

ANNUAL REPORT

beginning of financial year: 1 January 2023
end of financial year: 31 December 2023

business name: IUVO GROUP OÜ

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Management report

OÜ Iuvo Group started its business in the financial sector in 2016, offering its clients an investment opportunity using the peer-to-peer (P2P) lending model.

By the end of 2023, the company had established partnerships with sixteen lenders in various countries, including in Bulgaria, Romania, Spain, Poland, Latvia, North Macedonia, Estonia and Cyprus. We have more than forty thousand registered users who have together contributed to the generation of a total market turnover of more than 440 million euros.

Even against the backdrop of pandemic years and geopolitical conflicts, 2023 was a period of impressive growth, reaching new heights for iuvo. Considering the efforts and resources invested and the innovations made, the results are remarkable and we look forward to the future with confidence.

The business results of the year continued the same trend and iuvo ended 2023 with an overall record result:

- Registration of the highest average additional net amount from new investors in the 7-year-history of the company, an increase of 55% compared to the previous year;
- The net portfolio of iuvo from currently invested funds grew by 27%, with the total amount of additional net funds growing by more than 25%;
- Registration of a 31% growth in the cumulative amount invested, reaching 440,222,373 euros;
- The interest paid to investors by loan intermediaries a year ago grew by more than 77% compared to 2022, reaching 3,186,581 euros;
- The total number of iuvo investors grew by 22% to 42,236.

In 2023, iuvoSAVE continued to be the preferred investment product of the platform and it has grown to close to 20% of the total amount invested in the platform. In 2023, iuvo continued to introduce and enhance the risk assessment processes of loan intermediaries, as well as to introduce the best practices for monitoring the risks of the company.

In 2023, iuvo started developing a mobile app that should be publicly available in Q2 of 2024.

The company had no employees during the reporting period, and no remuneration was paid to employees or members of the management board.

OÜ Iuvo Group is part of the Management Financial Group (MFG), a group that includes in its structure leading companies, which are specialised in non-bank financial services in Central and Eastern Europe.

MFG manages a rich portfolio of successful business models in the areas of private lending, financing micro and small businesses, credit cards, digital business, and other alternative financial models. The group employs more than 7,700 people who work in over 450 offices in Bulgaria, Ukraine, Romania, Poland, Spain and Macedonia. It plans to expand its business by opening offices in the US and Mexico.

Key financial ratios

Key financial ratios for the financial year and calculation methods:

	2023	2022
Increase/decrease in sales revenue (%)	37.5	61.58
ROA (%)	8.35	-1.75
ROE (%)	60.67	-20.39

Formulas used to calculate the ratios:

Increase in sales revenue (%)

$I = (\text{sales revenue} - \text{sales revenue in the year preceding the financial year}) / \text{sales revenue in the year preceding the financial year} * 100$

$\text{ROA (\%)} = \text{net profit} / \text{total assets} * 100$

$\text{ROE (\%)} = \text{net profit} / \text{total equity} * 100$

Annual accounts

Balance sheet

(in euros)

	31.12.2023	31.12.2022	Note no.
Assets			
Current assets			
Cash	2,033,978	853,021	2
Receivables and prepayments	177,729	130,528	
Trade receivables	171,524	117,596	
Other receivables	6,205	12,781	
Prepayments	0	151	
Total current assets	2,211,707	983,549	
Non-current assets			
Investments in subsidiaries and associates	12,500	12,500	
Shares of subsidiaries	12,500	12,500	3
Receivables and prepayments	5,021	0	
Loans receivable	5,021	0	4
Intangible assets	1,121,712	1,112,497	5
Total non-current assets	1,139,233	1,124,997	
Total assets	3,350,940	2,108,546	
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	2,054,609	948,140	
Trade creditors	38,184	51,225	
Taxes payable	14,590	3,058	
Other payables	2,001,807	893,857	9
Other prepayments received	28	0	
Total current liabilities	2,054,609	948,140	
Long-term liabilities			
Loans payable	835,238	979,070	6
Total long-term liabilities	835,238	979,070	
Total liabilities	2,889,847	1,927,210	
Equity			
Share capital at nominal value	266,196	532,392	
Retained earnings (loss)	-84,860	-314,076	
Annual period profit (loss)	279,757	-36,980	
Total equity	461,093	181,336	
Total liabilities and equity	3,350,940	2,108,546	

