

**MACTE INVEST FM AB**  
**Independent Auditor's Report,**  
**Financial Statements prepared in accordance with**  
**International Financial Reporting Standards as adopted by the EU**  
**and Annual Report**  
**for the year ended on 31 December 2019**

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of MACTE INVEST FM AB

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of MACTE INVEST FM AB (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the requirements of the Republic of Lithuania Law on the Audit of Financial Statements related to the audit in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the Republic of Lithuania Law on the Audit of Financial Statements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. All key audit matters and our response to them are described below.

##### Key Audit Matter

##### Our Response to the Key Audit Matter

###### Recognition of Operating Costs

The Company provides a wide range of services to its clients and aims to expand its client base, provide a wider range of financial services. Compared to 2018, operating costs in 2019 had decreased and amounted to 63 % of the operating costs incurred the previous year. Additionally, the Company is in litigation with a former employee over the losses incurred the previous year. Considering all of that, we have decided that the operating costs will be a key audit matter.

###### The following procedures, among others, have been performed:

- (a) we have reviewed the selected operating costs, assessed their justification and documentation, their link to the Company's activities;
- (b) we have reviewed the accounting records of costs and verified the selected transactions against their documentation;
- (c) we have assessed the Company's management's decisions with regard to recognizing costs as eligible considering the activities of the Company.

### **Recognition of income:**

Over the year ended on 31 December 2019 the Company earned an income of 312,000 euros (146,700 euros in 2018). The income included client commissions, earnings from securities trading. Commissions paid by the clients are recognized when the service is rendered. The service of securities' custody is recognized over the period of time during which the service is rendered. Decision of whether an obligation is fulfilled over a certain period of time or rather at a precise moment in time is based on the management's assessment. Considering the significance of the amounts of income, we have judged the audit assessment necessary and have respectively established the recognition of income as a key audit matter.

The following procedures, among others, have been performed:

- a) we have obtained knowledge on the Company's income recognition process, reviewed the implementation of selected internal control procedures, including income calculation and moment of recognition;
- b) for the scope of client contracts, we have reviewed the main contract provisions, interviewed the employees and verified the recognition of obligations to clients and attribution of reward to a transaction, application of set sales prices;
- c) we have made sure that the transactions rendering income were concluded during the reporting period and at appropriate fees, verified them against invoices, payments and contracts.
- d) we have verified whether quantitative and qualitative information, obligatory following the applied requirements and standards for financial statement preparation, was properly included and described in the financial statements.

### **Other Information**

The other information comprises the [information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether the information included in the Company's annual report, including the Corporate Governance Report, for the financial year for which the financial statements are prepared is consistent with the financial statements and whether the Company's annual report, including the Corporate Governance Report, was prepared in compliance with the applicable legal requirements. Based on the work carried out in the course of the audit of financial statements, in our opinion, in all material respects:

- The information provided in the Company's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's annual report was prepared in accordance with the requirements of the Law of the Republic of Lithuania on Financial Reporting by Undertakings.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

We were appointed to conduct the audit of the Company's financial statements for the Y2019 (a single year) following the decision of the shareholders' meeting of 25 April 2019.

We confirm that our opinion in the Opinion section is consistent with the audit report on the financial statements submitted to the Company together with this auditor's conclusion.



We certify, that to the best of our knowledge and belief, the services provided to the Company are in compliance with applicable laws and regulations and do not cover non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council. In the course of the audit, we did not provide any services other than the audit of the financial statements. The engagement partner of this audit, the result of which is this independent auditor's report, is Dangutė Pranckėnienė.

Moore Mackonis UAB

Auditor Dangutė Pranckėnienė  
Licenced Auditor  
31 May 2020





MACTE·INVEST

## ANNUAL REPORT

For the financial year ended on 31 December 2019

### **1. Objective review of the state of the Company, its performance and development, description of the main risks and uncertainties that the Company is facing**

In 2019 and the beginning of 2020, our company was facing a number of challenges: internal problems – improper organization, incompetence and inefficiency – discovered in the course of the previous audit concluded for the FY2018, new financial regulations within Lithuania and EU, rapid growth in the IT infrastructure requirements for the financial companies, new competitors in the market and the beginning of 2020 has witnessed high market volatility and quarantine-related issues.

Following the harsh conditions under the quarantine, at the beginning of 2020, many companies have started optimizing their internal and external processes. Macte Invest FMAB had started this process a year ago, in 2019, after obtaining the audit results and thus the Company is now strong enough to maintain customer service under difficult circumstances, to offer new products and services, to automate work processes and increase the efficiency.

On the basis of the audit results of FY2018, the shareholders have decided to change the Board Members and the Director. The main task for the management was to maintain the Company's robustness, the continuity of customer service and the implementation of norms and regulations.

In 2019, the Company has succeeded to minimize the negative effect of changes in management and has maintained its service continuity. This was made possible by the hire of new and professional staff and their training. Internal audit allowed us to initiate the process of updating, optimization and modernization of the internal procedures and systems.

The main types of risks that the Company is exposed to when pursuing its activities are the credit, operational, liquidity and market risks. Credit risk is related to unreliable customers and large transaction amounts. The Company did not provide any guarantees, but it holds the mandatory 20,000 euros insurance to cover obligations to investors. The Company's customers are reliable and the risks attached to large transactions are properly assessed.

In 2019, the Company has developed and implemented a new financial transaction system and, for the purposes of reporting and communication, a new online client cabinet. The Company manages its liquidity risk by planning its cash flows in advance, securing its financing and setting its goals. Market risk is related to changes in foreign currency exchange rates and interest rates. The Company manages its market risk by limiting the duration of financial instruments, making market forecasts and monitoring the changes that affect the market parameters.

### **2. Analysis of financial and non-financial performance; environmental and personnel information**

The Company works with the Bank of Lithuania and Nasdaq OMX to issue Security Token (the Alfa part is completed and the Beta part is already initiated); accounts for existing bond emissions; in 2019, participated in IPO of Neo Finance AS. The Company has launched an online client verification system, has implemented a new client trading platform, an online portfolio management and a control system, has increased client asset amounts in managed accounts. The Company has implemented a new CRM to assist both its personnel and the clients.

