CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year 2022

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

Contents

General information

Name of the company	AS "VIA SMS Group"
Legal status of the company	Joint-stock company
Registration number, place and date	40003901472, Riga, 23 February 2007
Registered office	Roberta Hirsa Street 1, Riga, Latvia, LV-1045
Shareholders	SIA RED HOLDING 80% (until 05.07.2022.), 79,02 % (from 06.07.2022 until 14.03.2023), 80% (from 15.03.2023) SIA Financial investment 20% (until 05.07.2022.), 19,75 % (from 06.07.2022 until 14.03.2023), 20% (from 15.03.2023) Minority shareholder, 1,23 % (from 06.07.2022 until 14.03.2023) UBO Georgijs Krasovickis 80%
Members of the Council	Andris Riekstiņš (Chairman of the Council) Normunds Vigulis (Deputy Chairman of the Council) Anna Lisenko (Member of the Council) Eduards Lapkovskis
Members of the Board	Deniss Šerstjukovs Irīna Cīrule (from 23.05.2023) Georgijs Krasovickis (until 23.05.2023

Subsidiaries

RH Property SIA, Audēju street 14 - 10, LV-1050, Riga, Latvia, (100%, from 09.09.2020)
Via Payments UAB, Konstitucijos pr. 7, LT-09308, Vilnius, Lithuania, (100%)
VIA SMS SIA, 13. janvara street 3, Riga, LV-1050 (until 25.04.2023), Roberta Hirsa street 1, Riga, LV-1045 (from 25.04.2023), (100%)
VIA SMS PL z.o.o., Al. Jerozolimskie 123A; 02-017, Warszawa, Poland, (100%)
VIAINVEST SIA, 13. janvara street 3, Riga, LV-1050 (until 25.04.2023), Roberta Hirsa street 1, Riga, LV-1045 (from 25.04.2023), (100%)
VIAINVEST Assets SIA, 13. janvara street 3, Riga, LV-1050 (until 25.04.2023), Roberta Hirsa street 1, Riga, LV-1045 (from 25.04.2023), 100%
CASHALOT Sp.z.o.o. (in liquidation process), Al. Jerozolimskie 123A; 02-017, Warszawa, Poland, (100%)
FinnQ UAB (in liquidation process), Žalgirio g. 90, LT-09303, Vilnius, Lithuania, (100%)
IFN VIACONTO MINICREDIT S.A, Calea MOSILOR 21, Bucharest, Romania (95%)
VIACONTO COMPANY LIMITED, Floor 1, Petroland Building, No. 12 Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam, (50%, from 22.12.2021)

Reporting period	1 January 2022 – 31 December 2022
Auditor	SIA "BDO ASSURANCE " Kalku street 15, Riga, LV-1050, Latvia, License No 182 Raivis Jānis Jaunkalns Certified auditor Certificate No 237

Management report

The Management Board of the AS "VIA SMS group" ("the Company") presents its report on the consolidated and separate financial statements for the period ended on December 31, 2022.

All figures are presented in EUR (Euro).

Business overview

The Company's consolidated net turnover reached EUR 38 355 653 (2021: EUR 28 230 411), reaching an increase of 36% compared to the previous reporting period. In 2022, the Company's net loan portfolio reached EUR 26 619 243 (2021: EUR 25 023 863), showing an increase of 6% in comparison to December 31, 2021. The growth of the Company's net portfolio benefited from the successful operations of its daughter companies in Latvia, Czech Republic, Romania and Poland, which experienced credit portfolio growth of 28%, 42%, 43% and 8%, respectively. The Company's consolidated financial result is a profit of EUR 4 101 391 (2021: 2 248 089).

Core activities

The Company, with its subsidiaries (further referred to as "the Group"), provide alternative financial services like investments, payment services and lending opportunities. FinTech services are provided in Europe and East Asia: Latvia, Lithuania, Sweden, Poland, the Czech Republic, Romania, and Vietnam. The mission of the Group is to provide simple and accessible financial services by delivering transparency, building trust and bringing positive change by educating society on making smart financial decisions.

Products and services:
The main activities of the Group are concentrated in the following subsidiaries:
• SIA Viainvest (hereinafter - VIAINVEST) is a licensed and regulated investment firm, registered and operating in Latvia, offering investments into consumer loans in the form of asset-backed securities from the Company's subsidiaries to private investors.
• Via Payments UAB (hereinafter - VIALET), a digital payments platform and e-wallet system, registered and operating in Lithuania, offering its users to open payment accounts in EUR and make instant payments to other product users, as well as contactless Mastercard® payments card.
Consumer lending companies:

- ✓ VIA SMS SIA (operating in Latvia under brand names VIASMS.lv, VIACREDIT.lv and SAVA.card)
- ✓ VIA SMS PL Sp.z.o.o (Operating in Poland under the brand name VIASMS.pl)
- ✓ VIA SMS s.r.o (Operating in Chech Republic under the brand name VIASMS.cz)
- ✓ ViaConto Sweden AB (Operating in Sweden under the brand name ViaConto)
- ✓ IFN VIACONTO MINICREDIT S.A (Operating in Romania under the brand name VIACONTO)
- ✓ VIACONTO COMPANY LIMITED (Operating in Vietnam under the brand name VAMO)

Management report (continued)

VIAINVEST launched Asset-backed securities

Since VIAINVEST obtained an investment firm license in 2021 and became an investment firm supervised by the regulator Financial and Capital Market Commission (now - Bank of Latvia), the platform entered a transition period, and therefore, VIAINVEST began shifting from selling claim rights to listing asset-backed securities.

Once the transition period had ended, VIAINVEST submitted 5 base prospectuses to the FCMC for approval. At the beginning of August 2022, VIAINVEST received approval from FCMC for 5 base prospectuses and finished the transition to asset-backed securities. Starting from August 2, 2022, investments in the assignment of loans were entirely replaced by asset-backed securities. Ongoing investments in the assignment of the loans remain subject to their initial agreements and stay in force until they reach the end of the relevant agreement.

On October 12, 2022, FCMC and VIAINVEST concluded an administrative agreement. Within it, both parties agreed on the necessary improvements inspected by FCMC to eliminate the shortcomings in the field of PMLTPF until April 7, 2023. Before the administrative agreement's conclusion, VIAINVEST had eliminated the identified FIML shortcomings and actively worked on eliminating the PMLTPF's shortcomings following the regulator's instructions.

VIA SMS group Notes Issue

In May 2022, a series of Notes EUR 10.00 VIA SMS GROUP NOTE 19-2022 reached their maturity date. As a result, the Company successfully issued new Unsecured Notes EUR 10.00 VIA SMS GROUP NOTES 22-2025 and refinanced the existing liabilities for 3 310 000 EUR. The annual coupon rate is 10%, and the maturity is 15 May 2025. The nominal value of the note is EUR 1 000, and the minimal subscription amount is EUR 1 000.

From the Issue Date of the Notes, issued under ISIN LV0000860070, to the date of repayment thereof, the Company undertakes the following financial covenants:

Covenant	Value as of 31.12.2022	Compliance
To maintain a Capitalization Ratio of at least 10% (ten per cent):	21.3%	Yes
To maintain consolidated ICR (calculated on the trailing 12 (twelve) months (TTM) basis) of at least 1.00x (one time):	2.81	Yes

Management report (continued)

Significant events after the balance sheet date

There have been no significant events after the balance sheet date.

EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

IRĪNA CĪRULE
Member of the Board

Riga, December 22, 2023

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 the year ended 31 December 2022.

