ANNUAL REPORT

beginning of financial year:	01.01.2022
end of financial year:	31.12.2022
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Management report

Business activities

Grünfin AS was established in January 2021. This annual report has been prepared for the period of 1 January 2022 to 31 December 2022.

The Company is a (100%) subsidiary of Grünfin Group OÜ and provides portfolio management and ancillary investment services (safekeeping and administration of securities) in the European Economic Area (EEA).

Grünfin AS received an authorisation of an investment firm from the Financial Supervision Authority in October 2021 and thereafter started to provide customers with the service. In addition, the transfer of business activities from the parent company Grünfin Group OÜ was completed within the Group in 2022.

Grünfin AS' parent company Grünfin Group OÜ has raised a total of EUR 3,852,565.04 in investments from shareholders and investors. These investments have covered the contribution to the share capital of Grünfin AS and the share premium, no direct external investments have been raised into the share capital of Grünfin AS. The investments are aimed at expanding the Group's business activities and product base, and moving into new markets.

The average number of employees was 11 in the financial year 2022.

The objective of Grünfin is to provide customers with a value-based portfolio management service that does not require the existence of a larger than usual start-up capital but is rather aimed at regular and long-term saving. Product pricing is transparent, consisting of a monthly fixed fee that does not depend on the amount of the investment (a portfolio of up to EUR 1,000 is free of charge) and the performance fee if upon achieving the ultimate goal the portfolio has yielded a larger gain than that which was initially estimated. Value-based investing provides customers with an opportunity to invest in three categories – climate, healthcare and equal treatment.

The average* return on portfolios in 2022 (from 1 January 2022 to 31 December 2022) was as follows:

- Return of the combined climate, healthcare and equal opportunities portfolios -14.25% (+1.7%: from 14 October 2021 to 31 December 2021**)
- Average return of the climate portfolios -14.4% (+2.7%: from 14 October 2021 to 31 December 2021**)
- Average return of the equal opportunities portfolios -12.28% (+2.2%: from 14 October 2021 to 31 December 2021**)
- Average return of the healthcare portfolios -16.16% (+0.2%: from 14 October 2021 to 31 December 2021**)

* *The aforementioned portfolios can be chosen with a high, low as well as medium risk level. The return is calculated on the assumption that no additional contributions have been made during the year.*
** *As the product was offered from 14 October 2021, the previous period has been described accordingly.*

It is important to note that 2022 was a very negative year for securities markets; for example, the best-known indices had the following results in the same period: S&P 500 -18.11, NASDAQ 100 -32.38 and Bloomberg Euro Agg Bond TR -17.17.

As of the end of the year, the volume of assets invested in securities amounted to 994 thousand euros, of which equity funds (ETFs) accounted for 58% and bond funds for 42%. At the end of the year, Grünfin had 1035 active private customers who had, in total, 1293 portfolios, and one business customer.

The Company earned 7543 euros as fees and commissions. The balance sheet total of the Company at end of the year amounted to EUR **2,329,758**. The return on assets (ROA) was -56%, return on equity (ROE) was -66%, and current ratio was 8.9x*. The total loss of Grünfin AS for the financial year amounted to EUR -1,304,145.

The most important development projects of the financial year were the development of the platform and the addition of functionalities, the addition of new payment options and the localisation of the platform in German and Estonian. At the end of the year, the development of a product for business customers was launched to offer employers a long-term investment plan. The development of this will continue in the next financial year. In the future, the focus will continue to be on improving customer experience and automating internal processes.

In 2023, the Company intends to extend its activities, increase both the number of customers and the volume of assets. More attention will also be focused on business customers, in particular on the sale of the employee investment plan product. A part of the focus will be directed to foreign markets, with Germany continuing to be a key target market. In addition, the Company engages in further development of the investment platform software and improves the customer experience in its entirety.

No significant events took place during the period of preparation of the financial statements that are not disclosed in the financial statements but that have or could have a significant impact on the results of the following financial years. Due to the small size and nature of activities of the Company, the activities involve no substantial environmental and social impacts.

** Formulas used to calculate the ratios:*
Current ratio (in times) = current assets / current liabilities
*ROA (%) = net profit / total assets * 100*
*ROE (%) = net profit / total equity * 100*

External environment

The war between Russia and Ukraine, which began in 2022, and macroeconomic changes (increase in interest rates, instability of equity markets, increase in the prices of raw materials and inflation) have also continued to have an adverse impact on the activities of the Company. High uncertainty about investing and at the same time also fear of inflation make people search for more stable asset classes. As for its nature, the product of Grünfin is long-term, oriented at stable capital growth and is thus a suitable product in changing economic conditions.

There were important changes in the regulatory landscape which have gradually entered into force and will enter into force due to the regulatory framework for sustainable investments, the most important of which are Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation). These regulations ensure that sustainable investments undergo uniform treatment and obligate, among other things, fund managers and portfolio managers to disclose information about the services they provide: to what extent they take environmental, social or governance criteria into consideration.

Grünfin has taken the position that, upon the selection of investments, it prefers funds corresponding to Article 8 and 9 of the SFDR that either promote or aim to comply with sustainable criteria, respectively. With respect to investment portfolio management, the aim has been to consider sustainability criteria, but at the same time to be critical and address the same challenges faced by larger fund managers. This concerns in particular the quality and availability of data. Grünfin is in constant contact with fund managers and believes that the quality of data will improve over the coming years, although it will probably take years to achieve full certainty. As a result of this and other factors, a trend could be observed towards the end of 2022 where fund managers downgraded the classification of funds from Article 9 to Article 8.

