the regulatory license marks a significant milestone for us. It's an important step towards bringing loans as an asset class into the mainstream and making investing in loans as common as investing in stocks, real estate, and other traditional asset classes.

The regulation will bring multiple benefits for investors on Mintos, with increased transparency and investor protection being key ones among them. Investors on Mintos will be protected by the MiFID II investor protection framework, Prospectus Regulation, Packaged retail investment and insurance products regulation, Investor Protection Law and other regulations which aim to protect the interests of the investors. In addition, investors on Mintos will also be protected by a national investor compensation scheme established according to the requirements of EU Directive 97/9/EC.

The investment firm license will also allow us to offer traditional asset classes to our investors. In 2021 we started working on bringing exchange-traded funds (ETFs) to Mintos. We ran user tests, talked to our investors to validate the concept, and worked closely with the Mintos beta test group that actively participated in surveys and prototype usability tests.

We are planning to launch ETFs on Mintos in 2022 as the next step in our pursuit of building a multi-asset investment platform for retail investors wanting to build long-term wealth.

Mintos in 2021: key metrics and financial results

In 2021, we saw more than 100 thousand new users looking for investment opportunities joining our platform, bringing the total number of registered users to 472 thousand at the end of the year. Although going through the process of becoming regulated imposed limitations to our marketing activities, the growth of our user base was similar to that in previous years.

Our assets under administration amounted to €598 million at the end of 2021. This is a 12% increase (€65 million) compared to 2020. In 2021, investors invested in more than 700 thousand individual loans offered on the Mintos platform, and earned €49.3 million in interest, averaging a net return of 10.2% in 2021.

In 2021 we continued to work on the recovery of funds put at risk due to the turmoil caused by the COVID-19 pandemic in 2020. During the year, we recovered a total of €30.8 million and closed the year with €85 million of principal at risk, a 12% decrease compared to the beginning of the year. We will continue work on recoveries, regularly updating investors on the progress and status of each case.

On the loan supply side we were working with 61 lending companies who were offering loans for investments from 33 countries as of December 2021. Over the year, we launched 16 new lending companies on the Mintos platform: from Kazakhstan, Kenya, Mexico, Namibia, Russia, Uganda, the United Kingdom and Uzbekistan.

In 2021 our revenue decreased by 5% compared to the year before. Without an aggressive growth approach in 2021, especially in the last months of the year, and investments in passive projects directed to the future goals of Mintos, we closed 2021 with € 9.185 million in revenue, down from €9.682 million in 2020 (revenue in 2019 €8.807 million, 2018: €4.521 million, 2017: €2.072 million).

Our losses in 2021 amounted to €1.688 million. The losses were largely the result of investments we made in product and team, many of which were directly related to obtaining the investment firm license.

The loss includes €159 thousand related to the fair value of share-based payment benefits which are being recognized over the vesting period.

In managements' view, by their nature, these charges are not reflective of ongoing trading performance, and they are not considered part of the underlying results. Excluding these charges, the result is a loss of €1.529 million compared to a loss of €619 thousand in 2020 (adjustment for share-based payment benefits included). Management proposes to cover losses that occurred in 2021 with the profit made in the following financial years.

In 2021, we also continued to make significant investments in IT systems with a total investment of €1.930, compared to €1.909 million in 2020.

Risks and uncertainties

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

Our strategy of risk management is defined in our Disclosure on risk management practices[1], which is provided in accordance with the disclosure requirements set out in Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019. During the annual risk assessment, we identify which risks are material to our operations. The risks that we have identified as material for our operations are 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.

The business operations of Mintos are influenced by the market dynamics on the macroeconomic level. The company's performance is tied to the ability of borrowers across multiple geographies to make repayments on their loans, and then also the business performance of the lending companies on the platform. The risk that comes with a global presence is at the same time an opportunity to diversify operations. Mintos management and risk team monitor global developments, assess the possible risks, and evaluate potential responses where necessary. Management does not consider that market risk is significant.

Mintos has implemented a strong set of Know Your Customer (KYC), Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), counter-proliferation financing, and sanctions compliance procedures, with stringent monitoring measures for all types of transactions. Mintos is committed to maintaining a controlled environment that enables effective responses to financial crime threats. The company follows the General Data Protection Regulation (GDPR) requirements and continually invests in resilient technologies for data security.

We are committed 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 the risk assessment such as the Mintos Risk Score. We are also working on initiatives to increase investors' awareness of the risks that come with investing.

1 Mintos: Investing & Risk

Statement of management responsibilities

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

The management of Mintos is responsible for the preparation of the financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and give a true and fair view on the financial position of the Company as of 31 December 2021 and the results of its operations and cash flows for year then ended.

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

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

The management confirms that the Company's financial statements for the period 1 January 2021 through 31 December 2021 presented in the 2021 annual report are prepared in accordance with the source documents, applying appropriate accounting policies. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

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

The conclusions and comments in this management report are assessed based on inputs known when the report was being completed. As this report was finalized in March 2022, the war in Ukraine started, followed by sanctions for Russian Federation. These events mark a new period of uncertainty and disruption of normal market conditions. We address this in Note 28. 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.

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

18 March 2022

Financial statements:

Statement of comprehensive income

Financial statements:
Statement of comprehensive income

18 March 2022

	Notes	2021 EUR	2020 EUR
Commission and fee income	5	9 185 224	9 682 084
Commission and fee expenses	6	(80 679)	(189 221)
Net commission income		**9 104 545**	**9 492 863**
Employee remuneration expenses	7	(5 457 250)	(5 260 177)
Depreciation and amortization	13, 14	(1 676 298)	(1 154 844)
Administrative and other general expenses	8	(3 833 980)	(4 229 755)
Other income	9	342 050	524 653
Other expenses	10	(47 860)	(20 838)
Impairment losses	27a	(62 357)	(64 228)
Interest expenses	11	(57 276)	(113 841)
Interest income		74	9
(Loss) before tax		**(1 688 352)**	**(826 158)**
Corporate income tax	12	-	(2 912)
(Loss) for the year		**(1 688 352)**	**(829 070)**
Other comprehensive income/(loss)		-	-
Total comprehensive income/(loss)		**(1 688 352)**	**(829 070)**

The accompanying notes on pages 17 to 45 form an integral part of these financial statements.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Karlis Kronbergs
Member of the Board

Financial statements:

Statement of financial position

Financial statements:
Statement of financial position

18 March 2022

Assets	**Notes**	**31.12.2021 EUR**	**31.12.2020 EUR**
Non-current assets			
Intangible assets	13	2 480 302	2 534 718
Fixed assets	13	272 984	357 597
Right-of-use leased assets	14	504 982	1 628 129
Other debtors and assets	16	40 386	36 863
Deferred acquisition costs		-	1 504
Total non-current assets		**3 298 654**	**4 558 811**
Current assets			
Trade receivables	15	1 543 086	662 551
Other debtors and assets	16	488 189	120 487
Deferred acquisition costs		-	5 754
Cash at banks	17	1 082 543	23 166
Total current assets		**3 113 818**	**811 958**
TOTAL ASSETS		**6 412 472**	**5 370 769**
EQUITY AND LIABILITIES			
Equity			
Share capital	18	5 850 000	750 000
Other capital reserves	18, 24	736 006	576 684
Accumulated losses		(3 407 349)	(1 718 997)
Total Equity		**3 178 657**	**(392 313)**
Non-current liabilities			
Lease	14	316 845	1 284 865
Contract liabilities	22	71 027	108 972
Loans from related parties	23	-	1 084 460
Total Non-current liabilities		**387 872**	**2 478 297**
Current liabilities			
Trade and other payables	19	535 013	449 443
Advances received		-	53 294
Loans from related parties	23	1 240 460	-
Lease	14	187 875	238 156
Corporate income tax		26	711
Taxes and State mandatory social insurance payments	20	255 545	1 931 248
Accrued liabilities	21	523 320	451 263
Contract liabilities	22	103 704	160 670
Total Current liabilities		**2 845 943**	**3 284 785**
TOTAL EQUITY AND LIABILITIES		**6 412 472**	**5 370 769**

The accompanying notes on pages 17 to 45 form an integral part of these financial statements.