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 the year ended 31 December 2022, set out on pages 8 to 52. The Board also confirms that International Financial Reporting Standards (IFRS), as adopted by the EU, have been applied and complied with. 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 Company'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 Company'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.

EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

IRĪNA CĪRULE
Member of the Board

Riga, December 22, 2023

Consolidated and separate income statements

		Group		Company	
EUR	Notes	2022	2021	2022	2021
Net turnover	6	38 355 653	28 230 411	5 232 298	4 750 136
Operating costs	7	(12 481 808)	(7 736 683)	(1 385 541)	(1 313 201)
Impairment allowances / sale of portfolio		(7 966 959)	(9 013 306)	35 219	36 998
Gross profit		17 906 886	11 480 422	3 881 976	3 473 933
Selling expenses (marketing)		(3 100 994)	(2 863 281)	(192 240)	(153 240)
Operating profit		14 805 892	8 617 141	3 689 736	3 320 693
Administrative expenses	8	(8 534 367)	(7 428 067)	(4 025 078)	(3 716 009)
Other operating expenses	9	(2 357 278)	(1 217 772)	(123 516)	(448 400)
Other operating income	10	614 765	211 225	1 076 109	9 251 261
Profit before tax		4 529 012	182 527	617 251	8 407 545
Income Tax	11	(427 621)	(541 849)	(6 408)	(1 314)
Extraordinary dividends		-	(2 149 071)	-	(2 149 071)
Net profit / (loss) for the period		4 101 391	(2 508 393)	610 843	6 257 160
Minority interest / (loss)		9 301	(13 144)	-	-
Profit / (Loss) attributable to equity holders		4 092 090	(2 495 249)	610 843	6 257 160

The accompanying notes on pages 14 to 52 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

IRĪNA CĪRULE
Member of the Board

TAMĀRA HAKOVA
Chief Financial Officer
Riga, December 22, 2023

Consolidated and separate statements of comprehensive income

		Group		Company	
EUR		2022	2021	2022	2021
Net profit / (Loss) for the period		4 101 391	(2 508 393)	610 843	6 257 160
Foreign currency translation reserve		(11 222)	54 043	-	-
Total comprehensive income / (loss)		4 090 169	(2 454 350)	610 843	6 257 160

The accompanying notes on pages 14 to 52 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

IRĪNA CĪRULE
Member of the Board

TAMĀRA HAKOVA
Chief Financial Officer

Riga, December 22, 2023

Consolidated and separate statements of financial position

		Group		Company	
EUR	Notes	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Non-current assets		2 248 189	2 365 338	15 160 576	15 283 549
Intangible assets	12	657 964	684 522	441 228	434 244
Property, plant and equipment	12	801 608	800 052	49 859	62 099
Investments in leasehold improvements	12	106 466	4 603	103 541	-
Right-of-Use assets (non-current)	12	75 786	181 390	-	21 968
Investments in the capital of subsidiaries and associates	13	336 033	204 335	4 610 001	4 855 001
Loans and trade receivables (non-current)	14	-	348 737	9 955 947	9 910 237
Deferred tax assets		270 332	141 699	-	-
Current assets		41 683 775	36 968 975	9 345 619	7 736 856
Right-of-Use assets (current)	12	106 340	163 118	25 604	51 642
Loans and trade receivables (current)	14;15	31 565 848	26 706 363	5 407 364	3 179 108
Other debtors (current)	16	8 707 635	6 411 516	3 482 352	3 955 143
Prepaid expenses		164 836	188 408	51 782	89 534
Cash and cash equivalents	17	1 139 116	3 499 570	378 517	461 429
Total assets		43 931 964	39 334 313	24 506 195	23 020 405

The accompanying notes on pages 14 to 52 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

IRĪNA CĪRULE
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

TAMĀRA HAKOVA
Chief Financial Officer

Riga, December 22, 2023

		Group		Company	
EUR	Notes	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Equity	18	6 737 878	647 709	9 567 496	6 956 653
Share capital		2 803 000	803 000	2 803 000	803 000
Foreign currency translation reserve		(30 189)	(18 967)	-	-
Retained earnings		3 953 709	(138 381)	6 764 496	6 153 653
Total equity attributable to the members of the Company		6 726 520	645 652	9 567 496	6 956 653
Minority interest		11 358	2 057	-	-
Non-current liabilities		3 738 424	1 755 980	3 848 868	48 427
Bonds	19	2 190 700	-	2 190 700	-
Borrowings (non-current)	19	1 495 124	1 583 658	1 658 168	25 000
Lease liabilities (non-current)	19	52 600	172 322	-	23 427
Current liabilities		33 455 662	36 930 624	11 089 831	16 015 325
Bonds (interests)	19	29 583	2 896 109	29 583	2 896 109
Borrowings	19	26 619 243	25 025 764	8 199 408	9 235 538
Trade payables		1 879 386	2 264 616	220 430	470 614
Lease liabilities	19	162 707	155 161	27 554	52 121
Corporate income tax payable		388 542	323 152	907	1 271
Other liabilities	21	2 694 272	4 259 133	1 173 919	2 000 565
Deferred income		97 143	155 718	-	306
Unpaid dividends		1 021 569	1 092 713	1 033 843	1 092 713
Accrued liabilities		563 217	758 258	404 187	266 088
Total liabilities		37 194 086	38 686 604	14 938 699	16 063 752
Total equity and liabilities		43 931 964	39 334 313	24 506 195	23 020 405

The accompanying notes on pages 14 to 52 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

IRĪNA CĪRULE
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

TAMĀRA HAKOVA
Chief Financial Officer

Riga, December 22, 2023

Consolidated and separate cash flow statements

		Group		Company	
EUR	Notes	2022	2021	2022	2021
Cash flows to/ from operating activities					
Profit before tax		4 529 012	182 527	617 251	8 407 545
Interest income		(314 702)	(381 291)	(843 815)	(767 099)
Interest expenses		356 481	468 484	1 239 751	1 097 516
Depreciation, amortization, and write-offs of property, plant and equipment and intangible assets		570 518	406 595	164 042	101 189
Vacation pay reserve		38 326	127 148	38 326	55 980
Dividends received		-	(490 639)	(688 000)	(490 639)
Operating profit before adjustments for current assets and		5 179 635	312 824	527 555	8 404 492
Increase/(decrease) in loans		(1 443 637)	4 677 522	1 867 400	1 097 113
Increase/(decrease) in receivables and other assets		(2 434 414)	(461 912)	96 243	(1 494 181)
Increase/(decrease) in other liabilities		378 505	171 536	(2 198 471)	(5 202 960)
Cash generated from operations		1 680 089	4 699 970	292 727	2 804 464
Corporate income tax (paid)		(509 619)	(481 946)	(3 307)	(300)
Net cash flows to/ from operating activities		1 170 470	4 218 024	289 420	2 804 164
Cash flows to/ from investing activities					
Purchase of property, plant and equipment and intangible assets		(843 570)	(380 059)	(187 024)	(61 290)
Investments in subsidiaries		-	(130 000)	-	(380 000)
Dividends received		-	300 000	-	510 000
Issued/repaid loans		(2 492 300)	(6 721 100)	(2 349 442)	(5 348 793)
Net cash flows to/ from investing activities		(3 335 870)	(6 931 159)	(2 536 466)	(5 280 083)
Cash flows to/ from financing activities					
Income from equity investments		2 000 000	-	2 000 000	-
Received borrowings		80 000	500 000	1 480 000	294 000
Repurchased/sold bonds		(551 000)	1 636 708	(551 000)	1 636 708
Repayment of borrowings		(1 520 992)	(282 000)	(700 000)	-
Interest paid		(144 192)	(235 690)	(5 996)	(34 482)
Dividends paid		(58 870)	-	(58 870)	(4 000)
Net cash flows to/ from financing activities		(195 054)	1 619 018	2 164 134	1 892 226
Change in cash and cash equivalents		(2 360 454)	(1 094 117)	(82 912)	(583 693)
Cash and cash equivalents at the beginning of the period		3 499 570	4 593 687	461 429	1 045 122
Cash and cash equivalents at the end of the period		1 139 116	3 499 570	378 517	461 429

