Business registry code 16235024

Lightyear Europe AS
Annual Report 2022

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Company information

Lightyear Europe AS
Annual Report 2022

Lightyear is an investment platform providing investment services to retail investors in the UK through Parent Company Lightyear Financial Ltd and in the European Economic Area through its subsidiary Lightyear Europe AS. Lightyear aims to make investing approachable, affordable and understandable for all. Lightyear was founded Lightyear by Mihkel Aamer and Martin Sokk in 2020.

Legal and communication address

Niine tn 11
10414 Tallinn
Harju county
Estonia

Reporting period start: 21. May 2021
Reporting period end: 31. March 2022

Auditors

Ernst & Young Baltic AS

This annual report consists of a management report, financial statements, an independent auditor's report and the loss coverage proposal.

Management report

Overview of activities

Lightyear is an investment platform, built to give everyone in Europe commission-free, simple access to global markets. Founded in October 2020 by Martin Sokk and Mihkel Aamer, Lightyear has offices in London, UK and Tallinn, Estonia.

Lightyear launched in the UK in September 2021, and across 19 Eurozone countries in July 2022. Users of the platform can invest truly commission-free. There are no trading, custody, account opening or any other fees with Lightyear — only a 0.35% flat fee for currency conversion. To make global investing truly seamless, users also have access to a multi-currency account, allowing them to hold, convert and invest money in USD, GBP and EUR. Lightyear's instrument pool currently holds 3,000+ stocks and ETFs across the US and Europe. For all US stocks, Lightyears offers fractional shares, meaning customers can get started on their investment journey from $1.

Structure of the Group

In the UK, the Parent Company Lightyear Financial Ltd provides investment services as an appointed representative of RiskSave, authorised and regulated by the Financial Conduct Authority (FRN 775330). Its subsidiary Lightyear Europe AS (the Company) is authorised and regulated as an investment firm by the Estonian Financial Supervision Authority having the right to provide services in all European Economic Area countries based on license nr 4.1-1/31 (issued 03.03.2022). Also part of the Group, Lightyear Financial Ltd Eesti filiaal is a branch office in Estonia working on development of the Lightyear platform.

External environment

While the global stock markets showed significant gains throughout 2021, most major stock indices in the US, Europe and Asia were down for the period ended March 31, 2022.

Despite this negative market backdrop, there continues to be worldwide interest in the financial markets. Growing numbers of individuals, especially those newly attracted to investing, turned to the markets with increased awareness.

Market volatility has risen steadily over the past four quarters, capped off by large price movements in the quarter ended March 31, as inflationary pressures, the potential for higher interest rates and geopolitical uncertainty have impacted markets worldwide. The current economic environment offers both challenges and opportunities to investors and Lightyear is well positioned to provide them with the best technological tools and data to take advantage of those opportunities. The expected interest rate raise by the ECB has a positive impact on our business as interest expense on euro cash balances due to negative interest rates is an important cost for the business.

The most important changes in the regulatory landscape were Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms (IFR) which established independent capital management requirements for investment firms. Investment firms had earlier been governed by banking regulations. Lightyear will also implement new capital requirements in 2022 when Estonia will transpose the Directive that covers the new framework and when new disclosure requirements enter into force.

Overview of the 21.05.2021 – 31.03.2022 reporting period

The focus of the reporting period was preparatory work to expand Lightyear's activities into the European Economic Area (EEA). To that end, Lightyear Europe AS was incorporated on May 21, 2021, and an investment firm license application was submitted to the Estonian Financial Supervisory Authority (EFSA). The application was approved on March 3, 2022, and license nr 4.1-1/31 was issued, allowing Lightyear Europe AS to provide the following services:

- Reception and transmission of orders related to securities.
- Execution of orders related to securities in the name of or for the account of the client.
- Safekeeping and administration of securities for a client and activities related thereto
- Provision of foreign exchange services where these relate to the provision of investment services.

