

# ANNUAL REPORT

**beginning of financial year:** 01.01.2021

**end of the financial year:** 31.12.2021

**business name:** Wallester AS

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## **Activity report**

### **General**

Wallester AS (hereinafter “Wallester” or “company”) is a Fintech company which operates on the basis of an activity licence of a payment institution issued by the Estonian Financial Supervision and Resolution Authority. Payment services provided by the company’s clients fall under the following services specified in the Payment Institutions and E-money Institutions Act:

- ✓ Execution of payment transactions, including transfer of funds to a payment account opened with a payment service provider.
- ✓ Issue of payment instruments and acceptance of payment transactions.

Wallester is focused on corporate clients. The flexible solutions and simplified integration of Wallester allow corporate clients to adopt payment cards with their own branding and quickly launch their products. Wallester also offers corporate clients the opportunity to use payment cards for efficient management of corporate expenses, including issuing payment cards to their employees for receiving wages or covering travel expenses.

Wallester is a payment institution holding the status of a principal member of the international payment card organisation Visa. Cooperation with Visa is partnership of strategic importance. For Wallester, Visa is not only a mediator of payment transactions but also an important marketing channel. For Visa, Wallester is a fast and flexible marketer of Visa payment cards and a strategic partner with a lot of long-term prospects.

### **Ownership and management structure and team**

The shareholder of Wallester is the company Placet Smart Solutions OÜ. Placet Smart Solutions OÜ is part of the Placet Group OÜ consolidation group. Placet Group OÜ as the group’s parent company is a successful, strongly capitalised provider of credit and mortgage credit with an activity licence issued by the Estonian Financial Supervision and Resolution Authority.

Wallester has a two-level management structure. The company’s work is managed by a three-member board: Sergei Astafjev (chairman of the management), Dmitri Logvinenko and Fred Sooläte. The supervisory authority of the company includes Reimo Hammerberg (chairman of the supervisory authority), Aleksandr Kostin and Valentina Pungner.

In order to ensure opportunities for development, the number of employees of Wallester has increased significantly in 2021. New employees have been recruited for various positions in the IT, customer service, operations, project management, compliance control and human resources teams. A committed professional sales team and a department for money laundering and terrorism financing prevention have been created. Wallester has drawn up product-specific detailed training materials for existing and new staff, which help in increasing the professional knowledge of all employees. Wallester is actively continuing the search for talents to fill various positions.

### **Investment policy**

The new investment policy of Wallester is based on the readiness of the shareholder to capitalise the company in an extent necessary to ensure sufficient own resources and liquidity and compliance of the company with requirements of integrity. Sufficient resources are also ensured to create an efficient corporate structure for Wallester, carry out extensive IT developments, marketing activities and other important functions of the company, incl. money laundering and terrorism financing prevention.

The management of Wallester has also decided to commence preparations to involve extra capital from venture capitalists. The involvement of additional capital is planned for the summer of 2022.

### **Products and technologies**

The year 2021 has been successful in completing several complex development projects.

For efficient monitoring of card payment transactions, avoiding card payment frauds and performing the obligations arising from the Money Laundering and Terrorism Financing Prevention Act, an internal IT solution has been created and adopted, allowing to monitor payment transactions on the basis of business relationships as well as developed patterns

and scenarios, verify information collected in the course of due diligence, and update relevant data, automatically assign risk levels to clients and transactions, monitor card fraud, etc.

For the largest IT project of the year, convenient use of payment cards, Wallester has developed its own mobile app which can also be provided to the partners of Wallester on a white label basis.

The opportunity to securely save the card in token apps makes payments significantly easier. In 2021, Wallester successfully completed all developments related to tokenisation of payment cards. Payment cards issued by Wallester now work in all tokenisation apps: Apple Pay, Google Pay, Samsung Pay and Garmin Pay.

## **Clients**

The activity licence of Wallester allows the company to provide cross-border services in all countries of the European Economic Area and the European Union. In 2021, Wallester expanded its client segment, now also providing solutions to companies which are not subject to financial supervision, in addition to financial institution subject to regulation.

In autumn 2021, partnership was created with a new generation bank: Banking Circle, via which we opened an account for serving the clients of Wallester in Danish kroner (DKK). This strategic decision was necessary to provide the service of issuing payment instruments to Danish companies.

