

LIMITED LIABILITY COMPANY  
**"Hedge Capital Company"**  
*registration number*  
40103968692

**Annual report for 2020**

29.04.2021.

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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF SIA "HEDGE CAPITAL COMPANY"

#### *Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of SIA "Hedge Capital Company" ("the Company") set out on pages 8 to 24 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2020,
- the profit and loss statement for the year then ended,
- 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 SIA "Hedge Capital Company" as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

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

#### *Reporting on Other Information*

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

- Information about the Company, as set out on page 5 of the accompanying Annual Report,
- the Management Report, as set out on pages 6 to 7 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* 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 entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of 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.

#### *Auditor's 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 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 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 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 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.

Anita Kaņepa, Certified Auditor  
Certificate No. 34, LZRA  
SIA "ARMA K Revidents Auditors", LZRA License No.90

Riga, April 29, 2021



**INFORMATION ABOUT COMPANY**

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COMPANY NAME	"Hedge Capital Company"
LEGAL FORM	Limited Liability Company
REGISTRATION NUMBER IN THE REGISTER OF ENTERPRISES OF THE REPUBLIC OF LATVIA	40103968692
PLACE AND DATE OF REGISTRATION	Riga, 11 february 2016
LEGAL ADDRESS	Gustava Zemgala avenue 78-1, Riga, LV-1039
COMPANY BOARD	
	Name/Surname Andrejs Saricevs
	Position Member of the board
SHAREHOLDERS	
	Name LLC "DKS Holding"
	Proportion of shares % 100% of the shares
	Address Dzilnas street 19-32, Riga, LV-1021
ANNUAL REPORT PREPARED BY	
	Name/Surname Irina Fadejeva
	Position Accountant
REPORTING YEAR	01.01.2020 - 31.12.2020
PREVIOUS REPORTING YEAR	01.01.2019 - 31.12.2019
AUDITORS AND THEIR ADDRESSES	LLC "ARMA K Revidents Auditors" LACA License No. 90 P.Lejina 1-31, Riga, Latvia Certified Auditor Anita Kanepa Certificate No. 34

## MANAGEMENT REPORT

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### **Main activities**

LLC "Hedge Capital Company", hereinafter - Company, provides credit granting services. NACE2 classification code - 64.92  
Other credit granting.

### **Branches and representative offices abroad**

The company has no branches and representative offices abroad.

### **Company's activity in the reporting year**

In 2020, LLC Hedge Capital Company continued to showcase strong financial performance despite the interest rate cap, which became effective on July 1, 2019. The company's total revenue, incl. other operating income and other interest income reached EUR 1,047,288. Implementing the business strategy and all planned measures, the following financial indicators have been achieved in 2020:

<b>Profitability ratios</b>	<b>2020</b>	<b>2019</b>
Gross profitability %	19%	41%
Earnings before tax (EBT)	-21%	-10%
Profitability on net profit %	-21%	-11%

Gross profitability, compared to 2019, has decreased by 22 percentage points, EBT decreased by 11 percentage points. This can be explained by significant legislative changes regarding the reduction of the interest rate cap. Management believes that the amount of losses is moderate and does not pose financial risks to the company.

### **Liquidity ratios**

**31.12.2020.**

Current liquidity	30.63 coefficient
Total liquidity	30.77 coefficient

By the end of 2019 the Company's total liquidity ratio reached 30.8 mark.

### **Future prospects and future development**

During 2020, the Company increased its loan portfolio by 13.4% to EUR 2,041 million. In 2021, the Company will continue to grow its loan portfolio using investments attracted by the P2P platform Iuvo Group. The company's management highly appreciates the trust of all investors who are providing important funding to the business.

The Company has set itself the goal of becoming a non-bank lending company with the best customer service in the industry. The company has optimized costs, completed the product and significantly improved the quality of customer service. In the future, the main focus of management will be on growing the loan portfolio, optimizing the evaluation process and improving repayment rates.

### **Financial risk management**

The Company's financial risk management policy is described in financial statement attachment (note No. 25).

### **Information on research and development activities**

The Company has no costs for research and development activities during the reporting year.

