



# **SIA DN Operator**

## **INTERIM FINANCIAL REPORT Q2 2021**

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## **GENERAL INFORMATION**

Name of the company	SIA DN Operator
Legal status of the company	Limited liability
Registration number, place, and date	42103092209, Rīga, Latvia, 09.04.2019.
Legal address	
Legal address	Lāceņu iela 15, Kadaga, Ādažu nov., LV-2103, Latvia
Board	Member of the Board Mārtiņš Liberts (from 10.05.2019) Member of the Board Mārtiņš Pēkons (from 09.04.2019)
Business activity	Other information technology and computer service activities (62.09 NACE)
Chief accountant	Dace Rutka
Reporting period	01.01.2021. - 30.06.2021.

## PLATFORM PERFORMANCE OVERVIEW

### Key information about Debitum platform for Q2 2021

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

Registered users at the end of the reporting period: **7 189**

Investments outstanding at the end of the reporting period: **5.15 million EUR**

Client funds on Debitum platform at the end of the reporting period: **5.41 million EUR**

Number of assets available for investments at the end of the reporting period: **378**

Average weighted interest rate for active assets (invested or available for investments) during the reporting period: **8.92 %**

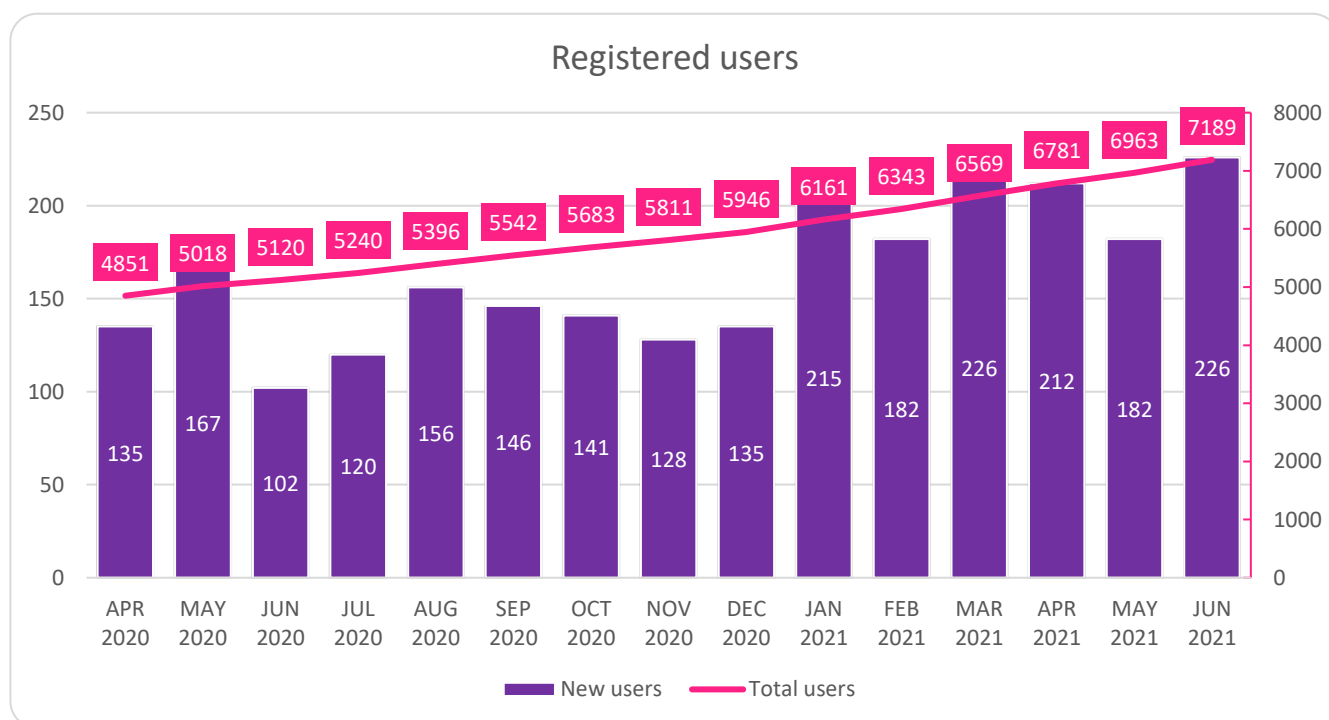
Defaulted assets during Debitum platform operations: **0**

\* 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.

