



# **SIA DN Operator**

## **INTERIM FINANCIAL REPORT Q3 2021**

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## **GENERAL INFORMATION**

Name of the company	SIA DN Operator
Legal status of the company	Limited liability
Registration number, place, date	42103092209, Rīga, Latvia, 09.04.2019.
Legal address	Gustava Zemgala gatve 74, Rīga, LV-1039, Latvia
Investment broker firm license number, issuer and date	06.06.08.728/537, Financial and Capital Market Commission (FCMC) (Latvia), 21.09.2021.
Board	Member of the Board Mārtiņš Liberts (from 10.05.2019) Member of the Board Mārtiņš Pēkons (from 09.04.2019)
Business activity	Other activities auxiliary to financial services, except insurance and pension funding (66.19 NACE)
Chief accountant	Dace Rutka
Reporting period	01.01.2021. - 30.09.2021.

## PLATFORM PERFORMANCE OVERVIEW

### Key information about Debitum platform for Q3 2021

Currencies for investments: **EUR, USD\***

Registered users at the end of the reporting period: **7 918**

Investments outstanding at the end of the reporting period: **6.4 million EUR**

Client funds on Debitum platform at the end of the reporting period: **6.68 million EUR**

Number of assets available for investments at the end of the reporting period: **308**

Average weighted interest rate for active assets (invested or available for investments) during the reporting period:  
**8.99 %**

Defaulted assets during Debitum platform operations: **0**

\* Debitum provides only EUR investments through main platform which is available for all users. USD investments are available only for few institutional investors and are not available publicly.

### Important news

Finally long-time expected event has happened – **on 21<sup>st</sup> September 2021 SIA DN Operator obtained investment broker firm license.**

It's been around 2.5 years since our representatives started discussions with financial market regulator in Latvia about licensing such activities and almost 1.5 years from the day when application was submitted to the Financial and Capital Market Commission.

We have worked hard to create proper procedures and policies, adjusted our product and platform and we are wrapping up with last tasks to launch financial instrument ABS (asset backed security) on Debitum platform.

There has been set transitional period of 3 months while both claim rights and ABS will be available on platform. Shortly before Christmas we will shift to selling only ABS, but claim rights already sold will be kept servicing till repayment by loan originators.

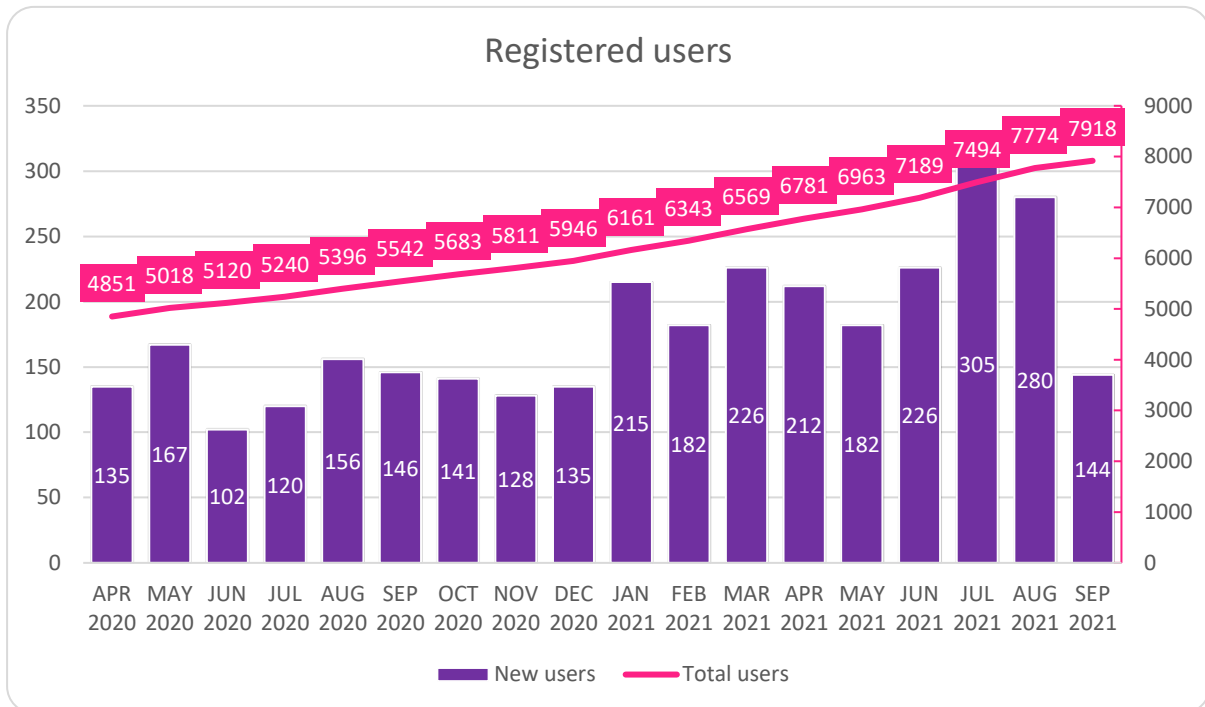
During transitional period we also need to take some actions regarding registered users. To meet all the strict AML procedures all the users must pass several verifications to keep investing on Debitum.