### **The company's own shares or units**

The company is not a shareholder.

### **Use of financial instruments**

The Company's most significant financial instruments are loans from legal entities, trade receivables and cash and its equivalents. The main task of these financial instruments is to provide funding for the Company's business activities. The Company also has some other financial instruments, such as other receivables, trade payables and other creditors arising directly from its operations.

## MANAGEMENT REPORT

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### *Events after the last day of the reporting year*

*In March and December 2020, restrictions related to the spread of coronavirus have entered into force in the Republic of Latvia and many other countries, which significantly reduce the economic development in the country and in the world.*

*Although the management has not seen any deterioration in payment discipline, it has taken new preventive measures to mitigate the potential negative effects of the current global situation.*

*The management has reviewed company's expenses. By significantly reducing payroll expenses (by ~20%) as well as most of administrative expenses, the company plans to improve profitability in 2021.*

*The management is confident that actions taken will be sufficient to strengthen company's positions in the market in the long term. Something good comes from every crisis and we are here to make it happen.*

*The financial statement has been prepared on a going concern basis and management does not see any liquidity problems regarding the above mentioned.*

### *Profit distribution for the reporting year*

*The reporting year ended with losses: (118 910) euro*

*Company balance sheet value: 2 431 892 euro*

*The company's losses for 2020 will be covered from the next year's profit.*

### *Statement of management responsibility*

*The Company's management is responsible for the preparation of the financial statement based on the original accounting records for each reporting period that give a true and fair view of the Company's financial situation at the end of the reporting year and of the results of its operations.*

*Management confirms that in preparing this financial statement for the period ended 31 December 2020, appropriate accounting policies have been used, their application has been consistent, and reasonable and prudent decisions have been made. The management confirms that the relevant accounting principles of the Republic of Latvia have been complied with and the financial statement has been prepared in accordance with the going concern principle.*

*Management is responsible for keeping proper accounting records, for safeguarding the Company's assets, and for preventing and detecting fraud and other irregularities.*

*Management confirms that it has provided the information and explanations necessary for the audit.*

29.04.2021.

  
/Andrejs Saricevs/ The member of the board

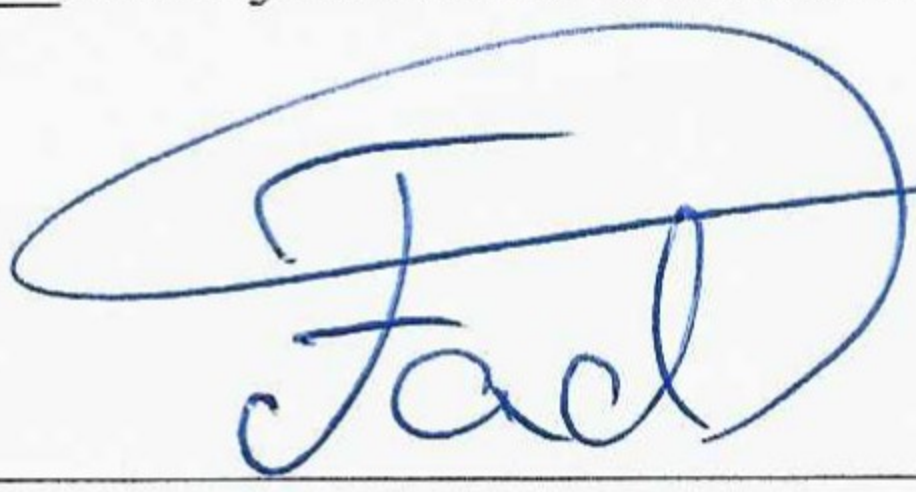
**PROFIT OR LOSS STATEMENT (by expenditure function)  
FOR 2020**

