

Hive finance, UAB

Independent Auditor's Report
Consolidated Financial Statements
for the year ended 31 December 2023

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	3 – 5
CONSOLIDATED MANAGEMENT REPORT	6 – 9
CONSOLIDATED FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	11
STATEMENT OF CHANGES IN EQUITY	12
STATEMENT OF CASH FLOW	13
EXPLANATORY NOTES	14 – 32

Independent auditor's report

To the Shareholders of Hive finance, UAB

Opinion

We have audited the consolidated financial statements of Hive finance, UAB and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code.

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to the Note 22 of the accompanying consolidated statements, which indicates that as at 31 December 2023, the Group's current liabilities exceeded its current assets by EUR 1.6 million. These conditions, along with other matters described in Note 22, indicate the presence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 information included in the consolidated management report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements and whether consolidated management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of consolidated financial statements, in our opinion, in all material respects:

- The information given in the consolidated management report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- The consolidated management report, excluding the requirements for the information on consolidated sustainability matters, has been prepared in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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.

FBP Advice, UAB
Audit Company's License No. 001518

Arūnas Užbalis
Auditor's License No. 000543

Vilnius, the Republic of Lithuania
14 November 2025

The electronic signature of the auditor is solely applied to the auditor's report.

Hive Finance Group

CEO's foreword

Dear Investors,

I am pleased to present the consolidated results of Hive finance, UAB and its subsidiaries — Hive5 marketplace d.o.o., Mana Concept S.L. and Argentum Capital Sp. z o.o. (Ekspres Pożyczka) — for the year ended 2023.

Hive Finance Group recorded €3.26 million in revenue in 2023 (2022 – €0.13 million i.e. €3.13 million more than in 2022). Despite a consolidated EBITDA of €315,178 (2022 – -€763,406) and a net loss of €410,250 (2022 loss – €755,818), the Group significantly strengthened its position in the market, supported by an expanding investor base and loan portfolio. Our team of 18 professionals continues to drive innovation and growth across all markets.

Our loan originator Ekspres Pożyczka also delivered strong growth. In 2023, it issued 35,341 loans (2022 – 4869 loans) with a total value of nearly PLN 74.5 million (€16.97 million) (2022 – €1.81 million), serving 5,342 (2022 – 4324) active clients. The portfolio demonstrated resilience with a default rate of just 4.65%, while net impairment expenses were PLN 4,353,201 (€958,433) (2022 – €53,671). Revenues from operations reached €3,170,201 (2022 – €133,713), operating expenses were €2,689,982 (2022 – €611,157).

Finally in 2023, we initiated the legal setup of Mana Concept S.L. (Finjet) in Spain, marking the first step towards entry into one of Europe's most dynamic consumer lending markets. This strategic expansion will enhance diversification and long-term growth potential for our investors.

We are confident that the solid foundations established in 2023 will support strong momentum in 2024. Thank you for your continued trust and support as we move forward on this exciting journey.

*Aurimas Kučinskas,
CEO, Hive Finance Group and Hive5*

Hive finance, UAB

Company code: 305941697, address: Vilniaus St. 33-201, LT-01402 Vilnius

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in EUR, unless otherwise stated)

1) About this report

Reporting entity and boundary. This commentary covers Hive finance, UAB (the parent company) and its consolidated subsidiaries Argentum Capital Sp. z o.o. (Ekspres Pożyczka, Poland; 99%) and Hive5 marketplace d.o.o. (Croatia; 100%) (together – the Group). In October 2023, the Group acquired Mana Concept S.L. (Spain; 100%) to support future origination activities. As a result of this acquisition, goodwill of EUR 7,850 was recognised. The goodwill was fully impaired in 2023.

Relationship to IFRS financial statements. This commentary should be read in conjunction with the Group's consolidated IFRS financial statements for the year ended 31 December 2023 and the Independent Auditor's Report dated 14 November 2025, which contains an unmodified opinion with a Material Uncertainty Related to Going Concern.

Currency and rounding. Unless stated otherwise, all amounts are presented in euros (EUR). This commentary includes forward-looking statements, which reflect management's current expectations and assumptions regarding future events and performance. Actual results may differ materially from those expressed or implied in such statements due to various risks and uncertainties, including those described in the Group's consolidated IFRS financial statements and accompanying notes.

2) Highlights & KPIs

Group Overview (IFRS figures unless stated as APM):

Metric	2023	2022	Note
Revenue	3,257,438	134,925	Scale-up, mainly Poland
Gross profit	2,358,569	112,245	Gross margin 72.4% (2022: 83.2%)
Operating expenses	1,582,103	825,989	Investment in people/scale
Loan loss provisions	958,432	53,671	Lending scale-up
Profit / (loss) for the year	(410,250)	(755,818)	Loss narrows YoY
Cash & cash equivalents (YE)	234,092	225,980	
Net cash from operating activities	411,350	(193,164)	OCF turns positive
Total assets (YE)	3,764,179	1,232,613	
Total liabilities (YE)	5,043,526	1,987,020	
Equity (YE)	(1,279,347)	(754,407)	Negative equity; see going concern
Employees (FTE, YE)	18	11	
EBITDA (APM)	315,178	(539,700)	See APM reconciliation

APM reconciliation (2023 & 2022)

	2023	2022
Profit / (loss) for the year	(410,250)	(755,818)
+ Finance costs	573,307	81,133
+ Income tax expense/(benefit)	55,011	111,853
+ Depreciation & amortization	97,110	23,132
EBITDA (APM)	315,178	(539,700)

APMs (**Alternative Performance Measure**) are presented alongside IFRS measures and are not given greater prominence.

Originator operating KPIs (management measures):

Ekspres Pożyczka (Poland)
Loans granted: 35,341
Volume of loans granted: EUR 17,502 thousand
Active customers: 5,342
Default rate (APM): 4.65%
Net impairment expense: EUR 958 thousand
Revenue from operations EUR 3,170 thousand
Gross profit EUR 2,271 thousand

**CONSOLIDATED MANAGEMENT REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

3) Business model and value creation

We operate a two-sided model: (i) a digital consumer lender in Poland (Ekspres Pożyczka) and (ii) the hive5 investment marketplace listing rights of claim to loans originated by Group entities. hive5 earns commission/service fees; the originator earns interest/fees. Loans listed carry a Buyback Obligation by the originator. In Spain, Mana Concept S.L. was acquired in 2023 to enable future origination; goodwill was fully impaired at inception.

4) Strategy and resource allocation

Aim. Build a multi-jurisdiction, multi-product consumer finance group and trusted investment marketplace; scale with disciplined risk, cash generation and investor transparency.

2024–2025 priorities:

- Spain launch and early-cohort discipline.
- Funding diversification beyond retail, while maintaining “skin-in-the-game”.
- Risk-led growth (target default range c. 4–6%).
- Operating leverage via automation and shared services.
- Model governance (monitoring, fairness, explainability).

Targets: active investors $\geq 9,000$ (YE-2024) and $\geq 12,000$ (YE-2025); liquidity coverage $\geq$ policy threshold; originations Poland per annual targets; marketplace cumulative listed loans per approved plan.