As of the end of 2021, Wallester has successfully launched payment card programmes with 6 different partners. Partners of Wallester mainly include creditors and e-money institutions in Estonia, Lithuania, Latvia and other countries in the European Economic Area.

The statistics of the sales team of Wallester clearly showed the increase of demand for Wallester's products and services:

- 1) 678 new potential clients contacted the sales team;
- 2) active communication continues with 440 clients;
- 3) pre-contractual negotiations are underway with 34 clients.

## **Marketing**

Potential clients find Wallester via the website wallester.com. Inquiries are constantly received. As of 31 December 2021, Wallester received 983 new inquiries via the SEO marketing campaign launched in April 2021. The website of the international payment card organisation Visa<sup>1</sup> also introduces Wallester as a pan-European provider of payment services.

In 2021, Wallester underwent a rebranding process. This had a positive impact on the visibility of the brand. A large achievement in increasing the reputation and visibility of the company was sponsorship of the Money 20/20 conference.

In order to increase brand awareness and reliability of the company and connect with potential clients, the sales team of Wallester took part in the following conferences during 2021:

- Password (June 2021) - Tallinn;
- Finants (June 2021) - Pärnu;
- Money 20/20 (September 2021) - Amsterdam;
- SIGMA (November 2021) - Malta;
- Baltic FinTech Summit (November 2021) - Lithuania.

## **Primary risks**

The primary economic risks of Wallester are tied with the overall macroeconomic situation in Europe, directly influencing the operating volumes of our clients. Business risks involve the completion of the development projects of the company in a timely manner in the scope originally planned for.

Wallester is guided by social, economic and environmentally friendly responsibilities in our operations, paying close attention to adhering to regulations governing the field, incl. money laundering and terrorism financing prevention.

As the company has no settlements in foreign currency or investments on the stock market in significant amounts, we consider the risks involved in these fields to be low. Similarly to most service industries, the end-of-year period shows

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<sup>1</sup> <https://partner.visa.com/site/partner-directory/wallester-as.html>

larger turnover numbers than the beginning of the year, but seasonal fluctuations have no significant impact in the area of activity of Wallester.

Considering the type, scope and level of complexity of the company's activities, the management assesses the risk management measures to be sufficient.

**Main indicators of the company:**

|  |   | 2021      | 2020        |
|--|---|-----------|-------------|
| Profit (loss) for the reporting period |   | - 960 327 | - 1 839 966 |
| EBITDA (OIBDA)                         | Operating profit (-loss) + depreciation                                       | - 737 349 | - 553 181   |
| Profitability of sales                 | (sales revenue – goods, raw materials, material and services) / sales revenue | 20,09%    | -46,14%     |
| Overall level of solvency              | Current assets / short term liabilities                                       | 1,29      | 1,71        |
| omakapital kogu varade suhtes          | Equity / assets   | 0,43      | 0,60        |
| Equity in relation to total assets     | Money and its equivalents / short term liabilities                            | 0,80      | 1,63        |
| EBITDA margin %                        | Operating profit+depreciation / sales revenue                                 | -93,30%   | -174,30%    |
| ROA (%)                                | Net profit / total assets * 100   | -46,69%   | -82,44%     |
| ROE (%)                                | Reporting period profit / equity  | -109,40%  | -137,50%    |

## The annual accounts

### Statement of financial position

(In Euros)