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

Financial statements:

Statement of cash flows

Financial statements:
Statement of cash flows

18 March 2022

Cash flows to/from operating activities	Notes	2021 EUR	2020* EUR
Profit/(loss) before tax		(1 688 352)	(826 158)
Adjustments for:			
Amortisation and depreciation	13, 14	1 676 298	1 154 844
Unrealised loss/(gain) from fluctuations of currency exchange rates		(9 031)	8 905
Other interest and similar income		(74)	(9)
Interest and similar expense	11	57 276	113 841
Share-based payment expense	7	159 322	209 870
(Gain)/loss on disposal of property, plant and equipment		1 640	15 696
Impairment losses	27a	62 357	64 228
(Increase)/decrease in receivables and other assets		22 578	(380 494)
Increase/(decrease) in payables		(2 290 024)	2 253 551
Cash generated from operations		**(2 008 010)**	**2 614 274**
Corporate income tax paid		(1 705)	(2 912)
Net cash flows to/from operating activities		**(2 009 715)**	**2 611 362**
Cash flows to/from investing activities			
Purchase of equipment	13	(68 092)	(116 617)
Disposal of equipment		5 991	24 710
Purchase of intangible assets	13	(2 023 022)	(1 915 505)
Disposal of intangible assets		60 000	-
Sales of investment in subsidiary		280 000	-
Issued loans	23	(144)	(1 678)
Received repayment issued loans	23	144	1 789
Interest received	23	1	22
Net cash flows to/from investing activities		**(1 745 122)**	**(2 007 279)**
Cash flows to/from financing activities			
Issued share capital	18	1 800 000	-
Payment of lease liabilities	14	(450 817)	(282 690)
Repayment of received loans	23	(108 656)	(597 056)
Interest paid	23	(42 344)	(26 216)
Received loans from related parties	23	3 607 000	290 000
Net cash flows to/from financing activities		**4 805 183**	**(615 962)**
Change in cash at banks		1 050 346	(11 879)
Net foreign exchange difference		9 031	(8 905)
Cash at banks at the beginning of the year		23 166	43 950
Cash at banks at the end of the year	17	**1 082 543**	**23 166**

* Data for 2020 was reclassified to provide comparative information, no effect on prior year results and equity.

The accompanying notes on pages 17 to 45 form an integral part of these financial statements.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Karlis Kronbergs
Member of the Board

Financial statements:

Statement of changes in equity

Financial statements:
Statement of changes in equity

18 March 2022

	Notes	Share capital	Other capital reserves	Retained earnings / (loss)	Total
Balance as at 31 December 2019		**750 000**	**366 814**	**(889 927)**	**226 887**
Loss for the reporting year		-	-	(829 070)	**(829 070)**
Total comprehensive income/(loss)		-	-	(829 070)	**(829 070)**
Share-based payments	24	-	209 870	-	**209 870**
Balance as at 31 December 2020		**750 000**	**576 684**	**(1 718 997)**	**(392 313)**
Loss for the reporting year		-	-	(1 688 352)	**(1 688 352)**
Issue of share capital	18	5 100 000	-	-	**5 100 000**
Total comprehensive income/(loss)		-	-	(1 688 352)	**(1 688 352)**
Share-based payments	24	-	159 322	-	**159 322**
Balance as at 31 December 2021	**18**	**5 850 000**	**736 006**	**(3 407 349)**	**3 178 657**

The accompanying notes on pages 17 to 45 form an integral part of these financial statements.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Karlis Kronbergs
Member of the Board

Notes to the financial statements

1. Corporate information

AS Mintos Marketplace (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 1 June 2015. The registered office of the Company is at Skanstes iela 50, Riga.

During the reporting year (on 17 August 2021) the Company has become an investment brokerage company with the license for the provision of an investment services and auxiliary investment services. The Company will provide investment services. The activities of the Company are regulated by the Financial Instruments Market Law and other normative documents of the Republic of Latvia. The Company's operation is monitored by the Financial and Capital Market Commission (FCMC) of the Republic of Latvia.

NACE
64.19 Other monetary intermediation
66.19 Other activities auxiliary to financial services, except insurance and pension funding
64.99 Other financial service activities, except insurance and pension funding N.E.C.

The core business activity of the Company during the reporting year was to operate a global online marketplace 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.

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

The financial statements of the Company for the period from 1 January 2021 through 31 December 2021 were approved by a resolution of the Company's Board on 18 March 2022. In accordance with the Commercial Law of the Republic of Latvia, the shareholders' meeting has the right to make the decision on the approval of the financial statements.

2. Summary of significant accounting policies

a. *Basis of preparation*

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

The presentation currency used in the financial statement is euro (EUR), the presentation currency of the Republic of Latvia. The financial statements cover the period 1 January 2021 through 31 December 2021.

The individual financial statements provide comparative information in respect of the previous period. Comparative period is from 1 January 2020 through 31 December 2020.

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

b. *New standards and amendments*

New accounting and financial reporting standards, interpretations and amendments which were not applicable to the previous annual financial statements since then have been issued. Some of the standards become effective in 2021, others become effective for later reporting periods. In this section those relevant for the Company are summarized. Where the implementation impact was or is expected to be reasonably material it is disclosed.

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16– Interest Rate Benchmark Reform – Phase 2;
- Amendment to IFRS 16 Leases - COVID-19-Related Rent Concessions.

c. *Changes in accounting policy and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2021:

IFRS 16: COVID-19 Related Rent Concessions (Amendment)

The Company has adopted COVID-19-Related Rent Concessions – Amendment to FRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Company is a lessee – i.e., for leases to which the Company applies the practical expedient, the Company is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Company has applied the amendment retrospectively. The amendment has no impact on retained earnings on 1 January 2020. In March 2021 the International Accounting Standards Board issued Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the availability of the practical expedient by one year.

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 2021 and earlier application is permitted; however, the Company 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:

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

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

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

(ii) Date of recognition

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

(iii) Initial and subsequent measurement of financial instruments

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

Financial assets at amortised cost

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

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

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

(iv) Derecognition

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

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

(v) Impairment of financial assets

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

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

Financial assets where the Company calculates ECL are:

- Trade receivables and other receivables
- Loans to related parties
- Cash at bank

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

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

Impairment of loans to related parties

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

Impairment of cash at bank

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

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

f. *Intangible assets*

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

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

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

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

i. *Impairment of non-financial assets*

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

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

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 Company applied IFRS 15 to all revenue arising from contracts with customers. The Company establishes a five-step model to account for the revenue arising from contracts with its customers and requires that revenue be recognized at an amount that reflects the consideration to witch an entity expects to be entitled in exchange for transferring goods or services to a customer.
The Company is taking into consideration all the relevant facts and circumstances when applying each step of IFRS 15 five-step revenue recognition model to contracts with the customers. Accounting is specified for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Company recognizes revenues using input method on a straight-line basis.

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

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

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.

The Company recognizes penalty income from contract penalties and late payments. From the date when the Company has legal rights on such penalty the Company recognizes these when the Company is sure it will receive it, usually it is income payment date. 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.

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

Expenses are recognized on an accrual basis.

Contract assets

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

Trade receivables

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

Contract liabilities

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

l. *Share-based payments*

All employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. All Company's share-based payments are equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a Black-Scholes valuation model, further details of which are given in Note 24. That cost is recognized in employee remuneration expense (Note 7), together with corresponding increase in equity (other capital reserves), over the period in which the service is provided. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of comprehensive income for a period represents the movement in cumulative expense recognized 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 Company's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at 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 Company.

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

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. *Servicing assets and liabilities*

Servicing assets consists of those loans that have been placed by the loan originators on the Mintos marketplace and where investors have made investments and the cash of investors, lending companies held off - balance, while servicing liabilities consists of investment amounts due to investors and cash balance due to investors and lending companies. Given that the Company does not bear the credit risks and other finance risks related to these assets or liabilities but only earns commission for servicing them, these items are disclosed in these financial statements (Note 25), while these assets and liabilities are not recognized in the statement of financial position.

p. *Leases*

Determining the lease term of contracts with renewal and termination options – Company as lessee.

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

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

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

Right-of-use assets

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

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments. In calculating the present value of lease payments, the Company uses borrowing rate what is determined in agreement. If there is no mentioned borrowing rate, then Company uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

COVID-19-Related Rent concessions

The Company negotiated rent concessions with its landlord as a result of the severe impact of the COVID-19 pandemic during the year. The Company has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications.

The amount recognized in profit or loss for the reporting period to reflect changes in lease payments arising from the rent concessions to which the Company has applied the practical expedient for COVID-19-related rent concessions is EUR 20 680 (2020: EUR 66 721) (Note 14).

