

IT SMART FINANCE

GROUP OF COMPANIES

FINANCIAL RESULTS FOR 2022

REPORTING PERIOD 01.01.2022 – 31.12.2022



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Management report

Dear friends, colleagues, investors. It is time for the Annual Financial Statement of our holding. You can find all the numbers and the audit report further. Here I want to tell you about the work done by our team in 2022 and the results achieved.

In 2022, we continued to develop online lending and investment services, as well as litigation and recovery services for problem loans. Thanks to the activities carried out, we managed to improve key indicators, even despite a rather difficult year and an unpredictable geopolitical situation. Therefore, online lending service Joymoney increased its revenue in 2022 compared to 2021 by 217%.

The Nibble investment platform showed a stable growth of attracted investments by 23% compared to 2021 and continued to successfully attract new investors, the number of clients increased by 67% compared to last year and continues to grow.

The income of our group of companies for 2022 amounted to 53 million euro.

We show stable development due to many factors: the use of new technologies, high security standards of our services, well-established processes and high-quality risk management, as well as expansion into new regions. We actively create and improve new products in the field of digital finance, giving our clients the opportunity to improve their standard of living or solve financial issues.



Maxim Pashchenko

Founder of IT Smart Finance group of companies

Team

Our team has ten years of successful experience in the field of financial technologies in Europe and Asia. Using our expertise and accumulated knowledge, we create modern and secure services that are used by people in different parts of the world.

Transparency and honesty

We establish open relations with all partners and clients, therefore we not only provide access to the most modern financial instruments, but also show transparent reporting.

Individual approach

We choose an individual approach to each client, focusing on his needs and expectations.

Modern and reliable

Financial technologies are the most dynamically developing segment of the market. Every day our team searches for new technological solutions and implements them to meet the needs of clients.

Open innovation

Open innovation is a promising way to share knowledge and technology. We are sure that openness and striving for new things will allow us to achieve more!

New Product Launch

In 2022, we successfully launched the “Boostr” service in Kazakhstan: we opened a representative office in Almaty and formed a strong team of specialists. The company purchases portfolios of NPLs, secures and manages the entire collection process, and subsequently earns a high return on capital. Many years of experience in the online lending market allows us to say with confidence that the collection of problem debts is a promising area that shows stable profitability and reliability. That is why we have provided our clients with the opportunity to invest in the project on our Nibble platform and receive regular high income.

Despite the fact that the past year was not easy and became a challenge for business as well, we have learned to adapt to the conditions and make strategically correct decisions with lightning speed. Difficulties bring together - this can also be said about the ITSF team, it was the well-coordinated work of each division that allowed the ITSF holding to fulfill the tasks set for growth and development, and even open a new promising direction in a new market for us.

Maxim Pashchenko

Founder of IT Smart Finance group of companies

Financial Statements

Statement of Financial Position

Line Nº	Description of indicator	Notes to the lines	As of December 31, 2022 EUR'000	As of December 31, 2021 EUR'000
SECTION I. ASSETS				
1	Monetary assets	5	36	50
2	Financial assets at fair value through profit or loss		–	–
3	Financial assets at fair value through other comprehensive income		–	–
4	Financial assets at amortized cost	8	12445	8138
5	Assets (assets of disposal groups) classified as held for sale		–	–
6	Investments in the associated entities	10	1,3	1,3
7	Investments in the jointly controlled entities		–	–
8	Investments in the affiliated companies		–	–
9	Investment property and capital investments in it		–	–
10	Intangible assets	14	0,4	0,6
11	Fixed assets and capital investments in them	15	209	161
12	Claims for current income tax		–	–
13	Deferred tax assets		–	–
14	Other assets	17	27	36
15	Total assets		12719	8387
SECTION II. LIABILITIES				
16	Financial liabilities at fair value through profit or loss			–
17	Financial liabilities at amortized cost	19	4842	4387
18	Liabilities of disposal groups classified as held for sale			–
19	Liabilities for current income tax		106	23
20	Deferred tax liabilities		309	83
21	Reserves – estimated liabilities	20	17	3,2
22	Other liabilities	21	186	165
23	Total liabilities		5461	4662

Line N°	Description of indicator	Notes to the lines	As of December 31, 2022 EUR'000	As of December 31, 2021 EUR'000
SECTION III. CAPITAL				
24	Authorized (joint-stock) capital		869	869
25	Added capital		1295	555
26	Reserve capital		–	–
27	Own shares (stocks) redeemed from the shareholders (participants)		–	–
28	Reserves		–	–
29	Undistributed profits (outstanding loss)		5094	2301
30	TOTAL CAPITAL		7258	3725
31	TOTAL CAPITAL AND LIABILITIES		12719	8387