|                                     | 31.12.2021       | 31.12.2020       | Note |
|-------------------------------------|------------------|------------------|------|
| Assets                              |                  |                  |      |
| Current assets                      |                  |                  |      |
| Cash and cash equivalents           | 141 434          | 111 279          |      |
| Receivables and prepayments         | 986 677          | 1 178 683        | 3,5  |
| Inventories                         | 154 418          | 6 316            | 4    |
| <b>Total current assets</b>         | <b>1 282 529</b> | <b>1 296 278</b> |      |
| Non-current assets                  |                  |                  |      |
| Receivables and prepayments         | 235 000          | 235 000          |      |
| Property, plant and equipment       | 7 120            | 13 901           | 6    |
| Intangible assets                   | 532 098          | 686 806          | 7    |
| <b>Total non-current assets</b>     | <b>774 218</b>   | <b>935 707</b>   |      |
| <b>Total assets</b>                 | <b>2 056 747</b> | <b>2 231 985</b> |      |
| Liabilities and equity              |                  |                  |      |
| Liabilities                         |                  |                  |      |
| Current liabilities                 |                  |                  |      |
| Payables and prepayments            | 1 178 933        | 893 844          | 5,8  |
| <b>Total current liabilities</b>    | <b>1 178 933</b> | <b>893 844</b>   |      |
| <b>Total liabilities</b>            | <b>1 178 933</b> | <b>893 844</b>   |      |
| Equity                              |                  |                  |      |
| Issued capital                      | 484 238          | 434 238          | 9    |
| Share premium                       | 4 414 377        | 3 964 377        |      |
| Other reserves                      | 0                | 1 440 347        |      |
| Retained earnings (loss)            | -3 060 474       | -2 660 855       |      |
| Annual period profit (loss)         | -960 327         | -1 839 966       |      |
| <b>Total equity</b>                 | <b>877 814</b>   | <b>1 338 141</b> |      |
| <b>Total liabilities and equity</b> | <b>2 056 747</b> | <b>2 231 985</b> |      |

## Income statement

(In Euros)

|   | 2021            | 2020              | Note |
|---|-----------------|-------------------|------|
| Revenue                                     | 790 267         | 317 380           | 10   |
| Other income                                | 777             | 18 188            |      |
| Work performed by entity and capitalised    | 0               | 115 807           |      |
| Raw materials and consumables used          | -631 492        | -463 824          | 11   |
| Other operating expense                     | -168 521        | -71 417           | 12   |
| Employee expense                            | -726 690        | -451 510          | 13   |
| Depreciation and impairment loss (reversal) | -222 587        | -1 283 037        | 6,7  |
| Significant impairment of current assets    | 0               | -1 344            |      |
| Other expense                               | -1 690          | -16 461           |      |
| <b>Operating profit (loss)</b>              | <b>-959 936</b> | <b>-1 836 218</b> |      |
| Interest income                             | 3               | 40                |      |
| Interest expenses                           | 0               | -3 788            |      |
| Other financial income and expense          | -394            | 0                 |      |
| <b>Profit (loss) before tax</b>             | <b>-960 327</b> | <b>-1 839 966</b> |      |
| <b>Annual period profit (loss)</b>          | <b>-960 327</b> | <b>-1 839 966</b> |      |

## Notes

### Note 1 Accounting policies

#### General information

The annual accounts of Wallester AS for 2021 have been prepared in accordance with the Estonian Financial Reporting Standard. The Estonian Financial Reporting Standard is a set of financial reporting requirements for the public, based on internationally accepted accounting and reporting principles, the basic requirements of which are established by the Accounting Act of the Republic of Estonia, and specified in the guidelines of the Accounting Standards Board.

The financial statements have been prepared in euros.

Wallester AS has prepared the annual report of a small enterprise, which consists of the balance sheet, an income statement and notes.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and current account balances.

#### Receivables and prepayments

Trade receivables include short-term receivables arising in the ordinary course of business, except for receivables from other group companies. Accounts receivable have been valued in the balance sheet based on the amounts likely to be received. In doing so, the outstanding invoices of each specific customer are assessed separately, taking into account the known information on the customer's solvency. Doubtful accounts are written down in the balance sheet to the probable amount to be received (the write-down is recognized in the balance sheet in a separate line "Doubtful accounts") and is recognized as an expense in the income statement. Bad debts have been derecognised. Receivables from previously written-down doubtful accounts are recognized as a reduction of the cost of doubtful accounts.

#### Plant, property and equipment and intangible assets

Tangible fixed assets are assets used in the company's own economic activities with a useful life of more than one year and a cost of 1,000 euros or more. Assets with a useful life of more than one year but with an acquisition cost of less than EUR 1,000 are recognized as an expense as the asset is taken into use.

Tangible fixed assets shall be recorded in the balance sheet at acquisition cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on an item of tangible fixed assets shall be recognized as a tangible fixed asset when it is probable that future economic benefits associated with the item will flow to the enterprise and the cost of the item can be measured reliably.

Other maintenance and repair costs are recognized as an expense when the expense incurs.

