

**LENDO FOR FINANCING
(LIMITED LIABILITY COMPANY)
AMMAN - JORDAN**

**FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

**LENDO FOR FINANCING
(LIMITED LIABILITY COMPANY)
AMMAN - JORDAN**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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INDEPENDENT AUDITOR'S REPORT

31 December 2022

To the Management of Lendo for Financing
(Limited Liability Company)
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lendo for Financing "the Company", which comprise:

- The statement of financial position as at 31 December 2022.
- The statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended.
- 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 the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRSs, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

31 December 2022

To the Management of Lendo for Financing
(Limited Liability Company)
Amman - Jordan

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 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 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 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

31 December 2022

To the Management of Lendo for Financing
(Limited Liability Company)
Amman - Jordan

- 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.

Report on Other Legal and Regulatory Requirements

The company maintains proper accounting records, and the financial statements are in agreement therewith. We recommend the General Assembly to approve them.

Samman & Co.



Ahmad Ramahi
License No. 868

19 February 2023
Amman - Jordan

Lendo for Financing
(Limited Liability Company)
Amman - Jordan

Statement of Financial Position
As at 31 December 2022

	Note	2022 JOD	2021 JOD
ASSETS			
Cash and cash equivalents	(6)	254,961	33,756
Financial assets at amortized cost	(7)	2,408,714	1,596,079
Trade and other receivables	(8)	96,377	86,827
Property and equipment	(9)	169,797	200,178
Intangible assets	(10)	121,277	96,463
Right-of-use assets	(11)	286,820	430,632
Total Assets		3,337,946	2,443,935
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	(12)	188,618	233,729
Loans payable from related party	(13)	1,219,824	850,000
Leases liabilities	(11)	309,311	452,797
Income tax provision	(19)	228,364	61,317
Total Liabilities		1,946,117	1,597,843
EQUITY			
Capital	(14)	1,090,000	1,090,000
Statutory reserve		111,771	34,472
Accumulated profit (losses)		190,058	(278,380)
Total Equity		1,391,829	846,092
Total Liabilities and Equity		3,337,946	2,443,935

The financial statements from pages [1] to [21] were approved and authorized for issue by the Management on 15 February 2023 and were signed on its behalf by:

Official General Manager
Maris Strods

Chief Financial Officer
Hanan Dawood

حنان داود

Lendo for Financing
(Limited Liability Company)
Amman - Jordan

Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 31 December 2022

	<u>Note</u>	<u>2022</u> JOD	<u>2021</u> JOD
<u>Revenues</u>			
Service fees		1,074,342	709,566
Extensions of revenues	(15)	1,695,415	874,218
Penalties		269,985	210,826
Finance cost		<u>(13,304)</u>	<u>(7,486)</u>
Net fees revenue		3,026,438	1,787,124
<u>Expenses</u>			
Salaries and employee's benefits	(17)	(512,078)	(484,869)
Other expenses	(18)	(419,962)	(365,904)
Expected credit losses	(7)	(971,182)	(420,114)
Depreciation and Amortization	(9,10,11)	<u>(165,826)</u>	<u>(159,937)</u>
		<u>(2,069,048)</u>	<u>(1,430,824)</u>
Operating profit		957,390	356,300
Other losses/revenues	(16)	(159,470)	20,214
Finance cost - Leases	(11)	<u>(24,934)</u>	<u>(31,799)</u>
Profit before tax		772,986	344,715
Income tax	(19)	<u>(223,529)</u>	<u>(61,317)</u>
Comprehensive Income		<u><u>549,457</u></u>	<u><u>283,398</u></u>