Profit and Loss Statement

Line N°	Description of indicator	Notes to the lines	For 2022 EUR'000	For 2021 EUR'000
SECTION I. NET INTEREST INCOME (NET INTEREST EXPENSES) UPON FORMATION OF THE ALLOWANCE FOR EXPECTED CREDIT LOSSES UNDER THE FINANCIAL ASSETS				
1	Interest income	25	46783	20733
2	Interest expenses	26	(211)	(88)
3	Net interest income (net interest expenses)		46572	20645
4	Gains less losses (losses less gains) for recovery (formation) of the allowance for expected credit losses under the financial assets, including:		(42126)	(15941)
5	Gains less losses (losses less gains) for recovery (formation) of the allowance for expected credit losses under the financial assets at amortized cost		(42126)	(15941)
6	Gains less losses (losses less gains) for recovery (formation) of the allowance for expected credit losses under the debt instruments at fair value through other comprehensive income		–	–
7	Net interest income (net interest expenses) upon formation of the allowance for expected credit losses under the financial assets		4446	4704

Line N°	Description of indicator	Notes to the lines	For 2022 EUR'000	For 2021 EUR'000
SECTION II. OPERATING INCOME LESS THE OPERATING EXPENSES				
8	Gains less losses (losses less gains) for transactions with the financial instruments at fair value through profit or loss		–	–
9	Gains less losses (losses less gains) for transactions with the financial assets at fair value through other comprehensive income		–	–
10	Gains less losses (losses less gains) for transactions with the financial instruments at amortized cost	31	3957	2966
11	Gains less losses (losses less gains) for transactions with the investment property and capital investments in it		–	–
12	Gains less losses (losses less gains) for transactions with the foreign currency and revaluation of funds in foreign currency		60	(0,28)
13	General and administrative expenses	33	(7111)	(6532)
14	Gains less losses (losses less gains) for revaluation and disposal of assets (disposal groups) classified as held for sale		–	–
15	Other income	34	2170	896
16	Other expenses	34	(32)	(39)
17	Total operating income (expenses)		(955)	(2709)
18	Income (expenses) before tax		3491	1995
19	Income tax profit (loss), including:		(698)	(399)
20	Current income tax loss		(472)	(283)
21	Deferred income tax profit (loss)		(226)	(116)
22	Profit (loss) from the discontinued operations, revaluation and disposal of assets (disposal groups) classified as held for sale, representing the discontinued operations, after taxation		–	–
23	Income (expenses) after tax		2792	1596
SECTION III. OTHER COMPREHENSIVE INCOME				
	TOTAL COMPREHENSIVE INCOME (EXPENSES) FOR THE REPORTING PERIOD		2792	1596

Cash Flow Statement

Line N°	Description of indicator	Notes to the lines	For 2022 EUR'000	For 2021 EUR'000
SECTION I. CASH FLOWS FROM OPERATING ACTIVITIES				
1	Received interest		23604	12864
2	Paid interest		(152)	(69)
3	Payments related to the payment of direct operating expenses		–	–
4	Payments related to the payment of general and administrative expenses		(6230)	(4290)
5	Revenues less payments (payments less revenues) due to the sale (redeem) of financial assets and placement (liquidation) of financial liabilities obligatorily classified as assessed at fair value through profit or loss		–	–
6	Receipt of dividends and other similar payments from the affiliated, jointly controlled and associated entities		–	–
7	Paid income tax		(374)	(277)
7.1	Proceeds from the repayment and sale of financial assets at amortized cost		54462	33156
7.2	Payments related to the placement and acquisition of financial assets at amortized cost		(75469)	(44469)
8	Other revenues from operating activities		4124	3849
9	Other payments due to operating activities		(965)	(674)
10	Balance of cash flows from operating activities		(1001)	90
SECTION II. CASH FLOWS FROM INVESTMENT ACTIVITIES				
11	Revenues due to the sale of fixed assets, capital investments in them and intangible assets		–	–
12	Revenues due to the sale of investment property and capital investments in it		–	–
13	Payments related to the redeem, formation, modernization, preparation for use of the fixed assets		(6)	–
14	Payments related to the redeem, formation of the intangible assets		–	–
15	Revenues due to the sale of shares and participation interest of the affiliated, jointly controlled and associated entities		–	–
16	Payments related to the investments in the shares and participation interest of the affiliated, jointly controlled and associated entities		–	–

