WISE WOLVES FINANCE LTD

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

WISE WOLVES FINANCE LTD

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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WISE WOLVES FINANCE LTD

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Sergey Stopnevich, Executive Timur Gubaydulin, Executive (effective appointment date on 01 May 2023) Anton Zykov, Executive (effective resignation date on 1 May 2023) Yevheniya Savchenko Paschalides, Non-Executive Nikos Kakoullis, Non-Executive (appointed on 1 March 2022) Svitlana Morozyk, Non-Executive (resigned on 9 March 2022)
Secretary	Wise Wolves Secretary Ltd
Independent Auditors	KPMG Limited
Legal Advisors	Wise Wolves Capital (EU) Ltd
Bankers and brokers	Eurobank Cyprus Ltd Bank of Cyprus Public Company Ltd Atonline Limited Wise Wolves Payment Institution Limited Raiffeisen Bank International AG Freedom Finance Europe Ltd Veles International Limited MeritKapital Limited Swissquote Bank SA
Registered Office	61, Spyrou Kyprianou, Mesa Geitonia 4003, 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 2022.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE COMPANY

The principal activities of the Company are the provision of brokerage services and trading in debt and equity securities.

The Company is licensed by the Cyprus Securities and Exchange Commission ("CySEC") under the license number 337/17. 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.

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2022 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 €613.070 (2021: €694.502 loss).

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 2022 was €1.801.623 (2021: €742.222).

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 27 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.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year.

WISE WOLVES FINANCE LTD

MANAGEMENT REPORT (continued)

BRANCHES

During the year ended 31 December 2022 the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1. On 1 March 2022, Mr. Nikos Kakoullis was appointed to the position of Non-Executive Director. On 9 March 2022, Mrs. Svitlana Morozyk resigned from her position as Non-Executive Director.

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 26 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, 25 April 2023

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 7 to 41 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other 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 2022, 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.

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, FCA
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

25 April 2023

WISE WOLVES FINANCE LTD

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 €	2021 €
Assets			
Non-current assets			
Property, plant and equipment	14	203	146
Right-of-use assets	15	65.987	30.392
Intangible assets	16	7.382	8.893
Deposit with Investors' Compensation Fund	20	39.759	54.667
Total non-current assets		113.331	94.098
Current assets			
Trade and other receivables	18	49.162	17.273
Loans receivable	17	876	5.007
Financial assets at FVTPL	19	599.480	1.303.275
Pledged financial assets at FVTPL	19	-	8.777.178
Cash and cash equivalents	21	5.888.017	2.106.936
Total current assets		6.537.535	12.209.669
Total assets		6.650.866	12.303.767
Equity			
Share capital	22	4.250	4.250
Share premium		6.345.750	6.345.750
Retained earnings / (accumulated losses)		175.119	(437.951)
Total equity		6.525.119	5.912.049
Liabilities			
Obligations under leases	24	19.891	-
Total non-current liabilities		19.891	-
Current liabilities			
Obligations under REPO agreements	23	-	6.310.078
Obligations under leases	24	46.638	47.252
Trade and other payables	25	59.218	34.388
Total current liabilities		105.856	6.391.718
Total liabilities		125.747	6.391.718
Total equity and liabilities		6.650.866	12.303.767

On 25 April 2023 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 11 to 41 are an integral part of these financial statements.

WISE WOLVES FINANCE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 €	2021 €
Revenue	7	1.801.623	742.222
Direct operating expenses	8	(302.713)	(306.428)
Net trading income		1.498.910	435.794
Other operating income	9	8.633	-
Administrative and promotion expenses	10	(927.647)	(954.152)
Impairment loss on cash and cash equivalents		(64.439)	-
Operating profit/(loss)		515.457	(518.358)
Finance income	12	112.669	7
Finance costs	12	(15.056)	(176.151)
Net finance income/(expense)		97.613	(176.144)
Profit/(loss) before tax		613.070	(694.502)
Tax	13	-	-
Profit/(loss) for the year		613.070	(694.502)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		613.070	(694.502)

