

ANNUAL REPORT

beginning of financial year: 01.01.2023

end of the financial year: 31.12.2023

business name: Scramble OÜ

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Management report

Scramble OÜ (hereinafter - the Company) operates the Scramble peer-to-peer (P2P) lending platform (hereinafter - Scramble), accessible at www.scrambleup.com. Scramble is a global online lending platform where investment involves lending funds to startups. Scramble serves as an intermediary between platform users – investors seeking stable returns on their invested funds – and users from consumer goods and retail companies seeking affordable working capital financing. The Company's primary source of income is service fees charged to startups for facilitating loans on the platform.

Company Operations and Financial Results

In 2023, the Company successfully increased the number of retail investors and borrowers using our platform. We are pleased that both groups provided strong positive feedback on the quality of Scramble's products and services, sharing their experiences with our team personally and through online reviews on TrustPilot.

The Scramble product proved to be a significant innovation in the UK consumer goods sector, allowing small and medium-sized brands to grow their businesses without selling a large portion of their companies to investors. During 2023, Scramble validated over 4,000 and funded more than 50 promising UK consumer goods brands. The brands we have helped grow include healthy and eco-friendly foods, beverages, snacks, as well as health and beauty products, baby products, etc. We also see substantial demand for our services among small retail investors in many European countries. The simplicity and convenience of Scramble make our platform one of the easiest ways for any European to begin their investment journey.

In 2023, the platform registered over 2,000 individual retail clients and more than 50 corporate clients. In total, the platform facilitated approximately €2.5 million in loans (2022: below €0.5 million). The loans were provided to two UK-based startups with clear business strategies and strong repayment capabilities.

Scramble OÜ invested over €68.3 thousand in developing core IT processes and platform functionality, bringing the total software cost to €163 thousand as of December 31, 2023. In the 2023 fiscal year, the Company incurred a net loss of €606 thousand (2022: €523 thousand), in line with management expectations and related to the Company's launch phase, during which revenue was not forecasted.

In 2023, the Company raised over €500 thousand in financing (2022: €1 million) through convertible loans, all bearing interest. The conversion of these loans into company shares is planned for 2024, by which time the company's share capital will be restructured, and accumulated losses from previous years will be covered.

Equity Requirement Fulfillment

Due to the 2023 results, the Company's equity fell below the legally permitted threshold. Consequently, the Company's owner decided to make an additional capital contribution. The approximate amount of this contribution is €2 million.

Risk Management

The Company may face certain risks in market, operational, regulatory, and other areas, which Scramble's management actively addresses.

Market and Operational Risk Management

Throughout 2022, the European economy remained volatile due to the combined effects of the UK's exit from the EU (Brexit), the global recovery post-COVID, the ongoing war in Ukraine, high inflation, and disrupted supply chains. Overall, 2022 posed challenges for most European companies, forcing them to reconsider their geographical presence, supply chains, and funding sources while dealing with rising operational costs and interrupted business activities.

While Scramble was a relatively small company in 2022, we also had to consider these broader market forces. Our first priority was raising additional capital from our investors (over €1 million during 2022). Secondly, we kept our costs very low despite the innovative and complex nature of the Scramble platform. Thanks to these measures, Scramble had sufficient funds to operate not only through 2022 but until the end of 2023.

Regulatory Risk Management

Throughout 2023, European economies remained unstable due to the ongoing impacts of the UK's exit from the EU (Brexit), the global post-COVID recovery, the ongoing war in Ukraine, high inflation, high energy prices, and disrupted supply chains. Similar to 2022, 2023 was a challenging year for many European consumer goods companies. Businesses had to reassess their geographical presence, supply chains, and funding sources while grappling with rising operational costs and disruptions.

Although Scramble remained relatively small in 2023, we also had to consider broader market forces. As a first step, we raised additional capital from our investors (€500,000 in additional funding in 2023). Secondly, we kept our costs extremely low despite the innovative and complex nature of the Scramble platform. Thanks to these measures, Scramble secured sufficient resources to operate not only through the end of 2023 but also until the end of 2024, with a clear path towards profitability.

Financial Risk Management

The Company's primary financial instruments are cash in bank accounts and other loans, primarily aimed at financing the Company's operations. Additionally, the Company has other financial assets and liabilities, such as receivables from customers and payables to suppliers, which directly result from business operations. The Company faces credit risk, liquidity risk, and cash flow risk in its activities.