5) Resources and key relationships

People: 18 employees as at year-end 2023, across risk, technology, operations, finance and collections functions.

Technology: AI-based, multi-source Big-Data scorecard supporting fraud filtering, pricing and portfolio scaling.

Funding: P2P marketplace inflows (typical maturities 30–90 days; average investor rates up to 15.3%) and a shareholder loan (EUR 455 thousand incl. EUR 75 thousand accrued interest at 18% p.a., contractual maturity within 12 months).

Partners: Collections agencies (DCAs), payment providers, and data bureaus.

6) External environment (decision-useful synopsis)

Macro interest-rate paths, consumer credit regulation, P2P funding appetite/competition, data & AI governance, and collections/legal frameworks across Poland/Croatia/Spain influence pricing, demand, default dynamics and funding mix. Management adapts underwriting, pricing and capital allocation accordingly.

7) Principal risks and uncertainties (and mitigations)

Risk	Indicator / 2023 exposure	How we mitigate	Linkage
Going concern & liquidity	Current liabilities EUR 4.99 million vs current assets EUR 3.40 million (deficit EUR 1.59 million); current ratio 0.68x; negative equity EUR (1.28) million. Auditor highlighted MURGC.	Three-layer liquidity framework (cash reserve; shareholder co-investment $\geq 10\%$; contingency reserve), daily cash/maturity monitoring; formalize coverage & stress limits in 2024.	FS
Credit risk	Loan loss provisions EUR 958 thousand; default rate 4.65% (Poland).	AI scorecard; affordability checks; staged collections (refinance $\rightarrow$ soft $\rightarrow$ DCA $\rightarrow$ sale/write-off at 90+ DPD).	P&L and KPI panel
Funding concentration & cost	Borrowing EUR 4.54 million, largely short-dated P2P; shareholder loan at 18% p.a.	Diversify channels; lengthen tenor via institutional lines; maintain “skin-in-the-game”; improve unit economics.	Notes / financing
Regulatory & compliance	Consumer credit / P2P rules across PL/HR/ES.	Monitoring, conservative implementation, enhanced disclosures, board oversight.	Narrative
Operational & model risk	Reliance on data/AI and partners.	Model governance (monitoring, back-testing, fairness), security and resilience controls.	Narrative

**CONSOLIDATED MANAGEMENT REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

8) Financial performance and position (management analysis)

Income statement. Revenue increased to EUR 3.26 million (2022: EUR 0.13 million). Under IFRS 15, commissions, service, intermediation and related income totalled EUR 2.94 million. Interest income under IFRS 9 amounted to EUR 0.21 million, while other income was EUR 0.11 million. Gross profit amounted to EUR 2.36 million, while operating expenses totalled EUR 1.58 million. Loan loss provisions of EUR 0.96 million reflect the scale-up of operations and the maturing of loan cohorts. The net loss after tax improved to EUR (0.41) million (2022: EUR (0.76) million).

Cash flow. Operating cash flow amounted to EUR 0.41 million (2022: EUR (0.19) million), investing cash flow was EUR (0.15) million, and financing cash flow EUR (0.25) million; period-end cash totalled EUR 0.23 million.

Balance sheet & capital. As at year-end 2023, total assets amounted to EUR 3.76 million, liabilities totalled EUR 5.04 million and equity stood at EUR (1.28) million. Current liabilities exceeded current assets by approximately EUR 1.59 million. Borrowings amounted to EUR 4.54 million (P2P loans generally 30–90 days, average investor rate up to 15.3%; shareholder loan 18% p.a.).

Revenue mix. In 2023, revenue comprised commission fees of EUR 1.46 million, financial intermediation income of EUR 0.56 million, and service fees of EUR 0.01 million. Revenue from certain goods and services recognised at a point in time amounted to EUR 0.90 million. In addition, interest income under IFRS 9 totalled EUR 0.21 million, while other income was EUR 0.11 million.

9) Liquidity and capital resources

Working capital & coverage. At 31 Dec 2023, current assets EUR 3.40 million and current liabilities EUR 4.99 million result in a EUR 1.59 million deficit (current ratio 0.68x). Operating cash flow was EUR 0.41 million positive.

Funding stack. Short-dated marketplace funding (30–90 days, up to 15.3%), and a shareholder loan (EUR 455 thousand, 18% p.a., 12-month tenor). All borrowings were current as at 31 December 2023. The Group targets a three-layer liquidity buffer (cash reserve; ≥10% shareholder co-investment; contingency reserve).

Going-concern mitigation. Management's 2024 focus is sustained monthly break-even, diversified funding and disciplined growth; shareholder support and liquidity actions are integral to the plan noted by the auditor.

10) Outlook (2024–2026)

Item	2024	2025	2026
Operating income	11,516	22,815	26,816
Total operating costs	(7,537)	(10,529)	(9,251)
Net impairment	(3,247)	(10,428)	(11,736)
Net profit	52	281	2,503
Loan portfolio (closing)	10,198	16,663	18,787
Total equity (closing)	(1,281)	(1,000)	1,503

Management plans project a path to profitability and positive equity by 2026, contingent on funding continuity, disciplined credit performance and execution of Spain ramp-up. These figures are management plans, not audited forecasts.

Hive finance, UAB

Company code: 305941697, address: Vilniaus St. 33-201, LT-01402 Vilnius

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

ASSETS	Notes	2023	2022
Non-current assets			
Property, plant and equipment	4	24,516	2,216
Loans and receivables		-	-
Intangible assets	4	219,676	189,244
Investments in associates	6	-	-
Deferred tax assets	18	117,359	36,622
Total non-current assets		361,551	228,082
Current assets			
Loans and receivables	8	3,134,180	650,587
Other assets	7	34,356	127,964
Cash and cash equivalents	9	234,092	225,980
Total current assets		3,402,628	1,004,531
TOTAL ASSETS		3,764,179	1,232,613
EQUITY AND LIABILITIES			
Equity			
Share capital	10	2,500	2,500
Legal reserve	11	-	-
Currency translation reserve	11	(105,000)	-
Retained earnings		(1,167,157)	(756,907)
Equity attributable to owners of the Company		(1,269,657)	(754,407)
Non-controlling interest		(9,690)	-
Total equity		(1,279,347)	(754,407)
Non-current liabilities			
Borrowings	12	-	-
Retirement benefit obligation		-	-
Deferred tax liabilities	18	55,411	3,043
Provisions		-	-
Deferred revenue		-	-
Finance lease liabilities		-	-
Other liabilities		-	-
Total non-current liabilities		55,411	3,043
Current liabilities			
Trade and other payables	13	292,681	114,170
Borrowings	12	4,543,866	1,792,604
Finance lease liabilities		-	2,325
Other liabilities	13	151,568	74,878
Total current liabilities		4,988,115	1,983,977
Total liabilities		5,043,526	1,987,020
TOTAL EQUITY AND LIABILITIES		3,764,179	1,232,613

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

These financial statements were approved and signed on 14 November 2025:

Aurimas Kačinskas
General Director

Aleksejus Tonkich
Group CFO

Hive finance, UAB

Company code: 305941697, address: Vilniaus St. 33-201, LT-01402 Vilnius

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

	Notes	2023	2022
Revenue	14	3,257,438	134,925
Cost of sales		(898,869)	(22,680)
GROSS PROFIT		2,358,569	112,245
Operating expenses	15	(1,582,104)	(825,989)
Depreciation and amortization		(97,109)	(23,132)
Loan loss provisions	16	(958,432)	(53,671)
Net foreign currency translation differences	17	164,300	-
Other gains and losses	16	332,844	4,009
Financial costs	17	(573,307)	(81,133)
PROFIT (LOSS) BEFORE TAX		(355,239)	(867,671)
Income tax (expense) benefit	18	(55,011)	111,853
PROFIT (LOSS) FOR THE YEAR		(410,250)	(755,818)
OTHER COMPREHENSIVE INCOME			
Items that will not be classified to profit or loss		-	-
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		(130,000)	-
Related tax		25,000	-
TOTAL COMPREHENSIVE INCOME		(515,250)	(755,818)
Profit (loss) attributable to:			
Owners of the Company		(405,370)	-
Non-controlling interests		(4,880)	-
Total comprehensive income attributable to:			
Owners of the Company		(405,370)	-
Non-controlling interests		(4,880)	-

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

These financial statements were approved and signed on 14 November 2025:

Aurimas Kačinskas
General Director

Aleksejus Tonkich
Group CFO

Hive finance, UAB

Company code: 305941697, address: Vilniaus St. 33-201, LT-01402 Vilnius

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

The Group	Share capital	Legal reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
Balance as at 1 January 2022	2,500	-	-	(1,089)	-	1,411
Subscribed share capital	-	-	-	-	-	-
Transfers to legal reserve	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	(755,818)	-	(755,818)
Other comprehensive income for the year	-	-	-	-	-	-
Transactions with NCI	-	-	-	-	-	-
Balance as at 31 December 2022	2,500	-	-	(756,907)	-	(754,407)
Subscribed share capital	-	-	-	-	-	-
Transfers to legal reserve	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	(410,250)	-	(410,250)
Other comprehensive income for the year (net of deferred tax)	-	-	(105,000)	-	-	(105,000)
Transactions with NCI	-	-	-	-	(9,690)	(9,690)
Balance as at 31 December 2023	2,500	-	(105,000)	(1,167,157)	(9,690)	(1,279,347)

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

These financial statements were approved and signed on 14 November 2025:

Aurimas Kačinskas
General Director

Aleksejus Tonkich
Group CFO

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

	2023	2022
Cash flows (to) from operating activities		
Profit for the year	(410,250)	(755,818)
Adjustments for non-cash items:		
Depreciation and amortization	97,109	23,132
Net finance cost	573,307	81,133
Tax expenses	(28,369)	(111,853)
Impairment loss recognized on loans	958,432	23,139
Elimination of foreign currency	(105,000)	126
Movements in working capital:		
Change in loans and other receivables	(3,442,025)	(703,537)
Change in other assets	93,608	(19,879)
Change in borrowings and other payables	3,171,154	1,218,505
Change in other liabilities	76,690	74,879
Cash generated from operations	984,656	(170,173)
Interest paid	(573,307)	(25,410)
Interest received	-	2,419
Net cash generated by (used in) operating activities	411,349	(193,164)
Cash flows from (to) investing activities		
Property, plant and equipment and intangible assets	(149,841)	(212,267)
Loans disbursed	-	-
Loans recovered	-	-
Investments into subsidiaries	-	-
Net cash outflow on acquisition of subsidiaries	-	-
Net cash (used in) generated by investing activities	(149,841)	(212,267)
Cash flows from (to) financing activities		
Shareholders contribution	-	-
Proceeds from loans and borrowings	-	630,000
Repayment of borrowings	(243,706)	-
Payment of lease liabilities	-	-
Transactions with NCI	(9,690)	-
Dividends paid	-	-
Net cash (used in) generated by financial activities	(253,396)	630,000
Net increase (decrease) in cash and cash equivalents	8,112	224,569
Cash and cash equivalents at the beginning of the period	225,980	1,411
Cash and cash equivalents at the end of the period	234,092	225,980

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

These financial statements were approved and signed on 14 November 2025:

Aurimas Kačinskas
General Director

Aleksejus Tonkich
Group CFO

Hive finance, UAB

Company code: 305941697, address: Vilniaus St. 33-201, LT-01402 Vilnius

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

1. General information

Hive finance, UAB (hereinafter – the Company) is a private limited liability company registered in the Republic of Lithuania. The company began its activity on 23 November 2021. The address of its registered office is Vilniaus g. 33-201, LT-01402, Vilnius, Lithuania.

The Company is engaged in holding and micro lending activities. The Company's subsidiaries are engaged in micro lending and other financing activities.

As at 31 December 2023, the shareholders of the Company were private persons owning 65 and 35 percent of the Company shares respectively. As at 31 December 2023 and 2022, all shares, with the par value of EUR 25 each, were fully paid.

As at 31 December 2023, the Group consisted of the Hive finance, UAB and the following subsidiaries (hereinafter – the Group):

Company's name	Registration address	Acquisition date	Share of stock held by the Group and the Company	Cost of investment (EUR)	Main activities
Argentum Capital Sp.z.o.o	Konstruktorska 11 02-673 Warsaw, Poland	28 March 2022	99%	180,325	Micro lending
Hive5 Marketplace d.o.o	Ulica Račkoga 8, Zagreb, Croatia	11 May 2022	100%	2,654	Micro lending
Mana Concept S.L.	Sant Pere 33, Barcelona, Spain	3 October 2023	100%	10,630	Micro lending
Total				193,609	

Argentum Capital Sp.z.o.o shareholders structure:

2022				
Shareholder	Number of shares	Share nominal value PLN	Share value PLN	Share of the stock held by the shareholder
Hive finance, UAB	4,000	50	200,000	100%
Total	4,000		200,000	100%

2023				
Shareholder	Number of shares	Share nominal value PLN	Share value PLN	Share of the stock held by the shareholder
Hive finance, UAB	19,789	50	989,450	99%
Wojciech Homan	211	50	10,550	1%
Total	20,000		1,000,000	100%

Hive5 Marketplace d.o.o shareholders structure:

2022-2023				
Shareholder	Number of shares	Share nominal value EUR	Share value EUR	Share of the stock held by the shareholder
Hive finance, UAB	1	2,654	2,654	100%
Total	1		2,654	100%

Mana Concept S.L.

2023				
Shareholder	Number of shares	Share nominal value EUR	Share value EUR	Share of the stock held by the shareholder
Hive finance, UAB	3,000	1	3,000	100%
Total	3,000		3,000	100%

As at 31 December 2023, the number of employees of the Group was 18 (as at 31 December 2022: 11).

EXPLANATORY NOTES

FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in EUR, unless otherwise stated)

2. Basis of preparation and significant accounting policies

2.1. Statement of compliance

The consolidated financial statements (hereafter – the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

2.2. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial year of the Company and other Group companies coincides with the calendar year.