For our users participating in regulated financial market means having extra safety and protection as now Debitum is controlled and regularly checked by financial authority, investments in financial instruments are protected by Investor protection Law of Republic of Latvia.

**Disclaimer:** Investments in financial products are subject to market risk and any investment should only be done with risk capital. The above references an opinion and is for information purposes only. It is not intended to be investment advice. Seek a duly licensed professional for investment advice.

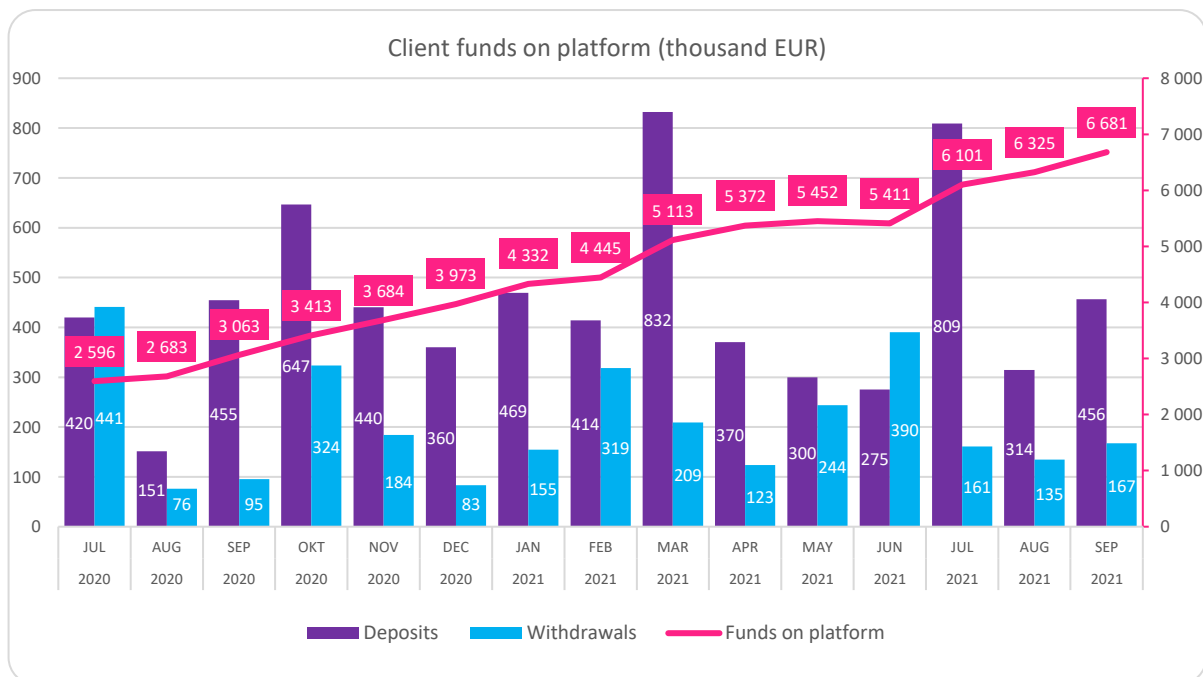
**Platform statistics**

During Q3 2021 registered users on Debitum has grown by 729 reaching 7918 registered users. Growth in user registrations was affected by marketing campaign. September was calmer in this field, but anyway quarter result was for 17% better registration amount than in Q1 and Q2 in average.