Financial statements

Statement of financial position
(euros)

ASSETS	**Note**	**31.12.2022**	**31.12.2021**
Current assets			
Cash	7	1,817,490	673,191
Receivables and prepayments	8	28,130	6,761
Total current assets		**1,845,620**	**679,952**
Non-current assets			
Tangible assets	9	181,562	0
Intangible assets	10	302,576	140,534
Total non-current assets		**484,138**	**140,534**
TOTAL ASSETS		**2,329,758**	**820,486**
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Lease liabilities	11	44,163	0
Payables and prepayments received	12	170,268	268,359
Total current liabilities		**214,431**	**268,359**
Non-current liabilities			
Lease liabilities	11	128,540	0
Total non-current liabilities		**128,540**	**0**
TOTAL LIABILITIES		**342,971**	**268,359**
EQUITY			
Share capital at nominal value	16	150,003	150,000
Share premium		3,384,999	675,000
Other reserves	20	34,689	5,886
Retained earnings (loss)		-278,759	0
Profit (loss) for reporting period		-1,304,145	-278,759
TOTAL EQUITY		**1,986,787**	**552,127**
TOTAL LIABILITIES AND EQUITY		**2,329,758**	**820,486**

Statement of comprehensive income
(euros)

	Note	01.01.2022-31.12.2022	22.01.2021-31.12.2021
Fee and commission income	17	7,543	944
Fee and commission expenses	18	-32,183	-3,210
Interest income		92	43
Other operating income		630	0
Net operating income		**-23,918**	**-2,223**
Labour expenses	19	-606,370	-186,191
Options expenses	20	-28,803	-5,886
Various operating expenses	21	-567,892	-84,459
Depreciation of non-current assets	9.10	-69,542	0
Other operating costs	22	-5,714	0
Interest expenses	11	-1,906	0
Profit (-loss) before income tax		**-1,304,145**	**-278,759**
Profit (-loss) for reporting period		**-1,304,145**	**-278,759**
Comprehensive income (-loss) for reporting period		**-1,304,145**	**-278,759**

Statement of cash flows
(euros)

	Note	01.01.2022-31.12.2022	22.01.2021-31.12.2021
Cash flows from operating activities:			
Loss for reporting period		-1,304,145	-278,759
Adjustments:			
Depreciation of tangible and intangible assets	9.10	69,542	0
Formation of reserves	20	28,803	5,886
Interest expenses	11	1,906	0
Change in receivables and prepayments related to operating activities		-21,369	-6,761
Change in payables and prepayments related to operating activities		-98,091	268,359
Total cash flow from operating activities		**-1,323,354**	**-11,275**
Cash flows from investing activities:			
Acquisition of tangible and intangible assets	9, 10	-209,929	-140,534
Total cash flow from investing activities		**-209,929**	**-140,534**
Cash flows from financing activities:			
Proceeds from issue of shares	16	2,710,002	700,000
Payments for the principal portion of lease liabilities	11	-32,420	0
Total cash flow from financing activities		**2,677,582**	**700,000**
Total cash flow		**1,144,299**	**548,191**
Cash and cash equivalents at beginning of period	7	**673,191**	**125,000**
Change in cash and cash equivalents		1,144,299	548,191
Cash and cash equivalents at end of period	7	**1,817,490**	**673,191**

Statement of changes in equity
(euros)

	Share capital	Share premium	Other reserves	Retained earnings	Total
Balance on 22 January 2021	**125,000**	**-**	**-**	**-**	**125,000**
Loss for financial year	-	-	-	-278,759	-278,759
Share capital issued	25,000	675,000	-	-	700,000
Formation of reserve	-	-	5,886	-	5,886
Balance on 31 December 2021	**150,000**	**675,000**	**5,886**	**-278,759**	**552,127**
Loss for financial year	-	-	-	-1,304,145	-1,304,145
Share capital issued	3	2,709,999	-	-	2,710,002
Formation of reserve	-	-	28,803	-	28,803
Balance on 31 December 2022	**150,003**	**3,384,999**	**34,689**	**-1,582,904**	**1,986,787**

Further information on the share capital is set out in Note 16.

Further information on the equity reserve formed is set out in Note 20.

Note 1. General information

Grünfin AS is an investment firm licensed as of 4 October 2021. According to the authorisation, the Company provides securities portfolio management service. As at 31 December 2022, the address of the Company was Volta 1, Tallinn, Estonia.

The financial statements of Grünfin AS for 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements for the year ended 31 December 2022 were approved by the management board on 17 March 2023. The financial statements approved by the management board will be approved by the supervisory board and shareholders. The shareholders have the right to approve or reject the financial statements and demand that the management prepare new statements. The supervisory board has no such right.

Note 2. Accounting methods and measurement bases used in the preparation of the financial statements

The financial statements of Grünfin AS have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In addition to the information required pursuant to the International Financial Reporting Standards, the financial statements include information concerning risk management, own funds and capital adequacy subject to disclosure, which is set out in Note 5.

The financial statements have been prepared on a historical cost basis unless otherwise described in the accounting policies below.

The financial year began on 1 January 2022 and ended on 31 December 2022.

The estimates in the financial statements are presented in euros and in full units unless otherwise stated. There are no changes in accounting policies compared to the previous year.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured at fair value with changes through profit or loss
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, financial assets are measured at fair value. Transaction fees of financial assets are expensed in profit or loss.