**Lendo for Financing
(Limited Liability Company)
Amman - Jordan**

**Statement of Changes in Equity
For The Year Ended 31 December 2022**

	Capital	Statutory reserve	Accumulated profit (losses)	Total
	JOD	JOD	JOD	JOD
<u>2022</u>				
1 January 2022	1,090,000	34,472	(278,380)	846,092
Comprehensive income	-	-	549,456	549,456
Statutory reserve	-	77,299	(77,299)	-
Dividends	-	-	(3,720)	(3,720)
31 December 2022	<u>1,090,000</u>	<u>111,771</u>	<u>190,058</u>	<u>1,391,828</u>
<u>2021</u>				
1 January 2022	1,090,000	-	(527,306)	562,694
Comprehensive income	-	-	283,398	283,398
Statutory reserve	-	34,472	(34,472)	-
31 December 2022	<u>1,090,000</u>	<u>34,472</u>	<u>(278,380)</u>	<u>846,092</u>

**Lendo for Financing
(Limited Liability Company)
Amman - Jordan**

**Statement of Cash Flows
For The Year Ended 31 December 2022**

	Note	2022 JOD	2021 JOD
<u>Operating activities</u>			
Profit for the year		772,986	344,715
Adjustment:			
Depreciation and amortization	(9,10)	66,639	53,198
Amortization of right-of-use assets	(11)	99,186	106,739
Cancellation provision of sold portfolio		(713,213)	(607,053)
Expected credit losses		971,182	420,114
Finance cost	(11)	24,934	31,799
Interest revenue-net		(3,026,438)	(1,787,124)
Loss from disposal of property and equipment		5,927	4,804
		(1,798,797)	(1,432,808)
Financial asstes at amortized cost	(7)	(1,070,604)	(955,397)
Trade and other receivable		(9,550)	(56,267)
Trade and other payable	(12)	(45,111)	229,954
Loans payable from related party	(13)	369,824	409,200
Interest received		3,083,944	1,842,018
Interest paid		(38,238)	(111,736)
Cash generated from operation		491,468	(75,036)
Income tax paid		(56,482)	-
Net cash flows from operating activities		434,986	(75,036)
<u>Investing activities</u>			
Purchase of property and equipment	(9)	(23,599)	(81,479)
Proceeds from disposal of property and equipment		2,952	245
Purchase of Intangible assets	(10)	(51,852)	(50,172)
Proceeds from disposal of intangible assets		5,500	-
Net cash flows from investing activities		(66,999)	(131,406)
<u>Financing activities</u>			
Finance costs paid	(11)	(24,934)	(31,799)
Lease payments	(11)	(118,128)	(126,700)
Dividands		(3,720)	-
Net cash flows from financing activities		(146,782)	(158,499)
Net change in cash and cash equivalent		221,205	(364,941)
Cash and cash equivalent at beginning of year		33,756	398,697
Cash and cash equivalent at end of year	(6)	254,961	33,756

**Lendo for Financing
(Limited Liability Company)
Amman - Jordan**

**Notes forming part of the financial statements
For the year ended 31 December 2022**

1) General

The Company was established on 24 October 2019 as a Limited Liability Company and was registered in the Ministry of Industry and Trade under the number (55670).

The main purpose of the Company is to provide borrowing opportunities to Jordanian citizens exclusively, with a maximum ceiling of 800 JOD for recurring borrowers, and 90 JOD for first time borrowers.

The Company was wholly owned by (TIG invest) which located in the republic of Latvia before, it was completely transferred to the company (A.S.D.B.F. Finance)- republic of Latvia on 13 April 2021.

The address of the company's main office is at Jordan- Amman-Abdullah Gosheh Street.

The company also has 12 operating branches throughout Jordan branch as at 31 of December 2022

The general manager is presented by Mrs. Maris Strods.

2) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are given in note (4) below.

The financial statements are presented in JOD, which is also the functional currency of the entity.

Amounts are rounded to the nearest JOD.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) and according to the Jordanian laws.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect is disclosed in note (3).

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Changes in accounting policies

a) New standards, interpretations and amendments adopted from 1 January 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The above standards, amendments, improvements and Interpretations issued by the IASB are not expected to impact the Company as they are either not relevant to the Company activities or require accounting which is consistent with the Company current accounting policies.