### **3. The number of all own shares acquired and held by the Company, their nominal value and the share of the authorized capital that those shares represent**

There were no such transactions.

### **4. The number of own shares acquired and transferred during the reporting period, their nominal value and the share of the authorized capital that these shares represent**

There were no such transactions.

**5. Information on the payment of won shares, if they are acquired or transferred for consideration**

The Company did not acquire its own shares.

**6. Reasons for acquiring own shares during the reporting period**

There were no such transactions.

**7. Information about the Company's branches and affiliates**

The Company has no branches or affiliates.

**8. Information on major events that occurred after the end of the financial year**

Co-director Darius Mikalčius was changed to Grigorij Grdzelsvili. The contract with a law firm was signed to renew all working procedures and processes. In 2020, the Company had sold all of its financial assets (bonds) without a discount and earned more than 2,000,000 euros. The address of operations was changed into Narbuto g. 5, Vilnius. The registered address remains the same for now.

**9. The Company's activity plans and forecasts**

In 2020, the Company is planning to increase its personnel by 60 % and to develop new personnel training programs. The Company is also planning to add new functions and products to its online client cabinet, to finish the internal audit for the period 2015-2017, to issue the first STO together with the Bank of Lithuania and Nasdaq OMX, to develop a counterparty network, to upgrade its streamline workflow and switch to electronic flow, to increase clients' assets by 30 % and client turnover by 20 %, to ensure safety and stability during the quarantine and other emergency situations.

The Company is planning to increase its revenue from the following investment services: recommendations for financial instruments, investment portfolio management, to increase export promotion up to 150,000 euros, bondholders' activities up to 30,000 euros, issuer servicing up to 30,000 euros. Due to the changes in legal requirements related to the procedure for joint stock companies' share transfer, we are expecting an increase in the number of clients. The Company is expecting to attract a strategic investor and to increase its authorized capital to 1,000,000 euros. The Company is also expecting to offer its customers a significant portfolio of investment instruments that would include a wider range of services, would increase the volume of provided services and would thus generate more revenue for the Company.

**10. Information on the Company's research and development activities**

The Company is not involved in such activities.

**11. Information about the financial risk management objectives used for hedge accounting, and the extent of the Company's price risk, credit risk, liquidity risk and cash flow risk, when the entity uses financial instruments and when it is relevant for the valuation of the Company's assets, equity, liabilities, revenue and costs**

The Company manages financial risks as described in the notes to the financial statements. The extent of financial risk is also described in the notes too. When carrying out risk assessment and management activities, the Company follows the principles of prudence and conservatism.

**12. Information about other executive directorships (legal form, title, code, head office (address), legal entity (legal form, name, code, registered office) a member of the management body or supervisory body) and key information about their main place of work (position, legal form of the legal person, name, code, seat (address)).**

The director of the Company, Giedrius Steponkus, was the Chairman of the Board in Moldindconbank, held public positions in the Association of Lithuanian Investors. The new director Valentins Levčenko is the Company's board member and also works as a director in Synoda OU (Estonia), is a board member of Valaris Serviss SIA and Velociter Invest OU. The Company's board member Sergei Vinokurov is the director of Kominvest Trading Limited (Hong Kong) and the Commercial Director of Vinbiokom Ltd.

Director



Valentins Levčenko

Macte Invest FM AB  
(prev. Steponkus&co FM AB)  
Company code: 122601232, Gedimino pr. 20, Vilnius  
**Financial statements for the year ended on 31 December 2019**  
(All presented amounts are in euros, unless indicated otherwise)

**STATEMENT OF COMPREHENSIVE INCOME**

Items	Notes No.	2019	Adjusted 2018	2018
Sales revenue	7	312 066	146 667	146 667
Cost of sales	7	(71 325)	(35 604)	(35 604)
<b>GROSS PROFIT (LOSS)</b>		<b>240 741</b>	<b>111 063</b>	<b>111 063</b>
Operating costs	7	(436 691)	(694 677)	(566 525)
Income (costs) from financing activities	7	15 697	3 623 290	3 623 290
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>(180 253)</b>	<b>3 039 676</b>	<b>3 167 828</b>
Income tax	8	6 320	(404 693)	(427 250)
<b>Net profit (loss) attributable to the Company's shareholders</b>		<b>(173 933)</b>	<b>2 634 983</b>	<b>2 740 578</b>
Revaluation of financial assets held for sale	7		(12 089)	(12 089)
<b>Total comprehensive income attributable to the Company's shareholders</b>		<b>(173 933)</b>	<b>2 622 894</b>	<b>2 728 489</b>

Director

Valentins Levčenko

Chief Accountant, Audikom UAB

Jelena Sergejeva

31/05/2020

## STATEMENT OF FINANCIAL POSITION

ASSETS	Notes No.	31/12/2019	31/12/2018 after adjustment	31/12/2018
<b>NON-CURRENT ASSETS</b>		<b>24 686</b>	<b>18 366</b>	<b>18 366</b>
Deferred income tax assets	1	24 686	18 366	18 366
<b>CURRENT ASSETS</b>		<b>2 694 444</b>	<b>3 395 074</b>	<b>3 479 577</b>
Advance payments	2	85 091	1 953	1 953
Trade receivables	2	189 693	66 760	66 760
Issued short-term loans	2		30 301	30 301
Other amounts receivable	2	255	118 825	203 328
Other investments	3	1 893 171	2 501 305	2 501 305
Cash and cash equivalents	4	526 234	675 930	675 930
<b>TOTAL ASSETS:</b>		<b>2 719 130</b>	<b>3 413 440</b>	<b>3 497 943</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY CAPITAL</b>		<b>2 642 488</b>	<b>2 816 425</b>	<b>2 922 015</b>
Authorized capital	5	348 000	348 000	348 000
Legal reserves	5	34 800	9 733	9 733
Retained profit (law)	5	2 259 688	2 458 692	2 564 282
<b>AMOUNTS PAYABLE AND OTHER LIABILITIES</b>		<b>76 642</b>	<b>597 015</b>	<b>575 928</b>
<b>Amounts payable within one year and liabilities</b>		<b>76 642</b>	<b>597 015</b>	<b>575 928</b>
Received advance payments	6	21 001		
Trade payables	6	8 837	6 881	6 881
Income tax liabilities	6	---	423 054	445 616
Liabilities related to employment	6	11 894	122 442	122 442
Other amounts payable	6	34 910	44 638	989
<b>TOTAL EQUITY AND LIABILITIES:</b>		<b>2 719 130</b>	<b>3 413 440</b>	<b>3 497 943</b>