Line N°	Description of indicator	Notes to the lines	For 2022 EUR'000	For 2021 EUR'000
17	Revenues due to the sale and retirement of the financial assets classified as assessed at fair value through profit or loss at the discretion of non-bank institution		–	–
18	Payments due to redeem of the financial assets classified as assessed at fair value through profit or loss at the discretion of non-bank institution		–	–
19	Revenues related to the sale and retirement of the financial assets at fair value through other comprehensive income		–	–
20	Payments related to the redeem of the financial assets at fair value through other comprehensive income		–	–
21	Revenues due to the sale of the financial assets at amortized cost		–	–
22	Payments due to the redeem of the financial assets at amortized cost		–	–
23	Revenues due to the lease of investment property		–	–
24	Other revenues from investment activities		–	–
25	Other payments due to investment activities		–	–
26	Balance of cash flows from investment activities		(6)	–
SECTION III. CASH FLOWS FROM FINANCIAL ACTIVITIES				
27	Revenues due to the attraction of credits and loans		1923	353
28	Credit and loan repayment		(926)	(552)
28.1	Payments towards the repayment of obligations under lease agreements		173	79
29	Revenues due to the issue of shares (additional contributions of the founders, additional contributions of the partners)		–	–
30	Revenues due to the sale of own shares		–	–
31	Redeem of own shares (stocks) from the shareholders (participants, partners)		–	–
32	Paid dividends and other similar payments		–	–
33	Revenue due to the issue of debt securities		–	–
34	Payments for repayment of debt securities		–	–
35	Other revenues from financial activities		–	–
36	Other payments due to financial activities		–	–
37	Balance of cash flows from financial activities		997	(199)

Line N°	Description of indicator	Notes to the lines	For 2022 EUR'000	For 2021 EUR'000
38	Balance of cash flows for the reporting period		(10)	(109)
39	Effect of exchange rate changes in relation to ruble on cash and cash equivalents		(4)	(0,28)
40	Opening balance of cash and cash equivalents		50	160
41	Closing balance of cash and cash equivalents		36	50

Statement of Changes in Shareholders' Equity

Description of indicator	Authorized (joint-stock) capital EUR'000	Added capital EUR'000	Undistributed profits (outstanding loss) EUR'000	Total capital EUR'000
Balance as of January 01, 2021	308	555	1267	2129
Changes due to the changes in accounting policies	–	–	–	–
Reviewed balance as of January 01, 2021	308	555	1267	2129
Profit (loss) after tax	X	X	1596	1596
Other comprehensive income (loss)	X	X	X	–
Additional issue of shares (additional contributions of the founders, additional contributions of the partners)	562	–	(562)	0,13
Redemption (sale) from shareholders (participants, partners) of own shares	(0,13)	–	–	(0,13)
Dividends and other similar payments for the benefit of the shareholders (participants, partners)	X	X	–	–
Balance as of December 31, 2021	869	555	2301	3725
Changes due to the changes in accounting policies	–	–	–	–
Reviewed balance as of December 31, 2021	869	555	2301	3725
Profit (loss) after tax	X	X	2792	2792
Other comprehensive income (loss)	X	X	X	–
Additional issue of shares (additional contributions of the founders, additional contributions of the partners)	–	–	–	–
Redemption (sale) from shareholders (participants, partners) of own shares	–	–	–	–
Other contributions from shareholders (participants, partners)	X	740	X	740
Balance as of December 31, 2022	869	1295	5094	7258

Notes to the Financial Statements for 2022

To demonstrate an objective picture of the changes, all figures are given according to the exchange rate as of 31.12.2018, since this is the first of the reporting periods presented in the reports on the website.

Basics of accounting (financial) statements

The Financial Statements have been prepared in accordance with Industry Accounting Standards (IAS) for non-credit financial organizations. The accounting policies used in the preparation of the Financial Statements have been applied consistently to all periods presented in these Statements.

Financial instruments are carried at amortized cost. Amortized cost can be calculated using the effective interest method (ESP) or the linear method.

According to the ESP method, amortized cost means the amount in which the money provided (placed) under a loan agreement is measured at initial recognition, net of payments intended to cover the principal amount of the loan, reduced or increased by the amount of the accumulated difference between the original value and amount of repayment calculated using the ESP depreciation method, as well as net of the amount of the provision for impairment. The linear method is applied to loan agreements whose validity is less than one year at their initial recognition, if the difference between the amortized cost calculated using the ESP method and the amortized cost calculated using the linear method of recognizing interest income is not material.

