



heavyfinance

Annual Report
2022

Few words from our CEO

Dear Investors,

I would like to express my heartfelt gratitude for your continued support throughout the year. With your help, 2022 was a year of impact on global food security and fostering sustainable agricultural practices.

As we embark on the journey ahead, I am excited to announce that HeavyFinance is on the verge of obtaining The Regulation on European Crowdfunding Service Providers (ECSP) licence. This important milestone will further strengthen our position and enable us to deliver even greater value to our investors.

As one of the fastest growing startups in Europe, our focus remains on making a difference rather than immediate profitability.

Our expansion into the carbon credits market and the introduction of Green Loans for sustainable farmers amplify our commitment to driving positive change. With a growing team of dedicated professionals, we are well-equipped to meet the evolving needs of the agricultural community.

Thank you once again for your trust and support. We are excited about the future and remain steadfast in our mission to create a sustainable and prosperous agricultural ecosystem.

Warm regards,

Laimonas
CEO & Co-founder



Few words from our Decarbonisation and Sustainability Expert



"I am thrilled that the year 2022 marks the introduction of Green Loans. This milestone marks our commitment to making a substantial difference in the fight against climate change. Our goal is ambitious: **removing 1 gigaton of CO2 emissions**. This cannot be achieved through isolated efforts alone; it requires collaboration between governments, retail investors, and institutional investors. By investing in sustainable agriculture through Green Loans, we have the power to drive real change and create a more sustainable future. Together, let's take action and pave the way for a greener tomorrow."

Violeta Gevorkjan
Decarbonisation and Sustainability Expert

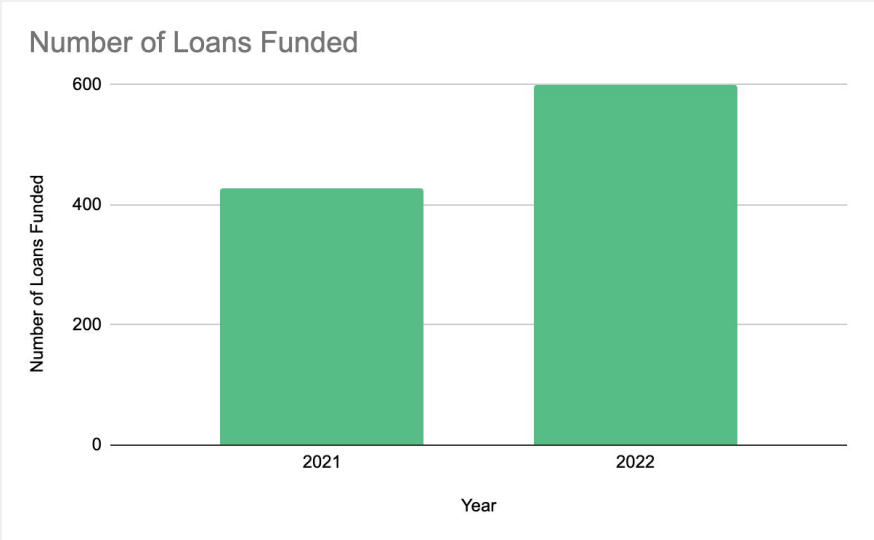
Overview of 2022

➤ Loan Repayment Success

Throughout 2022, our dedicated community of farmers demonstrated their commitment by repaying a total of 126 loans. This not only resulted in substantial returns for our investors, with 313K EUR earned in interest and 43K EUR in delayed interest, but also facilitated the return of 3.5M EUR to our investor community.

➤ Number of Loans Funded

Between 2021 and 2022, we have witnessed a remarkable surge in loan funding within our investor community.



From 427 loans in 2021, to impressive 600 in 2022. The amount of loans that reached European farmers grew by approximately 40.9%.

We also witnessed an increase in funding of approximately 20%. From 13.5 million EUR in 2021 to 16.2 million EUR in 2022.

