



SIA DN Operator

INTERIM FINANCIAL REPORT Q1-Q2 2022

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GENERAL INFORMATION

Name of the company	SIA DN Operator
Legal status of the company	Limited liability company
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 Pērkons (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	01.01.2022. - 30.06.2022.

PLATFORM PERFORMANCE OVERVIEW

Key information about Debitum platform for Q1 and Q2 2022

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

Registered users at the end of the reporting period: **9 166**

Investments outstanding at the end of the reporting period: **7.28 million EUR**

Client funds on Debitum platform at the end of the reporting period: **7.99 million EUR**

Number of ABS (asset backed securities) available for investments at the end of the reporting period: **7**

Number of assets covering ABS (asset backed securities) available for investments at the end of the reporting period: **98**

Average weighted interest rate for active assets (invested or available for investments) during the reporting period: **8.97 %**

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

Ukraine affected assets at the end of the reporting period: **70** (2 005 993.87 EUR principal, 27 249.39 EUR interest outstanding)

* 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.

Impact of Russia invasion in Ukraine

Year 2022 begun with stable growth of investments on Debitum platform. New monthly deposit amount in January and February was above the average historical level and the withdrawal amount remained proportionally low.

The morning of 27th of February shocked the whole world when Russian army invaded the territory of Ukraine.

Since one of the Debitum loan originators had exposure in Ukraine market, on the same 24th of February Debitum closed investments in all available assets related to Ukraine. At the same time for investors who had purchased claim rights related to borrowers from Ukraine a *force majeure* ruling was applied.

From the first day of above-mentioned *force majeure* situation Debitum representatives have been in close contact with the loan originator and the borrower in Ukraine to monitor the situation related to issued loans and to help explore the most effective ways to act in favor of the Debitum investors in the war-situation.

During this period:

- due to the *force majeure* situation in Ukraine no principal or interest repayments has been received and penalty interest has not been applied,
- the strategy of the borrower has been to focus on preserving the maximum possible value of the existing portfolio and recovering financial assets by continuing to collect payments from the solvent clients and to collect assets from the clients which has faced difficulties to continue regular payments,
- Debitum demanded the borrower to create a separate bank account for keeping accrued funds for payments to Debitum investors,

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- due to *force majeure* situation in Ukraine no money transfers outside of the Ukraine related to business couldn't be made throughout all the period,
- Ukraine's currency has been experiencing volatility and has decreased its value by 19% against EUR comparing to its value before Russia started its invasion,
- vehicle prices have plummeted in Ukraine since the import tax revoked during the state of war in April 2022.

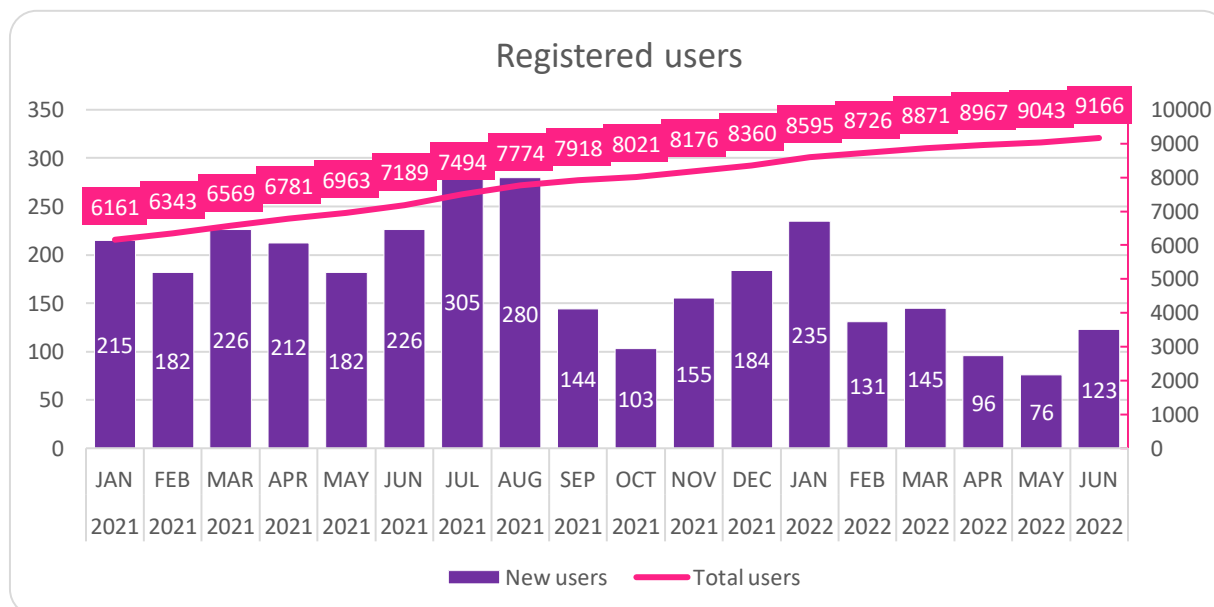
All the aspects mentioned above have significantly influenced the value of the investor's Ukrainian asset portfolio on Debitum as well as the pace of the development of the whole Debitum platform.