The accompanying notes on pages 14 to 52 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

IRĪNA CĪRULE
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board
'Riga, December 22, 2023

TAMĀRA HAKOVA
Chief Financial Officer

Consolidated and separate statements of changes in shareholders' equity

Group						
EUR	Share capital	Foreign currency translation reserve	Retained earnings / (Ac- cumulated loss)	Total	Minority interest	Total Group's Equity
Balance as of 31.12.2020.	803 000	(73 010)	5 101 547	5 831 537	15 201	5 846 738
Foreign currency translation	-	54 043	-	54 043	-	54 043
Paid dividends	-	-	(2 744 679)	(2 744 679)	-	(2 744 679)
Result for the reporting period	-	-	(2 495 249)	(2 495 249)	(13 144)	(2 508 393)
Balance as of 31.12.2021.	803 000	(18 967)	(138 381)	645 652	2 057	647 709
Share capital increase	10 000	-	-	10 000	-	10 000
Premium share capital	1 990 000	-	-	1 990 000	-	1 990 000
Foreign currency translation	-	(11 222)	-	(11 222)	-	(11 222)
Result for the reporting period	-	-	4 092 090	4 092 090	9 301	4 101 391
Balance as of 31.12.2022.	2 803 000	(30 189)	3 953 709	6 726 520	11 358	6 737 878

Company			
EUR	Share capital	Accumulated Profit/Loss	Total
Balance as of 31.12.2020.	803 000	2 641 172	3 444 172
Profit for the period	-	6 257 160	6 257 160
Paid dividends	-	(2 744 679)	(2 744 679)
Balance as of 31.12.2021.	803 000	6 153 653	6 956 653
Share capital increase	10 000	-	10 000
Premium share capital	1 990 000	-	1 990 000
Profit for the period	-	610 843	610 843
Balance as of 31.12.2022.	2 803 000	6 764 496	9 567 496

The accompanying notes on pages 14 to 52 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

IRĪNA CĪRULE
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

TAMĀRA HAKOVA
Chief Financial Officer

Riga, December 22, 2023

Notes to the consolidated and separate financial statements

1. General information

AS VIA SMS group ("the Company") 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, Lithuania, Romania and Vietnam. The main business of the Group is providing short-term loans.
The registered office of the Company is at Roberta Hirsa street 1, Riga, LV-1045 Latvia.

Products and services

The main activities of the Group are concentrated in the following subsidiaries:

- SIA Viainvest (hereinafter - VIAINVEST), IBF licensed and regulated investment firm which offers investments into consumer loans in the form of asset-backed securities from the Group's subsidiaries to private investors.
- Via Payments UAB (hereinafter - VIALET), a digital payments platform and e-wallet system offering its users to open payment accounts in EUR and make instant payments to other product users, as well as contactless Mastercard® payments card.
- Consumer lending companies:
    - ✓ VIA SMS SIA (operating in Latvia under brand names VIASMS.lv, VIACREDIT.lv and SAVA.card)
    - ✓ VIA SMS PL Sp.z.o.o (Operating in Poland under the brand name VIASMS.pl)
    - ✓ VIA SMS s.r.o (Operating in Chech Republic under the brand name VIASMS.cz)
    - ✓ ViaConto Sweden AB (Operating in Sweden under the brand name ViaConto)
    - ✓ IFN VIACONTO MINICREDIT S.A (Operating in Romania under the brand name VIACONTO)
    - ✓ VIACONTO COMPANY LIMITED (Operating in Vietnam under the brand name VAMO)

Notes to the consolidated and separate financial statements (cont'd)

2. Summary of significant accounting principles

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 2022 are consistent with those used in the preparation of the financial statements for year 2021. The consolidated and separate financial statements have been prepared under the historical cost convention.
These consolidated financial statements were approved by the Company's Board of Directors on December 22, 2023. The Company also prepares separate financial statements for statutory purposes in accordance with the relevant Latvian legislation.

Changes in accounting policies

a) New standards, interpretations and amendments adopted from 1 January 2022

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2022. See the applicable notes for further details on how the amendments affected the Group.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Group has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g., direct labour and material; and

Notes to the consolidated and separate financial statements (cont'd)

- An allocation of other costs that relate directly to fulfilling contracts: e.g., Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Group, prior to the application of the amendments, did not have any onerous contracts.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

These amendments had no impact on the year-end consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 & IAS 41)

- IFRS 1: Subsidiary as a First-time Adopter (FTA)
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities
- IAS 41: Taxation in Fair Value Measurements

References to Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.
The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

Notes to the consolidated and separate financial statements (cont'd)

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

3.Basis of consolidation

The consolidated financial statements include 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:

- RH Property SIA
- Via Payments UAB
- VIA SMS SIA
- VIA SMS s.r.o. (subsidiary of VIA SMS SIA)
- VIA SMS PL z.o.o.
- VIA CONTO SWEDEN AB (subsidiary of VIA SMS SIA)
- VIASPAR AB (subsidiary of VIA CONTO SWEDEN AB)
- VIACONTO COMPANY LIMITED
- VIAINVEST SIA
- VIAINVEST Assets SIA
- IFN VIACONTO MINICREDIT
- CASHALOT Sp.z.o.o. (in liquidation process)
- FinnQ UAB (in liquidation process)

Notes to the consolidated and separate financial statements (cont'd)

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.

4. Significant accounting policies

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 Group 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 Group 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.

- Based on estimates, the Group'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. Group basis its cash flow projections on reasonable and supportable assumptions that represents management's best estimate of the range of economic conditions that will exist over the 12 months. Discount rate(s) applied to the cash flow projections.

- The Group'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.

Notes to the consolidated and separate financial statements (cont'd)

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 measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include Probability of Default and Loss Given Default, judgment is applied also when determining significant increase in credit risk.

The Probability of Default (PD)
The Probability of Default is an estimate of the likelihood of default over a given time horizon, where default is defined as: 61 DPD.
In order to estimate PDs the Group utilizes Markov chains methodology. This methodology employs statistical analysis of historical transitions between delinquency buckets to estimate the probability that loan will eventually end up in default state which is set as absorbing state.

Notes to the consolidated and separate financial statements (cont'd)

The Group uses 12 months continuous horizon window (or smaller if actual lifetime of the product is shorter or if representative historical data is available for a shorter period), and estimation over lifetime is defined as nth power of 12 months matrix (n-depends on the estimated lifetime, e.g., if lifetime is 36 months then n=3).
Exposures are grouped into buckets of days past due (DPD) loans/leases.

