

MOZIPO HOLDINGS LIMITED

FINANCIAL STATEMENTS

31 December 2022

MOZIPO HOLDINGS LIMITED

FINANCIAL STATEMENTS

31 December 2022

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MOZIPO HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Ausrius Jonas Banaitis Viktoras Milkevicius Jolita Zukoviene
Company Secretary:	Jolita Zukoviene
Independent Auditors:	SPL Audit (Cyprus) Limited Certified Public Accountants and Registered Auditors 13 Kypranoros street 2nd floor, office 201 1061 Nicosia Cyprus
Registered office:	41 Misiaouli & Kavazoglou 2nd floor, flat/office 203 3016 Limassol Cyprus
Bankers:	Bank of Cyprus Paysera LT UAB
Registration number:	HE350731



Independent Auditor's Report

To the Members of Mozipo Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Mozipo Holdings Limited (the "Company"), which are presented in pages 5 to 31 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Mozipo Holdings Limited as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities 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) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the additional information to the statement of profit or loss and other comprehensive income in page 31, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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, 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.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

To the Members of Mozipo Holdings Limited

Responsibilities of the Board of Directors for the Financial Statements (continued)

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 true and fair view.

We communicate with the Board of Directors 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.



Independent Auditor's Report (continued)

To the Members of Mozipo Holdings Limited

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in blue ink, appearing to read 'Andreas Georgiou', is written over the printed name.

Andreas Georgiou
Certified Public Accountant and Registered Auditor
for and on behalf of
SPL Audit (Cyprus) Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 5 July 2023

MOZIPO HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2022

	Note	2022 €	2021 €
Revenue	8	156,000	48,000
Interest income		60,240	70,034
License income		6,000	6,300
Other operating income		4,560	4,560
Total revenue		226,800	128,894
Cost of sales	9	(167,950)	(81,413)
Gross profit		58,850	47,481
Selling and distribution expenses	10	-	(17,200)
Administration expenses	11	(230,624)	(214,209)
Operating loss		(171,774)	(183,928)
Finance income	13	-	4,648
Finance costs	13	(54,217)	(52,152)
Net loss for the year		(225,991)	(231,432)
Other comprehensive income		-	-
Total comprehensive income for the year		(225,991)	(231,432)

The notes on pages 9 to 31 form an integral part of these financial statements.

MOZIPO HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,539	4,316
Intangible assets	15	9,392	135,683
Investments in subsidiaries	16	5,492,830	5,492,830
Investments in associates	17	85,000	85,000
Non-current loans receivable	18	1,763,510	1,928,669
Total non-current assets		7,353,271	7,646,498
Current assets			
Trade and other receivables	19	66,474	56,772
Loans receivable	18	36,225	15,000
Cash at bank	20	2,742	33,186
Total current assets		105,441	104,958
Total assets		7,458,712	7,751,456
EQUITY AND LIABILITIES			
Equity			
Share capital	21	113,870	113,870
Share premium		4,452,810	4,452,810
Accumulated losses		(2,337,694)	(2,111,703)
Total equity		2,228,986	2,454,977
Non-current liabilities			
Borrowings	22	5,191,800	5,242,415
Total non-current liabilities		5,191,800	5,242,415
Current liabilities			
Trade and other payables	23	37,926	54,064
Total current liabilities		37,926	54,064
Total liabilities		5,229,726	5,296,479
Total equity and liabilities		7,458,712	7,751,456

On 5 July 2023 the Board of Directors of Mozipo Holdings Limited authorised these financial statements for issue.

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Ausrius Jonas Banaitis
Director

.....
Viktoras Milkevicius
Director

.....
Jolita Zukoviene
Director

The notes on pages 9 to 31 form an integral part of these financial statements.

MOZIPO HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2022

	Share capital €	Share premium €	Accumulated losses €	Total €
Balance at 1 January 2021	113,870	4,452,810	(1,880,271)	2,686,409
Comprehensive income				
Net loss for the year	-	-	(231,432)	(231,432)
Balance at 31 December 2021/ 1 January 2022	113,870	4,452,810	(2,111,703)	2,454,977
Comprehensive income				
Net loss for the year	-	-	(225,991)	(225,991)
Balance at 31 December 2022	113,870	4,452,810	(2,337,694)	2,228,986

The notes on pages 9 to 31 form an integral part of these financial statements.