Director



Valentins Levčenko

Chief Accountant, Audikom UAB

Jelena Sergejeva

31/05/2020

### STATEMENT OF CHANGES IN EQUITY

	Paid-up authorized capital	Legal reserves	Retained profit (loss)	Total
<b>Balance as at 31 December 2017</b>	<b>348 000</b>	<b>9 733</b>	<b>-164 205</b>	<b>193 528</b>
Comprehensive income			2 728 487	2 728 487
<b>Balance as at 31 December 2018</b>	<b>348 000</b>	<b>9 733</b>	<b>2 564 282</b>	<b>2 922 015</b>
Comprehensive income			-173 932	-173 932
Adjustments in previous periods			-105 595	-105 595
Formed reserves		25 067	-25 067	
<b>Balance as at 31 December 2019</b>	<b>348 000</b>	<b>34 800</b>	<b>2 259 688</b>	<b>2 642 488</b>

Director



Valentins Levčenko

Chief Accountant, Audikom UAB

Jelena Sergejeva

31/05/2020



## STATEMENT OF CASH FLOWS

	2019	2018 (adjusted)
<b>Operating cash flows</b>		
Net profit (loss)	(168 432)	2 622 893
<b>Adjustments for non-cash costs (income):</b>		
Depreciation and amortization		933
Deferred taxes	(6 320)	(18 366)
Income tax costs		423 055
Decrease (increase) in financial assets	3 310	12 089
<b>Changes in working capital:</b>		
Decrease (increase) in trade receivables and other amounts receivable	(4 925)	(110 555)
Increase (decrease) in liabilities related to employment	(110 802)	122 110
Increase (decrease) in trade payables	22 957	(5 064 018)
Increase (decrease) in other amounts payable	(15 228)	(785 259)
Increase (decrease) in advance payments	(82 321)	5 066 743
Increase (decrease) in income tax liabilities	(423 054)	
<b>Net operating cash flows</b>	<b>(784 815)</b>	<b>2 269 625</b>
<b>Cash flows from investing activities</b>		
Transferred non-current tangible assets		2 908
Recovered (issued) loans	30 301	(30 301)
Sold (acquired) financial assets	604 818	(2 513 394)
<b>Net cash flows from investing activities</b>	<b>635 119</b>	<b>(2 540 787)</b>
<b>Cash flows from financing activities</b>		
Paid interest		
<b>Net cash flows from financing activities</b>	<b>---</b>	<b>---</b>
<b>Net increase (decrease) in cash flows</b>	<b>(149 696)</b>	<b>(271 162)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>675 930</b>	<b>947 092</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>526 234</b>	<b>675 930</b>

Director

Valentins Levčenko

Chief Accountant, Audikom UAB

Jelena Sergejeva

31/05/2020

## EXPLANATORY NOTES

### I. General Information

Macte Invest FM AB was registered on 3 March 1994 (company code: 122601232, headquarters address: Gedimino pr. 20, Vilnius).

The authorized capital of the Company amounts to 348,000 euros as of 31 December 2017. It is divided into 120,000 ordinary registered shares with par value of 2.90 euros each. As at 31 December 2019 the Company had 108 shareholders. The main shareholder is Collide S.A. with 107,170 shares and 89,31 % of voting rights.

In 2019 the average listed number of employees in the Company was 7 (also 7 in 2018).

The Company operates under a valid licence from the Bank of Lithuania, licence No. B084, issued on 14 November 2002.

The Company provides services regulated in accordance with paragraph 13 of the Law on Markets in Financial Instruments of the Republic of Lithuania: - granting an investor a credit or a loan with which an investor can enter into a transaction for one or more financial instruments and a company granting credit or loan is itself a participant in this transaction; - placing orders on behalf of clients; - acceptance and transfer of orders; - distribution of financial instruments without obligation to distribute them; - custody, accounting and management of financial instruments on behalf of the clients, including custody of assets and other related services such as cash or financial collateral management; - financial instrument portfolio management; - investment recommendations.

These financial statements are prepared on the basis of going concern principle.

### II. Accounting Policy

#### (a) Basis of preparation

#### ***Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations***

#### **IFRS and / or interpretations applicable to the financial statements as of 1 January 2019:**

##### ***IFRIC INTERPRETATION 23 Uncertainty over Income Tax Treatments***

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The application of this interpretation had no impact to the Company.

##### ***IFRS 9 Prepayment features with negative compensation (amendment)***

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. The application of this amendment had no impact to the Company.

##### ***IAS 28 Long-term Interests in Associates and Joint Ventures (amendments)***

The amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the

associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The amendments clarify that an entity applies IFRS 9 *Financial Instruments*, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. The application of these amendments had no impact to the Company.

**IAS 19 *Plan Amendment, Curtailment or Settlement* (amendments)**

The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. The application of these amendments had no impact to the Company.

The IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle, which is a collection of amendments to IFRSs. Application of these improvements had no material impact to the Company.

**IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements*:** amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

**IAS 12 *Income Taxes*:** amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.

**IAS 23 *Borrowing Costs*:** amendments clarify paragraph 14 of the standard, i.e. when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

**IFRS 16 *Leases***

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not impact the leases where the Company is the lessor.