Financial assets that may lead to a concentration of credit risk mainly include cash in bank accounts and receivables from customers. At the end of the reporting period, the Company was preparing to expand lending activities on the platform, which is expected to increase both the number of startup borrowers and the overall loan portfolio. Although Scramble is not directly exposed to significant credit risk related to the loan portfolio, the Company's revenue is tied to the performance of loans issued through the platform. Consequently, the planned expansion in lending activities could either positively or negatively impact the Company's results, depending on the future performance of the loan portfolio. At the request of investors, the Company monitors credit risk arising from loan transactions by managing platform operations to prevent financial losses if borrowers fail to meet their contractual obligations. This risk primarily concerns the quality of loans to early-stage consumer goods companies. The Company works closely with borrowers and monitors their payment discipline.

The Company's financial transaction partners are local financial institutions in Estonia with excellent credit histories.

The Company exercises prudent liquidity risk management by maintaining adequate credit facilities to meet obligations as they come due. Management addresses liquidity and cash flow risks by holding sufficient cash reserves, ensuring adequate funding, and continuously monitoring projected and actual cash flows.

The Company's exposure to currency risk is minimal, as most transactions are conducted in euros. The Company is not exposed to interest rate risk, as all loans have fixed interest rates.

Future Operations of the Company

Objectives and Strategy

The Company's primary goal is to continue growing the platform to establish a clear leadership position within its niche market in Europe. This involves increasing the number of individual investors, the funds invested through the platform, and the number of consumer goods brands seeking financing. As with any marketplace, it is essential to grow both sides of the platform in a way that ensures high user satisfaction and encourages repeat use of our services.

Each year, over 50,000 promising consumer goods companies are established in Europe. Limited access to working capital is the biggest growth hurdle for these brands. Scramble's innovative model enables these brands to grow without giving up valuable ownership, relying instead on convenient and affordable debt.

Compared to the U.S. and Asia, Europe lags in retail investment activity. Historically, most European stock exchanges have not provided local investors with the same returns as U.S. exchanges. As a result, many Europeans prefer to keep their personal savings in local banks and avoid investing altogether. With its simplicity and consumer-focused approach, the Scramble platform allows novice investors with limited experience to gain personal investment exposure while offering innovative consumer goods companies the opportunity to bring new products to the European market.

Kamil Kurmakajev
Management Board member

The annual accounts

Statement of financial position

(In Euros)

	31.12.2023	31.12.2022	Note no
Assets			
Current assets			
Cash and cash equivalents	1 027 089	306 161	2
Receivables and prepayments	45 395	33 239	3
Total current assets	1 072 484	339 400	
Non-current assets			
Receivables and prepayments	217	217	3
Property, plant and equipment	1 099	1 980	4
Intangible assets	134 436	153 575	5
Total non-current assets	135 752	155 772	
Total assets	1 208 236	495 172	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	837 249	107 700	7
Total current liabilities	837 249	107 700	
Non-current liabilities			
Loan liabilities	1 730 848	1 132 610	6
Other payables	30 731	39 497	7
Total non-current liabilities	1 761 579	1 172 107	
Total liabilities	2 598 828	1 279 807	
Equity			
Issued capital	2 500	2 500	
Retained earnings (loss)	-787 135	-263 407	
Annual period profit (loss)	-605 957	-523 728	
Total equity	-1 390 592	-784 635	
Total liabilities and equity	1 208 236	495 172	

Income statement

(In Euros)

	2023	2022	Note no
Revenue	8 288	1 887	
Other income	167	20	
Work performed by entity and capitalised	0	88 438	
Raw materials and consumables used	-20 368	0	
Other operating expense	-469 075	-482 526	
Employee expense	-13 223	-59 204	
Depreciation and impairment loss (reversal)	-20 020	-7 624	4,5
Other expense	-154	-736	
Operating profit (loss)	-514 385	-459 745	
Interest income	1 154	69	
Interest expenses	-92 721	-63 971	
Other financial income and expense	-5	-81	
Profit (loss) before tax	-605 957	-523 728	
Annual period profit (loss)	-605 957	-523 728	

Notes

Note 1 Accounting policies

General information

Scramble OÜ (hereinafter: Company) financial statements of 2022 have been prepared in accordance with the Estonian Financial Reporting Standard. The basic requirements of the Estonian Financial Reporting Standard are established by the Accounting Act of the Republic of Estonia, supplemented by guidelines issued by the Accounting Standards Board.

The financial statements have been prepared in EUR.

This is a shorter version of financial statement for small business.

The income statement scheme No.1 is used.