Additionally, Lightyear Europe AS submitted an application to provide cross-border investment services in the European Union and the EEA on March 4, 2022. The application was approved by the EFSA on May 9, 2022. Concurrently the Company conducted a mapping of mandatory legal requirements (consumer protection, anti-money laundering, tax implications etc) that need to be followed when providing cross-border services in the EEA.

During the application process the Company also signed necessary partner agreements, grew its workforce, implemented organizational structures and processes and conducted testing of the investment platform.

During the reporting period, the Company earned revenues for the provision of management and brokerage support services to its parent company Lightyear Financial Ltd. The Company hadn't started providing investment services during the period ended on March 31.

Looking ahead into the next reporting period

In July 2022 the Company rolled out the platform for Eurozone based customers and is planning to gradually roll out the offering to all EEA countries. New features and services are planned to be rolled out while continuing to right-size the organization to increased volumes. New license applications will be submitted where necessary to add new service offerings.

Financial Statements

For the period ended March 31, 2022

Management Board's confirmation of the financial statements

The Management Board confirms the correctness and completeness of Lightyear Europe AS financial statements for the period ending 31 March 2022 as set out on pages 6-26.

The Management Board confirms that:

1. The accounting policies used in preparing the financial statements are in compliance with International Financial Reporting Standards as adopted by the European Union.
2. The Financial statements give a true and fair view of the financial position, the results of the operations and the cash flows of the Company.
3. Lightyear Europe AS is a going concern.

Signature ------------------

Martin Sokk
Member of the Management Board

Signature ------------------

Uku Lember
Member of the Management Board

Signature ------------------

Eero Ringmäe
Member of the Management Board

Signature ------------------

Heili Veskimeister
Member of the Management Board

July 22nd, 2022

Statement of financial position
(in euros)

ASSETS	Notes	31.03.2022	21.05.2021
Current assets			
Cash	5	1 359 763	25 000
Trade receivables and prepayments	6	111 238	0
Total current assets		**1 471 001**	**25 000**
Non-current assets			
Property, plant and equipment	7	13 567	0
Total non-current assets		**13 567**	**0**
TOTAL ASSETS		**1 484 568**	**25 000**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	8	71 867	0
Total current liabilities		**71 867**	**0**
TOTAL LIABILITIES		**71 867**	**0**
SHREHOLDERS' EQUITY			
Share capital	10	150 000	25 000
Share premium	10	1 350 000	0
Accumulated loss		– 87 299	0
Total equity		**1 412 701**	**25 000**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1 484 568**	**25 000**

The notes presented on pages 10- 26 form part of these financial statements.

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Statement of comprehensive income
(in euros)

	Notes	21.05.2021–31.03.2022
Revenue from contracts with customers	11	106 998
Other operating expenses	12	-46 826
Employee benefits expense	13	-146 755
Depreciation and amortisation	7	-516
Other expenses		-200
Loss before income tax		**-87 299**
Income tax expense		0
Loss for the period		**-87 299**
Other comprehensive income		0
Total comprehensive income		**-87 299**

The notes presented on pages 10- 26 form part of these financial statements.

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Statement of changes in equity

(in euros)

	Share capital	Share premium	Accumulated loss	Total equity
Balance at 21 May 2021	**25 000**	**0**	**0**	**25 000**
Loss for the period	0	0	-87 299	**-87 299**
Other comprehensive income	0	0	0	**0**
Total comprehensive income	**0**	**0**	**-87 299**	**-87 299**
Contributions of equity	125 000	1 350 000	0	**1 475 000**
Balance at 31 March 2022	**150 000**	**1 350 000**	**-87 299**	**1 412 701**

The notes presented on pages 10- 26 form part of these financial statements.