MOZIPO HOLDINGS LIMITED

CASH FLOW STATEMENT

31 December 2022

	Note	2022 €	2021 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(225,991)	(231,432)
Adjustments for:			
Depreciation of property, plant and equipment	14	2,822	2,590
Unrealised exchange profit		-	(4,648)
Amortisation of computer software	15	126,621	127,124
Interest income		(60,240)	(70,034)
Interest expense	13	52,385	49,576
		(104,403)	(126,824)
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(7,247)	24,413
(Decrease)/increase in trade and other payables		(16,138)	5,871
Cash used in operations		(127,788)	(96,540)
Interest received		66,559	7,340
Tax paid		-	(2,761)
Net cash used in operating activities		(61,229)	(91,961)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	15	(329)	(904)
Payment for purchase of property, plant and equipment	14	(1,045)	-
Payment for purchase of investments in subsidiaries	16	-	(507,460)
Loans granted		(20,000)	(65,000)
Loans repayments received		155,159	280,959
Net cash generated from/(used in) investing activities		133,785	(292,405)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	100,000
Repayments of borrowings		(81,764)	(194,826)
Proceeds from borrowings		-	120,000
Interest paid		(21,236)	-
Net cash (used in)/generated from financing activities		(103,000)	25,174
Net decrease in cash and cash equivalents		(30,444)	(359,192)
Cash and cash equivalents at beginning of the year		33,186	392,378
Cash and cash equivalents at end of the year	20	2,742	33,186

The notes on pages 9 to 31 form an integral part of these financial statements.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. Incorporation and principal activities

Country of incorporation

The Company Mozipo Holdings Limited (the "Company") was incorporated in Cyprus on 30 December 2015 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 41 Misiaouli & Kavazoglou, 2nd floor, flat/office 203, 3016 Limassol, Cyprus.

Principal activities

The principal activities of the Company are the holding of investments and provision of intermediary and financing services.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a medium sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2022.

The European Commission has concluded that since parent companies are required by the EU Accounting (2013/34/EU) Directive to prepare separate financial statements and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Subsidiary companies (continued)

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the diminution is identified.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". Goodwill on acquisitions of investments in joint ventures is included in "investments in joint ventures".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Revenue recognition (continued)

Identification of performance obligations

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

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

- **Rendering of services**

Rendering of services - over time:

Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered.

For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

- **Royalty income**

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Computer hardware and data servers	20

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Classification (continued)

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - modification (continued)

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Credit related commitments

The Company issues commitments to provide loans. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Company will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Company cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities - Modifications

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Significant accounting policies (continued)

Financial assets (continued)

Financial liabilities - Modifications (continued)

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Comparatives

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

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

6. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

These policies enable the Company to reduce its credit risk significantly.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents (continued)

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2022

	Carrying amounts €	1-12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	2,159	2,159	-	-	-
Payables to related parties	31,764	31,764	-	-	-
Loans from associates	5,191,800	5,191,800	-	-	-
	5,225,723	5,225,723	-	-	-

31 December 2021

	Carrying amounts €	1-12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	300	300	-	-	-
Payables to related parties	31,764	31,764	-	-	-
Loans from associates	5,242,415	5,242,415	-	-	-
	5,274,479	5,274,479	-	-	-

6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6.5 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

7. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Calculation of loss allowance**

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in subsidiaries/associates**

The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

7. Critical accounting estimates, judgments and assumptions (continued)

- **Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of intangible assets**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Company on which the goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

8. Revenue

	2022	2021
	€	€
Rendering of services	156,000	48,000
	156,000	48,000

9. Cost of sales

	2022	2021
	€	€
Services received	129,670	59,940
Marketing expenses	3,600	3,593
Maintenance and support	34,680	17,880
	167,950	81,413

10. Selling and distribution expenses

	2022	2021
	€	€
Bad debts written off	-	17,200
	-	17,200

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

11. Administration expenses

	2022 €	2021 €
Staff costs	-	25,351
Rent	3,000	3,630
Annual levy	-	840
Sundry expenses	292	966
Courier expenses	1,238	796
Computer supplies and maintenance	28,039	25,593
Auditors' remuneration	4,000	13,000
Accounting fees	19,532	10,674
Legal fees	39,285	266
Travelling	2,057	3,342
Sundry expenses	3,738	37
Amortisation of computer software	126,621	127,124
Depreciation	2,822	2,590
	230,624	214,209

12. Staff costs

	2022 €	2021 €
Salaries	-	25,351
	-	25,351

13. Finance income/(costs)

	2022 €	2021 €
Exchange profit	-	4,648
Finance income	-	4,648
Net foreign exchange losses	(146)	-
Interest expense	(52,385)	(49,576)
Sundry finance expenses	(1,686)	(2,576)
Finance costs	(54,217)	(52,152)
Net finance costs	(54,217)	(47,504)

