

WISE WOLVES FINANCE LTD
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2020

WISE WOLVES FINANCE LTD
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2020

C O N T E N T S

	<u>Page</u>
Officers and Professional Advisors	1
Management Report	2 - 4
Independent Auditors' report	5 - 7
Statement of financial position	8
Statement of comprehensive income	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 41

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

Board of Directors	Sergey Stopnevich Yevheniya Savchenko Paschalides Svitlana Morozyk Anton Zykov (appointed on 23 December 2020) Anna Stopnevich (resigned on 23 December 2020)
Secretary	Wise Wolves Secretary Ltd
Independent Auditors	KPMG Limited
Legal Advisors	Wise Wolves Capital (EU) Ltd
Bankers	Eurobank Cyprus Ltd Rosbank PJSC Moscow Credit Bank PJSC Ronin Europe Ltd Renaissance Securities (Cyprus) Ltd Alfa Capital Markets Ltd Omega Funds Investment Ltd Sova Capital Limited Atonline Limited Wise Wolves Payment Institution Limited GPB Financial Services Ltd Raiffeisen Bank International AG Region Broker Company LLC
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 2020.

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 2020 are set out on page 9 to the financial statements. The net profit for the year attributable to the shareholders of the Company amounted to €316.448 (2019: €321.067).

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

The current financial position as presented in the financial statements is considered satisfactory.

REVENUE

The Company's revenue for the year ended 31 December 2020 was €1.339.034 (2019: €1.028.859).

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 23 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****Authorised capital**

Under its Memorandum the Company fixed its share capital at 5.000 ordinary shares of nominal value of €1 each.

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. The total share premium for the year amounted to €1.599.375.

On 30 June 2020, the Company issued additional 50 shares of €1 each, at a share premium of €9.999 each. On 21 August 2020, the Company issued additional 80 shares at €1 each, at a share premium of €9.999 each. On 29 December 2020, the Company issued additional 40 shares at €1 each, at a share premium of €9.999 each. The total share premium for the year amounted to €1.699.830.

BRANCHES

During the year ended 31 December 2020 the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. On 23 December 2020, Mrs. Anna Stopnevich was resigned and at the same date Mr. Anton Zykov was appointed.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in note 22 to the financial statements.

WISE WOLVES FINANCE LTD**MANAGEMENT REPORT** (continued)**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 2021

KPMG Limited
Chartered Accountants
11, June 16th 1943 Street, 3022 Limassol, Cyprus
P.O.Box 50161, 3601 Limassol, Cyprus
T: +357 25 869000, F: +357 25 363842

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 8 to 41 and comprise the statement of financial position as at 31 December 2020, 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 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "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 Code of Ethics (including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, 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.

Nicosia
P.O. Box 21121, 1502
T: +357 22 209000
F: +357 22 678200

Paphos
P.O. Box 60288, 8101
T: +357 26 943050
F: +357 26 943062

Polis Chrysochous
P.O. Box 66014, 8330
T: +357 26 322098
F: +357 26 322722

Larnaca
P.O. Box 40075, 6300
T: +357 24 200000
F: +357 24 200200

Paralimni / Ayia Napa
P.O. Box 33200, 5311
T: +357 23 820080
F: +357 23 820084

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, except as required by the Companies Law, Cap.113.

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.

With regards to the management report, our report in this regard is presented in the "Report on other legal requirements" section.

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 IFRS-EU 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 there is an intention to either liquidate the Company or to cease operations, or there is 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.