Impairment

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions. The Company uses expert-based individual assessments for calculating ECLs.

The ECL model has a three-stage approach based on changes in the credit risk. A 12-month ECL (Stage 1) applies to all items unless there is a significant increase in credit risk since initial recognition. For items where there is a significant increase in credit risk (Stage 2) or which are in default (Stage 3), life-time ECL applies.

On each balance sheet date the Company performs an assessment of whether credit risk has increased significantly since initial recognition. The assessment of whether there has been a significant increase in credit risk is based on quantitative and qualitative indicators. Indicators include payments that are past due >30 days and <90 days and financial assets whose contractual terms have been revised due to the customer's financial difficulties. In case there has been a significant increase in credit risk since initial recognition, an allowance for lifetime ECL shall be recognised and the financial asset is transferred to Stage 2. The approach is symmetrical, meaning that in subsequent balance sheet dates, if the credit quality of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the financial asset moves back to Stage 1.

For trade receivables without a significant financing component the Company applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. The Company uses a provision matrix in which allowance for impairment losses is calculated for trade receivables falling into different ageing or overdue periods.

Fair value measurement

The Company measures the fair value of financial instruments, such as derivatives, at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• in the principal market for the asset or liability; or
• in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash

Cash and cash equivalents include cash at bank and short-term bank deposits (with a redemption term of less than 3 months) that do not bear any significant risk of changes in their market value.

Foreign currency transactions and financial assets and liabilities denominated in foreign currency

The functional currency of the Company is the euro. Foreign currency transactions are recognised using the official exchange rates quoted by the European Central Bank on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are restated in euros using the official exchange rates quoted by the European Central Bank on the reporting date. Gains and losses on foreign currency transactions are recognised in profit or loss as revenue and expenses of the period.

Financial investments

Financial investments are initially registered at their cost which is equal to the fair value paid for the financial asset in question and the investments are registered on the date of the transaction.

Transaction costs associated with financial investments are recognised in profit or loss. Investments made into equity instruments must always be recognised at fair value.

Financial instruments recognised at fair value are restated on each working day according to their current fair value without deducting potential transaction costs associated with the realisation of the financial instrument. The basis for the fair value is the quoted market price of the financial instrument.

Property, plant and equipment and intangible assets

Based on the materiality concept, only such asset items are recognised as non-current assets that have, separately or as a set, a cost of more than EUR 10,000 and useful life of more than one year.

Property, plant and equipment have been recognised in the statement of financial position at their cost, less accumulated depreciation and any write-downs resulting from impairment of assets. The Company uses the straight-line method upon depreciation of property, plant and equipment.

Depreciation rates are established separately for each item of non-current assets on the basis of its useful life.

The depreciation rates established for property, plant and equipment are reviewed if circumstances have emerged that may significantly change the useful life of the non-current assets or the group of non-current assets. The effect of changes in evaluations is recognised within the reporting period and in subsequent periods.

Property, plant and equipment are derecognised upon transfer of the assets or when the Company no longer expects an economic benefit from the use or sale of the assets. Expenses related to current maintenance and repairs are recognised under the expenses of the reporting period.

The threshold for recognition of non-current assets is EUR 10,000 and the useful life is determined separately in the event of each asset item.

Leases

As a result of all leases, the lessor receives the right to use the asset as of the commencement of the lease and – if the lease payments are made over a period of time – they receive financing as well.

The lessee must (a) register the assets and liabilities of all leases with a term of more than 12 months unless the value of the leased asset is low; and (b) recognise depreciation on leased assets and interest expenses on lease liabilities in profit or loss.

The Company leases office premises. At inception of a contract, the Company assesses whether the 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.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. The lessee reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

Initial measurement

At the commencement date, a lessee measures the right-of-use asset at cost.
The cost of the right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement of the lease term, less any lease incentives received;
- any initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee uses the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Subsequent measurement

After the commencement date, the Company measures the right-of-use asset and the corresponding liability on the date that the cost model can be applied to the leased asset. To apply a cost model, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. After the commencement date, the lessee recognises interest on the lease liability in profit or loss. If there are changes in lease payments, there may be a need to remeasure the lease liability. A lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the lessee recognises any remaining amount of the remeasurement in profit or loss.

A lessee accounts for a lease modification as a separate lease if both:
a) the modification increases the scope of the lease by adding the right to use one or more underlying asset; and
b) the consideration of the lease increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Each lease payment is apportioned between the finance charge (interest expense) and the principal repayments of the lease liability to reduce the carrying amount of the liability. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability at any given time.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Financial liabilities

Financial liabilities consisting of trade creditors, taxes payable and payables to employees are initially registered at their cost, which is the fair value of the consideration payable or receivable for the particular financial liabilities.

Payables to employees include calculated but unpaid salaries and holiday pay liability as at the reporting date. Holiday pay liability is recognised together with social taxes and unemployment insurance premiums in the balance sheet under payables and prepayments and in profit or loss under personnel expenses.

Statutory reserve capital

Pursuant to the Commercial Code of the Republic of Estonia, the Company transfers each financial year at least 5% of the net profit of the current year to the statutory reserve capital until the reserve capital accounts for at least 10% of the share capital.

The statutory reserve capital may not be distributed as dividends, but it may be used to cover losses if the losses cannot be covered from the available equity. The statutory reserve capital may also be used to increase the share capital of the Company.

