

For Immediate Release

18 January 2023

**Zaim Credit Systems Plc**  
**("Zaim" or the "Group")**

**Unaudited financial results for six months ended 30 June 2022**

**Navigation through Challenging Times**

Zaim Credit Systems plc (the 'Group' or 'Zaim'), announces its unaudited financial results for the six-month period ended 30 June 2022. A copy of the full interim results will be available on the Company's website.

Please note that these unaudited results for the six months ended 30 June 2022 relate to the consolidated results of Zaim Credit Systems plc and Zaim Express LLC (Zaim Express). As announced on 28 September 2022 there is a discrepancy with regard to the ownership of the share capital of Zaim Express and the Company is continuing to experience a lack of effective operating control over Zaim Express, which historically (and during the reported period) has carried out the Group's main trading activities. The Company plans to announce more details of this discrepancy shortly and these results should be read in the context of that announcement as this will have a significant impact on the financial results of the Company for the next financial reporting period.

**Key H1 2022 Highlights of Group Performance (including Zaim Express)**

- Strong growth in the amount of overall loans issued for the H1 2022 period by 53% to £17.53m (H1 2021: £11.45m);
- Mobile application launched in the second quarter of 2021 became an important sales channel with loans issued growing by 13 times to £2.05m (H1 2021: £0.16m)
- Operating income grew by 11% to £2.2m (H1 2021: £1,98m)
- Gross outstanding loans to customers increased by 73% to £63.18m (H1 2021: £36.47m)
- Total outstanding loans, measured at amortised cost grew by 56% to £4,41m (H1 2021: £2,83m)

**Zaim CEO, Siro Cicconi commented:**

*"Zaim Express generated good results during the first half of 2022. During the period the amount of loans issued grew by 53% vs. the first half of 2021 on the back of 48% growth of loans issued online to £14.37m and loans issued via mobile application (launched in the Q2 2021), growing by 13 times to £2.05m. In the first half of 2022 82% of loans were issued online vs. 85% in the first half of 2021 and 12% were issued via mobile application vs. 1% in the first half of 2021. The share of loans issued offline decreased from 14% in the first half of 2021 to 6% in the first half of 2022.*

*Nevertheless, interest income decreased by 7% from £4.25m to £3.94m. Operating income grew by 11% to £2.2m.*

*Gross outstanding loans to customers increased by 73% from £36.47m in the first half of 2021 to £63.18m in the first half of 2022. At the same time total outstanding loans, measured at amortised cost grew by 56% from £2.83m to £4.41m*

*Given the excellent progress made by the Zaim Express business in difficult conditions since 2020, I am very sad about the events that have taken place since the end of this reporting period that mean that the Company will not in the short term at least receive the cashflow benefits of this improved performance"*

### Financial highlights

	1H 2022	1H 2021
	£'000	£'000
Loans issued during the period	17,528	11,447
Interest income	3,940	4,253
Operating income	2,202	1,984
Total comprehensive profit / (loss)	1,025	238

	June 30, 2022	December 31, 2021
	£'000	£'000
Gross outstanding loans to customers	63,180	36,469
Total outstanding loans, measured at amortised cost	4,413	2,825
Cash and cash equivalents	916	1,167

This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 596/2014, which forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended).

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### Zaim Credit Systems plc

#### Unaudited Interim Condensed Consolidated Statement of profit or loss and Other Comprehensive Income for the six months ended 30 June

