

**WISE WOLVES FINANCE LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

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**WISE WOLVES FINANCE LTD****OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	Anna Stopnevich (Cypriot) Sergey Stopnevich (Cypriot) Yevheniya Savchenko Paschalides (Cypriot) Svitlana Morozyk (Cypriot) Olga Soloveva Osipova (Cypriot) (resigned on 1 July 2019)
Secretary	Wise Wolves Secretary Ltd
Independent Auditors	KPMG Limited
Legal Advisors	Korelis & Co. LLC
Bankers	Eurobank Cyprus Ltd Rosbank PJSC Moscow Credit Bank PJSC Bank of Cyprus Public Company Ltd
Registered Office	30B, Gladstonos 3041, Limassol Cyprus
Registration number	HE361580

**WISE WOLVES FINANCE LTD****MANAGEMENT REPORT**

The Board of Directors of **Wise Wolves Finance Ltd** (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2019.

**PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE COMPANY**

On 25 September 2017, the Company acquired a license (license number: 337/17) from the Cyprus Securities and Exchange Commission (CySEC) in order to perform the activities of an investment firm. The Company is licensed to offer the investment services of reception and transmission of orders in relation to one or more financial instruments, execution of orders on behalf of clients and Dealing on own account.

The Company is also licensed to offer the ancillary services of safekeeping and administration of financial instruments, including custodianship and related services, granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction. Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings. Foreign exchange services where these are connected to the provision of investment services. Investment research and financial analysis or other forms.

**FINANCIAL RESULTS**

The Company's financial results for the year ended 31 December 2019 are set out on page 8 to the financial statements. The net profit for the year attributable to the shareholders of the Company amounted to €321.067 (2018: €210.154 loss).

**EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY**

The Company's performance and current financial position is presented on pages 7 and 8 of the financial statements respectively.

**REVENUE**

The Company's revenue for the year ended 31 December 2019 was €1.028.859 (2018: €287.791).

**DIVIDENDS**

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

**MAIN RISKS AND UNCERTAINTIES**

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 24 to the financial statements.

**FUTURE DEVELOPMENTS**

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

**WISE WOLVES FINANCE LTD****MANAGEMENT REPORT** (continued)**SHARE CAPITAL****Issued capital**

Upon incorporation on 25 October 2016 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each at par.

On 16 December 2016, the Company issued additional 1.000 shares of €1 each at a share premium of €198 each. On 21 April 2017, the Company issued additional 300 shares of €1 each at a share premium of €999 each. On 13 February 2018 and 27 August 2018, the Company issued additional 250 and 750 shares respectively of €1 each, at a share premium of €999 each.

On 26 March 2019, the Company issued additional 300 shares of €1 each, at a share premium of €999 each. On 21 June 2019, the Company issued additional 200 shares at €1 each, at a share premium of €999 each. On 2 October 2019, the Company issued additional 50 shares at €1 each, at a share premium of €9.999 each. On 25 November 2019, the Company issued additional 50 shares of €1 each, at a share premium of €6.999 each. On 23 December 2019, the Company issued additional 25 shares of €1 each, at a share premium of €9.999 each (note 18).

**BRANCHES**

During the year ended 31 December 2019 the Company did not operate any branches.

**BOARD OF DIRECTORS**

The members of the Company's Board of Directors as at 31 December 2019 and at the date of this report are presented on page 1. On 1 July 2019, Mrs. Olga Soloveva Osipova was resigned. In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

**EVENTS AFTER THE REPORTING PERIOD**

Any significant events that occurred after the end of the reporting period are described in note 27 to the financial statements.

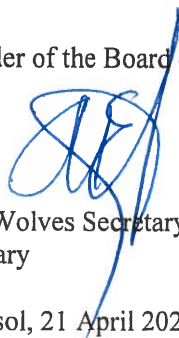
**RELATED PARTY TRANSACTIONS**

Disclosed in note 23 to the financial statements.

**INDEPENDENT AUDITORS**

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,



Wise Wolves Secretary Ltd  
Secretary

Limassol, 21 April 2020



KPMG Limited  
Chartered Accountants  
11, June 16th 1943 Street, 3022 Limassol, Cyprus  
P.O.Box 50161, 3601 Limassol, Cyprus  
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**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**WISE WOLVES FINANCE LTD**

**Report on the audit of the financial statements**

***Opinion***

We have audited the accompanying financial statements of **Wise Wolves Finance Ltd** (the "Company"), which are presented on pages 7 to 41 and comprise the statement of financial position as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its 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 *Auditors' 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) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the 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.

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***Other information***

The Board of Directors is responsible for the other information. The other information comprises the management report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 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, 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 financial statements***

The Board of Directors is responsible for the preparation of 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 Companies Law, Cap. 113, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

***Auditors' responsibilities 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 auditors' 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 the Board of Directors.

***Auditors' responsibilities for the audit of the financial statements*** (continued)

- 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 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 auditors' 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 auditors' 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 true and fair view.

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.

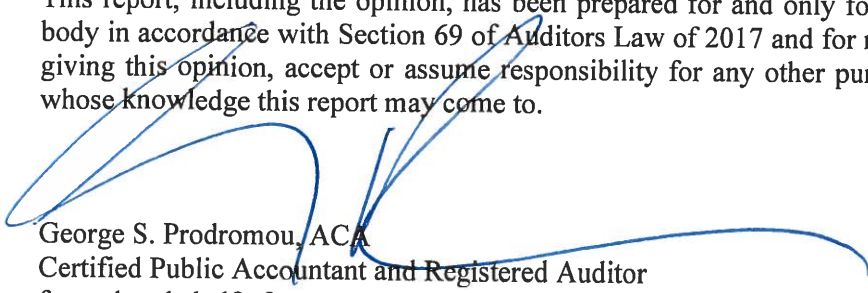
**Report on other legal requirements**

Pursuant to the additional requirements of the Auditors Law 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 financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company 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 Company's members as a body in accordance with Section 69 of 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.