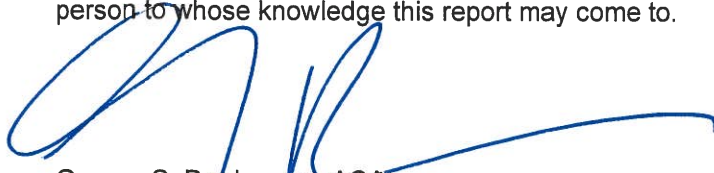
Report on other legal requirements

Pursuant to the additional requirements of the Auditors Law 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's 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 Law L.53(I)/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 2021

WISE WOLVES FINANCE LTD

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 €	2019 €
Assets			
Non-current assets			
Right-of-use asset	12	17.127	14.639
Intangible assets	13	<u>10.404</u>	<u>11.915</u>
Total non-current assets		<u>27.531</u>	<u>26.554</u>
Current assets			
Receivables under reverse REPO agreements	14	744.325	-
Trade and other receivables	15	81.373	137.903
Financial assets at FVTPL	16	1.002.252	1.953.497
Pledged financial assets at FVTPL	16	5.873.502	2.086.530
Cash and cash equivalents	17	<u>2.129.950</u>	<u>1.323.291</u>
Total current assets		<u>9.831.402</u>	<u>5.501.221</u>
Total assets		<u>9.858.933</u>	<u>5.527.775</u>
Equity			
Share capital	18	4.095	3.925
Share premium		4.795.905	3.096.075
Reserves		<u>256.551</u>	<u>(59.897)</u>
Total equity		<u>5.056.551</u>	<u>3.040.103</u>
Liabilities			
Current liabilities			
Obligations under REPO agreements	19	4.743.073	1.954.253
Obligations under leases	20	17.385	14.890
Trade and other payables	21	<u>41.924</u>	<u>518.529</u>
Total current liabilities		<u>4.802.382</u>	<u>2.487.672</u>
Total equity and liabilities		<u>9.858.933</u>	<u>5.527.775</u>

On 21 April 2021 the Board of Directors of Wise Wolves Finance Ltd approved and authorised these financial statements for issue.



.....
Sergey Stopnevich
Director



.....
Anton Zykov
Director

The notes on pages 12 to 41 are an integral part of these financial statements.

WISE WOLVES FINANCE LTD

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 €	2019 €
Net trading income	7	1.339.034	1.028.859
Direct operating expenses	8	<u>(282.833)</u>	<u>(100.067)</u>
Net trading income		1.056.201	928.792
Administrative and promotion expenses	9	(669.154)	(505.302)
Expected credit losses		<u>(12.764)</u>	<u>(1.121)</u>
Operating profit		<u>374.283</u>	<u>422.369</u>
Finance income	10	158	1.035
Finance costs	10	<u>(57.993)</u>	<u>(102.104)</u>
Profit before tax		316.448	321.300
Tax	11	<u>-</u>	<u>(233)</u>
Profit for the year		<u>316.448</u>	<u>321.067</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>316.448</u></u>	<u><u>321.067</u></u>

The notes on pages 12 to 41 are an integral part of these financial statements.

WISE WOLVES FINANCE LTD

STATEMENT OF CHANGES IN EQUITYFor the year ended 31 December 2020

	Note	Share capital €	Share premium €	Retained earnings / (Accumulated losses) €	Total €
Balance at 1 January 2019		3.300	1.496.700	(380.964)	1.119.036
Comprehensive income					
Profit for the year		-	-	321.067	321.067
Transactions with owners					
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>
Balance at 1 January 2020		3.925	3.096.075	(59.897)	3.040.103
Comprehensive income					
Profit for the year		-	-	316.448	316.448
Transactions with owners					
Issue of share capital	18	<u>170</u>	<u>1.699.830</u>	-	<u>1.700.000</u>
Balance at 31 December 2020		<u>4.095</u>	<u>4.795.905</u>	<u>256.551</u>	<u>5.056.551</u>

Share premium is not available for distribution.

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 12 to 41 are an integral part of these financial statements.