The Group uses 6 months (continuous horizon) transition window and estimation over lifetime is defined as nth power of 6 months matrix. The approach improves consistency of PD calculations, i.e., accounted for 6 months seasonality effect and smoothened volatile impact of the regular changes in the business processes. Calculations are applied at product level (leasing and secured loans vs unsecured loans). Exposures are grouped into buckets of days past due (DPD) loans/leases.

Forward-looking macroeconomic indicators model for portfolio impairment assessment

Guided by IFRS 9, the Group assesses forward looking information and incorporates it into an impairment model. Impairment change is modelled given expected future changes of macroeconomic factors. In 2021 the Group changed Hierarchical Bayes model approach to simplified approached based on relation analysis between changes in input variables and changes in PD and the Group expert's opinion. Description of the new macro model is provided further.

Macro model uses expected changes in macroeconomic indicators year on year and assumes the same or similar change to Stage 1 PD.
Following variables are used:
1. GDP growth (GDP)
2. Unemployment rate change (UR)
3. Inflation rate change (IR).

The model includes indicators which, based on the Group experts' opinion and used practice in industry, might have a significant impact on finance products default rates. Such indicators are also widely used by banking and non-banking industry across the world. The model assumes relation between changes in macro indicators and Stage 1 PD change. If there is strong correlation between Stage 1 PD and macro indicator change then used linear regression equation to determine the impact on PD due to macro indicator changes. If there is no visible correlation between Stage 1 PD and macro indicators change then impact on PD is evaluated based on qualitative analysis of available data and reasonable experts' assumptions.
To take into account possible economic fluctuations and uncertainty, three scenarios are considered and used for final calculation to arrive at weighted average probability:
1. base case scenario - based on actual data and forecasts by external source.
2. worst case scenario - based on expert judgement of potential worsening of macroeconomic indicators.
3. best case scenario - based on expert judgement of potential improvement of macroeconomic indicators.

Notes to the consolidated and separate financial statements (cont'd)

Worse and best scenario is obtained from base scenario increasing or decreasing base scenario by confidence interval of given macro indicator forecast.

Confidence intervals are available for each macroeconomic indicator forecast and are easy to read from the graph. Each scenario also has a specific probability of occurring. The Group applies 15% probability for worst-case scenario and only 5% for best-case.

To obtain final effect on PD from macro indicator change, applied weights for each macro indicator and the final result is taken as a weighted average of macro indicator PD effect. Weights are changed based on their significance in affecting default rate overall. Considering model main assumptions, the Group's experts evaluate historical relationship and chooses weights for each country individually. For Latvia weights are the following: UR – 48%, IR – 48% and GDP – 5%.

To account for future uncertainty in case the model yields positive PD correction, the Group decided to be prudent and not to apply improving PD effect for impairment correction. In such case 0% improvement ceiling is set for 2022.

Result of the macro model is then applied to stage 1 PDs for each month close starting from December 2021. Macro outlook is updated in a consistent manner once per quarter; thus, the macro model is expected to be updated once per quarter in 2022.

The Default distribution vector (DDV)
The default distribution vector provides distribution of PD over the course of a 12 month or lifetime horizon. It is calculated from historical data samples of all defaulted loans.

The Group 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.

Notes to the consolidated and separate financial statements (cont'd)

The Group recognizes the allowance for expected credit losses for loans and receivables (in this section all referred to as 'financial instruments').

If there has been no significant increase in credit risk since origination, the ECL allowance is based on the 12 months' expected credit loss (12mECL) as outlined in below.

If there has been a significant increase in credit risk since initial recognition, the ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Group's core business assets - loan receivables and loans are of retail nature, they are therefore grouped per countries and products for a collective ECL calculation that is modelled based on DPD (days past due) classification.

Specifically, the Group analyzes its loan portfolio by segregating receivables in categories according to: country. product group and days past due.

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition across the portfolios within the country based on product type - lease or loan product

The Group segregates loan receivables and loans and advances to customers in the following categories:

Not past due
Days past due up to 30 days
Days past due 31 up to 60 days
Days past due 61 up to 90 days
Days past due over 90 days.

Notes to the consolidated and separate financial statements (cont'd)

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.
PD for loan receivables from Group companies, related parties and other companies assuming cash collection rights is calculated based on statistics of 12-month credit default swap (CDS) rates, depending on the borrower's financial performance and country of origin.

EAD ratio for Group companies, related parties and other companies is calculated based on the full exposure of the lender, including expected drawn downs on committed facilities.

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".

Notes to the consolidated and separate financial statements (cont'd)

d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at bank, and demand deposits in banks. For cash and cash equivalents, ECL calculations are based on a counterparty's credit rating.

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.

Effective interest rate method
According to IFRS 9 for all financial instruments measured at amortized cost interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

When a financial asset becomes credit-impaired and is regarded as 'Stage 3', the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

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

Other Income and expenses
Income and expenses relating to the reporting period are recognized in the income statement irrespective of the receipt or payment date, besides penalty income, which is recognized on cash-basis (i.e. when received).

h) Taxes

Current corporate income tax is calculated in accordance with tax legislation of subsidiary's residence.

Notes to the consolidated and separate financial statements (cont'd)

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 into the 2022 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 2018, 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.

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.

k) Right-of-use assets

Initial recognition
"At the commencement date of the lease, the Group recognizes right-of-use asset at cost. The cost of a right-of-use asset comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are to produce inventories."

Notes to the consolidated and separate financial statements (cont'd)

Subsequent measurement

Group measures the right-of-use asset at cost, less any accumulated depreciation and accumulated impairment losses; and adjusted for the remeasurement of the lease liability. Depreciation of the right-of-use asset is recognized on a straight-line basis in profit or loss. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset in accordance with Group`s policy of similar owned assets. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Group involvement with the underlying asset before the commencement date

If the Group incurs costs relating to the construction or design of an underlying asset, the lessee accounts for those costs applying other IFRS, such as IAS 16. Costs relating to the construction or design of an underlying asset do not include payments made by the lessee for the right to use the underlying asset. Group applies IAS 36 to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Initial recognition exemptions applied

"As a recognition exemption the Group elects not to apply the recognition requirements of right-of-use asset and lease liability to:
(a) Short term leases – for all classes of underlying assets; and
(b) Leases of low-value assets – on a lease-by-lease basis."

"For leases qualifying as short-term leases and/or leases of low-value assets, the Group does not recognize a lease liability or right-of-use asset. The Group recognizes the lease payments associated with those leases as an expense on either a straight-line basis over the lease term.
(a) Short term leases"
"A short-term lease is a lease that, at the commencement date, has a lease term of 3 months or less. A lease that contains a purchase option is not a short-term lease. This lease exemption is applied for all classes of underlying assets.
(b) Leases of low-value assets"

"The Group defines a low-value asset as one that:
1) has a value, when new of 5 000 EUR or less. Group assesses the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased.
2) the Group can benefit from use of the assets on its own, or together with, other resources that are readily available to the Group; and
3) the underlying asset is not dependent on, or highly interrelated with, other assets. "

Notes to the consolidated and separate financial statements (cont'd)

l) Group as lessee

Lease liability

Initial recognition

At the commencement date of the lease the Group measures the lease liability at the present value of the lease payments that are not paid at that date in accordance with lease term. Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group has elected for all classes of underlying assets not to separate non-lease components from lease components in lease payments. Instead Group accounts for each lease component and any associated non-lease components as a single lease component. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease term is the non-cancellable period for which the Group has the right to use an underlying asset, together with both:

a) Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
b) Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

At the commencement date, the Group assesses whether it is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease

Subsequent measurement

After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed lease payments.

