AS "VIA SMS GROUP"

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year 2019

Prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union

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GENERAL INFORMATION

Name of the company	VIA SMS GROUP
Legal status of the company	Joint-stock company
Registration number, place and date	40003901472 Riga, 23 February 2007
Registered office	13.janvara street 3 Riga, Latvia, LV-1050
Shareholders	SIA Financial investment 20% Deniss Šerstjukovs 31% (till 11.07.2019) Georgijs Krasovickis 49% (till 11.07.2019), 80% (since 11.07.2019)
Members of the Council	Andris Riekstiņš (Chairman of the Council) Normunds Vigulis (Deputy Chairman of the Council) Anna Lisenko (Member of the Council)
Members of the Board	Eduards Lapkovskis Deniss Serstjukovs Georgijs Krasovickis
Subsidiaries	VIA SMS SIA, 13.janvara street 3, LV-1050, Riga, Latvia, (100%) SMS PL z.o.o., Al. Jerozolimskie 123A; 02-017, Warszawa, Poland, (100%) VIA SMS s.r.o., Lazarská 1719/5, 110 00 Praha 1, Czech Republic, (100%) ViaConto Sweden AB, Holländargatan 27, 113 59, Stockholm, Sweden, (100%) ViaConto Minicredit S.L NIF: B66402868 Calle Valencia 279 3, Barcelona 08009, Spain, (100%) CASHALOT Sp.z.o.o., Al. Jerozolimskie 123A; 02-017, Warszawa, Poland, (100%) VIAINVEST SIA, 13.janvara street 3, LV-1050, Riga, Latvia, (100%) Via Payments UAB, Konstitucijos pr. 7, LT-09308, Vilnius, Lithuania, (100%) IFN VIACONTO MINICREDIT S.A, Calea MOSILOR 21, Bucharest, Romania (95%) FinnQ UAB, Žalgirio g. 90, LT-09303, Vilnius, Lithuania, (100%)
Reporting period	1 January 2019 – 31 December 2019
Auditor	“BDO ASSURANCE” SIA License No.182

MANAGEMENT REPORT

The Management Board of the Company presents its report on the consolidated and separate financial statements for the period ended on December 31, 2019

All figures are presented in EUR (Euro).

Core activities

AS VIA SMS group is a holding company managing several daughter companies - alternative financial services providers - in various countries. AS VIA SMS together with its subsidiaries make up the Group. The core business fields of the Group's subsidiaries are providing consumer lending, investment and digital payments services. VIA SMS Group mission is to provide simple and accessible alternative financial services by delivering transparency, building trust and bringing positive change by educating society on making smart financial decision.

Business overview

The Group has closed the reporting period with a net turnover of EUR 27 672 206 that shows 9% increase in comparison to the same period in 2018. Consolidated net loan portfolio of the Group as at December 31, 2019 was EUR 23 981 774, which has increased by 4% in comparison to December 31, 2018. The growth of Group's net and credit portfolio was benefited by the successful operations of its daughter companies, especially in Latvia and Romania. The Group's consolidated net profit is amounted to EUR 387 463.

The main goal of VIA SMS Group in 2019 was to develop digital payments platform VIALET globally by investing in building unique fintech solution. The strategic plan of the Group foresees the VIALET becoming a unified platform offering wide range of services and allows to serve all segments of Company's customers. Carrying out the plan will allow the company to manage its product portfolio more effectively, ensure higher accessibility and usability of products, as well as create an opportunity to present the unique financial services platform. Digital payments platform VIALET (UAB Via Payments) currently holding the electronic money institution license issued by the Lithuanian Central Bank is conceptually different product from those forming the core business activities of VIA SMS Group until now. The Company is planning to develop VIALET by providing the unified platform for all Group's services that would benefit customers by allowing to apply for a loan, use investment products, make payments, apply for a payments card, make deposits and manage personal finances more conveniently.

MANAGEMENT REPORT (CONTINUED)

Reacting to the rapid spread of COVID-19 and following pandemic, several restrictions related to pandemic containment were introduced March 2020 in Latvia and other countries the Group is operating in which resulted in significant slowdown of economic activity, the restrictions were cancelled only in July 2020. In autumn 2020, the rapid spread of COVID-19 recovered and several restrictions were reinforced. Despite the crisis conditions the business is operating in, the Group continues execution of its business development strategy according to the initial plan as well as introduces measures to prevent negative consequences of the pandemic.

The Board of the Company has taken all measures to ensure the stability of the Company despite the unclear conditions of business operations including reduction of costs, minimization of lending activities, shifting the focus to the long-term customers with stable repayment performance, as well as has ensured the Group maintains high liquidity level. Currently, daughter companies of VIA SMS Group including the peer-to-peer lending platform VIAINVEST (SIA Viainvest) are operating according to the strategic plan, closely monitoring change patterns in customer behavior. Until now daughter companies have not observed any negative services demand or repayment patterns, but companies are ready to introduce respective control measures if needed.

SIA Viainvest operating peer-to-peer lending platform VIAINVEST is currently in the final phase of licensing process to acquire the investment brokerage company license that will allow the Company to make the securities placement, as well as ensure safer investing environment and additional guarantees.

Despite the main focus in 2019 was lying on the development of VIALET and carrying our other strategic goals, the Company has also been working on improving the quality of creditworthiness evaluation and customer service effectiveness in all markets. The Company was also focused on further development of the peer-to-peer lending platform VIAINVEST.

Development plans

In 2020 VIA SMS group will focus on continuous development of the financial services platform VIALET, will continue the work on acquiring the investment brokerage company license for VIAINVEST, as well as will foster growth and stabilize its positions in all core markets. VIA SMS group development plans also include the launch of new innovative products as well as introducing open-ended credit line lending product in all represented markets.

EDUARDS LAPKOVSKIS____________________
Member of the Board

DENISS ŠERSTJUKOVS____________________
Member of the Board

GEORGIJS KRASOVICKIS____________________
Member of the Board

Riga, October 30, 2020

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board of AS VIA SMS group ("the Company") is responsible for preparing the consolidated and separate financial statements of the Company and its subsidiaries.

The consolidated and separate financial statements are prepared in accordance with the source documents and give a true and fair view of the Company' s and its subsidiaries' financial position operation results and cash flows for year ended 31 December 2019.

The Board confirms that appropriate accounting policies have been consequently applied and prudent and reasonable judgments and estimates have been made by the management in the preparation of the consolidated and separate financial statements for year ended 31 December 2019, set out on pages 7 to 39. The Board also confirms that International Financial Reporting Standards (IFRS) as adopted by the EU have been applied and complied with. The unaudited interim consolidated and separate financial statements have been prepared on a going concern basis and in compliance with laws and regulations of the Republic of Latvia applicable to the preparation of financial statements.

The Group's management Board is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets, and the prevention and detection of fraud and other irregularities in the Group. The Group's Board is also responsible for operating the Group in compliance with all the applicable laws and other legislative or regulatory provisions of the Republic of Latvia, as well as with the national laws and regulations of the countries in which the Group conducts its business.