WISE WOLVES FINANCE LTD

STATEMENT OF CASH FLOWSFor the year ended 31 December 2020

	Note	2020 €	2019 €
Cash flows from operating activities			
Profit for the year		316.448	321.067
Adjustments for:			
Depreciation of right of use asset	12	17.127	14.638
Foreign exchange loss		44.061	121.513
Amortisation of computer software	13	1.511	1.511
Net (gain)/loss on financial assets at fair value through profit or loss		(645.885)	13.953
Fair value losses on other investments		-	-
Expected credit losses		12.764	2.919
Dividend income	7	(5.323)	-
Interest income	7, 10	(159.391)	(17.723)
Interest expense	10	880	4.604
Taxation expense		-	233
Cash (used in)/generated from operations before working capital changes		<u>(417.808)</u>	<u>462.715</u>
Increase in receivable REPO agreements		(744.325)	-
Decrease/(increase) in trade and other receivables		56.530	(28.330)
Increase in financial assets at fair value through profit or loss		(2.190.962)	(1.962.657)
Decrease in fixed term bank deposits		2.200	122.800
(Decrease)/increase in trade and other payables		(476.605)	465.701
Decrease in pledged financial assets at FVTPL		-	(2.086.530)
Cash used in operations		<u>(3.770.970)</u>	<u>(3.026.301)</u>
Interest received		159.391	10.727
Dividends received		5.323	-
Tax refunded		-	267
Net cash used in operating activities		<u>(3.606.256)</u>	<u>(3.015.307)</u>
Cash flows from investing activities			
Interest received		-	1.035
Net cash generated from investing activities		<u>-</u>	<u>1.035</u>
Cash flows from financing activities			
Proceeds from issue of share capital		1.700.000	1.600.000
Repayments of obligations under leases		(18.000)	(15.126)
Proceeds from REPO agreements		2.788.820	1.954.253
Foreign exchange loss		(44.061)	(121.513)
Interest paid		(880)	(3.865)
Net cash generated from financing activities		<u>4.425.879</u>	<u>3.413.749</u>
Net increase in cash and cash equivalents		819.623	399.477
Cash and cash equivalents at beginning of the year		<u>1.323.291</u>	<u>921.814</u>
Cash and cash equivalents at end of the year	17	<u>2.142.914</u>	<u>1.321.291</u>

The notes on pages 12 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 2020

1. Reporting entity

Wise Wolves Finance Ltd (the "Company") is domiciled in Cyprus. 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. 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)

As from 1 January 2020, the Company adopted all changes to International Financial Reporting Standards (IFRSs) as adopted by the EU, which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Company.

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 2020

5. Use of estimates and judgements

In preparing these financial statements, management has made judgements, 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:

- "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 2020****6. Significant accounting policies**

The following accounting policies have been applied consistently for all the years presented in these financial statements.

6.1 Revenue recognition**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.

6.2 Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

6.3 Finance costs

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.

6.4 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 (€).

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

For the year ended 31 December 2020

6. Significant accounting policies (continued)**6.4 Foreign currency translation (continued)****(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.

6.5 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.

6.6 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.

6.7 Leases

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.

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

For the year ended 31 December 2020

6. Significant accounting policies (continued)**6.7 Leases (continued)****The Company as 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. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 costs 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.

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 the right-of-use assets are determined on the same basis as those of property and equipment. 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.

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.

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.

6.8 Financial instruments***6.8.1 Recognition and initial measurement***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.8 Financial instruments (continued)**

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. A trade receivable without a significant financing component is initially measured at the transaction price.

6.8.2 Classification and subsequent measurement**6.8.2.1 Financial assets**

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

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Significant accounting policies (continued)

6.8 Financial instruments (continued)

Financial assets - Business model assessment

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. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

Financial assets - 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;

WISE WOLVES FINANCE LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2020****6. Significant accounting policies (continued)****6.8 Financial instruments (continued)**

–prepayment and extension features; and

–terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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.

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

For the year ended 31 December 2020

6. Significant accounting policies (continued)**6.8 Financial instruments (continued)****6.8.2.2 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.

6.8.3 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.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies** (continued)**6.8 Financial instruments** (continued)

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.

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.

- 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.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**6. Significant accounting policies (continued)****6.8 Financial instruments (continued)**

- 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.

6.9 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.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Significant accounting policies (continued)

6.9 Derecognition of financial assets and liabilities (continued)

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.