Amortization is calculated using the straight-line method. The amortization rate is determined for each item of tangible fixed assets separately, depending on its useful life. If an item of tangible fixed assets consists of distinguishable components that have different useful lives, those components are accounted for as separate items of assets and amortization rates are determined separately according to their useful lives.

Amortization rates per year for groups of fixed assets are as follows:

Other tangible fixed assets 20-40%

Amortization starts to be calculated from the moment when the asset is usable according to the purpose planned by the management and ends when the residual value exceeds the carrying amount or until the asset is permanently withdrawn from use. At each balance sheet date, the reasonableness of the amortization rates used, the amortization method and the residual value are assessed.

If the recoverable amount of an item of fixed assets (i.e. the higher of the two following indicators: an asset's fair value less costs to sell, or its value in use) is less than its carrying amount, the items of tangible fixed assets are written down to their recoverable amount.

Intangible assets are initially recognized at their acquisition cost, which consists of the purchase price and expenses directly related to the acquisition. Intangible assets are recorded in the balance sheet at acquisition cost less accumulated amortization and any possible impairment losses.

Amortization is calculated using the straight-line method. The amortization rate is determined separately for each item of intangible asset, depending on its useful life.

#### Financial liabilities

All financial liabilities (trade payables, borrowings, accrued expenses and other short-term and long-term liabilities) are initially recognized at their acquisition cost, which includes all expenses related to acquisition. Subsequent recognition is based on the adjusted acquisition cost method.

The adjusted acquisition cost of short-term financial liabilities is generally equal to their nominal value, therefore short-term financial liabilities

are recognized in the balance sheet in the amount payable. The adjusted cost of long-term financial liabilities is calculated using the effective interest method.

### Revenue recognition

Revenues are recognized according to the following main types of revenue:

- sales revenue
- other operating income
- interest income.

Revenue is recognized at the fair value of the consideration received or to be received. If the payment is received immediately or within a short period after the transaction, the sales revenue is equal to the amount of cash received.

If the revenues would not be received in the short-term period (over 12 months) the sales revenue is recorded in the present value of the considerations to be received in future. The difference between the nominal value of the consideration receivable and the fair value is recognized as interest income during the period between the recognition of the sale and the receipt of the consideration.

- Revenue from sales of goods

Revenue from the sale of goods is recognized when all significant risks and rewards of ownership have been transferred to the buyer and the revenue and transaction costs can be measured reliably.

- Revenue from sales of services

Revenue from the service rendered during a short period is recognized immediately after the service is rendered. The revenue from the service rendered over a longer period is recognized based on the level of completion method, i.e. the revenue from the provision of the service is recognized in proportion to the costs associated with the provision of the service in the same periods. In project accounting, the object identifier added to the record is used to link the revenues and costs of the service.

- Interest income

Interest income is calculated using the effective interest rate method, except when the receipt of interest is uncertain. In such cases, interest income is calculated on a cash basis.

### Taxation

In accordance with applicable laws of the Republic of Estonia, the Estonian entities do not pay income tax on profits.

Instead of the income tax payable on profits, the Estonian entities pay corporate income tax on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and adjustments of the transfer price. As of 01 January 2015 the current tax rate is 20/80 on the amount paid out as net dividends. From 2019, tax rate of 14/86 can be applied to dividend payments. The more beneficial tax rate can be used for dividend payments in the amount of up to the average dividend payment during the three preceding years that were taxed with the tax rate of 20/80. When calculating the average dividend payment of three preceding years, 2018 will be the first year to be taken into account. Due to the specific nature of the taxation system, there are no temporary differences between the tax values of assets and liabilities and the residual accounting values between and therefore no deferred income tax assets and liabilities arise.

### Related parties

In preparing the annual report of Wallester AS, the following parties have been considered related parties:

- \* owners (parent company and persons controlling or having significant influence over the parent company);
- \* executive and senior management;
- \* close family members of the persons listed above and companies controlled or significantly influenced by them.