George S. Prodromou, ACA  
Certified Public Accountant and Registered Auditor  
for and on behalf of

KPMG Limited  
Certified Public Accountants and Registered Auditors  
11, June 16th 1943 Street  
3022 Limassol  
Cyprus

21 April 2020




## WISE WOLVES FINANCE LTD

STATEMENT OF FINANCIAL POSITIONAs at 31 December 2019

	Note	2019 €	2018 €
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use asset	13	14.639	-
Intangible assets	14	<u>11.915</u>	<u>13.426</u>
<b>Total non-current assets</b>		<u>26.554</u>	<u>13.426</u>
<b>Current assets</b>			
Trade and other receivables	15	137.903	109.573
Financial assets at FVTPL	16	1.953.497	-
Pledged financial assets at FVTPL	16	2.086.530	-
Refundable tax	22	-	500
Cash and cash equivalents	17	<u>1.323.291</u>	<u>1.048.365</u>
<b>Total current assets</b>		<u>5.501.221</u>	<u>1.158.438</u>
<b>Total assets</b>		<u>5.527.775</u>	<u>1.171.864</u>
<b>Equity</b>			
Share capital	18	3.925	3.300
Share premium		3.096.075	1.496.700
Reserves		<u>(59.897)</u>	<u>(380.964)</u>
<b>Total equity</b>		<u>3.040.103</u>	<u>1.119.036</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Obligations under REPO agreements	19	1.954.253	-
Obligations under leases	20	14.890	-
Trade and other payables	21	<u>518.529</u>	<u>52.828</u>
<b>Total current liabilities</b>		<u>2.487.672</u>	<u>52.828</u>
<b>Total equity and liabilities</b>		<u>5.527.775</u>	<u>1.171.864</u>

On 21 April 2020 the Board of Directors of Wise Wolves Finance Ltd approved and authorised these financial statements for issue.

  
 .....  
 Sergey Stopnevich  
 Director

  
 .....  
 Anna Stopnevich  
 Director

The notes on pages 11 to 41 are an integral part of these financial statements.

## WISE WOLVES FINANCE LTD

STATEMENT OF COMPREHENSIVE INCOMEFor the year ended 31 December 2019

	Note	2019 €	2018 €
<b>Net trading income</b>	8	1.028.859	287.791
Direct operating expenses	9	<u>(45.203)</u>	<u>(10.692)</u>
<b>Net trading income</b>		983.656	277.099
Administrative and promotion expenses	10	(560.166)	(473.727)
Expected credit losses		<u>(1.121)</u>	<u>(2.929)</u>
<b>Operating profit/(loss)</b>		<u>422.369</u>	<u>(199.557)</u>
Finance income	11	1.035	1.313
Finance expenses	11	<u>(102.104)</u>	<u>(11.516)</u>
<b>Net finance expenses</b>		<u>(101.069)</u>	<u>(10.203)</u>
<b>Profit/(loss) before tax</b>		321.300	(209.760)
Taxation	12	<u>(233)</u>	<u>(394)</u>
<b>Profit/(loss) for the year</b>		<u>321.067</u>	<u>(210.154)</u>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income/(expense) for the year</b>		<u>321.067</u>	<u>(210.154)</u>

The notes on pages 11 to 41 are an integral part of these financial statements.

## WISE WOLVES FINANCE LTD

STATEMENT OF CHANGES IN EQUITYFor the year ended 31 December 2019

	Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2018		2.300	497.700	(170.810)	329.190
<b>Comprehensive income</b>					
Loss for the year		-	-	(210.154)	(210.154)
<b>Transactions with owners</b>					
Issue of share capital	18	<u>1.000</u>	<u>999.000</u>	-	<u>1.000.000</u>
Balance at 31 December 2018		<u>3.300</u>	<u>1.496.700</u>	<u>(380.964)</u>	<u>1.119.036</u>
Balance at 1 January 2019		3.300	1.496.700	(380.964)	1.119.036
<b>Comprehensive income</b>					
Profit for the year		-	-	321.067	321.067
<b>Transactions with owners</b>					
Issue of share capital	18	<u>625</u>	<u>1.599.375</u>	-	<u>1.600.000</u>
Balance at 31 December 2019		<u>3.925</u>	<u>3.096.075</u>	<u>(59.897)</u>	<u>3.040.103</u>

Share premium is not available for distribution.

On 26 March 2019, the Company issued additional 300 shares of €1 each, at a share premium of €999 each. On 21 June 2019, the Company issued additional 200 shares at €1 each, at a share premium of €999 each. On 2 October 2019, the Company issued additional 50 shares at €1 each, at a share premium of €9.999 each. On 25 November 2019, the Company issued additional 50 shares of €1 each, at a share premium of €6.999 each. On 23 December 2019, the Company issued additional 25 shares of €1 each, at a share premium of €9.999 each (note 18).

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate owners at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the owners.

The notes on pages 11 to 41 are an integral part of these financial statements.