	2020	2019
	€	€
Carrying amount of assets	5.873.502	2.086.530
Carrying amount of associated liabilities	(5.625.600)	(1.954.253)

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.

6.10 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.

6.11 Impairment of non-financial assets

Assets (other than biological assets, investment property, inventories and deferred tax assets) that have an

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. Significant accounting policies (continued)

6.11 Impairment of non-financial assets (continued)

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. Goodwill is tested annually for impairment.

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.

6.12 Share capital

Ordinary shares are classified as equity.

6.13 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, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

6.14 Comparatives

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

7. Net trading income

	2020 €	2019 €
Brokerage fee/commission	522.039	1.029.374
Dividend income	5.323	-
Reimbursement from brokers	5.159	-
Net gain/(loss) on financial assets at fair value through profit or loss	645.885	(20.865)
Coupon interest income	159.233	16.688
Loss from dual currency trading	-	(814)
Interest income from REPO transactions	<u>1.395</u>	<u>4.476</u>
	<u>1.339.034</u>	<u>1.028.859</u>

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**8. Direct operating expenses**

	2020 €	2019 €
Safekeeping charge	26.088	21.956
Interest Expense on REPO Deals	5.503	6.044
Commissions	-	10.366
Subscriptions	90.061	54.864
Broker charges and other fees	161.139	2.708
Insurance fees	-	3.833
Other brokerage services	42	296
	<u>282.833</u>	<u>100.067</u>

9. Administrative and promotion expenses

	2020 €	2019 €
Staff costs	506.358	364.992
Non executive directors' fees	12.000	18.000
Sundry staff costs	2.568	4.402
CYSEC fees	20.658	19.762
Insurance	701	476
Telephone and postage	-	407
IT supplies and licenses	3.803	343
Independent auditors' remuneration - current year	15.000	15.100
Independent auditors' remuneration - prior years	(1.970)	285
Legal fees	16.395	16.271
Other professional fees	37.350	22.337
Travelling	4.579	17.059
Irrecoverable VAT	26.455	8.556
Fines	111	443
Registrar annual fee	350	350
Amortisation of computer software	1.511	1.511
Depreciation charge on right-to-use asset	17.127	14.638
Sundry expenses	6.158	370
	<u>669.154</u>	<u>505.302</u>

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

10. Net finance income and (costs)

	2020 €	2019 €
Finance income		
Bank interest	-	750
Interest on margin call accounts	29	260
Other interest income	129	-
Interest income on tax refunds	-	25
	<u>158</u>	<u>1,035</u>
Finance costs		
Interest on obligations under lease	(880)	(739)
Bank overdraft interest	-	(3,865)
Bank and payment service providers charges	(13,052)	(22,901)
Foreign exchange loss	(44,061)	(74,599)
	<u>(57,993)</u>	<u>(102,104)</u>

11. Taxation

	2020 €	2019 €
Special contribution to the defence fund year	-	233
Charge for the year	-	233
	<u>-</u>	<u>233</u>

Reconciliation of tax based on the taxable income and tax based on accounting profits:

	2020 €	2019 €
Accounting profit before tax	<u>316,448</u>	<u>321,300</u>
Tax calculated at the applicable tax rates	39,556	40,163
Tax effect of expenses not deductible for tax purposes	33,982	14,283
Tax effect of allowances and income not subject to tax	(83,958)	(15,604)
Tax effect of tax losses brought forward	-	(38,842)
Tax effect of loss for the year	10,420	-
Special contribution to the defence fund	-	233
Tax as per statement of comprehensive income - charge	<u>-</u>	<u>233</u>

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**11. Taxation (continued)**

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%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Tax losses may be carried forward for five years. Group companies may deduct losses against profits arising during the same tax year. As at 31 December 2020, the balance of tax losses which is available for offset against future taxable profits amounts to €79.918 for which no deferred tax asset is recognised in the statement of financial position.