2.3. Functional and presentation currency

These financial statements are presented in EUR, which is the Group's functional currency unless otherwise stated.

2.4. Application of new and revised International Financial Reporting Standards

Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union (further – EU) are effective for the current period:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 16 Leases: Covid 19 – Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021).

The application of these standards, amendments, and interpretations did not have any significant effects on the Company's and the Group's financial statements.

Standards and Interpretations issued by IASB, approved by EU but not yet effective

The Company and the Group did not yet apply these IFRS that are already issued on the date of signing these financial statements but are not yet effective:

- IFRS 17 Insurance Contracts; including Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

According to the Company, the application of these standards, amendments and interpretations will not have a significant effect on the Company's financial statements at the time of its first adoption.

Standards and Interpretations issued by IASB but not yet endorsed by EU.

IFRSs currently endorsed by EU are not significantly different from the standards endorsed by IASB, except the standards, amendments and interpretations that were not endorsed by EU (the effective dates are applicable to IFRS to full extent). These standards, amendments and interpretations are listed below:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective date; Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024).
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).

According to the Company and the Group, the application of these standards, amendments and interpretations will not have a significant effect on the Company's financial statements at the time of its first adoption.

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

2.5. Basis of consolidation

The consolidated financial statements are prepared annually for the year ended 31 December and include the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year using consistent accounting policies.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the date of acquisition, non-controlling interests (NCIs) are measured at their proportionate share of the acquiree's identifiable net assets. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.6. Financial assets

The Group and the Company recognize financial assets and liabilities in their statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Under IFRS 9 Financial Assets – cash and cash equivalents, contractual rights to receive cash or another financial asset, contractual rights to exchange financial instruments with another party on terms that are potentially favorable, equity instruments of other entities, and contracts that will or may be settled themselves with company equity instruments.

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

Financial assets are classified:

- Financial assets that are subsequently measured at amortized cost.
- Financial assets that are measured at fair value in subsequent periods by recognizing a change in fair value through comprehensive income.
- Financial assets at fair value through profit or loss recognized in subsequent periods.

Financial assets are measured at amortized cost if both conditions are met:

- Financial assets are held according to the business model - designed to hold financial assets to collect contractual cash flows.
- Due to contractual terms of the financial asset, cash flows that occur only on the principal amount and on the principal amount outstanding may arise on specified dates.

Financial assets are measured at fair value, the change of which is recognized in other comprehensive income if both of the following conditions are met:

- Financial assets are held according to a business model whose purpose is to achieve the contractual cash flows and to sell the financial assets.
- Due to contractual terms of the financial asset, cash flows that occur only on the principal amount and on the principal amount outstanding may arise on specified dates.

Financial assets at fair value through profit or loss include those financial assets that are not classified as financial assets at amortized cost and as financial assets at fair value through profit or loss, for which changes are recognized in other comprehensive income. At initial recognition, a financial asset may be irrevocably classified as a financial asset measured at fair value through profit or loss, if such assignment eliminates or diminishes the inconsistency of the measurement and recognition of financial instruments (accounting inconsistencies). These financial assets cannot subsequently be transferred to another group of financial assets.

The category of financial assets is determined at the time of acquisition of these assets.

Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows expire, or when substantially all risks and rewards of ownership are transferred. Financial liabilities are derecognised when the obligation is discharged, cancelled, or expires.

A financial asset is derecognised on sale when it is disposed of or when no economic benefits are expected from its sale. The difference between the net proceeds from the sale of an asset and its carrying amount is recognised in profit or loss in the period in which the asset is derecognised.

Impairment of loans

The Impairment Model (Expected Credit Loss Calculation Model) will be applied to financial assets at amortized cost or fair value, excluding equity investments.

Lending positions, irrespective of whether special provisions are set for a homogeneous group or individually, are regrouped to respond consistently to credit risk factors as macroeconomic conditions change. After the regrouping of lending positions, the amounts of special provisions are recalculated accordingly.

Lending positions, after assessing their credit risk from initial recognition, are classified into one of three risk levels:

- Risk level 1 includes those exposures that have not significantly increased credit risk, i.e. no credit risk indicator or loss event has been recorded after the initial loan recognition.
- Risk level 2 includes exposures with a credit risk indicator or significant credit risk increase.
- Risk level 3 includes non-performing loans and other exposures that are expected to be defaulted.

Collectively rated lending exposures are assessed by the ECL using a model developed by the Group that calculates internal risk parameters for each homogeneous group according to the applicable scenario.

ECL for collectively assessed lending positions is calculated according to formula:

$$\text{EAD} \times \text{PD} \times \text{LGD} = \text{ECL}$$

Where: PD – probability default
LGD – loss given default
EAD – position for the period of ECL calculation

The assumptions on which ECL calculations are based, are reviewed periodically (at least once a year), supplemented by historical data and taking into account current economic forecasts.

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

The carrying amount of the loans is reduced using an impairment account and the amount of impairment is included in the profit (loss) statement. For all financial instrument, after initial recognition, the lending positions are reviewed, and detailed assessment of the change in the customer's risk profile is carried out at least once a year, to determine the increase in the significance of credit risk. Every month, and assessment of the indicators determining the decrease (increase) in the credit risk of lending position is carried out, based on which the previously recognized decrease in value is recovered or increased by adjusting the impairment account. Impairment losses related to the initial application of IFRS 9 are accounted directly through equity.

Lending positions, regardless of whether special provisions are set for a homogeneous group or individually, are regrouped to continuously respond to credit risk factors in the same way as macroeconomic conditions change. After regrouping lending positions, the amounts of special provisions are also recalculated accordingly.

Write-offs

When the loans and advances cannot be recovered and all collateral has been realized, they are written-off and charged against impairment for incurred credit losses. The management of the Group and the Company makes the decision on writing-off loans. Recoveries of loans previously written-off are credited to the profit or loss.

Partial write-off may be applicable only for clients having the status of defaulted clients, if there is no evidence that full or partial Group claim (principal, accrued interest and other charges) towards the client will be covered (e.g. the client has the status of bankrupt procedure, or the Group has initiated legal procedure and there is not enough collateral and no expected cash flow or any other property to fully cover part of the claim).

2.7. Financial liabilities

Financial liabilities – contractual obligations to transfer cash, other financial assets or financial instruments under potentially unfavorable conditions and contracts that will or may be settled by the Bank's own equity instruments. Financial liabilities are classified into:

- Financial liabilities at amortized cost.
- Valued at fair value through profit or loss.

Financial liabilities are classified as financial liabilities at amortized cost, except for:

- measured at fair value through profit or loss and derivative financial instruments.
- financial liabilities that arise when the transfer of financial assets does not meet the criteria for derecognition or if a follow-up approach is applied.
- financial guarantee contracts.
- commitments to grant a loan with a lower than market interest rate.
- contingent consideration recognized in a business combination.