Off-balance sheet accounting

Off-balance sheet accounts consist of customers' funds safekept by Grünfin. Off-balance sheet assets may be recognised in cash or securities. Grünfin invests cash deposited by customers in securities once a week.

Customers' assets are also recognised as off-balance sheet liabilities. Customers' assets are recognised as liabilities on a cash basis at the moment when cash is received from the customer.

Grünfin keeps off-balance sheet accounting in the accounting programme as a separate module (Customer Ledger) which includes all the accounts used in the accounting of customers' assets.

The Customer Ledger receives input information from the Grünfin system and from customers' bank accounts, incl. securities accounts. It also serves as an output for the accounting of Grünfin in order to keep accounts of revenue and expenses.

Revenue

Revenue is recognised in terms of the following main revenue types: fee and commission income, other operating revenue and financial income. Fee and commission income is recorded in the accounting on an accrual basis at the moment of executing the respective transaction. Revenue earned in the Company's ordinary course of business is recognised at the fair value of the consideration received or receivable.

Performance linked fees or fee components are recognised when the performance criteria are fulfilled. Other one-off service revenues and other revenues are recognised on an accrual basis at the moment of executing the respective transaction.

The sales revenue of the Company consists of fixed monthly fees for the management of portfolios and the performance fee if upon achieving the ultimate goal the portfolio has yielded a larger gain than that which was initially estimated.

Taxation

Corporate income tax

Pursuant to the Income Tax Act in force in Estonia, corporate earnings are not subject to tax in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, reception costs, disbursements not related to business and adjustments of transfer prices.

There are no differences between the carrying amounts and tax bases of the assets of companies registered in Estonia that could result in deferred tax receivables and deferred tax liabilities. The contingent income tax liability which would arise on the distribution of retained earnings as dividends is not recognised in the balance sheet. The maximum income tax liability which would arise on the distribution of retained earnings as dividends is presented in the notes to the financial statements.

The corporate income tax associated with the distribution of dividends is recognised as a liability and an income tax expense in profit or loss at the time the dividends are declared, regardless of the period for which the dividends are declared or the time of their actual payment.
The income tax liability emerges on the 10^{th} day of the month following the month when the dividends were distributed. The income tax is withheld by the entity that distributed the dividends.

Related parties

For the purposes of the financial statements, related parties include:

Executive and senior management, and major shareholders who are private persons, unless these persons are unable to exercise significant influence over the business decisions of the Company;

Close family members of the persons described above (i.e. the family members who can be presumed to have significant influence, such as spouses and children) and companies under their control or significant influence.

Recognition of events after the balance sheet date

Events after the balance sheet date include events of impact on the business activities of the Company, which had not yet occurred on the balance sheet date, but which have an influence on business activities in subsequent periods. A distinction is made between adjusting and non-adjusting events. Adjusting events have an impact on the financial results of the period that has ended. Non-adjusting events have no impact on financial results.

Note 3. Adoption and interpretation of new or revised standards and new accounting policies

Adoption of new or revised standards and interpretations

As of 1 January 2022, some new standards or interpretations thereof have become effective and have therefore been adopted by the Company, but these do not have a material impact on the Company's financial results.

New standards, interpretations and amendments thereto that have not entered into force yet

At the date of approval of these financial statements, the IASB and IFRIC have issued a number of new standards and amendments to existing standards or interpretations that have not entered into force yet. The Company has not adopted any of these standards or amendments to existing standards in advance.

The management intends to apply the above standards and interpretations from the date of their entry into force. The management believes that the new or revised standards or interpretations thereof are not expected to have a material impact on the Company's financial results.

Note 4. Significant management judgments and estimates

The preparation of financial statements in conformity with IFRS as adopted in the EU requires management to make judgments, estimates and assumptions that affect applicable accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The actual results may differ from the estimates. The estimates and underlying assumptions are reviewed periodically. The effects arising from the review of accounting estimates are recognised in the period in which the estimates are changed, if this only concerns the given period, or in the given and future periods, if the change concerns both the current and future periods.

The following are key management estimates that may have an impact on the financial statements:

Trade receivables (assessment of recoverability) – the management assesses accounts receivable on the basis of its experience and best knowledge, and the management assesses all the receivables individually, the expected credit losses are calculated in respect of accounts receivable, and the management tests, above all, impairment of the value of outstanding receivables and writes off the estimated sum of doubtful and uncollectible receivables.

Value of assets – on each balance sheet date the management estimates whether there are any indications that the value of assets may have fallen below their carrying amount and whether there are any objective indications to an impairment of the value of assets, including intangible assets; an impairment of the value is recognised if it is highly likely that the assets in their entirety or a significant portion thereof do(es) not bring the expected economic benefit, e.g. expiration or termination of use of licences.

Assessment of useful lives of property, plant and equipment – the management has assessed the useful lives of property, plant and equipment proceeding from the forecast useful life of the assets and relying on its experience. The useful lives and residual values of items of property, plant and equipment are reviewed at the end of each financial year and, if necessary, the depreciation methods or rates are adjusted.

Recognition of assets held by customers – the management has analysed the recognition of assets held by customers and determined that pursuant to the principles of the IFRS, all asset classes of clients must be recognised in the off-balance sheet accounts and the revenue and expenses generated by the assets of customers belong to the customer in full.

Going concern – the management board of Grünfin AS has assessed the ability of Grünfin AS to continue as a going concern and believes that Grünfin AS has sufficient funds in order to continue its activities. Therefore, the financial statements are prepared on the basis of the going concern principle.