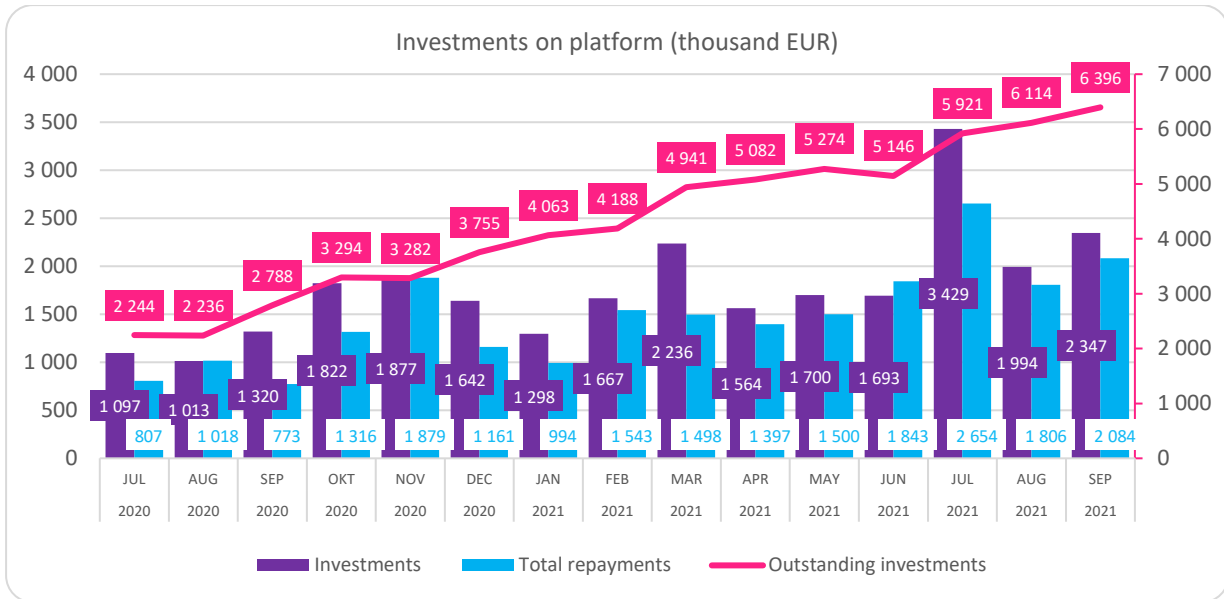


During Q3 2021 Debitum platform experienced great growth. Deposit amount increased for 67% comparing to Q2 2020 but withdrawals decreased for 39%. In overall this means that client funds on platform increased by 23.5% (almost 1.3 million EUR) and reached almost 6.7 million EUR.

This was achieved by more focus on investor relations.



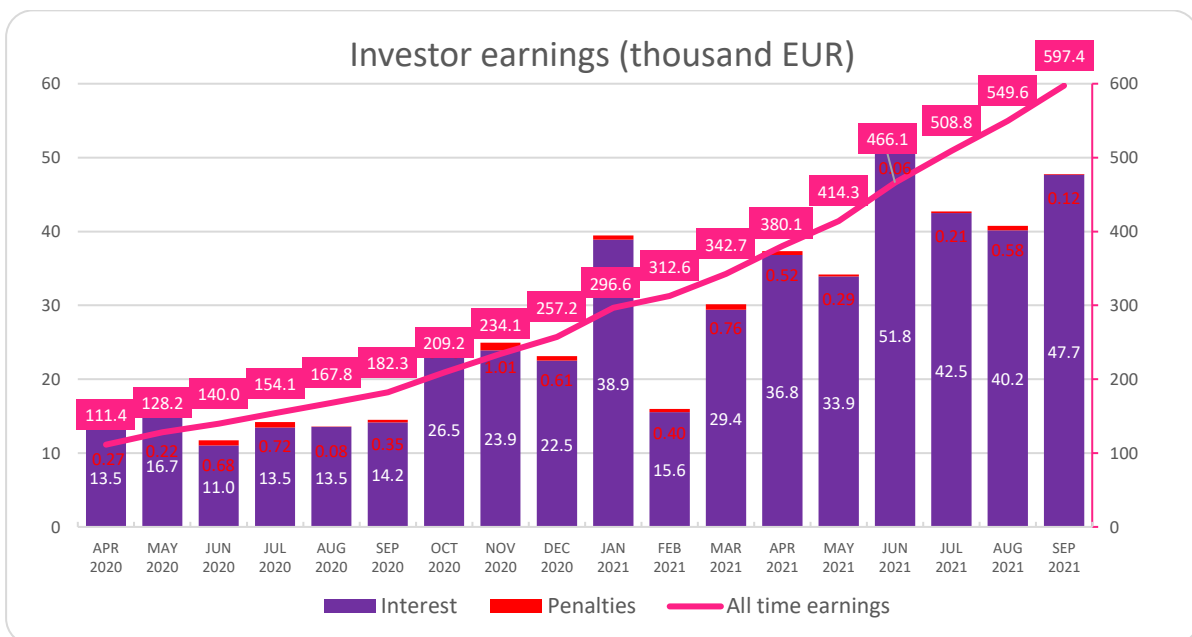
Outstanding investments grew even more – by 24.3%. This means that not only new money, but as well a part of uninvested funds on platform at the beginning were invested and brought benefit to our users and us.