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Member of the Board

Riga, October 30, 2020

CONSOLIDATED AND SEPARATE INCOME STATEMENTS

		GROUP		COMPANY	
EUR	Notes	2019	2018	2019	2018
Net turnover	4	27 672 206	25 387 460	4 735 348	1 163 305
Operating costs	5	(5 821 644)	(5 326 296)	(924 095)	(1 148 022)
Impairment allowances / sale of portfolio		(9 758 873)	(8 076 929)	-	-
Gross profit	-	**12 091 689**	**11 984 235**	**3 811 253**	**15 283**
Selling expenses (marketing)		(2 901 635)	(2 222 336)	(450 636)	(26 000)
Operating profit	-	**9 190 054**	**9 761 899**	**3 360 617**	**(10 717)**
Administrative expenses	6	(7 034 125)	(5 318 450)	(3 852 874)	(56 555)
Other operating expenses	7	(1 380 518)	(1 528 759)	(871 883)	(5 730)
Other operating income	8	43 126	308 879	2 313 840	810 928
Profit before tax	-	**818 537**	**3 223 569**	**949 700**	**737 926**
Taxes	9	(431 074)	(454 654)	(787)	-
Net profit for the period	-	**387 463**	**2 768 915**	**948 913**	**737 926**
Minority interest (loss)		(13 882)	(24 816)	-	-
Profit attributable to equity holders	-	401 345	2 793 731	948 913	737 926

The accompanying notes on pages 13 to 39 form an integral part of the consolidated and separate financial statements.

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Member of the Board

TAMĀRA HAKOVA____________________
Chief Financial Officer

Riga, October 30, 2020

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Net profit for the period	**401 345**	**2 793 731**	**948 913**	**737 926**
Depreciation of revaluation reserve	52	124 311	-	-
Foreign currency translation reserve	40 884	(159 988)	-	-
Total comprehensive income	**442 281**	**2 758 054**	**948 913**	**737 926**

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Chief Financial Officer

Riga, October 30, 2020

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
EUR	Notes	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Non-current assets		**1 406 314**	**746 183**	**11 787 912**	**13 808 171**
Property, plant and equipment	10	164 744	118 907	120 614	-
Intangible assets	10	459 772	384 097	442 684	-
Investments in leasehold improvements	10	8 480	15 065	-	-
Right-of-use assets	10	606 197	-	92 213	-
Investments in subsidiaries and associates	11	-	-	7 479 136	6 917 816
Loans and trade receivables	12	37 296	37 296	3 653 265	6 890 355
Deferred tax		129 825	190 818	-	-
Current assets		**33 170 733**	**28 405 495**	**2 928 661**	**693 499**
Loans and trade receivables	12;13	23 981 774	22 983 054	424 833	247 176
Other receivables	14	7 825 726	3 395 316	2 437 075	341 179
Prepaid expenses		225 123	161 080	39 993	3 542
Cash and cash equivalents	15	1 138 110	1 866 045	26 760	101 602
Total assets		**34 577 047**	**29 151 678**	**14 716 573**	**14 501 670**

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Riga, October 30, 2020

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
EUR	Notes	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Equity		**4 079 621**	**5 693 009**	**3 356 044**	**4 107 356**
Share capital		803 000	803 000	803 000	803 000
Foreign currency translation reserve		18 846	(22 038)	(225)	-
Revaluation reserve		-	(52)	-	-
Retained earnings		3 257 775	4 912 099	2 553 269	3 304 356
Total equity attributable to the members of the Company		**4 073 824**	**5 673 195**	**3 356 044**	**4 107 356**
Minority shareholder share capital		(5 797)	(19 814)	-	-
Non-current liabilities		**2 063 219**	**1 810 110**	**8 119 094**	**6 546 487**
Borrowings	17	780 904	1 810 110	7 042 094	6 546 487
Bonds	17	1 077 000	-	1 077 000	-
Lease liabilities	2	205 315	-	-	-
Current liabilities		**28 440 004**	**21 668 373**	**3 241 435**	**3 847 827**
Bonds	17	15 302	3 414 262	15 302	3 414 262
Borrowings	17	19 780 877	13 949 560	37 370	369 502
Unpaid dividends		1 012 000	-	1 012 000	-
Trade payables		2 839 025	2 553 214	894 098	25 327
Other liabilities		3 257 742	619 092	938 311	31 513
Lease liabilities	2 (l)	413 456	-	95 364	-
Corporate income tax payable		154 865	56 129	-	-
Accrued liabilities		740 914	834 010	150 497	153
Deferred income		225 823	242 106	98 493	7 070
Total liabilities		**30 503 223**	**23 478 483**	**11 360 529**	**10 394 314**
Total equity and liabilities		**34 577 047**	**29 151 678**	**14 716 573**	**14 501 670**

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Chief Financial Officer

Riga, October 30, 2020

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENTS

		GROUP		COMPANY	
EUR	Notes	2019	2018	2019	2018
Cash flows to/ from operating activities					
Profit before tax		818 537	3 223 569	949 700	737 926
Interest income		(1 016)	(2 948)	(684 724)	(1 161 505)
Interest expenses		110 449	1 613 326	792 510	1 098 382
Depreciation, amortization, and write-offs of property, plant and equipment and intangible assets		596 506	273 833	105 618	-
Vacation pay reserve		50 342	20 100	-	-
Dividends received		-	-	(2 313 817)	(1 407 875)
Operating profit before adjustments for current assets and current liabilities		**1 574 818**	**5 127 880**	**(1 150 713)**	**(733 072)**
Increase/(decrease) in loans		5 795 386	6 022 747	4 193 562	706 111
Increase/(decrease) in receivables and other assets		(5 496 474)	(5 316 273)	(1 932 814)	527 795
Increase/(decrease) in other liabilities		3 864 236	(3 006 943)	-	-
Cash generated from operations		**5 737 966**	**2 827 411**	**1 110 035**	**500 834**
Corporate income tax (paid)		(587 310)	(488 955)	-	(17 990)
Net cash flows to/ from operating activities		**5 150 656**	**2 338 456**	**1 110 035**	**482 844**
Cash flows to/ from investing activities					
Purchase of property, plant and equipment and intangible assets		(713 122)	(231 948)	(255 829)	-
Investments in subsidiaries		-	-	(287 001)	(267 416)
Dividends received		-	-	2 013 817	780 000
(Issued)/ Repaid loans		(4 800)	(16 550)	2 264 602	(1 363 545)
Net cash flows to/ from investing activities		**(717 922)**	**(248 499)**	**3 735 589**	**(850 961)**
Cash flows to/ from financing activities					
Received borrowings		536 750	355 980	921 922	2 371 176
Repurchased bonds		(2 331 000)	(1 302 823)	(2 344 000)	(1 302 823)
Repayment of borrowings		(1 666 419)	(275 000)	(2 039 632)	(363 500)
Interest paid		-	(1 161 505)	(709 072)	(587 773)
Dividends paid		(1 700 000)	-	(600 000)	-
Net cash flows to/ from financing activities		**(5 160 669)**	**(2 383 348)**	**(4 770 782)**	**117 080**
Change in cash and cash equivalents		**(727 935)**	**(293 390)**	**74 842**	**(251 037)**
Cash and cash equivalents at the beginning of the period		1 866 045	2 159 435	101 602	352 639
Cash and cash equivalents at the end of the period		1 138 110	1 866 045	26 760	101 602

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Riga, October 30, 2020

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

GROUP					
EUR	Share capital	Foreign currency translation reserve	Retained earnings / (Ac-cumulated loss)	Revaluation reserve	Total
Balance as of 31.12.2017.	**803 000**	**137 950**	**1 994 055**	**124 261**	**3 059 266**
Result for the reporting period	-	-	2 793 731	-	2 793 731
Other comprehensive income	-	(159 988)	124 313	-	(35 675)
Revalutiation reserve	-	-	-	(124 313)	(124 313)
Balance as of 31.12.2018.	**803 000**	**(22 038)**	**4 912 099**	**(52)**	**5 693 009**
Result for the reporting period	-	-	401 345	-	401 345
Other comprehensive income	-	40 884	-	52	40 936
Revalutiation reserve	-	-	(277 567)	-	(277 567)
Paid dividends	-	-	(1 700 000)	-	(1 700 000)
Subsidiary disposal	-	-	(50 000)	-	(50 000)
Changes in minority stake	-	-	(28 102)	-	(28 102)
Balance as of 31.12.2019.	**803 000**	**18 846**	**3 257 775**	**-**	**4 079 621**