## Note 2 Cash and cash equivalents

(In Euros)

|  | 31.12.2021     | 31.12.2020     |
|--|----------------|----------------|
| Money and bank accounts                | 141 434        | 111 279        |
| <b>Total cash and cash equivalents</b> | <b>141 434</b> | <b>111 279</b> |

## Note 3 Receivables and prepayments

(In Euros)

|  | 31.12.2021       | Allocation by remaining maturity |                | Note |
|--|------------------|----------------------------------|----------------|------|
|  |                  | Within 12 months                 | 1 - 5 years    |      |
| Accounts receivable                      | 53 664           | 53 664                           |                |      |
| Accounts receivables                     | 55 008           | 55 008                           |                |      |
| Allowance for doubtful receivables       | -1 344           | -1 344                           |                |      |
| Tax prepayments and receivables          | 20 956           | 20 956                           |                | 5    |
| Other receivables                        | 1 035 152        | 800 152                          | 235 000        |      |
| Accrued income                           | 1 035 152        | 800 152                          | 235 000        |      |
| Prepayments                              | 111 905          | 111 905                          |                |      |
| Deferred expenses                        | 111 905          | 111 905                          |                |      |
| <b>Total receivables and prepayments</b> | <b>1 221 677</b> | <b>986 677</b>                   | <b>235 000</b> |      |

  

|  | 31.12.2020       | Allocation by remaining maturity |                | Note |
|--|------------------|----------------------------------|----------------|------|
|  |                  | Within 12 months                 | 1 - 5 years    |      |
| Accounts receivable                      | 35 674           | 35 674                           |                |      |
| Accounts receivables                     | 37 018           | 37 018                           |                |      |
| Allowance for doubtful receivables       | -1 344           | -1 344                           |                |      |
| Tax prepayments and receivables          | 3 709            | 3 709                            |                | 5    |
| Other receivables                        | 1 344 932        | 1 109 932                        | 235 000        |      |
| Accrued income                           | 1 344 932        | 1 109 932                        | 235 000        |      |
| Prepayments                              | 29 368           | 29 368                           |                |      |
| Deferred expenses                        | 29 368           | 29 368                           |                |      |
| <b>Total receivables and prepayments</b> | <b>1 413 683</b> | <b>1 178 683</b>                 | <b>235 000</b> |      |

As at 31.12.2021 other receivables in the amount of 800 152 EUR (as at 31.12.2020: 820 932 EUR) were presented by the funds transferred by the Partners of the Company to special settlement account in the Bank. Such funds are segregated from Company's other assets and are used only for settlements of transactions made with the issued cards.

As at 31.12.2021 non-current financial assets in the amount of 235 000 EUR (as at 31.12.2020: 235 000 EUR) were represented by the amount deposited with VISA Europe LTD. The deposit is used to secure card transaction and payment processing and treated as a long-term financial assets.

## Note 4 Inventories

(In Euros)

|                          | 31.12.2021     | 31.12.2020   |
|--------------------------|----------------|--------------|
| <b>Raw materials</b>     | <b>154 418</b> | <b>6 316</b> |
| Stock held by others     | 154 418        | 6 316        |
| <b>Total Inventories</b> | <b>154 418</b> | <b>6 316</b> |

## Note 5 Tax prepayments and liabilities

(In Euros)

|  | 31.12.2021      |                 | 31.12.2020      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Tax prepayments | Tax liabilities | Tax prepayments | Tax liabilities |
| Value added tax                              | 0               | 13 729          | 0               | 74 764          |
| Personal income tax                          | 0               | 14 708          | 0               | 1 363           |
| Fringe benefit income tax                    | 0               | 10              | 0               | 7               |
| Social tax                                   | 0               | 24 962          | 0               | 2 304           |
| Contributions to mandatory funded pension    | 0               | 1 026           | 0               | 139             |
| Unemployment insurance tax                   | 0               | 1 578           | 0               | 14              |
| Prepayment account balance                   | 20 956          |                 | 3 709           |                 |
| <b>Total tax prepayments and liabilities</b> | <b>20 956</b>   | <b>56 013</b>   | <b>3 709</b>    | <b>78 591</b>   |