Cash and cash equivalents

Cash and cash equivalents include cash balances and current account balances in the balance sheet.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

The business currency of the company is EUR. Transactions recorded in foreign currencies are based on the official exchange rates of the European Central Bank on the day of the transaction. The assets and liabilities denominated in foreign currencies as at 31st December of 2012 are translated into euro at the exchange rates prevailing on the balance sheet date of the European Central Bank. Gains and losses from currency transactions are recognized in the income statement as income or expense for the period.

Receivables and prepayments

Trade receivables accrued income and other short and long-term receivables (including loan claims, deposits) are carried at amortized cost. At each balance sheet date, it is assessed whether there are any indications of impairment of these financial assets. If such features are present, the financial assets at amortized cost are lowered to their present value than expected future payments. Impairment losses are recognized as an expense in the income statement.

Plant, property and equipment and intangible assets

Items of property, plant and equipment are recognised in the balance sheet at cost. Assets with a useful life of more than one year and cost of over EUR 750 that are used in the company's own operations are considered as items of property, plant and equipment. Assets with a useful life of more than 1 year but with cost of less than EUR 750 are recognised as low-value items in inventories (expenses).

The low-value items that have been expensed are accounted for off-balance sheet. Depreciation is calculated using the straight-line method.

The depreciation rate is determined for each item of property, plant and equipment depending on its useful life. For the assets with a significant residual value, only the depreciable portion between the cost and residual value is depreciated over the useful life of the asset. If an item of property, plant and equipment consists of distinct components with different useful lives, these components are recognised as separate assets in accounting, and separate depreciation rates are determined in accordance with their useful lives. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management and it is performed until complete depreciation of the depreciable portion or until the asset's complete removal from use. Depreciation of the asset temporarily removed from use is not suspended. At each balance sheet date, the depreciation rates, depreciation method and terminal value are evaluated to determine their reasonableness. If the recoverable amount of the non-current asset (i.e. higher of the fair value (less costs to sell) and value in use) is lower than the carrying amount, the items of property, plant and equipment are written down to their recoverable amount. Recognition of property, plant and equipment is terminated in the event of the transfer of the asset or in case the use or sale of the asset is no longer expected to be economically viable. Gains or losses arising from derecognition of property, plant and equipment are recognised in other income or other expenses in the income statement.

Intangible assets are recorded in the balance sheet at cost less any accumulated depreciation and any impairment losses. Depreciation is calculated using the straight-line method. If the useful life of an intangible asset cannot be reliably estimated, it is assumed that its useful life is 10 years.

Development costs are the costs of developing, designing and testing new products. Development costs are capitalized if there are technical and financial opportunities and a positive intention to implement the project, the company is able to sell the assets to be made, and the development costs and the future economic benefits of intangible assets can be measured reliably.

Financial liabilities

All financial liabilities (trade payables, borrowings, accrued liabilities and other current and non-current liabilities) are initially recognized at cost, which includes all costs directly attributable to the acquisition. Subsequent recognition is adjusted cost method. A financial liability is classified as current if it is due to be settled within twelve months after the balance sheet date or there is no unconditional right to defer settlement of the liability for more than 12 months after the balance sheet date. Loans that are due to be repaid within 12 months of the balance sheet date but are refinanced as non-current after the balance sheet date, but before the approval of the annual accounts are recorded as current. Short-term loan liabilities that the lender had were also recognized the right to call back on the balance sheet date due to a breach of the terms of the loan agreement.

Expense recognition

Cost on goods is recognized when the costs related to the sale can be reliably measured. The costs of providing the service are reflected in the provision of the service during the same period.

Taxation

According to the Estonian Income Tax Act, the profit of a company's financial year is not taxed. Income tax is payable on dividends, fringe benefits, gifts, donations, admission fees, non-business payouts and transfer pricing adjustments. As of 01.01.2015, the tax on dividends distributed is 20/80 of net payable. Under certain conditions, it is possible to distribute the received dividends without additional tax expense. As of 01.01.2019, the tax on regular dividends distributed is 14% = 14/86 of net payable. A lower tax rate is levied on 1/3 of the profits distributed over the last 3 years. Corporate income tax on dividends is recognized as a liability and in the income statement as income tax expense in the same period as dividends are declared irrespective of the period for which they are declared or when they are actually paid out. The obligation to pay income tax arises on the 10th day of the month following the payment of dividends. Based on the peculiarities of the tax system, the registered companies in Estonia do not differ between the tax accounting and book value of the assets and, as a consequence, deferred tax claims or liabilities. The contingent income tax liability that would result from retained earnings on dividend payments is not recognized in the balance sheet. The maximum tax liability that would result from the distribution of retained earnings as dividends is disclosed in the notes to the financial statements.