	Notes	Six months ended 30 June 2022 Unaudited GBP'000	Six months ended 30 June 2021 Unaudited GBP'000
Interest income	6	3,550	4,253
Interest expense	6	(56)	(74)
Interest expense - lease	6	(20)	(9)
<b>Net interest income</b>		<b>3,475</b>	<b>4,169</b>
Allowance for ECL/impairment of loans to customers	4	(3,156)	(2,931)
<b>Net interest income after allowance for ECL/impairment of loans to customers</b>		<b>319</b>	<b>1,238</b>
Gains less losses from dealing in foreign currency		173	30
Other operating income / loss		1,710	716
<b>Operating income</b>		<b>2,202</b>	<b>1,984</b>
Charge for share options granted		(3)	(17)
Staff costs		(820)	(724)
Operating expenses	7	(1,568)	(948)
<b>Profit / Loss before income tax</b>		<b>(189)</b>	<b>296</b>
Income tax expense		-	(66)
<b>Net profit / loss</b>		<b>(189)</b>	<b>229</b>
<b>Net other comprehensive income that may be reclassified to profit or loss</b>			
Foreign exchange differences arising on translation into presentation currency		1,214	9

		Six months ended 30 June 2022	Six months ended 30 June 2021
<b>Total comprehensive Profit</b>		<b>1,025</b>	<b>238</b>
		Unaudited	Unaudited
	Notes	GBP'000	GBP'000

**Zaim Credit Systems plc**

**Unaudited Interim Condensed Consolidated Statement of financial position as at**

	Notes	30 June 2022 Unaudited GBP'000	31 December 2021 Audited GBP'000
<b>Assets:</b>			
Cash and cash equivalents		916	1,474
Loans to customers	4	4,413	2,825
Property and equipment		39	20
Right-of-use assets	5	760	540
Intangible assets		48	29
Other assets		611	456
<b>Total Assets</b>		<b>6,787</b>	<b>5,343</b>

<b>Liabilities</b>			
Loans received		936	1,305
Lease liabilities	5	753	534
Other liabilities		1,850	1,284
<b>Total liabilities</b>		<b>3,539</b>	<b>3,123</b>

<b>Equity</b>			
<b>Capital and reserves:</b>			
Charter capital	8	4,620	4,620
Shares to be issued Reserve		800	800
Additional capital	8	6,756	6,756
Translation reserve		5,626	4,412
Merger reserve	1	22,965	22,965
Share options Reserve		251	248
Accumulated deficit		(37,768)	(37,580)
<b>Total equity</b>		<b>3,248</b>	<b>2,220</b>
<b>Total liabilities and equity</b>		<b>6,787</b>	<b>5,343</b>

**Interim Condensed Statement of changes in shareholders' equity (Unaudited) for the six months ended 30 June 2022**

	Charter capital GBP'000	Shares to be issued Reserve	Additional capital GBP'000	Foreign currency translation reserve (FCTR)	Share options Reserve	Merger reserve GBP'000	Accumulated Deficit GBP'000	Total Equity GBP'000
<b>Balance as at 1 January 2022</b>	4,620	800	6,756	4,412	248	22,965	(37,580)	2,220
Issue of ordinary shares	-	-	-	-	-	-	-	-
Comprehensive loss for the period	-	-	-	1,214	-	-	(188)	1,025
Share-based payments	-	-	-	-	3	-	-	3
<b>Balance as at 30 June 2022</b>	4,620	800	6,756	5,626	251	22,965	(37,768)	3,248

JUNE 2022		Foreign currency						
	Charter capital	Shares to be issued	Additional capital	translation reserve (FCTR)	Share options Reserve	Merger reserve	Accumulated Deficit	Total Equity
Interim Condensed Statement of changes in shareholders' equity (Unaudited) for the six months ended 30 June 2021	GBP'000	Reserve	GBP'000	(FCTR)	Reserve	GBP'000	GBP'000	GBP'000

	Charter capital	Shares to be issued	Additional capital	translation reserve (FCTR)	Share options Reserve	Merger reserve	Accumulated Deficit	Total Equity
	GBP'000	Reserve	GBP'000	(FCTR)	Reserve	GBP'000	GBP'000	GBP'000
Balance as at 1 January 2021	4,370	800	6,078	4,390	218	22,965	(38,263)	558
Issue of ordinary shares	250	-	678	-	-	-	-	928
Comprehensive loss for the period	-	-	-	9	-	-	229	238
Share-based payments	-	-	-	-	17	-	-	17
Balance as at 30 June 2021	4,620	800	6,756	4,399	235	22,965	(38,033)	1,741