Statement of cash flows

(in euros)

	Notes	21.05.2021–31.03.2022
Cash flows from operating activities		
Loss before tax		**–87 299**
Adjustments		
Depreciation	7	516
Changes in working capital		
Change in Trade receivables and prepayments	6	–111 238
Change in Trade and other payables	8	71 867
Total cash flows from operating activities		**–126 154**
Cash flows from investing activities		
Payments for properties, plant and equipment	7	–14 083
Total cash flows from investing activities		**–14 083**
Cash flows from financing activities		
Proceeds from issues of shares	10	1 475 000
Total cash flows from financing activities		**1 475 000**
Total cash flows		**1 334 763**
Cash at the beginning of the period	**5**	**25 000**
Net increase in cash		**1 334 763**
Cash at the end of the period	**5**	**1 359 763**

The notes presented on pages 10- 26 form part of these financial statements.

Notes to the financial statements

Note 1. General information

Lightyear Financial Ltd („the Parent Company") and Lightyear Europe AS ("the Company"), operating under the Lightyear trademark, is an European investment platform offering investment services in the United Kingdom and European Economic Area.

The financial statements of Lightyear Europe AS for the period ended on March 31, 2022 were authorised for issue by the Management board in accordance with the Commercial Code of the Republic of Estonia. According to the Commercial Code of the Republic of Estonia, the annual report prepared by the management shall be approved by the general meeting of the shareholders of the Company.

The Company is classified as an investment firm in the meaning of the Securities Market Act in the Republic of Estonia, however it is not considered an Investment Entity in the scope of IFRS 10.

Note 2. Accounting policies adopted in the preparation of the financial statements

2.1 Basis of preparation

The financial statements for the Company have been prepared on the going concern basis, under the historical cost convention.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union as they apply to the financial statements of the Company for the period ended 31 March 2022.

The financial statements are presented in euros unless stated otherwise.

2.2 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Company.

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Functional and presentation currencies

The functional and presentation currency of the Company is the Euro. Foreign currency transactions are recognised using the official exchange rates quoted by the European Central Bank on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are remeasured in euros using the official exchange rates quoted by the European Central Bank on the reporting date. Gains and losses on foreign currency transactions are recognised in the statement of comprehensive income as revenue and expenses in the period.

2.4 Revenue from contracts with customers

In the period ended March 31 Lightyear Europe AS earned revenues from the following sources:

- Provision of intragroup management and brokerage support services.

The Company is providing management and brokerage support services on a cost-plus basis. The Company has a single performance obligation and revenues are recognised over time as the performance obligation is satisfied.

The Company reassesses its revenue recognition principles regularly as new products are introduced, and business models and other factors evolve.

2.5 Leases

The Company as lessee

The Company leases office space. The Company has opted not to recognise the right of use asset and lease liability for low value leases of 5 000 euros or less and short-term leases (defined as leases with a contractual term of 12 months or less). Instead, the lease payments are recognised as operating costs on a straight-line basis throughout the rental period. For the reporting period ended on March 31 the Company had no long-term lease agreements.

2.6 Share-based compensation

As part of its employee share option program, options are granted to employees of the Company directly by the Parent Company. Equity-settled share-based payments are measured at the grant date fair value of the equity instruments granted and are expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. The annual expense is based on the Company's estimate of the shares that will eventually vest.

2.7 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date and are discounted, where material, to present value using a current, pre-tax rate that reflects, where appropriate, the risks specific to the liability.

2.8 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL).

The classification is based on two criteria:

- the Company's business model for managing the assets; and
- whether the instruments' contractual cash flows represent "Solely Payments of Principal and Interest" on the principal amount outstanding (the "SPPI criterion").

A summary of the Company's financial assets are as follows:

Financial assets	Classification under IFRS 9

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Trade receivables	Amortised cost
Cash	Amortised cost

Excluding trade receivables without a significant financing component, all financial assets are initially recognised in their fair value plus transaction costs for financial assets that are not carried at fair value through profit and loss.

Trade receivables which typically have a 30-day payment period are initially recognised at their transaction value. Balances are written off if the likelihood of collection is small.