Short-term lease and leases of low-value assets

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

Leases - Estimating the incremental borrowing rate

The Company uses interest rate implicit in the lease for old vehicle lease but cannot readily determine the interest rate implicit in the office rent and new vehicle lease, therefore, it uses its Group borrowing rate to measure lease liabilities. The rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The rate therefore reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. Average interest rate for vehicle lease in 2021 is 3.85% (2020: 3.85%), for office rent – 4.5% (2020: 4.5%).

r. *Capital adequacy*

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

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

The minimum capital requirement is set by the higher of the Fixed overhead requirement (FOR), permanent minimum capital requirement (PMCR) and K- Factor requirement. According to FOR, the Company is required to hold eligible capital of at least one quarter of the fixed overheads of the previous year or projected fixed overheads in the event of an investment firm not having completed business for 1 year. PMCR equals the initial capital required for an investment firm of EUR 750 000. The K-factor requirement amounts to the sum of capital required for risk to the client, market and firm in accordance with IFR.

The Company does quarterly report of the level of its own funds to the FCMC and annual disclosure.

s. *Income taxes and deferred taxes*

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

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

In accordance with the Corporate Income Tax Law, a taxable person who reported a loss as of 31 December 2017 in their corporate income tax return may decrease corporate income tax charged for dividends in the reporting year by the amount equal to 15 per cent of the total uncovered loss, but no more than 50 per cent of corporate income tax charged for dividends in the relevant reporting year.

The outstanding balance of the Company's tax loss is EUR 84 313, of which 15 per cent are EUR 12 647. This amount may be used as a corporate income tax discount by decreasing corporate income tax charged for dividends by 50 per cent in subsequent reporting years but no later than the reporting year beginning in 2022 (inclusive).

t. *Subsequent events*

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

3. Significant estimates and judgements

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

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

- Share-based payments. See Note 24 for more details;
- Useful life of intangible assets. See Note 2f for more details;
- Judgement in relation to not recognising any clients' assets or liabilities in the statement of financial position. See Note 2o for more details;
- Impairment of intangible assets. See Note 13 for more details.

4. Disclosure on risk management practices and internal governance for the year ended 31 December 2021

AS Mintos Marketplace (the Company) is an authorized investment firm and supervised by the Financial and Capital Market Commission. This disclosure has been developed in accordance with the requirements of the Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms (IFR).

The Company does not report on a consolidated basis for prudential purposes.

Since 17 August 2021 when the license was received, the IFR is governing regulation for Investment Firms in Europe, according to which the Company is a Class 2 investment firm. As a Class 2 investment firm, since the granting of the license, the Company is required to publicly disclose information regarding the Company's risk management objectives, internal governance arrangements, remuneration policy, own funds and own funds requirements.

Disclosure on risk management practices

This disclosure on risk management practices is provided in accordance with the disclosure requirements set out in Regulation

(EU) 2019/2033 of the European parliament and of the council of 27 November 2019.

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

Risk profile

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

Risk appetite

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

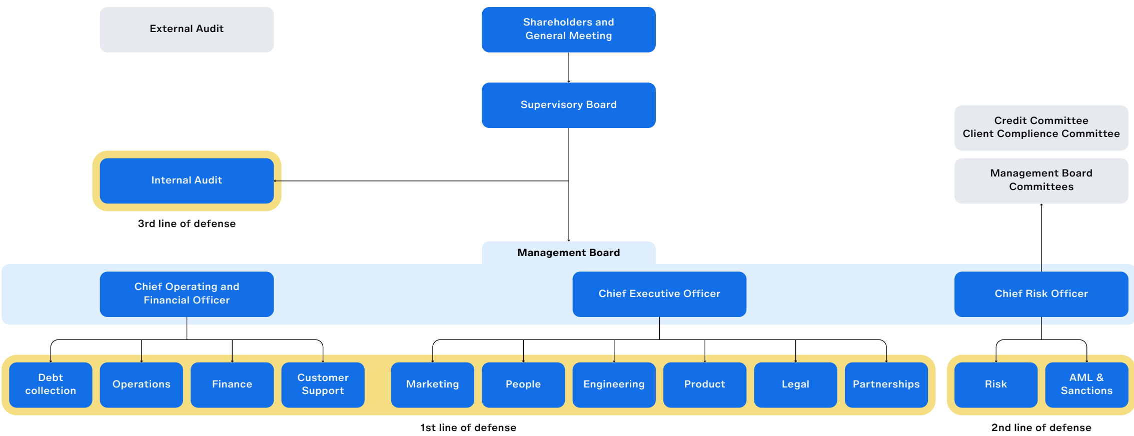
Our high-level risk appetite statement

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

Risk governance

We have built our risk governance framework in accordance with the three lines of defense model.

Governance structure



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

Risk Culture

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

Risk management

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

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

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Principal risks

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

Description of risk	Risk management
Counterparty and credit risk Credit risk is a risk that Mintos might suffer losses due to its partners (counterparties) not fulfilling its financial obligations towards Mintos. The main source of credit risk for Mintos lies with its counterparties – banks and payment service providers which hold Mintos' funds and investors' uninvested funds.	Before starting a relationship with a counterparty, we assess the credit risk of the institution. We have set limits on how much funds can be held with a counterparty depending on the risk level. We regularly monitor the risk of our counterparties and check compliance with the limits. To decrease the risk, we do not hold all funds with one counterparty but distribute the funds among several counterparties.
Liquidity risk Liquidity risk is a risk that Mintos cannot meet its financial obligations. Mintos invests a lot to scale its business. It is important to ensure that Mintos has sufficient funds to sustain the scale up plan.	We constantly monitor our liquidity and do forecasting to ensure that there is always a sufficient cash buffer to meet all payments. A
Reputational risk Reputational risk is a risk that Mintos suffers losses due to damaged reputation. Reputation is a cornerstone for successful operations to every financial institution. The loss might be also in a form of slower growth than otherwise possible due to less investors joining Mintos as a result of damaged reputation.	When making strategic decisions we always evaluate the reputational aspect of such decisions. Also, before starting a relationship with a new partner or customer we assess whether the cooperation might have any negative effect on our reputation.
Operational risk Operational risk is a risk that Mintos might suffer losses due to flaws in processes, IT failure, human error or external fraud. In the environment of rapid growth, it is important to ensure that the processes are adjusted in a timely manner to keep up with the growth.	We conduct an operational risk assessment to identify processes where the risk is material. We apply risk mitigating tools to ensure that the residual risk is not above our risk appetite.
Compliance risk Compliance risk is a risk of Mintos suffering losses due to noncompliance with the applicable regulations. As a licensed investment firm Mintos must comply with a number of regulations in different areas.	Our risk management process is built in a way to ensure that we run our business in compliance with all applicable regulations. We have dedicated teams that control the compliance with internal policies and external regulations.
Concentration risk Concentration risk is a risk of Mintos suffering losses due to excessive concentration of revenue sources. In order to have a sustainable business it is important to limit concentration to a single customer or market, the loss of which could significantly impact the financial stability of Mintos.	While pursuing our business strategy, we strive to diversify our revenue sources across multiple geographies and customers in order not to have excessive concentrations that might substantially harm the business in case of negative scenarios.

Internal governance

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

The Company has the following Supervisory Board members:

- **Janis Abasins** Chairman of the Supervisory Board from 22 December 2020 (registered in the Enterprise Register on 30 December 2020);
- **Mikus Janvars** Deputy of the Chairperson of the Supervisory Board from 23 December 2020 (registered in the Enterprise Register on 30 December 2020);
- **Reinis Viba** Member of the Supervisory Board from 22 December 2020 (registered in the Enterprise Register on 30 December 2020).

The Company has the following Management Board members:

- **Martins Sulte** Chairman of the Management Board from 27 May 2020 (registered in the Enterprise Register on 8 July 2020);
- **Martins Valters** Member of the Management Board from 27 May 2020 (registered in the Enterprise Register on 8 July 2020);
- **Karlis Kronbergs** Member of the Management Board from 23 July 2021 (registered in the Enterprise Register on 11 August (2021).