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

WISE WOLVES FINANCE LTD

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital €	Share premium €	Retained earnings / (accumulated losses) €	Total €
Balance at 1 January 2021		4.095	4.795.905	256.551	5.056.551
Total comprehensive expense for the year		-	-	(694.502)	(694.502)
Transactions with owners					
Issue of share capital	22	155	1.549.845	-	1.550.000
Balance at 31 December 2021		4.250	6.345.750	(437.951)	5.912.049
Balance at 1 January 2022		4.250	6.345.750	(437.951)	5.912.049
Total comprehensive income for the year		-	-	613.070	613.070
Balance at 31 December 2022		4.250	6.345.750	175.119	6.525.119

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 of Cyprus Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31st of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits refer. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus.In addition, the Company pays a General Health System (GHS) contribution on behalf of the shareholders at a rate of 2.65%, when the entitled shareholders are natural tax residents of Cyprus, regardless of their domicile.

WISE WOLVES FINANCE LTD

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 €	2021 €
Cash flows from operating activities			
Profit/(loss) for the year		613.070	(694.502)
Adjustments for:			
Depreciation	14,15	38.537	56.934
Foreign exchange (gain)/loss		(130.182)	157.176
Amortisation of computer software	16	1.511	1.511
Gain on lease modification	9	(8.633)	-
Net (gain)/loss on financial assets at fair value through profit or loss		(1.192.539)	104.393
Impairment charge - cash and cash equivalents	21	64.439	-
Dividend income	7	(4.281)	(13.225)
Coupon interest income	7	(77.175)	(416.644)
Interest expense	12	1.827	7.681
Loan interest income	12	(75)	(7)
Share of loss from ICF		14.908	-
Cash used in operations before working capital changes		(678.593)	(796.683)
Decrease in receivable REPO agreements		-	744.325
(Increase)/decrease in trade and other receivables		(30.344)	9.433
Decrease/(increase) in financial assets at fair value through profit or loss		10.673.512	(3.466.268)
Increase/(decrease) in trade and other payables		1.959	(7.536)
Cash generated from/(used in) operations		9.966.534	(3.516.729)
Interest received		77.175	416.644
Dividend income		4.281	13.225
Net cash generated from/(used in) operating activities		10.047.990	(3.086.860)
Cash flows from investing activities			
Payment for acquisition of property, plant and equipment	14	(108)	(159)
Loans granted		(79.371)	(5.000)
Loans repayments received		83.577	-
Net cash generated from/(used in) investing activities		4.098	(5.159)
Cash flows from financing activities			
Proceeds from issue of share capital		-	1.550.000
Repayment of REPO agreements		(6.339.277)	-
Repayments of obligations under leases		(48.000)	(48.000)
Proceeds from REPO agreements		-	1.567.005
Net cash (used in)/generated from financing activities		(6.387.277)	3.069.005
Impairment charge - cash and cash equivalents		(64.439)	-
Effect of exchange rate fluctuations on cash held		180.709	-
Net increase/(decrease) in cash and cash equivalents		3.781.081	(23.014)
Cash and cash equivalents at beginning of the year		2.103.086	2.126.100
Cash and cash equivalents at end of the year	21	5.884.167	2.103.086

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

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 61, Spyrou Kyprianou, Mesa Geitonia, 4003, Limassol, Cyprus.

The principal activities of the Company are the provision of brokerage services and trading in debt and equity securities.

The Company is licensed by the Cyprus Securities and Exchange Commission ("CySEC") under the license number 337/17. 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.

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 2022. This adoption did not have a material effect on the accounting policies 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.

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"

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

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.

6. Significant accounting policies

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

6.1 Net trading income

Performance obligations and revenue recognition policies

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest and dividends.

Brokerage services

Brokerage services income represent fee that arise on brokerage services provided to clients and is recognised when the Company transfers control over the service to customer. This is measured based on the terms specified in the contract with a customer.

Performance obligations and revenue recognition policies
The fee is calculated based on a fixed percentage on the value of the client's transactions for which the Company acts as a broker. The safekeeping charge is calculated as a percentage on the value of the assets under custody.

Revenue recognition policies under IFRS 15
Revenue from brokerage services is recognised over time as the services are provided.

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. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the life of the financial instruments to the gross carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are presented in net trading income.

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. Significant accounting policies (continued)

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 (€).

(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 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in profit or loss on the straight-line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Computer hardware	20

Leased assets are depreciated over the lease term.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

6. Significant accounting policies (continued)

6.5 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

6. Significant accounting policies (continued)

6.7 Leases (continued)

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 as lessee

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.