### Platform statistics

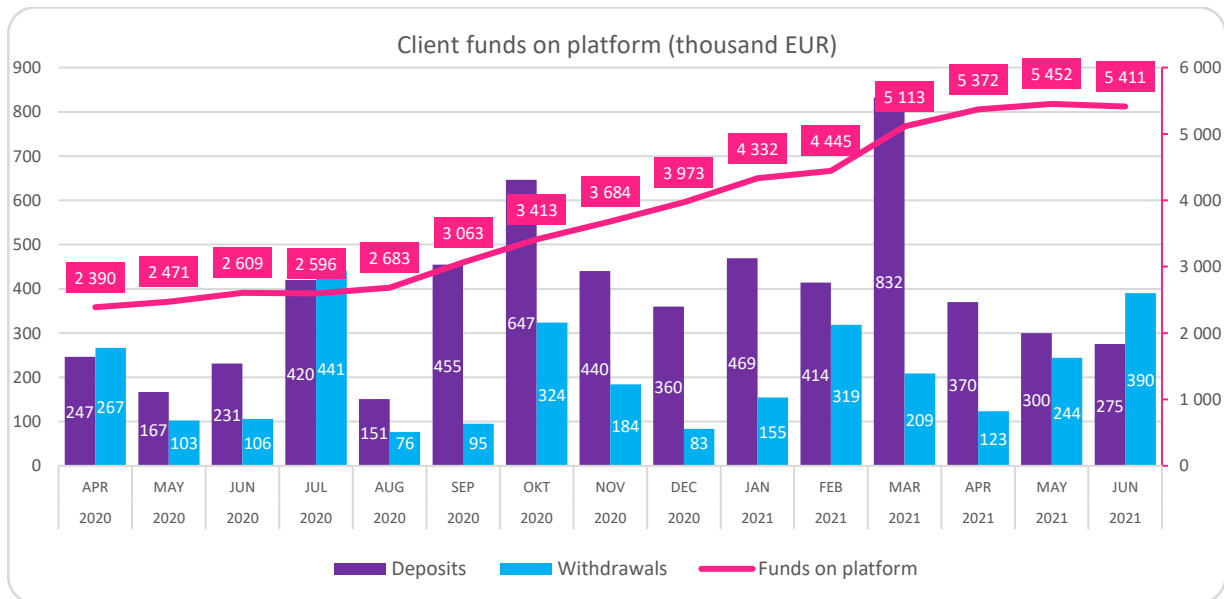
Q2 2021 has been a bit challenging for Debitum platform, but despite this we have reached some new milestones and new records.

During Q2 2021 registered users on Debitum has grown by 620 reaching 7189 registered users. This has been equal to Q1 2021 activity and we can see a trend for 2021 of having more new user registrations than in 2020.