## Note 6 Property, plant and equipment

(In Euros)

|                               |   | Total   |
|-------------------------------|---|---------|
|                               | Other<br>property, plant<br>and equipment |         |
| <b>31.12.2019</b>             |   |         |
| Carried at cost               | 46 431                                    | 46 431  |
| Accumulated depreciation      | -19 584                                   | -19 584 |
| <b>Residual cost</b>          | 26 847                                    | 26 847  |
|                               |   |         |
| Depreciation                  | -10 535                                   | -10 535 |
| Disposals (in residual costs) | -2 411                                    | -2 411  |
|                               |   |         |
| <b>31.12.2020</b>             |   |         |
| Carried at cost               | 35 858                                    | 35 858  |
| Accumulated depreciation      | -21 957                                   | -21 957 |
| <b>Residual cost</b>          | 13 901                                    | 13 901  |
|                               |   |         |
| Depreciation                  | -6 781                                    | -6 781  |
|                               |   |         |
| <b>31.12.2021</b>             |   |         |
| Carried at cost               | 35 858                                    | 35 858  |
| Accumulated depreciation      | -28 738                                   | -28 738 |
| <b>Residual cost</b>          | 7 120                                     | 7 120   |

### Disposed property, plant and equipment at selling price

|                                | 2021     | 2020         |
|--------------------------------|----------|--------------|
| Machinery and equipment        | 0        | 2 810        |
| Computers and computer systems | 0        | 2 810        |
| <b>Total</b>                   | <b>0</b> | <b>2 810</b> |

## Note 7 Intangible assets

(In Euros)

|                            |                               | Total            |
|----------------------------|-------------------------------|------------------|
|                            | Other<br>intangible<br>assets |                  |
| <b>31.12.2019</b>          |                               |                  |
| Carried at cost            | 2 458 229                     | 2 458 229        |
| Accumulated depreciation   | -641 177                      | -641 177         |
| <b>Residual cost</b>       | <b>1 817 052</b>              | <b>1 817 052</b> |
|                            |                               |                  |
| Acquisitions and additions | 142 256                       | 142 256          |
| Depreciation               | -1 272 502                    | -1 272 502       |
|                            |                               |                  |
| <b>31.12.2020</b>          |                               |                  |
| Carried at cost            | 1 045 387                     | 1 045 387        |
| Accumulated depreciation   | -358 581                      | -358 581         |
| <b>Residual cost</b>       | <b>686 806</b>                | <b>686 806</b>   |
|                            |                               |                  |
| Acquisitions and additions | 61 098                        | 61 098           |
| Depreciation               | -215 806                      | -215 806         |
|                            |                               |                  |
| <b>31.12.2021</b>          |                               |                  |
| Carried at cost            | 1 106 485                     | 1 106 485        |
| Accumulated depreciation   | -574 387                      | -574 387         |
| <b>Residual cost</b>       | <b>532 098</b>                | <b>532 098</b>   |

The Management Board on the regular basis (at least annually) assesses the intangible assets recognized on the balance sheet for the presence of impairment signs. In particular as the company is currently being in the growth stage, generating net losses for several periods, the Management performed the assessment of the future net cash-flows to be generated from its main activities, in the provision of which intangible are used. The recoverable amounts of intangible assets were determined based on value in use calculation by using discounted cash-flow model. The valuation uses cash-flow projections, which are based on financial estimates covering maximum of five-year period.

The estimation of future cash-flows and selection of discount rate require the use of judgements and estimates from management.

The results of the impairment test performed in 2021 have showed that no impairment should be recognized in the financial statements.

## Note 8 Payables and prepayments

(In Euros)

|                                       | 31.12.2021       | Within 12 months | Note |
|---------------------------------------|------------------|------------------|------|
| Trade payables                        | 55 304           | 55 304           |      |
| Employee payables                     | 132 589          | 132 589          |      |
| Tax payables                          | 56 013           | 56 013           | 5    |
| Other payables                        | 763 248          | 763 248          |      |
| Other accrued expenses                | 763 248          | 763 248          |      |
| Prepayments received                  | 171 779          | 171 779          |      |
| Other received prepayments            | 171 779          | 171 779          |      |
| <b>Total payables and prepayments</b> | <b>1 178 933</b> | <b>1 178 933</b> |      |
|                                       | 31.12.2020       | Within 12 months | Note |
| Trade payables                        | 58 673           | 58 673           |      |
| Employee payables                     | 2 628            | 2 628            |      |
| Tax payables                          | 78 591           | 78 591           | 5    |
| Other payables                        | 727 141          | 727 141          |      |
| Other accrued expenses                | 727 141          | 727 141          |      |
| Prepayments received                  | 26 811           | 26 811           |      |
| Deferred income                       | 11 550           | 11 550           |      |
| Other received prepayments            | 15 261           | 15 261           |      |
| <b>Total payables and prepayments</b> | <b>893 844</b>   | <b>893 844</b>   |      |

As at 31.12.2021 other payables in the amount of 473 080 EUR (as at 31.12.2020: 727 141 EUR) included the outstanding liability of the Company before its partners for the settlement of the transactions made with the issued cards.

