

**SUN FINANCE TREASURY
LIMITED**

**INTERIM UNAUDITED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS
ENDED 30 JUNE 2022**

Contents

	Page
Information of the Company	3
Management report	4
Interim unaudited Financial Statements	
Interim unaudited statement of comprehensive income	6
Interim unaudited statement of Financial Position	7
Interim unaudited statement of Changes in Equity	8
Interim unaudited statement of Cash Flows	9
Notes to the Interim unaudited Financial Statements	11

Information of the Company

Name of the Company	<i>Sun Finance Treasury</i>
Legal status	<i>Limited Liability Company</i>
Number, place and date of registration	<i>C 79771, Malta, 21 May 2019</i>
Legal and postal address	<i>20, Canon Road, Santa Venera SVR 9039, Malta</i>
Board members and their positions	<i>Dr. Frank Chetcuti Dimech (appointed on 6 December 2021)</i> <i>Mr. Janis Kundzins (appointed on 6 December 2021)</i> <i>Mr. Demetris Apousianas (resigned on 6 December 2021)</i>
Reporting period	<i>01.01.2022 – 30.06.2022</i>
Information on shareholders	<i>Sun Finance Scandinavia AS: 50%</i> <i>Sun Finance Europe AS: 50%</i>

Management report

Board of Directors:

Dr. Frank Chetcuti Dimech (appointed on 6 December 2021)

Mr. Janis Kundzins (appointed on 6 December 2021)

Mr. Demetris Apousianas (resigned on 6 December 2021)

The directors present herewith their unaudited report for the six months period ended 30 June 2022 of Sun Finance Treasury Limited (the "Company").

Principal Activities

The principal activity of the Company, which has remained unchanged from the previous accounting year, is that of providing short-term financing, mainly to related companies.

Review of Business

During the period Company's performance has been stable. Interest income for the six months ended 30 June 2022 amounted to EUR 5 623 thousand, compared with EUR 3 337 thousand in 2021, which represents an increase of 68.5%. The increase in interest income is related to continued growth of the Group.

Company's second tranche of the EUR 15 million bond issuance matures on 30 September 2022. The majority of the current bondholders' have exchanged their bonds to the new issue, registered on 19 August 2022. The outstanding bond amount will be repaid in full on maturity date – 30 September 2022. The new bond issue size is EUR 50 million, with the annual coupon rate of 11% + 3M EURIBOR and a three-year maturity. The bonds are offered to investors in the form of a private placement, with a minimum investment of EUR 100 000.

Principal Risks and Uncertainties

As part of the Sun Finance Group, the Company applies Group principles for overall risk management, and Group policies covering specific areas such as credit risk, liquidity risk, market risks, operational risks and reputational risks.

The principal risks and uncertainties of the Company relate to its principal business and assets, that is, loans to related parties and funding received from external parties. Recoverability of these related party loans is dependent on the performance of the underlying companies. The Company is not exposed to interest rate risk as the loans and the notes issued are at fixed rates. In addition, key uncertainty issues of the business are related to developments in the global economic environment, including recovery strategies emanating from the COVID-19 outbreak across different geographies, which can have a cascading effect on the wider debt capital markets, and the scope of the impact remains unclear.

The directors are cognisant of the potential risks and uncertainties brought about by the war between Ukraine and Russia. However, since the group does not have any business operations in these countries, the directors does not envisage any threats to the Group's operations in the foreseeable future.

Future Developments

The Company is continuously monitoring debt capital markets, holds discussions with potential investors and advisory companies in order to assess the market environment and scope for additional Notes issuance.

The Company is expected to continue its principal activity for the foreseeable future, managing funding across related companies and attracting external funding. These activities are expected to further improve the financial position of the Company in the long run, delivering profitability.

COVID-19

The directors have assessed the effects of COVID-19 on the Company's operations and noted that the Company has been able to continue operating through the prevalent market conditions and continues to do so without significant disruptions to date. Furthermore, since transactions are mostly with related companies, these are not expected to be negatively impacted, and though the future business environment may differ from management's assessment, the directors believe that the impact of such position is not at present affected by these risks.

Management report

Going Concern

The directors, after due consideration of the Company's results, financial position and the parent company's support declaration, confirm that the Company is in a position to continue operating as a going concern for the foreseeable future.