Since the defense of investor's interests has always been Debitum team priority no. 1, from the very beginning of the war in Ukraine we have been working hard to find a solution that is maximum beneficial for our investors.

Platform statistics

User registration

Uncertain situation in Europe and overall crisis in financial markets resulted in rapid decrease of the Debitum platform growth. In January new user registration amount had reached average level after decrease in Q4 2021. Starting from February Debitum experienced the lowest new registration level in platform history. In June small growth can be observed but normally we expect twice as much new users each month.



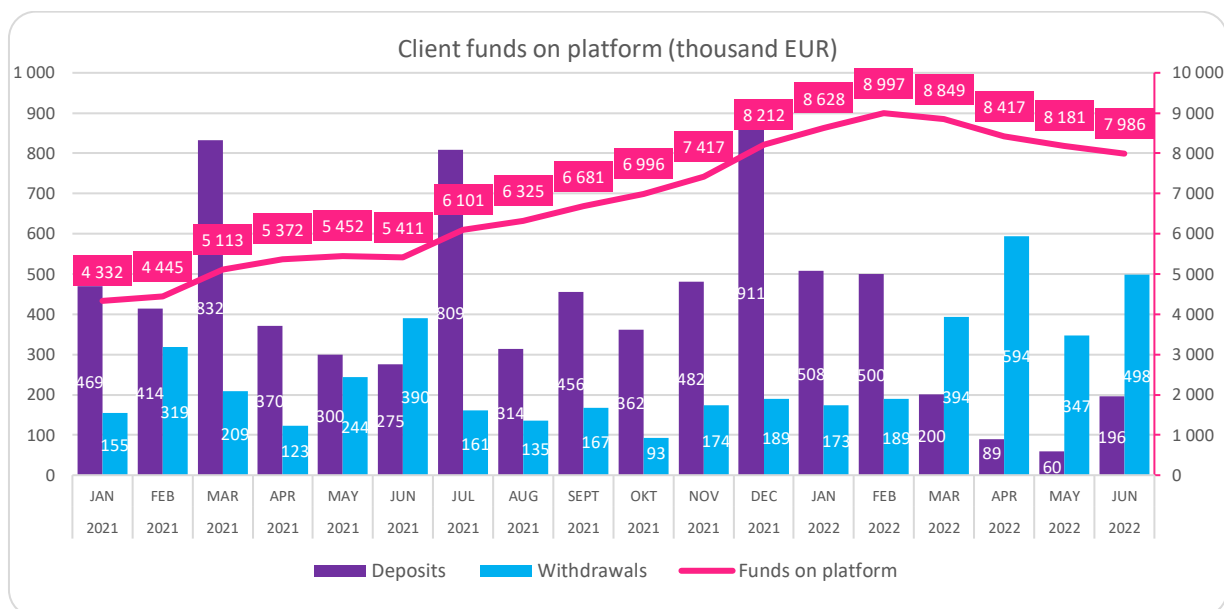
Client funds

Existing investor activity in January and February was very positive. After all time highest deposit amount in December there was stable deposit inflow in amount of 2021 average level and a withdrawal outflow a slightly below 2021 average level. This promised stable growth of platform in further months with some bigger deposits expected the same way it was observed in 2021.