Contingent liabilities – the tax authority is entitled to inspect the Company's accounting for taxation purposes within five years of the due date for filing a tax return and, upon identifying errors, determine an additional amount of tax, interest or penalty. The Company's management is of the opinion that in 2022 there were no circumstances that could result in tax authorities imposing any significant additional tax amounts on the Company.

Note 5. Risk management, principles of calculating capital requirements and capital adequacy

Grünfin AS has applied, on a Group basis, a set of risk management rules, the principles and policies of which have been approved by the management board and supervisory board. In order to manage possible business risks, the Company applies corresponding processes for identifying, mitigating and monitoring risks. Risk management consists in consistent activities in which the organisation as a whole has been involved and the purpose of which is to ensure the sustainability of the Company through the existence of sufficient capital should the risks materialise as well as to ensure transparency and high quality of management decisions.

The most significant risks for Grünfin AS are the following:

Liquidity risk – the risk that the Company is unable to meet its liabilities on time. To manage this risk, a regular capital and risk assessment process is carried out and the cash flows arising from assets and liabilities and having an impact on liquidity also undergo regular monitoring. The revenue of Grünfin consists of the fees and commissions collected from customers; in the case of arrears, Grünfin has the right to sell the securities held by customers in order to cover the arrears. Liquidity risk includes the risk of funding, which may materialise if the Company lacks stable sources of financing for its operations. As a starting company, the Company needs additional financing until revenues exceed costs. Grünfin has a robust process for monitoring capital and plans for additional financing are made well in advance.

Assets and liabilities held for managing liquidity risk by contractual maturity dates (31 December 2022)

	Note	On demand	Up to 1 year	Over 1 year	Total
Assets held for managing liquidity risk					
Cash and cash equivalents	Note 7	**1,817,490**	0	0	**1,817,490**
Receivables and prepayments	Note 8	0	28,130	0	28,130
Total assets held for managing liquidity risk		**1,817,490**	**28,130**	**0**	**1,845,620**
Liabilities by contractual maturity dates					
Payables and prepayments	Note 12	0	170,268	0	170,268
Lease liability	Note 11		44,163	128,540	172,703
Total liabilities		**0**	**214,431**	**128,540**	**342,971**

Economic cycle risk – the risk resulting from changes in the phase of an economic cycle. This risk may have an impact on the activity of customers and, in turn, reveal itself in the form of another risk, e.g. business risk, for the Company. The service provided by Grünfin is generally aimed at regular savings, which should level the fluctuation of financial markets for the customer during a longer savings period. Grünfin monitors the risk and reports to the management regularly.

Business risk – the risk that inadequate business decisions or insufficient implementation thereof or inadequate response to changes in the operating environment and customer behaviour or technological development results in loss or reduces revenue. For example, changes in the operating environment and customer behaviour that may, among other things, be caused by the materialisation of the risks listed above. Business risk is mitigated, among other things, through the recruitment policy, regular reporting on implementation of the business plan and operational regular risk and financial reporting which ensures that the management board and supervisory board have sufficient information for making necessary decisions and producing adequate responses. Similarly to business risks, we have considered strategic risks to be significant risks that may arise from inappropriate strategy or its implementation and that could affect the economic performance and sustainability of the Company. This risk is managed mainly through the organisational structure, ensuring that the supervisory board regularly receives information and is able to intervene and make proposals when the need arises.

Concentration risk – the assets of customers and Grünfin are held through Swedbank AS. The risk may materialise if Swedbank is unable to meet its obligations to its customers. In order to hedge the risk, Grünfin takes into consideration the credit ratings issued with regard to Swedbank AB, the parent company of Swedbank AS (SP, Fitch, Moodys: https://www.swedbank.com/investor-relations/debt-investors/rating.html), conducts regular counterparty assessments and, where necessary, reassesses the asset holding as volumes increase.

The Company has also assessed the earnings risk, operational risk, market risk, price risk, currency risk, credit risk and other risks, but their impact is not significant. However, we assess the risks regularly and, when our business grows and/or the environment changes, we will adjust the assessment results.

Own funds

The own funds of Grünfin AS only consist of Tier 1 (i.e. the strongest and most liquid) funds, which are the paid-up share capital and the share premium.

	2022	**2021**
Own funds	1,649,522	405,000
Tier 1 capital	1,649,522	405,000
Common equity tier 1 capital (CET 1)	1,649,522	405,000
Share capital	150,003	150,000
Share premium	3,384,999	675,000
Deductions from own funds (incl. loss, intangible assets)	-1,606,721	-420,000

Capital management and requirements

The purpose of capital management is to ensure the existence of sufficient own funds in order to cover the risks assumed and therethrough ensure the sustainability of economic activities. Grünfin adheres to the two-pillar principle. Pillar 1 ensures the minimum regulatory capital requirement and Pillar 2 ensures the additional capital reserve which is formed as a result of the internal capital and risk assessment (ICARA) or as a result of an additional supervisory assessment and that is not covered by Pillar 1.

The own funds requirement is calculated on the basis of Regulation (EU) 2019/2033 of the European Parliament and of the Council on the prudential requirements of investment firms, which entered into force in summer 2021. The own funds requirement, i.e. Pillar 1 own funds, of Grünfin AS amounted to the forecast fixed overhead for three months (the own funds requirement is the higher of the three, either the minimum capital requirement or fixed overhead requirement or K-factor).

