CONSOLIDATED ANNUAL REPORT

beginning of financial year: 01.01.2019
end of the financial year: 31.12.2019

business name: PLACET GROUP OÜ

register code: 11198910

street, building, apartment, farm: F. R. Kreutzwaldi tn 4
city: Tallinn
county: Harju maakond
postal code: 10120

telephone: +372 6630114
fax: +372 6630119
e-mail address: info@placetgroup.com
web address: www.placetgroup.com

Table of contents

Management report

General information

Placet Group is an international group offering financial services in Estonia, Lithuania and Poland. The parent company, Placet Group OÜ, is located in Estonia. The main activity of Placet Group is the issuing of loans, such as unsecured loans: short-term loans, consumer installment loans, open-ended credit accounts, and SME loans.

The structure of the group as at 31.12.2019:

Placet Group OÜ (Estonia) is the group's parent company

Company	State of registry	Investor's holding	Principal activity
Placet Group OÜ subsidiaries			
UAB Nordecum	Lithuania	100%	Issuance of consumer loans
Nordecum Sp. Z o.o.	Poland	100%	Issuance of consumer loans
UAB Nordecum subsidiary			
ITM Inkasso UAB	Lithuania	100%	Provision of debt collection services

In 2019, the size of the Placet Group's loan portfolio increased by 20%. The success of Placet Group was ensured by long-term experience in financial sector, skilled staff, a large customer base, and adherence to the principle of responsible lending.

During 2019, the company focused on the implementation of its updated procedures for the prevention of money laundering and terrorist financing and strenghtened its monitoring of risks related to possible money lanudering and terrorism financing by customers. To this end, the company developed IT systems that assist in indetifying high-risk customers and ensure their effective ongoing monitoring. Additionally an AML unit was set up to monitor customers transactions and operations and identify fraud schemes and possible cases of money laundering and terrorist financing. The development of systems for detecting suspicious patterns of customer behaviour has continued in 2020 as well.

Revenue, expenses, and profit

In 2019, Placet Group's sales revenue was 13.9 million euros, which represents interest revenue and revenue from other services, growing in Estonia and Lithuania. The consolidated net profit in 2019 was 3.124 million euros. Placet Group's interest revenue in 2019 amounted to 11.923 million euros, an increase of 18% over the previous year. Interest expenses amounted to 1.662 million euros in 2019 compared to 1.275 million euros in 2018. The loan portfolio increased by 20% over the previous year.

Main events

- Placet Group started identifying customers using technology that improved service availability
- Placet Group started offering an e-invoice service, enabling customers to make loan payments faster and more conveniently. Using the e-invoice service has helped Placet Group monitor its cash flow more effectively.
- The product range was expanded by offering customers the option of refinancing loans issued by Placet Group as well as other lenders
- Placet Group increased the maximum loan amount for SME up to 20,000 euros
- Placet Group developed a customer scoring system that uses two different methodologies and has resulted in a more accurate assessment of a customer's probability of default.
- At the beginning of 2020, Placet Group launched a smartphone application that helps customers better manage their credit accounts

Key financial indicators and ratios

	2019	2018
Sales revenue (thousands of euros)	13 900	13 414
Earnings rate (%)	34,52%	37,19%
Current ratio	1,13	6,31
ROA	7,85%	10,30%
ROE	16,42%	21,77%

Formulas used in ration calculations:

Earnings rate (%) = earnings/sales revenue*100

Current ratio = current assets/short-term liabilities

ROA (%) = net income/total assets * 100

ROE (%) = net income/total equity * 100

Human resources

As of the end of 2019, the average number of people employed by the group was 81: 49 in Estonia, 26 in Lithuania, and 6 in Poland. Emplayment expenses (including social taxes) amounted to 2.020 million euros. In 2019, management was paid compensation totally 155,000 euros.

Impact of macro-economic environment on business activities

The emergency situation in March 2020 caused by the spread of the coronavirus did not have a strong impact on the business activity of the company. This can be attributed to the company's conservative credit issuance policy established over recent years. In the given emergancy situation, the company followed the guidelines of the supervisory authority and applied structer principles of responsible lending to eache customer. At the same time, the company handled customers in financial difficulties with reasonable flexibility – offering longer extensions (up to 6 months) and the option to to refinance their loans.

Stricter requirements for assessing the creditworthiness of customers applied during the emergency situation reduced the number of positive loan decisions to 15 % of the total number of applications submitted. At the same time, there was a significant increase in overall loan demand and the portfolio continued to grow. According to Placet Group's forecasts, the number of defaulters is expected to increase in the short-term and should stabilized by the end of 2020. According to the management, the Covid-19 pandemic will not have an impact on financial statements for 2019 and therefore it is a non-adjusting event for 2019.

Dividend policy

In recent years, the parent company of Placet Group has not paid out dividends to the shareholders. Subsidiaries do not pay dividends, using the earned profit to expand their markets. The amount of dividends to be paid in 2020 had not yet been determined at the time of closing the annual report.