Unaudited Interim Condensed Consolidated Statement of Cash Flows  
For the six months ended 30 June

	Six months ended 30 June 2022 Unaudited GBP'000	Six months ended 30 June 2021 Unaudited GBP'000
<b>Cash flows from operating activities</b>		
Interest received	4,669	3,239
Interest paid (including lease)	(42)	(30)
Gains less losses from dealing in foreign currency	20	(1)
Other operating income	1,710	763
Staff costs	(742)	(724)
Operating expenses	(1,545)	(840)
Income tax paid	(85)	(23)
<b>Cash flows from/(used in) operating activities before changes in operating assets and liabilities</b>	<b>3,986</b>	<b>2,384</b>
<b>Net (increase)/decrease in operating assets</b>		
Loans to customers	(4,222)	(3,020)
Other assets	(3)	(194)
<b>Net decrease in operating liabilities</b>		
Other liabilities	80	132
<b>Net cash flows from operating activities</b>	<b>(159)</b>	<b>(698)</b>
<b>Cash flows from investing activities</b>		
Other loan issued	-	(227)
Purchases of property and equipment and intangible assets	(9)	(21)
<b>Net cash flows from investing activities</b>	<b>(9)</b>	<b>(248)</b>

Cash flows from financing activities

	Six months ended 30 June 2022 Unaudited GBP'000	Six months ended 30 June 2021 Unaudited GBP'000
<b>Cash flows from financing activities</b>		
Lease repayment	(13)	(13)
Proceeds from loans received	1,444	679
Repayment of loans received	(1,741)	(741)
Issue of ordinary shares		
Share issue costs	-	(73)
<b>Net cash flows from financing activities</b>	<b>(698)</b>	<b>1,476</b>
Effect of exchange rate changes on cash and cash equivalents	308	(4)
<b>Net change in cash and cash equivalents</b>	<b>(558)</b>	<b>527</b>
Cash and cash equivalents at the beginning of the year	1,474	641
<b>Cash and cash equivalents at the end of the period</b>	<b>916</b>	<b>1,167</b>

## Notes to the Financial information

### 1. Activities of the Group. General information

The principal activity of Zaim Credit Systems plc ("the Company") and its subsidiary Zaim-Express, LLC (together "the Group") is issuance of microloans to individuals (retail customers). The Company was incorporated as Agana Holdings Plc and registered in England and Wales on 15 June 2018 as a public limited company with company registration number 11418575 and LEI, 213800Z4M9KSZA2WW72 and on 22 July 2019 the Company changed its name to Zaim Credit Systems Plc.

On 18 September 2019 the Company acquired the entire issued share capital of Zaim-Express LLC. The Company is now the holding company of a Russian based financial services company Zaim-Express LLC (Subsidiary), so main function of the Company is to provide holding company services and undertake management of the listed activities on the stock exchange. These business combination in 2019 was stated in consolidated financial statements as reverse acquisitions under IFRS 3.

The organizational structure of Group:

The name of Subsidiary	Country of registration	The share votes of the Company	
		30.06.2022	31.12.2021
Zaim-Express LLC	Russia	100%	100%

The Subsidiary's principle activity is issuance of microloans through the network of it's branches in Russian cities (Moscow and St. Petersburg). The Subsidiary was entered in the state register of microfinance organisations on 29 August 2011, registration number 2110177000440. The Subsidiary's assets and liabilities are located in the Russian Federation. The average number of Subsidiary's employees is as follows:

The average number of Subsidiary's employees	Six months, 2022	Six months, 2021
Total average number of employees	123	150

The average number of parent Company's employees (directors) is as follows:

The average number of parent Company's employees	Six months, 2022	Six months, 2021
Directors	5	5

As at 30 June 2022, the main participant of the Company is Zaim Holdings SA (with share of votes 69.27%). The ultimate controlling party of the Group is an individual - Mr. Siro Donato Cicconi.