During the reporting period no reclassification was implemented.

A short summary of accounting policies, important estimates and professional judgments in the application of accounting policies

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities using professional judgments. Evaluations and professional judgments are constantly analyzed based on experience and other factors. Management reviews its loan portfolio for impairment on a regular basis. In determining whether a depreciation loss should be recognized in the profit or loss accounts, management uses professional judgment about the existence of objective evidence of a decrease in estimated future cash flows for the loan portfolio. Such signs may include evidence of a negative change in the payment status of borrowers in the Group or in local economic conditions. Management uses estimates based on historical loss data for assets with credit risk characteristics and objective evidence of impairment.

In some cases, management accounting systems do not allow to collect the necessary statistical information on the history of losses in full for some types of loans. In such cases, professional judgment and statistical information on the history of losses on loans with a similar level of credit risk are used. The methodology and professional judgment used in estimating the amounts and timing of future cash flows are reviewed regularly to reduce any discrepancy between estimated and actual losses.

The greatest impact on the items “financial assets”, “financial liabilities”, and “other assets” - had the following estimates and assumptions: an estimate of the probability of non-return of a financial asset on time, with the subsequent creation of a reserve.

Financial instruments are carried at initial and amortized cost.

The procedure for recognition and subsequent accounting of finances

Finances are carried in the Financial Statements with allowance for impairment losses. Reservation is carried out for each current account in the context of the types of currencies in accordance with internal regulatory documents.

The procedure for recognition and subsequent accounting of financial liabilities measured at amortized cost

Initial recognition of financial liabilities is carried at amortized cost. Subsequent accounting for financial liabilities: carried at amortized cost. Amortized cost can be calculated using the effective interest method (ESP) or the linear method.

Criteria used by the organization to distinguish between investment property and property held by a non-credit financial institution, and property held for sale in the ordinary course of business

A fixed asset is an object having a tangible form intended for use by the Company in the provision of services or for administrative purposes for more than 12 months, the subsequent resale of which is not supposed by the organization, while fulfilling the following conditions: the object is capable of bringing economic benefits to the organization in the future; the initial value of the object can be reliably determined. The company does not have investment property, as well as property intended for sale. But there are criteria for classifying property as investment property: The Company classifies property as investment property under the following conditions:

- the property is owned by the Company;
- is not used in the process of operating activities;
- is intended to receive rental payments (excluding payments under financial lease (leasing) agreements, income from the increase in the value of this property, or both;

- sale of property within 12 months from the date of classification as an investment property, is not planned.

Property is classified as investment property if more than 60% of the total area is intended to receive rental payments (excluding payments under finance lease (leasing) agreements).

The procedure for recognition and subsequent accounting of reserves – the estimated liabilities

Recognition (derecognition or adjustment) of the reserve – the estimated liability is based on the professional judgment, which indicates the amount of the reserve – estimated liability, representing the best estimate of the costs required to settle an existing obligation. Reserve – the estimated liability is reviewed by the Company once a quarter at the end of the quarter.

The procedure for recognition, assessment, subsequent accounting, derecognition of a deferred tax asset and a deferred tax liability

Deferred income tax is calculated using the financial position liability method related to the deferred tax losses and temporary differences between the tax base of assets and liabilities and their book value. Deferred tax assets and liabilities are determined using tax rates, which are effective or substantially effective at the end of the reporting period and which are expected to be applied at a time when the temporary differences or the deferred tax losses are implemented.

The procedure for recognition and assessment of authorized capital, share premium, proprietary funds

The authorized capital of the Company is made up of the contributions of its participants.

The procedure for reflecting dividends

Dividends (paid) are reflected at the moment of payment to a member of the Company with a simultaneous decrease in “Capital”.

INDEPENDENT AUDITOR'S REPORT

on the Annual Accounting (Financial) Statements of the Limited Liability Company
Microfinance Company "Joy Money" for 2022

To the sole participant of LLC MFC Joy Money

Opinion

We have audited the attached Annual Accounting (Financial) Statements of LLC MFC "Joy Money" (hereinafter referred to as the company), OGRN 1145476064711, consisting of the Financial Position of a microfinance organization in the form of business entity or partnership, pawnshop as of 31 December 2022, Profit and Loss Statement of a microfinance organization in the form of business entity or partnership, pawnshop for 2022, appendices to the Financial Position and the Profit and Loss Statement, including the Statement of Changes in Equity of a microfinance organization in the form of business entity or partnership, pawnshop for 2022 and the Cash Flow Statement of a microfinance organization in the form of business entity or partnership, pawnshop for 2022, notes to the Annual Accounting (Financial) Statements of a microfinance organization in the form of a business entity or partnership, pawnshop for 2022, including a brief overview of the main provisions of the accounting policy.