Objectives for the next financial year

The main goal for the next financial year is to increase the market share in the countries where the company operates by developing information tehnology and offering customers new solutions alongside the expansion of the product range. Placet Group will also continue increasing the quality of financial services and credit quality. No expansions to new markets is planned for 2020

The annual accounts

Consolidated statement of financial position

(In Euros)

	31.12.2019	31.12.2018	Note
Assets			
Current assets			
Cash and cash equivalents	507 527	639 370	
Receivables and prepayments	17 130 135	15 981 290	2, 6
Total current assets	**17 637 662**	**16 620 660**	
Non-current assets			
Financial investments	458 000	508 000	5
Receivables and prepayments	21 278 308	16 050 299	2, 6
Property, plant and equipment	441 368	451 064	7
Total non-current assets	**22 177 676**	**17 009 363**	
Total assets	**39 815 338**	**33 630 023**	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liablities	13 960 183	1 032 075	8
Payables and prepayments	1 596 802	1 602 230	9, 10
Total current liabilities	**15 556 985**	**2 634 305**	
Non-current liabilities			
Loan liablities	5 227 305	15 086 667	8
Total non-current liabilities	**5 227 305**	**15 086 667**	
Total liabilities	**20 784 290**	**17 720 972**	
Equity			
Equity held by shareholders and partners in parent company			
Issued capital	5 700 000	5 700 000	11
Share premium	65 829	65 829	
Unrealised exchange rate	9 405	11 708	
Retained earnings (loss)	10 131 514	6 667 657	
Annual period profit (loss)	3 124 300	3 463 857	
Total equity held by shareholders and partners in parent company	**19 031 048**	**15 909 051**	
Total equity	**19 031 048**	**15 909 051**	
Total liabilities and equity	**39 815 338**	**33 630 023**	

Consolidated income statement

(In Euros)

	2019	2018	Note
Interest income	11 923 121	10 106 048	12
Interest expenses	-1 661 868	-1 275 410	
Net interest income	**10 261 253**	**8 830 638**	
Service fee income	1 977 249	3 307 768	12
Service fee expenses	-680 348	-774 539	
Net service fee income	**1 296 901**	**2 533 229**	
Other financial income and expense	10 625	23	
Other income	202 022	181 927	
Other operating expense	-6 343 727	-5 894 154	13
Employee expense	-2 019 749	-1 920 125	14
Depreciation and impairment loss (reversal)	-9 696	-9 696	7
Other expense	-12 349	-8 852	
Profit (loss) before tax	**3 385 280**	**3 712 990**	
Income tax expense	-260 979	-249 133	15
Annual period profit (loss)	**3 124 301**	**3 463 857**	
Profit (loss) from shareholders and partners in parent company	3 124 300	3 463 857	

Consolidated statement of cash flows

(In Euros)

	2019	2018	Note
Cash flows from operating activities			
Operating profit (loss)	4 798 827	4 988 377	
Adjustments			
Depreciation and impairment loss (reversal)	9 696	9 696	7
Other adjustments	-11 898 438	-9 765 956	12
Total adjustments	**-11 888 742**	**-9 756 260**	
Changes in receivables and prepayments related to operating activities	-6 215 774	-7 737 920	2
Changes in payables and prepayments related to operating activities	86 014	-120 046	9
Interest received	11 762 041	10 124 919	6, 12
Income tax refund (paid)	-129 364	-221 378	3, 17
Total cash flows from operating activities	**-1 586 998**	**-2 722 308**	
Cash flows from investing activities			
Interest received	0	5 502	
Other cash inflows from investing activities	12 659	23	
Total cash flows from investing activities	**12 659**	**5 525**	
Cash flows from financing activities			
Loans received	18 279 028	11 375 617	8
Repayments of loans received	-15 210 282	-6 957 786	8
Interest paid	-1 623 947	-1 223 255	9
Dividends paid	0	-120 000	
Total cash flows from financing activities	**1 444 799**	**3 074 576**	
Total cash flows	**-129 540**	**357 793**	
Cash and cash equivalents at beginning of period	639 370	466 040	
Change in cash and cash equivalents	**-129 540**	**357 793**	
Effect on exchange rate changes on cash and cash equivalents	-2 303	-184 463	
Cash and cash equivalents at end of period	507 527	639 370	

Consolidated statement of changes in equity

(In Euros)

	Equity held by shareholders and partners in parent company				Total
	Issued capital	Share premium	Unrealised exchange rate	Retained earnings (loss)	
31.12.2017	5 700 000	65 829	196 171	6 787 657	12 749 657
Annual period profit (loss)	0	0	0	3 463 857	3 463 857
Declared dividends	0	0	0	-120 000	-120 000
Other changes in equity	0	0	-184 463	0	-184 463
31.12.2018	5 700 000	65 829	11 708	10 131 514	15 909 051
Annual period profit (loss)	0	0	0	3 124 300	3 124 300
Other changes in equity	0	0	-2 303	0	-2 303
31.12.2019	5 700 000	65 829	9 405	13 255 814	19 031 048