Notes to the consolidated and separate financial statements (cont'd)

Lease term determination under IFRS 16 (Group as a lessee)
IFRS 16 requires that in determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall apply the definition of a contract in accordance with IFRS 15 and determine the period for which the contract is enforceable. In assessment of lease term determination the Group considers the enforceable rights and obligations of both parties. If both the lessee and the lessor can terminate the contract without more than an insignificant penalty at any time at or after the end of the non-cancellable term, then there are no enforceable rights and obligations beyond the non-cancellable term. For lease agreements without a fixed term and agreements that are "rolled over" on monthly basis until either party gives notice the Group considers that it does have enforceable rights and obligations under such agreements, therefore a reasonable estimate of the lease term assessment is made.

In considering the Group's options to extend or not to terminate the lease the Group evaluates what are the rights of the Group and the lessor under such options. The Group considers whether options included in the lease agreements (1) give an unilateral right for one party (i.e. Group) and (2) creates an obligation to comply for the other party (i.e. lessor). If neither party in the contract has an obligation then Group assessment is that no options are to be considered in the context of lease term assessment. In such situations the lease term would not exceed the non-cancellable contractual term. In determining the lease term the Group has assessed the penalties under the lease agreements as well as economic incentives to prolong the lease agreements such as the underlying asset being strategic.

m) Contingent liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

n) 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.

Notes to the consolidated and separate financial statements (cont'd)

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.

o) Related parties

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Group are shareholders who could control or who have significant influence over the Group in accepting operating business decisions, key management personnel of the Group including members of Supervisory body and close family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence.

a) The Group has defined that a person or a close member of that person's family is related to a reporting entity if that person:
   i) has control or joint control of the reporting entity;
   ii) has significant influence over the reporting entity; or
   iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) An entity is related to a reporting entity if any of the following conditions applies:
   i) The entity and the reporting entity are members of the same group (which means that each parent, and fellow is related to the others);
   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii) Both entities are joint ventures of the same third party;
   iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
   vi) The entity is controlled or jointly controlled by a person identified in (a);
   vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
   viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Notes to the consolidated and separate financial statements (cont'd)

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

p) Events after the reporting date

Post-period-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes if material.

Notes to the consolidated and separate financial statements (cont'd)

5.Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.
The risk categories to which the Group's subsidiaries are subject mainly include currency risk, credit risk and liquidity risk. Each subsidiary participates in credit risk management by developing its own risk management tools, such as lending procedures, while liquidity and currency risks are managed at Group level.

Market risk

The Group takes on exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility or market rates or prices such as interest rates and foreign exchange rates.
The main financial risks arising from the Group's financial instruments are foreign currency risk, interest rate risk.

Currency risk

Currency risk is the risk of fluctuations in the value of a financial instrument, as fluctuations in exchange rates affect the Group's assets. The Group has assumed that the exchange rate in the currencies could potentially fluctuate by three standard deviations recorded during the reporting period. The table below lists the minimum and maximum values of the interest rates of the currencies to which the Group was exposed during the reporting period, according to the maximum difference which the rate has been during the reporting period. In the year under review, the volatility of all currencies except CZK and SEK has remained stable, with CZK regaining its value and SEK continuing to weaken in the reporting year compared to the year before.

Notes to the consolidated and separate financial statements (cont'd)

On 31 December 2022	CZK	PLN	SEK	RON
Rate on the reporting date	24.12	4.68	11.12	4.95
Maximum difference in 2021	2.8 %	4.5 %	7.2 %	1.6 %
Minimum value	23.44	4.47	10.32	4.87
Maximum value	24.80	4.89	11.92	5.03

On 31 December 2021	CZK	PLN	SEK	RON
Rate on the reporting date	24.86	4,6	10,25	4,95
Maximum difference in 2020	4.6%	0,042	0,027	0,016
Minimum value	23.72	4,4	9,97	4,87
Maximum value	25.99	4,79	10,53	5,03

Interest rate risk

The Group and the Company are exposed to limited interest rate risk, as the contractual terms for all financial assets and liabilities include a fixed interest rate. Market conditions, investor willingness to buy financial instruments and other factors influence the rate at which the Lending Subsidiaries can attract funding This rate is 13% per annum at the end of 2022, compared to 11% at the end of 2021.

The following table shows the sensitivity of receivables to currency fluctuations, as well as the fluctuations of each exchange rate resulting from the range between the minimum and maximum exchange rates during the reporting period, similar to the previous tables. In 2022 the effect of volatility of the exchange rates to the value of the Group's portfolio has moderately increased, with SEK being responsible for more than a half of the total.

Currency/EUR	Basis	Effect on result	Basis	Effect on result
	31.12.2022	31.12.2022	31.12.2021	31.12.2021
EUR	18 724 813	-	15 881 378	-
PLN	2 384 764	101 252	3 625 325	147 333
SEK	6 118 429	442 054	6 478 639	174 956
CZK	4 509 705	127 341	4 042 336	184 686
RON	3 344 807	52 707	2 404 710	38 243
Total	35 082 518	723 354	32 432 388	545 218

Notes to the consolidated and separate financial statements (cont'd)

Credit risk

Credit risk is the risk of loss caused by the inability of the borrower or counterparty to fulfill its contractual obligations. Credit risk is mitigated as follows:

- In each of the Group's subsidiaries, lending procedures have been established to ensure the high quality of the loan portfolio. These procedures are continuously improved and include the evaluation of customer decisions and other behavioral indicators, the use of credit bureau data, and the analysis of web session data.
- In the majority of the Group's subsidiaries, contracts have been concluded for the protection of losses against overdue loan contracts, including forward flow (buying up loans with periodic problems) contracts.
- Risks are mitigated by limiting the granting of loans or by reducing the amount available to customers with an expected degree of risk greater than the Group's risk appetite;
- In order to reduce the risks associated with unwillingness to repay debts, penalties are used, and the risk associated with difficulties in repaying the loan – by keeping the amount of the minimum repayable at low levels.
- In 2022, all subsidiaries of the Group have an automated credit risk determination system based on modern machine reading algorithms.
- Loan loss reserves are a way to estimate expected losses that occur during loan repayment transactions. The methods for determining loan loss reserves comply with internationally accepted financial reporting standards, they are based on the borrowers' statistical repayment history.

The table below shows the Group's gross portfolio, broken down by debt maturity. The number of days past due is used as an indication of portfolio quality. The portfolio of credit lines is the largest part of the total portfolio, which is the consequence of the Group's strategy to offer customers longer-term products, thus reducing the financial burden to customers, improving the amount of unpaid loans. Compared to the previous period, the total amount of reserves has increased by about 13%, and the loan portfolio has increased by about 8%.