In assessing the expected credit losses for trade receivables, the Company applies a simplified method. As such, the Company doesn’t monitor changes in credit risk but instead recognises an allowance on each reporting date in the amount of the expected lifetime credit loss.

Subsequent measurement of financial assets

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Interest income, impairment or gain or loss on derecognition are recognised in profit or loss.

Derecognition

A financial asset is derecognised primarily when:

- the rights to receive cash flows from the asset have expired;
- the Company has taken actions not to pursue collection, for example in instances of bankruptcy or individual voluntary arrangement.

Financial liabilities

The Company has classified its financial liabilities as follows:

Financial liabilities	Classification under IFRS 9
Trade payables	Amortised cost

All financial liabilities are recognised initially at fair value and subsequently measured at amortised cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

2.9 Cash

Cash in the statement of financial position comprise cash at banks. Cash is recorded at amortised cost less expected credit loss in accordance with IFRS 9.

2.10 Taxes

Pursuant to the Income Tax Act in force in Estonia, profits are not subject to tax in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, reception costs, disbursements not related to business and adjustments of transfer prices.

There are no differences between the carrying amounts and tax bases of the assets of companies registered in Estonia that could result in deferred tax assets and deferred tax liabilities. The contingent income tax liability which would arise on the distribution of retained earnings as dividends is not recognised in the statement of financial position. The maximum income tax liability which would arise on the distribution of retained earnings as dividends is presented in the notes to the financial statements.

The corporate income tax associated with the distribution of dividends is recognised as a liability and an income tax expense in the profit or loss at the time the dividends are declared, regardless of the period for which the dividends are declared or the time of their actual payment.

2.11 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all property, plant and equipment, on a straight-line basis over its expected useful life as follows:

Computers and computer systems	Over a period of 3 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

The threshold to qualify as property, plant and equipment is a useful life of more than one year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the statement of comprehensive income under other operating expenses in the period of derecognition.

2.12 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets in accordance with IAS 36 Impairment of Assets at each reporting date.

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The recoverable amount of assets is the fair value of the asset or cash generating unit, less cost of disposal or its value in use (whichever is higher) and its determined separately for each asset, except where an asset does not generate cash inflows that are largely independent of those from other assets. If the carrying amount exceeds the recoverable amount, the asset is described as impaired. The entity must reduce the carrying amount of the asset to its recoverable amount, and recognise an impairment loss.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

2.13 Related parties

Related parties are:

- Parent company Lightyear Financial Ltd
- Shareholders with significant influence;
- close relatives of equity holders with significant influence;
- key personnel of the management and their close relatives;
- companies controlled by the persons mentioned above.

The existence of a significant influence effect is assumed if the person has more than 20% of the voting rights.

Note 3. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Company's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements.

Share-based payments

The Company incurs share-based share compensation expenses primarily from share options. The Company estimates the fair value of stock options granted to employees and others using the Black Scholes option-pricing model. The Black-Scholes model considers several variables and assumptions in estimating the fair value of stock-based options. These variables include:

- per share fair value of the underlying ordinary shares;
- exercise price;
- expected term;
- risk-free interest rate;
- expected annual dividend yield; and
- expected stock price volatility over the expected term.

The Company engaged a professional appraiser to determine the common share value of the Parent Company. The appraiser applied appropriate valuation techniques and considered the specific rights attached to different share classes.

As the Parent Company is a privately held early-stage company, there are no appropriate benchmarks for volatility. For that reason, the historical average volatility of the S&P 500 was used. The risk-free interest rate of 0% was used as it had no material impact on the value of the share option. As a result of the assumptions used, no stock-based compensation expense was recorded in the reporting period. More details around share-based payments are disclosed in Note 14.

