

SIA Dofinance
Annual report for the year 2019

Riga, 2020

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General information

Name of the company	Dofinance
Legal status of the company	Limited Liability company
Registration number, place and date of registration	40203016025, Riga, 30.08.2016
Registered office	Antonijas street 5, Riga, LV-1010
Board Members	
Member of the board	Jānis Kuļikovskis (from 30 August 2016)
Member of the board	Viesturs Kuļikovskis (from 30 August 2016)
Member of the board	Ingars Zagorskis (from 30 August 2016)
Financial period	1 January – 31 December 2019
Auditors	SIA Sandra Dzerele un Partneris Vīlandes street 7-1, Riga, LV-1010, Latvia Licence No 38 Baiba Apine Latvian Certified Auditor Certificate No 214

Management report

The Company's management is responsible for the preparation of the financial statements based on the original accounting for each reporting period, which truly reflects the Company's financial position at the end of the reporting year, as well as the results of operations for that period.

Management confirms that during the preparation of these financial statements for the period ended 31 December 2019, appropriate accounting policies have been used in order to make consistent and prudent decisions. The management confirms that the relevant accounting principles governing the Republic of Latvia were followed and the financial statements have been prepared in accordance with the going concern principle.

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

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

Member of the board _____ Jānis Kuļikovskis

Member of the board _____ Viesturs Kuļikovskis

Member of the board _____ Ingars Zagorskis

July 17, 2020

Statement of comprehensive income

	Notes	2019 Eur	2018 Eur
Revenue		177 706	134 895
Cost of sales	18	(58 725)	(67 308)
Gross profit		118 981	67 587
Selling expenses	19	(16 785)	(5 389)
Administration expenses	20	(72 078)	(51 411)
Other income		-	1 781
Other expenses		(125)	(1 904)
Interest and similar income		26	59
Interest and similar expenses		(32)	-
Profit before tax		29 987	10 723
Corporate income tax		(8)	(445)
Profit after tax		29 979	10 278
Profit for the year		29 979	10 278

The accompanying notes form an integral part of these financial statements.

Member of the board _____ Jānis Kuļikovskis
Member of the board _____ Viesturs Kuļikovskis
Member of the board _____ Ingars Zagorskis

July 17, 2020

Statement of financial position

ASSETS	Notes	31.12.2019	31.12.2018
		Eur	Eur
Non-current assets			
Intangible assets	21	968	1 350
Total non-current assets		968	1 350
Current assets			
Trade receivables		79 370	10 332
Other debtors	22	10 122	6 067
Deferred expenses	23	2 864	2 410
Cash	24	514	8 987
Total current assets		92 870	27 796
Total Assets		93 838	29 146
LIABILITIES			
	Notes	31.12.2019	31.12.2018
		Eur	Eur
Equity			
Share capital		50 000	50 000
Retained losses		(42 490)	(72 469)
Total equity		7 510	(22 469)
Current liabilities			
Trade payables		6 999	2 511
Loans from related parties	25	50 930	7 705
Taxes and State mandatory social insurance payments		1 924	2 585
Other creditors		670	2 214
Accrued liabilities	26	25 805	36 600
Total current liabilities		86 328	51 615
Total Equity and Liabilities		93 838	29 146

The accompanying notes form an integral part of these financial statements.

Member of the board _____	Jānis Kuļikovskis
Member of the board _____	Viesturs Kuļikovskis
Member of the board _____	Ingars Zagorskis

July 17, 2020

Notes to the financial statements

Summary of significant accounting policies

1) General principles

The Company's financial statements have been prepared in accordance with the laws of the Republic of Latvia "On Accounting", "Law on Annual Accounts and Consolidated Annual Reports", and the Cabinet of Ministers Regulations No. 775 "Regulations on the Application of the Law on Annual Reports and Consolidated Annual Accounts".

The balance sheet and the profit and loss calculation has been prepared on the basis of the scheme set out in the relevant annexes to the Law on Annual Accounts and Consolidated Annual Accounts.

The income statement has been prepared in accordance with the cost function method.

The monetary unit used in the financial statements is the currency of the Republic of Latvia, the euro (Eur).

The financial statements give a true and fair view of the company's assets, liabilities, financial position and profit or loss.