Notes to the consolidated and separate financial statements (cont'd)

On 31 December 2022	Days overdue	Payday	Instalment EUR	Credit Line EUR
Performing	<=0	1 680 376	305 876	20 317 695
	1-30	385 322	33 935	2 770 979
Past due not	31-60	17 680	4 706	1 183 310
	61-90	3 001	1 940	457 702
	90+	827 641	87 543	7 728 166
	Total	2 914 020	434 000	32 457 852
			Loans and receivables:	35 805 872
			Unearned commission:	58 425
			Impairment allowances:	(8 907 358)
			Net loan portfolio:	26 956 939

On 31 December 2022	Days overdue	Impairment EUR
Performing	<=0	1 307 531
	1-30	234 395
Past due not	31-60	140 280
	61-90	83 810
	90+	7 141 342
	Total:	8 907 358

On 31 December 2021	Days overdue	Payday	Instalment EUR	Credit Line EUR
Performing	<=0	2 710 607	316 868	17 786 585
	1-30	538 868	32 181	2 509 128
Past due not	31-60	15 235	3 206	989 083
	61-90	17 208	2 583	403 926
	90+	1 808 049	134 300	5 709 779
	Total	5 089 967	489 138	27 398 501
			Loans and receivables:	32 977 606
			Unearned commission:	(155 157)
			Impairment allowances:	(7 798 586)
			Net loan portfolio:	25 023 863

On 31 December 2021	Days overdue	Impairment EUR
Performing	<=0	1 118 154
	1-30	237 200
Past due not	31-60	114 783
	61-90	97 210
	90+	6 231 240
	Total:	7 798 586

Notes to the consolidated and separate financial statements (cont'd)

Liquidity risk

Liquidity risk is the risk that there will not be enough funds to issue loans to borrowers as well as cover operational costs. Group management and the managers of the subsidiaries evaluate the bank statements of each subsidiary every day.

The Group's loans are mainly financed through the Company's subsidiary company VIAINVEST, where loans are packaged into financial instruments once they are issued, financed by external investor pool and repurchased in case of default, so liquidity risk is closely related to the Group's credit risk and the reputation of VIAINVEST.

In August 2018, in order to provide the foundations for further growth, improve internal processes and increase popularity among investors, the public platform VIAINVEST has obtained a financial broker's license. According to the license, the company VIAINVEST can offer termed financial instruments (ABS – asset based securities) to clients-investors. In 2022 VIAINVEST has concluded an administrative agreement with its regulator the Financial and Capital Market Commission (currently merged with Bank of Latvia) and paid a fine due to inability to timely eliminate deficiencies in AML processes found in the AML audit performed by the regulator.

More stringent improved AML processes, dramatic increase in volumes of the international sanction lists that inevitably causes more false positive results thus increasing friction in the investor journey, VIAINVEST investor uncertainty due the war in Ukraine do make it harder for Group loan originating subsidiaries to obtain funding through the VIAINVEST platform.

Notes to the consolidated and separate financial statements (cont'd)

On 31 December 2022	Group			
EUR	1 year	1-5 years	5+ years	Total
Long-term loans and trade receivables	-	-	-	-
Loans and trade receivables	31 565 848	-	-	31 565 848
Other receivables	8 707 635	-	-	8 707 635
Total:	40 273 483	-	-	40 273 483
Borrowings (long-term)	-	1 495 124	-	1 495 124
Bonds	29 583	2 190 700	-	2 220 283
Borrowings (short-term)	26 619 243	-	-	26 619 243
Lease liabilities	162 707	52 600	-	215 307
Trade payables	1 879 386	-	-	1 879 386
Other liabilities	4 104 383	-	-	4 104 383
Total:	32 795 302	3 738 424	-	36 533 726

On 31 December 2022	Company			
EUR	1 year	1-5 years	5+ years	Total
Long-term loans and trade receivables	-	9 955 947	-	9 955 947
Loans and trade receivables	5 407 364	-	-	5 407 364
Other receivables	3 482 352	-	-	3 482 352
Total:	8 889 716	9 955 947	-	18 845 663
Borrowings (long-term)	-	1 658 168	-	1 658 168
Bonds	29 583	2 190 700	-	2 220 283
Borrowings (short-term)	8 199 408	-	-	8 199 408
Lease liabilities	27 554	-	-	27 554
Trade payables	220 430	-	-	220 430
Other liabilities	2 208 669	-	-	2 208 669
Total:	10 685 644	3 848 868	-	14 534 512

Notes to the consolidated and separate financial statements (cont'd)

Country risk

Country risk is the risk associated with changes at the country level and includes two main areas: changes in the laws of each country concerned and issues related to maintaining sufficient equity capital to lend to borrowers at any time, i.e. liquidity risks.

The table below shows the exposure of the credit portfolio to country risk in different countries. Latvian market showed significant growth followed by Romania, Czech Republic and Sweden remain stable, while Poland portfolio decreases due the legislative changes in the costs caps announced in the reporting year.

EUR	2022	2021
Latvia	18 724 813	15 881 378
Sweden	6 560 483	6 653 595
Czech	4 637 046	4 227 022
Romania	3 397 514	2 442 953
Poland	2 486 016	3 772 658
Total	35 805 872	32 977 606

Notes to the consolidated and separate financial statements (cont'd)

6.Net turnover

	Group		Company	
EUR	2022	2021	2022	2021
Interest income calculated applying effective interest rate	22 182 949	19 576 611	-	-
Online banking fees	13 251 676	6 441 689	-	-
Services provided*	1 715 697	1 088 671	5 232 298	4 750 136
Penalties	682 712	604 847	-	-
SMS and other income	298 800	284 314	-	-
Letters	161 792	128 032	-	-
Extension fee	57 916	102 883	-	-
Registration fee	4 111	3 364	-	-
Total	38 355 653	28 230 411	5 232 298	4 750 136

	Group		Company	
EUR	2022	2021	2022	2021
Lithuania	13 343 830	6 477 125	1 006 792	724 796
Latvia	9 469 846	7 441 722	1 745 515	1 673 134
Poland	5 532 108	4 312 119	933 666	832 767
Sweden	4 299 528	4 596 275	742 852	805 904
Czech Republic	3 330 412	2 755 535	505 993	418 203
Romania	2 379 929	2 647 635	297 480	295 332
Total:	38 355 653	28 230 411	5 232 298	4 750 136

*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)

7. Operating costs

	Group		Company	
EUR	2022	2021	2022	2021
Interest expenses	3 203 038	2 763 944	1 179 143	1 158 704
Commission fee	4 874 897	2 265 074	-	-
Remuneration (operators and debt collectors, IT)	2 829 791	1 284 055	-	-
Bank charges	341 771	248 986	63 245	53 309
Clients check	311 192	233 366	121 382	82 291
Debt collection expenses	255 680	210 650	-	-
SMS expenses	116 285	148 898	-	-
Postage	77 109	63 723	3 286	2 584
License and other membership fees	67 804	68 143	-	-
Telecommunications	34 360	43 375	-	-
Other costs	369 881	406 469	18 485	16 313
Total	12 481 808	7 736 683	1 385 541	1 313 201

8. Administrative expenses

	Group		Company	
EUR	2022	2021	2022	2021
Remuneration (other)	4 300 845	4 325 778	2 342 518	2 191 925
Legal and professional	1 901 952	1 384 848	536 602	619 255
Board remuneration	521 443	440 616	259 241	260 191
Depreciation	438 384	395 807	146 458	159 072
Business trips	283 922	270 630	200 433	225 070
Accounting expenses	273 266	222 058	147 141	120 641
Utilities	46 268	34 974	23 215	14 749
Lease of premises	24 196	15 997	-	8
Household goods	18 000	15 176	6 813	6 714
Other costs	726 091	322 183	362 657	118 384
Total	8 534 367	7 428 067	4 025 078	3 716 009

Key management personnel compensation

	Group		Company	
EUR	2022	2021	2022	2021
Board remuneration	457 988	388 301	211 920	210 528
Social security contribution expenses	63 455	52 315	47 321	49 663
Total	521 443	440 616	259 241	260 191

*Key management personnel are Group top management employees and members of the Board, regional management employees and country managers. There are no emoluments granted for the current and for former members of the management and commitments in respect of retirement pension for former members of the management.