COMPANY				
EUR	Share capital	Accumula-ted Profit/Loss	Revaluation reserve	Total
Balance as of 31.12.2017.	**803 000**	**2 566 430**	**-**	**3 369 430**
Profit for the period	-	737 926	-	737 926
Balance as of 31.12.2018.	**803 000**	**3 304 356**	**-**	**4 107 356**
Profit for the period	-	948 913	-	948 913
Paid dividends	-	(1 700 000)	-	(1 700 000)
Foreign currency translation	-	-	(225)	(225)
Balance as of 31.12.2019.	**803 000**	**2 553 269**	**(225)**	**3 356 044**

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TAMĀRA HAKOVA
Chief Financial Officer

Riga, October 30, 2020

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

1. General information

AS VIA SMS GROUP is a Joint-stock company registered in the Republic of Latvia. The Company and its subsidiaries ("the Group") operate in Latvia, as well as in other countries: the Czech Republic, Poland, Sweden, Spain, Lithuania and Romania. The main business of the Group is providing short-term loans.

The registered office of AS VIA SMS group is at 13. janvara street 3, Riga, LV-1050 Latvia

Products and services

Group's consumer lending product portfolio consists of 4 lending products – a credit line, payday loan, installment loan and a payment card with credit line SAVA.card (available in Latvia).

A credit line is the latest and most demanded lending product within the Group's product portfolio. Credit line is based on the open-ended agreement which allows customers to choose their own repayment terms – either to make full repayment within 30 days or make calculated monthly payments until the full amount of loan is covered. Credit line also allows customers to apply for an additional loan amount. The maximum credit line amount varies depending on the country. Currently the credit line is available for customers in Sweden, Latvia, Czechia and Romania.

A payday loan is a short-term consumer loan with a term up to 30 days and a maximum amount between 500 EUR and 700 EUR (varies depending on the country). Within this type of loan, it is available to request payment deferral services.

An installment loan is a consumer loan with a term from 3 to 24 months and a maximum amount that does not exceed 3000 EUR. This type of loans is available for Group clients in Latvia.

SAVA.card is available for Group clients in Latvia. It is a payment card with a credit line up to 3000 EUR that offers an opportunity to receive a payment card operating in the MasterCard payment system. This allows cardholders to make purchases in more than 32 million sale points in the world where MasterCard is accepted. Clients are able to apply for the card as well as manage it online.

In August, 2017 VIA SMS group has introduced multiproduct services available for customers in Latvia. Within the multiproduct services customers can combine up to three different consumer lending products not exceeding the total maximum limit of EUR 3000.

All lending products offered by the Group are non-secured loans so the company has developed complex risk assessment procedure, that is based on the analysis of the client's creditworthiness, historical data and other parameters. To avoid the fraud clients are requested to transfer 0,01 EUR from their personal bank account that allows to identify the client. All transactions that occur between the clients and the Group are non-cash transactions made online or via a text message.

2. Summary of significant accounting principles

1) Basis of preparation of the Financial Statements

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU"). IFRS as adopted by the EU do not significantly differ from IFRS issued by the International Accounting Standards Board (IASB) and are in force at the time of the preparation of these financial statements.

The accompanying financial statements are presented in euro (EUR).

Accounting policies applied in the year 2019 are consistent with those used in the preparation of the financial statements for year 2018 with exception of changes according to IFRS 9 standard implementation.

The consolidated and separate financial statements have been prepared under the historical cost convention.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Standards and Interpretations applied in the reporting period

The following new and amended IFRS and interpretations have entered into force in 2018 and have different impact on the Company's operations and these financial statements:

IFRS 16 – Leases (replaces IAS 17, IFRIC 4, SIC-15, SIC-27). The Group has initially applied IFRS 16 using the modified retrospective approach, under which the comparative information is not restated and the Group has elected to apply the new standard by not affecting the retained earnings at 1 January 2019. A lease is a contract, or a part of a contract, that conveys the right to use an asset (the lease asset) for a period of time in exchange for consideration. According to the new standard for qualifying lease assets, upon lease commencement, a lessee has to recognize a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs. Subsequently the right-of-use asset is measured using a cost model. A right-of-use asset is measured at cost less any accumulated depreciation and impairment. The lease liability is initially measured as a discounted value of payments agreed over the lease term. A discount rate which discounts future payments to estimated present value is applied. The Group presents right-of use assets in the same line items in which it presents assets of the same nature that it owns. Lease liabilities are presented within other liabilities. When estimating lease term, the Group's intentions as well as contractual early termination and extension options of lessee and lessor are considered. When a previously recognized lease is modified and scope of the lease increases and increase in compensation is commensurate, a new separate lease is recognized; if the increase in compensation is not commensurate or the scope of lease decreases the current right-of-use asset and corresponding lease liability is re-measured. For the Group as a lessee the major class of right-of-use assets are rent agreements for office premises used for the operating needs of the Group. Most lease contracts may be early terminated by both the Group and the lessor. Many contracts may be extended beyond their current term at discretion of the Group. Thus, if there is an extension clause or early termination clause a lease term equal to the planning horizon of three years is often applied unless the lease term is shorter already. The incremental borrowing rate at the date of initial application was set at 10.08%. The amount of right-of-use asset which was recognized at implementation of the new standard was EUR 552 626 for the Group. Corresponding lease liability was recognized. In the reporting period, the Group has recognized depreciation charges for right-of-use assets in the amount of EUR 552 626.

New standards, amendments to standards and interpretations which did not have a significant effect to the Group:

- IFRIC 23 – Uncertainty over Income Tax Treatment
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 – Plan Amendments, Curtailment or Settlement
- Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Requirements to come but not impacting 2019 financial statements:

Certain new standards, amendments to standards and interpretations have been endorsed by EU for the accounting periods beginning after 1 January 2019 or are not yet effective in the EU. These standards have not been applied in preparing these financial statements. The Group does not plan to adopt any of these standards early. The Group is in the process of evaluating the potential effect if any of changes arise from these new standards and interpretations. IFRS 17 - Insurance Contracts. Effective for annual reporting periods beginning on or after 1 January 2021 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied. The upcoming standard combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract. Groups of insurance contracts have to be measured at a risk-adjusted present value of the future cash flows adjusted for unearned profits or losses. Profit from a group of insurance contracts is recognised over the period the insurance cover is provided, and as the risk is released; loss from a group of contracts is recognised immediately. The standard requires presenting insurance service results separately from insurance finance income or expenses and requires to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

Amendments to References to Conceptual Framework in IFRS Standards
Amendments to IFRS 3 – Definition of a Business
Amendments to IAS 1 and IAS 8 – Definition of Material
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

2) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and entities controlled by the Company (its subsidiaries) on the last day of the reporting period. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Adjustments are made to the financial statements of subsidiaries, if necessary, to unify the accounting policies used by the other members of the Group.

All inter-company transactions and balances between Group companies are eliminated in consolidation process. Subsidiaries are consolidated using the purchase method of accounting from the date from which control has been transferred to the Group and ceases to be consolidated from the date on which control is transferred to another company.