As at 31.12.2021 other payables in the amount of 290 168 EUR (as at 31.12.2020: 0 EUR) also included liabilities before the Partners of the company for the mandatory collateral provided by the Partners in form of cash under the cooperation agreement with Partners.

## Note 9 Share capital

(In Euros)

|                         | 31.12.2021 | 31.12.2020 |
|-------------------------|------------|------------|
| Share capital           | 484 238    | 434 238    |
| Number of shares (pcs)  | 484 238    | 434 238    |
| Nominal value of shares | 1          | 1          |

1) During the reporting period 50 000 new ordinary share with the nominal value of 50 000 EUR were issued at premium of 450 000 EUR. (during 2020: 50 000 ordinary shares with nominal value of 50 000 EUR issued at premium of 450 000 EUR)

2) Upon the shareholders decisions from May 31, 2021 voluntary reserved in the amount of 1 440 347 EUR was used to cover for earlier accounted losses and transferred to the "Retained earning (loss)" line. All shares were paid in cash both in 2021 and 2020.

## Note 10 Net sales

(In Euros)

|  | 2021           | 2020           |
|--|----------------|----------------|
| Net sales by geographical location               |                |                |
| Net sales in European Union                      |                |                |
| Estonia  | 502 090        | 317 380        |
| Bulgaria   | 8 050          | 0              |
| Czech Republic                                   | 306            | 0              |
| Cyprus   | 6 501          | 0              |
| Denmark  | 36 058         | 0              |
| Germany  | 20 000         | 0              |
| Spain  | 10 000         | 0              |
| Latvia   | 18 882         | 0              |
| Lithuania  | 85 657         | 0              |
| Luxembourg                                       | 14             | 0              |
| Malta  | 10             | 0              |
| <b>Total net sales in European Union</b>         | <b>687 568</b> | <b>317 380</b> |
| Net sales outside of European Union              |                |                |
| Switzerland                                      | 11 000         | 0              |
| United Kingdom                                   | 91 699         | 0              |
| <b>Total net sales outside of European Union</b> | <b>102 699</b> | <b>0</b>       |
| <b>Total net sales</b>                           | <b>790 267</b> | <b>317 380</b> |
| Net sales by operating activities                |                |                |
| Payment services                                 | 790 267        | 317 380        |
| <b>Total net sales</b>                           | <b>790 267</b> | <b>317 380</b> |

## Note 11 Goods, raw materials and services

(In Euros)

|  | 2021           | 2020           |
|--|----------------|----------------|
| Goods purchased for resale                     | 38 087         | 27 333         |
| Services purchased for resale                  | 593 405        | 436 491        |
| <b>Total goods, raw materials and services</b> | <b>631 492</b> | <b>463 824</b> |

## Note 12 Miscellaneous operating expenses

(In Euros)

|   | 2021           | 2020          |
|---|----------------|---------------|
| Leases  | 1 200          | 11 087        |
| <b>Energy</b>                                 | <b>0</b>       | <b>1 240</b>  |
| Electricity                                   | 0              | 590           |
| Heat energy                                   | 0              | 650           |
| Water supply services                         | 0              | 110           |
| Miscellaneous office expenses                 | 0              | 6 245         |
| Travel expense                                | 11 900         | 2 698         |
| Training expense                              | 1 435          | 414           |
| Consultation costs                            | 23 031         | 23 800        |
| Accounting and audit costs                    | 18 250         | 7 680         |
| Advertising                                   | 81 562         | 0             |
| Other   | 31 143         | 18 143        |
| <b>Total miscellaneous operating expenses</b> | <b>168 521</b> | <b>71 417</b> |

## Note 13 Labor expense

(In Euros)

|   | 2021           | 2020           |
|---|----------------|----------------|
| Wage and salary expense                                   | 543 769        | 345 667        |
| Social security taxes                                     | 182 921        | 105 843        |
| <b>Total labor expense</b>                                | <b>726 690</b> | <b>451 510</b> |
| Average number of employees in full time equivalent units | 15             | 5              |

The option program is finished.