Notes to the consolidated and separate financial statements (cont'd)

9.Other operating expenses

	Group		Company	
EUR	2022	2021	2022	2021
Unrecoverable VAT	941 256	936 651	55 327	62 574
Currency exchange, net	752 225	83 118	-	-
Vacation pay reserve	162 682	127 148	38 326	55 980
Other costs	501 115	70 855	29 863	329 846
Total	2 357 278	1 217 772	123 516	448 400

10. Other operating income

	Group		Company	
EUR	2022	2021	2022	2021
Dividends received	-	-	688 000	490 639
Currency exchange, net	-	-	373 425	91 291
Other income	614 765	211 225	14 684	8 669 331
Total	614 765	211 225	1 076 109	9 251 261

Notes to the consolidated and separate financial statements (cont'd)

11. Income tax

a) Corporate income tax recognized into Profit and loss statement

Group		
EUR	2022	2021
Calculated tax for the period	554 892	488 333
Deffered tax for the period	(127 271)	53 516
Total	427 621	541 849

b) Corporate income tax rates by geographic regions

Group		
%	2022	2021
Latvia	0%*	0%*
Poland	19%	19%
Chech Republic	19%	19%
Romania	16%	16%
Sweden	21%	21%
Lithuania	15%	15%
Average effective tax rate	*25%*	*12%*

*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)

12. Property, plant and equipment and intangible assets

Group						
EUR	Property, plant and equipment*	Intangible assets	Goodwill	Long-term investments in leased property, plant and equipment	Right- of- Use assets	Total
Initial value						
31 December 2020	1 154 700	631 496	91 561	17 486	291 229	2 186 472
Exchange rate fluctuations, net	(7 740)	(5 565)	-	(40)	-	(13 345)
Acquisition cost	118 833	261 226	-	-	118 602	498 661
Reclassification**	-	-	-	-	(214 072)	(214 072)
Corrections	-	-	-	-	60 209	60 209
Disposed	(22 914)	(1 278)	(91 561)	-	-	(115 753)
31 December 2021	1 242 879	885 879	-	17 446	255 968	2 402 172
Exchange rate fluctuations, net	(2 892)	(3 708)	-	(1 490)	-	(8 090)
Acquisition cost	118 144	117 320	-	103 541	960	339 965
Recclasification**	336	943	-	-	(27 545)	(26 266)
Disposed	(21 679)	(110 455)	-	-	-	(132 134)
31 December 2022	1 336 788	889 979	-	119 497	229 383	2 575 647
Depreciation	-	-	-	-	-	-
31 December 2020	(310 629)	(174 042)	-	(11 207)	(20 041)	(515 919)
Exchange rate fluctuations, net	7 682	5 528	-	-	-	13 210
Calculated depreciation	(152 006)	(34 121)	-	(1 636)	(54 537)	(242 300)
Disposed	12 126	1 278	-	-	-	13 404
31 December 2021	(442 827)	(201 357)	-	(12 843)	(74 578)	(731 605)
Exchange rate fluctuations, net	2 841	3 710	-	1 406	226	8 183
Recclasification**	(336)	(943)	-	-	214 695	213 416
Calculated depreciation	(109 425)	(33 425)	-	(1 594)	(293 940)	(438 384)
Disposed	14 567	-	-	-	-	14 567
31 December 2022	(535 180)	(232 015)	-	(13 031)	(153 597)	(933 823)
	-	-	-	-	-	-
Carrying Amount on 31 December 2020	844 071	457 454	91 561	6 279	271 188	1 670 553
Carrying Amount on 31 December 2021	800 052	684 522	-	4 603	181 390	1 670 567
Carrying Amount on 31 December 2022	801 608	657 964	-	106 466	75 786	1 641 824

Notes to the consolidated and separate financial statements (cont'd)

Company					
EUR	Property, plant and equipment*	Intangible assets	Long-term investments in leased property, plant and equipment	Right- of- Use assets	Total
Initial value					
31 December 2020	201 553	527 560	-	104 408	833 521
Exchange rate fluctuations, net	(312)	-	-	-	(312)
Acquisition cost	50 320	10 970	-	28 906	90 196
Reclassification**	-	-	-	(102 588)	(102 588)
Corrections	-	-	-	(1 821)	(1 821)
Disposed	(1 559)	(1 278)	-	-	(2 837)
31 December 2021	250 002	537 252	-	28 905	816 159
Exchange rate fluctuations, net	(73)	-	-	-	(73)
Acquisition cost	46 866	37 317	103 541	-	187 724
Reclassification**	-	-	-	(28 905)	(28 905)
Disposed	(17 584)	-	-	-	(17 584)
31 December 2022	279 211	574 569	103 541	-	957 321
Depreciation					
31 December 2020	(118 868)	(74 003)	-	-	(192 871)
Exchange rate fluctuations, net	313	1	-	-	314
Calculated depreciation	(70 906)	(30 284)	-	(57 883)	(159 073)
Reclassification**	-	-	-	50 946	50 946
Disposed	1 558	1 278	-	-	2 836
31 December 2021	(187 903)	(103 008)	-	(6 937)	(297 848)
Exchange rate fluctuations, net	72	1	-	-	73
Calculated depreciation	(51 994)	(30 334)	-	(64 131)	(146 459)
Reclassification**	-	-	-	71 068	71 068
Disposed	10 473	-	-	-	10 473
31 December 2022	(229 352)	(133 341)	-	-	(362 693)
Carrying Amount on 31 December 2020	82 685	453 557	-	104 408	640 650
Carrying Amount on 31 December 2021	62 099	434 244	-	21 968	518 311
Carrying Amount on 31 December 2022	49 859	441 228	103 541	-	594 628

*"Property, plant and equipment" mostly consists of IT and other office equipment and furniture, and also includes property-office apartments Riga (Latvia) with carrying amounts at the end of reporting year EUR 625 822 (31.12.2021: EUR 648 788). Expected amortization period is 30 years with year 2050 end date.
Amortization costs are included in the caption "Administrative expense"

**In the reporting period part of Right- of- Use assets in EUR 102 588 was reclassified to short-term assets.

Notes to the consolidated and separate financial statements (cont'd)

13. Investments in subsidiaries and associates

13.1 Participation in Related Company's Capital (%)

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 / %		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Via Payments UAB (Lithuania)	Financial services	1 280 001	1 280 001	100%	100%
IFN VIACONTO MINICREDIT S.A. (Romania)	Financial services	1 170 305	1 170 305	95%	95%
RH PROPERTY SIA (Latvia)	Renting of Real	754 000*	754 000	100%	100%
VIA SMS PL z.o.o. (Poland)	Financial services	552 252	552 252	100%	100%
VIA SMS SIA (Latvia)	Financial services	368 443	368 443	100%	100%
VIAINVEST SIA (Latvia)	Financial services	350 000	350 000	100%	100%
VIAINVEST Assets SIA (Latvia)	Financial services	5 000	250 000	100%	100%
FinnQ UAB (Lithuania)	Financial services	250 000	250 000	100%	100%
FinnQ UAB (Lithuania)	Impairment	(250 000)	(250 000)		
CASHALOT Sp.z.o.o. (Poland)	Financial services	45 932	45 932	100%	100%
CASHALOT Sp.z.o.o. (Poland)	Impairment	(45 932)	(45 932)		
VIACONTO Company Limited (Vietnam)	Financial services	130 000	130 000	50%	50%
Total		4 610 001	4 855 001		