The Group consists of the Company and the following companies, which are controlled either directly or indirectly by the Company:

- VIA SMS SIA
- VIA SMS PL z.o.o.
- VIA SMS s.r.o.
- VIA CONTO SWEDEN AB
- VIASPAR AB (subsidiary of VIA CONTO SWEDEN AB)
- VIACONTO MINICREDIT S.L.
- No Mas Deuda S.L. (subsidiary of VIACONTO MINICREDIT S.L.)
- CASHALOT Sp.z.o.o.
- VIAINVEST SIA
- Via Payments UAB
- EEG VIA SMS R&D Services (has been liquidated in September 2020)
- IFN VIACONTO MINICREDIT
- FinnQ UAB

In September 2020, the Company acquired 100% shares of RH Property SIA, which business activity is renting of own real estate. The share capital of the company is 754,000 EUR and is formed by property investments – real estate.

The Company has the power and ability to influence relevant processes in these entities by carrying out their operational management, providing funding (both as equity and loans), and providing IT resources. That gives the Company control over these entities.

3) Significant accounting assumptions and estimates

According to IFRS as adopted by the EU, the preparation of financial statements requires the company to make estimates and assumptions that affect the reported amounts of assets and liabilities. IFRS also requires disclosing the information about contingent assets and liabilities as of reporting date and income and expenses for the reporting period. The Group makes estimates and assumptions concerning the future perspectives of the Group. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the respective estimates are revised if the changes only affect that period or in the review period and subsequent periods if the changes affect both the current and subsequent periods.

Points below describe future assumptions as well as causes of subjective calculations known to the date of the financial report that may cause changes in the amount of assets and liabilities in the following financial year:

- The Company reviews the estimated useful lives of fixed assets at the end of each reporting period. Management makes estimates and uses assumptions about the useful lives of fixed assets. These assumptions may change and therefore the calculations may change.

- The Company reviews the value of both fixed and intangible assets whenever there are indicators that their balance sheet value may not be recoverable. Impairment losses are recognized as the difference between the asset's balance sheet value and its recoverable amount. The recoverable amount is the highest of the asset's value minus selling and usage costs. The Company believes that taking into account expected service sales, there is no need for significant asset value adjustments due to impairment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

- Based on estimates, the Company's management makes provisions for impairment of loans and accrued interest. The Company's management believes that provisions for recovering amounts receivable in the financial statements correctly reflect the present value of expected cash flows from these receivables and that these estimates are based on all currently available information.

- The Company's management makes provisions for possible future payment liabilities with the highest caution, even in cases where the legal validity of such liabilities is disputed or there are legal disputes about the amount of such liabilities.

Estimates and assumptions are reviewed and updated on the regular basis. Changes in accounting estimates are applied in the period in which the related estimates are revised if the change affects only the respective period, or in the period of review and in subsequent periods, if the change affects both current and future periods.

a) Loans and receivables

Loans are measured at amortized cost using the effective interest rate method. The amortized cost of a loan is the amount at which the loan is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount (through the use of an allowance account), and minus any reduction for impairment or collectability.

For a financial asset to be measured at amortised cost it should both be held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest rate method, less any allowance for impairment. The impairment allowance (expected credit loss) for financial assets is measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Group in accordance with contract and the cash flows that the Group expects to receive discounted at the effective interest rate of a financial asset.

b) Impairment of financial assets

The Company conducts its loans receivable analysis at each reporting date, to assess whether and to what extent an allowance for asset impairment should be made. It is disclosed in the Income Statement.

The Group recognized impairment loss based on historical loss experience which is adjusted on the basis of currently available data. Allowances are calculated based on base features of the portfolio. The main criterion for assessment is settlement discipline. Calculation of necessary allowance on portfolio is based on experience and previous period's statistics. On the basis of knowledge of the current situation, the management makes estimates of the net present value of expected future cash flows when determining the amount of allowances.

The carrying amount of the asset is reduced based on the allowances and the increase/decrease of the value, and is recognized in the income statement. The residual balances of any loan and receivable are written off from the accounts of the statement of financial position and from allowances for credit losses, if cannot be recovered or sold.

Expected credit losses are recognized based on the stage in which the exposure is allocated at the reporting date. 12-month expected credit losses are recognized for loans and receivables, where credit risk has not increased since initial recognition. Lifetime expected credit losses are recognized for loans and receivables whose credit risk has increased significantly since initial recognition and for which have defaulted (main criteria for default event – 90 days overdue payments).

Expected credit losses are assessed collectively at loan portfolio level using EAD x PD x LGD approach, where EAD stands for exposure at default, PD – probability of default, and LGD – loss given default. These parameters are defined based on historic data and internally developed statistics models. These are adjusted in order to account for forward looking information. PD is assessed on specific date based on loan segments. Statistic models use historic data and involve assessment of both quantitative and qualitative factors. Main criteria are statistics of delayed payments. LGD represents likely loss if a loan has defaulted. These parameters are assessed using statistical data on cash receipts from counterparties in default situations.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

c) Intangible assets and property, plant and equipment

Property, plant and equipment and intangible assets, except for goodwill and real estate, are stated at acquisition cost, less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis and written off over the useful life of respective intangible asset, using the following annual depreciation and amortization rates established by the management:

Intangible assets:	*Useful life*
Licenses	*5 years*
Programs	*5 years*
Property, plant and equipment	
Buildings	*20 years*
Vehicles	*5 years*
Furniture, fittings and equipment	*3-5 years*

Intangible assets and property, plant and equipment are amortized/ depreciated over their useful life. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least annually. Depreciation and amortization expense on property, plant and equipment and intangible assets with finite lives are recognized in the income statement caption "Administrative expenses".

d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at bank, and demand deposits in banks.

e) Financial liabilities

Financial liabilities are disclosed in the statement of financial position under the caption "Borrowings" and measured at amortized cost.

Subsequent to initial recognition all borrowings are stated at amortized cost, using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement that are an integral part of the effective interest rate.

f) De-recognition of financial assets and financial liabilities

A financial asset is derecognized where:

- the contractual rights to the cash flows from that asset have expired; or
- the Group has transferred its rights to the cash flows from that asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a `cession` arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the ownership of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the ownership of the asset but has retained the control of the asset.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

g) Revenue recognition

Interest income and expenses are recognized in the income statement under the accrual basis of accounting, applying the effective interest rate method. Interest income and expenses include the amortization of the difference (discount, premium or other) between the initial carrying amounts of the interest-bearing financial asset or liability and its maturity amount, that is calculated using the effective interest rate method.

Fees and commissions received from customers are generally recognized on an accrual basis when the service is provided or on the basis of specified significant events.

Accrued interest is recognized in the income statement if the Company has no objective evidence that it will not be received on time.

Income and expenses relating to the reporting period are recognized in the income statement irrespective of the receipt or payment date

h) Taxes

Current corporate income tax is calculated in accordance with tax legislation of subsidiary's residence.
Deferred income tax is calculated on temporary differences in the timing of the recognition of the value of assets and liabilities in the financial statements and their value for taxation purposes. The deferred income tax assets and liabilities are determined on the basis of the tax rates that are expected to apply when the timing differences reverse. Deferred corporate income tax asset is recognized in the financial statements where its recoverability is foreseen with reasonable certainty.

Deferred corporate income tax was included in the 2019 report based on the Group's subsidiaries' estimates when applicable according to the tax laws of that country. As per new legislation on Corporate Income Tax, was coming in force since 1 January 2019, no deferred income tax was calculated for Group companies – Latvian residents.

i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimates to settle the present obligation, its amount is based on the present value of those cash flows.

2018 is the first reporting year when the provision "Impairment loss" is calculated based on IFRS 9 "Financial Instruments" Standard rules.

j) Share capital

The Company's shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are recognized under equity as a non-taxable deduction from income.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

k) Foreign currency translation:

i) Functional and presentation currency

Foreign currencies are included in the financial statements of each the Group's entities and are presented using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in euro (€), which is the Company's functional currency

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from currency exchange conversions, as well as monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement.

iii) Group companies

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

- Assets and liabilities are translated at the applicable exchange rate at the final reporting date;
- Income and expenses for each income statement caption are translated at the average exchange rate, and
- All resulting exchange differences are recognized as a separate component of equity.