In our opinion, the accompanying Annual Accounting (Financial) Statements accurately reflect, in all material respects, the financial position of the company as of 31 December 2022, its financial performance and cash flows for 2022 in accordance with the accounting (financial) reporting rules established in the Russian Federation.

Basis for Expression of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are disclosed in the Auditor's Responsibilities for the Audit of the Annual Accounting (Financial) Statements section of this report. We are independent with respect to the audited entity in accordance with the Rules of Independence of Auditors and Auditing Organizations and the Code of Professional Ethics for Auditors, that are relevant to the International Code of Ethics for Professional Accountants (including international independence standards) developed by the International Ethics Standards Council for Professional Accountants. We have performed other duties in accordance with these requirements of professional ethics.



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Auditor's report on the Annual Accounting (Financial) Statements of LLC MFC "Joy Money" for 2022

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

Responsibility of the Management of the Company for the Annual Accounting (Financial) Statements

The management shall be responsible for the preparation and fair presentation of the said Annual Accounting (Financial) Statements in accordance with the rules for drawing up accounting (financial) statements established in the Russian Federation, and for the internal control system that management considers necessary for the preparation of the Accounting (Financial) Statements, free of material misstatement due to fraud or error.

While preparing the Accounting (Financial) Statements, the management shall be responsible for assessing the company's ability to continue as a going concern, for disclosing going concern information, as appropriate, and for reporting on a going concern basis, unless the management intends to liquidate the company, terminate its activities or when the management has no other real alternative other than liquidation or termination of activities.

The Auditor's Responsibility for the Audit of the Annual Accounting (Financial) Statements

Our objective is to obtain reasonable assurance that the Annual Accounting (Financial) Statements are free of material misstatement due to fraud or error, and to draw up an audit report containing our opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with ISAs shall always detect material misstatements, if any. Misstatements can arise from fraud or error and are considered material if, separately or collectively, they could reasonably be expected to influence the economic decisions of users based on the Annual Accounting (Financial) Statements. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticisms throughout the audit.

Moreover, we:

- Identify and assess the risks of material misstatement of the Annual Accounting (Financial) Statements due to fraud or errors; develop and conduct audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is higher than the risk of not detecting material misstatement due to error, as fraud can include collusion, forgery, wilful omission, misrepresentation, or bypassing internal control system;



Auditor's report on the Annual Accounting (Financial) Statements of LLC MFC "Joy Money" for 2022

- Obtain an understanding of the internal control system relevant to the audit in order to develop 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 system;
- Assess the appropriateness of the accounting policies used, the reasonableness of the estimates calculated by the management of the company and the corresponding disclosures;
- Conclude on the appropriateness of the going concern assumption by the management of the company, and, based on the audit evidence obtained, conclude whether there is a material uncertainty in connection with events or conditions as a result of which significant doubts may arise with regards to the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we shall draw attention in our audit report to the corresponding disclosures in the Annual Accounting (Financial) Statements or, if such disclosures are inappropriate, modify our opinion. Our conclusions are based on audit evidence obtained prior to the date of our audit report. However, future events or conditions may cause the company to lose its ability to continue as a going concern;
- Assess the presentation of the Annual Accounting (Financial) Statements in general, their structure and content, including disclosure of information, as well as whether the Annual Accounting (Financial) Statements present the underlying operations and events in such a way as to ensure their reliable presentation.

We carry out information interaction with the head of the company, bringing to its attention, among other things, information about the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify in the process of audit.

Irema Aslanbekovna Zangieva

acting on behalf of the audit organization on the basis of Power of Attorney No. 004 dated January 10, 2023

Head of the Audit Assignment, based on the results of which the audit report was drawn up (ORNZ 21806082224).

28 March 2023



Auditor's report on the Annual Accounting (Financial) Statements of LLC MFC "Joy Money" for 2022

Information about the auditing organization:

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"Commonwealth" (SRO AAS), ORNZ 11706029280.

Information about the audited entity:

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630099, Novosibirsk region, Novosibirsk, Sovetskaya street, 12,

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