Unfortunately, war in Ukraine turned things upside down. Deposits dropped by 67%

in March comparing to February while withdrawals increased by 108%. In Q2 2022 the effect of the war and thus the dynamics of investor funds inflow and outflow maintained negative trend.

However, thanks to very good performance in January and February, Debitum platform seem to have endured half of this very complicated year surprisingly well – in comparison to end of December 2021, total funds of investors on Debitum platform had decreased only by 226 thousand EUR (2.75%).



Investment activity

Outstanding investments decreased a bit more – by 577 thousand EUR (7.3%) comparing to December 2021. This resulted in increase of investor uninvested balance which investors kept on platform accounts, while these funds did not bring them any benefit. Anyway, we appreciate that despite quite significant outflow of funds, majority of Debitum clients trust and feel safe with us and continue to keep quite large amounts of funds on Debitum.

We believe that investment activity decrease also was affected by some important changes of platform processes that also happened from the beginning of the March. Huge amount of claim right assets provided for investments on Debitum platform from the 1st of March were fully re-structured to several financial instruments – ABS (asset-backed securities).

We want to emphasize that Debitum was the first licensed p2p platform in Europe that implemented financial instruments – asset-backed securities (ABS) – in platform portfolio - the first ABS was issued on 25th of February 2022. This is a totally new experience to p2p platform users and despite challenges that Debitum platform faces entering regulated financial market, we are proud to be the ones to move our users hand-in-hand with us to a new investment level.

Due to implementation of the financial instruments ABS Debitum is forced to re-design the performance of auto-invest feature to comply with requirements of selling financial instruments.

By switching to the new product – ABS – the investment amount per month is

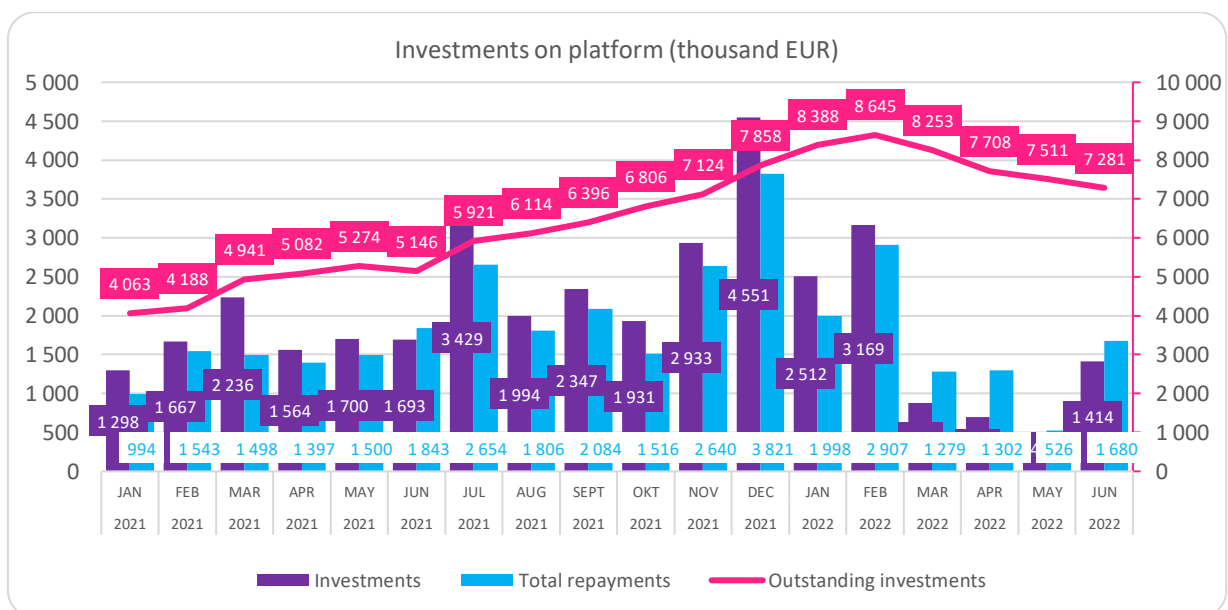
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decreasing since our financial instruments are of a longer term than claim right assets were – the shortest financial instrument term now is 3 months while previously a lot of assets of even shorter than 1 month were available. This provided huge turnover but was uncomfortable because required a lot of actions to take especially for users that didn't use the auto-invest tool.