The Company's management body number of directorships:

Company's members of management body	Non-executive directorships within Group	Executive directorships within Group	Non-executive directorships outside Group	Executive directorships outside Group	Total number of directorships within Group	Total number of directorships outside Group
Janis Abasins	1	0	0	4	1	3
Mikus Janvars	1	0	3	2	1	5
Reinis Viba	1	0	0	1	1	1
Martins Sulte	0	1	1	1	1	2
Martins Valters	1	1	1	1	1	2
Karlis Kronbergs	0	1	0	0	1	0

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

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

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

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

Diversity and Inclusion

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

To promote independent opinions and critical thinking, the Supervisory Board, the Management Board, and the Management Team will also be groups of diverse members based on their gender, age, geographical origin, educational and professional background - with due considerations to local regulations.
The Company does not set specific targets under the Diversity and Inclusion Policy, instead the Company promotes positive attitude toward diversity and inclusion and makes sure that diversity and inclusion is integrated into day-to-day operations in the Company and will be continually empowered in practice.

Remuneration

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

Main principles of Mintos Remuneration Policy include:

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

Financial year 2021 AS Mintos Marketplace information on remuneration, broken down by senior management and employees whose actions have a material impact on the Company's risk profile:

Employees that have impact on Company's risk profile	Number of employees	Total amount of remuneration awarded in 2021 (EUR)
Supervisory Board	3	43 239
Management Board and other key management	9	957 880
Other employees that have impact on Company's risk profile	6	361 948
Total employees that have impact on Company's risk profile	18	1 363 245

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

The total amount of remuneration awarded for Supervisory Board consist of EUR 43 239, Senior Management consists of EUR 957 880, the total amount of remuneration awarded to the employees that have impact on Company's risk profile is EUR 361 948. During the year 2021, no variable amount of remuneration was paid for any employees that impacted the Company's risk profile.

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

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

There were no severance payments awarded during the financial year 2021.

The Company does not offer to employees a payout in instruments policy. Meanwhile, Mintos does have share options of the parent that are granted to all employees of the Company, according to the Company's share option plan. Mintos does not benefit from a derogation laid down in Article 32(4) of Directive (EU) 2019/2034.

5. Commission and fee income

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

Type of income		2021 EUR	2020 EUR
Service fee - lending companies		8 553 972	8 850 275
Secondary market fee		239 328	400 970
Connection fee income		216 372	189 999
Foreign currency exchange commissions		175 552	240 840
	Total:	**9 185 224**	**9 682 084**
Geographical markets			
Europe		7 682 534	8 008 300
Africa		807 470	1 072 401
Asia		434 345	504 705
America		260 875	96 678
	Total:	**9 185 224**	**9 682 084**
Timing of revenue recognition			
Services transferred at a point in time		8 968 852	9 492 085
Services transferred over estimated term of customer relationship		216 372	189 999
	Total:	**9 185 224**	**9 682 084**

6. Commission and fee expenses

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

7. Employee remuneration expenses

		2021 EUR	2020 EUR
Salaries		5 885 871	5 591 371
Social security contributions		1 341 483	1 319 080
Shares based payment expenses (see Note 24)		159 322	209 870
Risk duty		694	683
		7 387 370	7 121 004
Less: Capitalised development costs		(1 930 120)	(1 860 827)
	Total:	**5 457 250**	**5 260 177**

Part of salaries and related taxes have been capitalized to IT development costs (see Note 13). The Company employed 142 employees at the end of year 2021 (average 160 during the year) and 154 employees at end of year 2020 (average 156 during the year).

Key management personnel consist of management board and heads of functions that have significant impact on operations of the company. At end of year 2021 there were 8 employees as key management personnel (2020 – 9 employees). Key management personnel salaries and social security contributions of the Company in total EUR 958 thousand of the year 2021 and EUR 851 thousand of the year 2020, while share-based payments amounted to EUR 35 thousand (EUR 53 thousand in 2020).

8. Administrative and other general expenses

		2021 EUR	2020* EUR
IT and communication expenses		1 118 581	990 397
Bank commissions		761 861	534 868
Non-deductible VAT		401 881	412 651
Compliance expenses		357 665	196 593
Direct client acquisition costs**		350 806	948 952
Legal expenses		229 662	163 223
Other personnel related expenses		180 400	172 320
Office expenses		177 409	438 931
Office rent and related expenses (Note 14)		93 570	135 224
Audit and consultation expenses***		73 405	69 057
Business trips		26 695	59 196
Indirect client acquisition expenses		25 673	39 896
Other expenses		36 372	68 447
	Total:	**3 833 980**	**4 229 755**

* Data for 2020 was reclassified to provide comparative information, no effect on prior year results and equity.

** Direct client acquisition costs consist of expenses related to affiliate and refer-a-friend programs, as well as cash-back campaigns. These expenses consist of costs that are fully expensed when incurred in case of affiliate program and refer-a-friend programs. Costs related to cash-back campaigns are written off gradually.

*** EUR 27 810 fee for audit services in 2021 (2020: EUR 26 265).

9. Other income

		2021 EUR	2020 EUR
Penalty income*		220 497	440 472
Income from provided supporting administrative services to related party		40 032	-
Income from reduced lease payments (Note 14)		20 680	66 721
Currency exchange income		9 031	-
Other income		51 810	17 460
	Total:	**342 050**	**524 653**

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

10. Other expenses

		2021 EUR	2020 EUR
Expenses to provide supporting administrative services to related party		34 220	-
Penalty expenses		12 143	11 933
Cost of goods sold		1 497	-
Currency exchange losses		-	8 905
	Total:	**47 860**	**20 838**

11. Interest expenses

	2021 EUR	2020 EUR
Interest expenses calculated on leases (Note 14)	57 276	55 265
Interest expenses from received loan (Note 23)	-	52 288
Other interest expenses	-	6 288
Total:	**57 276**	**113 841**

12. Corporate income tax, deferred corporate income tax

Corporate income tax disclosure:

	2021 EUR	2020 EUR
(Loss) before corporate income tax	(1 688 352)	(826 158)
Theoretical corporate income tax 0 %	-	-
Correction of corporate income tax for 2017	-	2 226
Non-deductible expense*	(1 123)	(5 138)
Corporate income tax charge for the reporting year	-	-
Change in unrecognized tax loss	-	-
Total corporate income tax:	**(1 123)**	**(2 912)**

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

13. Intangible and fixed assets

	Trademarks, domains, licences	Internal software*	Internal software in progress*	TOTAL INTANGIBLE ASSETS	Fixed assets
Year ended 31 December 2020					
Carrying amount as at 1 January	34 867	1 065 148	218 730	1 318 745	**429 884**
Additions	6 281	1 465 769	443 455	1 915 505	**116 617**
Disposals	-	-	-	-	**(58 537)**
Reclassified to other category	-	26 554	(26 554)	-	**-**
Depreciation and amortization	(562)	(698 970)	-	(699 532)	**(148 498)**
Depreciation of disposals	-	-	-	-	**18 131**
Carrying amount as at 31 December	**40 586**	**1 858 501**	**635 631**	**2 534 718**	**357 597**
As at 31 December 2020					
Cost	45 735	3 192 968	635 631	3 874 334	**603 045**
Accumulated amortisation, depreciation, and impairment	(5 149)	(1 334 467)	-	(1 339 616)	**(245 448)**
Carrying amount as at 31 December	**40 586**	**1 858 501**	**635 631**	**2 534 718**	**357 597**
Year ended 31 December 2021					
Carrying amount as at 1 January	40 586	1 858 501	635 631	2 534 718	**357 597**
Additions	-	1 731 093	291 929	2 023 022	**68 092**
Disposals	-	-	(920 784)	(920 784)	**(17 682)**
Reclassified to other category	(30 428)	30 428	-	-	**-**
Depreciation and amortization	(194)	(1 156 460)	-	(1 156 654)	**(145 279)**
Depreciation of disposals	-	-	-	-	**10 256**
Carrying amount as at 31 December	**9 964**	**2 463 562**	**6 776**	**2 480 302**	**272 984**
As at 31 December 2021					
Cost	15 307	4 954 489	6 776	4 976 572	**653 455**
Accumulated amortisation, depreciation, and impairment	(5 343)	(2 490 927)	-	(2 496 270)	**(380 471)**
Carrying amount as at 31 December	**9 964**	**2 463 562**	**6 776**	**2 480 302**	**272 984**

Internal software costs included capitalized salary and related taxes in amount of EUR 1 930 120 during 2021 (EUR 1 860 827 during 2020), see Note 7, further also contractors' fees in amount of EUR 48 000 were capitalized (2020 – EUR 48 397). 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 period. Internal software is the core technical asset for operating of the Company.