The financial statements have been prepared in accordance with the following general principles:

- assumes that the company will continue to operate (going concern principle);
- uses the same accounting policies and valuation methods as in the previous reporting year;
- items are recognized and measured in the financial statements on a prudent basis, in particular subject to the following conditions:
 - a) the financial statements shall include only profits made up to the balance sheet date;
 - b) take into account all liabilities and expected risk amounts and losses incurred during the reporting year or previous years, even if they became known between the balance sheet date and the date when the annual report is signed by the management, authorized person or administrative body;
 - c) calculate and take into account all amounts of impairment and depreciation of assets, regardless of whether the financial year is closed with profit or loss;
- In the balance sheet and income statement items, amounts are reported on an accrual basis, ie income and expenses are reported on the basis of the time in which they are incurred and not on the time the cash is received or issued. Revenues and expenses related to the reporting year shall be indicated regardless of the date of receipt of the payment or invoice;
- costs are reconciled with revenues in the respective reporting periods;
- balance sheet asset and liability items are valued separately;
- any offsetting between assets and liabilities in the balance sheet or items of income and expense in the income statement is prohibited;
- if an expropriated or liquidated long-term investment object is excluded, the income and expenses related to the exclusion of the said object are set off against each other. The profit or loss account shall indicate the net value - profit or loss from the disposal of a long-term investment object, which is calculated as the difference between the book value of the excluded object and its disposal or liquidation income and expenses, provided that gross amounts are indicated in the notes;
- in the balance sheet and income statement items, amounts are disclosed by reference to the substance and nature of the transactions, and not merely the legal form;
- Items in the balance sheet and income statement are measured at cost or production cost. Purchase costs are the purchase price of a good or service (less discounts received) plus additional costs associated with the purchase. Production costs are the costs of purchasing raw materials, basic materials and consumables and other expenses that are directly related to the production of the respective object. Production costs may also include parts of costs that are indirectly related to the production of the facility, provided that these costs are attributable to the same period.

The specific items of the balance sheet and income statement contain significant financial information that materially affects the assessment or decision-making of users of the annual report. Minor amounts that do not materially affect the assessment or decision-making of users of the annual report are disclosed in the relevant items of the financial statements in the relevant items combining similar financial information, details of which are provided below in the notes to the financial statements.

Notes to the financial statements

2) Use of estimates

In preparing the financial statements, the Company's Management Board has made a number of estimates and assumptions that affect the reported amounts of balance sheet and income statement items included in the financial statements, as well as the amount of contingent liabilities. Future events may affect these estimates and assumptions. Any effect of changes in such estimates and assumptions on the company's results of operations is disclosed in the financial statements at the time of their determination.

3) Recognition of the revenue

The main activity of the company is providing platform services, in which the investor is offered the opportunity to invest in clear, simple financial products, the investor making his own decision on the investment risk of his own funds and the corresponding return.

Net turnover is the total value of products sold and services provided during the year less discounts granted and value added tax.

Revenue is recognized based on the following principles:

- Amounts collected on behalf of a third party that are received by the company and do not result in an increase in equity are not included in revenue.
- Revenue from the sale of goods in Latvia is recognized when the buyer has accepted the goods. Revenue from the sale of goods outside Latvia is recognized in accordance with the terms of delivery of the goods.
- Revenue from providing the services is recognized according to the stage of completion of the transaction.
- Revenue from fines and periodic penalty payments is recognized upon receipt.
- Interest income is recognized on a time proportion basis that takes into account the effective yield on the asset.
- Dividends are recognized when the legal right to receive payment is established.
- Royalties are recognized on an accrual basis in accordance with the relevant agreement.

Other operating income is miscellaneous income (for example, gains on the disposal of long-term investments or foreign exchange fluctuations, income from insurance claims received, financial assistance received or financial support) that is not directly related to the company's core business, but arising out of or in connection with an economic activity.

4) Recognition of expenses

Costs are recognized in the income statement on an accrual basis, taking into account the timing of their occurrence rather than the time of disbursement. Expenses related to the report shall be indicated regardless of the date of receipt of the payment or invoice. Costs are reconciled with revenues in the respective reporting periods.

5) Foreign currency revaluation in euros

All foreign currency transactions are converted into euros at the foreign exchange rate at the date of the transaction.

All monetary assets denominated in foreign currencies at the end of the reporting period are converted into euros (Eur) at the foreign exchange rate at the balance sheet date of 31 December and the related exchange differences are recognized in the income statement.