Unrealised exchange rate fluctuation is mainly related to adjustment of zloty exchange rate

Notes

Note 1 Accounting policies

General information

The 2019 annual accounts of Placet Group OÜ have been prepared in compliance with the EFRS (Estonian Financial Reporting Standards). The basic requirements of the EFRS have been established in the Accounting Act of the Republic of Estonia and accompanied by the guidelines issued by the Accounting Standards Board.
The preparation of the annual accounts has been based on the acquisition cost principle, except when described otherwise in the accounting polices below.
The annual accounts have been compiled in euros.

Preparation of consolidated statements

The financial indicators of the subsidiaries have been consolidated line by line from the date of acquisition of control.
In the consolidated financial statements, the parent company and the subsidiary are treated as a combined entity. It has been eliminated on consolidation
receivables and liabilities arising from intra-group transactions, income and expenses, investments.
The companies belonging to the group have prepared their reports following the same accounting principles. If any of the subsidiaries to be consolidated are
prepared its report on the basis of any other principles, prior to consolidation in the financial statements of subsidiaries, necessary adjustments to bring them into line with the Group's accounting policies. Foreign subsidiaries for consolidation, their accounts are translated from foreign currency into euros. Assets (excluding the parent 's investment in subsidiaries and liability items are translated at the exchange rate at the reporting date and income and expenses and other changes in equity are converted on the basis of the weighted average rate for the period. Minority interests are recognized in the consolidated balance sheet as equity separately from the equity attributable to owners of the parent, and in the consolidated income statement as a separate item before the net profit of the group.

Financial assets

Financial assets include cash, short-term financial investments, trade and other receivables.
Financial assets are initially recognized at cost, which is the fair value of the consideration given or received for the financial asset.
value. Initial acquisition cost includes all transaction costs directly related to the financial asset.
A financial asset is derecognised when the entity loses the right to receive cash flows from the financial asset or cash flows to the counterparty from the asset and most of the risks and rewards of the financial asset.
Purchases and sales of financial assets are recognized on a straight-line basis over the estimated useful lives of the financial assets ownership of the financial assets sold.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances on current (settlement) bank accounts, deposit withdrawable on demand, and short-term revocable bank deposits with an original maturity of up to one year.

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

Foreign currency transactions have been recorded using the official exchange rates of the European Central Bank on the day of transaction. Financial assets and liabilities and non-monetary financial assets and liabilities, which are recorded in a foreign currency using the fair value method, are re-valued on the date of the balance sheet in euros using the official exchange rates of the European Central Bank. Profits from foreign currency transactions are recorded on the income statement as revenue and expenses of the period.

Financial investments

Long-term investments in other equity instruments are carried at cost as they are not actively traded and there are no alternative methods for reliably estimating their value.

Shares of subsidiaries and associates

Shares in associates and other securities acquired for a period longer than one year are recognized in the balance sheet as long-term financial investments.
A subsidiary is a company over which the parent company has control. A subsidiary is considered to be controlled if it is a parent owns, directly or through subsidiaries, more than 50% of the voting stock or share capital of a subsidiary, if the parent controls the financial and operating policies of the subsidiary under a contract or agreement, or when the parent has the power to appoint or remove majority of the members of the executive and senior management bodies.

Investments in subsidiaries and associates are accounted for in the separate balance sheet using the cost method. Acquired holding the acquisition cost is the fair value of the consideration paid for the acquisition and the costs directly attributable to the acquisition.
In the consolidated financial statements, subsidiaries are reported on a line-by-line basis.
At each reporting date, the Company's management assesses whether there is any indication that an investment may be impaired. In case of doubt, that
the carrying amount of the investment is tested, the test of the asset's recoverable amount is performed in a manner similar to fixed assets. If it becomes apparent that the recoverable amount of an asset is lower than its carrying amount, the investment is written down recoverable amount.
In the consolidated financial statements, subsidiaries are accounted for line by line using the consolidation method.

Receivables and prepayments

Loan receivables arising in the ordinary course of business are recognized as receivables from customers. Receivables from customers are recognized at amortized cost (i.e. nominal value less repayments and discounts, if any).
Impairment losses on receivables are recognized when there is objective evidence that not all amounts due will be collected in accordance with the requirements.
initial contract terms. Circumstances that indicate a possible impairment of receivables are the bankruptcy of the debtor or significant financial difficulties and non-compliance with payment deadlines. Impairment of individually significant receivables (ie need for write-downs) is valued separately for each purchaser based on the present value of the amounts expected to be received in the future. For claims that do not are not individually significant and are not explicitly known to be impaired, an impairment loss is assessed as a whole, taking into account the experience of previous years with outstanding claims.
The amount of the allowance for doubtful receivables is the difference between the carrying amount of the receivable and its future cash flows, using historical receivables statistics and the resulting receipts rates.
The carrying amount of receivables is reduced by the amount of the allowance for doubtful receivables and the impairment loss is recognized. in the income statement as miscellaneous operating expenses. If a receivable is deemed to be uncollectible or sold, the receivable and its discount are removed from the balance sheet.
The consideration received for the sold receivable is recognized by deducting the cost of doubtful receivables.
Receivables from previously written-down doubtful receivables are recognized as a reduction of the cost of doubtful receivables.