## WISE WOLVES FINANCE LTD

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 €	2018 €
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		321.067	(210.154)
Adjustments for:			
Depreciation of right-of-use asset	13	14.638	-
Unrealised exchange loss		121.513	179
Amortisation of computer software	14	1.511	1.395
Fair value gains on financial assets at fair value through profit or loss	8	13.953	-
Expected credit losses		2.919	2.929
Interest income		(17.723)	(1.313)
Interest expense	11	4.604	339
Taxation expense	12	233	394
<b>Cash generated from/(used in) operations before working capital changes</b>		462.715	(206.231)
Increase in trade and other receivables		(28.330)	(65.642)
Increase in financial assets at fair value through profit or loss		(1.962.657)	-
Decrease in fixed-term bank deposits		122.800	-
Increase in trade and other payables		465.701	34.001
Increase in pledged financial assets at FVTPL		(2.086.530)	-
<b>Cash used in operations</b>		(3.026.301)	(237.872)
Interest received		10.727	-
Tax refunded/(paid)		267	(394)
<b>Net cash used in operating activities</b>		(3.015.307)	(238.266)
<b>Cash flows from investing activities</b>			
Payment for acquisition of intangible assets	14	-	(6.980)
Interest received		1.035	1.313
<b>Net cash generated from/(used in) investing activities</b>		1.035	(5.667)
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		1.600.000	1.000.000
Repayments of obligations under leases		(15.126)	-
Proceeds from REPO agreements		1.954.253	-
Unrealised exchange loss		(121.513)	(179)
Interest paid		(3.865)	(339)
<b>Net cash generated from financing activities</b>		3.413.749	999.482
<b>Net increase in cash and cash equivalents</b>		399.477	755.549
Cash and cash equivalents at beginning of the year		921.814	166.265
<b>Cash and cash equivalents at end of the year</b>		1.321.291	921.814
For the purposes of the statement of cash flows, cash and cash equivalents are defined by:			
Cash with brokers and payment service providers (Note 17)		843.891	10.000
Bank current accounts (Note 17)		477.400	911.814
		1.321.291	921.814

The notes on pages 11 to 41 are an integral part of these financial statements.

**WISE WOLVES FINANCE LTD****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**1. Reporting entity**

Wise Wolves Finance Ltd (the "Company") was incorporated in Cyprus on 25 October 2016 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 30B, Gladstonos, 3041, Limassol, Cyprus.

On 25 September 2017, the Company acquired a license (license number: 337/17) from the Cyprus Securities and Exchange Commission (CySEC) in order to perform the activities of an investment firm. The Company is licensed to offer the investment services of reception and transmission of orders in relation to one or more financial instruments, execution of orders on behalf of clients and Dealing on own account.

The Company is also licensed to offer the ancillary services of safekeeping and administration of financial instruments, including custodianship and related services, granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction. Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings. Foreign exchange services where these are connected to the provision of investment services. Investment research and financial analysis or other forms.

**2. Basis of accounting****2.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

**2.2 Basis of measurement**

The financial statements have been prepared under the historical cost convention, except in the case of financial assets at fair value through profit or loss, which are measured at their fair value.

**3. Functional and presentation currency**

The financial statements are presented in Euro (€), which is the functional currency of the Company.

**4. Adoption of new and revised IFRSs and interpretations by the European Union (EU)**

During the current year the Company adopted all the changes to International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. This is the first set of the Company's financial statements in which IFRS 16 'Leases' has been applied. The effect of the adoption of IFRS 16 'Leases' is disclosed in notes 13 and 20 of the financial statements.

At the date of approval of these financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet.

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

**WISE WOLVES FINANCE LTD****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**5. Use of estimates and judgments**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively - that is, in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

**5.1 Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 22 "Income taxes" - to determine any provision for income taxes.

**5.2 Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**WISE WOLVES FINANCE LTD**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**6. Changes in significant accounting policies**

The Company has adopted the following new standards, amendments to a standard and new interpretations with a date of initial application of 1 January 2019. The Company has applied IFRS 16 with a date of initial application of 1 January 2019. The nature and effects of the changes are explained below.

*IFRS 16 "Leases"*

IFRS 16 introduces a simple, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. There was no effect of adopting IFRS 16 to the opening balance of retained earnings at 1 January 2019.

The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately as they are different from those under IFRS 16 (refer to Note 7).

**7. Significant accounting policies**

The following accounting policies have been applied consistently for all the years presented in these financial statements, except for the adoption of IFRS 16 'Leases' (note 6).

**7.1 Revenue recognition**

Revenue is measured based on the consideration/transaction price specified in a contract with a customer and excludes amounts collected on behalf of third parties when these are transferred.

*Brokerage services income*

Brokerage services represent fee and commission income that arise on brokerage and portfolio management services provided to clients and is recognised when performance obligation is satisfied. The income recognised is the net amount of commission/fee.

*Gains/Losses on financial assets at fair value through profit or loss*

Profits or losses from the trading in financial instruments represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss. The difference between the fair value of investments at fair value through profit or loss as at the reporting date and the average cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises.

*Interest income*

Interest income represents coupon interest from investments in bonds, interest from repo transactions and interest earned on bank accounts. Interest income is recognised on a time proportion basis using the effective interest method.



**WISE WOLVES FINANCE LTD****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**7. Significant accounting policies (continued)****7.2 Employee benefits**

In the defined contribution schemes of the Company, the amounts paid to personnel as retirement benefits and which represent the actual cost for the year, are debited to profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company's net obligation in respect of defined benefit scheme is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return of plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit scheme are recognised on profit or loss.

When the benefits of a scheme are changed or when a scheme is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit scheme when the settlement occurs.

**7.3 Finance expenses**

Finance expenses include interest expense, as well as bank and payment service providers charges and foreign exchange losses. Interest expense is recognised to profit or loss using the effective interest method. Bank and payment service providers charges and exchange losses are recognised in profit or loss in the period in which they incurred.

**7.4 Foreign currency translation****(i) Functional currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'), which is Euro (€).

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.



## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**7. Significant accounting policies (continued)****7.5 Tax**

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

**7.6 Intangible assets****(i) Computer software**

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, estimated at ten years. Amortisation commences when the computer software is available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted accordingly.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**7.7 Leases**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

*Policy applicable from 1 January 2019*

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

*As a lessee*

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

**WISE WOLVES FINANCE LTD**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**7. Significant accounting policies (continued)**

**7.7 Leases (continued)**

The right-of-use asset is subsequently depreciated using the straight-line-method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the basis of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in "Right-of-use asset" and lease liabilities in "Obligations under lease" in the statement of financial position.