Financial liabilities measured at fair value through profit or loss include those financial liabilities that are not classified as financial liabilities at amortized cost in the category of financial liabilities. Financial liabilities at initial recognition may be irrevocably attributable to fair value through profit or loss, provided that:

- The group of financial liabilities or financial assets and financial liabilities is managed, and its results are measured at fair value based on a documented risk management or investment strategy;
- Such an assignment eliminates or reduces the inconsistencies between the measurement and recognition of financial instruments (accounting discrepancies).

These financial liabilities cannot subsequently be transferred to another group of financial liabilities.

The Group has not classified any financial liabilities at fair value through profit or loss.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2.8. Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group and the Company have a currently enforceable legal right to set off the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

EXPLANATORY NOTES**FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

2.9. Employee benefits***Short-term employee benefits***

Short-term employee benefits are recognized as a current expense in the period when employees render services. These include salaries and wages, social security contributions, bonuses, paid holidays and other benefits. There are no significant long-term employee benefits.

Social security contributions

The Company pays social security contributions to the State Social Security Fund (hereinafter referred to as the Fund) on behalf of its employees in accordance with the local legal requirements. The social security contributions are recognized as an expense on an accrual basis and are included within personnel expenses.

2.10. Foreign currency

Transactions in foreign currencies are translated to EUR at the official exchange rate of the Bank of Lithuania (spot exchange rate) prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than EUR are recognized in the profit or loss.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rate prevailing at the date of the statement of financial position. Gains and losses resulting from the translation of items of the statement of financial position are recognized in the profit or loss. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, while non-monetary assets carried at fair value or revalued amounts are translated at the exchange rate when the fair value was determined.

2.11. Interest revenue and expenses

Interest revenue and expense are recognized in the profit or loss on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. Loan origination fees for loans issued to customers are deferred (together with related direct costs) and recognized as an adjustment to the effective yield of the loans.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Fees and commission

Fees and commission revenue and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission revenue, including account servicing fees, investment management fees, sales commission, placement fees and others are recognized on an accrual basis as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to the transaction and service fees, which are expensed as the services are received.

2.12. Expenses

Other expenses are recognized based on accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred. The amount of expenses is usually accounted for as the amount paid or due.

2.13. Dividends

Dividend revenue is recognized when the right to receive payment is established.

2.14. Cash and cash equivalents

Current accounts with banks due to their high liquidity with maturity up to three months from the date of placement are accounted for as cash and cash equivalents in the statement of cash flows. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

EXPLANATORY NOTES**FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

2.15. Intangible assets

Initially intangible assets acquired by the Group and the Company are stated at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The Group and the Company do not have any intangible assets with indefinite life.

Intangible assets with finite lives are amortized over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the intangible assets, from the date that it is available for use. The estimated useful life of software is 3 years.

2.16. Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment. The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in the profit or loss incurred.

2.17. Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Group and the Company measure the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

For financial instruments traded in active financial markets the fair value is determined by reference to quoted market prices. Bid prices are used for assets and ask prices are used for liabilities. In the absence of an active market the fair value of interest-bearing financial instruments is estimated based on discounted cash flows using the interest rates for items with similar terms and risk characteristics. For unquoted equity investments fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, and discounted cash flow analysis.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group and the Company use market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.18. Lease

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost, less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Lease liabilities are remeasured when lease terms change, when payments are revised due to changes in an index or rate, or when reassessments of options occur, with corresponding adjustments made to the right-of-use asset.

2.19. Share capital

Share capital is presented in the statement of financial position at the amount subscribed.

2.20. Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is calculated based on the local tax legislation.

In accordance with the Law on Corporate Income Tax of the Republic of Lithuania, the current income tax rate is 15 percent on taxable income, in Poland current income tax rate is 19 percent. Expenses related with taxation charges and included in these financial statements are based on calculations made by the management in accordance with Lithuanian tax legislation.

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax assets have been recognized in the statement of financial position to the extent the management believes they will be realized in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realized, this part of the deferred tax asset is not recognized in the financial statements.

2.21. Off-balance sheet items

All liabilities that may be recognized in the statement of financial position in the future are accounted for as off-balance sheet liabilities. This allows the Group and the Company to assess capital requirement and to attract the necessary funding to cover these liabilities.

2.22. Related parties

Parties are related if one party can unilaterally or jointly control the other party or exercise significant influence over the other party in making financial or operational decisions, or where parties are under common control. In addition, members of key management personnel as well as their close family members and entities are controlled by them, and close family members of individuals that unilaterally or jointly control the Bank or exercise significant influence over it. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

2.23. Provisions

Provisions are recognized when the Group and the Bank have a present obligation (legal or constructive) because of a past event, if it is probable that an outflow or recourse embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the profit or loss. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognized as a borrowing cost.

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

2.24. Contingencies

Contingent liabilities are not recognized in financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow or economic benefits is probable.

2.25. Subsequent events

Subsequent events that provide additional information about the Group's and the Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post balance sheet events that are not adjusting events are disclosed in the notes when material.

3. Use of estimates and judgements in the preparation of financial statements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation and judgements used in the preparation of the accompanying financial statements relate to evaluation of impairment losses for loans and other receivables, realization of deferred tax asset, finance leases and derecognition of financial assets and going concern.

Below are presented key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment losses on loans and receivables

The Group and the Company regularly review their loans and receivables to assess impairment. The Group and the Company use their experienced judgment to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and historical data relating to similar borrowers is available. Similarly, the Group and the Company estimate changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment like those in the group of loans and receivables when scheduling its future cash flows. The Group and the Company use their experienced judgment to adjust observable data for a group of loans or receivables to reflect current circumstances. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Deferred tax asset

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. A significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Hive finance, UAB

Company code: 305941697, address: Vilniaus St. 33-201, LT-01402 Vilnius

EXPLANATORY NOTES**FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

4. Property, Plant and Equipment and intangible assets

As at 31 December 2023, the Group's property, plant and equipment consisted of the following:

	Equipment
Cost	
As at 1 January 2022	-
- additions	2,690
- disposals	-
- effect of foreign currency exchange differences	-
As at 31 December 2022	2,690
- additions	23,195
- disposals	-
- effect of foreign currency exchange differences	-
As at 31 December 2023	25,885
Accumulated amortization and impairment	
As at 1 January 2022	-
- amortization expense	474
- disposals	-
- impairment losses recognized in profit or loss	-
- effect of foreign currency exchange differences	-
As at 31 December 2022	474
- amortization expense	895
- disposals	-
- impairment losses recognized in profit or loss	-
- effect of foreign currency exchange differences	-
As at 31 December 2023	1,369
Carrying amount	
31 December 2022	2,216
31 December 2023	24,516

As at 31 December 2023, the Group's intangible assets consisted of the following:

	Software	Other intangible assets	Total
Cost			
As at 1 January 2022	-	-	-
- additions	208,998	2,904	211,902
- disposals	-	-	-
- effect of foreign currency exchange differences	-	-	-
As at 31 December 2022	208,998	2,904	211,902
- additions	126,646	-	126,646
- disposals	-	-	-
- effect of foreign currency exchange differences	-	-	-
As at 31 December 2023	335,644	2,904	338,548
Accumulated amortization and impairment			
As at 1 January 2022	-	-	-
- amortization expense	22,234	424	22,658
- disposals	-	-	-
- impairment losses recognized in profit or loss	-	-	-
- effect of foreign currency exchange differences	-	-	-
As at 31 December 2022	22,234	424	22,658
- amortization expense	95,488	726	96,214
- disposals	-	-	-
- impairment losses recognized in profit or loss	-	-	-
- effect of foreign currency exchange differences	-	-	-
As at 31 December 2023	117,722	1,150	118,872
Carrying amount			
31 December 2022	186,764	2,480	189,244
31 December 2023	217,922	1,754	219,676

Hive finance, UAB

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EXPLANATORY NOTES**FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

5. Goodwill

As at 31 December, the Group's goodwill consisted of the following:

	2023	2022
Cost		
Balance at beginning of year	-	-
Additional amounts recognized from business combinations occurring during the year	7,850	11,001
Derecognized on disposal of a subsidiary	-	-
Reclassified as held for sale	-	-
Effect of foreign currency exchange differences	-	-
Balance at end of year	7,850	11,001
Accumulated impairment losses		
Balance at beginning of year	-	-
Impairment losses recognized in the year	(7,850)	(11,001)
Derecognized on disposal of a subsidiary	-	-
Classified as held for sale	-	-
Effect of foreign currency exchange differences	-	-
Balance at end of year	(7,850)	(11,001)
Total	-	-

The goodwill arising from the acquisition of Mana Concept S.L. amounting to EUR 7,850 during the year 2023 was fully impaired at inception due to uncertainty of its realization in the future.

The goodwill arising from the acquisition of Argentum Capital Sp.z.o.o amounting to EUR 11,001 during the year 2022 was fully impaired at inception due to uncertainty of its realization in the future.

6. Business combinations**6.1. Investments into subsidiaries**

2023	Principal activity	Date of acquisition	Proportion of voting equity interests acquired (%)	Consideration transferred (EUR)
Argentum Capital Sp.z.o.o	Micro lending	28 February 2022	99%	1,000
Hive5 marketplace d.o.o	Micro lending	14 June 2022	100%	2,654
Mana Concept S.L.	Micro lending	3 October 2023	100%	1,000
				4,654

Argentum Capital Sp.z.o.o was acquired so as to continue the expansion of the Group's activities in micro lending. Hive5 marketplace d.o.o was established to expand its operations across Europe.

Acquisition-related costs amounting to EUR 1,651 have been excluded from the consideration transferred and have been recognized as an expense in profit or loss in the current year, within the 'operating expenses' line item.

Summary of standalone financial statements (before intercompany eliminations) for the year ended 31 December 2023

(All amounts are in EUR, unless otherwise stated)

	Hive finance, UAB	Argentum Capital Sp.z.o.o	Hive5 marketplace d.o.o	Mana Concept S.L.
Assets	1,060,040	3,514,824	72,199	2,451
Liabilities	1,376,844	4,483,795	115,704	3,368
Revenue	390,900	3,170,201	140,734	-
Profit (loss) for the year	(174,238)	(487,994)	(29,730)	-
Comprehensive income	(174,238)	(487,994)	(29,730)	-

Hive finance, UAB

Company code: 305941697, address: Vilniaus St. 33-201, LT-01402 Vilnius

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

Summary of standalone financial statements (before intercompany eliminations) for the year ended 31 December 2022

(All amounts are in EUR, unless otherwise stated)

	Hive finance, UAB	Argentum Capital Sp.z.o.o	Hive5 marketplace d.o.o
Assets	600,811	951,687	68,336
Liabilities	743,056	1,546,422	82,110
Revenue	25,050	133,713	7,526
Profit (loss) for the year	(143,656)	(581,623)	(16,428)
Comprehensive income	(143,656)	(581,623)	(16,428)

6.2. Goodwill arising on acquisition

	Argentum Capital Sp.z.o.o	Total
2022		
Consideration transferred	1,000	1,000
Plus: non-controlling interests	-	-
Less: fair value of identifiable net assets acquired	(12,001)	(12,001)
Goodwill arising on acquisition	(11,001)	(11,001)

	Mana Concept S.L.	Total
2023		
Consideration transferred	1,000	1,000
Plus: non-controlling interests	-	-
Less: fair value of identifiable net assets acquired	(11,547)	(11,547)
Goodwill arising on acquisition	(10,547)	(10,547)

Goodwill arose in the acquisition of Mana Concept S.L. and Argentum Capital Sp.z.o.o because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

However, the Group decided to fully impair the goodwill at inception, due to uncertainty of its realization in the future, and to avoid annual impairment testing for the respective CGU. Cost of impairment amounting to EUR 10,547 in year 2023 (EUR 11,001 in 2022) was accounted for under "other expense" line in profit and loss.

7. Other assets

As at 31 December, the Group's other assets consisted of the following:

	2023	2022
Prepaid taxes	11,778	79,119
Other	22,578	48,845
Total	34,356	127,964
Current	34,356	127,964
Non-current	-	-

EXPLANATORY NOTES**FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

8. Loans granted and other receivables

As at 31 December, the Group's loans granted and other receivables by the Group consisted of the following:

	2023	2022
Receivables from loans granted	4,191,598	673,726
Impairment loss	(1,057,418)	(23,139)
	3,134,180	650,587
Current	3,134,180	650,587
Non-current	-	-

The Group's loans comprise granted unsecured cash loans to the clients. The maturity of loans granted is up to 30 days and is recoverable within 12 months period.

9. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2023	2022
Cash at bank	163,688	208,310
Cash in transit	70,404	17,670
Total	234,092	225,980

10. Share capital

As at 31 December 2023, the Group's share capital amounted to EUR 2,500. It consisted of 100 ordinary shares, with the par value of EUR 25 each. All shares were fully paid.

11. ReservesLegal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit, calculated according to accounting policies of the Republic of Lithuania, are compulsory until the reserve reaches 10% of the share capital. As at 31 December 2023, the Group's legal reserve was not fully formed.

Currency translation reserve

Currency translation reserve consists of the differences between currency exchange rates at the date of acquisition of the Group companies and at the year end.

At the end of 2023 The Groups equity had reached accumulated negative equity EUR 1,279 thousand. As the Group has entered into 3rd year of its operation activities it still meets challenges related to the scale economy. Spanish market started to be developed from August 2023 and partly will help in upcoming years to accumulate general expenses related with development and management of IT systems. Also, there is liquidity injections from shareholders side in form of loan (note 12) and direct investments through P2P platform with commitment to held in the Group at least 10 percent of liabilities to investors.

Management has developed financial plan for period 2024 – 2026 according to which all accumulated losses will be converted into profit. Below aggregated data for these financial plans:

Item	2024	2025	2026
Operating income	11,516	22,815	26,816
Total operating costs	(7,537)	(10,529)	(9,251)
Net impairment	(3,247)	(10,428)	(11,736)
Net profit	52	281	2,503
Loan portfolio	10,198	16,663	18,787
Total equity	(1,281)	(1,000)	1,503

EXPLANATORY NOTES**FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

12. Borrowings

	2023	2022
Credit and loans to shareholder	455,358	699,064
Credits and loans	4,088,508	1,093,540
	4,543,866	1,792,604
Current	4,543,866	1,792,604
Non-current	-	-

The Company's borrowings as at 31 December 2023 comprise payable to one of the shareholders. The loans payable to shareholder are interest charge at 18 p.a. (2022: 18 p.a.) and includes accrued interest of EUR 75,358 (2022: EUR 58,268). Loan maturity is 12 months from signing prolongation of previous agreement (24 May 2023).