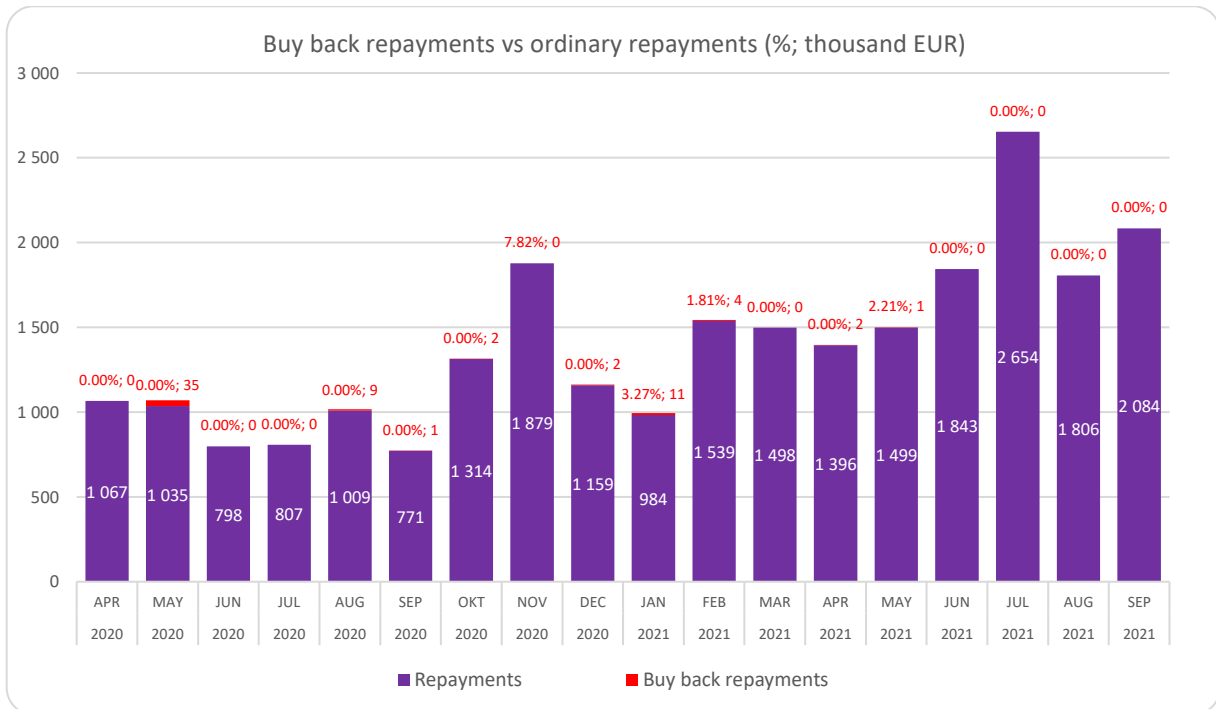
Investor earnings from 122.5 thousand EUR of repaid interest in Q2 2021 to 130.3 thousand EUR in Q3 2021. Together with repaid penalties for repayment delays investors all time earnings in Q3 2021 increased by 28% reaching almost 600 thousand EUR total funds paid to investors.