Part of the IT employees are involved in building technical solution (Mintos systems) which is the backbone for operating Mintos marketplace. The Mintos system is constantly built to meet both external and internal needs, and it is constantly being developed and it is not expected in foreseeable future that it will be fully finalized. As the system is fully developed internally by IT department then 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%. The IT system is constantly being developed and is working very successfully, supporting the increase in the number of investors and lending companies using the platform.

Given the aforementioned aspects and future development projections the management consider that having performed an assessment 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'. In August 2021 two unlaunched systems Payment system and AML system, were invested in the share capital of Mintos Payments SIA and after that investment was sold to the parent company for the carrying amount of the investment in subsidiary.

* Starting from December 2020 one part of Internal software in the amount of EUR 26 554 was launched with amortization starting from 1 January 2021. In 2020 this technical solution was shown in the position 'Internal software in progress', in 2021 it was reclassified to 'Internal software'. To show comparative data Internal software was reclassified also for prior year, no effect on prior year performance and equity position.

14. Lease

The Company has lease contract of motor vehicles and office rent of premises used in its operations. The office premises were partly (11% rent area) subleased to a related party. Lease of motor vehicles have lease term of 5 years and office rent term is 10 years with non-cancellable period of 60 months. Due to the dynamic environment and high growth expectations the management predicts that after 5 years Company might need another office that's why is taking into account only non-cancellable period for office rent. The Company'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 Company applies the 'current lease' recognition exemptions for some leases.

Recognition and movement of right-of-use assets in 2021 and 2020:

	Motor vehicles EUR	Office rent EUR	Total EUR
As at 1 January 2020	**42 474**	**1 155 242**	**1 197 716**
Additions	12 408	925 068	937 476
Termination	-	(229 632)	(229 632)
Depreciation of terminated	-	29 383	29 383
Depreciation expenses	(11 235)	(295 579)	(306 814)
As at 31 December 2020	**43 647**	**1 584 482**	**1 628 129**
As at 1 January 2021	**43 647**	**1 584 482**	**1 628 129**
Termination	-	(925 068)	(925 068)
Remeasurement of the lease	-	(6 266)	(6 266)
Write-off because of net investment in sublease	-	(64 133)	(64 133)
Depreciation of terminated	-	246 685	246 685
Depreciation expenses	(12 476)	(361 889)	(374 365)
As at 31 December 2021	**31 171**	**473 811**	**504 982**

During the year the Company terminated one of the office rent agreements, as it did not need as much space. As interim step the agreements was transferred to the parent company, which then fully leased out the office after the year-end. Termination of this rent resulted as loss in amount of EUR 59 890 (difference between right-of-use assets and lease liabilities).

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

	2021 EUR	2020 EUR
As at 1 January	**1 523 021**	**1 076 437**
Additions	-	937 476
End of lease	(597 814)	(196 746)
Accretion of interest	57 276	55 265
Remeasurement of the lease	(6 266)	-
Discounts	(20 680)	(66 721)
Payments	(450 817)	(282 690)
As at 31 December	**504 720**	**1 523 021**
Current	187 875	238 156
Non-current	316 845	1 284 865

The following are the amounts recognized in profit or loss statement:

	2021 EUR	2020 EUR
Depreciation expense of right-of-use assets	(374 365)	(306 814)
Interest expense on lease liabilities (Note 11)	(57 276)	(55 265)
Income from lease discounts (Note 9)	20 680	66 721
Expenses relating to short-term leases	(2 995)	(14 344)
(included in Administrative and other general expenses Note 8)		
Total amount recognized in profit or loss	**(413 956)**	**(309 702)**

The Company has one lease contract that includes extension and termination options (in 2020 there were two such lease contracts). These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. 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 at 31 December 2021 and as at 31 December 2020 relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within 5 years 31.12.2021	More than 5 years 31.12.2021	Total 31.12.2021	Within 5 years 31.12.2020	More than 5 years 31.12.2020	Total 31.12.2020
Termination options expected not to be exercised	444 286	543 017	987 303	318 908	1 397 890	1 716 798
TOTAL:	**444 286**	**543 017**	**987 303**	**318 908**	**1 397 890**	**1 716 798**

The Company had total cash outflows for leases of EUR 450 817 in 2021 (2020: EUR 282 690). The Company had no non-cash additions to right-of-use assets and lease liabilities in 2021 (2020: EUR 30 110).

15. Trade receivables

	31.12.2021 EUR	31.12.2020* EUR
Receivables from the parent company** (Note 23)	706 993	1 113
Unbilled receivables from related parties*** (Note 23)	406 942	270 134
Unbilled receivables***	375 129	329 006
Trade receivables	143 577	129 924
Trade receivables from related parties (Note 23)	61 254	59 035
Impairment allowance (Note 27a)	(150 809)	(126 661)
TOTAL:	**1 543 086**	**662 551**

* Data for 2020 was reclassified to provide comparative information, no effect on prior year results and equity.

** Receivables from the parent company includes EUR 548 014 receivable for sales of investments in the Group company. All amount is due within 2022.

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

16. Other debtors and assets

	31.12.2021 EUR	31.12.2020* EUR
Financial sublease receivable (Note 23)	40 346	-
Prepaid expenses	40	-
Security deposits	-	36 863
Total other debtors and assets non-current	**40 386**	**36 863**
Security deposit for client cash**	254 854	-
Prepaid expenses	72 826	49 154
Security deposits	36 864	-
Financial sublease receivable (Note 23)	24 519	-
Advance payments	14 382	35 774
Goods for sale	14 351	15 660
Security deposits from related parties (Note 23)	8 266	8 459
Other debtors	59 609	11 440
Other debtors from related parties (Note 23)	40 942	-
Impairment allowance for other debtors (Note 27a)	(38 423)	-
Total other debtors and assets current	**488 189**	**120 487**
TOTAL:	**528 575**	**157 350**

* Data for 2020 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.

17. Cash at banks

	31.12.2021 EUR	31.12.2020 EUR
Commercial banks in the Republic of Estonia	686 738	-
Commercial banks in the Republic of Latvia	389 063	23 032
Commercial banks in the Republic of Poland	6 742	134
TOTAL:	**1 082 543**	**23 166**

These financial assets are not impaired as of 31.12.2021 (31.12.2020: EUR 0). Placements with Banks are on demand nature and have a low probability of default and loss hence no material ECL on placements with Banks arises.

18. Share capital and other capital reserves

Share capital

The share capital of the Company is EUR 5 850 000 and consists of 5 850 000 shares (31.12.2020: EUR 750 000 and 750 000 shares), increased by EUR 5 100 000 in August 2021. The par value of each share is EUR 1. All share capital is paid in. Year 2021 increase was paid in the following way: EUR 1 800 000 as cash to the Company's bank account, loan received from the Parent company was capitalized in amount of EUR 3 300 000.

Other capital reserves

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

19. Trade and other payables

	31.12.2021 EUR	31.12.2020 EUR
Salary payables	276 113	304 361
Trade payables	127 944	87 800
Trade payables to related parties (Note 23)	107 726	43 588
Advance payments received	-	5 071
Other payables	23 230	8 623
TOTAL:	**535 013**	**449 443**

20. Taxes and State mandatory social insurance payments

	31.12.2021 EUR	31.12.2020 EUR
Statutory social insurance contributions	151 816	1 183 742
Personal income tax	81 066	547 219
Value added tax	22 609	200 233
Business risk fee	54	54
TOTAL:	**255 545**	**1 931 248**

As at 31 December 2020 tax payables included postponed tax payables for the payments originally due throughout year 2020, which were repaid in 2021 in full.

21. Accrued liabilities

	31.12.2021 EUR	31.12.2020 EUR
Accrued expense of unused vacation	341 131	294 999
Accrued expense of received services	182 189	156 264
TOTAL:	**523 320**	**451 263**

22. Contract liabilities

Contract liabilities consist of connection fee recognized over 3 years.