On consolidation, from currency exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

l) Effect of IFRS 16 adoption:

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group also applied the available practical expedients wherein it:
* Used a single discount rate to a portfolio of leases with reasonably similar characteristics
* Relied on its assessment of whether leases are onerous immediately before the date of initial application
* Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
* Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The Group chose to use exceptions to leases that are short term, and leases of value that is not material.
The Group has two main categories of right-of-use assets - lease of premises and lease of motor vehicles.

The off-balance sheet lease obligations as of 31 December 2018 are reconciled as follows to the recognized lease liabilities as of 1 January 2019:

EUR	GROUP	COMPANY
Off-balance sheet lease obligations as of 31 December, 2018.	612 850	182 249
Operating lease obligations as of January 1, 2019 (gross without discounting)	612 850	182 249
Operating lease obligations as of January 1, 2019 (net, discounted)	**536 086**	**157 971**
Residual value guarantees	-	-
Non-lease-components	-	-
Lease liabilities due to initial application of IFRS 16 as of January 1,2019	**536 086**	**157 971**

The quantitative impact of the first-time application of IFRS 16 on the consolidated balance sheet as of 31 December 2018 or 1 January 2019 is shown in the following table:

EUR	GROUP			COMPANY		
	31.12.2018 before application of new IFRS	Adjustments IFRS 16	01.01.2019 after application of new IFRS	31.12.2018 before application of new IFRS	Adjustments IFRS 16	01.01.2019 after application of new IFRS
Right-of-use assets	-	536 086	536 086	-	157 971	157 971
Lease liabilities for right-of-use assets	-	536 086	536 086	-	157 971	157 971

Additional information of IFRS 16 application is provided in Note 11.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

3. Financial risk management

Risk management is an integral part of the Group's activities. Risk categories that are addressed by the Group subsidiaries mainly include credit risk, country risk, liquidity risk, and currency risk. Each subsidiary participates in the credit risk management by developing its own risk management instruments, such as lending procedures, while country, liquidity and currency risks are managed at the Group level.

Credit risk

Credit risk is the risk of losses arising from a borrower's or counterparty's inability to meet its contractual obligations. Credit risk is mitigated as follows:

- Lending procedures are set up in each Group subsidiary to ensure high quality of portfolio. Such procedures are constantly improved and include judicial and behavioral indicators, use of credit bureau data, web session data. Mitigations are the restriction of granting of the loans and reduction of issued amounts for customers with estimated risk higher than the Group's risk appetite.

- Penalties, extension of payment terms, restructuring (renegotiation) are used to mitigate risks associated with unrepaid debts. These options are available to borrowers in cases where there is difficulty to repay the debt. Extensions and restructuring (renegotiation) both extend the repayment date simultaneously with generating extra cash flow from the portfolio.

- In 2019 all Subsidiaries operate an automated credit decision system.

- Loan loss allowances are an adequate way to mitigate the risk of losses to be incurred in the course of loan repayment transactions. Loan loss allowances are based on the loan statistical repayment history of borrowers.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

The table below shows the Group's gross portfolio broken down by the age of debt. The numbers of days overdue are used as an indication of the quality of the portfolio. Credit line loan portfolio forms greatest share of portfolio as the Group executes its strategy of transition to longer-term product that is less heavy on customer's financial health.

On 31 December 2019	Days overdue	Payday EUR	Instalment EUR	Credit Line EUR
Performing	<=0	5 503 137	343 597	11 962 970
	1-30	1 171 282	46 247	1 859 306
	31-60	893 319	11 200	681 899
Past due not	61-90	1 032 241	1 964	295 192
	90+	4 715 326	277 283	4 470 554
	Total	**13 315 304**	**680 292**	**19 269 922**
			Loans and receivables:	33 265 517
			Unearned commission:	(254 718)
			Impairment allowances:	(9 029 025)
			Net loan portfolio:	23 981 774

On 31 December 2019	Days overdue	Impairment allowances: EUR
Performing	<=0	1 170 526
	1-30	242 137
	31-60	135 340
Past due not	61-90	141 075
	90+	7 339 947
	Total:	**9 029 025**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

On 31 December 2018	Days overdue	Payday EUR	Instalment EUR	Credit Line EUR
Performing	<=0	6 551 768	240 781	8 021 666
	1-30	1 417 671	27 956	1 814 357
Past due not	31-60	918 581	5 962	917 161
	61-90	759 251	4 342	718 550
	90+	6 157 363	552 516	2 325 090
Restructured	-	1 024 132	320 024	-
	Total	**16 828 766**	**1 151 581**	**13 796 824**
			Loans and receivables:	31 777 171
			Unearned commission:	(23 108)
			Impairment allowances:	(8 771 009)
			Net loan portfolio:	22 983 054

On 31 December 2018	Days overdue	Impairment allowances: EUR
Performing	<=0	738 135
	1-30	209 286
Past due not	31-60	128 556
	61-90	118 210
	90+	7 107 889
Restructured	-	468 933
	Total:	**8 771 009**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Country risk

Country risk is the risk associated with changes in operation on the country level, and includes two basic areas: changes in the legislation of each respective country, and issues related to maintaining enough equity to issue loans to borrowers at all times, i.e. liquidity risks. Both country level risks are reduced with close control of operations from the country management, as well as the regular assessment of the situation from the management of the Group.

In 2019, interest rate caps were introduced in Latvia, with plans to implement new interest rate caps in Poland in 2020. Introduction of lower interest rates naturally reduces the financial burden of Group's private individual clients, and negative effects of revenue reduction were mitigated by significantly but cautiously growing the loan books in Latvia.

The table below shows the exposure of the loan portfolio to country risk in different countries. Latvia and Romania are developing fastest, other markets see decline.

EUR	2019	2018
Latvia	12 350 530	8 078 591
Sweden	7 226 907	8 414 242
Poland	5 819 332	6 906 362
Czech	3 671 626	4 050 839
Spain	3 299 559	4 131 539
Romania	897 563	195 598
Total	**33 265 517**	**31 777 171**

Currency risk

Currency risk is the risk of fluctuations of the value of a financial instrument as fluctuations in foreign exchange rates affect the Group's assets. The Group has assumed that the foreign exchange rate for currencies could potentially fluctuate by three standard deviations recorded in the previous period. The table below lists currencies that the Group was exposed to during the statement period, minimum and maximum values of the interest rate according to maximum difference the rate has suffered during the statement period.

On 31 December 2019	CZK	PLN	SEK	RON
Rate on the reporting date	25.41	4.26	10.43	4.78
Maximum difference in 2019	1.90%	3.00%	8.40%	3.00%
Minimum value	24.93	4.13	9.56	4.63
Maximum value	25.89	4.38	11.31	4.92

On 31 December 2018	CZK	PLN	SEK	RON
Rate on the reporting date	25.73	4.3	10.28	4.66
Maximum difference in 2018	2.70%	3.80%	6.70%	0.70%
Minimum value	25.03	4.14	9.59	4.63
Maximum value	26.42	4.46	10.96	4.7

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

The following table below shows sensitive loans and receivables, and the fluctuations of each of the currency exchange rates that come from the range between minimum and maximum exchange rates in the reporting period, similar as described in the previous tables. In 2019 SEK poses the biggest effect on the result among all currencies.

