

ANNUAL REPORT

beginning of financial year: 01.01.2022

end of the financial year: 31.12.2022

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Management report

OÜ Iuvo Group has started its business in the financial market segment in 2016 to offer its clients to invest using the model of Peer-to-peer lending.

As of middle of May 2022 we partner with twelve loan originators from Bulgaria, Romania, Spain, Poland, Latvia and Russia. We have over 30 thousand registered users who have generated over EUR 275 million in market turnover.

In 2021 iuvo launched a new product called iuvoUP (later rebranded to iuvoSAVE), targeting a completely new type of investors. The accelerated growth in the beginning of 2022 was slowed down by the war between Russia and Ukraine.

Later in the year, the economic situation in Europe and USA worsened with double digit inflation. The business results for the year kept the same trend and iuvo finished 2022 with good performance overall. Increase in the net deposits compared to the previous year and a stable increase in the new investors.

In the beginning of 2023 iuvoSAVE has attracted close to 10% of the total invested amount on the platform.

In March 2022 there was a change in the management of iuvo and Blagovest Karadzhov was appointed as CEO, replacing Ivaylo Ivanov. Blagovest has both extensive technical and financial background. He was the main driver of the development of the e-wallet of the biggest telecom in Bulgaria, Vivacom, part of United Group.

In 2022 iuvo appointed an experienced CRO Neli Ilkova who is actively managing the risk assessment of the originators, as well as all external risks for iuvo.

In 2023 iuvo is increasing its net deposits and increasing the customer base. In 2023 iuvo managed to upgrade its module for originators and now is developing the customer profile. As well as the development of a mobile app in 2023.

On the 17th of October 2022, OÜ Iuvo Group has applied to return the credit intermediary license in front of EFSA. The application was successful and the license was successfully returned back to the regulator. The returning of the license has not affected in any way the operations of the company. There has been no negative reaction from the investors and we continue to grow our main business – the assignment of claims of receivables.

In annual accounting period there were no employees and no wages were paid to employees or members of the board OÜ Iuvo Group is part of Management Financial Group (MFG) – a holding that encompasses leading companies in its structure, specialized in the non-bank financial services in Central and Eastern Europe.

MFG manages a rich portfolio of successful business models in the field of personal loans, financing of micro and small businesses, credit cards, digital business, and other alternative financial models. The holding is an employer of over 7 700 people in over 450 offices in Bulgaria, Ukraine, Romania, Poland, Spain and North Macedonia.

The annual accounts

Statement of financial position

(In Euros)

	31.12.2022	31.12.2021	Note
Assets			
Current assets			
Cash and cash equivalents	853 021	1 223 659	2
Receivables and prepayments	130 528	92 093	3
Total current assets	983 549	1 315 752	
Non-current assets			
Investments in subsidiaries and associates	12 500	114 758	4
Intangible assets	1 112 497	1 040 031	5
Total non-current assets	1 124 997	1 154 789	
Total assets	2 108 546	2 470 541	
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	948 140	1 768 694	6
Total current liabilities	948 140	1 768 694	
Non-current liabilities			
Loan liabilities	979 070	483 531	7
Total non-current liabilities	979 070	483 531	
Total liabilities	1 927 210	2 252 225	
Equity			
Issued capital	532 392	532 392	
Retained earnings (loss)	-314 076	-89 901	
Annual period profit (loss)	-36 980	-224 175	
Total equity	181 336	218 316	
Total liabilities and equity	2 108 546	2 470 541	

Income statement

(In Euros)

	2022	2021	Note
Revenue	851 586	527 025	
Other income	54 796	742	
Other operating expense	-550 622	-552 202	
Depreciation and impairment loss (reversal)	-150 013	-110 713	5
Other expense	-198 112	-47 028	
Operating profit (loss)	7 635	-182 176	
Interest expenses	-44 311	-44 272	7
Other financial income and expense	0	2 273	
Profit (loss) before tax	-36 676	-224 175	
Income tax expense	-304	0	
Annual period profit (loss)	-36 980	-224 175	

Notes

Note 1 Accounting policies

General information

The annual report of Iuvo Group OÜ for 2022 have been prepared in accordance with the Estonian Financial Reporting Standard, which is a set of financial reporting requirements for the public based on internationally accepted accounting principles, the basic requirements of which are established by the Accounting Act.

Iuvo Group OÜ belongs to the small business category and uses abbreviated reporting forms.

The income statement of Iuvo Group OÜ has been prepared on the basis of the income statement scheme No. 1 provided in Appendix 2 to the Accounting Act.

The financial statements have been prepared in euros based on cost.

Changes in accounting policies or presentation of information

Previously, the amortization rate of intangible fixed assets was 5% per year. In 2022, it was decided to retroactively apply a 10% depreciation rate.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include current account balances.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

The functional and presentation currency of Iuvo Group OÜ is the euro.

Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities that are measured at fair value are retranslated to the functional currency at the exchange rate of the European Central Bank ruling at the balance sheet date.

Gains and losses arising from changes in foreign exchange rates are recognized in the income statement.

Shares of subsidiaries and associates

Subsidiaries are companies over which the parent company has control. A subsidiary is considered to be under control if the parent company is either directly or indirectly able to control the activities and financial policies of the subsidiary with the aim of benefiting from the activities of the subsidiary.

Investments in subsidiaries are recognized at acquisition cost.

Receivables and prepayments

Trade receivables are carried in the balance sheet at amortized cost. Accounts receivable from customers are valued in the balance sheet based on the amounts likely to be received. In doing so, the outstanding invoices of each customer are assessed separately, taking into account the known information on the customer's solvency.

Plant, property and equipment and intangible assets

The amortization period of intangible fixed assets is 10 years.