	01.01.2020 EUR	Revenue recognized during 2020 EUR	New contract liabilities during 2020 EUR	31.12.2020 EUR	Revenue recognized during 2021 EUR	New contract liabilities during 2021 EUR	31.12.2021 EUR
Contract liabilities	319 005	(189 998)	140 635	269 642	(216 372)	121 461	174 731
Non-current > 12m	164 187			108 972			71 027
Current 12m	154 818			160 670			103 704
TOTAL:	**319 005**			**269 642**			**174 731**

23. Related party disclosures

Related parties are defined as shareholders that have the ability to control the Company in making financial and operating decisions, members of the key management personnel of the Company or its parent company, and close members of the families of any individual referred to previously, and entities over which these persons exercise control. The Company cooperates with other lending companies beyond those recognized as related parties with which the Company has common ownership overlap; however, those lending companies are not controlled by shareholders that have the ability to control the Company.

During the year 2021 and 2020 the Company had transactions with entities within Mintos Group (i.e. with parent company of Mintos – AS Mintos Holdings and other entities owned by AS Mintos Holdings).

	Transactions during:		Balances as at:	
	2021	**2020**	**31.12.2021**	**31.12.2020**
Mintos Group companies				
Income				
Income from Parent company	1 840	1 840		
Interest income from companies withinh the group	-	6		
Income from other companies within the group	3 871 637	4 899 680		
Expenses				
Expenses from other companies within the group	95 340	75 834		
Assets				
Receivable from Parent company from sale of subsidiary**			548 014	-
Receivable from Parent company from cost compensation***			158 979	-
Trade receivables from Parent company			-	1 113
Trade receivables from other companies within the group			110 462	68 607
Unbilled receivables to other companies within the group			406 942	270 134
Financial sublease receivable from other companies with the group			64 865	-
Liabilities				
Loans from Parent company*			1 240 460	1 084 460
Trade payables to other companies within the group			159 238	112 603
TOTAL INCOME/ASSETS:	**3 873 477**	**4 901 526**	**1 289 262**	**339 854**
TOTAL EXPENSES/LIABILITIES:	**95 340**	**75 834**	**1 399 698**	**1 197 063**

* The liability to parent company arises from the overdraft agreement signed for cash flow management purposes within the Mintos Group. The total overdraft limit is EUR 5 500 000 and due date is 60 days upon request.

** During 2021 the parent of the Company acquired an investment in subsidiary from the Company for EUR 828 thousand. This transaction did not result in any gain or loss.

*** During 2021 the parent of the Company agreed to take over a lease agreement from the Company (related to right-of-use assets amounted to EUR 678 383 and lease liabilities amounted to EUR 618 494) and acquired the related leasehold improvements in amount of EUR 158 979. Except for the difference between right-of-use assets and lease liabilities there was no gain or loss from the transaction.

Set out below movement table of transactions with related parties:

			Issued loans EUR	Received loans EUR	Incoming interest EUR	Outgoing interest EUR
Total balance from financing and investing activities as at:		31.12.2019	111	1 349 172	17	16 272
2020	Received		-	290 000	-	52 288
	Repaid		-	(597 056)	-	(26 216)
	Issued		1 678	-	6	-
	Received repayment		(1 789)	-	(22)	-
Total balance from financing and investing activities as at:		31.12.2020	-	1 042 116	1	42 344
2021	Received		-	3 607 000	-	-
	Repaid		-	(108 656)	-	(42 344)
	Capitalized in share capital		-	(3 300 000)	-	-
	Issued		144	-	-	-
	Received repayment		(144)	-	(1)	-
Total balance from financing and investing activities as at:		31.12.2021	-	1 240 460	-	-

24. Share-based payments

Share option plan

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

The Company recognized expenses in amount of EUR 159 322 during the reporting year (EUR 209 870 in 2020) in relation to respective share option plan.

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

	2021		2020	
	Number	**WAEP**	**Number**	**WAEP**
Outstanding at 1 January	762 009	0.59	2 053 907	0.28
Granted	57 484	2.22	31 508	1.80
Exercised	(38 213)	0.10	(10 906)	0.10
Forfeited	(162 251)	0.44	(1 312 500)	0.10
Outstanding as at 31 December	619 029	0.53	762 009	0.59
Exercisable as at 31 December	502 010	0.45	567 698	0.43

There were 134 776 share options vested during 2021 (154 437 in 2020). Share-based payments to key management personnel were EUR 34 933 (2020: EUR 53 315).

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:

	2021		2020	
Range of exercise price	**Number**	**Contractual maturity**	**Number**	**Contractual maturity**
EUR 0.10 to EUR 0.16	231 875	4.01	237 500	5.01
EUR 0.32 to EUR 0.64	105 752	4 64	134 419	5.87
EUR 0.80 to EUR 2.72	281 402	8.07	396 225	8.11

The weighted average remaining contractual life for the share options outstanding was 5.96 years (6.86 years as of 31 December 2020).

Fair value calculations

The fair value of share options is estimated at the grant date by using Black-Scholes option pricing model. We take into account 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 but given the start-up nature of Company's operations the management of the Company needs to make certain assumptions. The weighted average fair value of options granted at measurement date was EUR 4.96 (EUR 4.81 in 2020).

The following table lists the key inputs used during 2021 and 2020:

	2021	2020
Weighted average fair value of share price	6.16	5.67
Weighted average exercise price	2.22	1.80
Expected life of share options (years)	6	5
Expected volatility (%)	80%	50%-90%
Dividend yield (%)	0%	0%
Risk-free interest rate (%)	3.6%	3%

The two most significant inputs with highest sensitivity to the calculations of share option value are fair value of share price and expected life of share options. Since 2018 the Company's policy is to provide the 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 is assumed to be at the end date when the first option agreements granted (in 2015) can be exercised and considering environment and how long it takes other companies in fin-tech space to go public or being sold. The new expected exercise date is used for options granted around end of 2031 as estimated exercise date (assumption). Expected volatility is estimated by observing other companies that have become listed in recent periods operating in similar industries, while risk-free interest rate is calculated by looking at various markets across the globe where the Company plans to operate. Dividends are expected to yield 0% at parent level during the calculation period, as all profit is planned to be reinvested to further grow the value of Mintos Group.

25. Servicing assets and liabilities

The Company's core activity is to operate a global online marketplace 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.

Investors had the following outstanding investments in loans:

By loan type		31.12.2021 EUR	31.12.2020 EUR
Personal Loans		284 731 338	206 599 168
Car Loans		81 918 201	82 852 123
Short Term Loan		70 194 067	77 432 849
Business Loans		18 467 161	8 377 945
Pawn broking Loans		6 378 044	2 826 468
Mortgage Loans		5 818 214	5 209 894
Agricultural Loans		2 378 326	4 060 527
Invoice Financing		109 644	258 797
	TOTAL:	**469 994 995**	**387 617 771**

By loan type		31.12.2021 EUR	31.12.2020 EUR
Europe		322 862 884	292 623 851
Asia		93 275 266	57 264 236
Africa		27 233 452	34 077 191
Latin America		26 623 393	3 652 493
	TOTAL:	**469 994 995**	**387 617 771**

As at 31 December 2021 and 31 December 2020 Mintos held investors, loan originators cash in a separate bank account. The outstanding amount of off - balance cash in local currency equivalent as at 31 December 2021 and 31 December 2020 were:

Currency	in local currency	31.12.2021, EUR	in local currency	31.12.2020, EUR
EUR	59 770 117	59 770 117	51 404 123	51 404 123
PLN	8 443 932	1 836 876	5 349 197	1 173 147
RUB	124 371 889	1 458 012	79 723 332	871 607
KZT	409 317 439	828 458	53 413 393	1 031 549
CZK	2 232 451	89 807	5 803 798	221 164
USD	97 609	86 181	166 179	135 424
GBP	55 747	66 343	104 331	116 049
MXN	1 496 429	64 658	6 339 748	259 655
SEK	256 999	25 072	316 825	31 574
DKK	173 648	23 351	1 987 458	267 099
RON	2 595	524	-	-

26. Fair value

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

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

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

Valuation methods and assumptions

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

Changes in liabilities arising from financing activities

The below table discloses changes in liabilities arising from financing activities as of 31 December 2021:

	01.01.2021 EUR	Cash Flows EUR	End of leases and other changes EUR	31.12.2021 EUR
Lease	1 523 021	(450 817)	(567 484)	504 720
Loans from related parties	1 084 460	3 498 344	(3 342 344)	1 240 460
Total liabilities from financing activities	**2 607 481**			**1 745 180**

The below table discloses changes in liabilities arising from financing activities as at 31 December 2020:

	01.01.2020 EUR	Cash Flows EUR	End of leases and other changes EUR	31.12.2020 EUR
Lease	1 076 437	(282 690)	729 274	1 523 021
Loans from related parties	1 365 444	(333 272)	52 288	1 084 460
Total liabilities from financing activities	**2 441 881**			**2 607 481**

27. Risk management

a. Financial risks management

The Company has assessed that its material financial risks arise from liquidity risk. The Company also has limited exposure to credit risk through the money held in bank accounts as well as other receivables. Interest rate and foreign exchange risk in year 2021 and 2020 has been negligible as the Company's exposure to foreign currency changes for all other currencies is not material.