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

b) New standards, interpretations and amendments not yet effective:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following standard and amendments are effective for the period beginning 1 January 2023:

- IFRS 17 "Insurance Contracts";
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Non-current Liabilities with Covenants)

The Company is assessing the impact of these new accounting standard and amendments. The Company does not expect that the amendments and new standard issued by IASB but not yet effective to have a material impact on the financial statements

3) Critical accounting estimates and judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The significant estimates and assumptions used in preparing the financial statements are discussed below.

Income Tax

The Company is subject to income tax and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized.

Expected Credit Losses

The company recognized the expected credit loss for financial assets at amortized cost using the general approach according to the requirements of IFRS 9 which requires the use of critical assumptions and estimations, the financial assets policy is given in note (4) accounting policy.

Property and equipment

The Company reviews the estimated useful life of property and equipment and the depreciation method to verify that it reflects the used economic benefits and in case there is a difference it will be treated as changes in estimates (in the year of change and subsequent years).

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

Legal proceedings

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond.

4) Significant accounting policies.

Lease contracts

All lease contracts are accounted by recognizing the right-of-use assets and lease liabilities, except for:

- Contract lease where the assets has a low value.
- Short term lease contracts (Less than 12 months).

When applying IFRS 16, the company recognizes the right-of-use assets and lease liabilities as follows:

Lease liabilities

the company measures lease liabilities at the present value of the contractual payments due to the lessor during the lease period using the additional borrowing rate of (6,25%, 7,25%) at the starting date of the lease contract. the borrowing rate is the rate at which a similar borrowing can be obtained from an independent creditor under comparable terms.

Right-of-use assets

The company carries out the initial measurement of the right of use assets with the value of lease liabilities, minus any received incentives adding the following:

- Any lease payments before the start of contract.
- Any initial direct costs incurred.
- The value of any recognized provision when it is contractually required by the company to dismantle, remove or return the leased asset to its original state.

Upon subsequent measurement of the lease liabilities the lease liability is increased as a result of interest charged at a fixed rate due to the accrued balance, the lease liability is reduced by paid lease payment.

The right-of-use asset is amortized using the straight-line method over the remaining contractual period or the remaining life if it is shorter than the period of lease contract (This rarely happens).

On initial recognition, the book value of the lease liabilities includes the following:

- The amounts expected to be paid by the lessee under the residual value guarantees.
- The price of purchase option if the lessee is certain that the option is practiced reasonably.
- Any payable fines for the termination of the lease contract if the period of lease contract reflects the lessee practice of the option to terminate the lease contract.

Intangible assets

Intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives. The intangible assets in the company are accounting and finance system and key money of new branches, with useful life of five years and amortized at 15% annually.

Intangible assets that have an infinite life are recorded at cost less accumulated impairment losses, if any.

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

Foreign currency

Transactions entered into by Company in a currency other than the currency of the primary economic environment in which it operates (functional currency - Jordanian Dinar) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in statement of profit or loss and other comprehensive income.

Financial Assets

Financial assets at Amortized cost

The company classifies financial assets at amortized cost based on the business model on which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- It's held within a business model whose objective is to hold assets for the collection of futuristic cash flows.
- Its contractual terms cause, on specified dates, cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Expected credit loss

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Company's historical credit losses experienced over the prior years. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers.

Financial assets at amortized cost represent cash and cash equivalents, loans receivable and other debit balances as presented in the statement of financial position

Cash and cash equivalents include cash on hand, demand deposits with banks, and other short-term highly liquid investments whose maturity dates are within three months or less.

Financial liabilities

Loans payable

Loans are initially recognized at fair value net of any transaction costs directly attributable to the issue of the facilities. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense includes initial transaction costs and premium payable on redemption, as well as any interests payable while the liability is outstanding.

Other payables

Other payables are initially recognized at fair value net of any transaction costs and subsequently at amortized cost using effective interest rate.