Currency/EUR	Basis	Effect on result	Basis	Effect on result
	31.12.2019	31.12.2019	31.12.2018	31.12.2018
EUR	15 650 089	-	12 210 130	-
PLN	5 476 152	343 180	6 652 150	254 212
SEK	6 677 143	549 764	7 887 230	527 012
CZK	3 578 946	92 680	3 944 199	106 640
RON	871 701	25 862	194 205	1 393
Total	**32 254 031**	**1 011 486**	**30 887 914**	**889 257**

Liquidity risk

Liquidity risk is the risk that there will be not enough funds to issue loans to borrowers. Bank statements of each subsidiary are assessed every week by the management of the Group and by subsidiary managers on a daily basis.

Group loans are mostly financed through own subsidiary, VIAINVEST, where the loans are being financed after being issued, and bought back in case of default, so the liquidity risk is closely linked with group's credit risk and the reputation of VIAINVEST.

Given the longer turnaround times of the new core product – credit line – managing liquidity risk becomes more important, thus the Group has introduced liquidity risk management framework, matching investor appetite with amounts of credit granted by the Subsidiaries.

31 December 2019	GROUP			
EUR	1 year	1-5 years	5+ years	Total
Long-term loans and trade receivables	-	37 296	-	37 296
Loans and trade receivables	23 981 774	-	-	23 981 774
Other receivables	7 825 726	-	-	7 825 726
Total:	**31 807 500**	**37 296**	**-**	**31 844 796**
Borrowings	-	780 904	-	780 904
Bonds	15 302	1 077 000	-	1 092 302
Borrowings	19 780 877	-	-	19 780 877
Lease liabilities	413 456	205 315	-	618 771
Trade payables	2 839 025	-	-	2 839 025
Other liabilities	4 424 607	-	-	4 424 607
Total:	**27 473 267**	**2 063 219**	**-**	**29 536 486**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

31 December 2019	COMPANY			
EUR	1 year	1-5 years	5+ years	Total
Long-term loans and trade receivables	-	3 653 265	-	3 653 265
Loans and trade receivables	424 833	-	-	424 833
Other receivables	2 437 075	-	-	2 437 075
Total:	**2 861 908**	**3 653 265**	**-**	**6 515 173**
Borrowings	-	7 042 094	-	7 042 094
Bonds	15 302	1 077 000	-	1 092 302
Borrowings	37 370	-	-	37 370
Lease liabilities	95 364	-	-	95 364
Trade payables	894 098	-	-	894 098
Other liabilities	1 950 311	-	-	1 950 311
Total:	**2 992 445**	**8 119 094**	**-**	**11 111 539**

Interest rate risk

The Group and the Company are exposed to limited interest rate risk as contractual terms for all financial assets and liabilities include fixed interest rate. The weighted average borrowing rate of the Group as of December of 2019 remains stable compared to 2018 and amounts to 11%.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

4. Net turnover

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Commission fee	20 214 525	16 613 288	-	-
Extension fee	2 319 418	4 210 854	-	-
Online banking fees	2 057 342	2 055 385	-	-
SMS and other income	1 649 272	547 470	-	-
Penalties	1 132 372	865 812	-	-
Restructuring commission	121 744	932 482	-	-
Letters	146 454	157 490	-	-
Registration fee	29 257	2 879	-	-
Services provided	1 822	1 800	4 735 348	1 163 305
Total	**27 672 206**	**25 387 460**	**4 735 348**	**1 163 305**

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Poland	7 113 419	7 738 285	1 425 847	374 633
Latvia	5 896 929	4 116 121	835 611	50 374
Sweden	5 752 916	5 965 589	945 119	368 742
Spain	3 916 245	3 085 122	665 493	331 746
Lithuania	2 062 511	2 055 498	330 354	608
Czech Republic	2 056 927	2 234 468	359 318	-
Romania	873 259	192 377	173 606	37 202
Total:	**27 672 206**	**25 387 460**	**4 735 348**	**1 163 305**

*Services provided by the Company to Group's companies: IT, financial reporting, legal support, risk, sales and relationship management. The revenues typically reflect the consideration which is expected to be received in exchange for those services. Such revenues are recognized when a performance obligation is satisfied, which is when control of the services is transferred to the customer.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

5. Operating costs

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Interest expenses	1 950 402	1 613 326	809 705	1 085 506
Remuneration (operators and debt collectors, IT)	2 180 185	1 307 034	-	-
Clients check	353 756	369 753	66 236	-
Debt collection expenses	357 095	292 324	-	-
Bank charges	220 183	132 968	20 370	-
SMS expenses	89 685	132 503	-	19 039
License and other membership fees	22 215	38 195	-	-
Telecommunications	59 144	36 794	3 555	-
Other costs	588 979	1 403 399	24 229	43 477
Total	**5 821 644**	**5 326 296**	**924 095**	**1 148 022**

6. Administrative expenses

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Remuneration (other)	3 600 835	2 477 284	2 171 106	7 004
Legal and professional	755 850	616 494	581 278	33 406
Lease of premises	(6 982)	362 017	(534)	2 013
Board remuneration	346 782	776 433	304 920	-
Depreciation	491 339	229 712	191 699	-
Accounting expenses	300 322	169 110	178 922	75
IT services	573 004	20 187	-	-
Business trips	125 682	87 527	58 893	13 551
Household goods	88 298	30 645	7 759	10
Utilities	36 640	37 277	18 896	452
Other costs	722 355	511 764	339 935	44
Total	**7 034 125**	**5 318 450**	**3 852 874**	**56 555**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

7. Other operating expenses

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Unrecoverable VAT	861 258	799 125	-	5 710
Vacation pay reserve	50 342	20 100	-	20
Currency exchange, net	318 710	110 730	134 675	-
Other costs	150 208	598 804	737 208	-
Total	**1 380 518**	**1 528 759**	**871 883**	**5 730**

8. Other operating income

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Currency exchange, net	-	12 479	-	29 692
Dividends received	-	-	2 313 817	780 000
Other income	43 126	296 400	23	1 236
Total	**43 126**	**308 879**	**2 313 840**	**810 928**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

9. Income tax

GROUP		
EUR	**2019**	**2018**
Calculated tax for the period	436 340	421 556
Deffered tax for the period	(5 267)	33 098
Total	**431 074**	**454 654**

GROUP		
EUR	**2019**	**2018**
Latvia	0%*	0%*
Poland	19%	19%
Chech Republic	19%	19%
Romania	16%	16%
Spain	25%	25%
Sweden	21%	22%
Lithuania	15%	15%

*In Latvia corporate income tax (CIT) is payable when the profits are distributed, not when the profits are earned. Correspondingly the deferred tax is calculated at tax rate which applies to undistributed earnings which is 0%.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