Year	Amount funded (EUR)
2021	13,5 M
2022	16,2 M

➤ Profitability and Safety

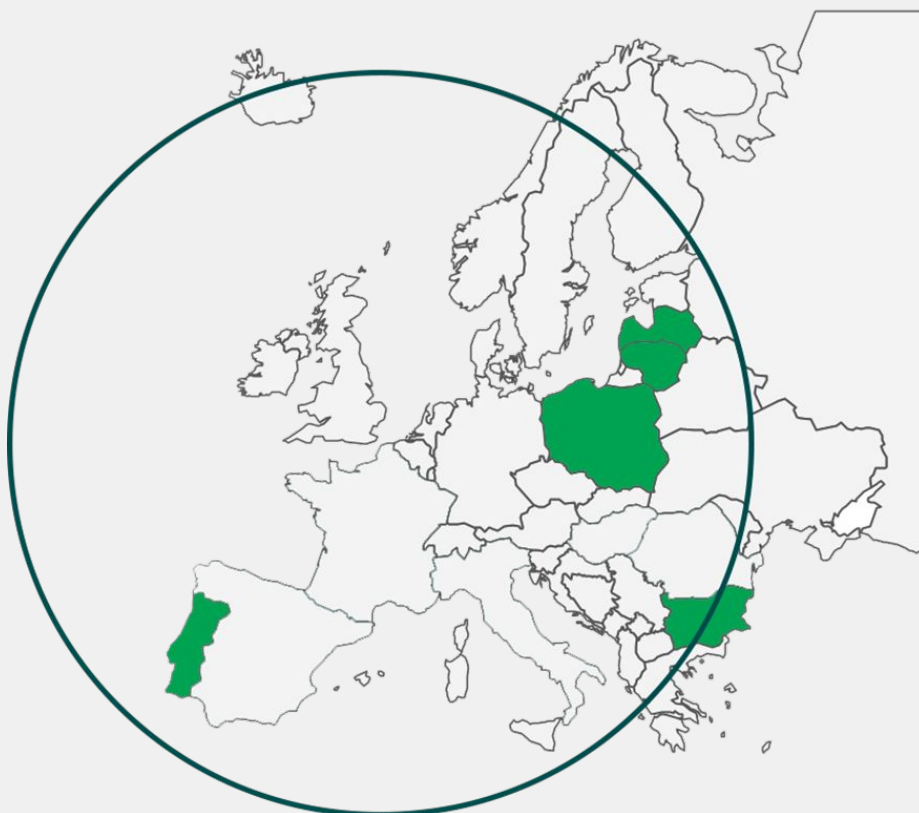
We are proud to highlight that our loan portfolio showcased impressive results. The most profitable loan yielded a remarkable 42.7% return, while the safest loan ensured a stable return of 6.2%.

It is worth noting that even the safest loan was funded with an attractive 6% interest rate, further exemplifying the value of our investment opportunities.

➤ Excitement for the Future and Expansion

Looking ahead, we are thrilled about the possibilities that lie before us. Our expansion into the carbon credits market and the introduction of Green Loans for sustainable farmers are poised to create even greater impact. Furthermore, our team has grown to nearly 50 talented individuals, enabling us to deliver exceptional service and support to our growing community.

We are proud to be recognized as one of the fastest growing startups in Europe. As we continue our expansion across the five countries where we operate, our focus remains on driving positive change and supporting the agricultural sector. While profitability is not our immediate priority, our dedication to expanding and making a difference is unwavering.



➤ Final Remarks

This year, HeavyFinance secured a substantial financial injection of 3 million EUR to fuel its further development. As a result, the company is anticipating a planned loss for the year. However, during the first half of the year, HeavyFinance generated over 1 million EUR in income, and the company forecasts a total income of 3 million EUR for 2023.

"Our profitability prior to expansion demonstrates the strong foundation on which the company stands. This year, we are prioritizing investments in our product, Green Loans, which was introduced at the beginning of the year for farmers and investors. With the funding we have attracted, we are willing to sacrifice immediate profitability in pursuit of rapid development," explains Laimonas Noreika, CEO of HeavyFinance.

Noreika further highlights the increasing interest from companies aiming to achieve climate neutrality, as they invest in loans for transitioning to sustainable agriculture and generating CO2 certificates. Green Loans are gradually becoming the primary driver of the company's future growth.



HeavyFinance Audit Report

Beginning of financial year: 1 January 2022

End of financial year: 31 December 2022

Business name: UAB HeavyFinance

Registry number: 305576227

Street name: Gedimino pr. 27

City: Vilnius

Country: Lithuania

Postcode: 01104

Email address: info@heavyfinance.com



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of UAB „Heavy Finance“

Opinion

We have audited the financial statements of UAB „Heavy Finance“ (the Company), which comprise the balance sheet as at December 31, 2022, the income statement, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and (of) its financial performance for the year then ended in accordance with the Lithuanian Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements 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 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.