Probably these several changes in the investment process were confusing for our clients and partially is the cause of the decrease in new investments.

Investment amount mostly consists of reinvestments of repaid assets. Overall platform activity slowed down and repayments also happened out of schedule especially on Q2 2022. However, all our current loan originators are fast growing companies, Debitum regularly controls company financial data, and our team keeps following one of the basic principles of Debitum platform to act on behalf of interests of platform investors.



Investor earnings

The total volume of investor earnings on Debitum platform during Q1 and Q2 2022 decreased. The reasons are decreased amount of new investor funds inflow on platform as well as slowed down reinvestment of repaid assets after Russia invasion in Ukraine.

There was observed not only increase of withdrawals from platform but also keeping high uninvested balances. We have calculated that our users have missed interest income of approximately 17.5 thousand EUR during March till June 2022 while keeping funds on platform uninvested. This is more than 30% of average interest income on Q1 and Q2 2022.

The reason of decrease of interest payments in March and April 2022 was implementation of tax deduction and residence certificate uploading functionality. Interest payments for financial instruments were postponed to provide time for users to start handing in appropriate documents to avoid tax deductions from interest payments. All the accrued interest was repaid in May.

By switching to a new investment product interest payment for some assets changed from payment at the end of the term to monthly payment. This will stabilize the

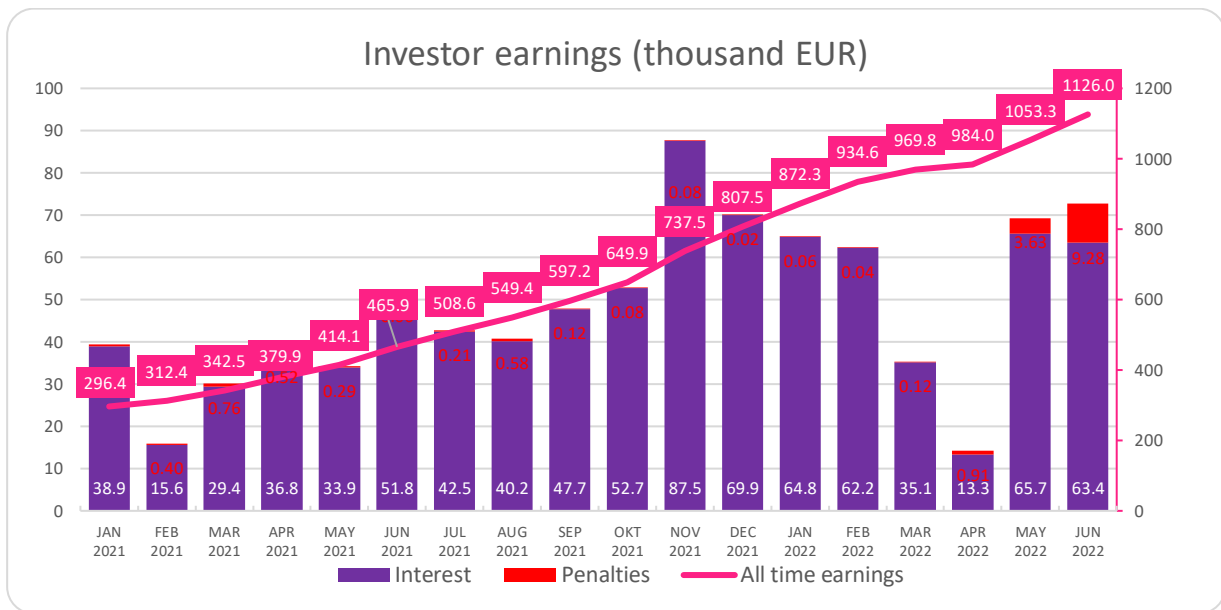
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interest payment flow on the platform.