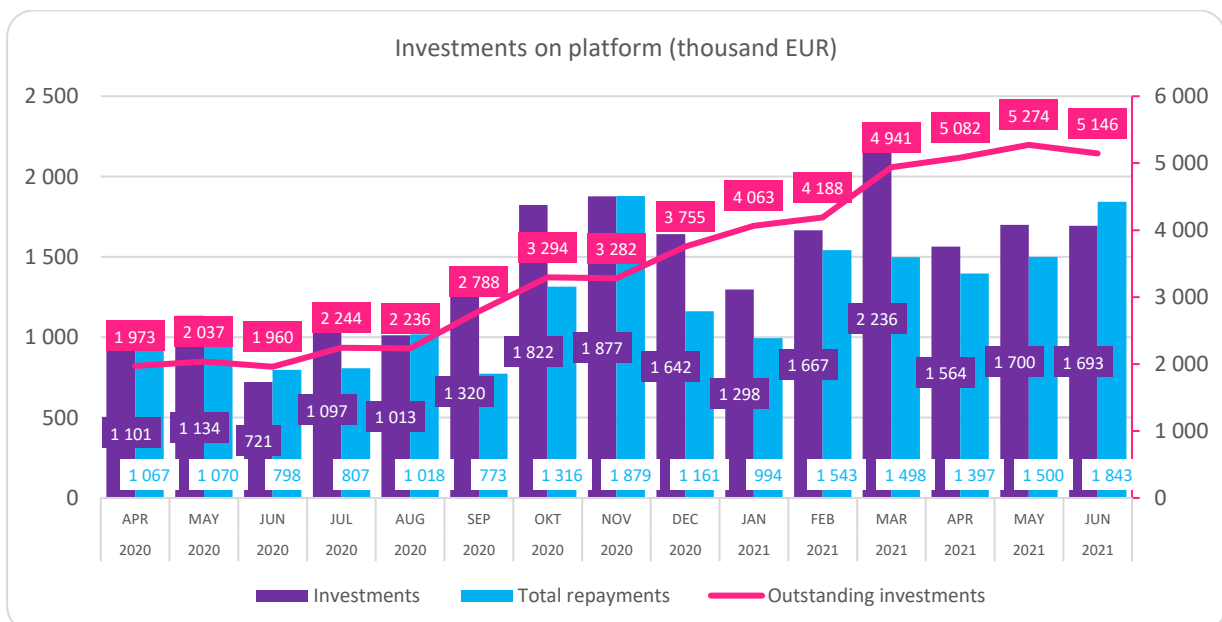


Despite good new user registrations, financial results on Q2 2021 were a bit disappointing. Deposit amount decreased for 45% comparing to Q1 2020 after record on March 2021, but in comparison to Q2 2020 which was also stagnation period on platform it was still increase by 46.5%. Probably this was caused by changes in our team and we feel that our current users got not enough attention. Since middle of June we have new Head of Private Investor Relations, she already has managed to get in touch with a lot of users and results we will see already on next report. Feel free to have discussion about your investments!

Repayment of some big long term assets initiated increase of withdrawal amount and in total during Q1 2021 platform grew only for 5.8% reaching 5.4 million EUR client funds on platform.



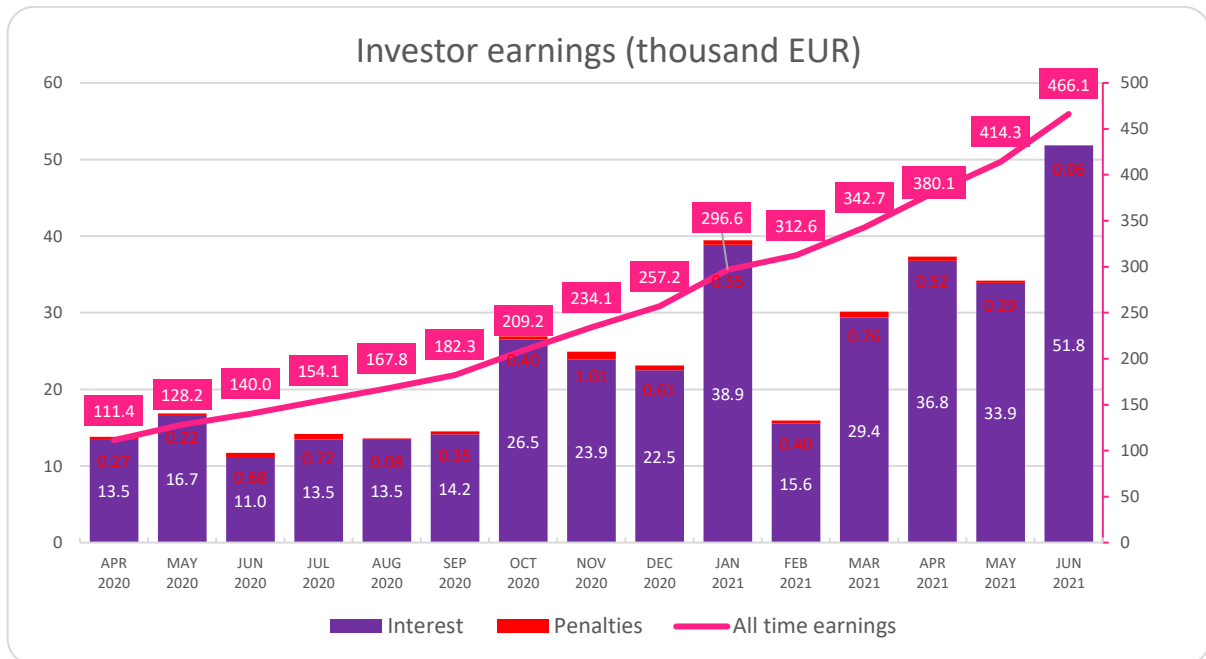
The most important indicator for the platform is outstanding investments. This is provided by difference between investments and repayments and is affected by deposits and withdrawals. As a result of lower inflow of new funds outstanding investments on Q2 2021 increased only for 4% and because of greater repayment on June 2021 amount of it at the end of reporting period even dropped a bit.