The Company have adopted IFRS 16 using the modified retrospective approach of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively and the value of right-of-use assets is equal to lease liabilities, comparative information is not restated. The Company's lease contract was effective until 01/02/2020, the restatements were therefore insignificant and the Company did not make them.

**Issued, but not yet effective standards**

The Company did not apply the following IFRS and IFRIC interpretations that have been already issued on the day these financial statements were approved, but were not yet effective:

**IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (amendments)** are not relevant to the Company.

**Conceptual Framework in IFRS standards**

On 29 March 2018, the IASB issued the revised *Conceptual Framework for Financial Reporting*. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts

to understand and interpret the standards. IASB also issued a separate accompanying document, *Amendments to References to the Conceptual Framework in IFRS Standards*, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

#### IFRS 3: Business Combinations (amendments)

The IASB issued amendments in Definition of a Business (amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of these amendments.

#### IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material'* (amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The amendments also ensure that the definition of material is consistent across all IFRS Standards. The Company has not yet evaluated the impact of the implementation of these amendments.

#### Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (amendments)

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement*, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 *Financial Instruments: Disclosures* regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The Company has not yet evaluated the impact of the implementation of these amendments.

#### IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These amendments have not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of these amendments.

The Company is planning to adopt the above mentioned standards and interpretations on the day

they become effective, provided they are endorsed by the EU.

### **Confirmation of Compliance**

These financial statements are prepared on a going concern basis, consistently applying the principles of International Financial Reporting Standards (IFRS) as adopted by the European Union and effective on 31 December 2019.

According to the Law on Companies of the Republic of Lithuania, the management prepares the annual financial statements and must be approved by the general shareholders' meeting. The Company's shareholders have the right to choose not to approve the financial statements and request a new set of them.

### **Reporting Currency**

The Company's accounting records are registered in Euro, the national currency of the Republic of Lithuania. All amounts in these financial statements are also presented in euros.

#### **(b) Non-current Tangible and Intangible Assets**

Non-current tangible assets are accounted for at acquisition value less daily maintenance expenses, accumulated depreciation and considering the losses of impairment. Acquisition value includes costs of replacing parts in non-current tangible assets at the moment they are incurred, if these costs meet the asset recognition criteria. The replaced parts are written off.

Non-current tangible assets are written off when they are sold or their using or selling is no longer expected to bring economic benefits. Any profit or loss arising from asset write-off (calculated as a difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement for the year in which the asset was written off.

The Company's intangible assets include software. Intangible assets are initially recognized at their acquisition value. Intangible assets are recognized if future economic benefits from their use are expected and if the value of these assets can be reliably measured. Intangible assets are subsequently accounted for at acquisition value less the accumulated amortization and losses of impairment in value, if any. Intangible assets are amortized on a straight-line basis over their estimated useful life.

The costs of acquiring new software are capitalized and recognized as an intangible asset, if they are not an integral part of the computer hardware. The software is amortized over the period of three years.

Costs incurred when restoring or maintaining the Company's expected economic benefit earned from held software systems are recognized as costs of the period restoring and maintenance works were performed.

Depreciation / amortization periods and methods, as well as the assets' residual values are reviewed at the end of every financial year.

The Company has established that non-current assets of the Company are those that have an acquisition value that exceeds 1,500 euros.

#### **(c) Impairment of Non-Financial Assets**

At every reporting date the Company determines whether there are any indications that an asset may be impaired. If any such indications exist or if an annual impairment test is required, the Company calculates the recoverable value of such an asset. The recoverable value of an asset is either its net selling price or its value in use (i.e. the higher of the two is used). The recoverable value is determined individually unless an asset does not generate cash flows that are independent of other assets or asset groups. When the carrying value of an asset exceeds its recoverable value, it is reduced to its recoverable value. To determine the asset's value in use the expected cash flows are being



discounted to their current value using a pre-tax discount rate and reflecting the time value of money under current market conditions and specific risks attached to the asset. An appropriate assessment model is applied to determine the fair value less the expected sales costs. Impairment losses on continuous operations are recognized in those expense items of the income statement that are related to the impaired assets.

At every reporting date, the assets are assessed to determine whether there are any indications that the previously recognized impairment losses no longer exist or have decreased. If any such indications exist, the Company determines a recoverable amount. A previously recognized impairment loss is reversed only when the estimates used to determine the recoverable amount have changed compared to the latest recognition of impairment. In such case, the carrying value of an asset is increased to its recoverable value. This increased value may not exceed the carrying value of the asset (less the depreciation) that would have existed had the impairment loss not been recognized in the past. A reversal of impairment loss is recognized in the income statement.

**(d) Investments and Other Financial Assets**

Financial assets within the scope of IFRS 9 are classified as either financial assets at fair value through profit or loss or other comprehensive income, or financial assets measured at amortized cost. The classification depends on the Company's financial asset management model and the conditions of contractual cash flows.

Financial assets are recognized when the Company becomes a party to the contractual terms of the instrument. Recognition of financial assets is terminated when the rights to receive the cash flows from the financial asset expire and substantially all the risks and benefits of the ownership have been transferred. Initially, the Company measures its financial assets at fair value plus any transaction costs directly attributable to the acquisition of a financial asset, if a financial asset is not measured at fair value, the changes in which are recognized in profit or loss. Transaction costs related to financial assets recognized at fair value, the changes in which are recognized in profit or loss, are recognized as costs in profit or loss.

Assets held for the purpose of contractual cash flows, when they only include the main amount of loan and the interest payments, are measured at amortized cost. Interest income from such financial assets is calculated applying the effective interest method and are presented in the article of *Interest income* in the statement of comprehensive income. Any profit or loss arising from asset derecognition are recognized directly as profit or loss. Impairment losses are presented in a different item of the statement of comprehensive income.