Pillar 2, i.e. the additional capital requirement, is assessed regularly according to the internal capital and risk assessment (ICARA) process. According to the assessment made in 2022, the Pillar 2 additional capital requirement amounted to EUR 10,000. The capital requirement of Pillar 1 and Pillar 2 in total amounted to EUR 280,000.

Grünfin AS met all the regulatory capital requirements. Own funds requirements and capital requirements are set out in the tables below.

	2022	2021
Own funds requirement	270,000	270,000
Minimum capital requirement	150,000	150,000
Fixed overhead requirement	270,000	270,000
K-factor	357	0
Total own funds requirement	**270,000**	**270,000**

Capital adequacy

	2022	2021
CET1 capital ratio	6.109	1.5
Surplus (+) / deficit (–) of CET1 capital	+1,498,322	+253,800
Tier 1 capital ratio	6.109	1.5
Surplus (+) / deficit (–) of Tier 1 capital	+1,447,022	+202,500
Capital ratio	6.109	1.5
Surplus (+) / deficit (–) of total capital	+1,379,522	+135,000

Liquidity requirement

The regulatory liquidity requirement applicable to investment firms is 1/3 of the fixed overhead requirement. The fixed overhead requirement is determined in accordance with Article 13 of Regulation (EU) 2019/2033, which states that the fixed overhead requirement for the first year is based on projections and that for the following years the actual fixed overheads of the previous year are taken into account. In 2022, Grünfin AS' liquid assets consisted of short-term unencumbered deposits. Grünfin AS' liquidity requirement was met to the extent of more than 20 times as of 31 December 2022.

	Liquidity requirement	Liquid assets	Liquidity requirement rate
2022	90,000	1,817,490	20.2
2021	90,000	673,000	7.5

Note 6. Fair value measurement of financial assets and liabilities
(euros)

	Level 1	Level 2	Level 3	Total
31.12.2022				
Financial assets				
Cash	0	1,817,490	0	**1,817,490**
Receivables and prepayments	0	0	28,130	**28,130**
Total	**0**	**1,817,490**	**28,130**	**1,845,620**
Financial liabilities				
Payables and prepayments	0	0	170,268	**170,268**
Lease liabilities	0	0	172,703	**172,703**
Total	**0**	**0**	**342,971**	**342,971**
31.12.2021				
Financial assets				
Cash	0	673,191	0	**673,191**
Receivables and prepayments	0	0	6,761	**6,761**
Total	**0**	**673,191**	**6,761**	**679,952**
Financial liabilities				
Payables and prepayments	0	0	268,359	**268,359**
Total	**0**	**0**	**268,359**	**268,359**

LEVELS USED IN THE MEASUREMENT:

Level 1
Quoted prices in active markets

Level 2
Financial instruments are measured based on market information.

Level 3
Financial instruments are measured using other measurement methods.

Note 7. Cash
(euros)

	31.12.2022	31.12.2021
Cash at bank	1,817,490	673,191
Total cash	**1,817,490**	**673,191**

Note 8. Receivables and prepayments
(euros)

	31.12.2022	within 12 mon ths	31.12.2021	within 12 mon ths
Prepayment for right-of-use assets	6,761	6,761	6,761	6,761
Other prepaid expenses	21,061	21,061	0	0
Fees and commissions receivable	308	308	0	0
Total receivables and prepayments	**28,130**	**28,130**	**6,761**	**6,761**

Due to the specific nature of the business activities of the Company, the impact of credit losses has not been assessed as it is highly unlikely that the Company will sustain such losses.

Note 9. Property, plant and equipment and right of use
(euros)

	Right-of-use assets (office premises)	Fixtures, fittings and tools	Total
31.12.2021			
Acquisition cost	0	0	0
Accumulated depreciation	0	0	0
Residual cost	0	0	0
New leases	203,217	0	203,217
Acquired property, plant and equipment	0	652	652
Additions through business combinations	0	10,116	10,116
Depreciation cost	-30,808	-1,615	-32,423
31.12.2022			
Acquisition cost	203,217	10,768	213,985
Accumulated depreciation	-30,808	-1,615	-32,423
Residual cost	**172,409**	**9,153**	**181,562**

Note 10. Intangible assets
(euros)

22.01.2021	Capitalised development expenses*	Other software	Total
Acquisition cost	0	0	0
Accumulated depreciation	0	0	0
Residual cost	**0**	**0**	**0**
Purchases and improvements	31,015	8,590	39,605
Additions through business combinations	100,929	0	100,929
Depreciation cost	0	0	0
31.12.2021			
Acquisition cost	131,944	8,590	140,534
Accumulated depreciation	0	0	0
Residual cost	**131,944**	**8,590**	**140,534**
incl. in progress (not in use)	11,875	8,590	20,465
Purchases and improvements	190,381	0	190,381
Additions through business combinations	0	8,780	8,780
Depreciation cost	-34,514	-2,605	-37,119
31.12.2022			
Acquisition cost	322,325	17,370	339,695
Accumulated depreciation	-34,514	-2,605	-37,119
Residual cost	**287,811**	**14,765**	**302,576**
incl. in progress (not in use)	42,025	0	42,025

* Grünfin’s own software, both as outsourced services and as capitalised wage costs, has been recognised under capitalised development costs.

Grünfin’s software has a useful life of five years.

Note 11. Leases
(euros)

The Company leases office premises since March 2022, which is recognised as a right-of-use asset and a corresponding liability in accordance with IFRS 16.
Right-of-use assets and lease liabilities are recognised under separate headings in the statement of financial position. Further information concerning the movement of right-of-use assets has been provided in Note 9.