## SIA DN Operator

Interim financial report Q2 2021

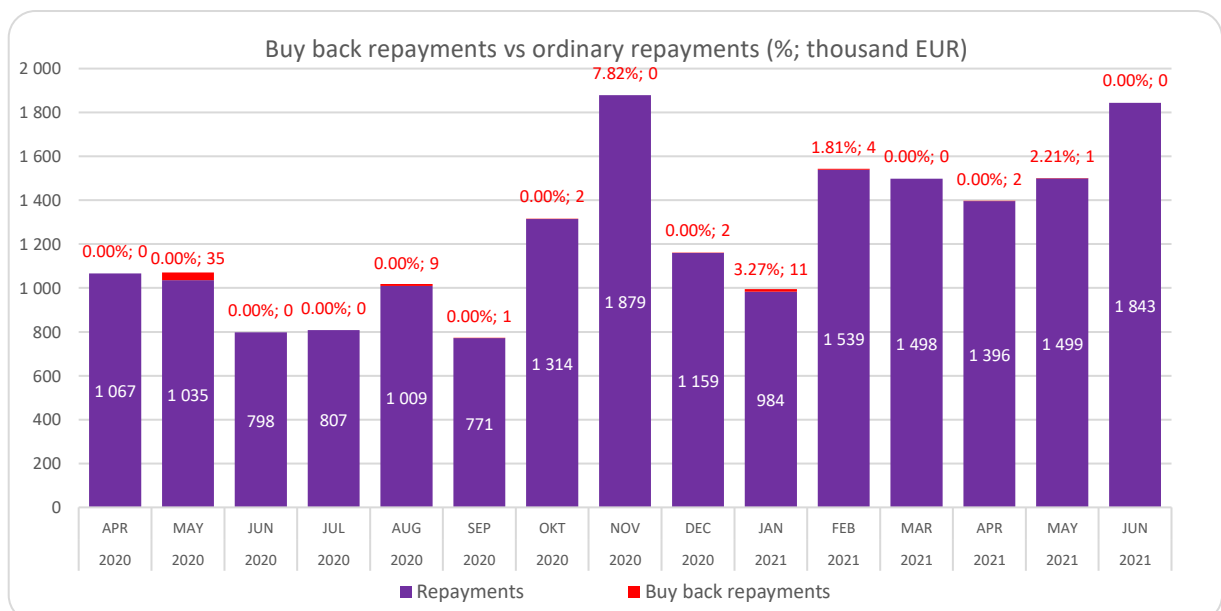
We have great news for our users regarding investors earnings – this parameter has increased from 82.6 thousand EUR of repaid interest in Q1 2021 to 122.5 thousand EUR in Q2 2021. Together with repaid penalties for repayment delays investors all time earnings in Q2 2021 increased by 36% reaching nearly 466 thousand EUR total funds paid to investors.



**We would like to emphasize that on platform history none of the assets still 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.