*Policy applicable before 1 January 2019*

For contracts entered into before 1 January 2019, the Company determined whether an arrangement was or contained a lease, based on the assessment of whether:

- The Company is exposed to financial risks arising from changes in prices of equity securities, debt securities and index options. The Board of Directors monitors such changes in prices, as well as the mix of instruments in its portfolio and acts accordingly.
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

**WISE WOLVES FINANCE LTD**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**7. Significant accounting policies (continued)**

**7.7 Leases (continued)**

*At a lessee*

In the comparative period, as a lessee, the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases (i.e. other than finance leases) were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

**7.8 Financial instruments**

**7.8.1 Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**7.8.2 Classification and subsequent measurement**

**7.8.2.1 Financial assets - Classification, subsequent measurement and gains and losses**

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

**WISE WOLVES FINANCE LTD**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**7. Significant accounting policies (continued)**

**7.8 Financial instruments (continued)**

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

***Business model assessment***

Under IFRS 9 measurement of financial assets reflects the business model used to manage these assets and their cash flow characteristics (solely payment of principal and interest "SPPI"). The following business models exist under IFRS 9:

- holding an asset to collect all contractual cash flows;
- holding an asset to collect all contractual cash flows as well as to sell it;
- other business models.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

***Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019

## 7. Significant accounting policies (continued)

## 7.8 Financial instruments (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets - Subsequent measurement and gains and losses:*****Financial assets at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

***Debt investments at FVOCI***

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

***Equity investments at FVOCI***

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash which are subject to an insignificant risk of change in value. Cash and cash equivalents include cash in hand, current accounts with bank, deposits held at call with banks or with original maturity of three months or less, and amounts held with credit card and online payment processors.

Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI and (ii) they are not designated at FVTPL.

The Company holds money on behalf of clients in accordance with the client money rules of the Cyprus Securities and Exchange Commission ('CySEC'). Such monies are classified as 'segregated client funds' (client money) in accordance with the CySEC regulatory requirements. Segregated client money accounts hold statutory trust status, according to regulatory requirements, restricting the Company's ability to control the monies and accordingly such amounts are not presented on the Company's statement of financial position.



## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**7. Significant accounting policies (continued)****7.8 Financial instruments (continued)*****7.8.2.2 Financial liabilities – Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

***Other liabilities***

The financial liabilities of the Company comprise other liabilities. This category includes borrowings and trade and other payables.

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019

## 7. Significant accounting policies (continued)

## 7.8 Financial instruments (continued)

## 7.8.3 Impairment:

• Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's rating agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019

## 7. Significant accounting policies (continued)

## 7.8 Financial instruments (continued)

• Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

• Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

• Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

• Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019

## 7. Significant accounting policies (continued)

## 7.9 Derecognition of financial assets and liabilities

**Financial assets**

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) when:

- the contractual rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company transfers the rights to receive the contractual cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the sum of (i) the consideration received (including a new asset obtained less any new liability assumed) and (ii) any cumulative gains or losses that had been recognised in Other Comprehensive Income is recognised in profit or loss.

Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

**Transferred financial assets that are not derecognised in their entirety**Sale and repurchase agreements

Sale and repurchase agreements are transactions in which the Company sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. The Company continues to recognise the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash consideration received is recognised as a financial asset and a financial liability is recognised for the obligation to pay the repurchase price. Because the Company sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

The table below sets out the carrying amounts and fair values of financial assets transferred through sale and repurchase agreements. These carrying amounts are included in the 'pledged financial assets at FVTPL' line item in the statement of financial position.

	2019
	€
Carrying amount of assets	2,086,530
Carrying amount of associated liabilities	(1,954,253)

**WISE WOLVES FINANCE LTD****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**7. Significant accounting policies (continued)****7.9 Derecognition of financial assets and liabilities (continued)****Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms, or when the terms of the liability are substantially modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**7.10 Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has the legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**7.11 Impairment of non-financial assets**

Assets (other than biological assets, investment property, inventories and deferred tax assets) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**7. Significant accounting policies (continued)****7.12 Share capital**

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

**7.13 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**7.14 Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**8. Net trading income**

	2019 €	2018 €
Brokerage fee/commission	1.029.374	287.791
Net loss on trading in financial instruments	(6.912)	-
Net fair value losses on financial assets at fair value through profit or loss	(13.953)	-
Coupon interest income	16.688	-
Loss from dual currency trading	(814)	-
Interest income from REPO transactions	4.476	-
	<u>1.028.859</u>	<u>287.791</u>

**9. Direct operating expenses**

	2019 €	2018 €
Interest expense on REPO deals	6.044	-
Safekeeping charge	21.956	7.617
Commissions	10.366	1.649
Broker charges and other fees	2.708	1.324
Insurance	3.833	-
Other brokerage services	296	102
	<u>45.203</u>	<u>10.692</u>

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**10. Administrative expenses**

	2019	2018
	€	€
Staff costs	364.992	300.038
Non-executive directors' fees	18.000	12.242
Rent	-	16.084
Sundry staff costs	4.402	1.985
CYSEC fees	19.762	11.250
Insurance	476	219
Telephone and postage	407	203
Subscriptions	54.864	36.699
IT supplies and licenses	343	16.125
IT support	-	6.000
Independent auditors' remuneration - current year	15.100	8.500
Independent auditors' remuneration - prior years	285	4.030
Legal fees	16.271	1.577
Other professional fees	22.337	33.909
Travelling	17.059	13.905
Irrecoverable VAT	8.556	9.010
Fines	443	-
Advertising	-	70
Registrar annual fee	350	350
Sundry expenses	20	136
Amortisation of computer software	1.511	1.395
Depreciation charge on right to use asset	14.638	-
Sundry expenses	350	-
	<u>560.166</u>	<u>473.727</u>