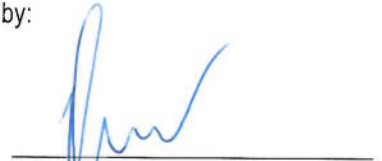
Directors

The members serving on the Board of Directors and movements thereon are listed on page 4. In accordance with the Company's Articles of Association, the directors at date of this report are to remain in office.

Approved by the Board of Directors on 30 September 2022 and signed on its behalf by:



Dr. Frank Chetcuti Dimech
Director



Mr. Janis Kundzins
Director

Interim unaudited statement of comprehensive income

	Note	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Finance Income	4	5 623 708	3 337 260
Finance costs	5	(5 641 513)	(3 658 015)
Net Interest Margin		(17 805)	(320 755)
Operational Costs	6	(354 175)	(217 717)
Administrative Costs		(84 092)	(77 677)
Other Operating Income		401	27 004
Operating Loss		(455 671)	(589 145)
Finance Income		164 669	10 585
Finance Costs		(1 274)	(1 112)
Net Finance Income		163 395	9 473
Loss before Taxation		(292 276)	(579 672)
Tax Expense	7	(13 249)	-
Loss for the Period		(305 525)	(579 672)
Total Comprehensive Loss for the Period		(305 525)	(579 672)

The accompanying notes on pages 11 to 20 form an integral part of these interim unaudited Financial Statements.

Approved by the Board of Directors on 30 September 2022 and signed on its behalf by:



Dr. Frank Chetcuti Dimech
Director



Mr. Janis Kundzins
Director

Interim unaudited statement of Financial Position

	Note	30.06.2022 EUR	31.12.2021 EUR
ASSETS			
Investment in Subsidiaries		47 093	47 093
Total Non-Current Assets		47 093	47 093
Loans Receivable	8	65 415 691	66 648 679
Other Receivables	9	3 846 970	42 343
Cash and Cash Equivalents		406 167	465 654
Total Current Assets		69 668 828	67 156 676
Total Assets		69 715 921	67 203 769
EQUITY			
Share Capital	10	51 166	51 166
Accumulated Losses		(4 845 382)	(4 539 857)
Total Equity Deficiency		(4 794 216)	(4 488 691)
LIABILITIES			
Borrowings	11	19 163 558	25 284 366
Loans Payable	12	16 355 252	18 388 919
Total Non-Current Liabilities		44 064 908	43 673 285
Borrowings	11	23 422 282	14 658 732
Loans Payable	12	15 536 143	13 258 412
Other Payables		32 902	102 031
Total Current Liabilities		30 445 229	28 019 175
Total Liabilities		74 510 137	71 692 460
Total Equity and Liabilities		69 715 921	67 203 769

The accompanying notes on pages 11 to 20 form an integral part of these interim unaudited Financial Statements.

Approved by the Board of Directors on 30 September 2022 and signed on its behalf by:



Dr. Frank Chetcuti Dimech
Director



Mr. Janis Kundzins
Director

Interim unaudited Statement of Changes in Equity

	Total	Share Capital	Accumulated
	EUR	EUR	Losses
			EUR
Balance 1 January 2022	(4 488 691)	51 166	(4 539 857)
Comprehensive Loss for the Year			
Loss for the Year	(305 525)	-	(305 525)
Balance at 30 June 2022	(4 794 216)	51 166	(4 845 382)
Balance 1 January 2021	(2 071 648)	51 166	(2 122 814)
Comprehensive Loss for the Year			
Loss for the Year	(2 417 043)	-	(2 417 043)
Balance at 31 December 2021	(4 488 691)	51 166	(4 539 857)

The accompanying notes on pages 11 to 20 form an integral part of these interim unaudited Financial Statements.