Foreign exchange rates at the end of the reporting period during the last two years were as follows:

	31.12.2019	31.12.2018
	1 Eur	1 Eur
USD	1,12340	1,14500

Notes to the financial statements

6) Intangible assets

Intangible assets mainly consist of usage rights, licenses, patents, concessions and similar rights acquired for consideration. Intangible assets are measured at cost less accumulated amortization. Depreciation is calculated on a straight-line basis using a depreciation rate of 33.33% per annum. Exceptionally, if the useful life of a goodwill or development cost item cannot be estimated reliably, its initial value is amortized on a straight-line basis over a period not exceeding 10 years (each such case is explained in the notes to the financial statements, indicating the length of time write off the original value of the item in question).

7) Debtors

Receivables have been valued in accordance with the precautionary principle, showing only actual receivables in the balance sheet.

Special provisions for doubtful debts are established in cases when, in the opinion of the management, the recovery of these receivables is doubtful, assessing each receivable separately. Bad debts are written off as losses for the reporting year.

8) Accrued liabilities

The balance sheet item "Accrued liabilities" indicates clearly known amounts of liabilities to suppliers of goods and services received during the reporting year for which, due to delivery, purchase or contract conditions or other reasons, a relevant justification document (invoice) has not been received at the balance sheet date.

The Company establishes provisions for liabilities to employees for unused leave.

Accrued unused vacation costs are estimated by multiplying the average daily earnings of employees for the last six months of the reporting year by the number of accrued unused vacation days at the end of the reporting year.

9) Corporate income tax

Corporate income tax, in accordance with the requirements of the Law on Corporate Income Tax, consists of corporate income tax calculated for the reporting year, which is recognized in the income statement. Starting from the tax year 2018, corporate income tax is calculated on distributed profit (dividends) and conditionally distributed profit by applying a rate of 20%, adjusted by the taxable value of corporate income tax divided by a coefficient of 0.8. Corporate income tax is recognized when the Company's shareholders decide on the distribution of profits or when costs that are not directly related to the company's business are recorded and increases the taxable income tax base at the time of recognition of costs.

10) Cash and cash equivalents

Cash and cash equivalents consist of current bank account balances.

11) Off-balance sheet financial liabilities, guarantees provided and other contingent liabilities

The Company has not provided any guarantees or warranties, the Company's assets have been pledged or otherwise encumbered.

The Company has not entered into any lease or rental agreements that are material to the Company's operations.

The Company has no pension liabilities and similar liabilities to employees and former members of the governing bodies.

12) Significant events after the balance sheet date that do not relate to the reporting year and are therefore not included in the balance sheet or income statement

The financial statements reflect such events after the end of the reporting year that provide additional information about the company's financial position at the balance sheet date (adjusting events). If the events after the end of the reporting year are not adjusting, they are reflected in the notes to the financial statements, only if they are significant.

Notes to the financial statements

13) Related companies

Related companies are companies that, in relation to the company, are a subsidiary of the group or the parent company of the group, or other subsidiaries of this group, or a subsidiary of a subsidiary of this group.

14) Comparative information

In accordance with the requirements of the law, the names of certain income statement and balance sheet items have been changed, as well as the items have been reclassified by reclassifying the comparative indicators of the previous period in accordance with the principles used in the reporting year, thus the financial indicators of the reporting period are mutually comparable:

	Item values after reclassification	Salaries and outsourced services	Interest related to short-term loans granted	Item values before reclassification
	Eur	Eur	Eur	Eur
Cost of services sold	67 308	30 925	-	36 383
Selling expenses	5 389	(18 225)	-	23 614
Administration expenses	51 411	(12 700)	-	64 111
Other income	1 781	-	(59)	1 840
Interest and similar income	59	-	59	-
Impact of reclassification on the balance sheet dated 31.12.2018.		-	-	
Impact of reclassification on the profit for the year 2018		-	-	

15) Related parties

Related parties include members of the Company, members of the Management Board, their close family members and companies in which these persons have control or significant influence. All related party transactions in the reporting year correspond to normal market conditions.

16) Research and development activities and own shares

The Company has no research and development activities and has not repurchased its shares during the reporting year.