Plant, property and equipment and intangible assets

When recognizing property, plant and equipment in the balance sheet, accumulated depreciation and the value of assets are deducted from their acquisition cost
discounts due to decline.
Based on the materiality principle, those assets whose acquisition cost exceeds 5,000 euros and whose useful life is over one year. Assets with a lower acquisition cost or a shorter useful life are expensed as they are taken into use and their off-balance sheet accounts are kept.
If an item of property, plant and equipment consists of distinguishable significant components that have different useful lives, these components are accounted for as separate assets, with separate depreciation rates being determined accordingly useful life of the components.
If the construction of an item of property, plant and equipment takes a longer period of time and is financed by a loan, borrowing costs are included.
the acquisition cost of the object. The cost of the asset is capitalized as borrowing costs calculated from the date of the asset from the moment of commencement of production until the completion of the property.
The Group uses the straight-line and combined method of depreciating property, plant and equipment. Tangible fixed assets for groups are generally
the following useful lives have been determined:

Group of property, plant and equipment	Useful life
Buildings and facilities	10 - 20 years

Due to the specifics of an item of property, plant and equipment, its useful life may differ from that of other similar groups. In this case, it will be reviewed
separately and be assigned an appropriate depreciation period.
The depreciation rates applied to property, plant and equipment are reviewed when circumstances have arisen that could significantly change the value of the property, plant and equipment.
the useful life of the asset group. The effect of changes in estimates is reflected in the reporting period and subsequent periods.
If the residual value of an asset exceeds its carrying amount, the asset is depreciated; depreciation is restarted from the moment the residual value of the asset has fallen below its carrying amount.

If an item of property, plant and equipment has incurred costs that meet the definition of property, plant and equipment, those costs are added to the acquisition cost of the fixed asset. Expenses related to current maintenance and repairs are recognized as expenses in the reporting period. When a significant component of an item of property, plant and equipment is replaced, the cost of the new component is added the cost of the item, provided that it meets the definition of property, plant and equipment. The replacement component is written off the balance sheet. If the cost of the component to be replaced is not known, the cost of the replacement is estimated at the time of replacement cost less estimated depreciation.

Minimal acquisition cost 5000

Financial liabilities

All financial liabilities (trade payables, borrowings, accrued liabilities, issued bonds and other current and non-current liabilities) debt instruments) are initially recognized at cost, which includes all costs directly attributable to the acquisition.
Subsequent recognition is based on the amortized cost method (except for financial liabilities acquired for resale and fair value derivatives that are carried at fair value).
The adjusted cost of short-term financial liabilities is generally equal to their nominal value, therefore short-term financial liabilities are recognized in the balance sheet at the amount due. Adjusted cost of long - term financial liabilities they are initially recognized at the fair value of the consideration received (net of transaction costs), interest expense on liabilities using the effective interest method.
A financial liability is classified as current if it is due to be settled within twelve months after the reporting date; or the group does not have unconditional right to defer settlement of the liability for more than 12 months after the reporting date. Loans with a maturity of 12 but refinanced as non-current after the balance sheet date but before the annual accounts are authorized for short-term

Provisions and contingent liabilities

A provision is recognized in the balance sheet if the entity has a legal or constructive obligation as a result of an obligating event that occurred before the reporting date.
a liability that is probable of realization and the amount of which can be measured reliably. Provisions are being assessed based on the estimates, experience and, where appropriate, the estimates of independent experts, and shall be are necessary to meet the commitments relating to the provision as at the reporting date.

Revenue recognition

Interest income from operating activities
Interest income is calculated over the life of the contract based on the effective interest rate and the outstanding principal balance; and is recognized in the income statement under operating income in the line "interest income". Interest income is recognized in the income statement for all receivables that are carried at amortized cost using the effective interest method. The internal interest rate is as follows the interest rate at which discounting the cash flows of the financial asset or financial liability results in a financial asset or financial liability; current carrying amount. The calculation of the effective interest rate includes all payments made or receivable in respect of a given financial asset or financial liability transaction costs, premiums and discounts.

Other income
Revenue from the sale of services is recognized when the service is provided.
Revenue from fines, contract fees and other service fees is recognized when the cash is received.