Approved by the Board of Directors on 30 September 2022 and signed on its behalf by:



Dr. Frank Chetcuti Dimech
Director



Mr. Janis Kundzins
Director

Interim unaudited statement of Cash Flows

	Note	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Cash Flows from Operating Activities			
Loss for the Year		(305 525)	(579 672)
<i>Adjustments for:</i>			
Gain on Disposal of Investment in Subsidiary		-	(26 993)
Amortisation of Bond Expenses		354 175	207 485
Unrealized Differences on Exchange		(164 669)	(10 585)
Income Tax Expense		13 249	-
		(102 770)	(409 765)
Changes in			
Other Receivables		(3 804 625)	25 729
Other Payables		3 370	5 842
		(3 904 025)	(378 194)
Cash Lost from Operations		(3 904 025)	(378 194)
Final Withholding Taxes Paid		(13 249)	-
		(3 917 274)	(378 194)
Net Cash used in Operating Activities		(3 917 274)	(378 194)
Cash Flows from Investing Activities			
Acquisition of Financial Assets at FVTPL		(1 026 000)	(30 000 000)
Sale Proceeds on Disposal of Financial Assets at FVTPL		3 364 000	400 000
Sale Proceeds on Disposal of Investment in Subsidiary		-	451 993
Movement on Loans Receivable		1 232 988	(6 709 931)
		3 570 988	(35 857 938)
Net Cash used in Investing Activities		3 570 988	(35 857 938)
Cash Flows from Financing Activities			
Net Advances from Bonds Issued		-	40 372 000
Bond Issue Costs		(49 432)	(487 031)
Movement on Third Parties Loans		(2 088 603)	133 776
Movement on Related Companies Loans		2 332 667	662 042
Movement on Related Parties' Accounts		(72 500)	-
		122 132	40 680 787
Net Cash from Financing Activities		122 132	40 680 787

Interim unaudited statement of Cash Flows


	Note	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Net Movement in Cash and Cash Equivalents		(224 154)	4 444 655
Adjustment for Unrealised Exchange Fluctuations		164 669	10 585
Cash and Cash Equivalents at Beginning of Year		465 652	1 999 196
Cash and Cash Equivalents at End of Year		<u>406 167</u>	<u>6 454 436</u>

The accompanying notes on pages 11 to 20 form an integral part of these interim unaudited Financial Statements.

Approved by the Board of Directors on 30 September 2022 and signed on its behalf by:



Dr. Frank Chetcuti Dimech
Director



Mr. Janis Kundzins
Director

Notes to the Interim unaudited Financial Statements

(1) Reporting Entity

Sun Finance Treasury Limited (the "Company") is a limited liability company domiciled and incorporated in Malta. The Company's registered office is at 20, Canon Road, Santa Venera SVR 9039, Malta.

(2) Basis of Preparation

Statement of Compliance

The separate Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("the applicable framework"), which standards were issued by the International Accounting Standards Board (IASB). All references in these Financial Statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU. They have been drawn up in accordance with the provisions of the Companies Act, 1995 enacted in Malta, (The Act) save insofar as such provisions remove the requirement under IAS 27 Consolidated and Separate Financial Statements, of preparing and presenting consolidated Financial Statements of the group, of which the Company is parent.

The Company qualifies to prepare consolidated Financial Statements in terms of Article 173 of the Act. However, consolidated Financial Statements will be prepared at the level of the Ultimate Parent Company, namely AS Sun Finance Group, a company incorporated in Latvia.

These Financial Statements therefore represent the separate Financial Statements of the Company.

The Act specifies that in the event that any of one of its provisions is in conflict or not comparable with IFRSs or its application is incompatible with the obligation for Financial Statements to give a true and fair view, that provision shall be departed from in order to give a true and fair view.

Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except for financial instruments at fair value through profit or loss.

Functional and Presentation Currency

These Financial Statements are presented in Euro (EUR), which is the Company's functional currency.

Use of Estimates and Judgements

The preparation of Financial Statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these Financial Statements are not difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1 (revised).

Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

Level 1: quoted (unadjusted) prices 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 or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

Notes to the Interim unaudited Financial Statements

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company measures financial instruments at fair value through profit or loss.

New Standards and Interpretations Not Yet Adopted

A number of amended standards became applicable for the current period and have been applied as necessary. The impact of the adoption of these revisions on the Company's accounting policies and on the financial results are insignificant.

Certain new standards, amendments and interpretations to existing standards have been published by the date of the authorisation for issue of these audited Financial Statements but are not mandatory for the Company's accounting period starting 1 January 2021. The Company may early adopt these revisions to the requirements of IFRSs as adopted by the EU. The Company's directors are of the opinion that there are no requirements that will have a significant impact on the Financial Statements in the period of initial application.