Property and equipment

Items of property and equipment are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Depreciation is provided on all other items of property and equipment so as to write off their carrying value over their expected useful economic lives.

It is provided at the following rates:

<u>Assets</u>	<u>Depreciation Percentage</u>
	%
Furniture	15
Computers	25
Electrical and communication equipment	15
Leasehold improvements	10

Items of property and equipment are derecognized upon disposal or when the items are permanently withdrawn from use and no future economic benefits are expected from the disposal.

Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the period in which the asset is derecognized.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Employee's benefits

The Company's contribution to the employee benefit plan is recognized in the statement of profit or loss and other comprehensive income at the year which it relates to.

5) Financial instruments - risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Market risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them unless otherwise stated.

(i) *Principal financial instruments*

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents.
- Financial assets at amortized cost
- Trade and other receivables.
- Loans payable.
- Trade and other payables.

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

(ii) Financial instruments by category

	2022	2021
	JOD	JOD
Financial assets at amortized costs		
Financial asset at amortized cost	2,408,714	1,596,079
Cash and cash equivalents	254,961	33,756
Trade and other receivable	61,627	56,071
	<u>2,725,302</u>	<u>1,685,906</u>
Financial liabilities at amortized costs		
Loans payable	1,219,824	850,000
Trade and other payables	44,925	102,334
	<u>1,264,749</u>	<u>952,334</u>

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, financial asset at amortized cost, Trade and other receivables, loans payable and Trade and other payables.

Due to the nature of financial instruments as short term except loan's payable, the carrying value of the financial instruments mentioned above approximates their fair value.

General objective, policies and procedures

The objectives and policies of the company's risk management are determined by the management, where the management takes full responsibility for defining and implementing this objective and policies, where it's given the full authority to design and implement procedures that ensures an effective implementation of the company's financing objectives and policies.

The overall objective is to set policies that seek to reduce risks as far as possible without affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from loans receivable. Loans are granted by credit terms that defined and approved by management, the Company has a credit policy to minimize credit risk through guarantees obtained such as accepting only working Jordanian Borrowers with Social security contributions, and getting letter of guarantees from the borrowers and granting a limits for the first time, then it may reach as a maximum amount of 800 JOD for Recurring borrowers. The credit manager has a credit policy under which each new customer is analyzed individually for creditworthiness before the loan is provided, utilizing CRIF Jordan Agency for credit ratings.

The credit manager determines concentrations of credit risk by monthly monitoring the creditworthiness rating of existing customers and through a monthly review of the delinquent installments aging analysis.

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

Market risk

Market risk arises from the Company use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is the risk associated with the change in the value of financial management as a result of changes in market interest rates. The company manages its exposure to interest rate risk continually and re-evaluates several option such as financing, renewal of existing centers and alternative financing, the main loans of financing source are related to related party accounts.

Currency risk

Currency risk arise when the company enters into financial transactions in currencies other than its functional currency. The Company is exposed Currency risk as it borrows in EURO and USD, despite the Jordanian Dinar exchange rate is constant against USD, which is set by the central bank of Jordan which lowers the borrowing risk, since the company evaluates, EURO at the end of every month and reflects the evaluation effects on the financial statements.

Other prices risk

The company is not exposed to such risk as a result of not investing in any property instruments for other companies.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and payments of loans payable and their debt interest. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company policy is to ensure that it will always have sufficient cash to meet its liabilities when they fall due. The following table sets out the contractual maturities:

	Less than 3 months JOD	Between 3 and 12 months JOD	More than One Year JOD
As at 31 December 2022			
Loans payable	-	1,219,824	-
Trade and other payables	188,618	-	-
Leases liabilities	24,030	74,647	217,278
	<u>212,648</u>	<u>1,294,471</u>	<u>217,278</u>
As at 31 December 2021			
Loans payable	-	850,000	-
Trade and other payables	233,729	-	-
Leases liabilities	-	126,700	326,097
	<u>233,729</u>	<u>976,700</u>	<u>326,097</u>

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

Capital Disclosures

The Company monitors "adjusted capital" which comprises all components of equity (capital, accumulated losses, and statutory reserve).