**(e) Trade Receivables and Other Amounts Receivable**

The Company's receivables from its clients and other amounts receivable are classified as financial assets measured at amortized cost, as according to the business model, applied to these financial assets of the Company, the assets are held for contractual cash flows, which include main amounts and interest payments. This category also includes the financial assets' item of cash and cash equivalents. The Company reclassified debt instruments only when the business model for their management changes.

Until 1 January 2018, these financial assets had been classified as loans and receivables. Their measurement did not change with the introduction of IFRS 9.

**(f) Financial Assets at Fair Value through Profit (Loss)**

Investments in equity securities held by the Company are accounted for as financial assets measured at fair value through profit (loss). As these financial assets are not held for trading, at their initial recognition the Company has an irrevocable option to measure equity instruments at fair value, recognizing their changes as profit (loss) or other comprehensive income.

**(g) Impairment of Financial Assets**

As of 1 January 2018, the Company measures expected credit losses related to financial assets measured at amortized cost using forward-looking information. Impairment methodology provides for a consideration



on whether the credit risk has increased significantly.

The value of a financial asset is considered reduced due to credit risk, if at the reporting date objective evidence of impairment exist. An example of impairment evidence may be signs that debtors or a group of debtors are facing significant financial difficulties, are not paying or are late with the payments, there is a possibility of their bankruptcy or other financial reorganization.

Financial assets, either as a whole or a part, are written off if there are no reasonable expectations to recover them. Signs showing that there are no reasonable expectations to recover a financial asset include, among other things, the debtor's insolvency or a likelihood of financial difficulties. Recognition of impaired receivables is discontinued when they are assessed to be the amounts that cannot be recovered.

To trade receivables and other receivables the Company applies the simplified method provided in IFRS 9, on the basis of which the expected losses throughout their duration are to be recognized as of the moment of initial recognition of amounts receivable.

The Company considers that the expected credit losses may occur for amounts receivables which are not guaranteed by the funds held in the accounts of the borrowers' clients.

The Company identifies two types of financial assets that are applied the new expected credit loss model foreseen in IFRS 9:

- Trade receivables and other amounts receivable;
- Cash and cash equivalents.

The Company has reviewed its impairment methodology for each class of these assets following IFRS 9. The detected impairment losses are insignificant.

Until 1 January 2018, the Company applied the model of incurred losses to the financial assets that are measured at amortized cost. If there are any indications that the value of loans and amounts receivable measured at amortized cost has decreased, the asset's impairment in value is calculated as a difference between the asset's carrying value and the value of expected cash flows (excluding expected future losses that were not yet incurred) discounted at the initial effective interest rate of the financial asset (i.e. effective interest rate at initial recognition). The asset's carrying value is reduced by the calculated amount of impairment. The amount of impairment is included in the profit or loss.

**(h) Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position and the statement of cash flows include cash held in the bank.

**(i) Financial Liabilities**

The Company recognizes a financial liability when it becomes a party to the contractual rights and obligations.

All financial liabilities are initially accounted for at fair value less the directly attributable financial liability issue costs, if a financial liability is not measured at fair value, the changes of which are recognized as profit or loss. Financial liabilities are measure at amortized cost applying the effective interest rate method. Financial liability is derecognized when it is paid, cancelled or expires.

**(j) Trade Payables**

Trade payables are liabilities to pay for goods and services purchased from suppliers during the regular operating cycle. Trade payables are classified as current liabilities if they are due to be settled within one year or less (or over the regular operating cycle, if it is longer). Financial liabilities included in trade payables are initially recognized at fair value and subsequently at amortized cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the maturity of the obligation is shorter than one year, discounting is not applied.

**(k) Share Capital**

Share capital is shown in the statement of financial position at its subscribed value.

**(l) Lease**

The assessment of whether a contract involves lease or whether it includes lease conditions is based on the substance of the contract and requires determining whether the terms of the contract provide for a specific use of the asset and whether the contract includes the right to use the asset.

Lease of assets where the lessor retains the risks and benefits attached to the ownership is classified as operating lease. Operating lease payments are recognized as expenses on a straight-line basis over the lease term and are included into administrative and operating costs.

**(m) Recognition of Income**

Income of commissions includes commissions on transactions carried out on behalf of the Company's clients and income from fund managers for fund distribution. Income of commissions on transactions is recognized as income when the Company provides a transaction completion service, income from fund distribution is recognized on a straight-line basis over the period during which the Company's client keeps its investment in the fund.

The Company earns a distribution fee from its clients for distributing new or existing funds. Distribution of investment funds and investment funds for informed investors is a separate service executed when the client purchases fund units and therefore the distribution income is recognized as soon as the client transfers the funds and the fund units are issued.

Income is recognized on accrued interest applying the effective interest rate method (the amount that discounts the estimated future cash inflows exactly over the expected maturity of the financial instruments to the net carrying value of the financial asset).

**(n) Income Tax**

Income tax is calculated on the basis of current year profit or loss and includes the deferred taxes too. The calculation is performed in accordance with the requirements set forth in the tax laws of the Republic of Lithuania.

As of 1 January 2010, the corporate income tax rate applicable to the entities in the Republic of Lithuania is 15 %.

Tax losses can be carried forward for an indefinite period of time, reducing the future taxable profit. The exception is losses from sold securities and / or derivative financial instruments – these can be carried forward for five years. Losses from sold securities and / or derivative financial instruments can only reduce the taxable income of the same nature.

Deferred taxes are accounted for applying the liability method. Deferred income tax reflects the temporary differences between the Company's assets and liabilities in the financial statements and their values for tax purposes. Deferred tax assets (liabilities) are measured applying the income tax rate that will apply when the temporary differences are realized.

Deferred tax assets are presented in the statement of financial position when in the nearest future the management is expecting to earn as much of the taxable income as is needed to realize these assets. If it is likely that a certain part of the deferred tax assets will not be realized, that part is not reflected in the financial statements.