**11. Finance income and expenses**

	2019	2018
	€	€
<b>Finance income</b>		
Bank interest	750	1.313
Interest on margin call accounts	260	-
Interest income on tax refunds	25	-
	<u>1.035</u>	<u>1.313</u>
<b>Finance expenses</b>		
Interest on obligations under lease	739	-
Bank overdraft interest	3.865	339
Bank and payment service providers charges	22.901	10.502
Foreign exchange loss	74.599	675
	<u>102.104</u>	<u>11.516</u>

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**12. Taxation**

	2019 €	2018 €
Special contribution to the defence fund year	<u>233</u>	<u>394</u>
Charge for the year	<u>233</u>	<u>394</u>
<i><u>Reconciliation of tax based on the taxable income and tax based on accounting profits:</u></i>		
	2019 €	2018 €
Accounting profit/(loss) before tax	<u>321.300</u>	<u>(209.760)</u>
Tax calculated at the applicable tax rates	40.163	(26.220)
Tax effect of expenses not deductible for tax purposes	14.283	669
Tax effect of allowances and income not subject to tax	(15.604)	(794)
Tax effect of tax losses brought forward	(38.842)	-
Tax effect of loss for the year	-	26.345
Special contribution to the defence fund	<u>233</u>	<u>394</u>
Tax as per statement of comprehensive income - charge	<u>233</u>	<u>394</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

The Company's chargeable income for the year amounted to €310.738 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following five years. As at 31 December 2019 the balance of tax losses which is available for offset against future taxable profits amounts to €76.889.

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**13. Right-of-use asset**

	Right-of-use asset €
<b>Cost</b>	
Balance at 31 December 2018	-
Additions	29.277
Balance at 31 December 2019	<u>29.277</u>
<b>Amortisation</b>	
Balance at 31 December 2018	-
Amortisation for the year	14.638
Balance at 31 December 2019	<u>14.638</u>
<b>Carrying amounts</b>	
Balance at 31 December 2019	<u>14.639</u>
Balance at 31 December 2018	<u>-</u>

On transition to IFRS16, the Company as of 1 January 2019 recognised an amount of €29.277 as a right-of-use asset and an equivalent amount of €29.277 as obligations under leases, related to the rental expense. When measuring obligations under leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019, which it is estimated at 3,5%. The right-of-use asset is amortised over the period of lease contract (note 20).

**14. Intangible assets**

<b>2019</b>	Computer software €
<b>Cost</b>	
Balance at 1 January	15.111
Balance at 31 December	<u>15.111</u>
<b>Amortisation</b>	
Balance at 1 January	1.685
Amortisation for the year	1.511
Balance at 31 December	<u>3.196</u>
<b>Carrying amounts</b>	
Balance at 31 December	<u>11.915</u>

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**14. Intangible assets (continued)**

2018	Computer software €
<b>Cost</b>	
Balance at 1 January	8.131
Additions	<u>6.980</u>
Balance at 31 December	<u>15.111</u>
<b>Amortisation</b>	
Balance at 1 January	290
Amortisation for the year	<u>1.395</u>
Balance at 31 December	<u>1.685</u>
<b>Carrying amounts</b>	
Balance at 31 December	<u><u>13.426</u></u>

**15. Trade and other receivables**

	2019 €	2018 €
Trade receivables	38.341	61.293
Less: Provision for impairment of trade receivables	<u>-</u>	<u>(630)</u>
Trade receivables - net	38.341	60.663
Receivables from related companies (Note 23 (iv))	21.874	1.171
Deposits and prepayments	-	583
Accrued coupon interest income	5.961	-
Investors compensation fund	56.871	42.715
Refundable VAT	<u>14.856</u>	<u>4.441</u>
	<u><u>137.903</u></u>	<u><u>109.573</u></u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 24 to the financial statements.

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**16. Financial assets at fair value through profit or loss**

Financial assets designated as at fair value through profit or loss are analysed as follows:

	2019 €	2018 €
<b>Current investments - mandatorily at FVTPL</b>		
Debt securities publicly traded	4.038.725	-
Equity securities publicly traded	1.302	-
Index options on equity titles publicly traded	-	-
	<u>4.040.027</u>	<u>-</u>
Debt securities publicly traded - pledged	2.086.530	-
Debt securities publicly traded - not pledged	<u>1.952.195</u>	<u>-</u>
	<u>4.038.725</u>	<u>-</u>

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to publicly quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are held for trading.

Options on security indices represent the right to sell (put option) S&P 500 index options traded in the Chicago Stock Exchange. As at 31 December 2019 the put options held by the Company were out of the money. Therefore, the fair value of the put options as at 31 December 2019 are nil, assuming that if the expiration date was at 31 December 2019, the options would not be exercised. The premiums paid to enter such transactions amounted to €34.672 and are recognised in the statement of comprehensive income. The expiration date for the options range from the 20th of March 2020 to 19th June 2020.

In the statement of cash flows, financial assets at FVTPL are presented within the section on operating activities as part of changes in working capital. In the statement of comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

The exposure of the Company to market risk in relation to financial assets is reported in note 24 to the financial statements.

**17. Cash and cash equivalents**

Cash and cash equivalents balances are analysed as follows:

	2019 €	2018 €
Cash with brokers and payment service providers	843.891	10.000
Bank current accounts	477.400	911.814
Fixed-term bank deposits	6.050	128.850
Accumulated impairment losses on cash and cash equivalents	<u>(4.050)</u>	<u>(2.299)</u>
	<u>1.323.291</u>	<u>1.048.365</u>



## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**17. Cash and cash equivalents (continued)**

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 24 to the financial statements.

**18. Share capital**

	2019 Number of shares	2019 €	2018 Number of shares	2018 €
<b>Authorised</b>				
Ordinary shares of €1,71 each	<u>5.000</u>		<u>5.000</u>	
<b>Issued and fully paid</b>				
Balance at 1 January	3.300	3.300	2.300	2.300
Issue of shares	<u>625</u>	<u>625</u>	<u>1.000</u>	<u>1.000</u>
Balance at 31 December	<u>3.925</u>	<u>3.925</u>	<u>3.300</u>	<u>3.300</u>

**Issued capital**

Upon incorporation on 25 October 2016 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each at par.