(3) Significant Accounting Policies

The accounting policies set out below have been applied throughout the period presented in these Financial Statements.

Foreign Currency Transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

Dividend income

Dividend income represents dividends from investments in subsidiaries in the ordinary course of business. Dividend income is recognised in the income statement when the right to receive payment is established.

Finance Income

Coupon Income

Coupon income represents income received from financial assets that are measured at fair value through profit or loss. Coupon income is recognised in the income statement on an accruals basis.

Loan Interest Income

Loan interest income comprises interest receivable from short-term lines of credit in the ordinary course of business. Interest receivable is recognised in the income statement on an accruals basis.

Finance Costs

Finance costs represent loan interest payable and interest payable on the bonds in issue as set out in the notes to these Financial Statements. Finance costs are recognised as an expense in the income statement in the period in which they are incurred.

Bond Costs

Bond costs represent fees and other costs incurred in connection with the issuance of the bonds by the Company to investors. The cost of issuing bonds is recorded in a contra liability account and off-set from the nominal value of the bond in order to systematically move the bond issue costs from the balance sheet to the income statement over the term of the bond. As a result, the Company matches the cost of the bond to accounting periods that are benefitting from the bond being issued. The cost of the bond is amortised over the duration of the bond, being 24 months.

Notes to the Interim unaudited Financial Statements

Financial Assets at Fair Value through Profit or Loss

The Company classifies financial assets through the profit or loss consists of equity investments that are held for trading, debt securities that do not qualify for measurement at either amortised costs or securities which qualify to be measured at fair value through other comprehensive income and equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income.

On disposal of any of the above investments, any gains or losses have to be recognized in the profit and loss.

Investments in Subsidiaries

A subsidiary is an entity which is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An investment in a subsidiary is initially measured at cost. After initial recognition, an investment in subsidiaries may be carried either under the cost method, that is at cost less any impairment losses or under the equity method. The Company is measuring investments in subsidiaries after initial recognition at cost.

Loans advanced by the Company to its subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are treated as an extension to the Company's net investment in those subsidiaries and included as part of the carrying amount of investments in subsidiaries.

Loans Receivable

Debt instruments representing financial assets where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and where these give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding are measured at amortised cost using the effective interest method, less any expected credit loss allowance. In view the nature of receivable balances arising from credit lines, the carrying amount of receivables is considered to be the same as their fair values due to their short-term nature.

On derecognition, impairment or disposal of debt instruments, any gains or losses are recognised within profit or loss.

Receivables

Receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortised cost using the effective interest method, less expected credit losses.

Trade receivables are written off or provided for where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure by the debtor to abide by the credit terms or failure to engage in a repayment program with the Company for the settlement of amounts due.

Impairment losses on trade receivables are presented as net expected credit losses within operating profit. Subsequent recoveries of amounts previously written off or provided for are credited against the same line item.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits at call with financial institutions, other short-term liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Impairment of Financial Assets

The Company recognized loss allowances for Expected Credit Losses (ECLs) on financial assets at amortised cost, namely loans and other receivables, short-term investments and cash at bank.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit plant,(i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company measures loss allowances for loans receivables without a significant financing component and contract assets at an amount equal to lifetime ECLs.

Notes to the Interim unaudited Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset. In the case of interest-free short-term financial assets, such as trade receivables, ECLs are not discounted.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off on its financial assets based on whether there is a reasonable expectation of recovery and with reference to its historical experience of recoveries.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Notes to the Interim unaudited Financial Statements

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

Borrowing costs are recognized as an expense in the year to which they relate.

Other Payables

Other payables comprise obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities, if payment is due within one year or less.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit will be required to settle the obligation.

Share Capital

Ordinary shares are classified as equity.

Employee Benefits

The Company contributes towards the state pension in accordance with local legislation. The only obligation of the Company is to make the required contributions. Costs are expensed in the period in which they are incurred.

Finance Income and Finance Costs

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- a) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- b) temporary differences relating to investments in subsidiaries, associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be recognized simultaneously.