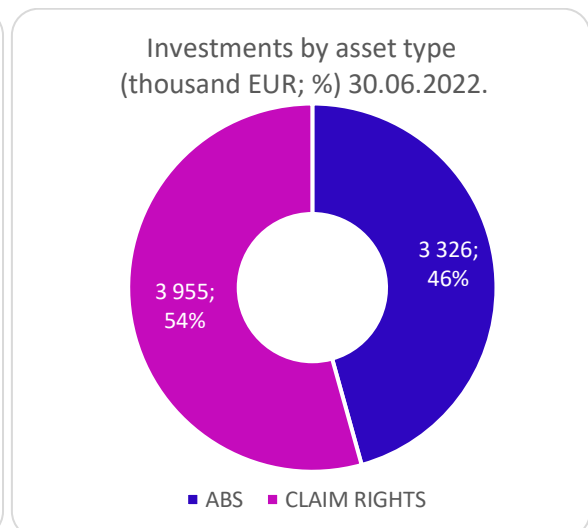
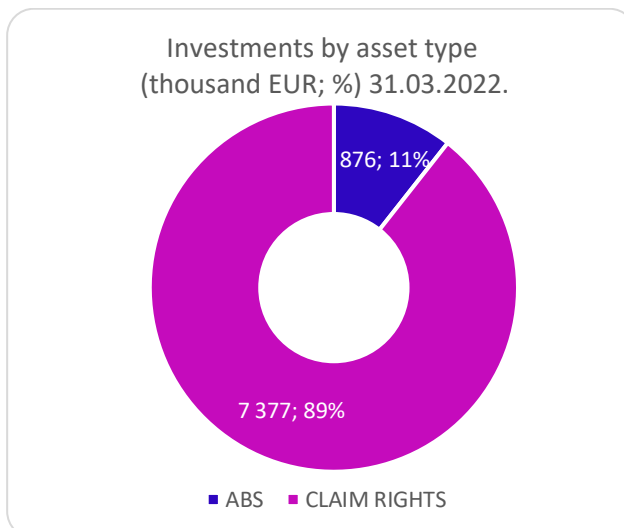
In Q2 2022 platform experienced repayment delays and this resulted even in penalties paid by loan originators. To admit, for ABS grace period is much shorter than it was for claim right assets – 7 days instead of even 35 days. In context with unstable situation in financial markets, this caused some urge for our investors, but this was compensated with generous extra income – in addition to the interest of up to 9% investors received penalty of 10% or even 15% per annum for period after end of grace period, while interest was still calculated. -

In July 2022 last delayed assets were repaid and normal repayment discipline is regained.



Investment distribution

After transition period end on 1st of March 2022, investments on Debitum platform gradually transforms from claim right assets to ABS (asset backed securities). At the end of Q1 only 11% (876 thousand EUR) were investments in financial instruments ABS, while at the end of Q2 2022 this was already almost half of the portfolio of our investors.

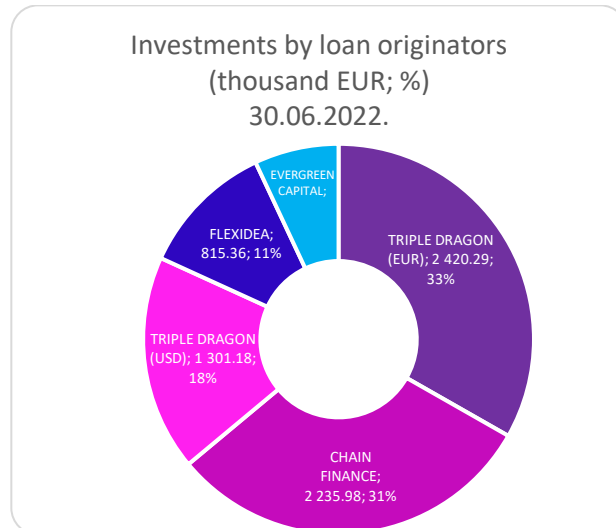


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Largest loan originators (51%) at the end of Q2 2022 were Triple Dragon Funding Delta (UK) with assets on EUR and USD platforms.

Financial instruments at the end of Q2 2022 were offered by Triple Dragon Funding Delta (UK), Evergreen Capital (EE) and Flexidea (LV).



During Q1 and Q2 2022 no changes on list of loan originators on platform happened.

Future plans

Debitum strategy is to perform within current niche of offering investments in the financial instruments backed only by collateralized loans issued to the companies, thus maintaining the healthy balance of low investment risk level and high rate of return.

We are working on onboarding new loan originators from real estate, energy and forestry industries as well as increasing portfolio of our existing longtime partner Flexidea that is looking to enter new markets in Europe.