	Note No.	2020 euro	2019 euro
Net turnover		572 146	861 930
incl.			
<i>b) from other core business activities</i>	1	572 146	861 930
Cost of production, cost of goods sold or services provided	2	(462 876)	(505 765)
<b>Gross profit or loss</b>		<b>109 270</b>	<b>356 165</b>
Sales costs	3	(65 831)	(82 217)
Administration costs	4	(311 123)	(343 835)
Other operating income of the company	5	474 776	76 243
Other operating expenses of the company	6	(261 779)	(48 044)
Other interest income and similar income:		366	-
incl.			
<i>b) other persons</i>	7	366	-
Interest and similar costs:		(64 589)	(45 373)
incl.			
<i>a) related companies</i>	8	-	(8 686)
<i>b) other persons</i>	8	(64 589)	(36 687)
<b>Profit or loss before corporate tax</b>		<b>(118 910)</b>	<b>(87 061)</b>
Corporate income tax for the reporting period	20	-	(11 358)
<b>Profit or loss after corporate income tax</b>		<b>(118 910)</b>	<b>(98 419)</b>
<b>PROFIT OR LOSS FOR THE REPORTING YEAR</b>		<b>(118 910)</b>	<b>(98 419)</b>

29.04.2021.

 /Andrejs Saricevs/ The member of the board

The annual report was prepared by

 /Irina Fadejeva/ Accountant



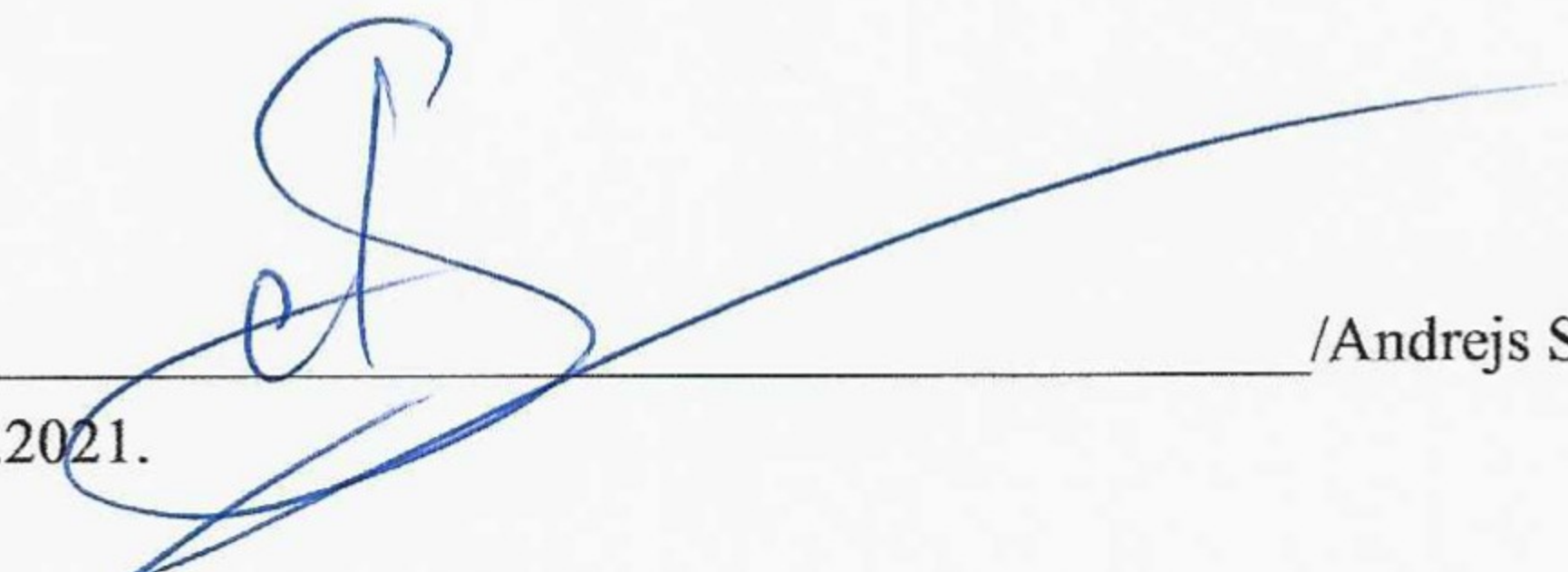
**BALANCE SHEET**  
**31 December 2020**