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.

The Company presents its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the statement of financial position.

The lease liabilities are presented separately in the statement of financial position.

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.

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.

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:

6. Significant accounting policies (continued)

6.8 Financial instruments (continued)

- 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;
- 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.

6. Significant accounting policies (continued)

6.8 Financial instruments (continued)

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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 clients money rules of the Cyprus Securities and Exchange Commission ('CySEC'). Such monies are classified as 'segregated clients 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.

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. Significant accounting policies (continued)

6.8 Financial instruments (continued)

6.8.3 Impairment

- *Financial instruments*

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

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 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.

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.

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

6.8 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 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.

- *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. Significant accounting policies (continued)

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.

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 representing 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 that are not derecognised, and associated liabilities. These carrying amounts are included in the "pledged financial assets at FVTPL" line item in the statement of financial position.

	2022	2021
	€	€
Carrying amount of assets	-	8.777.178
Carrying amount of associated liabilities	-	(6.310.078)

Financial liabilities

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

6. Significant accounting policies (continued)

6.9 Derecognition of financial assets and liabilities (continued)

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 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 itsrecoverable amount. Impairment losses are recognised in profit or loss.

6.12 Share capital and share premium

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.

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 Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

6.15 Deposits with Investors' Compensation Fund

In accordance with the Paragraph 8(4) of the Directive DI87-07 "Operation of the Investors' Compensation Fund", the Company's contributions and fees paid to the Investor Compensation Fund shall not form an asset of the members of the Fund an no amount may be returned back to the members. Therefore the annual contributions and fees paid to the Fund will be written-off to the Income Statement of the Fund member in the year when the payments are made. In accordance with the Paragraph 7(1) if the said Directive, may remain as an asset of the Company and is recognised as Non-Current Assets on the Statement of Financial Position, "Deposits' with the Investors' Compensation Fund", as although these deposits are not available for use in the Company's day to day operations, are refundable to the Company in case the Company ceases to be considered as an investment firm provided that no claims are pending against it from the investors or clients. Allocation of loss debited to the Company by the Investor's Compensation Fund is recognised within "Other operating expenses" in the statement of profit or loss and other comprehensive income.

6.16 Comparatives

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

7. **Revenue**

	2022 €	2021 €
Dividend income	4.281	13.225
Net gain/(loss) on financial assets at fair value through profit or loss	1.192.539	(104.393)
Coupon interest income	77.175	416.644
Brokerage fee/commission	527.628	416.061
Interest income from REPO transactions	-	685
	1.801.623	742.222

8. **Direct operating expenses**

	2022 €	2021 €
Other brokerage services	18.255	42
Subscriptions to information service providers	84.199	80.607
Interest Expense on REPO Deals	4.094	51.292
Broker safekeeping charges and fees	196.165	174.487
	302.713	306.428

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For the year ended 31 December 2022

9. Other operating income

	2022 €	2021 €
Gain on derecognition of lease liability	8.633	-

10. Administrative and promotion expenses

	2022 €	2021 €
Directors' remuneration	71.440	88.372
Staff salaries and social insurance and other contributions	617.826	547.233
Non Executive directors' fees	14.959	12.684
CySEC fees	30.093	22.141
Registrar annual fee	350	350
Insurance	544	835
Sundry expenses	1.320	1.719
Charitable donations	-	550
Sundry staff costs	3.445	15.948
IT supplies and licenses	10.138	10.387
Independent auditors' remuneration - current year	19.516	14.300
Independent auditors' remuneration - prior years	-	(200)
Legal fees	10.419	36.529
Other professional fees	66.628	99.766
Fines	163	-
Travelling	469	1.756
Irrecoverable VAT	40.289	43.337
Amortisation of computer software	1.511	1.511
Depreciation	38.537	56.934
	927.647	954.152

11. Staff costs

	Note	2022 €	2021 €
Salaries (inluding directors' remuneration)	10	605.541	497.118
Social insurance and other contributions	10	83.725	131.156
Medical insurance		-	7.331
Total staff costs		689.266	635.605

The average number of employees (including directors in their executive capacity) employed by the Company during the year 2022 and 2021 were 12 and 12 respectively.