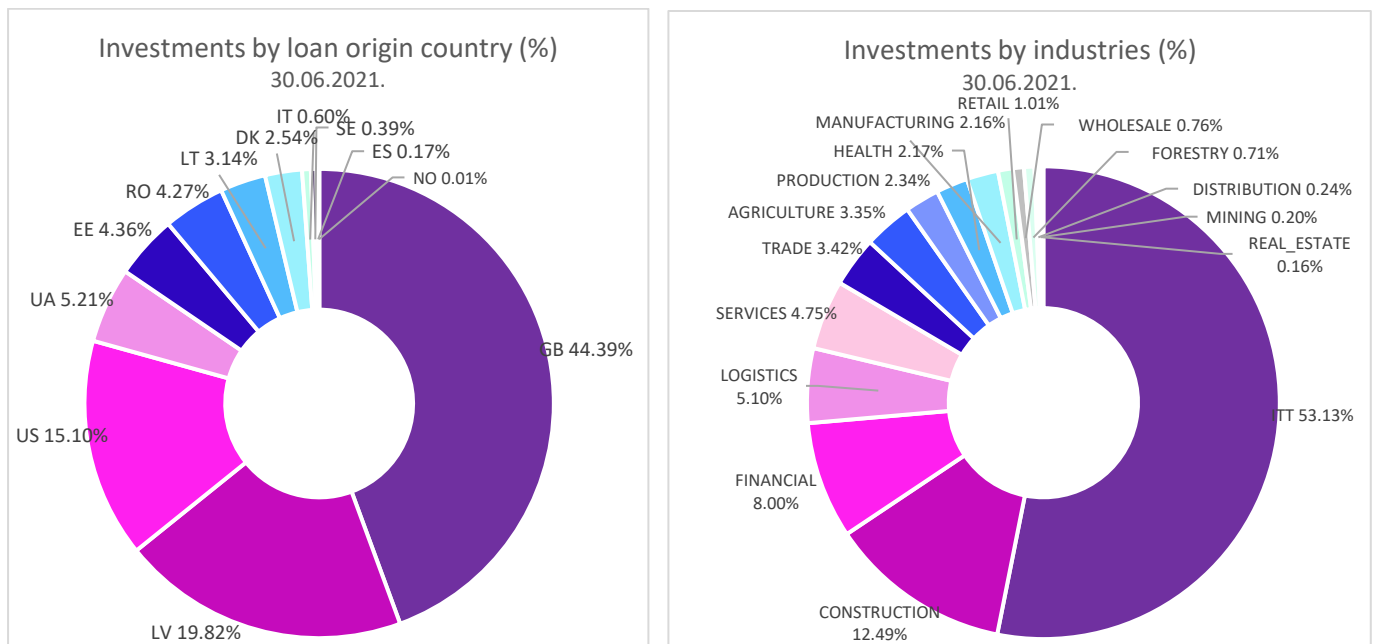
On Investor earnings graph it can be seen that penalties amount remains low showing that assets were mostly repaid on time or grace period (interest is calculated, but penalties not).

The graph below shows that buyback repayments were for only 3 thousand EUR and actually it was just 4 assets that needed to be bought-back buy loan originators.

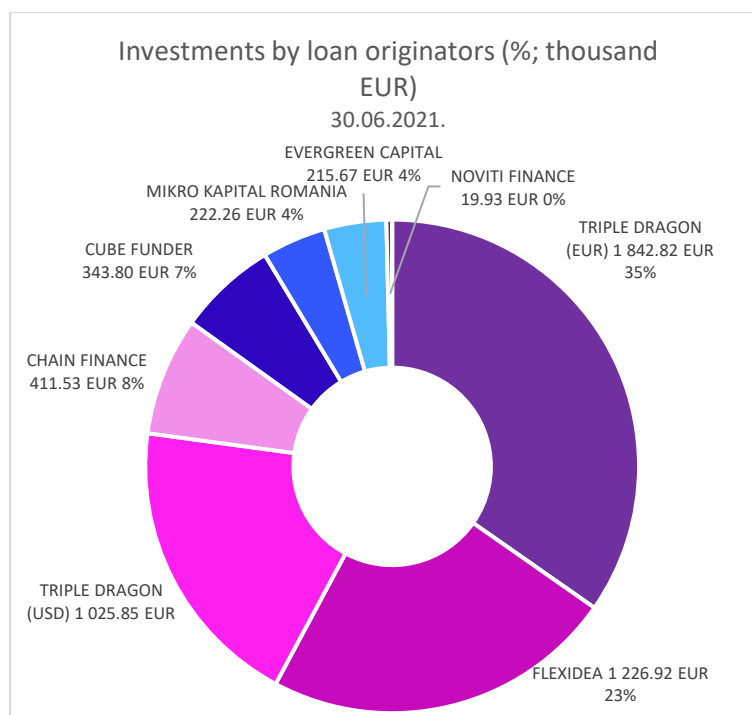


During Q2 2021 there has happened some changes in investments exposure. There has been a small increase of investments in loans from United Kingdom (GB) and Latvia (LV), small decrease in investments from USA (US), but appeared very attractive loans from Ukraine (UA) and investment reached 5%. Due to decrease of assets from Lithuania, investment amount is also rapidly dropping.