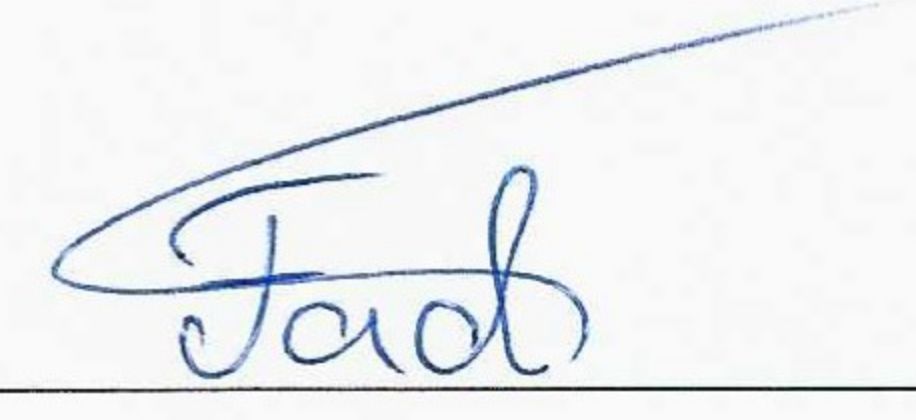
ASSETS		31.12.2020	31.12.2019
	Note No.	<i>euro</i>	<i>euro</i>
<b>LONG-TERM INVESTMENT</b>			
<b>I. Intangible investments</b>			
Concessions, patents, licences, trade marks and similar rights	9	243 043	206 362
Other intangible investments	9	6 684	3 527
Advance payments for intangible assets		-	871
<b>Total intangible investments</b>		<b>249 727</b>	<b>210 760</b>
<b>II. Fixed assets</b>			
Other fixed assets and inventory	10	17 522	16 938
<b>Total fixed assets</b>		<b>17 522</b>	<b>16 938</b>
<b>Total long-term investment</b>		<b>267 249</b>	<b>227 698</b>
<b>CURRENT ASSETS</b>			
<b>I. Inventory</b>			
Raw materials and consumables	11	9 241	10 373
<b>Total inventory</b>		<b>9 241</b>	<b>10 373</b>
<b>II. Debtors</b>			
Trade receivables	12	2 040 823	1 766 720
Other debtors	13	45 125	15 188
Costs of future reporting periods	14	7 156	6 713
Accrued income		-	4 513
<b>Total debtors</b>		<b>2 093 104</b>	<b>1 793 134</b>
<b>IV. Cash and cash equivalents</b>	15	<b>62 298</b>	<b>66 170</b>
<b>Total current assets</b>		<b>2 164 643</b>	<b>1 869 677</b>
<b>TOTAL ASSETS</b>		<b>2 431 892</b>	<b>2 097 375</b>

**BALANCE SHEET**  
**31 December 2020**

<b>LIABILITIES</b>	<b>Note No.</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
		<i>euro</i>	<i>euro</i>
<b>OWN CAPITAL</b>			
Fixed capital	16	3 375 000	3 375 000
Retained earnings:			
Accumulated profit (loss) for the previous years		(1 570 103)	(1 471 684)
Profit or loss of the reporting year		(118 910)	(98 419)
<b>Total own capital</b>		<b>1 685 987</b>	<b>1 804 897</b>
<b>CREDITORS</b>			
<b>Long-term creditors</b>			
Other loans	17	675 546	-
<b>Total long-term creditors</b>		<b>675 546</b>	<b>-</b>
<b>Short-term creditors</b>			
Other loans	17	-	226 375
Advances received from buyers	18	4 625	1 002
Debts to suppliers and employees	19	8 418	4 080
Taxes and state social insurance contributions	20	13 659	26 943
Other creditors	21	19 085	20 219
Accrued liabilities	22	24 572	13 859
<b>Total short-term creditors</b>		<b>70 359</b>	<b>292 478</b>
<b>Total creditors</b>		<b>745 905</b>	<b>292 478</b>
<b>TOTAL LIABILITIES</b>		<b>2 431 892</b>	<b>2 097 375</b>

29.04.2021.