12. Right-of-use asset

2020	Right of use asset €
Cost	
Balance at 1 January	29.277
Lease term modifications	<u>22.104</u>
Balance at 31 December	<u>51.381</u>
Amortisation	
Balance at 1 January	14.638
Amortisation for the year	17.127
Lease term modifications	<u>2.489</u>
Balance at 31 December	<u>34.254</u>
Carrying amounts	
Balance at 31 December	<u><u>17.127</u></u>
2019	Right of use asset €
Cost	
Additions	<u>29.277</u>
Balance at 31 December	<u>29.277</u>
Amortisation	
Amortisation for the year	<u>14.638</u>
Balance at 31 December	<u>14.638</u>
Carrying amounts	
Balance at 31 December	<u><u>14.639</u></u>

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**12. Right-of-use asset (continued)**

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. In 2019, the right-of-use asset was amortised over a period of two years from 1 January 2019 to 31 December 2020. However, due to lease term modifications made during 2020, the right-of-use asset was recalculated and adjusted accordingly, in order to reflect changes made in relation to the leasing period, which has been extended.

The right-of-use asset is amortised over the period of the lease contract which expires on 31/12/2021.

When measuring obligations under leases, the Company discounted lease payments using its incremental borrowing rate, which is estimated at 3,5%.

13. Intangible assets

2020	Computer software €
Cost	
Balance at 1 January	<u>15.111</u>
Balance at 31 December	<u>15.111</u>
Amortisation	
Balance at 1 January	3.196
Amortisation for the year	<u>1.511</u>
Balance at 31 December	<u>4.707</u>
Carrying amounts	
Balance at 31 December	<u><u>10.404</u></u>
2019	Computer software €
Cost	
Balance at 1 January	<u>15.111</u>
Balance at 31 December	<u>15.111</u>
Amortisation	
Balance at 1 January	1.685
Amortisation for the year	<u>1.511</u>
Balance at 31 December	<u>3.196</u>
Carrying amounts	
Balance at 31 December	<u><u>11.915</u></u>

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**14. Receivables under reverse REPO agreements**

Current assets	2020 €	2019 €
Receivables under reverse REPO agreements (Note 22 (iv))	<u>744.325</u>	<u>-</u>
	<u>744.325</u>	<u>-</u>

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 23 to the financial statements.

15. Trade and other receivables

	2020 €	2019 €
Trade receivables	500	38.341
Receivables from related companies (Note 22 (iv))	-	21.874
Accrued coupon income	-	5.961
Investors compensation fund	54.667	56.871
Other receivables	12.692	-
Refundable VAT	<u>13.514</u>	<u>14.856</u>
	<u>81.373</u>	<u>137.903</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 23 to the financial statements.

16. Financial assets at FVTPL

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

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**16. Financial assets at FVTPL (continued)**

	2020 €	2019 €
Current investments - mandatorily at FVTPL		
Debt securities publicly traded	6.657.675	4.038.725
Equity securities publicly traded	<u>218.079</u>	<u>1.302</u>
	<u><u>6.875.754</u></u>	<u><u>4.040.027</u></u>
Debt securities publicly traded - pledged under REPO agreements	5.873.502	2.086.530
Debt securities publicly traded - not pledged	<u>784.173</u>	<u>1.952.195</u>
	<u><u>6.657.675</u></u>	<u><u>4.038.725</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.

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 23 to the financial statements.

17. Cash and cash equivalents

Cash and cash equivalents balances are analysed as follows:

	2020 €	2019 €
Cash with brokers and payment service providers	2.082.875	843.891
Bank current accounts	60.039	477.400
Fixed term bank deposits	3.850	6.050
Accumulated impairment losses on cash and cash equivalents	<u>(16.814)</u>	<u>(4.050)</u>
	<u><u>2.129.950</u></u>	<u><u>1.323.291</u></u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 23 to the financial statements.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**18. Share capital**

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €1 each	<u>5.000</u>	<u>-</u>	<u>5.000</u>	<u>-</u>
Issued and fully paid				
Balance at 1 January	3.925	3.925	3.300	3.300
Issue of shares	<u>170</u>	<u>170</u>	<u>625</u>	<u>625</u>
Balance at 31 December	<u>4.095</u>	<u>4.095</u>	<u>3.925</u>	<u>3.925</u>

Authorised capital

Under its Memorandum the Company fixed its share capital at 5.000 ordinary shares of nominal value of €1 each.