Debitum plans to collaborate with 3rd party solution providers, such as Nordigen and ComplyTrack to make sure customer journey and AML regulations are met according to the standards of licensed brokerage company.

Debitum team is working on several features that will make the investment experience of our clients way more positive – more automated investments, even more transparent information about financial instruments in terms of potential risk assessment of the investments, as well as possibility to invest in shorter terms.

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

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	30.06.2022., EUR	31.12.2021., EUR
Claim rights purchased on the platform	3 955 001	7 857 821
Financial instruments purchased on the platform	3 326 374	0
Accrued interest and penalty	34 845	7 823
Current receivables from loan originators	147 646	5 793
Other current receivables	1 772	11
Cash in bank	714 831	578 659
Off-balance assets total	8 180 469	8 450 107

Off-balance (servicing) liabilities	30.06.2022., EUR	31.12.2021., EUR
Users' accounts balance	700 057	353 470
Users' investments in claim rights purchase agreements	3 955 001	7 857 821
Users' investments in financial instruments	3 326 374	
Pending users' deposits and withdrawals	10 222	9 334
Current liabilities to loan originators	149 010	219 335
Other current liabilities	4 960	2 324
Users' accrued interest and penalty	34 845	7 823
Off-balance liabilities total	8 180 469	8 450 107

Balance sheet of SIA DN Operator

Assets	30.06.2022., EUR	31.12.2021., EUR
Long-term investments	221 745	149 844
Intangible investments	210 545	147 044
Other intangible investments	3 501	4 000
Advance payments for intangible investments	207 044	143 044
Long-term financial investments	11 200	2 800
Participation in the capital of related undertakings	11 200	2 800
Current assets	33 198	128 302
Debtors	13 557	22 466
Purchasers and commissioning party debts	0	1 838
Other debtors	1 123	1 744
Next period costs	2 005	1 240
Accrued revenue	10 429	17 644
Cash	19 641	105 836
Assets total	254 943	278 146

Liabilities	30.06.2022., EUR	31.12.2021., EUR
Equity	176 960	223 118
Stock or share capital (fixed capital)	310 000	310 000
Retained profit or losses from previous years	(86 882)	(3 189)
Profit or losses for the reporting year	(46 158)	(83 693)
Creditors	77 983	55 028
Short-term creditors	77 983	55 028
Accounts payable to suppliers and contractors	52 974	29 855
Taxes and State mandatory social insurance payments	10 187	6 575
Other creditors	10 328	8 195
Accrued liabilities	4 494	10 403
Liabilities total	254 943	278 146

Statement of profit or loss of SIA DN Operator

Article	Q1-Q2 2022, EUR	2021, EUR*
Net turnover	75 891	138 442
Production cost price of produce sold, purchase costs for goods sold or services provided***	(50 502)	(57 275)
Gross profit or loss	25 389	81 167
Seles costs	(10 107)	(27 091)
Administrative costs	(60 681)	(137 017)
Other revenue from economic activities costs	0	413
Other costs of economic activity	(759)	(1 165)
Profit or loss before enterprise income tax	(46 158)	(83 693)
Enterprise income tax for the reporting year	0	0
Profit or loss after calculation of enterprise income tax	(46 158)	(83 693)
Profit or losses for the reporting period	(46 158)	(83 693)

* Audited results.

Management comment

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

Client funds are strictly kept separate from company funds therefore the report does not affect performance of investments. All the mandatory covenants (sufficient funds in the bank account, level of equity) are maintained according to the rules set by the regulator.

Use of the Debitum platform is free of charge for investors. The only income of the company is service fees paid by loan originators.

In the first half of the year we experienced losses due to uncollected service fees for the assets that are invested in Ukraine and increased overall fixed costs due to the regulation of the platform, for example, AML and loan originator onboarding costs. We anticipate that the level of fixed costs will stabilize thus the current business model shall provide profitability in the foreseeable future once sufficient portfolio size is reached.

We will continue investing in the development of the platform and optimal 3rd party solutions to provide well-balanced lower risk and high yield investments and enhance user journey and experience. All expenses are budgeted, accounted for, and covered by our shareholder in form of share capital of 310 000 EUR.