The Company's objectives when monitoring capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of return capital to shareholders, issue new shares, or sell assets to reduce debt.

The debt to capital ratios as at 31 December are as follows:

	2022	2021
	JOD	JOD
Loans payable	1,219,824	850,000
Leases liabilities	309,311	452,797
Cash and cash equivalents	(254,961)	(33,756)
Net debt	1,274,174	1,269,041
Total equity	1,391,828	846,092
Debt to capital ratio	92%	150%

6) Cash and cash equivalents

	2022	2021
	JOD	JOD
Cash at banks	204,191	11,320
Cash at Branches	50,770	22,436
	254,961	33,756

7) Financial asset at amortized cost

	2022	2021
	JOD	JOD
Loans receivable	2,903,193	1,832,589
Less: Expected credit losses provision	(494,479)	(236,510)
	2,408,714	1,596,079

The carrying value of loans and financial asset classified at amortized cost doesn't differ from its fair values.

Lendo for Financing
(Limited Liability Company)
Amman - Jordan

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

The following is the movement on the provision for expected credit loss:

	2022	2021
	JOD	JOD
Beginning balance of the year	236,510	423,449
Provided during the year	971,182	420,114
Cancellation provision of sold portfolio	(713,213)	(607,053)
	<u>494,479</u>	<u>236,510</u>

The following table shows some indicators of investment portfolio activity:

	2022	2021
	JOD	JOD
<u>Numbers of loans</u>		
Number of loans granted during the year	41,826	35,335
Number of loans full paid during the year	37,426	32,730
Number of loans outstanding as 31 December	15,891	11,491
Value of loans granted during the year	7,667,129	5,338,255

The following is a statement of the aging of loans receivable and expected credit losses:

	2022	Expected credit loss	2021	Expected credit loss
	JOD	JOD	JOD	JOD
Unaccrued	1,965,846	92,109	1,399,224	62,311
From 1-30 days	408,332	91,522	245,578	52,893
From 31-60 days	203,440	101,788	76,795	42,766
From 61-90 days	129,096	71,525	63,045	37,785
From 91-180 days	196,479	137,535	47,947	40,755
	<u>2,903,193</u>	<u>494,479</u>	<u>1,832,589</u>	<u>236,510</u>

8) Trade and other receivables

	2022	2021
	JOD	JOD
Due from SIA	53,189	53,053
Refundable deposit	5,753	2,227
Employees	2,685	791
Total financial assets classified at amortized cost excluding cash and cash equivalents	<u>61,627</u>	<u>56,071</u>
Prepaid expenses	30,846	28,328
Sales tax	3,904	2,428
	<u>96,377</u>	<u>86,827</u>

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

9) Property and equipment

	Furniture JOD	Computers JOD	Electrical and Communication Equipment JOD	Leasehold Improvements JOD	Total JOD
<u>Cost</u>					
1 January 2021	41,098	69,544	20,279	65,115	196,036
Additions	15,265	10,895	18,682	36,637	81,479
Disposal	-	-	(4,156)	(1,950)	(6,106)
31 Decemebr 2021	56,363	80,439	34,805	99,802	271,409
Additions	225	10,286	3,775	9,313	23,599
Disposal	(2,334)	(6,628)	(52)	(4,240)	(13,254)
31 Decemebr 2022	54,254	84,097	38,528	104,875	281,754
<u>Accumulated Depreciation</u>					
1 January 2021	5,963	17,629	3,132	6,133	32,857
Depreciation	7,235	18,984	4,611	8,602	39,432
Disposal	-	-	(890)	(168)	(1,058)
31 Decemebr 2021	13,198	36,613	6,853	14,567	71,231
Depreciation	8,124	20,949	5,828	10,339	45,240
Disposal	(678)	(2,981)	(11)	(844)	(4,514)
31 Decemebr 2022	20,644	54,581	12,670	24,062	111,957
<u>Net book value</u>					
1 January 2021	35,135	51,915	17,147	58,982	163,179
31 December 2021	43,165	43,826	27,952	85,235	200,178
31 December 2022	33,610	29,516	25,858	80,813	169,797