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

14. Property, plant and equipment

	Computer hardware and data servers €
Cost	
Balance at 1 January 2021	12,950
Balance at 31 December 2021	12,950
Balance at 1 January 2021	12,950
Additions	1,045
Balance at 31 December 2022	13,995
Depreciation	
Balance at 1 January 2021	6,044
Charge for the year	2,590
Balance at 31 December 2021	8,634
Balance at January 2021	8,634
Charge for the year	2,822
Balance at 31 December 2022	11,456
Net book amount	
Balance at 31 December 2022	2,539
Balance at 31 December 2021	4,316

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

15. Intangible assets

	Goodwill €	Computer software €	Patents and trademarks €	Total €
Cost				
Balance at 1 January 2021	7,159	634,900	1,000	643,059
Additions	904	-	-	904
Balance at 31 December 2021	8,063	634,900	1,000	643,963
Balance at 1 January 2021	8,063	634,900	1,000	643,963
Additions	329	-	-	329
Balance at 31 December 2022	8,392	634,900	1,000	644,292
Amortisation				
Balance at 1 January 2021	5,899	375,257	-	381,156
On disposals	(505)	-	-	(505)
Amortisation for the year	1,915	125,714	-	127,629
Balance at 31 December 2021	7,309	500,971	-	508,280
Balance at 1 January 2021	7,309	500,971	-	508,280
On disposals	(504)	-	-	(504)
Amortisation for the year	1,410	126,621	-	128,031
Balance at 31 December 2022	8,215	626,685	-	634,900
Net book amount				
Balance at 31 December 2022	177	8,215	1,000	9,392
Balance at 31 December 2021	754	133,929	1,000	135,683

16. Investments in subsidiaries

	2022 €	2021 €
Balance at 1 January	5,492,830	4,985,370
Additions	-	507,460
Balance at 31 December	5,492,830	5,492,830

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2022 Holding %	2021 Holding %	2022 €	2021 €
Mozipo APS	Denmark	Financial Services	100	90.9	2,130,432	2,130,432
Mozipo IFN	Romania	Financial Services	99.44	99.44	3,278,802	3,278,802
Mozipo Sp. z.o.o.	Poland	Financial Services	100	100	47,284	47,284
Kalfo UAB	Lithuania	IT & Financial support	100	100	2,900	2,900
Mozipo Ltd	Nigeria	No activities	100	100	33,412	33,412
					5,492,830	5,492,830

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Investments in associates

	2022 €	2021 €
Balance at 1 January	85,000	85,000
Balance at 31 December	85,000	85,000

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	2022 Holding %	2021 Holding %	2022 €	2021 €
PT Digital Smart Solusindo	Indonesia	Financial Services	42.5	42.5	85,000	85,000

18. Non-current loans receivable

	2022 €	2021 €
Balance at 1 January	1,943,669	1,979,207
New loans granted	20,000	432,510
Repayments	(224,174)	(538,082)
Interest charged	60,240	70,034
Balance at 31 December	1,799,735	1,943,669

	2022 €	2021 €
Loans to own subsidiaries (Note 25.2)	1,763,510	1,928,669
Loans to other related parties (Note 25.2)	15,000	15,000
Loans to Directors (Note 25.3)	21,225	-
	1,799,735	1,943,669
Less current portion	(36,225)	(15,000)
Non-current portion	1,763,510	1,928,669

The loans are repayable as follows:

	2022 €	2021 €
Within one year	36,225	15,000
After five years	1,763,510	1,928,669
	1,799,735	1,943,669

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

The loans to Directors were provided interest free and are repayable monthly over three years. Upon origination these loans were re-measured at fair value, being the future cash flows discounted at market interest rates prevailing for similar instruments. The interest income is recognised on the fair value of the loans using the effective interest method. The difference between the fair value and the nominal value of the loans is taken to profit or loss.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

18. Non-current loans receivable (continued)

The effective interest rates on receivables (current and non-current) were as follows:

	2022	2021
Loans to own subsidiaries	3.5%	3.5%
Loans to other related parties	0%	0%
Loans to Directors	9.9%	9.9%

19. Trade and other receivables

	2022	2021
	€	€
Trade receivables	3,234	501
Receivables from own subsidiaries (Note 25.1)	1,523	-
Deposits and prepayments	1,590	611
Prepayment(1)	53,411	53,411
Deferred expenses	-	250
Refundable VAT	6,716	1,999
	<u>66,474</u>	<u>56,772</u>

The Company does not hold any collateral over the trading balances.