Subsidiary has 24 stores as at 30 June 2022 (31 December, 2021: 26 stores), from which it conducts business throughout the Russian Federation.

According to the review of the Central Bank of Russia of the MFO market in the 1st Q 2022, the volume of microloans issued

in the first quarter fell by 8% to 175 billion rubles. Since the beginning of the year, the share of overdue microloans (NPL90+) has increased by 1.7 percentage points to 31.3%. In the 1st Q 2022, there was a tendency to increase the indebtedness of borrowers of microfinance companies. The share of clients paying off 80% of their income for microloans increased from 47% to 52% in the first quarter of 2022. At the same time, the share of clients giving 30% of their income to pay off microloans decreased from 21% to 19%.

Experts expect some slowdown of the MFO market in 2022. Among the possible reasons:

- Tightening of the policy of the Central Bank and other legal restrictions
- Growth of competition
- Unstable financial situation of the borrower

The unstable economic situation of the country may lead to an increase in the demand for microloans, but due to the tightening of the risk policy and the updated scoring systems of microfinance companies, a low percentage of applications will receive a positive decision. An increase in the cost of attracting a borrower is expected, and this reduces the margin and the growth rate of the microcredit market.

The growth of the microfinance market may be due to an increase in the share of e-commerce and the introduction of new products. Experts believe that the growth of MFOs is possible, for example, due to the cooperation of microcredit companies with marketplaces, as it will lead to more reliable borrowers. In addition, microloans will be actively developed in the online segment.

Experts also believe that the pandemic not only did not damage microcredit, but, on the contrary, contributed to the consolidation of the market, the improvement of the quality of portfolios, and accelerated the transition to the online segment. Small companies disappear from the market, and the initiative passes to larger players who are able to attract investments, develop their own technological platforms, diversify their activities and interact with regulators.

During first half of year 2022 the business of the Group experienced new challenge, resulted in decrease of proceeds from collecting activity (due to moratorium for collecting activity introduced by the authorities after special operation at Ukraine). As a result, the cash position decreased that leads to decrease in amount issued, to keep cash balance. That influenced the profitability of the Group in 2nd Q 2022. At the current moment, Group are improving proceeds from collecting activity due to new court deals (released after the 1st April 2022, that are excluded from moratorium). That allows to increase amount issued and significantly improve profitability of business.

The Group's perspective is to continue development of online strategy and focus on collecting activities.

## **2. Basis of preparation**

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed consolidated interim financial statements set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2021 were approved by the Board of Directors on 17 May 2022 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The condensed consolidated interim financial statements of the Company have not been audited or reviewed by the Company's auditor, Shipley's LLP.

### ***Going concern***

This financial information reflects Group's management's current assessment of the impact of the Russian business environment on the operations and the financial position of Group. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of measures undertaken by the Russian Federation Government and other factors, including regulatory and political developments which are beyond Group's control. Group's management cannot

predict what impact these factors can have on Group's financial position in future. This financial information was prepared on a going concern assumption.

The above factors in conjunction with continuing economic and political changes taking place in the Russian Federation indicate that a material uncertainty exists that may cast significant doubt on Group's ability to continue as a going concern. This ability depends on future events, including achieving the level of the loans to customers portfolio sufficient to incur costs and earn profits and the ability and willingness of Group's sole participant to continue with financial assistance to Group.

The Financial Statements have been prepared on a going concern basis. In 2022, the Group continues to develop an online business model (remote lending via the Internet, which resulted in a significant decrease in fixed lease and staff costs and a decrease in the share of lending costs within total expenses). The Group continues to optimise the network operation, including removal of loss-making outlets and enhancement of the Internet channel to attract customers. The Group is actively collecting overdue debts, inter alia, through legal action.

The Directors consider that the Group has sufficient funds to undertake its operating activities for a period of at least the next 12 months including any additional expenditure required in relation to any adverse impacts from the Covid-19 Pandemic or situations with Russian-Ukrainian relations. The Group has cash reserves which are considered sufficient by the Directors to fund the Group's desired strategy of increasing the loan book both online and in the store.