**We would like to emphasize that on platform history none of the assets has ever defaulted.** Investors have never suffered losses. This is guaranteed by scrupulous due diligence process of our team working with loan originators, risk assessment of every loan we provide to our users, and by buy back obligation from loan originators (if a loan repayment is late for 60 or 90 days (depends on agreement) the loan originator must buy it back). This means users can feel safe to make even larger investments in one asset.

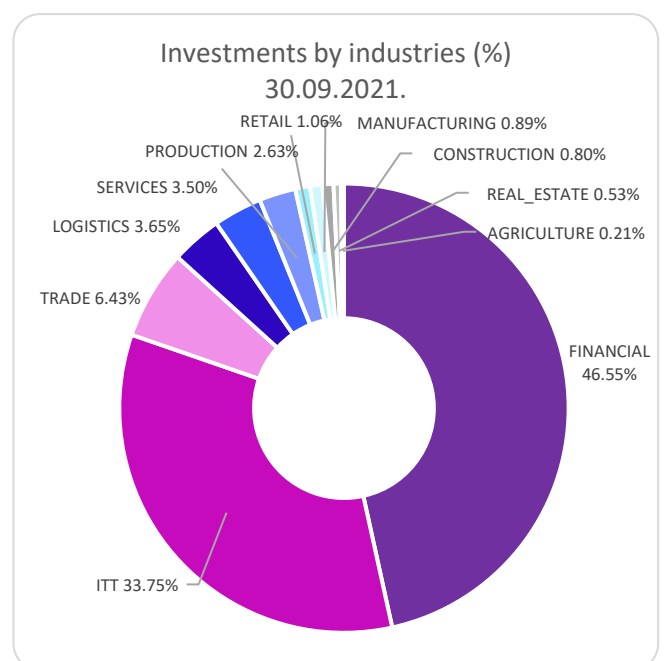
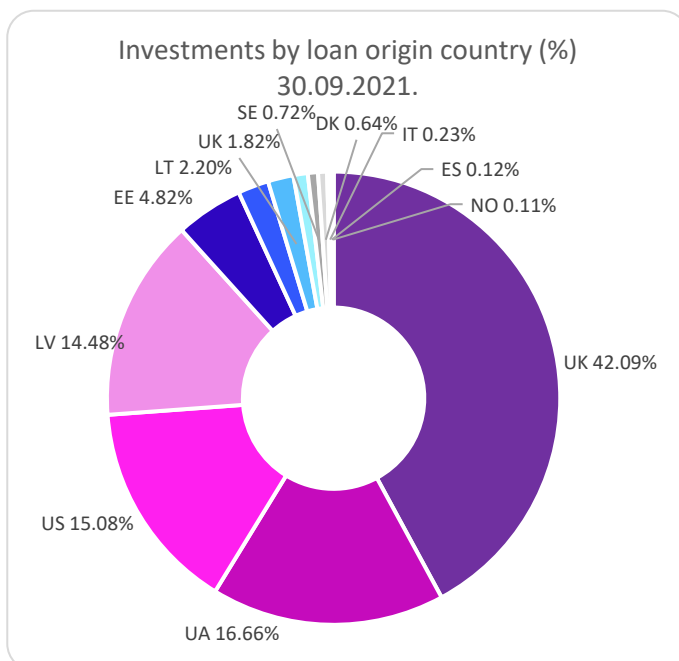
Penalties amount was just a little higher than in Q2 2021 but still remain one of lowest in Debitum history showing that assets were mostly repaid on time or grace period (interest is calculated, but penalties not).