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. The total share premium for the year amounted to €1.599.375.

On 30 June 2020, the Company issued additional 50 shares of €1 each, at a share premium of €9.999 each. On 21 August 2020, the Company issued additional 80 shares at €1 each, at a share premium of €9.999 each. On 29 December 2020, the Company issued additional 40 shares at €1 each, at a share premium of €9.999 each. The total share premium for the year amounted to €1.699.830.

19. Obligations under REPO agreements

	2020 €	2019 €
Current liabilities		
Obligations under REPO agreements	<u>4.743.073</u>	<u>1.954.253</u>

Carrying amount of collateral provided in respect of the above €5.873.502 (2019: €2.086.530).

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

19. Obligations under REPO agreements (continued)

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.

The exposure of the Company to interest rate risk in relation to financial instruments is reported in note 23 to the financial statements.

20. Obligations under lease

	2020 €	2019 €
Balance at 1 January	14.890	-
Additions	22.104	29.277
Repayments	(18.000)	(15.126)
Interest charge on lease liability	880	739
Adjustment due to lease modification	(2.489)	-
Balance at 31 December	<u>17.385</u>	<u>14.890</u>

	Minimum lease payments 2020 €	Interest 2020 €	Principal 2020 €	Minimum lease payments 2019 €	Interest 2019 €	Principal 2019 €
Within one year	<u>18.000</u>	<u>615</u>	<u>17.385</u>	<u>15.126</u>	<u>236</u>	<u>14.890</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. In 2019, the right-of-use asset was amortised over a period of two years from 1 January 2019 to 31 December 2020. However, due to lease term modifications made during 2020, the right-of-use asset was recalculated and adjusted accordingly, in order to reflect changes made in relation to the leasing period, which has been extended.

The right-of-use asset is amortised over the period of the lease contract which expires on 31/12/2021.

When measuring obligations under leases, the Company discounted lease payments using its incremental borrowing rate, which it is estimated at 3,5%.

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 23 to the financial statements.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

21. Trade and other payables

	2020	2019
	€	€
Trade payables	15.093	475.714
Social insurance and other taxes	12.222	13.262
Other creditors	-	5.642
Accruals	13.007	14.004
Shareholder's current account (Note 22 (vi))	1.602	1.602
Payables to related companies (Note 22 (v))	<u>-</u>	<u>8.305</u>
	<u>41.924</u>	<u>518.529</u>

For the year 2019, 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 fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 23 to the financial statements.

22. 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:

	2020	2019
	€	€
Non executive directors' fees	12.000	18.000
Executive directors' salaries	<u>7.843</u>	<u>44.257</u>
	<u>19.843</u>	<u>62.257</u>

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**22. Related party transactions (continued)****(ii) Income**

<u>Name</u>	<u>Nature of transactions</u>	2020 €	2019 €
Wise Wolves Investments Ltd	Brokerage services and other fees	44.506	253.115
Staya Limited (BVI)	Brokerage services and other fees	-	92.395
Staya Limited (CY)	Brokerage services and other fees	2.087	147.577
Wise Wolves Trust Ltd/Staya Trust	Brokerage services and other fees	-	4.079
Wise Wolves Group Ltd	Brokerage services and other fees	16.033	3.001
Woodber Holding Limited	Brokerage services and other fees	49.979	-
		<u>112.605</u>	<u>500.167</u>

(iii) Expenses

<u>Name</u>	<u>Nature of transactions</u>	2020 €	2019 €
Wise Wolves Capital (EU) Ltd	Rent	18.000	15.126
Wise Wolves Capital (EU) Ltd	Rent - VAT	4.790	-
Wise Wolves Capital (EU) Ltd	Annual services	1.850	250
Wise Wolves Capital (EU) Ltd	Expenses on behalf	-	3.029
Wise Wolves Payment Institution Ltd	PSP charges	27.740	11.620
Wise Wolves Investments Ltd	Transfer Fees	400	-
		<u>52.780</u>	<u>30.025</u>