  
/Andrejs Saricevs/ The member of the board

  
The annual report was prepared by  
/Irina Fadejeva/ Accountant

ANNEX TO THE FINANCIAL STATEMENT  
FOR 2020

**I. EXPLANATORY NOTES TO ITEMS ON THE PROFIT OR LOSS STATEMENT**

**1 Net turnover\***

	2020	2019
	<i>euro</i>	<i>euro</i>
Interest revenue	370 308	675 384
Accrued interest	-	47 148
Other commissions income*	133 390	73 735
Accrued commissions income*	12 413	35 421
Remuneration for each active card account*	56 035	30 242
<b>Total</b>	<b>572 146</b>	<b>861 930</b>

\* During the reporting year, changes were made in the classification of items compared to the previous period, as a result of which the comparative indicators were reclassified. The reclassification has no effect on the financial result. In the financial statements, comparative figures for the previous period are classified according to the principles of the reporting year and are comparable.

**2 Cost of production, cost of goods sold and services provided**

	2020	2019
	<i>euro</i>	<i>euro</i>
Wages	124 538	133 690
Social security contributions	30 033	32 243
Rent of premises	71 308	60 281
Utilities	14 975	22 845
Depreciation of fixed assets and intangible investments	73 542	69 398
Low value inventory	349	1 361
Telecommunication charges, etc.	22 897	25 131
IT costs, database subscriptions and maintenance, domains	51 885	54 990
State fee for the lending licence, etc. State fees	3 764	20 682
Delivery, manufacturing and other costs of payment cards	69 585	85 144
<b>Total</b>	<b>462 876</b>	<b>505 765</b>

**3 Sale costs**

	2020	2019
	<i>euro</i>	<i>euro</i>
Ads, marketing expenses	60 598	75 888
Traveling / subsistence allowance	2 093	4 750
Other expenses	3 140	1 579
<b>Total</b>	<b>65 831</b>	<b>82 217</b>

ANNEX TO THE FINANCIAL STATEMENT  
FOR 2020

4 Administration costs	2020	2019
	<i>euro</i>	<i>euro</i>
Wages	221 268	237 825
Social security contributions	53 338	57 337
Staff sustainability events	725	4 318
Costs of recruitment and training	2 145	2 312
Translation services	726	908
Insurance payments	5 380	8 001
Communication expenses	4 782	3 702
Office expenses	8 690	10 976
Bank charges and similar expenses	7 079	9 569
Legal advice	-	1 061
Representation expenses	1 239	758
Premises cleaning, maintenance and repair costs	2 514	3 733
Other administration costs	3 237	3 335
<b>Total</b>	<b>311 123</b>	<b>343 835</b>
5 Other operating income	2020	2019
	<i>euro</i>	<i>euro</i>
Fees for preparation references	179	223
Credit registration fee	195	128
Revenue from exchange rate fluctuations	-	114
Paid fines and penalties	26 931	63 058
Reduction of doubtful receivables	447 471	-
Other income	-	12 720
<b>Total</b>	<b>474 776</b>	<b>76 243</b>
6 Other operating expenses	2020	2019
	<i>euro</i>	<i>euro</i>
Losses from exchange rate fluctuations	34	-
Paid fines and penalties	7	-
Write-off of bad debtors	208 172	11 687
Provisions for doubtful debtors	28 852	21 170
Debt collection expenses	19 667	15 129
Other expenses	5 047	58
<b>Total</b>	<b>261 779</b>	<b>48 044</b>
7 Other interest income and similar income	2020	2019
	<i>euro</i>	<i>euro</i>
Other companies		
For a loan to a legal entity	366	-
<b>Total</b>	<b>366</b>	<b>-</b>
8 Interest and similar costs	2020	2019
	<i>euro</i>	<i>euro</i>
Related companies		
DKS Holding, SIA	-	8 686
<b>Total</b>	<b>-</b>	<b>8 686</b>
Other persons		
For loans from legal entities	64 589	36 687
<b>Total</b>	<b>64 589</b>	<b>36 687</b>