10. Property, plant and equipment and intangible assets

	GROUP				
EUR	Property, plant and equipment	Intangible assets	Long-term investments in leased property, plant and equipment	Right-of-rse assets*	Total
Initial value					
31 December 2017	**323 030**	**848 178**	**66 410**	**-**	**1 237 618**
Acquisition cost	58 468	145 721	-	-	**204 189**
Revaluation	-	288 089	-	-	**288 089**
Disposed	(16 667)	(269 264)	-	-	**(285 931)**
31 December 2018	**364 831**	**1 012 724**	**66 410**	**-**	**1 443 965**
IFRS 16 implementation	-	-	-	536 086	**536 086**
Exchange rate fluctuations, net	(898)	(894)	106	-	**(1 686)**
Acquisition cost	218 109	495 012	-	227 381	**940 502**
Corrections	-	-	-	186 396	**186 396**
Disposed	(206 267)	(915 122)	(48 510)	-	**(1 169 899)**
31 December 2019	**375 775**	**591 720**	**18 006**	**949 863**	**1 935 364**
Depreciation					
31 December 2017	**(190 820)**	**(487 066)**	**(33 256)**	**-**	**(711 142)**
Exchange rate fluctuations, net	(160)	(1 722)	(356)	-	**(2 238)**
Calculated depreciation	(72 924)	(140 122)	(17 733)	-	**(230 779)**
Disposed	17 980	283	-	-	**18 263**
31 December 2018	**(245 924)**	**(628 627)**	**(51 345)**	**-**	**(925 896)**
Exchange rate fluctuations, net	116	171	-	-	**287**
Recclasification	(5)	5	-	-	**-**
Calculated depreciation	(79 430)	(66 775)	(1 755)	(343 666)	**(491 626)**
Disposed	114 212	563 278	43 574	-	**721 064**
31 December 2019	**(211 031)**	**(131 948)**	**(9 526)**	**(343 666)**	**(696 171)**
Carrying Amount on 31 December 2017	**132 210**	**361 112**	**33 154**	**-**	**526 476**
Carrying Amount on 31 December 2018	**118 907**	**384 097**	**15 065**	**-**	**518 069**
Carrying Amount on 31 December 2019	**164 744**	**459 772**	**8 480**	**606 197**	**1 239 193**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

EUR	COMPANY Property, plant and equipment	Intangible assets	Long-term investments in leased property, plant and equipment	Right-of-rse assets*	Total
Initial value					
31 December 2017	**-**	**-**	**-**	**-**	**-**
31 December 2018	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation*	**-**	**-**	**-**	157 971	**157 971**
Acquisition cost	178 812	490 847	-	20 364	**690 023**
Disposed	(991)	-	-	-	**(991)**
31 December 2019	**177 821**	**490 847**	**-**	**178 335**	**847 003**
Depreciation	-	-	-	-	-
31 December 2017	**-**	**-**	**-**	**-**	**-**
31 December 2018	**-**	**-**	**-**	**-**	**-**
Exchange rate fluctuations, net	(12)	(29)	-	-	**(41)**
Calculated depreciation	(57 443)	(48 134)	-	(86 122)	**(191 699)**
Disposed	248	-	-	-	**248**
31 December 2019	**(57 207)**	**(48 163)**	**-**	**(86 122)**	**(191 492)**
00 January 1900	-	-	-	-	-
Carrying Amount on 31 December 2017	**-**	**-**	**-**	**-**	**-**
Carrying Amount on 31 December 2018	**-**	**-**	**-**	**-**	**-**
Carrying Amount on 31 December 2019	**120 614**	**442 684**	**-**	**92 213**	**655 511**

* On adoption of IFRS 16, the Group recognised right-of-use assets for office space. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Subsequent to initial measurement, right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

11. Investments in subsidiaries and associates

As at 31 December 2019 and 31 December 2018, the Company had the following investments in the subsidiaries:

Company	Type of activity	Carrying amount as of	Carrying amount as of	Company's share of equity as of	Company's share of equity as of
EUR / %		31.12.2019	31.12.2018	31.12.2019	31.12.2018
VIA SMS SIA (Latvia)	Financial services	368 443	368 443	100%	100%
VIA SMS PL z.o.o. (Poland)	Financial services	552 252	552 252	100%	100%
VIA SMS s.r.o. (Czech Republic)	Financial services	250 318	250 318	100%	100%
VIA CONTO SWEDEN AB (Sweden)	Financial services	1 182 775	1 182 775	100%	100%
VIACONTO MINICREDIT S.L. (Spain)	Financial services	2 996 232	2 996 232	100%	100%
VIACONTO MINICREDIT S.L. (Spain)	Impairment allowances for investment in capital of subsidiary	(641 190)	-	-	-
CASHALOT Sp.z.o.o. (Poland)	Financial services	45 932	45 932	100%	100%
CASHALOT Sp.z.o.o. (Poland)	Impairment allowances for investment in capital of subsidiary	(45 932)	-	-	-
EEIG VIA SMS R&D Services (Latvia)	Financial services	-	15 000	-	-
VIAINVEST SIA (Latvia)	Financial services	350 000	350 000	100%	100%
Via Payments UAB (Lithuania)	Financial services	1 000 001	713 000	100%	100%
IFN VIACONTO MINICREDIT S.A. (Romania)	Financial services	1 170 305	193 864	95%	95%
FinnQ UAB (Lithuania)	Financial services	250 000	250 000	100%	100%
Total		**7 479 136**	**6 917 816**		

In the reporting period Company made a contribution 976 441 EUR into capital of IFN VIACONTO MINICREDIT S.A. and 287 001 EUR – into capital of Via Payments UAB.

At the end of reporting period, the Company's management has conducted impairment test on investments in its subsidiaries. A provision for impairment has been recognized for two of the subsidiaries, as the Company's management has determined that the impairment is long-lasting.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Information on subsidiaries

Company	Net profit/ Loss	Net Assets	Net profit/ Loss	Net Assets
EUR	2019	31.12.2019	2018	31.12.2018
VIA SMS SIA (Latvia)	361 426	2 336 103	1 533 882	3 464 683
VIA SMS R&D Services (Latvia)	-	-	-	473 209
VIA SMS PL z.o.o. (Poland)	180 712	1 268 072	162 339	1 066 043
VIA SMS s.r.o. (Czech Republic)	384 669	1 360 604	2 287 987	1 702 807
VIA CONTO SWEDEN AB (Sweden)	726 432	2 107 981	912 249	1 122 046
VIACONTO MINICREDIT S.L. (Spain)	35 571	243 272	(238 470)	320 529
CASHALOT z.o.o. (Poland)	(57 539)	(222 734)	(162 936)	(300 444)
VIAINVEST SIA (Latvia)	105 686	135 049	(44 180)	29 363
Via Payments UAB (Lithuania)	(439 730)	506 167	185 046	658 898
IFN VIACONTO MINICREDIT S.A. (Romania)	(238 210)	232 414	(593 301)	(525 727)
FinnQ UAB (Lithuania)	(23 958)	196 016	(30 026)	219 974

12. Loans and trade receivables

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Loans to related parties	37 296	37 296	3 653 265	6 890 355
Total non-current loans and trade receivables	**37 296**	**37 296**	**3 653 265**	**6 890 355**
Loans to customers	33 010 799	31 754 063	424 833	247 176
Impairment allowance for loans to customers	(9 029 025)	(8 771 009)	-	-
Total current loans and trade receivables	**23 981 774**	**22 983 054**	**424 833**	**247 176**
Total	**24 019 070**	**23 020 350**	**4 078 098**	**7 137 531**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

13. Impairment allowances

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Impairment allowances at the beginning of the period	**8 771 009**	**5 826 208**	**-**	**-**
Impairment allowances (loan agreements)	9 758 873	8 076 929	-	-
Currency exchange differences	4 535	189	-	-
Write-off	(105 101)	(141 156)	-	-
Receivables sold	(9 400 291)	(4 991 161)	-	-
Impairment allowances at the end of the period	**9 029 025**	**8 771 009**	**-**	**-**

14. Other receivables

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Other receivables from customers	1 140 319	383 439	-	-
Security deposit	46 447	26 537	14 523	254
Overpayment of taxes	548 469	159 341	34 378	15 998
Other receivables from related parties	278 028	38 473	2 179 519	302 063
Other receivables	5 812 463*	2 787 526	208 655	22 864
Total	**7 825 726**	**3 395 316**	**2 437 075**	**341 179**

*Other receivables include a receivable for the sold customer' s loan portfolio according assignment agreements with the third parties.