Movements in lease liabilities:

	Lease liabilities
Balance on 31 December 2021	**0**
Addition of a new lease	195,266
Payments for the principal portion of lease liabilities	-32,420
Interest expenses	1,906
Adjustments	7,951
Balance on 31 December 2022	**172,703**

The lease liability was divided into short-term and long-term liabilities as follows:

	31.12.2022	**31.12.2021**
Short-term lease liability	44,163	0
Long-term lease liability	128,540	0
Total	**172,703**	**0**

Note 12. Payables and prepayments received
(euros)

	Note no.	**31.12.2022**	**within 12 months**	**31.12.2021**	**within 12 months**
Payables to employees	13	59,283	59,283	55,992	55,992
Payables to related parties	14	18,367	18,367	165,000	165,000
Taxes payable	15	53,715	53,715	47,246	47,246
Trade creditors		9,805	9,805	0	0
Other accrued expenses		21,171	21,171	121	121
Credit card bookings		7,927	7,927	0	0
Total payables and prepayments		**170,268**	**170,268**	**268,359**	**268,359**

Note 13. Payables to employees
(euros)

	31.12.2022	31.12.2021
Wages and salaries payable	38,056	32,546
Holiday pay liability	21,227	23,446
Total payables to employees	**59,283**	**55,992**

Note 14. Related parties
(euros)

Related parties of the Company are deemed to be the following persons:

1. Executive and senior management and close family members of such persons (spouse, cohabiting partner, child) and companies under their control or significant influence [1].
2. Parent company (and persons controlling or having significant influence over the parent company)
3. Private owners with majority holding (unless the persons cannot exercise significant influence over the business decisions of the Company) and close family members of the persons listed above, and companies under their control or significant influence
4. Subsidiaries
5. Other companies belonging in the same consolidation group (e.g. the remaining subsidiaries of the parent company)
6. Associates

[1] Control or significant influence generally arises either from a holding in the company's capital or membership in its managing bodies.

The parent company Grünfin Group OÜ, who is a reporting entity and holds 100% of the shares of the Company, is a company registered in Estonia.

Balances with related parties by groups were as follows:

Current liabilities	**Note no.**	**31.12.2022**	**31.12.2021**
Payables and prepayments			
Parent company		0	165,000
Members of the management board (settlements with reporting persons)		18,367	0
Total payables and prepayments to related parties	12	**18,367**	**165,000**

Purchases from related parties	**01.01.2022-31.12.2022**	**22.01.2021-31.12.2021**
Services from the parent company	80,906	64,071
Non-current assets from the parent company	18,896	100,929
Total purchases from related parties	**99,802**	**165,000**

Remuneration and other significant benefits calculated for executive and senior management		
Calculated remuneration	235,728	80,000

Option cost related to executive and senior management	184	415

Note 15. Taxes payable
(euros)

	Note no.	31.12.2022	31.12.2021
Withheld income tax		9,743	7,558
Income tax on fringe benefits		549	260
Social tax		15,334	17,165
Mandatory funded pension		612	512
Unemployment insurance premium		715	446
VAT		1,662	0
Other taxes payable		25,100	21,305
Total taxes payable	12	**53,715**	**47,246**

Note 16. Share capital
(euros)

	31.12.2022	31.12.2021
Share capital	150,003	150,000
Number of shares (pcs.)	150,003	150,000
Nominal value of shares	1	1

During the financial year, the Company issued 3 shares with the nominal value of EUR 1 (2021: 25,000 shares with the nominal value of EUR 1).

The issue of the shares resulted in the share premium of EUR 2,709,999 (2021: EUR 675,000)

On the basis of the Articles of Association, the minimum amount of the share capital is EUR 125,000 and the maximum amount is EUR 500,000.

Note 17. Fee and commission income
(euros)

Sales revenue by geographical area	01.01.2022-31.12.2022	22.01.2021-31.12.2021
Sales to European Union Member States:		
Estonia	6,520	885
Germany	764	23
France	0	4
Slovakia	0	20
Austria	70	12
Spain	43	0
Finland	12	0
Hungary	94	0
Lithuania	4	0

Romania	20	0
Portugal	16	0
Total:	**7,543**	**944**
Sales revenue by areas of activity:	**01.01.2022-31.12.2022**	**22.01.2021-31.12.2021**
Securities portfolio management	7,245	944
Investment plans for companies	298	0
Total:	**7,543**	**944**

Note 18. Fee and commission expenses
(euros)

	01.01.2022-31.12.2022	**22.01.2021-31.12.2021**
Securities account fees	8,424	3,210
Service charges of securities transactions	9,026	0
Other service charges	14,733	0
Total fee and commission expenses	**32,183**	**3,210**

Note 19. Labour expenses
(euros)

	01.01.2022-31.12.2022	**22.01.2021-31.12.2021**
Wage costs	434,141	137,602
Social tax	170,198	48,186
Unemployment insurance premium	2,031	403
Total labour expenses	**606,370**	**186,191**
Average number of employees reduced to full-time	11	3
Average number of employees by type of work:		
Person working under an employment contract	7	1
Member of management or supervisory body of the legal person	4	2

Note 20. Employee option programme
(euros)

The employee option programme was adopted by a resolution of shareholders on 30 October 2020. The purpose of the option programme is to offer a long-term motivation programme to all employees of the Group and also meet the expectations of the labour market in the technology company.