ANNEX TO THE FINANCIAL STATEMENT  
FOR 2020

II. EXPLANATORY NOTES TO ITEMS ON BALANCE SHEET

		ASSETS	
<b>9 Intangible investments</b>			
	Concessions, patents, licenses, etc	Total intangible investments	Total
	<i>euro</i>	<i>euro</i>	<i>euro</i>
<i>Initial value</i>			
<b>31 December 2019</b>	329 520	3 892	333 412
Acquisition/production costs	55 441	4 983	60 424
Value increases	47 940	-	47 940
Disposal or liquidation	(876)	-	(876)
<b>31 December 2020</b>	<b>432 025</b>	<b>8 875</b>	<b>440 900</b>
<i>Impairment adjustments of accumulated value</i>			
<b>31 December 2019</b>	123 158	365	123 523
Impairment adjustments	66 700	1 826	68 526
Disposal or liquidation	(876)	-	(876)
<b>31 December 2020</b>	<b>188 982</b>	<b>2 191</b>	<b>191 173</b>
<i>Balance sheet value</i>			
<b>31 December 2020</b>	<b>206 362</b>	<b>3 527</b>	<b>209 889</b>
<b>31 December 2020</b>	<b>243 043</b>	<b>6 684</b>	<b>249 727</b>
<b>10 Fixed assets</b>			
		Other fixed assets and inventory	Total
		<i>euro</i>	<i>euro</i>
<i>Initial value</i>			
<b>31 December 2019</b>		44 925	44 925
Acquisition/production costs		5 600	5 600
Disposal or liquidation		(3 385)	(3 385)
<b>31 December 2020</b>		<b>47 140</b>	<b>47 140</b>
<i>Impairment adjustments of accumulated value</i>			
<b>31 December 2019</b>		27 987	27 987
Impairment adjustments		5 016	5 016
Disposal or liquidation		(3 385)	(3 385)
<b>31 December 2020</b>		<b>29 618</b>	<b>29 618</b>
<i>Balance sheet value</i>			
<b>31 December 2019</b>		<b>16 938</b>	<b>16 938</b>
<b>31 December 2020</b>		<b>17 522</b>	<b>17 522</b>
<b>11 Inventory</b>			
		31.12.2020	31.12.2019
		<i>euro</i>	<i>euro</i>
Nordcard credit card packages		9 241	10 373
<b>Total</b>		<b>9 241</b>	<b>10 373</b>

ANNEX TO THE FINANCIAL STATEMENT  
FOR 2020

12 Trade receivables

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
Non-collateral claims on loans granted	2 200 577	2 342 367
Calculated but unpaid contractual and late payment penalties	(2 725)	-
Provisions for doubtful debtors	(157 029)	(575 647)
<b>Total</b>	<b>2 040 823</b>	<b>1 766 720</b>
<b>Movement of provisions for doubtful debts</b>	<i>euro</i>	<i>euro</i>
<b>At the beginning of the reporting year</b>	<b>575 647</b>	<b>554 477</b>
Value increase	28 852	86 924
Value decrease	(447 471)	(65 754)
<b>At the end of the reporting year</b>	<b>157 028</b>	<b>575 647</b>

*At the end of the reporting year, all debtors were assessed, provisions for doubtful debtors were made, and bad debts were written off as losses for the reporting year.*

13 Other debtors

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
Security deposit for rent of premises	17 005	15 180
Advance payments for the services	294	-
Short-term loan to a company	25 304	-
Overpaid taxes (see also note No. 20)	2 522	8
<b>Total</b>	<b>45 125</b>	<b>15 188</b>

14 Costs of future reporting periods

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
Employee health insurance	3 924	4 790
Database subscriptions and maintenance	3 079	1 923
Storage rental	153	-
<b>Total</b>	<b>7 156</b>	<b>6 713</b>

*Costs of future reporting periods are expenses incurred before the balance sheet date, but refer to the next year.*

15 Cash and cash equivalents

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
Cash in bank accounts	62 298	66 170
<b>Total</b>	<b>62 298</b>	<b>66 170</b>

ANNEX TO THE FINANCIAL STATEMENT  
FOR 2020

LIABILITIES

16 Fixed capital

As at 31 December 2020, the registered and paid fixed capital of the Company is EUR 3,375,000, consisting of 3,375,000 shares with a nominal value of EUR 1 (one) per share.