Note 4. Risk management, principles for calculating capital requirements and capital adequacy

Lightyear Europe AS has applied a set of risk management rules, the principles and policies of which have been approved by the management board and supervisory board. In order to manage possible business risks, the Company applies corresponding processes for identifying, mitigating and monitoring risks. Risk management comprises consistent activities in which the organisation as a whole has been involved and the purpose of which is to ensure the sustainability of the Company through the availability of sufficient capital should the risks materialise as well as to ensure transparency and high-quality management decisions.

The most significant financial risks for Lightyear Europe AS are the following:

4.1 Financial risk factors

The Company's international operations expose it to various financial risk factors such as credit risk, currency risk, interest rate risk, liquidity risk and capital management risk. The Company's risk management focuses on activities that reduce to a minimum any possible adverse effects on the Company's financial performance.

The following is additional information about the financial risks:

4.1.1 Market risks

4.1.1.1 Currency risk

Foreign currency risk represents the risk to the Company of changes to the currency rate. The Company hadn't started active business operations during the period ended 31.03.2022 and as such its exposure to currency risk was minimal.

4.1.1.2 Interest rate risk

Interest rate risk represents the sensitivity of the Company to changes in interest rates.

Income and operating cash flows are substantially independent of changes in market rates as the Company's interest-bearing assets consist primarily of cash on bank accounts.

4.1.2 Credit risk

Credit risk arises from cash and cash and trade receivables. As of 31.03.2022 its trade receivables had arisen from provision of support services to the Parent Company. The Company uses selected financial institutions for large cash deposits, and these have credit scores of Baa1, which is the rating provided by Moody's that management considers acceptable. The Company has not experienced any losses related to the credit risk during the periods presented.

The maximum exposure to credit risk as at the reporting date was:

Financial assets *(in euros)*	**31.03.2022**	**21.05.2021**
Cash (Note 5)	1 359 763	25 000
Trade receivables (Note 6)	107 158	0
Total financial assets	**1 466 921**	**25 000**

The Company applies IFRS 9 for recognising lifetime expected credit losses for all trade receivables as these items do not have a financing component.

The expected credit loss from trade receivables was 0 euros as of March 31, 2022. See Note 6.

While cash is also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as of 31 March 2022.

4.1.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they fall due owing to insufficient financial resources. The Company manages

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liquidity risk by maintaining adequate reserves and continually monitoring forecasts and actual cash flows.

The table below summarises the maturity profile undiscounted cash-flows of the Company's financial liabilities at 31 March 2022:

31.03.2022 *(in euros)*	**Up to 30 days**	**1-3 months**	**3-12 months**	**Over 1 year**
Trade payables (Note 8)	53 513	18 354	0	0
Total	**53 513**	**18 354**	**0**	**0**

4.1.4 Own funds and capital management

The objective of capital management is to ensure the availability of sufficient capital to cover the risks assumed and therethrough ensure the sustainability of economic activities.

The Company monitors capitalisation on two levels:

- The minimal regulatory capital requirement
- Buffers and additional capital to cover risks identified through the internal capital and risk assessment process

Regulation (EU) 2019/2033 (IFR) of the European Parliament and of the Council came into force during the reporting period (on June 26, 2021) which will supersede Regulation (EU) No 575/2013 (CRR) of the European Parliament and of the Council concerning capital requirements of credit institutions and investment firms. The new regulation substantially changes the capital requirements and calculation methodology for capital adequacy for the Company.

The principles for calculating own funds remained unchanged by the application of the IFR. The own funds of Lightyear Europe AS consistent of exclusively Common Equity Tier 1 instruments (the strongest as it absorbs losses immediately as they occur) such as paid in capital and share premium.

Tier 1 own funds *(in euros)*	**31.03.2022**
Paid in share capital	150 000
Share premium	1 350 000
Accumulated losses	-87 299
Total Tier 1 own funds	**1 412 701**
Total own funds	**1 412 701**

In line with IFR an investment firm must have own funds in excess of the highest of the following three amounts: (1) Fixed overhead requirement, (2) Permanent minimum capital requirement or (3) K-factor requirement (Own Funds Requirements based on the extent to which they are exposed to certain risk-related activities). The permanent minimum requirement determined the total own funds requirement for Lightyear Europe AS at the end of the reporting period.