Taxation

According to the Income Tax Act in force in Estonia, the company's profit for the financial year is not taxed in Estonia. Income tax is paid dividends, special benefits, gifts, donations, entertainment expenses, non-business payments and transfer pricing adjustments. Corporate income tax associated with the payment of dividends is recognized as a liability and in the income statement as an income tax expense in the same period as the dividends are declared, regardless of the period for which they are declared or when they are actually paid out.
As of 01.01.2019, 1/3 of the previous year's dividend is taxed in the amount of a private individual - the dividend paid to the owner is taxed at the rate of 14/86.
Income tax expense and liabilities of subsidiaries located abroad (Lithuania, Poland) are reported in the financial statements of these subsidiaries in accordance with the laws of that country tax legislation.
The maximum possible amount of income tax liability that could result from the payment of dividends is disclosed in the notes to the annual report.

Events after the reporting date

The spread of the coronavirus COVID-19 in early 2020 has now spread worldwide, causing business disruption and economic activity. A spread of coronavirus is considered as non-corrective event.

Note 2 Receivables and prepayments

(In Euros)

	31.12.2019	Allocation by remaining maturity			Note
		Within 12 months	1 - 5 years	Over 5 years	
Accounts receivable	387 989	387 989			
Accounts receivables	387 989	387 989	0	0	
Tax prepayments and receivables	45 127	45 127	0	0	3
Other receivables	39 838 910	18 560 602	20 983 409	294 899	6
Loan receivables	38 286 239	17 007 978	20 983 362	294 899	
Interest receivables	711 170	711 170	0	0	
Accrued income	841 501	841 454	47	0	
Prepayments	21 163	21 163			
Deferred expenses	2 974	2 974	0	0	
Other paid prepayments	18 189	18 189	0	0	
Provision for bad or doubtful receivables	-1 884 746	-1 884 746	0	0	
Total receivables and prepayments	**38 408 443**	**17 130 135**	**20 983 409**	**294 899**	

	31.12.2018	Allocation by remaining maturity			Note
		Within 12 months	1 - 5 years	Over 5 years	
Accounts receivable	171 141	171 141			
Accounts receivables	171 141	171 141	0	0	
Tax prepayments and receivables	59 522	59 522	0	0	3
Other receivables	32 850 439	16 800 140	15 661 556	388 743	6
Loan receivables	31 809 339	15 759 040	15 661 556	388 743	
Interest receivables	510 900	510 900	0	0	
Accrued income	530 200	530 200	0	0	
Prepayments	40 917	40 917			
Deferred expenses	6 369	6 369	0	0	
Other paid prepayments	34 548	34 548	0	0	
Provision for bad or doubtful receivables	-1 090 430	-1 090 430	0	0	
Total receivables and prepayments	**32 031 589**	**15 981 290**	**15 661 556**	**388 743**	

Note 3 Tax prepayments and liabilities
(In Euros)

	31.12.2019		31.12.2018	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Corporate income tax	0	0	53 580	129 364
Value added tax	0	19 909	0	31 450
Personal income tax	0	34 929	0	30 084
Fringe benefit income tax	0	3 558	0	1 181
Social tax	0	35 398	480	33 865
Contributions to mandatory funded pension	0	1 653	0	1 436
Unemployment insurance tax	0	2 247	0	1 967
Other tax prepayments and liabilities	1 286	0	2 093	2 092
Prepayment account balance	43 841		3 369	
Total tax prepayments and liabilities	**45 127**	**97 694**	**59 522**	**231 439**

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 (%)	
				31.12.2018	31.12.2019
302535232	UAB Nordecum	Lithuania	Issuance of consumer loans	100	100
302604899	UAB ITM Inkasso	Lithuania	Provision of collection services	100	100
361270895	Nordecum Sp. z. o.o.	Poland	Issuance of consumer loans	100	100

Shares of subsidiaries, detaild information				
Name of subsidiary	31.12.2018	Acquisition	Other changes	31.12.2019
UAB Nordecum	222 992			222 992
UAB ITM Inkasso	0			0
Nordecum Sp. z. o.o.	123 609	114 909	-238 518	0
Total shares of subsidiaries, at end of previous period	**346 601**	**114 909**	**-238 518**	**222 992**

UAB ITM Inkasso is a subsidiary (i.e. subsidiary) of the Lithuanian subsidiary UAB Nordecum, which in previous years has been 100% discounted. In the consolidated balance sheet, all subsidiaries are reported on a line-by-line basis.

The parent company's unconsolidated balance sheet includes investments in UAB Nordecum and Nordecum Sp.z.o.o. at cost method, taking into account the discount.

2019.a. has increased investment in the Polish daughter. In the unconsolidated financial statements of the parent company, the investment in the Polish subsidiary is 31.12.2019 as 100% discounted due of its negative equity.

Note 5 Long-term financial investments

(In Euros)

	Shares	Total
31.12.2017	608 000	608 000
Disposal at selling price or redemption	-100 000	-100 000
31.12.2018	**508 000**	**508 000**

	Shares	Total
31.12.2018	508 000	508 000
Disposal at selling price or redemption	-50 000	-50 000
31.12.2019	**458 000**	**458 000**

Placet Group OÜ's investment in Tallinna Hoiu-Laenuühistu at acquisition cost is recognized as a long-term financial investment.