Notes to the Interim unaudited Financial Statements

(4) Finance Income

	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Loan Interest Income	4 258 348	2 995 983
Loan Notes Income	1 365 360	341 277
	5 623 708	3 337 260

(5) Finance Costs

	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Loan Interest Expense	1 916 513	2 364 440
Coupon Notes Costs	3 725 000	1 293 575
	5 641 513	3 658 015

(6) Operational Costs

	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Amortisation of Bond Costs	354 175	207 485
Bad Debts Write Off	-	10 232
	354 175	217 717

(7) Tax Expense

	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Current Taxation – Foreign Withholding Taxes	13 249	-
	13 249	-

Reconciliation of Effective Tax Rate

The tax expense and the result of the accounting profit/(loss) multiplied by the applicable tax rate in Malta, the Company's country of incorporation, are reconciled as follows:

	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Loss before Taxation	(305 523)	(579 672)
Tax Using the Company's Domestic Tax Rate of 35%	(106 933)	(202 885)
Tax Effect of Non-Allowable Expenses	-	90
Tax Effect of Non-Chargeable Income	(57 774)	(13 152)
Tax Effect of Tax Losses Carried Forward	164 707	215 947
Foreign Tax Paid	13 249	-
Tax Expense for the Year	13 249	-

Notes to the Interim unaudited Financial Statements

Deferred Tax

The Company has unrelieved tax losses available giving rise to a deferred tax asset, but which asset has not been recognized in these financial review, because the probability that future taxable profits will be available for set-off against the deferred tax asset is not assured.

(8) Loans Receivable

	30.06.2022 EUR	31.12.2021 EUR
Current:		
Loans and Interest Receivable from Related Companies	51 777 250	51 683 396
Loans and Interest Receivable from Subsidiary Company	7 101 299	6 559 703
Loans and Interest Receivable from Joint Parent Companies	5 507 862	6 839 934
Loans and Interest Receivable from Ultimate Parent Company	2 765 666	3 303 054
Loans and Interest Receivable from Third Parties	1 022	-
	67 153 099	68 386 087
Expected Credit Loss Provisions on Related Companies Loans	(1 737 408)	(1 737 408)
Net Loans Receivable	65 415 691	66 648 679

Loans receivable have a maturity date that varies from 2022 to 2027.

The loans receivable bear interest at rates ranging from 8.5% p.a. to 14.5% p.a. with the majority of the loans bearing an interest rate of 14.3% p.a. – 14.5% p.a..

The balances due on the said loans are unsecured and repayable on the earlier of the above-mentioned maturity dates or any accelerated date. The parties are to pay interest at the stated rates per annum on the principal amount due, both before and after maturity, default and judgement. Interest is payable monthly in arrears.

Loans receivable are stated net of expected credit loss allowances amounting to EUR 1 737 408 (31.12.2021: EUR 1 737 408). The expected loss rates are based on the historical payment profiles of the Company's customers.

(9) Other Receivables

	30.06.2022 EUR	31.12.2021 EUR
Amounts Due from Related Company	3 837 109	3 515
Prepaid Expenses	9 368	1 543
Paid security deposits	401	-
Accrued Coupon Receivable	-	37 193
Other Receivables	92	92
	3 846 970	42 343

The balance due from the related company is unsecured, interest free and repayable on demand.

No expected credit loss allowance is considered necessary by the directors on the other receivables and related company balances.

Notes to the Interim unaudited Financial Statements

(10) Share Capital

	30.06.2022 EUR	31.12.2021 EUR
Authorised		
51 166 Ordinary Shares of EUR 1 each	51 166	51 166
Issued and Fully Paid Up		
51 166 Ordinary Shares of EUR 1 each	51 166	51 166

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(11) Borrowings

	30.06.2022 EUR	31.12.2021 EUR
Non-Current:		
12% Notes 2023	-	6 460 000
11% Notes 2024	19 631 000	19 393 000
	19 631 000	25 853 000
Deferred Bond Costs Net of Amortization to Profit and Loss	(467 442)	(568 634)
Total Non-Current Borrowings	19 163 558	25 285 366
Current:		
11% Notes 2022	15 000 000	15 000 000
12% Notes 2023	8 560 000	-
	23 560 000	15 000 000
Deferred Bond Costs Net of Amortization to Profit and Loss	(137 718)	(341 268)
Total Current Borrowings	23 422 282	14 658 732
Total Borrowings	42 585 840	39 943 098

During 2020, the Company issued private placement in Latvia of Unsecured Notes with a nominal value of EUR 15 million which mature in September 2022.