### ***Risks and uncertainties***

The Director continuously assesses and monitors the key risks of the business. The key risks that could affect Group's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in Group's 2021 Financial Information. The key financial risks are liquidity risk, interest rate risk.

The economy of the Russian Federation continues to display certain characteristics of an emerging market. These characteristics include, in particular, inconvertibility of the national currency in most countries outside of Russia and relatively high inflation rates. The current Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. The country's economy depends on movements of oil and gas prices.

The future economic development of the Russian Federation is largely dependent upon the effectiveness of economic measures, financial mechanisms and monetary policies adopted by the Government, together with tax, regulatory, and political developments.

### ***Critical accounting estimates***

The preparation of condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 3 of Group's 2021 Financial Information. The nature and amounts of such estimates have not changed significantly during the interim period.

### ***Currency***

The GBP was chosen as the presentation currency of the consolidated financial information, as the shareholders of Group use information prepared in GBP to make decisions and evaluate the financial results of Group.

For the purpose of presenting the consolidated financial information, the financial results and balance sheet items of Subsidiary are translated into the presentation currency of Group in accordance with the requirements of International Accounting Standard IAS 21 "Effect of Changes in Foreign Exchange Rates" as follows:

#### **(a) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Gains and losses on purchase and sale of foreign currency are determined as a difference between the selling price and the carrying amount at the date of the transaction.

#### **(b) Group companies**

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position:

valuation of financial position;

2. each component of profit or loss is translated at average exchange rates during the accounting period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

3. all resulting exchange differences are recognised in other comprehensive income

### 3. Significant accounting policies

The condensed consolidated interim financial information have been prepared under the historical cost convention as modified by the revaluation of certain of the subsidiaries' assets and liabilities to fair value for consolidation purposes.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial information as were applied in the preparation of Group's Financial Information for the year ended 31 December 2021 (see Note 3).

### 4. Loans to customers

	<b>30 June 2022</b>	<b>31 December, 2021</b>
	<b>Unaudited</b>	
	<b>GBP'000</b>	
Loans to customers	63,180	36,469
Less: allowance for ECL /impairment of loans to customers	(58,767)	(33,644)
<b>Total loans to customers at amortised cost</b>	<b>4,413</b>	<b>2,825</b>

Below is analysis of movements in the ECL allowance during 1H 2022 (by type of loans specified in the first table of the Note), GBP:

	Stage 1	Stage 2	Stage 3	Total
	GBP'000	GBP'000	GBP'000	GBP'000
ECL allowance as at 31 December 2021	417	1,010	32,218	33,644
Assets recognized for the period	1,540	-	-	1,540
Assets derecognized or collected	(939)	(180)	(432)	(1,551)
Transfers to Stage 2	(78)	78	-	-
Transfers to Stage 3	(516)	(158)	674	-
Net loss on ECL allowance charge/(reversal)	44	678	2,317	3,039
Translation into GBP	282	858	20,954	22,095
<b>ECL allowance as at 30 June 2022</b>	<b>750</b>	<b>2,286</b>	<b>55,731</b>	<b>58,767</b>

Below is analysis of movements in the ECL allowance during 1H 2021 (by type of loans specified in the first table of the Note), GBP:

	Stage 1	Stage 2	Stage 3	Total
	GBP'000	GBP'000	GBP'000	GBP'000
ECL allowance as at 31 December 2020	201	589	26,238	27,029
Assets recognized for the period	1,119	-	-	1,119
Assets derecognized or collected	(63)	(37)	(1,102)	(1,202)
Transfers to Stage 2	(252)	252	-	-
Transfers to Stage 3	(663)	(287)	951	-
Net loss on ECL allowance charge/(reversal)	-	601	2,414	3,014
Translation into GBP	4	14	25	43
<b>ECL allowance as at 30 June 2021</b>	<b>345</b>	<b>1,132</b>	<b>28,525</b>	<b>30,003</b>