Note 6 Other receivables
(In Euros)

	31.12.2019	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Loan receivables	38 286 239	17 007 978	20 983 362	294 899			
Consumer loans	37 575 175	16 666 814	20 613 462	294 899	0% - 75%	EUR, PLN	2020 -2026
Business loans	711 064	341 164	369 900		24% - 60%	EUR	2020 - 2024
Interest receivables	711 170	711 170	0	0			
Consumer loans	690 551	690 551					
Business loans	20 619	20 619					
Accrued income	841 501	841 454	47	0			
Other accrued income	841 501	841 454	47				
Total other receivables	**39 838 910**	**18 560 602**	**20 983 409**	**294 899**			

	31.12.2018	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Loan receivables	31 809 339	15 759 040	15 661 556	388 743			
Consumer loans	31 809 339	15 759 040	15 661 556	388 743	0% - 75%	EUR, PLN	2019-2025
Interest receivables	510 900	510 900	0	0			
Consumer loans	510 900	510 900					
Accrued income	530 200	530 200	0	0			
Other accrued income	530 200	530 200					
Total other receivables	**32 850 439**	**16 800 140**	**15 661 556**	**388 743**			

2019.a. started issuing the business loans.
As of 31 December 2019, the Group has no borrowings from related parties that are not part of the Group.

Note 7 Property, plant and equipment
(In Euros)

	Buildings	Total
31.12.2017		
Carried at cost	485 000	485 000
Accumulated depreciation	-24 240	-24 240
Residual cost	460 760	460 760
Depreciation	-9 696	-9 696
31.12.2018		
Carried at cost	485 000	485 000
Accumulated depreciation	-33 936	-33 936
Residual cost	451 064	451 064
Depreciation	-9 696	-9 696
31.12.2019		
Carried at cost	485 000	485 000
Accumulated depreciation	-43 632	-43 632
Residual cost	441 368	441 368

The head office of the parent company in Tallinn is reflected under the building.

Note 8 Loan commitments

(In Euros)

	31.12.2019	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Current loans							
Investing loans	8 131 740	8 131 740			8% - 11%	EUR	2020
Overdraft	5 828 443	5 828 443			7%	EUR	2020
Current loans total	13 960 183	13 960 183					
Non-current loans							
Investing loans	5 227 305		5 227 305		8% - 11%	EUR	2022 - 2023
Non-current loans total	5 227 305		5 227 305				
Loan commitments total	**19 187 488**	**13 960 183**	**5 227 305**				

	31.12.2018	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Current loans							
Investing loans	1 032 075	1 032 075			8% - 10%	EUR	2019
Current loans total	1 032 075	1 032 075					
Non-current loans							
Overdraft	5 458 850		5 458 850		7%	EUR	2020
Investing loans	9 627 817		9 627 817		10%	EUR	2020
Non-current loans total	15 086 667		15 086 667				
Loan commitments total	**16 118 742**	**1 032 075**	**15 086 667**				

The amount of loans received from related parties as of 31/12/2019 is 830,000 euros, the loans have been obtained with an interest rate of 8% (Note 16).

By the time of preparing the report, the overdraft limit has been increased to 8 million euros and the term of the agreement has been extended until 2022.

Note 9 Payables and prepayments
(In Euros)

	31.12.2019	Within 12 months	Note
Trade payables	150 246	150 246	
Employee payables	259 692	259 692	
Tax payables	97 694	97 694	3
Other payables	957 108	957 108	
Interest payables	459 477	459 477	
Other accrued expenses	497 631	497 631	
Prepayments received	132 062	132 062	
Other received prepayments	132 062	132 062	
Total payables and prepayments	**1 596 802**	**1 596 802**	

	31.12.2018	Within 12 months	Note
Trade payables	340 114	340 114	
Employee payables	230 610	230 610	
Tax payables	231 439	231 439	3
Other payables	767 669	767 669	
Interest payables	421 556	421 556	
Other accrued expenses	346 113	346 113	
Prepayments received	32 398	32 398	
Deferred income	32 398	32 398	
Total payables and prepayments	**1 602 230**	**1 602 230**	

Other prepayments received include prepayments received from customers as of 31.12.2019.

Note 10 Employee payables
(In Euros)

	31.12.2019	31.12.2018
Remuneration liability	148 799	145 784
Vacation pay liability	110 893	84 826
Total employee payables	**259 692**	**230 610**

Note 11 Share capital
(In Euros)

	31.12.2019	31.12.2018
Share capital	5 700 000	5 700 000
Number of shares (pcs)	2	2

The share capital of Placet Group OÜ consists of two parts with a nominal value of EUR 2,850,000.