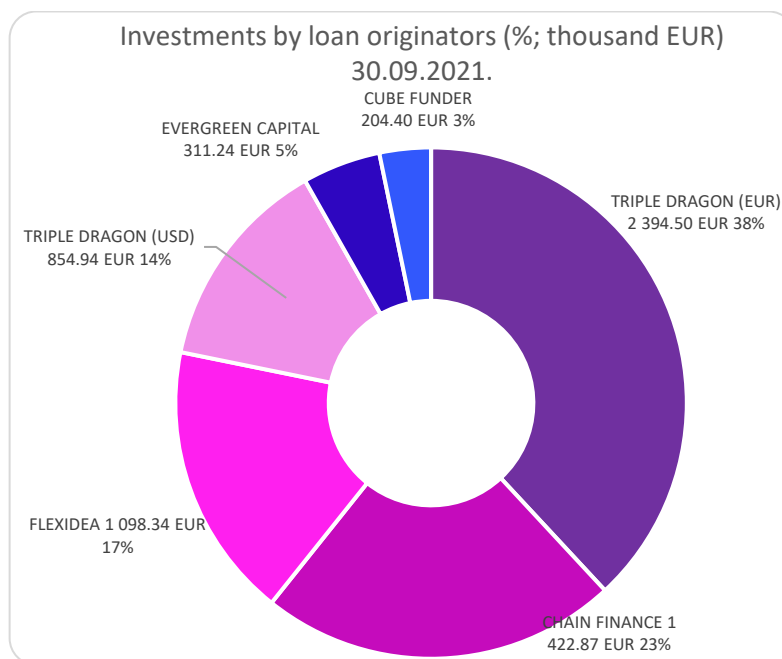
We are proud that assets in Q3 2021 were repaid on time or with small delay and there was no need to force buy-back procedure.



On Q2 2021 new assets from Ukraine were launched on Debitum. During Q3 2021 assets for a significant amount were provided for investments and this resulted in rapid changes in investments exposure – Ukrainian origin assets increased from 5.21% at the end of Q2 2021 to 16.66% at the end on Q3 2021. This affected exposure by industries as well and financial area moved to the leader position with 46.55% and took place of long-time leader IT&T. As a result, more than 85% on investments at the end of Q3 2021 were in financial, IT&T and trade industries in United Kingdom, Ukraine, USA and Latvia.



Largest (92%) loan originators at the end of Q3 2021 are Triple Dragon Funding Delta (UK) with assets on EUR and USD platforms, Chain Finance (EE) and Flexidea (LV).



On Q3 2021 Debitum has finished partnership with Noviti UAB (Lithuania) and Mikro Kapital INF S.A. (Romania).

Noviti exposure on Debitum already for some time was small and due to obtaining another financial resource all the raining assets on Debitum were repaid on Q3 2021 and no new assets provided at least for some time.

Similar story is with Mikro Kapital. In 2021 no new assets were provided for investments. The company also obtained another resource of funds and decided to repay all active assets.

We are happy that we could support growth of both of these companies when they had such a need, and we hope our investors are satisfied with the income they earned from assets provided by them.

### **Future plans**

Now when we reached one of our greatest milestones – received investment broker firm license at the end of Q3 2021 – the most important task is to launch financial instrument ABS (asset backed security) on the platform. We expect this to issue first ABS in November.

The new product will make investment process easier and quicker and more professional. There will not be so many assets anymore which abused investors with too long time spent on investing process. ABS will give opportunity to make investments really quick – user will just need to decide between term of investment most appropriate for his needs, risk that is acceptable, interest rate wished and preferred loan originator with whose assets the financial instrument is backed.

Since we have closed partnership with several loan originators this year, another important task we are planning to turn to on Q4 2021 and Q1 2022 is onboarding new loan originators to provide diversification options for our investors.



## FINANCIAL REPORTS

### Off-balance items: the balance of Debitum platform

Since SIA DN Operator as a platform operator takes no risks according to those assets and liabilities but earns only commissions from servicing them, according to legislation these assets and liabilities are not included in balance sheet of the company but only shown on off-balance.

Servicing assets are loans that loan originators have placed on Debitum platform and where investors have made investments, as well as other receivables covering investors deposits.

Servicing liabilities consists of investment amounts due to investors.

Off-balance (servicing) assets	30.09.2021., EUR	31.12.2020., EUR
Claim rights purchased on the platform	6 395 562	3 754 241
Accrued interest and penalty	47 136	25 046
Current receivables from loan originators*	123 464	211 801
Other current receivables	315	-
Receivables from previous platform operator**	-	6 313
Cash in bank	217 220	-
<b>Off-balance assets total</b>	<b>6 783 697</b>	<b>3 997 401</b>

Off-balance (servicing) liabilities	30.09.2021., EUR	31.12.2020., EUR
Users' accounts balance	282 798	218 114
Users' investments in claim rights purchase agreements	6 395 562	3 754 241
Pending users' deposits and withdrawals	4 785	-
Current liabilities to loan originators***	53 416	-
Users' accrued interest and penalty	47 136	25 046
<b>Off-balance liabilities total</b>	<b>6 783 697</b>	<b>3 997 401</b>

\* Receivables from loan originators according to regular investment reports of investments made and loans repaid. Term of payment - 5 working days.