Minimum regulatory capital requirement *(in euros)*	**31.03.2022**
Fixed overhead requirement	116 300
Permanent minimum capital requirement	150 000
K-factor requirement	0
Minimum regulatory capital requirement	**150 000**

Capital adequacy represents the ratio of own funds held by the Company and its regulatory minimum capital requirement. The % requirements applicable for various classes of own funds apply to all investment firms.

Capital adequacy	**31.03.2022**	**Regulatory minimum**
Common Equity Tier 1 (CET1) capital adequacy %	942%	56%
Tier 1 capital adequacy %	942%	75%
Capital adequacy %	942%	100%

Lightyear Europe AS has a capital adequacy ratio of 942% at the end of the reporting period and as such was compliant with regulatory capital requirements. In addition to the own funds requirements arising from IFR, the Company is subject to the requirements of the Commercial Code of the Republic of Estonia where §301 states that shareholder's equity should never fall below 50% of share capital or the statutory minimum capital of €25 thousand. During the period ended, the Company was compliant with the capital requirements arising from the Commercial Code.

Note 5. Cash

(in euros)	**31.03.2022**	**21.05.2021**
Cash in bank accounts	1 359 763	25 000
Total cash	**1 359 763**	**25 000**

Note 6. Trade receivables and prepayments

(in euros)	**31.03.2022**	**21.05.2021**
Trade receivables		
Trade receivables (gross)	107 158	0
Allowance for doubtful receivables	0	0
Trade receivables (net)	107 158	0
Prepayments	3 714	0
Prepayment of VAT	366	
Total trade receivables and prepayments	**111 238**	**0**

Note 7. Property, plant and equipment

21.05.2021 *(in euros)*	Computers and computer systems	Total
Cost	0	0
Accumulated depreciation	0	0
Carrying amount	**0**	**0**
Additions	14 083	14 083
Depreciation	-516	-516
31.03.2022		
Cost	14 083	14 083
Accumulated depreciation	-516	-516
Carrying amount	**13 567**	**13 567**

Note 8. Trade and other payables

(in euros)	31.03.2022	21.05.2021
Trade payables	6 757	0
Employee payables	33 175	0
Taxes payables (excl corporate income tax)		
Personal income tax	4 622	0
Social and other employer taxes	8 959	0
Other accruals	18 354	0
Total trade and other payables	**71 867**	**0**
Including financial liabilities	*6 757*	*0*
Including non-financial liabilities	*65 110*	*0*

Note 9. Fair value of financial assets and liabilities

The Company estimates that the fair values of assets and liabilities reported at amortised cost in the statement of financial position do not materially differ from the carrying amounts reported in the financial statements due to their short maturities.

Note 10. Share capital and share premium

(in euros)	**31.03.2022**	**21.05.2021**
Share capital	*150 000*	*25 000*
Number of shares (pcs)	*150 000*	*25 000*

In 2021, the share capital was increased by issuing new shares. The share capital was increased by 150 thousand euros and the share premium by 1 350 thousand euros, totalling to 1 500 thousand euros, the amount was fully settled in cash.

Share premium is the difference between the issue price and the par value of the share. A premium may be used to cover a loss of the Company if such loss cannot be covered by retained profit from previous periods and to increase share capital by a bonus issue.