12. Net finance income and costs

	2022	2021
	€	€
Finance income		
Loan interest income	75	7
Net foreign exchange profit	112.594	-
	112.669	7
Finance costs		
Interest on obligations under lease	(1.827)	(7.681)
Bank and payment service providers charges	(13.229)	(11.294)
Net foreign exchange loss	-	(157.176)
	(15.056)	(176.151)

13. Taxation

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

	2022	2021
	€	€
Accounting profit/(loss) before tax	613.070	(694.502)
Tax calculated at the applicable tax rates	76.634	(86.813)
Tax effect of expenses not deductible for tax purposes	38.641	54.848
Tax effect of allowances and income not subject to tax	(170.763)	(7.657)
Tax effect of loss for the year	55.488	39.622
Tax as per statement of profit or loss and other comprehensive income - charge	-	-

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 2022, the balance of tax losses which is available for offset against future taxable profits amounts to €840.796 for which no deferred tax asset is recognised in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

14. Property, plant and equipment

	Computer hardware €
Cost	
Additions	159
Balance at 31 December 2021	159
Balance at 1 January 2022	159
Additions	108
Balance at 31 December 2022	267
Depreciation	
Depreciation for the year	13
Balance at 31 December 2021	13
Balance at 1 January 2022	13
Depreciation for the year	51
Balance at 31 December 2022	64
Carrying amounts	
Balance at 31 December 2022	203
Balance at 31 December 2021	146

15. Right-of-use assets

	Right-of-use asset €
Cost	
Balance at 1 January 2021	51.381
Lease term modification	70.186
Balance at 31 December 2021	121.567
Balance at 1 January 2022	121.567
Derecognition of right of use asset related to terminated lease	(121.567)
Additions	89.277
Balance at 31 December 2022	89.277
Depreciation	
Balance at 1 January 2021	34.254
Depreciation for the year	56.921
Balance at 31 December 2021	91.175
Balance at 1 January 2022	91.175
Derecognition of right of use asset related to terminated lease	(106.371)
Depreciation for the year	38.486
Balance at 31 December 2022	23.290

15. Right-of-use assets (continued)

Carrying amounts	
Balance at 31 December 2022	65.987
Balance at 31 December 2021	30.392

During the year the Company moved to new offices. As a result, the previous right of use asset and lease liability derecognised and a new right of use asset and lease liability had to be recognised, since 01 July 2022.

The right-of-use asset is amortised over the period of the lease which expires on 31/05/2024.

When measuring obligations under leases, the Company discounted lease payments using its incremental borrowing rate, which it is estimated at 3,35%.

16. Intangible assets

	Computer software €
Cost	
Balance at 1 January 2021	15.111
Balance at 31 December 2021	15.111
Balance at 1 January 2022	15.111
Balance at 31 December 2022	15.111
Amortisation	
Balance at 1 January 2021	4.707
Amortisation for the year	1.511
Balance at 31 December 2021	6.218
Balance at 1 January 2022	6.218
Amortisation for the year	1.511
Balance at 31 December 2022	7.729
Carrying amounts	
Balance at 31 December 2022	7.382
Balance at 31 December 2021	8.893

17. Loans receivable

	2022 €	2021 €
Balance at 1 January	5.007	-
New loans granted	79.371	5.000
Repayments	(83.577)	-
Interest charged	75	7
Balance at 31 December	876	5.007

On 6 December 2021, the Company entered into a loan agreement with a counterparty for the amount of €5.000, bearing an interest rate of 2%. The repayment date was set on 5 May 2022 "loan repayment date", however the Company may at any time and in its own discretion make a call or demand for the repayment of the loan, provided that such call or demand is made at least 40 calendar days prior to the effective loan repayment date. Such notice shall designate a new repayment date which shall prevail the initial repayment date as per the agreement. The loan is unsecured.

On 30 May 2022, the Company entered into an additional agreement with the counterparty extending the maturity of the loan from 5 May 2022 to 30 April 2023.

The exposure of the Company to credit risk is reported in note 27 to the financial statements.

The fair value of receivable loans approximates to their carrying amounts as presented above.

18. Trade and other receivables

	2022 €	2021 €
Trade receivables	725	630
Other receivables	43.702	8.495
Refundable VAT	4.735	8.148
	49.162	17.273

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 27 to the financial statements.