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

10) Intangible assets

	Accounting & Finance Systems	Key Money Amounts	Total
	JOD	JOD	JOD
<u>Cost</u>			
1 January 2021	25,470	45,000	70,470
Additions	43,672	6,500	50,172
31 December 2021	69,142	51,500	120,642
Additions	46,852	5,000	51,852
Disposal	-	(8,000)	(8,000)
31 December 2022	115,994	48,500	164,494
<u>Amortization</u>			
1 January 2021	3,524	6,889	10,413
Amortization	6,853	6,913	13,766
31 December 2021	10,377	13,802	24,179
Amortization	14,245	7,154	21,399
Disposal	-	(2,361)	(2,361)
31 December 2022	24,622	18,595	43,217
<u>Net book value</u>			
1 January 2021	21,946	38,111	60,057
31 December 2021	58,765	37,698	96,463
31 December 2022	91,372	29,905	121,277

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

11) Leases

	<u>Offices</u>
	<u>JOD</u>
<u>Right-of-use assets</u>	
1 January 2021	379,458
Additions	180,786
Disposals	(22,873)
Amortization	(106,739)
31 December 2021	430,632
Additions	25,183
Disposals	(69,808)
Amortization	(99,187)
31 December 2022	286,820
<u>Leases liabilities</u>	
1 January 2021	392,432
Additions	180,786
Disposals	(25,520)
Finance Cost	31,799
Lease payments	(126,700)
31 December 2021	452,797
Additions	25,183
Disposals	(75,475)
Finance cost	24,934
Lease payments	(118,128)
31 December 2022	309,311

Lendo for Financing
(Limited Liability Company)
Amman - Jordan

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

The following table explain the contractual obligations (which represent the contractual undiscounted cash flows) for the lease obligations:

	3 Months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	JOD	JOD	JOD	JOD	JOD
As at 31 December 2022	24,030	74,647	102,733	114,545	-
As at 31 December 2021	26,881	83,716	245,127	107,301	-

12) Trade and other payables

	2022	2021
	JOD	JOD
Accrued expenses	39,113	56,576
Trade payables	5,812	45,758
Total financial liabilities classified at amortized cost, excluding loans	44,925	102,334
Unearned revenue	115,606	85,993
Sales tax deposits	21,281	23,683
Social security deposits	6,806	21,719
	188,618	233,729

Lendo for Financing
(Limited Liability Company)
Amman - Jordan

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

13) Loans payable from related party

Lender's name	Grant date	Currency	Loan's original amount	Maturity date	Interest rate %	2022 JOD	2021 JOD
AS DBF Finance - Republic of Latvia	11 August 2022	EUR	50,000	31/12/2023	3.5	37,550	-
	11 October 2022	EUR	42,895	31/12/2023	3.5	32,214	-
	17 October 2022	EUR	250,000	31/12/2023	3.5	187,750	-
	1 December 2022	EUR	400,000	31/12/2023	3.5	146,445	-
	12 April 2021	EUR	30,000	31/12/2023	3.5	22,530	24,000
	1 July 2021	EUR	70,000	07/01/2023	3.5	52,570	56,000
	7 September 2021	EUR	60,000	09/01/2023	3.5	45,060	48,000
	1 October 2021	EUR	150,000	31/12/2023	3.5	112,650	120,000
	25 October 2021	EUR	210,000	11/01/2023	3.5	157,710	168,000
	24 November 2020	EUR	100,000	01/11/2023	3.5	71,345	80,000
	15 December 2020	USD	100,000	31/12/2023	3.5	70,800	70,800
	21 December 2020	USD	200,000	31/12/2023	3.5	141,600	141,600
	28 December 2020	USD	200,000	31/12/2023	3.5	141,600	141,600
						1,219,824	850,000

These loans are revolving facilities provided by the parent company (AS - DBF Finance) - Republic of Latvia, all the above loans are classified as short term, but an amount of JOD 815,865 has been recycled from the previous year and were not paid at the maturity date, their the maturity date has been extended to the end of 2023.