Related parties

The company's annual report has been considered related parties:

- a. owners;
- b. societies;
- c. executive and senior management;
- d. close family members of the persons listed above, and companies controlled by them or significantly influenced by them.

Events after reporting date

The financial statements reflect the significant circumstances that have an effect on the valuation of assets and liabilities as of the balance sheet date, 31 December 2011 and the reporting date, but are related to transactions during the reporting period or earlier periods. Events after the reporting date that have not been considered in the valuation of assets and liabilities, but that materially affect the results for the next financial year, are disclosed in the notes to the financial statements.

Given that Scramble OÜ provides platform administration services and does not bear the credit risk or other financial risks related to these assets or liabilities, but only earns a service fee for servicing them, these items are disclosed in the company's financial statements, while these assets and liabilities are not reflected in the balance sheet. They are kept off-balance sheet.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2023	31.12.2022
Bank accounts	1 027 089	306 161
Cash and cash equivalents	1 027 089	306 161

Note 3 Property, plant and equipment

(In Euros)

	31.12.2023	Breakdown by remaining maturity		Note no
		Within 12 months	In 1 - 5 years	
Trade receivables		0		
Outstanding invoices from buyers		0		
Claims against related parties	217		217	10
Advances and recoveries of taxes	18 485	18 485		
Advances	26 910	26 910		
Expenses of future periods	2 560	2 560		
Other advances paid	24 350	24 350		
Total receivables and advances	45 612	45 395	217	
	31.12.2022	Breakdown by remaining maturity		Note no
		Within 12 months	In 1 - 5 years	
Trade receivables	20 263	20 263		
Outstanding invoices from buyers	20 263	20 263		
Claims against related parties	217		217	10
Advances and recoveries of taxes	10 661	10 661		
Advances	2 315	2 315		
Expenses of future periods	1 810	1 810		
Other advances paid	505	505		
Total receivables and advances	33 456	33 239	217	

Note 4 Property, plant and equipment

(In Euros)

		Total
	Computers and computer systems	
31.12.2021		
Carried at cost	1 139	1 139
Accumulated depreciation	-32	-32
Residual cost	1 107	1 107
Acquisitions and additions	1 253	1 253
Other acquisitions and additions	1 253	1 253
Depreciation	-380	-380
31.12.2022		
Carried at cost	2 392	2 392
Accumulated depreciation	-412	-412
Residual cost	1 980	1 980
Depreciation	-880	-880
Other changes	-1	-1
31.12.2023		
Carried at cost	2 391	2 391
Accumulated depreciation	-1 292	-1 292
Residual cost	1 099	1 099

Note 5 Intangible assets

(In Euros)

			Total
	Computer software	Concessions, patents, licenses, trademarks	
31.12.2021			
Carried at cost	74 686	2 335	77 021
Accumulated depreciation	-4 640	0	-4 640
Residual cost	70 046	2 335	72 381
Acquisitions and additions	88 437	0	88 437
Depreciation	-7 243	0	-7 243
31.12.2022			
Carried at cost	163 123	2 335	165 458
Accumulated depreciation	-11 883	0	-11 883
Residual cost	151 240	2 335	153 575
Depreciation	-18 906	-233	-19 139
31.12.2023			
Carried at cost	163 125	2 335	165 460
Accumulated depreciation	-30 791	-233	-31 024
Residual cost	132 334	2 102	134 436

Note 6 Loan commitments

(In Euros)

	31.12.2023	Breakdown by remaining maturity			Interest rate	Base currency	Maturity date	Note no
		Within 12 months	In 1 - 5 years	over 5 years				
Non-current loans								
Convertible loan	5 000		5 000		12%	EUR	30.06.2024	
Convertible loan	20 970		20 970		10%	EUR	30.06.2024	
Convertible loan	4 500		4 500		12%	EUR	30.06.2024	
Convertible loan	85 170		85 170		10%	EUR	30.06.2024	
Convertible loan	60 000		60 000		7,5%	EUR	30.06.2024	
Loan from the owner	1 555 208		1 555 208		0%	EUR	30.06.2024	10
Non-current loans total	1 730 848		1 730 848					
Loan commitments total	1 730 848		1 730 848					
	31.12.2022	Breakdown by remaining maturity			Interest rate	Base currency	Maturity date	Note no
		Within 12 months	In 1 - 5 years	over 5 years				
Non-current loans								
Convertible loan	20 970		20 970		10%	EUR	30.06.2024	
Convertible loan	200 000		200 000		12%	EUR	22.02.2023	
Convertible loan	4 500		4 500		12%	EUR	30.06.2024	
Convertible loan	85 170		85 170		10%	EUR	30.06.2024	
Convertible loan	5 000		5 000		12%	EUR	07.02.2023	
Convertible loan	89 950		89 950		12%	EUR	25.12.2024	
Loan from the owner	727 020		727 020		0%	EUR	30.06.2024	10
Non-current loans total	1 132 610		1 132 610					
Loan commitments total	1 132 610		1 132 610					