By industries still IT is a leader and mostly top 85% business areas haven't changed only switching exposition, except financial industry jumping in third place.



Largest (77%) loan originators at the end of Q2 2021 are Triple Dragon Funding Delta (UK) with assets on EUR and USD platforms and Flexidea (LV).



On Q2 2021 Debitum has finished partnership with invoice financing company Cardec Factoring BV (Netherlands), who was onboarded on platform on January 2020.. The Loan Originator has a very interesting and safe product, but they did not manage to scale up the business and Debitum decided to terminate the agreement with Cardec Factoring. All active assets were repaid. All investors safely received their investments and interest earned.

### **Future plans**

We are really close to receiving investment broker firm license during Q3 2021 and at the moment of preparing this report already have started introducing Debitum users with new structure of investments – *Easy invest* product which will gradually substitute existing investment approach of loan by loan investing to investing in an asset backed by pool of loans. Thus we start preparing our users to investments in financial instruments like bond which will become Debitum main investment instrument after obtaining Brokerage Investment firm license.

We believe that with our zero default assets history we have earned trust of our users and we hope they will be ready to make larger investments via Debitum. Switching to new product will make investment process easier and quicker and more professional.

***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.*



## 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	30.06.2021., EUR	31.12.2020., EUR
Claim rights purchased on the platform	5 146 155	3 754 241
Accrued interest and penalty	35 312	25 046
Current receivables from loan originators*	148 126	211 801
Other current receivables	-	-
Receivables from previous platform operator**	-	6 313
Cash in bank	269 154	-
<b>Off-balance assets total</b>	<b>5 598 747</b>	<b>3 997 401</b>

Off-balance (servicing) liabilities	30.06.2021., EUR	31.12.2020., EUR
Users' accounts balance	264 881	218 114
Users' investments in claim rights purchase agreements	5 146 155	3 754 241
Pending users' deposits and withdrawals	4 217	-
Current liabilities to loan originators***	148 182	-
Users' accrued interest and penalty	35 312	25 046
<b>Off-balance liabilities total</b>	<b>5 598 747</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	30.06.2021., EUR	31.12.2020., EUR
<b>Long-term investments</b>	<b>70 200</b>	<b>5 000</b>
<b>Intangible investments</b>	<b>67 400</b>	<b>5 000</b>
Other intangible investments	4 500	5 000
Advance payments for intangible investments	62 900	-
<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>242 564</b>	<b>309 861</b>
<b>Debtors</b>	<b>18 161</b>	<b>-</b>
Purchasers and commissioning party debts	376	-
Next period costs	7 332	-
Accrued revenue*	10 453	-
<b>Cash</b>	<b>224 403</b>	<b>309 861</b>
<b>Assets total</b>	<b>312 764</b>	<b>314 861</b>

Liabilities	30.06.2021., EUR	31.12.2020., EUR
<b>Equity</b>	<b>286 090</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	(20 721)	(3 134)
<b>Creditors</b>	<b>26 674</b>	<b>-</b>
<b>Short-term creditors</b>	<b>26 674</b>	<b>8 050</b>
Accounts payable to suppliers and contractors**	10 088	0
Taxes and State mandatory social insurance payments	5 014	50
Other creditors	8 572	0
Accrued liabilities***	3 000	8 000
<b>Liabilities total</b>	<b>312 764</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	6 months 2021, EUR	2020, EUR*,**
Net turnover	51 944	-
Production cost price of produce sold, purchase costs for goods sold or services provided***	(9 674)	-
<b>Gross profit or loss</b>	<b>42 270</b>	<b>-</b>
Selling costs	(10 747)	-
Administrative costs	(52 433)	(3 084)
Other revenue from economic activities costs	413	-
Other costs of economic activity	(224)	-
<b>Profit or loss before enterprise income tax</b>	<b>(20 721)</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>(20 721)</b>	<b>(3 134)</b>
<b>Profit or losses for the reporting period</b>	<b>(20 721)</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.

\*\*\* During audit of annual report 2020 we have decided to capitalize some costs shown on Statement profit or loss of Q1 2021.

**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. 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. In nearest future we expect to receive license of investment broker company, and this will give us the opportunity to attract more loan originators and more investors. 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.