(iv) Receivables under reverse REPO agreements/from related companies (Notes 14 and 15)

<u>Name</u>	<u>Nature of transactions</u>	2020 €	2019 €
Wise Wolves Investments Ltd	Trade	-	3.827
Staya Limited (BVI)	Trade	-	17.647
Wise Wolves Payment Institution Ltd	Expenses paid on behalf	-	300
Wise Wolves Group Ltd	Trade	-	100
Wise Wolves Group Ltd	Repo Deals	658.109	-
Wise Wolves Investment Ltd	Repo Deals	86.216	-
		<u>744.325</u>	<u>21.874</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 2020

22. Related party transactions (continued)

(v) Payables to related companies (Note 21)

<u>Name</u>	<u>Nature of transactions</u>	2020 €	2019 €
Wise Wolves Capital (EU) Ltd	Trading	-	4.529
Wise Wolves Capital (EU) Ltd	SDC on rent	-	(57)
Wise Wolves Fintech Ltd	Finance	-	3.833
		<u>-</u>	<u>8.305</u>

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

(vi) Shareholder's current account (Note 21)

	2020 €	2019 €
Sergey Stopnevich	<u>1.602</u>	<u>1.602</u>

The shareholder's current account is interest free and has no specified repayment date.

23. 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 institutions and brokers with appropriate credit history and quality in order to limit its credit exposure and investing in debt securities that represent listed securities.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

23. Financial instruments - fair values and risk management (continued)*(i) Credit risk (continued)*

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

	2020 €	2019 €
Financial assets at fair value through profit or loss	6.875.754	4.040.027
Trade and other receivables	81.373	137.903
Bank current accounts	60.039	477.400
Cash with brokers and payment service providers	2.082.875	843.891
Fixed term bank deposits	3.850	6.050
Receivables under reverse REPO agreements	<u>744.325</u>	<u>21.874</u>
	<u>9.848.216</u>	<u>5.527.145</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 institutions</u>	2020 €	2019 €
Ba2	1	-	30
Baa3	2	971.843	469.290
Without credit rating	<u>5</u>	<u>1.174.921</u>	<u>152.333</u>
Total, before expected credit loss	<u>8</u>	<u>2.146.764</u>	<u>621.653</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.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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

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 2020	Carrying amounts €	Contractual cash flows €	Within 12 months €	Between 1-5 years €	More than 5 years €
Obligations under finance leases	17.385	18.000	18.000	-	-
Obligations under REPO agreements	4.743.073	4.743.073	4.743.073	-	-
Trade and other payables	40.322	40.322	40.322	-	-
Payables to related parties	<u>1.602</u>	<u>1.602</u>	<u>1.602</u>	-	-
	<u>4.802.382</u>	<u>4.802.997</u>	<u>4.802.997</u>	-	-
31 December 2019	Carrying amounts €	Contractual cash flows €	Within 12 months €	Between 1-5 years €	More than 5 years €
Obligations under finance leases	14.890	15.126	15.126	-	-
Obligations under REPO agreements	1.954.253	1.954.253	1.954.253	-	-
Trade and other payables	508.622	508.622	508.622	-	-
Payables to related parties	<u>9.907</u>	<u>9.907</u>	<u>9.907</u>	-	-
	<u>2.487.672</u>	<u>2.487.908</u>	<u>2.487.908</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.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

23. Financial instruments - fair values and risk management (continued)*(iii) Market risk (continued)**Interest rate risk (continued)*

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

	2020	2019
	€	€
<i>Fixed rate instruments</i>		
Financial assets	6.875.754	4.040.027
Financial liabilities	<u>(4.743.073)</u>	<u>(1.954.253)</u>
	<u>2.132.681</u>	<u>2.085.774</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.