In the 2022 annual report, it was decided to increase the depreciation of intangible fixed assets from 5 percent to 10 percent retroactively from the date of acquisition of the fixed asset.

Revenue recognition

Revenue is recognized on an accrual basis.

Revenue from the sale of goods and provision of services is recognized as revenue when the goods have been delivered to the buyer or the service has been provided.

Expense recognition

Expenses are recognized when Iuvo Group OÜ has incurred a liability for the respective expense and / or when Iuvo Group OÜ has received goods or services.

Taxation

According to the current legislation, the profits of companies in Estonia are not taxed, therefore there are no deferred income tax claims or liabilities. Instead of profit, dividends paid out of undistributed profit are taxed in Estonia at a tax rate of 20/80 on the amount paid out as a net dividend. The corporate income tax accompanying the payment of dividends is reflected in the income statement income tax expense in the same period that the dividends are declared, regardless of the period for which they are declared or when they are actually paid.

Related parties

The following persons are considered the related parties of the company:

- Executive and senior management and close family members of the named persons (spouse, partner, child) and companies controlled by them or under their significant influence.
- Parent company (and persons controlling or having significant influence over the parent company).
- Other companies belonging to the same consolidation group (e.g. remaining subsidiaries and affiliates of the parent company).

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2022	31.12.2021
Cash Business activity bank account	14 240	5 210
Cash Investors' accounts in bank	838 781	1 218 449
Total cash and cash equivalents	853 021	1 223 659

Note 3 Receivables and prepayments

(In Euros)

	31.12.2022	Within 12 months
Accounts receivable	117 596	117 596
Accounts receivables	117 596	117 596
Receivables from related parties	4 454	4 454
Prepayments	151	151
Deferred expenses	151	151
Muud lühiajalised nõuded	8 327	8 327
Total receivables and prepayments	130 528	130 528
	31.12.2021	Within 12 months
Accounts receivable	68 735	68 735
Accounts receivables	68 735	68 735
Receivables from related parties	997	997
Tax prepayments and receivables		0
Other receivables	22 361	22 361
Accrued income	22 361	22 361
Total receivables and prepayments	92 093	92 093

Note 4 Shares of subsidiaries

(In Euros)

Shares of subsidiaries, general information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2021	31.12.2022
14247477	IUVO CREDIT OÜ	Estonia	P2P platform	100	100
16284672	IUVO FINANTS OÜ	Estonia	P2P platform	100	100
20651285	IUVO SERVICES EOOD	Bulgaria	P2P platform	100	0

Shares of subsidiaries, detailed information:							
Name of subsidiary	31.12.2021	Acquisition	Disposal	Dividends	Profit (loss) by equity method	Other changes	31.12.2022
IUVO CREDIT OÜ	2 500	0	0	0	0	0	2 500
IUVO FINANTS OÜ	10 000	0	0	0	0	0	10 000
IUVO SERVICES EOOD	102 258	0	-102 258	0	0	0	0
Total shares of subsidiaries, at end of previous period	114 758	0	-102 258	0	0	0	12 500

Note 5 Intangible assets

(In Euros)

	Computer software	Total
31.12.2020		
Carried at cost	977 480	977 480
Accumulated depreciation	-179 434	-179 434
Residual cost	798 046	798 046
Acquisitions and additions	352 698	352 698
Depreciation	-110 713	-110 713
31.12.2021		
Carried at cost	1 330 178	1 330 178
Accumulated depreciation	-290 147	-290 147
Residual cost	1 040 031	1 040 031
Acquisitions and additions	222 479	222 479
Depreciation	-150 013	-150 013
31.12.2022		
Carried at cost	1 552 657	1 552 657
Accumulated depreciation	-440 160	-440 160
Residual cost	1 112 497	1 112 497

Note 6 Payables and prepayments

(In Euros)

	31.12.2022	Within 12 months
Trade payables	51 225	51 225
Employee payables		0
Tax payables	3 058	3 058
Other payables	893 857	893 857
Other accrued expenses	893 857	893 857
Total payables and prepayments	948 140	948 140
	31.12.2021	Within 12 months
Trade payables	124 252	124 252
Tax payables	11 316	11 316
Other payables	1 633 126	1 633 126
Other accrued expenses	1 633 126	1 633 126
Total payables and prepayments	1 768 694	1 768 694

Debt to investors and loan intermediaries is recorded under other debts.

Note 7 Related parties

(In Euros)

Name of accounting entity's parent company	Management Financial Group AD
Country where accounting entity's parent company is registered	Bulgaria

Related party balances according to groups

SHORT TERM	31.12.2022	31.12.2021
Receivables and prepayments		
Subsidiaries	967	997
Legal person with material ownership interest and material influence of management and higher	109 465	33 156
Total receivables and prepayments	110 432	34 153
Payables and prepayments		
Parent company	13 150	13 150
Total payables and prepayments	13 150	13 150

LONG TERM	31.12.2022	31.12.2021
Loan commitments		
Parent company	979 070	483 531
	979 070	483 531

LOAN COMMITMENTS	31.12.2020	Loans received	Loans received repayments	31.12.2021	Interest accrued for period
Parent company	274 258	165 000	0	439 258	44 272
Total loan commitments	274 258	165 000	0	439 258	44 272

LOAN COMMITMENTS	31.12.2021	Loans received	Loans received repayments	31.12.2022	Interest accrued for period
Parent company	439 258	550 000	80 163	909 095	44 311
Total loan commitments	439 258	550 000	80 163	909 095	44 311

SOLD	2022		2021	
	Services		Services	
Legal person with material ownership interest and material influence of management and higher		563 899		311 535
Total sold		563 899		311 535

The member of the board has not been paid or given any significant benefits.

The subsidiary in Bulgaria was sold to the parent company at acquisition cost in 2022.