Note 12 Net sales
(In Euros)

	2019	2018
Net sales by geographical location		
Net sales in European Union		
Estonia	9 175 123	7 307 121
Lithuania	3 294 069	4 327 157
Poland	1 431 178	1 779 538
Total net sales in European Union	**13 900 370**	**13 413 816**
Total net sales	**13 900 370**	**13 413 816**
Net sales by operating activities		
Ineterest income	13 862 584	13 363 343
Service fee income	37 786	50 473
Total net sales	**13 900 370**	**13 413 816**

Other adjustments in the cash flow statement with significant interest income adjusted for exchange rate differences.

Note 13 Miscellaneous operating expenses
(In Euros)

	2019	2018
Leases	22 242	22 242
Miscellaneous office expenses	1 170 309	1 481 106
Travel expense	16 860	7 756
State and local taxes	1 084	2 491
Allowance for doubtful receivables	3 268 796	2 305 531
Advertising expenses	1 766 068	1 984 463
Legal and consulting expenses	98 368	90 565
Total miscellaneous operating expenses	**6 343 727**	**5 894 154**

Miscellaneous office expenses consist of expenses related to marketing and software expenses.

Note 14 Labor expense
(In Euros)

	2019	2018
Wage and salary expense	1 640 812	1 447 511
Social security taxes	378 937	472 614
Total labor expense	**2 019 749**	**1 920 125**
Average number of employees in full time equivalent units	81	78
Average number of employees by types of employment:		
Person employed under employment contract	81	78

Note 15 Income tax

(In Euros)

Income tax expense components	2019	2018
	Income tax expense	Income tax expense
Income tax on profit for the financial year	260 979	249 133
Other countries	260 979	249 133
Total	260 979	249 133

In countries other than Estonian, income tax expense is calculated on the profits of companies in the countries where the subsidiaries are located. In Lithuania, the income tax rate is 15%, in Poland - 19%.
The company's retained earnings as of 31.12.2019 amounted to 13,255,714 euros. The maximum possible amount of income tax liability that may result from the payment of all retained earnings as dividends is EUR 2,651,143.
The calculation of the maximum possible income tax liability is based on the assumption that the dividends to be distributed and the the total income tax expense may not exceed the distributable profit as of 31.12.2019.
Income tax liabilities may be reduced by dividends received by subsidiaries.

Note 16 Related parties

(In Euros)

Name of accounting entity's parent company	Placet Group OÜ
Country where accounting entity's parent company is registred	Estonia

Related party balances according to groups

	31.12.2019		31.12.2018
	Receivables	Liabilities	Liabilities
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	100	955 609	236 346

Loans

2019	Loans received	Loans received repayments	Interest paid	Interest rate	Base currencies	Due date
Management and higher supervisory body and individuals with material ownership interest						
Loan	2 330 000	1 600 000	33 680	8%	EUR	2020

2018	Loans received	Interest rate	Base currencies	Due date
Management and higher supervisory body and individuals with material ownership interest				
Loan	100 000	8%	EUR	2019

Purchases and sales of goods and services

	2019		2018	
	Purchases of goods and services	**Sales of goods and services**	**Purchases of goods and services**	**Sales of goods and services**
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	157 347	176 460	114 532	109 685

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2019	**2018**
Remuneration	155 212	115 178

Note 17 Events after the reporting date

The spread of the coronavirus COVID-19 in early 2020 has now spread worldwide, causing business disruption and spread of coronavirus is considered a non-corrective event.
The management of the Company believes that the Company will be able to overcome the emergency situation caused by the coronavirus pandemic including the fact that the services provided by the company are equally necessary in a crisis situation.
We have carefully evaluated all the information availiable to us, including the impact of the coronavirus crisis on the company's operations and believe that the going concern basis is fully applicable to the financial statements.

After the reporting date, in June 2020, the owners decided to establish a subsidiary Placet Smart Solutions OÜ with a share capital of 617,500 euros, the activity of which is investment of trusts, investment funds and similar financial entities in bonds, securities and similar financial intermediation.

In addition, it was decided to acquire a 100% in Wallester AS with a share capital of 384,238 euros. As of the approval of the report, the transaction has not been finalized yet.

The purpose of the above transactions is to promote the profitable business of the companies within the group.

Note 18 Non consolidated statement of financial position

(In Euros)

	31.12.2019	31.12.2018
Assets		
Current assets		
Cash and cash equivalents	282 601	94 998
Receivables and prepayments	10 608 564	9 874 193
Total current assets	**10 891 165**	**9 969 191**
Non-current assets		
Investments in subsidiaries and associates	222 992	346 601
Financial investments	458 000	508 000
Receivables and prepayments	15 633 417	10 178 398
Property, plant and equipment	441 368	451 064
Total non-current assets	**16 755 777**	**11 484 063**
Total assets	**27 646 942**	**21 453 254**
Liabilities and equity		
Liabilities		
Current liabilities		
Loan liablities	9 250 741	1 032 075
Payables and prepayments	631 209	571 256
Total current liabilities	**9 881 950**	**1 603 331**
Non-current liabilities		
Loan liablities	0	5 458 850
Total non-current liabilities	**0**	**5 458 850**
Total liabilities	**9 881 950**	**7 062 181**
Equity		
Issued capital	5 700 000	5 700 000
Share premium	65 829	65 829
Retained earnings (loss)	8 625 244	6 094 017
Annual period profit (loss)	3 373 919	2 531 227
Total equity	**17 764 992**	**14 391 073**
Total liabilities and equity	**27 646 942**	**21 453 254**