The ECL allowance for loans and advances to customers recognised during the period is impacted by various factors. The table below describes the main changes:

- transfers between Stages 1 and 2 and Stage 3 due to significant increase (or decrease) in credit exposure or impairment during the period and subsequent increase (or decrease) in the estimated ECL level: for 12 months or over the entire period;
- accrual of additional allowances for new financial instruments recognised during the period, as well as reduction in allowance as a result of derecognition of financial instruments during the period;
- impact on ECL estimation due to changes in model assumptions, including changes in probability of default, EAD and LGD during the period resulting from regular updating of the model inputs.



Following is the credit quality analysis of loans to customers as at 30 June 2022:

	Stage 1	Stage 2	Stage 3	Total
	GBP'000	GBP'000	GBP'000	GBP'000
Loans to customers				
Minimum credit risk	3,689	-	-	3,689
Low credit risk	-	199	-	199
Moderate credit risk	-	1,761	-	1,761
High credit risk	-	1,800	-	1,800
Default	-	-	55,731	55,731
Total loans to customers before allowance	3,689	3,760	55,731	63,180
ECL allowance	(750)	(2,286)	(55,731)	(58,767)
Total loans to customers after ECL allowance	2,939	1,474	-	4,413

Following is the credit quality analysis of loans to customers as at 31 December 2021:

	Stage 1	Stage 2	Stage 3	Total
<b>Loans to customers</b>				
Minimum credit risk	2,425	-	-	2,425
Low credit risk	-	135	-	135
Moderate credit risk	-	995	-	995
High credit risk	-	698	-	698
Default assets	-	-	32,218	32,218
Total loans to customers before ECL allowance	2,425	1,827	32,218	36,469
ECL allowance	(417)	(1,010)	(32,218)	(33,644)
Total loans to customers after ECL allowance	2,008	817	-	2,825

The ECL allowance for loans to customers recognized during the period is impacted by different factors. Information on the assessment of expected credit losses is disclosed in Note 3 of Group's Financial Statements for the year 2020.

The Group uses the following approach to measurement of expected credit losses:

- portfolio-based measurement: internal ratings are assigned individually, but the same credit risk parameters (e.g. PD, LGD) are applied to similar credit risk ratings and homogeneous credit portfolio segments in the process of ELC estimation.

This approach provides for aggregation of the portfolio into homogeneous segments on the basis of specific information on borrowers, such as delinquent loans, historic data on prior period losses and forward-looking macroeconomic information.

The amounts of loans recognised as "past due" represent the entire balance of such loans rather than the overdue amounts of individual payments.

## 5. Lease

The Group has agreements for lease of premises.

The Group did not apply a simplified approach to recognise lease modifications allowed due to the COVID-19 pandemic.

There was a significant decrease in the number of concluded lease agreements in the year 2020 due to reduced business activity because of Covid-19 pandemic (as a measure to prevent unprofitable business) and also because of intentions of management to develop the new business-model - which supposes substantial share of online-loans. In 1 half year 2022 there was no significant reduction of stores, only two of them were closed as the result of monitoring for unprofitableness

The carrying amount of right-of-use assets and its movements during the period are presented below:

Group	Real Estate	Total
As at 1 January 2022	540	540

Additions	-	-
Disposals	(44)	(44)
Modification of lease terms	104	104
Depreciation charge	(126)	(126)
Effect of translation into presentation currency	286	286
<b>As at 30 June 2022</b>	<b>760</b>	<b>760</b>

<b>As at 1 January 2021</b>	<b>298</b>	<b>298</b>
Additions	-	-
Disposals	(15)	(15)
Modification of lease terms	474	474
Depreciation charge	(220)	(220)
Effect of translation into presentation currency	3	3
<b>As at 31 December 2021</b>	<b>540</b>	<b>540</b>

The carrying amounts of lease liabilities and their movements during the period are set out below:

<i>Group</i>		
<b>Lease liabilities</b>	<b>Real Estate</b>	<b>Total</b>
<b>As at 1 January 2022</b>	534	534
Additions	-	-
Disposals	(43)	(43)
Interest expense on lease liabilities	20	20
Modification of lease terms	100	100
Lease payments	(141)	(141)
Effect of translation into presentation currency	283	283
<b>As at 30 June 2022</b>	<b>753</b>	<b>753</b>

<b>Lease liabilities</b>	<b>Real Estate</b>	<b>Total</b>
<b>As at 1 January 2021</b>	<b>347</b>	<b>347</b>
Interest expense on lease liabilities	15	15
Lease payments	(277)	(277)
Modifications and remeasurement	462	462
Derecognition	(17)	(17)
Effect of translation into presentation currency	2	2
<b>As at 31 December 2021</b>	<b>534</b>	<b>534</b>

## 6. Interest income and interest expense

	Six months ended 30 June 2022 Unaudited GBP'000	Six months ended 30 June 2021 Unaudited GBP'000
Interest income		
Loans to customers	3,490	4,253
Other loans issued	60	-
<b>Total interest income</b>	<b>3,550</b>	<b>4,253</b>
Interest expense		
Loans received	(56)	(74)
Lease	(20)	(9)
<b>Total interest expense</b>	<b>(76)</b>	<b>(84)</b>
<b>Net interest income</b>	<b>3,475</b>	<b>4,169</b>

## 7. Operating expenses

### Periodic Operating expenses

	Six months ended 30 June 2021 Unaudited GBP'000	Six months ended 30 June 2021 Unaudited GBP'000
Advertising and Marketing	547	387
Consulting services	234	75
State Duty	137	58
Depreciation of Right-of-use assets	126	113
SMS	124	55

Postal Services	106	48
Banking services	98	70
Investors relations	39	12
Communication	37	31
Material expenses	15	13
Rental expenses	11	13
Security	5	5
Other expenses	90	68
<b>Total periodic operating expenses</b>	<b>1,568</b>	<b>948</b>

## 8. Charter and Additional Capital

Below is a reconciliation of the movement in the legal parent Company Share capital

In 1 half year 2022, there was no changes in Share capital structure and amount

During 1 half year 2021, Group has completed an equity fundraise of £1,000,000 (gross) through the issue of 25,000,000 ordinary shares at a price of 4.0 pence per ordinary share.

The Fundraise has been undertaken by way of a placing of new ordinary shares of £0.01 par value in the share capital of the Group. The Fundraise is to provide additional capital for expansion of the loan portfolio and the development of new products.

<b>Charter capital</b>		
<b>Group</b>		
<b>Issued and fully paid</b>	<b>Number</b>	<b>Amount, £</b>
As at 1 January 2022		
Ordinary shares of £0.01 each	461,975,000	4,619,750
Issue of ordinary shares	-	-
<b>As at 30 June 2022</b>	<b>461,975,000</b>	<b>4,619,750</b>

## Additional capital

<b>Group</b>	
	<b>Amount, £</b>
As at 1 January 2022	6,755,628
Premium arising on issue of ordinary shares	-
Issue costs	-
<b>As at 30 June 2022</b>	<b>6,755,628</b>

## 9. Related party transactions

### Transactions with parent company

	<b>30 June, 2022,</b>	<b>31 Dec., 2021</b>
	Unaudited	Unaudited
	GBP'000	GBP'000
Loan issued (balance, including %)	291	276
	Six months ended 30 June 2022	Six months ended 30 June 2021
	Unaudited	Unaudited

	30 June, 2022 Unaudited GBP'000	31 Dec., 2021 Unaudited GBP'000
Interest income		

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	30 June, 2022, Unaudited GBP'000	31 Dec., 2021 Unaudited GBP'000
Loan received (balance, Including %)	545	501

	Six months ended 30 June 2022 Unaudited GBP'000	Six months ended 30 June 2021 Unaudited GBP'000
Interest expense	28	45

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