On 16 December 2016, the Company issued additional 1.000 shares of €1 each at a share premium of €198 each. On 21 April 2017, the Company issued additional 300 shares of €1 each at a share premium of €999 each. On 13 February 2018 and 27 August 2018, the Company issued additional 250 and 750 shares respectively of €1 each, at a share premium of €999 each.

On 26 March 2019, the Company issued additional 300 shares of €1 each, at a share premium of €999 each. On 21 June 2019, the Company issued additional 200 shares at €1 each, at a share premium of €999 each. On 2 October 2019, the Company issued additional 50 shares at €1 each, at a share premium of €9.999 each. On 25 November 2019, the Company issued additional 50 shares of €1 each, at a share premium of €6.999 each. On 23 December 2019, the Company issued additional 25 shares of €1 each, at a share premium of €9.999 each.

**19. Obligations under REPO agreements**

	2019 €	2018 €
<b>Current liabilities</b>		
Obligations under REPO agreements	<u>1.954.253</u>	<u>-</u>
Carrying amount of collateral provided in respect of the above (note 16)	<u>2.086.530</u>	<u>-</u>

Collateral provided includes securities sold under the sale and repurchase agreements.

The Company continues to recognise these securities in the statement of financial position and present them within pledged financial assets as at FVTPL.

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**19. Obligations under REPO agreements (continued)**

The exposure of the Company to interest rate risk in relation to financial instruments is reported in note 24 to the financial statements.

**20. Obligations under leases**

	2019 €	2018 €
Additions	29.277	-
Repayments	(15.126)	-
Interest charge on lease liability	739	-
Balance at 31 December	<u>14.890</u>	<u>-</u>

	Minimum lease payments 2019 €	Interest 2019 €	Principal 2019 €	Minimum lease payments 2018 €	Interest 2018 €	Principal 2018 €
Within one year	<u>15.126</u>	<u>236</u>	<u>14.890</u>	<u>-</u>	<u>-</u>	<u>-</u>

On transition to IFRS16, the Company as of 1 January 2019 recognised an amount of €29.277 as a right-of-use asset and an equivalent amount of €29.277 as obligations under leases, related to the rental expense. When measuring obligations under leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019, which it is estimated at 3,5%. The right-of-use asset is amortised over the period of lease contract (note 13).

The fair values of lease obligations approximate to their carrying amounts as presented above.

The exposure of the Company to interest rate risk in relation to financial instruments is reported in note 24 to the financial statements.

**21. Trade and other payables**

	2019 €	2018 €
Trade payables	475.714	1.868
Social insurance and other taxes payable	13.262	6.256
Other creditors	5.642	5.667
Accruals	14.004	8.502
Directors' and ultimate shareholders credit balances (Note 23 (vi))	1.602	2.102
Payables to related companies (Note 23 (v))	<u>8.305</u>	<u>28.433</u>
	<u>518.529</u>	<u>52.828</u>

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**21. Trade and other payables (continued)**

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

An amount of €475.000 in trade payables represents a deposit made by a third party as per the terms of a Deliverable Currency Option transaction entered into by the Company on 29 November 2019 with expiration date 20 January 2020.

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 24 to the financial statements.

**22. Refundable tax**

	2019 €	2018 €
Corporation tax	-	500
	<u>-</u>	<u>500</u>

**23. Related party transactions**

Since 14 December 2017, the Company is controlled by Wise Wolves Group Ltd, incorporated in Cyprus, which owns 100% of the Company's shares.

The transactions and balances with related parties are as follows:

**(i) Directors' remuneration**

The remuneration of Directors and other members of key management was as follows:

	2019 €	2018 €
Non-executive directors' fees	18.000	12.242
Executive directors' salaries	<u>44.527</u>	<u>101.879</u>
	<u>62.527</u>	<u>114.121</u>

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

## 23. Related party transactions (continued)

## (ii) Income

		2019	2018
		€	€
	<u>Nature of transactions</u>		
Wise Wolves Investments Ltd	Brokerage services	253.115	71.957
Staya Limited (BVI)	Brokerage services	92.395	74.802
Staya Limited (CY)	Brokerage services	147.577	-
Wise Wolves Trust Ltd/Staya Trust	Brokerage services	4.079	-
Wise Wolves Group Ltd	Brokerage services	3.001	-
		<u>500.167</u>	<u>146.759</u>

## (iii) Expenses

		2019	2018
		€	€
	<u>Nature of transactions</u>		
Wise Wolves Capital (EU) Ltd	Rent	15.126	16.084
Wise Wolves Fintech Ltd	Software licenses	-	15.000
Wise Wolves Capital (EU) Ltd	Other Professional fees	-	1.245
Wise Wolves Capital (EU) Ltd	Medical insurance recharge	-	2.005
Wise Wolves Capital (EU) Ltd	Expenses on behalf	3.029	-
Wise Wolves Payment Institution Ltd	PSP charges	11.688	-
		<u>29.843</u>	<u>34.334</u>

## (iv) Receivables from related companies (Note 15)

		2019	2018
		€	€
<u>Name</u>	<u>Nature of transactions</u>		
Staya Limited (BVI)	Trade	-	1.071
Wise Wolves Investments Ltd	Trade	3.827	100
Staya Limited (BVI)	Trade	17.647	-
Wise Wolves Payment Institution Ltd	Trade	300	-
Wise Wolves Group Ltd	Trade	100	-
		<u>21.874</u>	<u>1.171</u>

The receivables from related companies are interest free and have no specified repayment date.