Income statement

(in euros)

	2023	2022	Note no.
Sales revenue	1,170,970	851,586	7
Other operating revenue	983	54,796	
Other operating expenses	-540,350	-550,622	
Depreciation and impairment of non-current assets	-161,138	-150,013	5
Other operating charges	-114,561	-198,416	
Operating profit (loss)	355,904	7,331	
Interest income	21	0	
Interest expenses	-76,168	-44,311	8
Profit (loss) before income tax	279,757	-36,980	
Annual period profit (loss)	279,757	-36,980	

Notes to annual accounts

Note 1 Accounting policies

General information

The annual accounts of Iuvo Group OÜ for 2023 have been prepared in accordance with the Estonian financial reporting standard, which is a body of financial reporting requirements directed at the public and based on the internationally accepted accounting principles whose basic requirements are established by the Accounting Act.

Iuvo Group OÜ belongs to the category of small enterprises and uses abridged reporting forms.

The income statement of Iuvo Group OÜ has been prepared on the basis of income statement format no. 1 set out in Annex 2 to the Accounting Act.

The annual accounts have been prepared in euros at cost.

Cash

Cash and cash equivalents in the balance sheet comprise balances of current accounts.

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

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

Monetary assets and liabilities denominated in foreign currency and non-monetary assets and liabilities measured at fair value are restated into the functional currency on the basis of the exchange rates quoted by the European Central Bank on the balance sheet date.

Gains and losses resulting from changes in exchange rates are recognised in the income statement.

Shares of subsidiaries and associates

Subsidiaries are companies over which the parent company exercises control. A subsidiary is deemed to be under the control if the parent company can, either directly or indirectly, control the operations and financial policies of the subsidiary for the purposes of benefiting from the operations of the subsidiary.

Investments in subsidiaries are recognised at cost.

Receivables and prepayments

Trade receivables are recognised in the balance sheet at amortised cost. Accounts receivable are evaluated in the balance sheet on the basis of the amounts likely to be collected. Accounts receivable from each specific client are evaluated separately, considering the information known about the solvency of the client.

Tangible and intangible assets

An intangible asset is an investment platform to which improvements are made on an ongoing basis, and these improvements are added to the cost on an ongoing basis.

The depreciation period of intangible assets is 10 years.

Revenue

Revenue is recognised on an accrual basis.

Revenue from the sales of goods and the provision of services is recognised as revenue when the goods have been delivered to the buyer or the service has been provided. Lenders have received their money, interest has been calculated for investors and lenders pay IUVO GROUP OÜ a commission for the intermediation of loans.

Expenses

Expenses are recognised when Iuvo Group OÜ has incurred a liability for the related expenses and/or when Iuvo Group OÜ has received goods or services.

Taxation

Pursuant to the legislation in force, corporate profits are not subject to income tax in Estonia and therefore there exist no deferred income tax receivables or payables. Instead of profit, dividends paid out of retained earnings are taxed in Estonia at the rate of 20/80 of the amount paid out as net dividends. The corporate income tax payable upon the disbursement of dividends is recognised in the income statement under income tax expenses in the same period when the dividends are declared, regardless of the period for which the dividends are declared or when they are actually disbursed.

As the equity was reduced in 2023 to cover the losses of 2022, the shareholders of the company have no right to take out dividends during the next two years.

Related parties

The following persons are deemed to be related parties of the company:

- Parent company (and the persons controlling or having significant influence over the parent company).
- Other companies belonging in the same consolidation group (e.g. the remaining subsidiaries of the parent company).
- Subsidiaries of IUVO GROUP OÜ.
- Executive and senior management and close family members (spouse, partner, child) of the persons listed above and companies under their control or significant influence.