Liquidity risk

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

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

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

The below table discloses undiscounted financial liabilities as at 31 December 2020:

Liabilities		< 3 months	3 – 12 months	1 – 2 years	2 - 5 years	31.12.2020 EUR
Lease non-current		-	-	627 915	800 109	1 428 024
Lease current		69 148	203 134	-	-	272 282
Loans from related parties		-	-	-	1 084 460	1 084 460
Trade and other payables		449 443	-	-	-	449 443
Accrued liabilities		156 264	294 999	-	-	451 263
	TOTAL:	**674 855**	**498 133**	**627 915**	**1 884 569**	**3 685 472**

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

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

The below table discloses discounted financial liabilities as of 31 December 2020:

Liabilities		31.12.2020 EUR
Lease non-current		1 284 865
Loans from related parties current		950 309
Trade and other payables		449 443
Accrued liabilities		451 263
Lease current		238 156
	TOTAL:	**3 374 036**

Credit risk

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

The management considers the concentration of credit risk to be low both for balances with banks and trade receivables. Although, there is no comprehensive model built to assess the concentration risk, the Company is actively managing the allocation of cash balances thought the banks both on counterparty and geographical level and have set internal limits for maximum exposure per counterparty. Trade receivables are even less concentrated since none of the lending company's outstanding loans generating commission income for Mintos exceed 14% (2020: 11%) of the total.

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

Balances with banks

The Company holds the cash balances (see Note 17) with commercial banks in Latvia, Estonia and Poland. Balances with the banks are held with several banks, including balances held with institutions with credit ratings equal or above Baa1 (by Moody's, institution group's rating is applied if no rating is issued for standalone counterparty) of EUR 967 444 (2020: EUR 3 295) and institutions with no ratings issued of EUR 115 099 (2020: EUR 19 871). Given that significant balances are kept only with European Union banks, the Company believes that there is very minimal credit risk associated with these balances.

Unbilled receivables and trade receivables

Customer credit risk is managed by the Company'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 Company'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 2021 and in 2020. The Company's net trade receivables from the customers, unbilled receivables as at 31 December 2021 was EUR 836 093 (31 December 2020: EUR 662 551) including EUR 106 122 (31 December 2020: EUR 82 180) of provisions for doubtful debts and EUR 44 687 (2020: EUR 44 481) impairment based on Expected credit loss calculation below. At 31 December 2021 were impaired also other debtors and assets in the amount of EUR 38 423 (31 December 2020: EUR 0).

The impairment charge for 2020 included EUR 47 452 loss on exposure to loans the Company took before the pending payments functionality meaning that investors previously used to receive funds for repayments from borrowers before the lending companies had remitted the monies to the Company. The Company considers the recoverability to be of remote possibility. No further exposure is possible; thus, no adjustments to the ECL model are made.

An impairment analysis is performed at 31 of December 2021 and at 31 of December 2020 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. No trade receivables were written off during 2021 (2020: EUR 0).

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

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

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as of 31 December 2020:

		Days past due				
	Fully impaired doubtful debts	**<30 days**	**30-60 days**	**60-90 days**	**>90 days**	**Total**
Expected credit loss rate	100%	0.35%	14.60%	44.62%	23.98%	-
Estimated total gross carrying amount at default	82 180	616 053	4 611	6 023	162 525	871 392
Expected credit loss	82 180	2 134	672	2 703	38 972	126 661

Set out below is impairment allowance movement:

By impairment allowance type	2021 EUR	2020 EUR
Loss on exposure to loans the Company took before the pending payments functionality	-	47 452
Impairment allowance based on expected credit loss calculation	206	8 169
Impairment reverse	(45 388)	-
Impairment allowance for doubtful debts*	107 539	8 607
TOTAL:	**62 357**	**64 228**

* Balance of impairment allowance for doubtful debts as at 31 December 2021 includes also loss from fluctuations of currency exchange rates in amount of EUR 214 (in 2020 income in amount of EUR 214).

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

	2021 EUR	2020 EUR
Balance at 1 January	**126 661**	**110 099**
Impairment allowance for doubtful debts in trade receivables	69 116	8 607
Impairment allowance for doubtful debts in other debts and assets	38 423	-
Impairment allowance based on expected credit loss calculation	206	8 169
Impairment reverse in trade receivables	(45 388)	-
Loss/ (gain) from fluctuations of currency exchange rates	214	(214)
Balance at 31 December	**189 232**	**126 661**

b. Capital management

The Company considers its capital to comprise of its equity share capital, equity reserves related to share-based options plus its accumulated retained results. The Company is part of Mintos group, which aim to provide new and innovative financial solutions for its clients. Therefore, the Company's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern in providing its services. The Company is subject to external capital adequacy requirements as disclosed in Other requirements by regulations, which are new requirements that Company had to apply in 2021. The management of the Company believes that current level of capital is sufficient for further operations.

c. AML audits

Mintos is subject to AML audits by Latvian regulator FCMC. The Regulator has a right to impose fines in case substantial deficiencies are identified during an audit. No fines have been imposed to Mintos so far.

28. Going concern considerations

Because of investments made in expansion and growth over the last years, due to the impacts of the pandemic-caused downturn of 2020 as well as prolonged licensing process, the Company has been working with losses for the last three years. In November 2021 the management of the Company have developed a plan how to become break-even from cash flow perspective which was expected to happen till end of 2nd quarter 2022. The plan includes three major areas: growth of core revenue through increased amount of outstanding investments (14% growth planned), growth of other revenues through introduction of new services or fees and decrease of several cost positions resulting in decrease in the overall administrative costs by 1%. Implementation of the plan has been started and first results achieved already by the end of January with the goal to reach break-even by the end of 2nd quarter 2022 being on track. However, as mentioned in Note 29, Russian invasion in Ukraine on February 24, 2022, has put at risk part of the revenues Mintos has been generating, i.e. around 15% of core revenue are from outstanding investments in Russian Federation. This development will negatively affect the Company and in the worst-case scenario revenues from these investments would be lost.

The Company has also exposure to investments made by investors in loan originated by one lending company in the Republic of Belarus (2% of total investments), which is a country towards which international pressure and sanctions are building up. Given that the lending company in the Republic of Belarus is part of a larger group of companies Mintos is working with and Belarus is only a fraction of total groups operations for this group, the management is of the view that neither revenues from investments in Belarus, nor investments made are currently under threat of non-collectability.

In a scenario where the Company would lose revenues from investments made in Russian Federation and if unable to generate alternative revenues Mintos would need to implement additional cost cutting according to the developed recovery plan approved by the Management Board. As of today the Management Board had made a decision to decrease it's workforce and cut other costs. The developed plans which are being implemented, the strong cash and equity positions give Management confidence as at the date of approving these financial statements about the Company's ability to continue operating as a going concern. It has to be noted however, that the regional geopolitical situation is unstable and further negative developments cannot be ruled out.

29. Events after balance sheet date

In February 2022, following the recognition of self-proclaimed republics of Donetsk and Lugansk by the Russian Federation and its subsequent invasion of Ukraine, the military conflict escalated and spread to other regions of that country. In response to the Russian Federation's hostile actions towards Ukraine, a number of countries, including the United States of America, the United Kingdom and the European Union have imposed and/or expanded economic sanctions against a number of Russian individuals and legal entities. The sanctions include asset freezes, restrictions to payment systems, trade restrictions, and travel bans, among other things. Further legislation is planned. The expanded sanctions already had or are expected to have a further detrimental effect on economic uncertainty in Russia, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows, impact on trade flows and trade disruptions with the entities operating in the Russian Federation, and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine. As at the date of approval of these financial statements total outstanding investments that Investors had done in Russian Federation through Mintos platform amounted to around 15% from total investment portfolio, while the corresponding share in Ukraine was less than 0.5% and all new investments were suspended as of this date.