**(o) Employee Benefits**

The Company covers its employees' social security by executing contribution payments to the State Social Insurance Fund (hereinafter – the Fund) following the defined contribution plan and in accordance with the local legal requirements. The defined contribution plan is a plan, following which the Company is paying fixed contributions to the Fund and has no legal or constructive obligation to continue paying these contributions, if the Fund's assets are insufficient to cover all employee benefits related to their current and past service. Social security contributions are recognized as costs on the basis of accrual principle and are attributed to employee costs. Social security contributions undergo an annual distribution within the Fund and go into the following domains: pensions, healthcare, sick leave, maternity and incapacity.

**(p) Provisions**

Provisions are recognized when the Company has a legal obligation or an irrevocable commitment caused by an event in the past, it is likely that resources embodying economic benefit will be required to fulfill that obligation and the amount of that obligation can be reliably measured. When the Company expects the whole of the provision or a part of it to be reimbursed, e.g. an amount reimbursed on the basis of an insurance contract, it is recognized as an asset separately, but only if the reimbursement is guaranteed. Provisions-related costs are accounted for at net value in the income statement taking into account the reimbursed amounts. If the time value of money is significant, provisions are discounted applying the pre-tax interest rate of the period and taking into account the liability-specific risk, if needed. When discounting is applied, increase in provisions reflecting the previous period of time are accounted for as financing costs. No provisions were made during the previous reporting periods.

**(q) Off-Balance-Sheet Contingencies**

Contingent liabilities are not recognized in the financial statements. They are described in the notes to the financial statements, unless the possibility of losing the resources embodying economic benefit is very low.

Contingent assets are not recognized in the financial statements, but they are disclosed, if obtaining resources embodying economic benefit is likely.

**(r) Derecognition of Financial Assets and Liabilities**

Financial assets (also a part of financial asset or a part of similar financial asset group) are derecognized when:

- the contractual rights to cash flows from the financial asset expire; or
- substantially all risks and benefits attached to the ownership of the financial asset are transferred.

If the Company has transferred the rights to the cash flows generated by the asset, but retained the risk, benefits and control attached to the ownership of that asset, the asset is only recognized to the extent the Company is related to it. If the transfer of the Company-related asset becomes a guarantee, the relation to the related asset is measured at the lower of the two: asset value and the maximum guarantee amount the Company would be liable to pay.

If the Company-related transferred asset is sold or purchased following a transaction with an option to purchase the transferred asset, the relation is measured at the amount that the asset can be repurchased. However, if the transaction has an option to sell the transferred asset that is measured at fair value, the Company's relation is measured at the lower of the two: the fair value of transferred asset or the price of the option transaction.

Financial liability is derecognized when it is settled, cancelled or expires.

When a current financial liability to a creditor is replaced by another liability to the same creditor on substantially different terms, or the terms of the current liability are changed substantially, these changes are considered derecognition of current liability and recognition of new liability, and the difference between the two is shown in the income statement.

Financial assets and liabilities can be offset and presented at net value in the statement of financial position, if the possibility to offset the recognized amounts is legally existing and it is expected to settle at net value or sell the assets and cover the liabilities at the same time.

**(s) Events after the Reporting Date**

Events after the reporting date that provide additional information about the Company's position at the reporting date (events leading to adjustment) are presented in the financial statements. Events after the reporting date that are not leading to adjustment are described in the notes, if they are significant.

**(t) Distribution of Costs in the Income Statement**

Sales costs item of the Company's income statement includes only the costs that are directly related to income earning and incurred with regard to third parties. All costs facilitating the Company's activities, including costs incurred to attract new clients, are classified as the Company's operating costs.

(u) Use of Estimates when Preparing the Financial Statements

Following the International Financial Reporting Standards, when preparing the financial statements the management must make certain estimates and assumptions that affect disclosure of assets, liabilities, income, costs and contingencies. Significant areas of these financial assets that require the use of estimates include impairment in the value of amounts receivable and expected credit losses.

Presented hereafter are the main assumptions that are affected by the uncertainties of the future and other uncertainties in the area of assessment at the reporting date which may result in the necessity of significant adjustments to the carrying values of assets and liabilities the following financial year.

**Notes**

**1. Deferred Tax Assets**

Taxable and deductible temporary differences	Basis for deferred tax assets	Rate %	Deferred income tax assets
<b>31/12/2019</b>			
Holiday accumulations	7 784	15	1 168
Tax losses	156 790	15	23 519
<b>Total</b>	<b>164 574</b>	<b>X</b>	<b>24 686</b>
<b>31/12/2018</b>			
Holiday accumulations	122 442	15	18 366
<b>Total</b>	<b>122 442</b>	<b>X</b>	<b>18 366</b>
<b>Difference</b>			<b>(6 320)</b>

**2. Amounts Receivable within One Year**

	31/12/2019	31/12/2018
Trade receivables	189 693	66 760
Receivables from the budget	254	33 678
Loans to entities		30 301
Advance payments to suppliers	55 647	1 953
Receivables from employees	29 445	700
Other amounts receivable		84 447
<b>Total:</b>	<b>275 039</b>	<b>217 839</b>

Trade receivables are earned from clients with serviced securities accounts: the Company executes payments using the cash in the clients' accounts and does not distinguish between the debts on the basis of their maturity. Transfers were held back for six months while the adjusted commissions for 2019 were calculated.

**3. Financial Assets Held for Sale**

	31/12/2019	31/12/2018
Securities at fair value	79 296	713 394
Unquoted securities	1 800 000	1 800 000
Accumulated interest	17 191	18 250
Less impairment in value	-3 316	-30 339
<b>Net value</b>	<b>1 893 171</b>	<b>2 501 305</b>

#### 4. Cash and Cash Equivalents

	31/12/2019	31/12/2018
Cash in bank, EUR	128 528	138 335
Cash in bank, USD	397 707	537 595
<b>Total:</b>	<b>526 234</b>	<b>675 930</b>

#### 5. Authorized Capital and Reserves

The authorized capital of the Company amounts to 120,000 ordinary registered shares with par value of 2.90 euros each.

The last increase in the authorized capital was registered on 31/01/2017.