Credits and loans relate to financing via the P2P platform (financing from unrelated entities). Average loan maturity is from 30 to 90 days with average interest rate up to 15.3 percent.

13. Trade and other payables

As at 31 December, the Group's trade and other payables consisted of the following:

	2023	2022
Trade payables	292,681	114,170
Salaries and related expenses	60,283	38,624
Other payables (taxes)	70,864	27,178
Accrued expenses	20,421	9,076
	444,249	189,048
Current	444,249	189,048
Non-current	-	-

The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

14. Revenue

For the year ended 31 December, the Group's revenue consisted of the following:

Revenue type	2023			2022		
	Point in time	Over time	Total	Point in time	Over time	Total
Commission fee income	-	1,464,672	1,464,672	-	77,977	77,977
Sale of medical packages	744,870	-	744,870	-	-	-
Sale of e-lesson packages	155,707	-	155,707	-	-	-
Service fee income	-	13,210	13,210	-	7,614	7,614
Financial intermediation income	-	558,125	558,125	-	41,221	41,221
Revenue under IFRS 15	900,577	2,036,007	2,936,584	-	126,812	126,812
Interest income (IFRS 9)	-	-	214,104	-	-	5,331
Other income (specify nature)	-	-	106,750	-	-	2,782
Total income			3,257,438			134,925

Revenue from sale of goods (medical and e-lesson packages) is recognised at a point in time, when control passes to the customer. Commission fees, service fees, and financial intermediation income are recognised over time as the services are provided. Interest income is recognised under IFRS 9 using the effective interest method.

The Group have significantly increased its income due to development of the business in subsidiary company in Poland. Main activity of developed activities is related with micro lending with maturity up to 30 days for private individuals with overall yield up to 120 percent.

Hive finance, UAB

Company code: 305941697, address: Vilniaus St. 33-201, LT-01402 Vilnius

EXPLANATORY NOTES**FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts are in EUR, unless otherwise stated)

15. Operating expenses

For the year ended 31 December, the Group's operating expenses consisted of the following:

Expense type	2023			2022		
	Point in time	Over time	Total	Point in time	Over time	Total
Salaries and related costs	-	907,886	907,886	-	508,809	508,809
External services	86,723	549,131	635,854	46,163	219,994	266,157
Office rent	-	17,841	17,841	-	13,945	13,945
Other operating expenses	20,523	-	20,523	37,078	-	37,078
Total operating expenses	107,246	1,474,858	1,582,104	83,241	742,748	825,989

Operating expenses are recognised in profit or loss as incurred, based on the nature and timing of the underlying cost:

- Salaries and related expenses are recognised over time, as employees render services.
- External services are recognised over time when related to ongoing service contracts, and at a point in time when relating to one-off or project-based services.
- Office rent is recognised over time, in line with the lease term.
- Other operating expenses are recognised at a point in time when incurred.

16. Other gains and losses

For the year ended 31 December, the Group's other gains and losses consisted of the following:

	2023	2022
Sale of claim rights	271,218	-
Other gains	69,476	15,010
Other gains	340,694	15,010
Goodwill write-off	(7,850)	(11,001)
Other expenses (impairment loss)	(958,432)	(53,671)
Other losses	(966,282)	(64,672)
Total	(625,588)	(49,662)

17. Finance costs

For the year ended 31 December, the Group's financing costs consisted of the following:

	2023	2022
Interest income	-	2,419
Foreign currency exchange gain	164,300	3
Total financial income	164,300	2,422
Interest expenses	(573,307)	(83,409)
Foreign currency exchange loss	-	(146)
Total financial expenses	(573,307)	(83,555)
Total	(409,007)	(81,133)

EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in EUR, unless otherwise stated)

18. Income tax
18.1. Income tax recognized in profit or loss

	2023	2022
Current tax	(79,664)	78,292
Deferred tax	24,653	33,579
Effect of foreign currency exchange	-	(18)
Total income tax expense recognized	(55,011)	111,853

For the year ended 31 December, the Group's income tax consisted of the following:

	2023	2022
Profit (loss) before tax	(236,435)	(867,672)
Income tax computed using enacted statutory tax rate (15%)	(79,664)	(130,151)
Non-taxable differences at statutory tax rate	44,724	66,264
Impact of difference in statutory rate	-	(27,175)
Change in deferred tax	(20,071)	(20,791)
Income tax expense /(income) recognized in profit or loss	(55,011)	(111,853)

18.2. Deferred tax balances

The Group and the Company plan to realize certain deferred income tax asset and liabilities on the net basis and such assets and liabilities are accounted the net basis. As at 31 December 2023 and 2022, the Group's deferred income tax assets and liabilities were as follows:

	2023	2022
Deferred income tax asset, net	117,359	36,622
Deferred income tax liability, net	55,411	3,043
Deferred income tax asset, net	61,948	33,579

For the year ended 31 December 2023, deferred tax asset/(liability) of the Group consisted of the following:

2023	Opening balance	Recognized in profit or loss	Recognized in other comprehend- sive income	Acquisitions/ disposals	Closing balance
Deferred income tax asset					
Salary related provision	9,326	3,775	-	(7,993)	5,108
Income recognized upfront	6,281	11,104	-	(6,281)	11,104
Valuation of loans received	597	-	-	(597)	-
Unpaid interest on loans	7,648	87,344	-	(7,648)	87,344
Loss carried forward	12,770	-	-	1,033	13,803
Total deferred tax asset	36,622	102,223	-	(21,486)	117,359
Less: valuation allowance	-	-	-	-	-

EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in EUR, unless otherwise stated)

2023	Opening balance	Recognized in profit or loss	Recognized in other comprehend- sive income	Acquisitions/ disposals	Closing balance
Deferred income tax liability					
Unpaid contractual interest	1,266	5,157	-	(1,266)	5,157
Unpaid penalty interest	301	11,521	-	(301)	11,521
Valuation of loans received	1,475	38,733	-	(1,475)	38,733
Total deferred tax liability	3,043	55,411	-	(3,043)	55,411
Deferred income tax asset net	33,579	46,812	-	(18,443)	61,948

19. Financial instruments

The Company is exposed to the financial risk in its operations, i.e. credit risk, liquidity risk and market risk (foreign currency risk, fair value interest rate risk and cash flows interest rate risk, shares market value). To manage these risks, the Group and the Company seeks to minimize potential adverse effects which could negatively impact the financial performance of the Group and the Company.

19.1. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group is not subject to any externally imposed capital requirements.