During 2021, the Company issued private placement in Latvia of Subordinated Notes with a nominal value of EUR 30 million which mature in February 2023.

During 2021, the Company issued another private placement in Latvia of Senior Unsecured Notes with a nominal value of EUR 20 million which mature in June 2024.

All Notes in issue, except for the Subordinated Notes, are guaranteed directly and indirectly by subsidiaries of AS Sun Finance Group, the ultimate parent company. The related issue costs are being amortized over the lifetime of the Notes.

Notes to the Interim unaudited Financial Statements

(12) Loans Payable

	30.06.2022 EUR	31.12.2021 EUR
Non-Current:		
Loan and Interest Payable to Third Party	16 355 253	18 388 919
Total Non-Current Payable	16 355 253	18 388 919
Current:		
Loans and Interest Payable to Third Parties	3 871 027	3 925 963
Loans and Interest Payable to Related Companies	11 665 115	9 332 449
Total Current Payable	15 536 142	13 258 412
Total Loans Payable	31 891 395	31 647 331

The non-current loan and interest thereon amounting to EUR 16 355 253 (31.12.2021: EUR 18 388 919) payable to a third party represents a subordinated loan. This subordinated loan is unsecured and is subject to be repaid after all senior liabilities have been paid. Furthermore, the lender cannot take any encumbrance to secure the repayment of the subordinated liabilities and cannot commence any proceedings against the Company or take any action for or in respect of the recovery of any of the subordinated liabilities or part thereof.

The maturity dates on the various loans fall due between 2022 and 2025 and bear interest at rates ranging from 12% p.a. to 17.72% p.a.

The balances due on the said loans are unsecured and repayable on the earlier of the above-mentioned maturity dates or any accelerated date. The Company is to pay interest at the stated rates per annum on the principal amount due, both before and after maturity, default and judgement. Interest is payable monthly in arrears.

(13) Fair Value Hierarchy

The following table shows financial instruments, including those recognised at fair value, for the period ended 30 June 2022, analysed between those whose fair value is based on:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based upon observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Notes to the Interim unaudited Financial Statements

	TOTAL EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
30 June 2022				
Financial Assets				
Investment in Subsidiaries	47 093	-	-	47 093
Loans Receivable	65 415 691	-	-	65 415 691
Other Receivables	3 846 970	-	-	3 846 970
Cash and Cash Equivalents	406 167	-	-	406 167
	69 715 921			69 715 921
30 June 2022				
Financial Liabilities				
Borrowings	42 585 840	-	-	42 585 840
Loans Payable	31 891 395	-	-	31 891 395
Other Payables	32 902	-	-	32 902
	74 510 137			74 510 137
31 December 2021				
Financial Assets				
Investment in Subsidiaries	47 093	-	-	47 093
Loans Receivable	66 648 679	-	-	66 648 679
Other Receivables	42 343	-	-	42 343
Cash and Cash Equivalents	465 653	-	-	465 653
	67 203 768			67 203 768
31 December 2021				
Financial Liabilities				
Borrowings	39 943 098	-	-	39 943 098
Loans Payable	31 647 331	-	-	31 647 331
Other Payables	102 031	-	-	102 031
	71 692 460			71 692 460

During the reporting period ended 30 June 2022, there was no transfer between Level 1 and Level 2 fair value measurement.

(14) Operating Commitments

The Company had operating lease commitments of approximately EUR 5 000 per annum.

(15) Capital Commitments

The Company did not have any commitments to purchase any property, plant and equipment at period end.

(16) Contingent Liabilities

At period end, the Company did not have any contingent liabilities.

(17) Subsequent Events

During 2022, the Senior Unsecured Notes with a nominal value of EUR 20 million issued during 2021 and which mature in June 2024, were included in the Nasdaq Baltic Alternative market First North.

On 19 August 2022, Sun Finance Treasury Limited registered a 3-year senior unsecured bond for EUR 50 million with an annual interest rate of 11.0% + 3M EURIBOR. Bond maturity is 30 September 2025.