\*\* Balance of cash in platform accounts of previous operator SIA Prosperitu. According to terms of business transfer agreement this amount must be transferred to platform account of SIA DN Operator in 3 working days from the date of business delivery and acceptance certificate.

\*\*\* Liabilities to loan originators according to regular investment reports of investments made and loans repaid. Term of payment - 5 working days.

**Balance sheet of SIA DN Operator**

Assets	30.09.2021., EUR	31.12.2020., EUR
<b>Long-term investments</b>	<b>103 650</b>	<b>5 000</b>
<b>Intangible investments</b>	<b>100 850</b>	<b>5 000</b>
Other intangible investments	4 250	5 000
Advance payments for intangible investments	96 600	-
<b>Long-term financial investments</b>	<b>2 800</b>	<b>-</b>
Participation in the capital of related undertakings	2 800	-
<b>Current assets</b>	<b>178 417</b>	<b>309 861</b>
<b>Debtors</b>	<b>19 726</b>	<b>-</b>
Purchasers and commissioning party debts	2 310	-
Other debtors	1 290	-
Next period costs	2 459	-
Accrued revenue*	13 667	-
<b>Cash</b>	<b>158 691</b>	<b>309 861</b>
<b>Assets total</b>	<b>282 067</b>	<b>314 861</b>

Liabilities	30.09.2021., EUR	31.12.2020., EUR
<b>Equity</b>	<b>254 131</b>	<b>306 811</b>
Stock or share capital (fixed capital)	310 000	310 000
Retained profit or losses from previous years	(3 189)	(55)
Profit or losses for the reporting year	(52 680)	(3 134)
<b>Creditors</b>	<b>27 936</b>	<b>-</b>
<b>Short-term creditors</b>	<b>27 936</b>	<b>8 050</b>
Accounts payable to suppliers and contractors**	13 565	0
Taxes and State mandatory social insurance payments	6 095	50
Other creditors	8 221	0
Accrued liabilities***	55	8 000
<b>Liabilities total</b>	<b>282 067</b>	<b>314 861</b>

\* Commission earnings on last month of reporting period which are invoiced at the beginning of next month.

\*\* Invoices received with the last date of reporting period but paid next month.

\*\* Costs for which invoice is received after reporting period.

**Statement of profit or loss of SIA DN Operator**

Article	9 months 2021, EUR	2020, EUR*,**
Net turnover	90 497	-
Production cost price of produce sold, purchase costs for goods sold or services provided***	(29 764)	-
<b>Gross profit or loss</b>	<b>60 733</b>	-
Selling costs	(21 499)	-
Administrative costs	(91 976)	(3 084)
Other revenue from economic activities costs	413	-
Other costs of economic activity	(351)	-
<b>Profit or loss before enterprise income tax</b>	<b>(52 680)</b>	<b>(3 084)</b>
Enterprise income tax for the reporting year	0	(50)
<b>Profit or loss after calculation of enterprise income tax</b>	<b>(52 680)</b>	<b>(3 134)</b>
<b>Profit or losses for the reporting period</b>	<b>(52 680)</b>	<b>(3 134)</b>

\* SIA DN Operator became the operator of the Debitum platform on 31 December 2020. Before that the platform was operated by SIA Prosperitu, but in accordance with licensing process it was agreed to separate the platform operations into SIA DN Operator.

\*\* Audited results.

**Management comment**

Statement of profit or loss includes only operational expenses of the Company.

Client funds are separated from Company funds therefore this report does not affect performance of investments. Use of the Debitum platform is free of charge for investors. The only income of the company is service fees paid by loan originators.

Debitum is quite a small platform, SIA DN Operator operates it starting from 1 January 2021 and currently we suffer losses due to fixed costs being larger than the turnover. As a fintech the platform is built the way that fixed costs should remain on similar level while volume of investments, number of investors, volume of assets available grow month over month.

We accept our current situation because it is normal to have losses at the beginning. We invest in development of the platform, and we work on attracting assets and investors. The losses are covered by our shareholder in form of share capital of 310 000 EUR.