19.2. Credit risk management

Due to the nature of its business – granting unsecured cash loans – the Group is exposed to credit risk, i.e. the risk that the client will not be able to repay in whole or in part its obligations to the Company on time. The risk of significant unexpected credit losses in relation to receivables from customers is medium due to the dispersion of credit risk – the Company lends low amounts practically for one term (30 days) to a diverse group of clients. The risk is also minimized since loans are granted only to those clients who, according to the techniques of assessing the Company's creditworthiness and creditworthiness, can afford their repayment. The Group grants loans only to persons with documented, stable sources of income; Natural persons conducting business activity and having the only source of income from this form of activity constitute a small group of customers. The amount of the loan granted to the client and the repayment period depend on the risk category assigned to the client in the process of assessing creditworthiness and creditworthiness using external sources of information CRIF, KBIG, KRD, Kontomatik.

2023	Not overdue	1 to 30 days	31 - 90	More than 90 days	Total
Loans and receivables	2,531,145	340,349	229,478	33,208	3,134,180
Other assets	34,356	-	-	-	34,356
Cash and cash equivalents	234,092	-	-	-	234,092
Total	2,799,593	340,349	229,478	33,208	3,402,628
2022	Not overdue	1 to 30 days	31 - 90	More than 90 days	Total
Loans and receivables	599,005	39,827	11,755	-	650,587
Other assets	127,964	-	-	-	127,964
Cash and cash equivalents	225,980	-	-	-	225,980
Total	952,949	39,827	11,755	-	1,004,531

EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in EUR, unless otherwise stated)

19.3. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management board, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company adheres to the principles of cash management to mitigate the liquidity risk by:

- preparing of daily cash reports consisting in the presentation of all movements on bank accounts,
- preparing of daily and summary monthly cash flow reports, analyzing cash flows for the Company's Management Board,
- financing a loan action through a P2P platform, thanks to which financing refers to a specific loan granted (1:1 model).

Most receivables from customers have payment terms of up to 30 days. Trade and service obligations are due within 30 days. The Company covers its current expenses with shareholder loans and fundraisers from loans granted. The investment needs related to the construction of the debt portfolio are financed mainly through long-term external financing. In 2023, there was no liquidity risk in the Group, the Group settled its internal (towards employees) and external liabilities on an ongoing basis. The Management Board of the Company is aware that the development of the Company and the achievement of business objectives require a significant investor contribution and external financing in the next few years of operation.

2023	On demand	Less than 3 month	3 month to 1 year	More than 1 year	Without maturity	Total
Assets	234,092	3,168,536	-	-	361,551	3,764,179
Liabilities	-	4,532,757	455,358	-	55,411	5,043,526
Net gap	234,092	(1,364,221)	(455,358)	-	306,140	(1,279,347)

2022	On demand	Less than 3 month	3 month to 1 year	More than 1 year	Without maturity	Total
Assets	305,099	699,432	-	-	228,082	1,232,613
Liabilities	-	1,282,588	701,389	-	3,043	1,987,020
Net gap	305,099	(583,156)	(701,389)	-	225,039	(754,407)

19.4. Interest rate risk

The company is exposed to moderate interest rate risk. On the one hand, the Company offers products with a fixed interest rate, but for a very short period. On the other hand, the Company's operating and administrative activities are secured by financing from a related entity, characterized by a long maturity, while external financing of the loan action is financed mainly from loans secured by financed assets in a 1:1 model via a P2P platform.

19.5. Fair value measurements

The directors consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

Category	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Loans and receivables	-	3,134,180	-	650,587
Cash and cash equivalents	234,092	234,092	225,980	225,980
Total financial assets	234,092	3,368,272	225,980	876,567
Financial Liabilities				
Borrowings	4,543,866	4,543,866	1,792,604	1,792,604
Trade and payables	292,681	292,681	114,170	114,170
Finance lease liabilities	-	-	2,325	2,325
Total financial liabilities	4,836,547	4,836,547	1,909,099	1,909,099

Hive finance, UAB

Company code: 305941697, address: Vilniaus St. 33-201, LT-01402 Vilnius

EXPLANATORY NOTES

FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are in EUR, unless otherwise stated)

20. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	2023	2022
Income	-	1,212
Expenses (interest)	75,358	58,415
Receivables	7,699	1,212
Payables (loan from shareholder)	380,000	699,064

Transaction type	Counterparty	2023	2022	Terms and conditions
Income (services/other)	Shareholder	-	1,212	Settled in cash, unsecured
Expenses (interest)	Shareholder	75,358	58,415	Interest rate: 18% p.a., unsecured, payable on demand
Payables (loan)	Shareholder (loan)	380,000	699,064	Loan balance at year-end; interest-bearing at 18%, no collateral, repayment on demand
Receivables	Key management personnel	7,699	1,212	Unsecured, repayable in cash

21. Contingent liabilities and contingent assets

As at 31 December 2023 and 2022, the Group and the Company was not involved in any legal proceedings, which in the management opinion would have a material impact on the financial statements.

The provisions on value added tax, corporate income tax, personal income tax and social security contributions are subject to frequent changes, because of which there is often no reference to established regulations or legal precedents. The applicable regulations also contain ambiguities that cause differences in opinions as to the legal interpretation of tax regulations both between state authorities and between state authorities and enterprises. Tax and other settlements (e.g. customs or foreign exchange) may be subject to inspection by authorities that are entitled to impose high penalties, and the additional amounts of liabilities determined as a result of the inspection must be paid together with high interest. These phenomena cause that the tax risk in Poland and Lithuania is higher than that usually existing in other countries. Tax settlements can be audited for a period of five years. As a result, the amounts disclosed in the financial statements may change later after their final determination by the tax authorities.

22. Going concern

The Group has activated its lending activity in Q2 of 2022 and plans further development through expansion and, among others, introducing new products (credit card limit) and continuous improvement of the quality of the portfolio, development of credit risk assessment techniques. Less competition on the market (subsequent amendments to the Consumer Credit Act, which entered into force on December 18, 2022) should create a competitive advantage and the possibility of reselling loans on a large scale, even using a credit card, constituting the Group's core business. Further business development will also result from work to improve brand awareness (PR and marketing activities), and in the long term also through expansion into foreign markets. In 2024, the Group focuses its efforts on achieving a break-even result net financial statement in each subsequent month of operation. The Group also anticipates an increase in operating efficiency by searching for more effective channels and methods of acquiring customers and developing sales, including, among others, continuation of cooperation with brokers, new affiliates, and development in the area of sales via electronic channels (so-called 'digital').

At the end of 2023, the Groups equity had reached accumulated negative equity EUR 1,279 thousand. As the Group has entered into 3rd year of its operation activities it still meets challenges related with scale economy. Spanish market started to be developed from August 2023 and partly will help in upcoming years to accumulate general expenses related with development and management of IT systems. Also, there is liquidity injections from shareholders side in form of loan (Note 12) and direct investments through P2P platform with commitment to held by the Group at least 10 percent of liabilities to investors.

The management of the Group believes there are no significant issues related to the Group's ability to continue as a going concern.

23. Events after the reporting period

No significant events have occurred after the date of financial statements and before the approval of financial statements.

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