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

14) Equity
Capital

The capital is JOD 1,090,000 divided into 1,090,000 fully paid shares.

Statutory reserve

According to the requirements of the Jordanian Companies Law, the company must deduct 10% of its net annual profits for the statutory reserve account, and this deduction continues for each year, provided that the total amount deducted for this reserve does not exceed the company's capital. The general assembly after exhausting the other reserve may decide in an extraordinary meeting to write-off its losses from sums accumulated in the statutory reserve account, provided that it is rebuilt later.

Accumulated losses

This item represents Profits, Losses and Dividends.

15) Extensions of revenues

The company offers an option to the borrower to extend the period of an accrued loan by purchasing days, instead of incurring penalties, the borrower could purchase either 7, 14 or 30 days. the borrower only pays the fixed fee without any additional penalties or charges, revenue from these extensions is amortized over the purchased period, up to a maximum of 30 days.

16) Other losses / revenues

	2022	2021
	JOD	JOD
(loss) Gain from disposal of financial assets at amortized cost-loan portfolio (*)	(165,041)	15,898
Other	12,232	7,704
Exemption Lease payments	(734)	1,416
Losses from disposal of property and equipment	(5,927)	(4,804)
	<u>(159,470)</u>	<u>20,214</u>

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

(*)The following is the calculation of the (loss) gain from disposal financial assets at amortized cost - loan portfolio:

		<u>2022</u>
		JOD
Proceeds from the sale		114,900
Total of sold portfolio	(993,154)	
Cancellation provision of sold portfolio	<u>713,213</u>	
Book value of sold portfolio		<u>(279,941)</u>
		<u>(165,041)</u>
		<u>2021</u>
		JOD
Proceeds from the sale		53,053
Total of sold portfolio	(644,208)	
Cancellation provision of sold portfolio	<u>607,053</u>	
Book value of sold portfolio		<u>(37,155)</u>
		<u>15,898</u>

17) Salaries and employee's benefits

	<u>2022</u>	<u>2021</u>
	JOD	JOD
Salaries and wages	415,980	387,959
Social security	54,511	52,386
Bonuses	25,896	31,398
Other	<u>15,691</u>	<u>13,126</u>
	<u>512,078</u>	<u>484,869</u>

Key management personnel are those who have authority and responsibility for planning, directing, and controlling the activities, the salaries and benefits of key management, including the members of board of directors JOD 32,632, 34,872 for 2021 and 2022 respectively.

Notes forming part of the financial statements (Continued)
For the year ended 31 December 2022

18) Other expenses

	2022	2021
	JOD	JOD
Head office and branches	102,442	89,716
IT licensing	75,871	68,779
Customer services	30,733	24,987
Marketing	28,083	21,668
Communications	25,298	20,354
Utilities	24,043	22,732
Miscellaneous	20,950	20,782
Cleaning	19,838	17,329
Database fees	19,140	20,687
Professional fees	18,656	13,027
Fees, penalties and subscriptions	13,961	6,818
Maintenance	12,786	8,720
Insurance	9,529	-
Fuel	8,530	6,483
Collection	5,724	-
Safety and surveillance	4,378	4,747
Non-refundable tax	-	19,075
	<u>419,962</u>	<u>365,904</u>

19) Income Tax

The following is movements on the income tax provision during the year:

	2022	2021
	JOD	JOD
Beginning balance	61,317	-
Provided during the year	223,529	61,317
Paid during the year	<u>(56,482)</u>	<u>-</u>
Ending balance	<u>228,364</u>	<u>61,317</u>

The company submitted tax return to the income and sales tax department within the legal period.