(1) The prepayments amounted to Euro 53,411 relate to payment made for the acquisition of investments in the Republic of China.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

20. Cash at bank

Cash balances are analysed as follows:

	2022	2021
	€	€
Cash at bank	<u>2,742</u>	<u>33,186</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

21. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Authorised				
Ordinary shares of €1 each	1,000	-	1,000	1,000
Irredeemable preference shares of €1 each	112,870	-	112,870	112,870
	113,870	-	113,870	113,870
Issued and fully paid				
Ordinary shares				
Balance at 1 January	1,000	1,000	1,000	1,000
Balance at 31 December	1,000	1,000	1,000	1,000
Ordinary "B" shares -				
Balance at 1 January	112,870	112,870	112,870	112,870
Balance at 31 December	112,870	112,870	112,870	112,870
Total at 31 December	113,870	113,870	113,870	113,870

22. Borrowings

	2022 €	2021 €
Balance at 1 January	5,242,415	4,651,908
Additions	-	797,509
Repayments	(103,000)	(256,578)
Interest charged	52,385	49,576
Balance at 31 December	5,191,800	5,242,415
	2022 €	2021 €
Non-current borrowings		
Loans from related companies (Note 25.5)	5,191,800	5,242,415

Maturity of non-current borrowings:

	2022 €	2021 €
Between one to two years	5,191,800	5,242,415
	5,191,800	5,242,415

The weighted average effective interest rates at the reporting date were as follows:

	2022 %	2021 %
Loans from related companies	1	1

MOZIPO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

23. Trade and other payables

	2022	2021
	€	€
Accruals	4,003	22,000
Other creditors	2,159	300
Payables to own subsidiaries (Note 25.4)	31,764	31,764
	37,926	54,064

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

24. Operating Environment of the Company

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022 as it is considered as a non-adjusting event.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and in case the crisis becomes prolonged.

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25. Related party transactions

The following transactions were carried out with related parties:

25.1 Receivables from related parties (Note 19)

<u>Name</u>	<u>Nature of transactions</u>	<u>Nature of relationship</u>	2022 €	2021 €
Mozipo Sp.z.o.o. (Poland)	Finance	Subsidiary	1,523	-
Mozipo Ltd (Nigeria)	Finance	Subsidiary	-	12,493
PT Digital Smart Solusindo	Finance	Common ownership	-	4,707
			1,523	17,200

The receivables from related parties were provided interest free, and there was no specified repayment date.

25.2 Loans to related parties (Note 18)

	<u>Nature of relationship</u>	<u>Terms</u>	2022 €	2021 €
PT Digital Tuna Solusindo	Associate	EUR, interest free, maturity: upon demand	15,000	15,000
Mozipo Sp.z.o.o. (Poland)	Subsidiary	EUR, 3.5%, maturity: 31.12.2028	237,224	234,867
Mozipo Aps (Denmark)	Subsidiary	EUR, 1%, maturity: 31.12.2028	1,526,286	1,693,802
			1,778,510	1,943,669

25.3 Loans to Directors (Note 18)

	2022 €	2021 €
Loan to Ausrius Banaitis - Principal	20,000	-
Loan to Ausrius Banaitis - Interest	1,225	-
	21,225	-

On 7 April 2022, the company came into agreement with Ausrius Banaitis for the provision of a loan amounting to EUR20.000. The amount bears an interest of 9.9% per annum and is repayable by 31 December 2023.

25.4 Payables to related parties (Note 23)

<u>Name</u>	<u>Nature of transactions</u>	2022 €	2021 €
Mozipo Ltd (Nigeria)	Finance	31,764	31,764

The payables to related parties were provided interest free, and there was no specified repayment date.

25.5 Loans from related parties (Note 22)

	<u>Nature of relationship</u>	<u>Terms</u>	2022 €	2021 €
UAB Moment Credit (Lithuania)	Common ownership	EUR, 1%, maturity: upon demand	3,779,828	3,844,541
MC Progressio LA	Common ownership	EUR, 1%, maturity: upon demand	174,872	173,118
Agnis Plasma Ltd	Common ownership	EUR, 1%, maturity: upon demand	1,237,100	1,224,756
			5,191,800	5,242,415

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26. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2022.

27. Commitments

The Company had no capital or other commitments as at 31 December 2022.

28. Events after the reporting period

Significant events that occurred after the end of the reporting period are described in note 24 to the financial statements.

Except from the matter mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

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