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## Independent Auditor's Report

### To the Members of Avafin Holding Ltd

#### Report on the Audit of the Consolidated Financial Statements

##### Opinion

We have audited the consolidated financial statements of Avafin Holding Ltd (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 45 and comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and 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 give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include 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 the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



## Independent Auditor's Report (continued)

### To the Members of Avafin Holding Ltd

#### Responsibilities of the Board of Directors for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, the Board of Directors 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 concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

#### 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 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 consolidated 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 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 a true and fair view.
- Obtain sufficient and 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 the Board of Directors 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.



## Independent Auditor's Report (continued)

### To the Members of Avafin Holding Ltd

#### Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

#### Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke.

**Yiannis Kapetanios**  
Certified Public Accountant (CY) and Registered Auditor  
for and on behalf of

**BDO Ltd**  
Certified Public Accountants (CY) and Registered Auditors

Limassol, 20 March 2023

**AVAFIN HOLDING LTD****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

Year ended 31 December 2022

	Note	2022 €	2021 €
<b>Revenue</b>	8	<b>68,901,225</b>	45,436,932
Cost of sales	9	<u><b>(39,785,138)</b></u>	<u>(25,949,515)</u>
<b>Gross profit</b>		<b>29,116,087</b>	19,487,417
Portfolio sale result		<b>221,833</b>	405,977
Other operating income	10	<b>6,835,342</b>	4,911,749
Selling and distribution expenses	11	<b>(8,568,728)</b>	(5,561,461)
Administration expenses	12	<b>(16,403,465)</b>	(13,991,549)
Other expenses	13	<u><b>(707,511)</b></u>	<u>(643,490)</u>
<b>Operating profit</b>		<b>10,493,558</b>	4,608,643
Finance income	14	<b>1,366,080</b>	367,070
Finance costs	14	<u><b>(239,310)</b></u>	<u>(289,462)</u>
<b>Profit before tax</b>		<b>11,620,328</b>	4,686,251
Tax	15	<u><b>(3,323,969)</b></u>	<u>(1,282,741)</u>
<b>Net profit for the year</b>		<u><b>8,296,359</b></u>	<u>3,403,510</u>
<b>Other comprehensive income</b>			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		<u><b>(198,983)</b></u>	<u>212,866</u>
<b>Other comprehensive income for the year</b>		<u><b>(198,983)</b></u>	<u>212,866</u>
<b>Total comprehensive income for the year</b>		<u><u><b>8,097,376</b></u></u>	<u><u>3,616,376</u></u>

The notes on pages 12 to 45 form an integral part of these consolidated financial statements.

# AVAFIN HOLDING LTD

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	2022 €	2021 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	177,720	161,318
Intangible assets	17	8,772,795	9,250,781
Investments in subsidiaries	18	47,500	47,785
Right-of-use-assets	22	412,436	224,816
Loans receivable	19	3,410,791	1,570,996
Deferred tax assets	27	4,165,423	4,515,156
		<u>16,986,665</u>	<u>15,770,852</u>
<b>Current assets</b>			
Consumer loans portfolio	20	44,476,194	35,011,156
Trade and other receivables	20	7,545,670	4,799,378
Financial assets at fair value through profit or loss	21	43,566	-
Cash and cash equivalents	23	13,240,612	10,667,190
		<u>65,306,042</u>	<u>50,477,724</u>
<b>Total assets</b>		<u>82,292,707</u>	<u>66,248,576</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	24	138,267	137,714
Share premium		11,157,023	11,157,023
Other reserves		(1,588,845)	(1,389,862)
Retained earnings		13,084,752	4,788,393
<b>Total equity</b>		<u>22,791,197</u>	<u>14,693,268</u>
<b>Non-current liabilities</b>			
Borrowings	25	10,220,905	3,279,494
Lease liabilities	26	336,565	187,748
Deferred tax liabilities	27	472,126	380,520
		<u>11,029,596</u>	<u>3,847,762</u>
<b>Current liabilities</b>			
Trade and other payables	28	6,576,333	5,547,970
Deferred income	29	590,874	293,224
Borrowings	25	36,308,411	38,355,586
Lease liabilities	26	121,230	108,739
Financial liabilities at fair value through profit or loss	21	-	213,411
Current tax liabilities	30	4,875,066	3,188,616
		<u>48,471,914</u>	<u>47,707,546</u>
<b>Total liabilities</b>		<u>59,501,510</u>	<u>51,555,308</u>
<b>Total equity and liabilities</b>		<u>82,292,707</u>	<u>66,248,576</u>

The notes on pages 12 to 45 form an integral part of these consolidated financial statements.

# AVAFIN HOLDING LTD

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On 20 March 2023 the Board of Directors of Avafin Holding Ltd authorised these consolidated financial statements for issue.

DocuSigned by:  
*Davis Barons*  
.....771259600#92.....  
Davis Barons  
Director

DocuSigned by:  
*Patrick Koeck*  
.....788F8802C2849E.....  
Patrick Koeck  
CEO

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The notes on pages 12 to 45 form an integral part of these consolidated financial statements.