19. Financial assets at FVTPL

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

	2022 €	2021 €
Current investments - mandatorily at FVTPL		
Debt securities publicly traded	397.176	8.890.797
Equity securities publicly traded	202.304	1.189.656
	599.480	10.080.453
Debt securities publicly traded - pledged under REPO agreements	-	8.260.253
Debt securities publicly traded - not pledged	397.176	630.544
Equity securities publicly traded - pledged under REPO agreements	-	516.925
Equity securities publicly traded - not pledged	202.304	672.731
	599.480	10.080.453

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 profit or loss and other 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 27 to the financial statements.

20. Deposit with Investors' Compensation Fund

	2022 €	2021 €
Balance at 1 January	54.667	54.667
Loss on participation	(14.908)	-
Balance at 31 December	39.759	54.667

The cash balances with Investors Compensation Fund are mandatory deposits to the Investors' Compensation Fund. These deposits are not available for use in the Company's day to day operations and do not carry any interest, but are refundable in the case the Company ceases to be considered as an investment firm and provided no claims are pending against it from investors or clients.

21. Cash and cash equivalents

Cash balances are analysed as follows:

	2022 €	2021 €
Cash with brokers and payment service providers	3.095.222	1.253.135
Bank current accounts	2.870.198	866.765
Bank guarantees	3.850	3.850
Accumulated impairment losses on cash and cash equivalents	(81.253)	(16.814)
	5.888.017	2.106.936

Within bank current accounts an amount of €137.306 represents type "D" account kept in a bank registered in Russian Federation for which an expected credit loss allowance of €27.390 was recognised in Statement of profit or loss and other comprehensive income.

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 27 to the financial statements.

22. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Authorised				
Ordinary shares of €1 each	5.000		5.000	
Issued and fully paid				
Balance at 1 January	4.250	4.250	4.095	4.095
Issue of shares	-	-	155	155
Balance at 31 December	4.250	4.250	4.250	4.250

23. Obligations under REPO agreements

	2022 €	2021 €
Current liabilities		
Obligations under REPO agreements	-	6.310.078

The exposure of the Company to interest rate risk in relation to financial instruments is reported in note 27 to the financial statements.

24. Obligations under leases

	2022 €	2021 €
Balance at 1 January	47.252	17.385
Additions	89.277	70.186
Repayments	(48.000)	(48.000)
Interest charge on lease liability	1.827	7.681
Derecognition of lease liability for terminated lease	(23.827)	-
Balance at 31 December	66.529	47.252

	Minimum lease payments 2022 €	Interest 2022 €	Principal 2022 €	Minimum lease payments 2021 €	Interest 2021 €	Principal 2021 €
Within one year	48.000	1.362	46.638	48.000	748	47.252
Between one and five years	20.000	109	19.891	-	-	-
	68.000	1.471	66.529	48.000	748	47.252

During the year the Company moved to new offices. As a result, the previous right of use asset and lease liability derecognised and a new right of use asset and lease liability had to be recognised, since 01 July 2022.

When measuring lease liability at the modification of the lease agreements the Company discounted lease payments using its incremental borrowing rate which was 3,35%.

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 27 to the financial statements.

25. Trade and other payables

	2022 €	2021 €
Trade payables	7.850	674
Social insurance and other taxes	23.161	19.408
Accruals	28.207	14.306
	59.218	34.388

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

25. Trade and other payables (continued)

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 27 to the financial statements.

26. Related party transactions

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:

	2022 €	2021 €
Non Executive directors' fees	14.959	12.684
Directors' remuneration	71.440	88.372
	86.399	101.056

(ii) Brokerage fee/commission

	2022 €	2021 €
Under common control companies	5.400	75.480
Parent company	3.227	3.752
Ultimate beneficial owner	1.753	-
	10.380	79.232

(iii) Expenses charged by related parties

	Nature of transactions	2022 €	2021 €
Fellow subsidiary	Rent	48.000	48.000
Fellow subsidiary	Annual services	600	1.850
Fellow subsidiary	PSP charges	32.744	38.684
Under common control	Donations	-	550
		81.344	89.084

(iv) Receivables from related companies

	Nature of transactions	2022 €	2021 €
Parent company	Trade	200	-

26. Related party transactions (continued)

(v) Cash held with related parties (Note 21)

	2022	2021
	€	€
Fellow subsidiary	12.531	809.237

27. 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.