*Company shareholders*

Capital shares	Quantity	Nominal value	Amount	Share in capital	Justification for the purchase
	<i>pieces</i>	<i>euro</i>	<i>euro</i>	<i>%</i>	
DKS Holding, LLC	3 375 000	1	3 375 000	100	-
<b>Total:</b>	<b>3 375 000</b>	<b>1</b>	<b>3 375 000</b>	<b>100</b>	

17 Other loans

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
<b>Long-term part</b>		
Loan from a legal entity established in the European Union	675 546	-
<b>Total</b>	<b>675 546</b>	<b>-</b>

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
<b>Short-term part</b>		
Loan from a legal entity registered in Latvia	-	50 000
Loan from a legal entity established in the European Union	-	173 000
Borrowing interest	-	3 375
<b>Total</b>	<b>-</b>	<b>226 375</b>

18 Advances received from buyers

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
<b>Short-term part</b>		
Advances from clients	4 625	1 002
<b>Total</b>	<b>4 625</b>	<b>1 002</b>

19 Debts to suppliers and employees

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
<b>Short-term part</b>		
Debts to suppliers and employees	8 418	4 080
<b>Total</b>	<b>8 418</b>	<b>4 080</b>

20 Taxes and state social insurance contributions

	(Liabilities)/o verpayment 31.12.2018	Calculated in 2019	Paid/ (repaid) in 2019	Late charges	(Liabilities)/o verpayment 31.12.2019
	<i>euro</i>	<i>euro</i>	<i>euro</i>	<i>euro</i>	<i>euro</i>
Corporate income tax	(11 326)	-	12 166	-	840
Value-added tax	(515)	(53 528)	55 725	-	1 682
Business risk fee	8	(66)	53	-	(5)
Personal income tax	(4 961)	(56 580)	57 113	-	(4 428)
State social insurance contributions	(10 141)	(117 197)	118 112	-	(9 226)
<b>Total</b>	<b>(26 935)</b>	<b>(227 371)</b>	<b>243 169</b>	<b>-</b>	<b>(11 137)</b>
<b>Tax overpayments</b>	<b>8</b>				<b>2 522</b>
<b>Tax liabilities</b>	<b>(26 943)</b>				<b>(13 659)</b>

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**21 Other creditors**

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
<b>Short-term part</b>		
Settlement of unpaid advance payments	32	160
Settlement of wages	18 914	19 905
Other	139	154
<b>Total</b>	<b>19 085</b>	<b>20 219</b>

**22 Accrued liabilities**

	31.12.2020	31.12.2019
	<i>euro</i>	<i>euro</i>
Accrued liabilities from interest on platforms (IUVO GROUP OU)	2 038	-
Accrued liabilities for services	7 870	13 859
Accrued liabilities for vacation pay	14 664	-
<b>Total</b>	<b>24 572</b>	<b>13 859</b>

**23 Details of off-balance sheet liabilities**

At the end of the reporting year, the Company has not issued any pledge, guarantee or security.

**24 Events after the end of the reporting year**

In March and December 2020, restrictions related to the spread of coronavirus have entered into force in the Republic of Latvia and many other countries, which significantly reduce the economic development in the country and in the world. The impact on the Company's operations in 2021 is described in the management report, the annual report is prepared on a going concern basis, and the Company does not see the risks of business termination and will take all recommended measures to reduce the impact of Covid-19 on the Company's ability to continue operations.

**25 Financial risk management**

The Company's most significant financial instruments are loans from legal entities, trade receivables and cash and its equivalents. The main task of these financial instruments is to provide funding for the Company's business activities. The Company also has some other financial instruments, such as other receivables, trade payables and other creditors arising directly from its operations.

The financial risks associated with the Company's financial instruments are mainly interest rate risk, liquidity risk and credit risk. The Company's management seeks to minimize the negative impact of potential financial risks on the Company's financial situation. The Company does not use derivative financial instruments for financial risk management.

*Foreign currency exchange risk*

The company operates in the local market and is minimally exposed to foreign currency exchange risk. With the current revenue-expenditure structure, additional control measures for exchange rate risk are not required. Additional risk mitigation mechanisms are not used as the total currency risk is assessed as minimal.