Note 7 Payables and prepayments

(In Euros)

	31.12.2023	Breakdown by remaining maturity	
		Within 12 months	In 1 - 5 years
Trade payables	50 570	50 570	
Payables to employees	918	918	
Tax payables	1 636	1 636	
Other payables	31 138	407	30 731
Interest payables	30 951	220	30 731
Other payables	187	187	
Investor funds	783 718	783 718	
Payables and prepayments total	867 980	837 249	30 731

	31.12.2022	Breakdown by remaining maturity	
		Within 12 months	In 1 - 5 years
Trade payables	14 556	14 556	
Payables to employees	3 000	3 000	
Tax payables		0	
Other payables	39 904	407	39 497
Interest payables	39 717	220	39 497
Other payables	187	187	
Investor funds	89 737	89 737	
Payables and prepayments total	147 197	107 700	39 497

Note 8 Miscellaneous operating expenses

(In Euros)

	2023	2022
Leases	-9 874	-1 871
Miscellaneous office expenses	0	-382
Travel expenses	-2 624	-12 579
Marketing	-140 602	-86 798
Legal costs	-36 402	-40 526
IT maintenance	-117 682	-132 203
Data communication services	-30 809	-7 651
Other	-131 082	-200 516
Total miscellaneous operating expenditure	-469 075	-482 526

Note 9 Labor expense

(In Euros)

	2023	2022
Wage and salary expense	6 295	46 269
Social security taxes	6 928	12 935
Total labour expense	13 223	59 204
Average number of employees in full time equivalent units	1	1
Average number of employees by types of employment:		
Person employed under employment contract	1	1
Member of the management or controlling body of a legal person	1	1

The higher amount of social tax for 2023 is due to the correction of TSD declarations in 2022. The accompanying payment of taxes is calculated as an expense for 2023.

Note 10 Related parties

(In Euros)

Name of the reporting parent company	Scramble Limited
Country in which the reporting parent company is registered	United Kingdom

Related party balances according to groups

SHORT-TERM	31.12.2023	31.12.2022
Loan liabilities		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	187	187
Total loan liabilities	187	187

LONG-TERM	31.12.2023	31.12.2022
Receivables and prepayments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	217	217
Total receivables and prepayments	217	217
Loan liabilities		
Parent company	1 555 209	727 020
Total loan liabilities	1 555 209	727 020

LOAN LIABILITIES	31.12.2021	Loans received	Loans received repayments	31.12.2022	Interest accrued for period
Parent company	0	1 040 898	313 878	727 020	0
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	26 848	187	26 848	187	0
Close family members and entities under their prevalent and material influence of management and higher	38 000	0	38 000	0	1 572
Total loan liabilities	64 848	1 041 085	378 726	727 207	1 572
LOAN LIABILITIES	31.12.2022	Loans received	Loans received repayments	31.12.2023	Interest accrued for period
Parent company	727 020	828 189	0	1 555 209	0
Total loan liabilities	727 020	828 189	0	1 555 209	0

Fees and other significant benefits calculated for executive and senior management		
	2023	2022
Calculated fee	3 295	0

Report digital signatures

The date of completion of the report is: 15.10.2024

Scramble OÜ (registry code: 14991448) 01.01.2023 - 31.12.2023 the correctness of the data in the annual report has been electronically confirmed:

Signer's name	The role of the signer	Signature time
KAMIL KURMAKAYEV	Member of the Management Board	15.10.2024

Status of approval of the shareholders' meeting of the report

Approved by the shareholders' meeting

LOSS-ABSORBING PROPOSAL

(In Euros)

	31.12.2023
Retained earnings (loss)	-787 135
Annual period profit (loss)	-605 957
Total	-1 393 092
Coverage	
Additional contributions to share capital	1 600 000
Profit (loss) brought forward after distribution	-1 393 092
Total	206 908

Distribution of sales revenue by activity

Activity	EMTAK code	Revenue (EUR)	Revenue %	Main activity
Other activities ancillary to financial services n.e.c.	66199	8288	100.00%	Yes