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**23. Related party transactions (continued)****(v) Payables to related companies (Note 21)**

		2019	2018
		€	€
<u>Name</u>	<u>Nature of transactions</u>		
Wise Wolves Capital (EU) Ltd	Trade	4,529	28,433
Wise Wolves Fintech Ltd	Finance	<u>3,833</u>	<u>-</u>
		<u>8,362</u>	<u>28,433</u>

The payables to related companies are interest free and have no specified repayment date.

**(vi) Directors' and ultimate shareholders' credit balances (Note 21)**

	2019	2018
	€	€
Anna Stopnevich	<u>1,602</u>	<u>2,102</u>

The director's and ultimate shareholder's current accounts are interest free and have no specified repayment date.

**24. Financial instruments - fair values and risk management****Financial risk factors**

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

**(i) Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has credit risk mainly resulting from deposits with banks and brokers and from investments in debt securities. The Company has policies in place to ensure that it uses credit insitutions and brokers with appropriate credit history and quality in order to limit its credit exposure and investing in debt securities that represent listed securities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**24. Financial instruments - fair values and risk management (continued)**

(i) <i>Credit risk</i> (continued)	2019	2018
	€	€
Financial assets at fair value through profit or loss	4.040.027	-
Trade and other receivables	798.019	104.008
Bank current accounts	477.400	911.814
Cash with brokers and payment service providers	138.203	10.000
Fixed-term bank deposits	6.050	128.850
Receivables from related companies	<u>21.874</u>	<u>1.171</u>
	<u>5.481.573</u>	<u>1.155.843</u>

**Cash and cash equivalents**

The table below shows an analysis of the Company's fixed-term bank deposits, bank current accounts and cash with brokers and payment service providers by the credit rating of the institution in which they are held:

<u>Based on credit ratings by Moody's</u>	<u>No of</u>	2019	2018
	<u>institutions</u>	€	€
Ba2	1	30	-
Baa3	1	469.290	896.351
Caa1	1	-	87
Without credit rating	<u>3</u>	<u>152.333</u>	<u>154.226</u>
Total, before expected credit loss	<u>6</u>	<u>621.653</u>	<u>1.050.664</u>

**(ii) *Liquidity risk***

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses, such as maintaining sufficient cash and other highly liquid current assets and by having access to credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2019	Carrying amounts €	Contractual cash flows €	Within 12 months €	Between 1-5 years €	More than 5 years €
Obligations under leases	14.890	15.126	15.126	-	-
Obligations under REPO agreements	1.954.253	1.954.253	1.954.253	-	-
Trade and other payables	495.356	495.356	495.356	-	-
Payables to related parties	<u>9.907</u>	<u>9.907</u>	<u>9.907</u>	<u>-</u>	<u>-</u>
	<u>2.474.406</u>	<u>2.474.642</u>	<u>2.474.642</u>	<u>-</u>	<u>-</u>

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**24. Financial instruments - fair values and risk management (continued)****(ii) Liquidity risk (continued)**

31 December 2018	Carrying amounts €	Contractual cash flows €	Within 12 months €	Between 1-5 years €	More than 5 years €
Trade and other payables	16.036	16.036	16.036	-	-
Payables to related parties	<u>30.535</u>	<u>30.535</u>	<u>30.535</u>	<u>-</u>	<u>-</u>
	<u>46.571</u>	<u>46.571</u>	<u>46.571</u>	<u>-</u>	<u>-</u>

**(iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Price risk**

The Company is exposed to financial risks arising from changes in prices of equity securities, debt securities and index options. The Board of Directors monitors such changes in prices, as well as the mix of instruments in its portfolio and acts accordingly.

**Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2019 €	2018 €
<i>Fixed rate instruments</i>		
Financial assets	<u>2.754.249</u>	<u>-</u>
	<u>2.754.249</u>	<u>-</u>

**Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the U.S. Dollar and Russian Rouble. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

## 24. Financial instruments - fair values and risk management (continued)

(iii) *Market risk* (continued)*Currency risk* (continued)

The Company's exposure to foreign currency risk was as follows:

31 December 2019	United States Dollars €	British Pounds €	Russian Rouble €
<b>Assets</b>			
Financial assets at fair value through profit or loss	2,446,616	-	-
Accrued coupon interest income	2,655	-	-
Cash with brokers and payment service providers	135,262	-	-
Bank current accounts	<u>42,452</u>	<u>-</u>	<u>159</u>
	<u>2,626,985</u>	<u>-</u>	<u>159</u>
Net exposure	<u>2,626,985</u>	<u>-</u>	<u>159</u>
31 December 2018	United States Dollars €	British Pounds €	Russian Rouble €
<b>Assets</b>			
Bank current accounts	<u>780</u>	<u>-</u>	<u>20</u>
	<u>780</u>	<u>-</u>	<u>20</u>
<b>Liabilities</b>			
Trade Payables	<u>(502)</u>	<u>(384)</u>	<u>-</u>
	<u>(502)</u>	<u>(384)</u>	<u>-</u>
Net exposure	<u>278</u>	<u>(384)</u>	<u>20</u>

The following significant exchange rates have been applied during the year against Euro:

	Average rate		Year-end spot rate	
	2019 €	2018 €	2019 €	2018 €
USD	1,1195	1,1810	1,1234	1,1450
GBP	0,8778	0,8847	0,8508	0,8945
RUR	<u>72,4553</u>	<u>74,0400</u>	<u>69,9600</u>	<u>79,7153</u>



## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**24. Financial instruments - fair values and risk management (continued)****Capital management**

The Company's objectives when managing capital are (i) to comply with the capital requirements set by the regulator (CySEC), (ii) to safeguard the Company's ability to continue as a going concern and (iii) to maintain a strong capital base to support the development of the business. The Company's policy of capital management is designated to maintain the capital base sufficient to keep the confidence of customers, creditors, other market participants and to secure the future development of the Company.