Note 11. Revenue from contracts with customers

Revenue recognised in the statement of comprehensive income is analysed as follows:

Revenue from contracts with customers by geographical location *(in euros)*	**21.05.2021–31.03.2022**
United Kingdom	*106 998*
Total	**106 998**

Revenue from contracts with customers by operating activities *(in euros)*	**21.05.2021–31.03.2022**
Sale of support services	*106 998*
Total	**106 998**

Note 12. Other operating expenses

(in euros)		21.05.2021-31.03.2022
Rent	–	*3 975*
Miscellaneous office expenses	–	*2 783*
Travel expenses	–	*11 772*
Legal expenses	–	*5 487*
IT Service expense	–	*16 161*
Marketing expenses	–	*1 499*
Other expenses	–	*5 149*
Total	**–**	***46 826***

Note 13. Employee benefits expense

(in euros)	21.05.2021-31.03.2022
Wages and salaries	-111 996
Social security costs	-34 759
Total employee expenses	**-146 755**
Persons employed under employment contract	9

Note 14. Share based payments

The Parent Company has an equity settled share option scheme which includes the employees of Lightyear Europe AS. The Parent Company grants share options directly to the employees of the Company which gives them the opportunity to exchange the share options into the Parent Company's shares at a specified strike price. The strike price is set on the date of the option grant. Assuming that the employees continue their employment with Lightyear for 4 years from the date of the grant, there are no additional vesting conditions. Vesting commences at the grant date. Provided that the employees stay employed by Lightyear, 25% of the options vest on the first anniversary of the grant. The remaining 75% of share options vest in monthly instalments over the next 36 months. The Company does not have a legal or constructive obligation to repurchase the options or settle them in cash. The Parent Company does not have a history nor intention of settling the options in cash, the options are settled with the employees by the Parent Company.

As a rule, participants can exercise their vested options if 10 years have elapsed from the grant date. As of March 31, 2022 there are no exercisable options.

The fair value of the options is determined on the grant date using the Black-Scholes model. The weighted average fair value of granted options was 0 euros.

The total expense from share-based payments recognised in the statement of comprehensive income through 31.03.2022 was 0 euros.

Note 15. Related party disclosures

During the period the Company entered into the following transactions with related parties:

Transactions *(in euros)*	**21.05.2021-31.03.2022**
Revenue from management and brokerage support services	106 998
Incl. to the Parent Company	*106 998*

Balances *(in euros)*	**31.03.2022**
Trade receivables	106 998
Incl. to the Parent Company	*106 998*

The table above shows a summary of related party transactions and balances.

Management does not have a separate share option program, but some members of management participate in the stock option program for employees on similar terms. For the period ended 31.03.2022 management was paid 67 993 euros in salaries and wages. The supervisory board members did not receive any benefits.

Note 16. Subsequent events

On July 15, 2022, the Company started providing access to its investment platform for customers based in the Eurozone. This did not have an impact on the assets and liabilities of the Company on 31.03.2022.

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Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Lightyear Europe AS

Opinion

We have audited the financial statements of Lightyear Europe AS, which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the period 21 May 2021 to 31 March 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lightyear Europe AS as at 31 March 2022, and its financial performance and its cash flows for the period 21 May 2021 to 31 March 2022 in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Other information

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

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

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

Based on the work performed during our audit, in our opinion:

- the Management Report is consistent, in all material respects, with the financial statements;
- the Management Report has been prepared in accordance with the applicable requirements of the Accounting Act of the Republic of Estonia.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

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accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statement s 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 wit h International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to frau 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 th are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estima and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If w conclude that a material uncertainty exists, we are required to draw attention in our auditor's report tc the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's repo However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in manner that achieves fair presentation;

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

Tallinn, 22 July 2022

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

Kärt Viilup
Authorised Auditor's number 712

Loss coverage proposal

(in euros)

	31.03.2022
Retained earnings from previous periods	0
Loss for the period	-87 299
Total	**-87 299**
Carry forward	-87 299
Retained earnings after carrying forward	**-87 299**

Lightyear

Allocation of income according to EMTAK classificators

EMTAK activity	21.05.2021–31.03.2022
64991 Other financial service activities, except insurance and pension funding n.e.c.	106 998
Total	**106 998**