*Interest rate risk*

As the Company has loan liabilities, its cash-flow from financing activities is dependent on changes in market interest rates. The risk of floating interest rates has been eliminated because fixed interest rates have been set for the Company's borrowings.



**ANNEX TO THE FINANCIAL STATEMENT  
FOR 2020**

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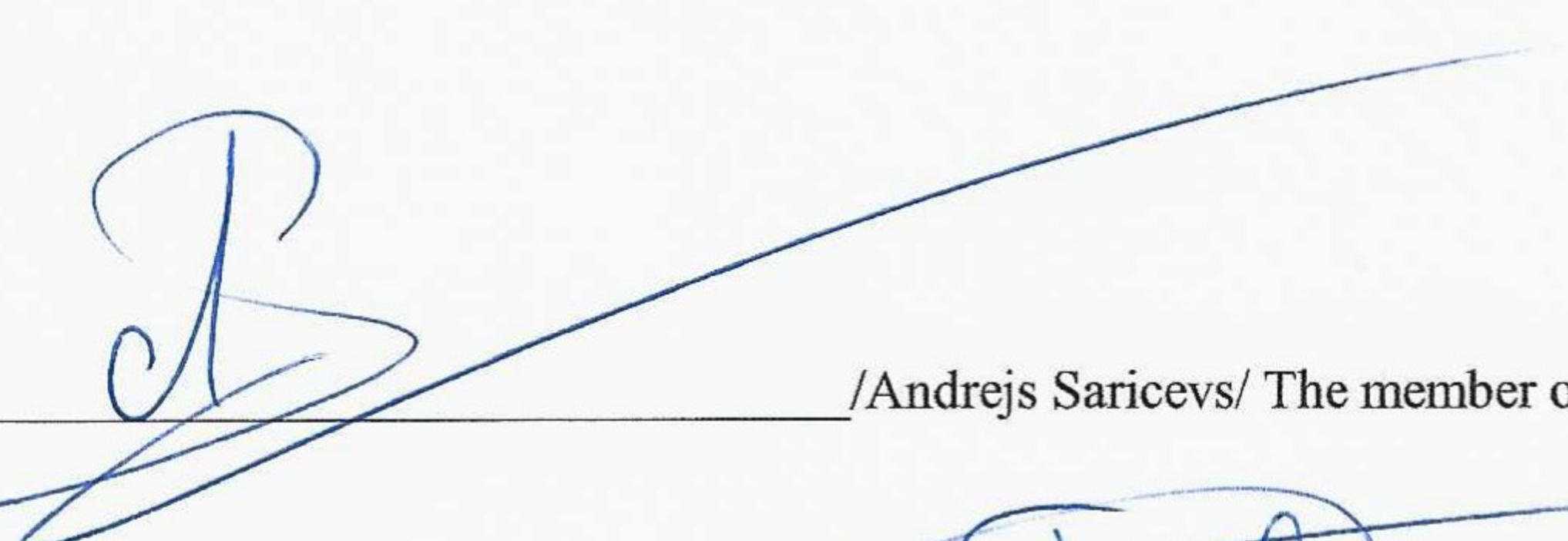

*Credit risk*

The Company concentrates to minimize credit risk due to the specifics of its core business - the issuance of unsecured loans, which is associated with an increased risk of recovery of issued loans, which could cause short-term liquidity problems to meet the Company's liabilities on time. The Company's policy is to ensure maximum control procedures in the process of issuing and recovering loans, as well as in the creation of provisions, in order to ensure this, the "Loan application evaluation procedure" and "Procedure for recovery of overdue loan liabilities" have been developed.

*Liquidity risk*

The Company adheres to the precautionary principle in liquidity risk management and maintains a sufficient amount of money accordingly. The Company's management monitors liquidity reserves and makes operational forecasts based on expected cash-flow. The management believes that the Company will be able to provide a sufficient level of liquidity through its operating activities, but will be able to receive financing if necessary.

29.04.2021.

  
/Andrejs Saricevs/ The member of the board  
The annual report was prepared by  
/Irina Fadejeva/ Accountant