Capital adequacy and the use of the regulatory capital are monitored by the Company's management on a constant basis. The Company falls under the consolidation supervision. The Company submits the relevant capital adequacy returns to the Regulator on a quarterly basis. The Company maintains only Common Equity Tier 1 ("CET1") capital as eligible own funds. The book value of intangible assets and specific contributions relating to the Investors Compensation Fund are deducted in arriving at CET1 capital. The risk weighted assets are measured by means of a hierarchy of risk weights classified according to their nature and reflecting an estimate of credit, market, operational and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

The legal and regulatory framework under which the Company operates, stipulates that for the financial year ending 31 December 2019, the Company was subject to a minimum capital adequacy ratio of 10,50%, which includes the 8% Pillar 1 minimum plus a capital conservation buffer of 2,50%. Furthermore, the Company was also subject to a Countercyclical Capital Buffer which it may fall from 0% to 2,50% for 2019. The method of calculation is based on the provisions of the European Regulation No. 575/2013 ("CRR"), as subsequently amended, and Directives 144-2014-14 & 14(A) for the Prudential Supervision of Investment Firms and 144-2014-15 on the National Discretions arising from the CRR, of the Cyprus Securities and Exchange Commission ("CySEC"). The Company aims to maintain a high capital adequacy ratio well above the required minimum. Additional information in relation to the capital requirements and management of risks is disclosed in the Company's Pillar III Disclosures for the year under review that are available on the Company's website.

**25. Financial instruments by category**

31 December 2019

	Fair value through profit or loss - mandatorily €	Financial assets at amortised cost €	Total €
<b>Financial assets as per statement of financial position:</b>			
Trade and other receivables	-	805.063	805.063
Cash and cash equivalents	-	619.401	619.401
Financial assets at fair value through profit or loss	4.040.027	-	4.040.027
Receivables from related parties	-	21.874	21.874
Total	<u>4.040.027</u>	<u>1.446.338</u>	<u>5.486.365</u>

## WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2019**25. Financial instruments by category (continued)**

	Other liabilities €	Total €
<b>Financial liabilities as per statement of financial position:</b>		
Obligations under REPO agreements	1.954.253	1.954.253
Obligations under leases	14.890	14.890
Trade and other payables	481.356	481.356
Payables to related parties	<u>9.907</u>	<u>9.907</u>
Total	<u><u>2.460.406</u></u>	<u><u>2.460.406</u></u>

31 December 2018

	Loans and receivables €	Total €
<b>Financial assets as per statement of financial position:</b>		
Trade and other receivables	103.378	103.378
Cash and cash equivalents	1.048.365	1.048.365
Receivables from related parties	<u>1.171</u>	<u>1.171</u>
Total	<u><u>1.152.914</u></u>	<u><u>1.152.914</u></u>

	Other liabilities €	Total €
<b>Financial liabilities as per statement of financial position:</b>		
Trade and other payables	16.035	16.035
Payables to related parties	<u>30.535</u>	<u>30.535</u>
Total	<u><u>46.570</u></u>	<u><u>46.570</u></u>

**26. Off balance sheet items**

The Company in order to facilitate its clients' trading activities, has opened clients' accounts with various banks and brokers. In such bank and broker accounts the Company holds clients' assets (cash and securities) under a fiduciary capacity. As such, those assets are not recognised in the financial statements.

As at end of the year the Company kept, on behalf of its clients, cash amounting to €1.054.756.

Also at the end of the year, the Company held on behalf of clients, under a fiduciary capacity, financial instruments representing equity securities, bonds and promissory notes.

**WISE WOLVES FINANCE LTD****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2019****27. Events after the reporting period**

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures will slow down both the broader Cyprus and world economies and probably the operations of the Company specifically the level of trading activity and the market prices of financial assets.

**WISE WOLVES FINANCE LTD**

**ADDITIONAL INFORMATION**

For the year ended 31 December 2019

**WISE WOLVES FINANCE LTD**

**ADDITIONAL INFORMATION**

**For the year ended 31 December 2019**

	Schedule
Computation of wear and tear allowances	1
Computation of special contribution to the defence fund	2
Computation of corporate tax	3



## WISE WOLVES FINANCE LTD

COMPUTATION OF SPECIAL CONTRIBUTION TO THE DEFENCE FUNDFor the year ended 31 December 2019

	Income €	Rate	Special contribution to the defence fund € c
INTEREST			
Interest on tax refunded	25		
Bank interest on fixed-term deposits	<u>750</u>		
	<u>775</u>	30%	232,50
Less: deductions at source			<u>(232,50)</u>
SPECIAL CONTRIBUTION TO THE DEFENCE FUND DUE TO IRD			<u>-</u>



## WISE WOLVES FINANCE LTD

COMPUTATION OF CORPORATE TAXFor the year ended 31 December 2019

	Schedule	€	€
Net profit before tax per income statement			321.300
<u>Add:</u>			
Depreciation and amortisation		16.149	
Expected credit losses		1.121	
Unrealised loss on trading in financial instruments		6.912	
Fair value losses on financial assets at fair value through profit or loss		13.953	
Foreign exchange loss		74.599	
Registrar annual fee		350	
Fines		443	
Interest on lease liability		<u>739</u>	
			<u>114.266</u>
			435.566
<u>Less:</u>			
Annual wear and tear allowances	1	5.037	
Interest income on fixed-term deposits		775	
Rent expense of right-to-use asset		15.126	
National interest deduction on injection of capital		103.884	
Notional interest expense on payables to related companies		<u>6</u>	
			<u>(124.828)</u>
Chargeable income for the year			<u><u>310.738</u></u>
Loss brought forward			<u>(387.627)</u>
Loss carried forward			<u><u>(76.889)</u></u>

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset		Gains Offset	
		Amount €	Year	Amount €	Year	Amount €	Year
	€						
2017	(176.866)	176.866	2019	-	-	-	-
2018	(210.761)	133.872	2019	-	-	-	-
2019	310.738	-		-	-	-	-

Net tax loss carried forward € (76.889)