The emphasis of matter - significant uncertainty on going concern

As noted in Note 8 to the financial statements, the Company at the year ended at December 31, 2022 has loss EUR 1 106 571. The company's equity for that day is 57 981 EUR, current liabilities exceed current assets in the amount of EUR 72 719. These circumstances indicate that there are significant uncertainties that could cast significant doubt upon the Company's ability to going concern. We are not modified the auditor's opinion on this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We shall 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.

Opinion on other legal and supervisory requirements

The company's equity on 31 December 2022 complies with the provisions of Article 7 of the Law on Concentrated Financing of the Republic of Lithuania on prudential requirements for the activities of the Concentrated Financing Platform Operator.

Auditor Olga Kivel
Auditor's licence No. 000591
Perkunkiemių str. 5,
LT – 12129 Vilnius
UAB „Audito aspektai“



June 13, 2023

Form of abridged Balance sheet for small entities

UAB HEAVY FINANCE, 305576227

(the legal form, the name, the code of the entity)

Mickevičiaus g. 5-101, Vilnius

(address, register where data about the entity is collected and kept)

(legal status if the entity is in liquidation, reorganisation or is bankrupt)

BALANCE SHEET as at December 31, 2022

2023 06 12 No. 1

(reporting date)

2022.01.01-2022.12.31

(reporting period)

EUR

(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
	ASSETS			
A.	FIXED ASSETS		189479	204563
1.	Intangible assets	1	160441	177893
2.	Tangible assets	2	13152	14451
3.	Financial assets	3	15886	12219
4.	Other fixed assets			
B.	CURRENT ASSETS		368568	466061
1.	Stocks	4	29724	22685
2.	Amounts receivable within one year	5	211502	77077
3.	Short-term investments			
4.	Cash and cash equivalents	6	127342	366299
C.	PREPAYMENTS AND ACCRUED INCOME	7	1502	3957
	TOTAL ASSETS		559549	674581
	EQUITY AND LIABILITIES			
D.	EQUITY	8	57981	(415891)
1.	Capital		138142	114540
2.	Share premium account		1818216	261375
3.	Revaluation reserve			
4.	Reserves			
5.	Retained profit (loss)	9	(1898377)	(791806)
E.	GRANTS, SUBSIDIES			
F.	PROVISIONS			
G.	AMOUNTS PAYABLE AND OTHER LIABILITIES	10	441287	1041035
1.	Amounts payable after one year and other long-term liabilities			
2.	Amounts payable within one year and other short-term liabilities		441287	1041035
H.	ACCRUALS AND DEFERRED INCOME	11	60281	49437
	TOTAL EQUITY AND LIABILITIES		559549	674581

Director

(signature)

Laimonas Noreika

UAB JJ finansai authorized person

(signature)

Jorūnė Jasinskaitė

Form of Profit (loss) account

UAB HEAVY FINANCE, 305576227
(the legal form, the name, the code of the entity)

Mickevičiaus g. 5-101, Vilnius
(address, register where data about the entity is collected and kept)

(legal status if the entity is in liquidation, reorganisation or is bankrupt)

PROFIT AND LOSS ACCOUNT as at December 31, 2022

2023 06 12 No. 1
(reporting date)

2022.01.01-2022.12.31
(reporting period)

EUR
(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
1.	Net turnover	12	1361550	700793
2.	Cost of sales			
3.	Fair value adjustments of the biological assets			
4.	GROSS PROFIT (LOSS)		1361550	700793
5.	Selling expenses	13	(1198969)	(654129)
6.	General and administrative expenses	14	(1236032)	(649289)
7.	Other operating results	15		(184)
8.	Income from investments in the shares of parent, subsidiaries and associated entities			
9.	Income from other long-term investments and loans			
10.	Other interest and similar income	16	908	15
11.	The impairment of the financial assets and short-term investments			
12.	Interest and other similar expenses	17	(34028)	(14347)
13.	PROFIT (LOSS) BEFORE TAXATION		(1106571)	(617141)
14.	Tax on profit			
15.	NET PROFIT (LOSS)		(1106571)	(617141)

Director

(signature)

Laimonas Noreika

UAB JJ finansai authorized person

(signature)

Jorūnė Jasinskaitė