The management board decides on the option packages of the Company in the case of each employee and position separately. On the basis of the option programme, an employee has no right to expect guaranteed return or financial compensation. Every employee earns options during an individual vesting period while working in the Company within four years. Thereby, the first 25% of the options are vested after one year has passed from the commencement of the employment relationship and thereafter in monthly portions until the end of the vesting period.

Upon termination of the employment relationship, the Company has no obligation to offer any financial compensation for options. Owning options does not grant the employee the right to vote or the right to dividends.

	2022	**2021**
Expenses resulting from the issuance of share options	28,803	5,886

Summary of options issued	**2022**		**2021**	
	Average strike price	Number of options	Average strike price	Number of options
1 January	0.01	96,500	0.01	76,400
Issued within the year	0.01	2,550	0.01	20,100
Exercised within the year	0	0	0	0
Withdrawn within the year	0.01	-9,300	0	0
31 December	0.01	89,750	0.01	96,500
Available as of 31 December		23,180		3,250
Undelivered as of 31 December		66,570		93,250

* *weighted average value*

** *considering the requirement for 1-year length of employment*

No options expired and 9300 options were withdrawn during the period.
The weighted average vesting period of unvested options as at the end of the period was 2.55 years.

Fair value of options

The fair value of options was measured proceeding from the value of the Company measured on the basis of the transaction for sale of shares that was concluded in November 2022. The fair value of options issued before that event was measured proceeding from the value of the paid-up equity of the Company.

In addition, the fair value of options was also measured using the Black Scholes option pricing simulation model in which the following inputs were used:

1. Strike price of option – EUR 0.01 (2021: EUR 0.01)
2. Weighted average fair value at measurement date – EUR 8.74 (EUR 0.72 in 2021)
3. Term – 4 years after issue (same in 2021)
4. Price volatility – 15% *(S&P 500 historical average volatility)* (same in 2021)
5. Expected dividend yield – 0% (same in 2021)
6. Risk-free interest rate – 3% (same in 2021)

As at 31 December 2022, the share option reserve totalled EUR 34,689 (31 December 2021: EUR 5,886).

Note 21. Various operating expenses
(euros)

	01.01.2022-31.12.2022	22.01.2021-31.12.2021
Lease and rent	2,583	3,147
Miscellaneous office expenses	76,679	5,208
Business travel expenses	20,800	1,834
National and local taxes	49,468	1,792
Legal aid and accounting	107,592	31,808
Marketing expenses	202,438	5,556
Services and consultations	23,095	6,673
Other expenses	70,588	28,441
Training and recruitment expenses	14,649	0
Total various operating expenses	**567,892**	**84,459**

Note 22. Other operating costs
(euros)

	01.01.2022-31.12.2022	22.01.2021-31.12.2021
Exchange rate differences	842	0
Fines and default interest	2	0
Donations	1,000	0
Other operating costs	3,870	0
Total other operating costs	**5,714**	**0**

Note 23. Off-balance-sheet assets and liabilities
(euros)

Off-balance sheet assets include customers' funds in a separate bank account and customers' securities. The assets of customers are held separately from those of the company and are accounted for off-balance sheet. Customers' assets are safekept at a credit institution, the parent company of which has been assessed by the rating agencies Fitch, S&P and Moody's. https://www.swedbank.com/investor-relations/debt- investors/rating.html

Off-balance sheet assets	**31.12.2022**	**31.12.2021**
Securities	994,491	212,494
Customers' current account	6,594	6,033
Interim account for customer settlements	-37	23
Total	**1,001,048**	**218,550**

Off-balance sheet liabilities	**31.12.2022**	**31.12.2021**
Liabilities to customers	1,001,048	218,550
Total	**1,001,048**	**218,550**

Note 24. Events after the reporting date
(euros)

No significant events have occurred after the reporting date 31 December 2022 that could have an impact on the results of the past financial year.

Signatures of members of management board to annual report 2022

The management board has prepared the management report and the financial statements of Grünfin AS for the financial year ended 31 December 2022.

The management board declares that the management report of Grünfin AS set out on pages 3-4 gives a true and fair view of the development and results of the business activities, and financial position of the Company.

The management board declares that, to the best of their knowledge, the financial statements set out on pages 5 to 27 give a true and fair view of the assets, liabilities, financial position and results of the Company in accordance with the International Financial Reporting Standards as adopted by the European Union and include a description of the main risks and doubts.

17 March 2023
Karin Nemec
Member of Management Board

17 March 2023
Triin Hertmann
Member of Management Board

17 March 2023
Alvar Lumberg
Member of Management Board

17 March 2023
Jürgen Valter
Member of Management Board

Proposal for covering loss for financial year

(euros)

The loss of Grünfin AS as at 31 December 2022 was as follows:

Retained loss	- 278,759
Loss for reporting period	- 1,304,145
Total retained earnings (loss)	**-1,582,904**

The management board of Grünfin AS makes a proposal to the general meeting of shareholders to cover the loss for the financial year on the account of the profit of future periods.

17 March 2023

Karin Nemec
Member of Management Board

Triin Hertmann
Member of Management Board

Alvar Lumberg
Member of Management Board

Jürgen Valter
Member of Management Board

Division of revenue of Grünfin AS pursuant to Estonian Classification of Economic Activities (EMTAK)

Estonian Classification of Economic Activities (EMTAK) code	**2022**	**2021**
64301 Trusts, funds and similar financial entities	7,543	944