15. Cash and cash equivalents

	GROUP		COMPANY	
EUR	31.12.2019	31.12.2018	31.12.2019	31.12.2018
EUR	714 491	1 009 615	9 620	67 454
PLN	131 473	245 564	17 140	-
SEK	111 284	247 088	-	34 148
RON	75 838	293 515	-	-
CZK	105 024	70 263	-	-
Total	**1 138 110**	**1 866 045**	**26 760**	**101 602**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

16. Share capital

The total number of registered shares is 803 000. The par value of each share is EUR 1.00. All shares are fully paid.

17. Borrowings

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Short-term liabilities	**19 796 179**	**14 055 822**	**52 672**	**475 764**
Short-term loan	19 780 877	13 949 560	37 370	369 502
Short-term bonds and accrued interest	15 302	106 262	15 302	106 262
Long-term loan	**1 857 904**	**5 118 110**	**8 119 094**	**9 854 487**
Long-term loans and accrued interest	780 904	1 810 110	7 042 094	6 546 487
Bonds	1 077 000	3 308 000	1 077 000	3 308 000
Total	**21 654 083**	**19 173 932**	**8 171 766**	**10 330 251**

Short-term borrowings include amounts due within the next 12 months after the end of the reporting year. Long-term borrowings include amounts due later than 12 months after the end of the reporting year, that have arisen to finance long-term investments and current assets or to cover liabilities and are not included in short-term borrowings. Loans are not secured.

Short-term loans from investors

EUR	Invested on 31.12.2019	Average % rate in 2019	Invested on 31.12.2018	Average % rate in 2018
VIAINVEST (Latvia)	7 291 003	11%	1 961 260	12%
VIASPAR (Sweden)	4 973 545	7%	3 828 873	7%
VIAINVEST (Poland)	3 073 983	11%	6 302 322	11%
VIAINVEST (Sweden)	2 676 106	11%	-	-
VIAINVEST (Spain)	1 000 855	11%	950 615	10%
VIAINVEST (Czech Republic)	728 015	11%	906 490	12%
VIAINVEST (Company)	37 370	8%	-	-
Total	**19 780 877**		**13 949 560**	

On May 6, 2019, JSC VIA SMS group has registered new unsecured bonds issue (ISIN LV0000880094) in the form of private placement. Bonds will be offered to a limited scope of investors. The annual coupon rate of bonds is set to 10% and maturity date – as of May 23, 2022. Based on the offers received from the holders, the Company could repurchase its bonds at par value and offer for sales to third parties. Bonds are recognized in the Company's balance sheet by reducing the total amount of bonds issue by amount of repurchased bonds.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

18. Tax expense

	GROUP		COMPANY	
EUR	2019	2018	2019	2018
CIT overpay / (liability)	(50 774)	111 717	10 043	(10 836)
VAT overpay / (liability)	(58 720)	(153 178)	24 329	(5 155)
Other Tax overpay / (liability)	(350 279)	(8 505)	(172 212)	(7)
Total	**(459 773)**	**(49 966)**	**(137 840)**	**(15 998)**

19. Financial leverage indicators

	GROUP	
EUR	2019	2018
Interest bear liabilities, excl. Bonds held by issuer	21 821 595	15 548 690
Cash and cash equivalents	(1 138 110)	(1 866 045)
Net Debt (interest bearing liabilities, excl. Bonds held by issuer, and minus Cash)	**20 683 485**	**13 682 645**
Equity	**4 079 621**	**5 693 009**
Net debt / Equity	5.07	2.40

20. Average number of employees

	GROUP		COMPANY	
	2019	2018	2019	2018
Management	10	16	3	-
Administration	91	47	59	1
Other	97	125	-	-
Total	**198**	**188**	**62**	**1**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

21. Related party disclosures

Income/expense	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Services provided	1 800	1 800	4 012 264	3 036
Interest income	8 950	53 719	684 693	1 161 505
Interest expense	-	-	(597 730)	(55 667)
Total, net	**10 750**	**55 519**	**4 099 227**	**1 108 874**

Assets	GROUP		COMPANY	
EUR	2019	2018	2019	2018
Issued loans	224 000	1 810 110	3 793 547	6 869 743
Accrued interests on issued loans	53 701	-	334 884	293 994
Trade receivables (Group' s entities)	-	-	2 128 859	-
Trade receivables (non-Group)	327	-	327	-
Received loans	-	-	(6 814 983)	(6 335 507)
Accrued interests on received loans	-	(106 262)	(258 680)	(686 745)
Other payables	-	-	(126 833)	-
Total, net	**278 028**	**1 703 848**	**(942 879)**	**141 485**

All transactions with related parties are carried out on commercial terms and at market rates.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

22. Off balance sheet items

At the end of reporting year off balance sheet items comprised cash and balances of VIA Payments UAB clients at Lithuanian Central Bank in the amount of EUR 25 404 920 (31.12.2018: 13 808 827 EUR).

23. Significant events after reporting period end

Reacting to the rapid spread of COVID-19 and following pandemic, several restrictions related to pandemic containment were introduced March 2020 in Latvia and other countries the Group is operating in which resulted in significant slowdown of economic activity, the restrictions were cancelled only in July 2020. In autumn 2020, the rapid spread of COVID-19 recovered and several restrictions were reinforced. Despite the crisis conditions the business is operating in, the Group continues execution of its business development strategy according to the initial plan as well as introduces measures to prevent negative consequences of the pandemic.

The Board of the Company has taken all measures to ensure the stability of the Company despite the unclear conditions of business operations including reduction of costs, minimization of lending activities, shifting the focus to the long-term customers with stable repayment performance, as well as has ensured the Group maintains high liquidity level. Currently, daughter companies of VIA SMS Group including the peer-to-peer lending platform VIAINVEST (SIA Viainvest) are operating according to the strategic plan, closely monitoring change patterns in customer behavior. Until now daughter companies have not observed any negative services demand or repayment patterns, but companies are ready to introduce respective control measures if needed.

As of the last day of the reporting period until the date of signing these financial statements, there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.

BDO

Tel: +371 66777800
Fakss: +371 67222236
www.bdo.lv

Kalku iela 15-3B
Riga, LV-1050
Latvia

Translation from Latvian original

Independent Auditor's Report

To the shareholders of AS "VIA SMS group"

Our Opinion on the Separate and Consolidated Financial Statements

We have audited the separate financial statements of AS "VIA SMS group" ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 7 to 39 of the accompanying separate and consolidated Annual Report, which comprise:

- the separate and consolidated statement of financial position as at 31 December 2019;
- the separate and consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the separate and consolidated statement of changes in equity for the year then ended;
- the separate and consolidated statement of cash flows for the year then ended;
- notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and the Group as at 31 December 2019, and of its separate and consolidated financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report.

We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the note 23 of the separate and consolidated financial statements, which describes uncertainty in the economic environment created by the outbreak of the novel coronavirus. The magnitude of uncertainty encumbers the Company's and the Group's management capacity to forecast the Company's and the Group's development in near term. Our opinion is not modified in respect of this matter.

Reporting on Other Information
The Company's and the Group's management is responsible for the other information. The other information comprises:

- Information about the Company and the Group, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on pages 4 to 5 of the accompanying Annual Report,
- the Statement on Management Responsibility, as set out on page 6 of the accompanying Annual Report.

Our opinion on the separate and consolidated financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* related to other information section of our report.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia related to other information
In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law On the Annual Reports and Consolidated Annual Reports.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law On the Annual Reports and Consolidated Annual Reports.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements
Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group'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 and/or the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated 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 separate and consolidated 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 and the Group'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 and/or the Group'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 separate and consolidated 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 and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

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

BDO ASSURANCE SIA
Licence No 182

Modrīte Johansone
Member of the Board
Sworn auditor
Certificate No 135

Riga, Latvia
30 October 2020