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
		Mandatorily at FVTPL	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2022	Note	€	€	€	€	€	€	€	€
Assets measured at fair value									
Financial assets	19	599.480	-	-	599.480	599.480	-	-	599.480
Total		599.480	-	-	599.480	599.480	-	-	599.480
Financial assets not measured at fair value									
Trade and other receivables	18	-	49.162	-	49.162	-	-	-	-
Cash and cash equivalents	21	-	5.888.017	-	5.888.017	-	-	-	-
Loans receivables	17	-	876	-	876	-	-	-	-
Total		-	5.938.055	-	5.938.055	-	-	-	-
Financial liabilities not measured at fair value									
Obligations under lease	24	-	-	(66.529)	(66.529)	-	-	-	-
Trade and other payables	25	-	-	(59.218)	(59.218)	-	-	-	-
Total		-	-	(125.747)	(125.747)	-	-	-	-

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

		Carrying amount				Fair value			
		Financial assets at FVTPL	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2021	Note	€	€	€	€	€	€	€	€
Assets measured at fair value									
Financial assets	19	10.080.453	-	-	10.080.453	10.080.453	-	-	10.080.453
Total		10.080.453	-	-	10.080.453	10.080.453	-	-	10.080.453
Financial assets not measured at fair value									
Trade and other receivables	18	-	17.273	-	17.273	-	-	-	-
Cash and cash equivalents	21	-	2.106.936	-	2.106.936	-	-	-	-
Loans receivables	17	-	5.007	-	5.007	-	-	-	-
Total		-	2.129.216	-	2.129.216	-	-	-	-
Financial liabilities not measured at fair value									
Obligations under REPO agreements	23	-	-	(6.310.078)	(6.310.078)	-	-	-	-
Obligations under lease	24	-	-	(47.252)	(47.252)	-	-	-	-
Trade and other payables	25	-	-	(34.388)	(34.388)	-	-	-	-
Total		-	-	(6.391.718)	(6.391.718)	-	-	-	-

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

(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 and equity securities.

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

	2022 €	2021 €
Financial assets at fair value through profit or loss	599.480	10.080.453
Loans receivable	876	5.007
Trade and other receivables	49.162	17.273
Bank current accounts	2.870.198	866.765
Cash with brokers and payment service providers	3.095.222	1.253.135
Bank guarantees	3.850	3.850
	6.618.788	12.226.483

Impairment losses on financial assets recognised in profit or loss were as follows:

	2022 €	2021 €
Impairment charge on cash and cash equivalents	(64.439)	-
	(64.439)	-

Cash and cash equivalents

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

Based on credit ratings by Moody's	No of institutions	2022 €	2021 €
A2	-	-	825.087
Baa3	1	46.877	28.607
B1	1	793	425.843
Without credit rating	9	5.921.600	844.213
Total, before expected credit loss	11	5.969.270	2.123.750

As of 31 December 2022 an amount of €2.676.111 (representing 45% of total cash and cash equivalents) is held with a single Bank (concentration risk).

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

(i) ***Credit risk*** (continued)

As of 31 December 2022 an amount of €2.809.619 (representing 47% of total cash and cash equivalents) is held with single broker (concentration risk).

(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 2022	Carrying amounts €	Contractual cash flows €	Within 12 months €	Between 1-5 years €	More than 5 years €
Obligations under leases	66.529	68.000	48.000	20.000	-
Trade and other payables	59.218	59.218	59.218	-	-
	125.747	127.218	107.218	20.000	-

31 December 2021	Carrying amounts €	Contractual cash flows €	Within 12 months €	Between 1-5 years €	More than 5 years €
Obligations under leases	47.252	48.000	48.000	-	-
Obligations under REPO agreements	6.310.078	6.310.078	6.310.078	-	-
Trade and other payables	34.388	34.388	34.388	-	-
	6.391.718	6.392.466	6.392.466	-	-

(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.