Note 19 Non consolidated income statement

(In Euros)

	2019	2018
Interest income	8 814 865	6 979 525
Interest expenses	-598 411	-378 720
Net interest income	**8 216 454**	**6 600 805**
Service fee income	364 789	357 239
Service fee expenses	-493 824	-526 073
Net service fee income	**-129 035**	**-168 834**
Other financial income and expense	34	120 023
Other income	244 533	283 034
Other operating expense	-3 262 753	-2 901 234
Employee expense	-1 434 751	-1 384 026
Depreciation and impairment loss (reversal)	-9 696	-9 696
Other expense	-12 349	-8 845
Profit (loss) from subsidiaries	-238 518	0
Profit (loss) before tax	**3 373 919**	**2 531 227**
Annual period profit (loss)	**3 373 919**	**2 531 227**

Note 20 Non consolidated statement of cash flows
(In Euros)

	2019	2018
Cash flows from operating activities		
Operating profit (loss)	4 206 283	2 760 282
Adjustments		
Depreciation and impairment loss (reversal)	9 696	9 696
Other adjustments	-8 875 208	-6 849 859
Total adjustments	**-8 865 512**	**-6 840 163**
Changes in receivables and prepayments related to operating activities	-5 833 384	-4 868 221
Changes in payables and prepayments related to operating activities	46 169	43 300
Interest received	8 646 776	6 887 788
Total cash flows from operating activities	**-1 799 668**	**-2 017 014**
Cash flows from investing activities		
Loans given	-310 000	-300 000
Repayments of loans given	100 000	730 000
Interest received	22 081	51 386
Dividends received	0	120 000
Total cash flows from investing activities	**-187 919**	**601 386**
Cash flows from financing activities		
Loans received	12 559 027	8 342 302
Repayments of loans received	-9 799 211	-6 482 790
Interest paid	-584 626	-355 779
Dividends paid	0	-120 000
Total cash flows from financing activities	**2 175 190**	**1 383 733**
Total cash flows	**187 603**	**-31 895**
Cash and cash equivalents at beginning of period	94 998	126 893
Change in cash and cash equivalents	**187 603**	**-31 895**
Cash and cash equivalents at end of period	282 601	94 998

Note 21 Non consolidated statement of changes in equity
(In Euros)

	Issued capital	Share premium	Retained earnings (loss)	Total
31.12.2017	5 700 000	65 829	6 214 017	11 979 846
Annual period profit (loss)			2 531 227	2 531 227
Declared dividends			-120 000	-120 000
31.12.2018	5 700 000	65 829	8 625 244	14 391 073
Annual period profit (loss)			3 373 919	3 373 919
31.12.2019	5 700 000	65 829	11 999 163	17 764 992
Governing and material influence ownership interest value of financial position			-222 992	-222 992
Governing and material influence on the value Of holdings under the e quity method			1 028 477	1 028 477
Restated non consolidated equity 31.12.2019	**5 700 000**	**65 829**	**12 804 648**	**18 570 477**

EY
Building a better working world

Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Eesti

Tel: +372 611 4610
Faks: +372 611 4611
Tallinn@ee.ey.com
www.ey.com

Äriregistri kood: 10877299
KMKR: EE 100770654

Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Estonia

Phone: +372 611 4610
Fax: +372 611 4611
Tallinn@ee.ey.com
www.ey.com

Code of legal entity: 10877299
VAT payer code: EE 100770654

Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Placet Group OÜ

Opinion

We have audited the consolidated financial statements of Placet Group OÜ and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Placet Group OÜ as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Estonian Financial Reporting Standard.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *"Auditor's responsibilities for the audit of the consolidated financial statements"* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (including International Independence Standards) (Estonia), and we have fulfilled our other ethical responsibilities in accordance with the requirements of code of ethics.

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

Other matter

The consolidated financial statements of Placet Group OÜ for the year ended 31 December 2018 were audited by another auditor, who issued an unmodified opinion on these financial statements on 28 June 2019.

Other information

Management is responsible for the other information. Other information consists of management report, but does not consist of the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Estonian Financial Reporting Standard, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

Building a better working world

concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing (Estonia) 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Tallinn, 18 June 2020

Olesia Abramova
Authorised Auditor's number 561
Ernst & Young Baltic AS
Audit Company's Registration number 58

Jelena Girlin
Authorised Auditor's number 708