Note 2 Cash

(in euros)

	31.12.2023	31.12.2022
Cash in the operating account	16,364	14,240
Cash in investor accounts	2,017,614	838,781
Total cash	2,033,978	853,021

Note 3 Shares of subsidiaries

(in euros)

Shares of subsidiaries, general information					
Registry code of subsidiary	Name of subsidiary	Country of incorporation	Principal activity	Holding (%)	
				31.12.2022	31.12.2023
14247477	IUVO CREDIT OÜ	Estonia	Operating as a financial institution	100	100
16284672	IUVO FINANTS OÜ	Estonia	Operating as a financial institution	100	100

Shares of subsidiaries, detailed information:		
Name of subsidiary	31.12.2022	31.12.2023
IUVO CREDIT OÜ	2,500	2,500
IUVO FINANTS OÜ	10,000	10,000
Total shares of subsidiaries, at end of previous period	12,500	12,500

Note 4 Loans receivable

(in euros)

	31.12.2023	Within 1–5 years	Interest rate	Underlying currency	Maturity
IUVO FINANTS OÜ	5,021	5,021	9%	EUR	13.12.2028
Loans receivable	5,021	5,021			

Note 5 Intangible assets

(in euros)

	Total	
	Computer software	
31.12.2021		
Cost	1,330,178	1,330,178
Accumulated depreciation	-290,147	-290,147
Residual cost	1,040,031	1,040,031
Purchases and improvements	222,479	222,479
Depreciation cost	-150,013	-150,013
31.12.2022		
Cost	1,552,657	1,552,657
Accumulated depreciation	-440,160	-440,160
Residual cost	1,112,497	1,112,497
Purchases and improvements	170,353	170,353
Depreciation cost	-161,138	-161,138
31.12.2023		
Cost	1,723,010	1,723,010
Accumulated depreciation	-601,298	-601,298
Residual cost	1,121,712	1,121,712

Note 6 Loans payable

(in euros)

	31.12.2023	Allocation by remaining maturity			Interest rate	Underlying currency	Maturity
		Within 12 months	Within 1–5 years	Over 5 years			
Long-term loans							
MFG	835,238		835,238		9%	EUR	2027
Total long-term loans	835,238		835,238				
Total loans payable	835,238		835,238				

	31.12.2022	Allocation by remaining maturity			Interest rate	Underlying currency	Maturity
		Within 12 months	Within 1–5 years	Over 5 years			
Long-term loans							
MFG	979,070		979,070		9%	EUR	2027
Total long-term loans	979,070		979,070				
Total loans payable	979,070		979,070				

Note 7 Sales revenue

(in euros)

	2023	2022
Sales revenue by geographical regions		
Sales to European Union Member States		
Bulgaria	502,524	398,159
Romania	162,530	142,948
Spain	131,164	67,215
Cyprus	124,748	114,498
Latvia	51,222	41,702
Poland	24,380	41,125
Sales to European Union Member States, other	122,909	33,611
Total sales to European Union Member States	1,119,477	839,258
Sales to outside European Union Member States		
Macedonia	39,493	3,284
Singapore	10,000	0
Peru	2,000	0
Russia	0	9,044
Total sales to outside European Union Member States	51,493	12,328
Total sales revenue	1,170,970	851,586
Sales revenue by areas of activity		
Financial services	1,170,970	851,586
Total sales revenue	1,170,970	851,586

Note 8 Related parties

(in euros)

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

Balances with related parties by groups

SHORT-TERM	31.12.2023	31.12.2022
Receivables and prepayments		
Subsidiaries	967	967
Other companies belonging in the same consolidation group	116,910	109,465
Total receivables and prepayments	117,877	110,432
Payables and prepayments		
Parent company	0	13,150
Total payables and prepayments	0	13,150
LONG-TERM	31.12.2023	31.12.2022
Receivables and prepayments		
Subsidiaries	5,021	0
Total receivables and prepayments	5,021	0
Loans payable		
Parent company	835,238	979,070
Total loans payable	835,238	979,070