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

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

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Instruments issued at variable rates expose the Company to cash flow interest rate risk. Instruments 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:

	2022 €	2021 €
Fixed rate instruments		
Financial assets	398.052	8.895.797
Financial liabilities	-	(6.310.078)
	398.052	2.585.719

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. 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 2022	United States Dollars €	Russian Rouble €
Assets		
Financial assets at fair value through profit or loss	235.078	-
Cash and cash equivalents	4.656.371	137.914
	4.891.449	137.914
Total exposure	4.891.449	137.914

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

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

Currency risk (continued)

31 December 2021	United States Dollars €	Russian Rouble €
Assets		
Financial assets at fair value through profit or loss	4.707.927	140.928
Cash with brokers and payment service providers	766.340	23.008
	5.474.267	163.936
Liabilities		
Oblications under REPO agreements	(3.055.034)	-
	(3.055.034)	-
Net exposure	2.419.233	163.936

Sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 December 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or loss	
	2022 €	2021 €	2022 €	2021 €
United States Dollars	(489.145)	(241.923)	(489.145)	(241.923)
Russian Rubles	(13.791)	(16.394)	(13.791)	(16.394)
	(502.936)	(258.317)	(502.936)	(258.317)

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the strive to improve the debt to equity ratio. The Company's overall strategy remains unchanged from last year.

The Company submits the relevant capital adequacy forms to its Regulator on a quarterly basis. As at 31 of December 2022, the Company’s Own Funds comprised entirely out of Common Equity Tier 1 capital.

Since 26th of June 2021, the Company, as the majority of EU investment firms, has been subject to the capital adequacy and overall risk management requirements arising from the investment firm European prudential framework, which consists of EU Regulation 2019/2033 on the prudential requirements of investment firms (“Investment Firm Regulation” or “IFR”) and EU Directive 2019/2034 on the prudential supervision of investment firms (“Investment Firm Directive” or “IFD”), as the latter has been harmonized through the issuance of the Cyprus Law on the Prudential Supervision of Investment Firms (165(I)/2021).

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

The IFR & IFD rules focus on specific methodologies that investment firms are required to apply for quantifying their exposure to risk and deriving their Capital Adequacy ratio, as well as to their required level of initial capital, their Internal Capital Adequacy & Risk Assessment ("ICARA") Process, and the Liquidity Requirement, among others.

The Capital Adequacy ratio is calculated as the capital base (i.e. Own Funds) divided by the minimum capital requirements. The capital base may consist of Common Equity Tier 1 ("CET1") capital, Additional Tier 1 capital and/or Tier 2 capital. The capital requirements for the Company are measured by obtaining the maximum of the Company's Fixed Overhead Requirement, the Permanent Minimum Capital Requirement ("PMCR") and the k factor requirements.

As per the new rules, investment firms are required to maintain own funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all the following conditions at all times:

a) Common Equity Tier 1 Capital of at least 56% of Own Funds Requirements.
b) Common Equity Tier 1 Capital and Additional Tier 1 Capital of at least 75% of Own Funds Requirements.
c) Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital of at least 100% of Own Funds Requirements.

In addition to the Own Funds Requirements, as previously mentioned, a Liquidity Requirement was introduced by the IFR according to which the Company is required to maintain liquidity levels equal to at least one third of its Fixed Overhead Requirement. As at 31 of December 2022 the Company satisfied the Liquidity Requirement. The Company monitors the level of its liquid assets on a monthly basis.

Lastly, the Company is required to publish information with regards to the arrangements it has put in place to monitor, manage and mitigate the main risks it incurs, its risk governance, remuneration policies and practices, as well as the results of its capital adequacy calculations for the immediately preceding year based on audited figures. The Company prepares these disclosures (namely, the Pillar 3 Disclosures) on an annual basis and publishes them on its website.

28. Off balance sheet items

In order to facilitate its clients' trading activities, the Company has opened clients' accounts with various banks. In such bank 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 €21.926.166 (2021: €6.899.561).

Credit rating of the Banks where the Clients' cash balances are held - Moody's		2022	2021
	No of banks	€	€
A2	-	-	6.685.934
Baa3	1	6.919.413	213.627
Without credit rating	3	15.006.753	-
Total		21.926.166	6.899.561

As of 31 December 2022 the majority of clients' cash are held with 2 banking institutions, €6.919.413 and €14.605.689, representing 98% of total clients' cash (concentration risk).