Authorized capital was fully paid-up at the end of the reporting year. The Company had 108 shareholders on 31/12/2019.

Following the requirements of the Law on Companies of the Republic of Lithuania, the Company had formed a legal reserve of 34,800 euros.

#### 6. Amounts Payable

	31/12/2019	31/12/2018
Trade payables	8 837	6 881
Received advance payments	21 001	
Income tax liabilities		423 054
Holiday accumulations	7 784	122 442
Payable social security	4 110	
Other tax liabilities	2 345	
VAT liabilities	27 066	43 649
Other amounts payable	5 500	989
<b>Total:</b>	<b>76 642</b>	<b>597 015</b>

#### 7. Sales Revenue

	Y2019	Y2018
Commissions on transactions	93 248	71 906
Services to issuers	23 250	26 788
Interest on securities (bonds)	139 208	38 295
Other services to clients	56 360	9 678
	<b>312 066</b>	<b>146 667</b>

## 8. Sales Costs

	Y2019	Y2018
Cost of rendered services	45 535	13 763
Bloomberg terminal cost	25 790	21 503
Interest costs		338
	<b>71 325</b>	<b>35 604</b>

## 9. Operating Costs

	Y2019	Y2018
Salaries	375 670	182 582
Holiday accumulations	(114 659)	122 442
Consultations	41 707	60 306
Computer-related costs	18 679	58 990
Non-current asset depreciation		933
Audit	11 350	2 950
Taxes	55 869	43 649
Other costs	48 074	222 825
<b>Total</b>	<b>436 691</b>	<b>694 677</b>

### Audit Costs

	Y2019	Y2018
Audit of financial statements on the basis of audit service contract	11 350	2 950
Barauda	2 000	2 950
Moore Mackonis	9 350	
Assurance services and other related services		
Consultations on tax issues		
Other costs		
<b>Total</b>	<b>11 350</b>	<b>2 950</b>

## 10. Income and Costs from Financing Activities

	Y2019	Y2018
<b>Income</b>	<b>15 697</b>	<b>3 623 290</b>
Profit from transferred investments		3 432 775
Positive effect of changes in currency exchange rates	15 697	190 515
<b>Costs</b>	<b>0</b>	<b>0</b>



## 11. Income Tax

Income tax costs for 2018 included: declared income tax in the amount of 445,616 euros (after adjustments 423,055 euros) and calculated deferred income tax assets (income) of 18,366 euros. In 2019, the income tax assets amounted to 6,320 euros.

## 12. Financial Risk and Capital Managements

### Credit Risk

The Company applies instruments in order to consistently assure that only transactions with reliable customers are pursued and the amount of transactions does not exceed the approved credit risk ceiling. The highest credit risk is the total of balance values of all financial assets, including derivative financial instruments presented in the statement of financial position, if any. The Company's management therefore assumes that the maximum risk is equal to the sum of amounts receivable, provided loans and cash in bank. Transactions are low risk, if they are reliable: receivables from customers whose securities and cash are managed by the Company, stable activities, cash held in reliable EU banks. Elevated risk transactions are those that had been loss-bearing in the past, their determined risk is higher, cash held in banks with lower ratings. Non-classified risk is for transactions that have no credit risk assessment.

31 December 2019	Low risk (1-3)	Elevated risk (4-5)	Non-classified	Total
<b>Asset class</b>				
Funds in banks	526 234	-	-	526 234
Paid advance payments	85 091			85 091
Trade and other receivables	189 948			189 948
Securities held for sale	1 893 171	-	-	1 893 171
<b>Total</b>	<b>2 694 444</b>	<b>0</b>	<b>0</b>	<b>2 694 444</b>

31 December 2018 (adjusted)	Low risk (1-3)	Elevated risk (4-5)	Non-classified	Total
<b>Asset class</b>				
Funds in banks	675 930	-	-	675 930
Short-term loan	30 301			
Trade and other receivables	187 538			187 538
Securities held for sale	2 501 305	-	-	2 501 305
<b>Total</b>	<b>3 395 074</b>	<b>0</b>	<b>0</b>	<b>3 364 773</b>

### Interest Rate Risk

Neither as at 31 December 2019, nor as at 31 December 2018 the Company had held any loans from financial institutions.

The loans provided by the Company were short-term and subject to fixed interest rate. The Company in turn held no financial instruments with the purpose to manage the risk of interest rate fluctuations.

### Operational Risk

Operational risk is the risk to incur direct or indirect losses due to improper or non-implemented internal control procedures, mistakes and (or) fraudulent activities by the employees, disruptions within the information systems and technologies and effects of external factors.

On 14 July 2005, with the purpose to minimize the operational risk the Company had opened a special trust account for the financial instruments / cash of clients ( AB SEB bank, IBAN LT697044060005681601). Operational risk is managed through internal control by determining the procedure for possible occurrence of unforeseen risks, by insuring the premises of the Company at Gedimino pr. 20 in Vilnius, judging the appropriateness of the Company's services, implementing the management of product and service pricing and redistribution of internal resources, analysing the processes and procedures within the Company, identifying risk fields and assessing the sufficiency of their control.

### Liquidity Risk and Capital Adequacy Requirements

The policy of the Company provides for maintaining sufficient amounts of cash and cash equivalents or securing financing through respective credit lines or other debt instruments, fulfilling obligations undertaken with the plans. Law on Companies of the Republic of Lithuania requires that the equity capital of the Company amounts to at least 50 % of the Company's share capital, which includes both share capital and share premiums. Capital adequacy ratio of category B brokerage firm cannot be lower than 8 %. All capital adequacy requirements were fulfilled as at 31 December 2019.