LOANS GIVEN	31.12.2022	Loans given	31.12.2023	Interest calculated for the period
Subsidiaries	0	0	5,000	21
Total loans given	0	0	5,000	21

LOANS PAYABLE	31.12.2021	Loans received	Repayments of loans received	31.12.2022	Interest calculated for the period
Parent company	439,258	550,000	80,163	909,095	44,311
Total loans payable	439,258	550,000	80,163	909,095	44,311

LOANS PAYABLE	31.12.2022	Loans received	Repayments of loans received	31.12.2023	Interest calculated for the period
Parent company	909,095	0	-169,291	739,804	76,168
Total loans payable	909,095	0	-169,291	739,804	76,168

SOLD	2023		2022	
	Services		Services	
Other companies belonging in the same consolidation group		681,323		563,899
Total sold		681,323		563,899

Note 9 Other payables

Other payables comprise amounts transferred to loan intermediaries and debts to investors, which constitute essentially the principal activity of the company.

Total debt to investors:	31.12.2023	EUR 47,771,935	31.12.2022	EUR 39,403,026
Total amounts transferred to loan intermediaries:		EUR -45,770,128		EUR -38,509,169
Total:		EUR 2,001,807		EUR 893,857

Amounts transferred to loan intermediaries by countries

	31.12.2023	31.12.2022
Bulgaria	-22,177,725	-18,293,782
Romania	-7,332,913	-5,960,376
Georgia	0	-66,702
Poland	-1,173,875	-3,964,775
Spain	-6,894,547	-3,833,282
Latvia	-1,922,649	-1,419,019
Russia	-4,459,438	-4,459,438
Macedonia	-1,808,982	-511,795
Total:	-45,770,128	-38,509,169

Digital signatures to report

The date of completion of the report is: 8 August 2024

The accuracy of the data in the annual report of IUVO GROUP OÜ (registry code: 14063375) for the period from 1 January 2023 to 31 December 2023 has been confirmed electronically by:

Name of signatory	Role of signatory	Date of signing
BLAGOVEST KARADZHOV	Management board member	8 August 2024

Status of approval of report by meeting of shareholders

Approved by the meeting of shareholders

INDEPENDENT SWORN AUDITOR'S REPORT

To the Shareholders of luvo Group OÜ

We have reviewed the annual accounts of luvo Group OÜ, which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The reviewed annual accounts are presented on pages 4 to 11.

Management's Responsibility for the Annual Accounts

The management is responsible for the preparation and fair presentation of these annual accounts in accordance with the Estonian financial reporting standard, and for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Sworn Auditor's Responsibility

Our responsibility is to express a conclusion on the annual accounts. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) (Estonia) 2400 (Revised). This Standard requires us to conclude whether anything has come to our attention that causes us to believe that the annual accounts, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of annual accounts in accordance with ISRE (Estonia) 2400 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of the management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with the International Standards on Auditing. Accordingly, we do not express an audit opinion on these annual accounts.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these annual accounts do not present fairly, in all material respects, the financial position of luvo Group OÜ as at 31 December 2023, and its financial performance for the year then ended, in accordance with the Estonian financial reporting standard.

Imre Karulin
Sworn Auditor number 549
Baker Tilly Baltics OÜ
Audit firm's activity licence no. 84
Järve 2, Tallinn 11314
8 August 2024

Digital signatures of auditors

The auditor's report enclosed with the annual report of IUVO GROUP OÜ (registry code: 14063375) for the period from 1 January 2023 to 31 December 2023 has been digitally signed by:

Name of signatory	Role of signatory	Date of signing
IMRE KARULIN	Sworn Auditor	8 August 2024

Proposal for covering loss

(in euros)

	31.12.2023
Retained earnings (loss)	-84,860
Annual period profit (loss)	279,757
Total	194,897

Sales revenue by areas of activity

Area of activity	Estonian Classification of Economic Activities (EMTAK) code	Sales revenue (EUR)	Sales revenue %	Principal activity
Other activities auxiliary to financial services that are not classified elsewhere	66199	1,170,970	100.00%	Yes