## Note 14 Related parties

(In Euros)

|  |                           |
|--|---------------------------|
| Name of accounting entity's parent company                     | Placet Smart Solutions OÜ |
| Country where accounting entity's parent company is registered | Estonia                   |
| Group name where parent company belongs                        | Placet Group OÜ           |
| Country where group's parent company is registered             | Estonia                   |

### Related party balances according to groups

| SHORT TERM   | 31.12.2021    | 31.12.2020    |
|--|---------------|---------------|
| <b>Receivables and prepayments</b>                     |               |               |
| Other entities belonging into same consolidation group | 13 302        | 21 221        |
| <b>Total receivables and prepayments</b>               | <b>13 302</b> | <b>21 221</b> |
| <b>Payables and prepayments</b>                        |               |               |

|  |                |                |
|--|----------------|----------------|
| Other entities belonging into same consolidation group | 324 792        | 198 804        |
| <b>Total payables and prepayments</b>                  | <b>324 792</b> | <b>198 804</b> |

| SOLD   | 2021           | 2020          |
|--|----------------|---------------|
|  | Services       | Services      |
| Other entities belonging into same consolidation group | 156 140        | 85 462        |
| <b>Total sold</b>                                      | <b>156 140</b> | <b>85 462</b> |

| BOUGHT  | 2021         | 2020          |
|---|--------------|---------------|
|   | Services     | Services      |
| Other entities belonging into same consolidation group  |              | 5 025         |
| Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher | 1 200        | 11 350        |
| <b>Total bought</b>   | <b>1 200</b> | <b>16 375</b> |

|   |             |             |
|---|-------------|-------------|
| Remuneration and other significant benefits calculated for members of management and highest supervisory body |             |             |
|   | <b>2021</b> | <b>2020</b> |
| Remuneration  | 254 141     | 144 204     |

Amounts presented as payables and prepayments includes outstanding liabilities of the Company before its related Partners for the card transaction and payment processing, although the amounts presented as sales and purchases turnover are presented on net basis and attributable only to the fees received by the Company in the reporting period.

## Note 15 Events after the reporting date

18/01/2022 the equity capital was increased, after the share capital increase the new share capital is 534,238.00 euros.

In 2022, a short-term loan was received from Placet Group OÜ in the amount of 100,000 euros and already repaid.

Although the economy in Estonia is recovering at the moment, the further outcomes of the COVID-19 is still hard to predict, thus management continues closely monitor and adhere the strategy to the arising challenges. The Company is continuously taking steps to limit the potential losses. Although the management of the Company expects that the potential effect of any further COVID-19 outbreak won't have significant impact on the operations and performance of the Company in future.

In February 2022 the EU and rest of the world, including global financial institutions and bodies, imposed wide-ranging set of restrictive measures against Russian Federation, which is updated and expanded on a regular basis. Until the date of authorization of these financial statements, the restrictive measures imposed had no significant impact on the Company's performance, no operations had been suspended and no significant direct losses related to the restrictive measures had been incurred as at the date of authorization of the financial statements.



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Translation of the Estonian Original

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Wallester AS

### *Opinion*

We have audited the financial statements of Wallester AS, which comprise the balance sheet as at 31 December 2021, and the income statement 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 present fairly, in all material respects, the financial position of Wallester AS as at 31 December 2021, and its financial performance for the year then ended in accordance with the Estonian Financial Reporting Standard.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (Estonia). 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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other information*

Management is responsible for the other information. Other information consists of management report, but does not consist of the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

### *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 the Estonian Financial Reporting Standard], 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 objectives are 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 International Standards on Auditing (Estonia) 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 International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism 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 Group'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 Group'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 Group 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;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Tallinn, 4 July 2022

*/signed digitally/*

Olesia Abramova  
Authorised Auditor's number 561  
Ernst & Young Baltic AS  
Audit Company's Registration number 58