	31/12/2019	31/12/2018
<b>Liquid assets</b>		
Funds in banks	526 234	675 930
Trade and other receivables	189 948	187 538
Short-term loan		30 301
Paid advance payments	85 091	
Liquid financial assets	1 893 171	2 501 305
<b>Total liquid assets</b>	<b>2 694 444</b>	<b>3 395 074</b>
<b>Current liabilities</b>	<b>76 642</b>	<b>597 015</b>
<b>Liquidity ratio, %</b>	<b>3515,64%</b>	<b>568,67%</b>

### Foreign Exchange Risk

The main foreign exchange risk faced by the Company arises from the transactions that the Company executes in foreign currency and has an open position with regard to certain foreign currencies.

The Company's policy is to reconcile cash flows from highly probable future transactions in each foreign currency. The Company's total open position with regard to foreign currencies contributes to a relatively insignificant share and due to its insignificance the sensitivity analysis is not performed.

The Company does not apply any financial instruments to assist in the management of foreign exchange risk.

### Internal Control

The board of the Company has approved the Rules for the Organization and Implementation of Internal Control of Operations on 19/02/2010.

The management ensures that appropriate organizational instruments, procedures and information systems supporting the business processes are implemented and their aggregate should ensure the sufficiency of the implemented internal control system.

Client funds (30 VT) are accounted for in the *Francina* software, which is placed in the virtual data center provided by *Baltnetos komunikacijos UAB* on the contractual basis, assuring highest possible security. The following are the main internal control elements: reconciling data on operations performed in primary systems with operation data in accounting systems, separation of functions, daily accounting, market assessment, set limits and their control, other means of control.

### Money Laundering and Terrorist Financing Prevention

The Company implements all procedures set forth in the Law on Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania following the *Procedure for Implementing Money Laundering and Terrorist Financing Prevention*: is verifying client's identity, beneficiary's identity, is submitting information to the Financial Crime Investigation Service, is identifying, preventing and registering suspicious cash operations and transactions, securing information and implementing international sanctions.

The manager of the Company is responsible for the implementation of the *Procedure for Implementing Money Laundering and Terrorist Financing Prevention*. The manager of the Company is responsible for updating the list of entities subject to financial sanctions, notifying the Ministry of Foreign Affairs of the Republic of Lithuania and the Bank of Lithuania and following the enforcement of international sanctions as notified by the Ministry of Foreign Affairs of the Republic of Lithuania.

**Macte Invest FM AB**  
**(prev. Steponkus&co FM AB)**  
**Company code: 122601232, Gedimino pr. 20, Vilnius**  
**Financial statements for the year ended on 31 December 2019**  
(All presented amounts are in euros, unless indicated otherwise)

**13. Off-Balance-Sheet Statement (unaudited)**

<b>Managed clients' assets</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Clients' cash	1 527 563	3 276 185
Financial instruments purchased on behalf of the clients	45 553 124	320 878 146
	<b>47 080 687</b>	<b>324 154 331</b>

**14. Adjustment of Information for the Previous Period**

<b>Name of the adjusted item of the financial statements, description of an error</b>	<b>Amount of error</b>	<b>Before adjustment</b>	<b>After adjustment</b>
Operating costs	(128 152)	(694 677)	(566 525)
Income tax	22 557	(404 693)	(427 250)
Total comprehensive income attributable to the Company's shareholders	(105 595)	2 622 894	2 728 489
Other amounts receivable	(84 503)	118 825	203 328
Retained profit (loss)	(105 590)	2 458 692	2 564 282
Income tax liabilities	(22 562)	423 054	445 616
Other amounts payable (VAT deduction)	43 649	44 638	989

**15. Off-Balance-Sheet Liabilities and Contingencies**

As at 31 December 2019, the Company was in litigation with a former employee regarding incurred losses and seeking to recover unfairly acquired assets of 99,000 euros. The Company has written off the mentioned losses. There is no information to report on possible claims that could be potentially unfavourable and would require forming a provision.

Tax administrator has the right, at any given time, to inspect the Company's accounting, transaction and other documentation, the Company's accounting records and tax returns for current year and the three previous calendar years, and in certain cases even five or ten previous calendar years, and charge additional taxes and fines. The Company's management is not aware of any circumstances that could potentially lead to significant liabilities with regard to unpaid taxes.

**16. Related Party Transactions**

Within the period of 2017 – 2018 there was a single transaction with a related party in the Company: the loan of 30,000 euros had been provided to Vis vitalis UAB and was repaid on 30/01/2019. In 2019, on the basis of service provision contracts related entities were paid advances amounting to 54,050 on 31/12/2019.

Over the year ended on 31 December 2019 the Company's management was calculated 169,868 euros of salaries (50,415 euros in 2018). Over the periods ended on 31 December 2019 and 31 December 2018 the Company's management had not been paid in shares, had not received any free-of-charge assets or loans. As at 31/12/2019, there was an advance of 29,080 euros paid to the manager of the Company.

## 17. Dividends and Profit per Share

### (a) Dividends per share

For the last two years the dividends to the shareholder were not paid.

### (b) Profit per share

	Y2019	Y2018
Net profit	(173 933)	2 622 894
Weighted average number of ordinary shares	120 000	120 000
Net profit per share	-1,45	21,86

## 18. Events after the Reporting Date, Going Concern

The shareholders are planning to pay out the dividends of 2,300,000 euros. All of the Company's securities were sold for 2,000,000 euros before the approval of these financial statements.

The COVID-19 pandemic that started in January 2020 has created anxiety within the financial markets and has played a major role in the fall of securities' prices. Assessing, in any quantitative way, the possible impact of COVID-19 and the economy slowdown is quite difficult at the moment. The Company's management keeps monitoring the situation and reassessing the costs of operations in order to optimize its activities and to use the resources in the most effective way while taking into account the economic and market changes and seeking to manage the risks arising from the uncertainty of the situation. Based on the currently available information, the management is not expecting COVID-19 to have a direct material impact on the operations, results and financial position of the Company. However, it is impossible to reject the possibility that the prolonged economic constraints caused by the developing pandemic may have material negative effects to the business of the Company, its environment and consequently the financial position and results of the Company in the medium to long run.

Director



Valentins Levčenko

Chief Accountant, Audikom UAB  
31/05/2020

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