These circumstances very likely will impact Mintos revenues which could decrease by 15% in worst case scenario if no payments can be received (please also see the Note Going Concern Considerations). No other significant events have happened after the balance sheet date.

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

18 March 2022

Independent auditors' report

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Independent Auditors' Report

To the shareholder of AS "Mintos Marketplace"

Report on the Audit of the Financial Statements

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of AS "Mintos Marketplace" ("the Company") set out on pages 9 to 45 of the accompanying Annual Report, which comprise:

- *the statement of financial position as at 31 December 2021,*
- *the statement of comprehensive income for the year then ended,*
- *the statement of changes in equity for the year then ended,*
- *the statement of cash flows for the year then ended, and*
- *the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.*

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AS "Mintos Marketplace" as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

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

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

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

Reporting on Other Information

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

- *General information about the Company, as set out on page 3 of the accompanying Annual Report,*
- *the Management Report, as set out on pages from 4 to 7 of the accompanying Annual Report,*
- *the Statement on Management Responsibility, as set out on page 8 of the accompanying Annual Report,*
- *Other regulatory disclosures, as set out on pages from 51 to 55 of the accompanying Annual Report.*

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information section of our report.

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

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

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Financial and Capital Market Commission of the Republic of Latvia – Regulation No. 113 'Regulation on the preparation of annual reports and consolidated annual reports of credit institutions, investment broker companies and investment management companies'.

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*

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

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

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

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

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

KPMG Baltics SIA
Licence No. 55

Rainers Vilāns

Rainers Vilāns
Partner pp. KPMG Baltics SIA
Latvian Sworn Auditor
Certificate No. 200
Riga, Latvia
18 March 2022

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

Other regulatory disclosures

Capital adequacy

In order to provide transparency to their investors and the wider markets, Article 46 of Regulation (EU) 2019/2033 requires investment firms other than small and non-interconnected investment firms, which is the classification of the Company as of the reporting date, to publicly disclose the information specified in Part Six of that Regulation. This Note contains and is a part of mandatory disclosures applicable for the Company in accordance with the Regulation this section covering disclosures set by Article 49 – Own funds and Article 50 – Own funds requirements.

a. Own funds

The Company’s own funds during the reporting period consisted only of Common Equity Tier 1 items including Share capital, Retained earnings, Other reserves and deductions of certain intangible assets. The Company's own funds position at 31 December 2021 was EUR 3 161 917.

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

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

		(a)	(b)
		Amounts	Source based on reference numbers/ letters of the balance sheet in the audited financial statements
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	**OWN FUNDS**	3 161 917	
2	**TIER 1 CAPITAL**	3 161 917	
3	**COMMON EQUITY TIER 1 CAPITAL**	3 161 917	
4	Fully paid up capital instruments	5 850 000	1S
5	Share premium		
6	Retained earnings	(3 407 349)	3S
7	Accumulated other comprehensive income		
8	Other reserves	736 006	2S
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters		
11	Other funds		
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(16 740)	
13	(-) Own CET1 instruments		
14	(-) Direct holdings of CET1 instruments		
15	(-) Indirect holdings of CET1 instruments		
16	(-) Synthetic holdings of CET1 instruments		
17	(-) Losses for the current financial year		
18	(-) Goodwill		
19	(-) Other intangible assets	(16 740)	3A, 4A
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities		
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		
25	(-)Defined benefit pension fund assets		

26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments		
28	**ADDITIONAL TIER 1 CAPITAL**		
29	Fully paid up, directly issued capital instruments		
30	Share premium		
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
32	(-) Own AT1 instruments		
33	(-) Direct holdings of AT1 instruments		
34	(-) Indirect holdings of AT1 instruments		
35	(-) Synthetic holdings of AT1 instruments		
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment		
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment		
38	(-) Other deductions		
39	Additional Tier 1: Other capital elements, deductions and adjustments		
40	**TIER 2 CAPITAL**		
41	Fully paid up, directly issued capital instruments		
42	Share premium		
43	(-) TOTAL DEDUCTIONS FROM TIER 2		
44	(-) Own T2 instruments		
45	(-) Direct holdings of T2 instruments		
46	(-) Indirect holdings of T2 instruments		
47	(-) Synthetic holdings of T2 instruments		
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment		
49	(-) T2 instruments of financial sector entities where the institution has a significant investment		
50	Tier 2: Other capital elements, deductions and adjustments		

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

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

		a	**c**
		Balance sheet as in published/audited financial statements	**Cross reference to EU IF CC1**
		As at period end	
Assets - *Breakdown by asset classes according to the balance sheet in the published/audited financial statements*			
1A	Intangible assets	2 480 302	
2A	Internal software	2 463 562	
3A	Internal software in progress	6 776	19
4A	Trademarks, domains, licenses	9 964	19
5A	Fixed assets	272 984	
6A	Right - of use leased assets	504 982	
7A	Other debtors and assets	528 575	
8A	Trade receivables	1 543 086	
9A	Cash at banks	1 082 543	
10A	**Total Assets**	**6 412 472**	
Liabilities - *Breakdown by liability classes according to the balance sheet in the published/audited financial statements*			
1L	Lease	504 982	
2L	Contract liabilities	174 731	
3L	Loans from related parties	1 240 460	
4L	Trade and other payables	535 013	

5L	Corporate income tax	26	
6L	Taxes and State mandatory social insurance payments	255 545	
7L	Accrued liabilities	523 320	
8L	**Total Liabilities**	**3 233 815**	
Shareholders' Equity			
1S	Share capital	5 850 000	4
2S	Other capital reserves	736 006	8
3S	Retained losses	(3 407 349)	6
4S	**Total Shareholders' equity**	**3 178 657**	

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

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

		a
		Share capital
1	Issuer	AS Mintos Marketplace
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Commercial Law (Komerclikums)
5	Instrument type (types to be specified by each jurisdiction)	Ordinary share (akcija)
6	Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	EUR 5.850
7	Nominal amount of instrument (Currency in million)	EUR 5.850 (5 850 000 shares @ EUR 1.00 each)
8	Issue price	N/A
9	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretional
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretional
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Noncumulative
24	Convertible or non-convertible	Nonconvertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	No
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

b. Own funds requirement

The company should have available internal capital which is adequate in quantity, quality, and distribution to cover the specific risks to which it is or may be exposed. The board has responsibility for capital management and capital requirement compliance. During the reporting period, total capital requirement was set only according to own fund requirements in accordance with Part Three of Regulation (EU) 2019/2033 and no additional own funds requirement or guidance were imposed by the regulator. During the reporting period the Company initiated work on establishing Internal capital adequacy assessment process (ICAAP) and it is planned to finish it in 2022 and review the process at least annually thereafter. Accordingly, out of this process no additional capital buffers to the own fund's requirements have been applied as of the reporting date. Given the high capital adequacy headroom as of reporting date (157.7%) the absence of additional own funds requirement for other risks or elements of risks not covered by the own funds requirement in accordance to Part Three of Regulation (EU) 2019/2033 shall deemed to be acceptable.

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

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

	31.12.2021
Applied own Funds requirement	2 004 900
Permanent minimum capital requirement	750 000
Fixed overhead requirement	2 004 900
Total K-Factor Requirement	506 123

In accordance with the Regulation, Permanent minimum capital requirement is equal to EUR 750 000.

The FOR shall amount to at least one quarter of the fixed overheads of the preceding year. According to the Regulation, during the reporting period and as of reporting date capital requirement was set according to the FOR projected and submitted with application for Investment Firm licence in September 2021. The projected fixed overheads after allowed deductions were EUR 8 019 601 and the FOR was one quarter equivalent of this amount. After 12 months of operations as a licensed Investment Firm, the FOR will be set according to fixed overheads of the preceding year.

The K-factor requirement is calculated as at least the sum of each of the K-factors applicable to the Company.
Total K-factor requirement at 31 December 2021 was EUR 506 123.

K- factor requirement in aggregate form by risk factor categories. risk to market (RtM), risk to firm (RtF) and risk to client RtC):

	31.12.2021
Risk to client (RtC)	495 277
Risk to market (RtM)	10 659
Risk to firm RtF)	187
Total K-Factor Requirement	506 123

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

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

As the owns funds of the Company consisted only of CET1 all condition above were met and the ratio was 157.7% on 31 December 2021.

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