17) Notes to the balance sheet of the micro-company

SIA "DoFinance" is a micro-company, which on the balance sheet date does not exceed at least two of the three thresholds of criteria: 1) balance sheet total - 350,000 euros; 2) net turnover - 700,000 euros; 3) the average number of employees in the reporting year - 10, therefore the annual report contains a financial report, which consists of a balance sheet, profit or loss statement and notes. The management report has not been prepared because the company complied with the requirements of Section 56 of the Law on Annual Accounts and Consolidated Annual Accounts.

18)

Cost of sales	2019	2018
	Eur	Eur
Purchase of goods and materials	27 941	36 383
Salaries and outsourced services	30 401	30 925
Depreciation of fixed assets	383	-
	58 725	67 308

Notes to the financial statements

19)

Selling expenses	31.12.2019	31.12.2018
	Eur	Eur
Expenses related to attracting investors	16 785	5 389
	16 785	5 389

20)

Administration expenses	2019	2018
	Eur	Eur
Salary expenses	61 132	48 445
Professional services expenses	5 687	-
Bank fees	1 956	1 840
Courses and seminar related expenses	496	-
Representation expenses	657	7
Business trips	1 976	881
Office expenses	13	238
Other expenses	161	-
	72 078	51 411

21)

Intangible assets	Concession patents licenses, trademarks and similar rights	Total
	Eur	Eur
Initial value		
31.12.2018	1 350	1 350
31.12.2019	1 350	1 350
Amortisation, depreciation		
31.12.2018	-	-
Calculated	383	383
31.12.2019	383	383
Residual balance sheet value		
31.12.2018	1 350	1 350
Residual balance sheet value		
31.12.2019	968	968

Notes to the financial statements

22)

Other debtors	31.12.2019	31.12.2018
	Eur	Eur
Overpayment of tax	22	-
Short-term loans granted	10 100	6 067
	10 122	6 067

23)

Deferred expenses	31.12.2019	31.12.2018
	Eur	Eur
Insurance	62	563
Advertising	1 229	-
Costs related to Anti money laundering analysis	1 574	1 847
	2 864	2 410

24)

Cash	31.12.2019	31.12.2018
	Eur	Eur
Cash at banks	514	8 987
	514	8 987

25)

Loans from related parties	31.12.2019	31.12.2018
	Eur	Eur
For the services provided	40 430	7 705
Short-term loans received	10 500	-
	50 930	7 705

26)

Accrued liabilities	31.12.2019	31.12.2018
	Eur	Eur
Accrued liabilities to suppliers and contractors	24 400	35 480
Accrued vacation expenses	1 405	1 120
	25 805	36 600

Notes to the financial statements

27) Events after balance sheet date

After the end of the financial year, in March 2020, restrictions related to the spread of the coronavirus have entered into force in the Republic of Latvia and many other countries, which significantly reduce the economic development in the country and in the world. It is not expected how the situation will develop in the future, and therefore there is uncertainty about economic development. The company's management constantly evaluates the situation. The Company is currently experiencing a decline in investor activity, which can be largely explained by fluctuations and uncertainty in global financial markets. As a result, new investment has declined. The Company's management believes that the Company will be able to overcome the emergency situation with the help of the following compensatory measures - development of new investment products, active advertising campaigns, as well as the Company has started the licensing process with the FCMC to become a licensed Investment Brokerage Company. Such a license would certainly allow it to differ significantly from other players and strengthen its position in the international investor environment.

However, this conclusion is based on the information available at the time of signing these financial statements and the impact of future events on the Company's future operations may differ from the management's assessment.

Member of the board _____	Jānis Kuļikovskis
Member of the board _____	Viesturs Kuļikovskis
Member of the board _____	Ingars Zagorskis

July 17, 2020

Independent Auditor's Report
To the shareholder of Dofinance
(The Translation of the Report provided in the Latvian language)

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of Dofinance ("the Company") set out on pages 05 to 13 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2019,
- the profit and loss statement for the year then ended,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Company as at 31 December 2019, and of its financial performance for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

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

Reporting on Other Information

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

- information about the Company, as set out on page 03 of the accompanying Annual Report,

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Notes to the financial statements

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of
Sandra Dzerēle un Partneris SIA
Certified Auditors Company
License Nr.38

Māris Biernis
Member of the Board

Baiba Apine
Responsible Certified Auditor
Certificate No.214

Riga, Latvia, 17 July, 2020

The Translation is approved and confirmed