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

31 December 2020	United States Dollars €	Russian Rouble €
<i>Assets</i>		
Financial assets at fair value through profit or loss	1.046.254	-
Cash with brokers and payment service providers	<u>523.551</u>	-
	<u>1.569.805</u>	-
<i>Liabilities</i>		
Oblications under REPO agreements	<u>(764.420)</u>	-
	<u>(764.420)</u>	-
Net exposure	<u>805.385</u>	-

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

23. Financial instruments - fair values and risk management (continued)*(iii) Market risk (continued)**Currency risk (continued)*

31 December 2019	United States Dollars €	Russian Rouble €
<i>Assets</i>		
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>159</u>
Net exposure	<u><u>2.626.985</u></u>	<u><u>159</u></u>

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 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 2020, the Company was required to satisfy at all times the following thresholds:

- (i) Common Equity Tier 1 Ratio of 4,5%,
- (ii) Total Tier 1 Ratio of 6%,
- (iii) Total Capital Adequacy Ratio of 8%.

In addition, on top of the 8% Total Capital Adequacy Ratio, the Company is subject to the following capital buffers, which have to be met exclusively out of CET1 capital:

- (i) Capital Conservation Buffer of 2,5%
- (ii) Countercyclical Capital Buffer which may range from 0% to 2,5%

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.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2020**23. Financial instruments - fair values and risk management (continued)**

The Company falls under the consolidation supervision by the Cyprus Securities and Exchange Commission. Additional information in relation to the capital requirements and management of risks is disclosed in the Groups Consolidated Pillar III Disclosures for the year under review that are available in the Company's website.

The capital adequacy and overall risk management requirements that currently apply to the Company under the CRR and CRDIV prudential framework, will be replaced by amended prudential rules established by the EU Regulation 2019/2033 ("Investment Firm Regulation" or "IFR") and the EU Directive 2019/2034 ("Investment Firm Directive" or "IFD"), which shall become applicable on 26th of June 2021. The new rules introduce changes in the methodologies that EU investment firms are required to apply for calculating their exposures to risk and their capital adequacy ratio and in this respect, the Company is in the process of assessing the impact that these changes are expected to have on its solvency position, in order to take timely action and be in a position to adopt the new rules.

24. Financial instruments by category

31 December 2020	Financial assets at fair value through profit or loss - mandatorily €	Financial assets at amortised cost €	Total €
Financial assets as per statement of financial position:			
Trade and other receivables	-	81.373	81.373
Receivables under REPO agreements	-	744.325	744.325
Cash and cash equivalents	-	2.146.764	2.146.764
Financial assets at fair value through profit or loss	<u>6.875.754</u>	<u>-</u>	<u>6.875.754</u>
Total	<u>6.875.754</u>	<u>2.972.462</u>	<u>9.848.216</u>
		Other liabilities €	Total €
Liabilities as per statement of financial position:			
Obligations under REPO agreements		4.743.073	4.743.073
Obligations under leases		17.385	17.385
Trade and other payables		<u>41.924</u>	<u>41.924</u>
Total		<u>4.802.382</u>	<u>4.802.382</u>

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

24. Financial instruments by category (continued)
31 December 2019

	Financial assets at fair value through profit or loss - mandatorily €	Financial assets at amortised cost €	Total €
Assets as per statement of financial position:			
Trade and other receivables	-	137.903	137.903
Cash and cash equivalents	-	1.327.341	1.327.341
Financial assets at fair value through profit or loss	<u>4.040.027</u>	<u>-</u>	<u>4.040.027</u>
Total	<u>4.040.027</u>	<u>1.465.244</u>	<u>5.505.271</u>
		Other liabilities €	Total €
Liabilities as per statement of financial position:			
Obligations under REPO agreements		1.954.253	1.954.253
Obligations under leases		14.890	14.890
Trade and other payables		508.622	508.622
Payables to related parties		<u>9.907</u>	<u>9.907</u>
Total		<u>2.487.672</u>	<u>2.487.672</u>

25. 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 €794.482 (2019: €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.