Notes to the consolidated and separate financial statements (cont'd)

Information about subsidiaries

Company	Net profit/ Loss	Net profit/ Loss	Net Assets	Net Assets
EUR	2022	2021	31.12.2022	31.12.2021
VIA SMS SIA (Latvia)	2 356 218*	1 325 907*	6 516 176*	4 847 958*
Via Payments UAB (Lithuania)	1 378 966*	381 281*	2 744 054*	1 364 761*
VIA SMS PL z.o.o. (Poland)	459 244*	351 562*	(1 658 884)*	(2 157 316)*
IFN VIACONTO MINICREDIT S.A. (Romania)	25 582*	(192 363)*	235 621*	169 289*
VIAINVEST SIA (Latvia)	23 254*	39 888*	282 115*	258 861*
CASHALOT z.o.o. (Poland)	(17 675)**	(105 940)**	(358 166)**	(346 686)**
FinnQ UAB (Lithuania)	749**	(4 532)**	(4)**	(753)**
VIAINVEST Assets (Latvia)***	7 873*	-	12 873*	-
RH PROPERTY (Latvia)	535**	(! 801)**	754 055**	753 521**

* Audited
** Not audited
***The first annual report of VIAINVEST Assets SIA was prepared for the period 19.08.2021-31.12.2022

13.2 Participation in the capital of the associated company (%)

Group	Type of activity	Carrying amount as of	Carrying amount as of	Company's share of	Company's share of
EUR / %		31.12.2022	31.12.2021	31.12.2022	31.12.2021
VIACONTO Company Limited (Vietnam)	Financial services	336 033	204 335	50%	50%
Total		336 033			

Information about the associated company

Company	Net profit/ Loss	Net profit/ Loss	Net Assets	Net Assets
EUR	2022	2021	31.12.2022	31.12.2021
VIACONTO Company Limited (Vietnam)	131 698*	74 135*	390 501*	162 581*

* Audited

Notes to the consolidated and separate financial statements (cont'd)

14. Loans and trade receivables

	Group		Company	
EUR	2022	2021	2022	2021
Loans to related parties	-	348 737	9 955 947	9 910 237
Total non-current loans and trade receivables	-	348 737	9 955 947	9 910 237
Loans to related parties	4 608 909	1 682 500	525 000	1 682 500
Loans to customers	35 864 297	32 822 449	4 958 919	1 608 382
Impairment allowance for loans to customers	(8 907 358)	(7 798 586)	-	-
Impairment allowance for loans to related parties	-	-	(76 555)	(111 774)
Total current loans and trade receivables	31 565 848	26 706 363	5 407 364	3 179 108
Total	31 565 848	27 055 100	15 363 311	13 089 345

15. Impairment allowances

	Group		Company	
EUR	2022	2021	2022	2021
Impairment allowances at the beginning of the period	7 798 586	7 273 063	407 706	196 416
Impairment allowances (loan portfolio)	7 966 960	8 827 871	-	-
Impairment allowances (loans to related parties)	-	-	(35 219)	-
Impairment allowances (investments in susidiaries)	-	-	-	309 002
Currency exchange differences	(130 200)	(59 572)	-	-
Write-off	759 681	(1 920 292)	-	(97 712)
Receivables sold	(7 487 669)	(6 322 484)	-	-
Impairment allowances at the end of the period*	8 907 358	7 798 586	372 487	407 706

*For additional information see notes 13., 14., 16.

Notes to the consolidated and separate financial statements (cont'd)

16. Other debtors

	Group		Company	
EUR	2022	2021	2022	2021
Other receivables from customers	2 636 387	813 371	-	-
Overpayment of taxes	165 477	200 896	42 987	20 827
Other receivables from related parties	79 129	39 852	74 754	39 852
Security deposit	40 403	18 026	29 823	8 494
Other receivables, net	5 786 239	5 339 371	3 334 788	3 885 970
Other receivables	7 937 060	7 529 447	3 334 788	3 885 970
Impairment allowances	(2 150 821)	(2 190 076)	-	-
Total	8 707 635	6 411 516	3 482 352	3 955 143

*Other receivables include a receivable for the sold customer's loan portfolio according assignment agreements with the third parties. The loss allowances for such contractual financial assets are based on assumptions about risk of default and expected loss rates of underlying portfolios of loans assigned to counterparties. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.
The balance includes contractual receivable from CDS Europe OU (Estonia) –TEUR 2 477 (in 2021: TEUR 3 720) by the Group and TEUR 288 (in 2021: TEUR 217) by the Company linked to recovery rights of micro-loans portfolio assigned.

17. Cash and cash equivalents

	Group		Company	
EUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
EUR	881 890	2 551 571	373 429	456 853
RON	108 456	90 144	-	-
SEK	77 288	740 769	-	-
PLN	46 284	43 460	5 088	4 576
CZK	25 198	73 626	-	-
Total	1 139 116	3 499 570	378 517	461 429

According to Financia Instruments Market Law VIAINVEST ensures permanent separation of the funds of customers and company. Customers funds at the end of reporting period: 2 190 946 EUR (2021: 1 180 717 EUR).

Notes to the consolidated and separate financial statements (cont'd)

18. Share capital

The total number of registered shares as at December 31, 2022 is 813 000 (31.12.2021: 803 000). The par value of each share is EUR 1.00. All shares are fully paid.

19. Borrowings

	Group		Company	
EUR	2022	2021	2022	2021
Short-term liabilities	**26 811 533**	**28 077 034**	**8 256 545**	**12 183 768**
Short-term loan	26 619 243	25 025 764	8 199 408	9 235 538
Short-term bonds and accrued interest	29 583	2 896 109	29 583	2 896 109
Lease liabilities	162 707	155 161	27 554	52 121
Long-term loan	**3 738 424**	**1 755 980**	**3 848 868**	**48 427**
Long-term loans and accrued interest	1 495 124	1 583 658	1 658 168	25 000
Bonds	2 190 700	-	2 190 700	-
Lease liabilities	52 600	172 322	-	23 427
Total	**30 549 957**	**29 833 014**	**12 105 413**	**12 232 195**

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

The VIAINVEST investment platform is used by the Group as one of the methods of fundraising. It offers to invest in securities secured by loans issued by VIA SMS group and its subsidiaries and affiliates. The amount of funding raised through the investment platform in each of the lending countries and the average interest rate are shown below.

On April 21, 2022, JSC VIA SMS group has registered new unsecured bonds issue (ISIN LV0000860070) 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 15, 2025. 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.

In addition, VIACONTO's Swedish company has attracted additional financing as loans to Swedish individuals and companies.

Notes to the consolidated and separate financial statements (cont'd)

	Group			
	Invested on	Average %	Invested on	Average %
EUR	31.12.2022	2022	31.12.2021	2021
VIAINVEST (Latvia)	13 454 977	10%	12 252 090	10%
3rd party laons VIACONTO (Sweden)	4 187 492	9%	3 761 708	10%
VIAINVEST (Sweden)	3 772 208	10%	3 233 391	11%
VIAINVEST (Poland)	1 734 047	13%	3 027 904	12%
VIAINVEST (Company)	2 163 338	10%	1 795 555	12%
VIAINVEST (Czech Republic)	1 307 181	9%	955 116	11%
Bonds and accrued interest	29 583	-	2 896 109	10%
Short-term loans total	26 648 826		27 921 873	
Long-term loans and accrued interest	1 495 124	8% - 10%	1 583 658	8% - 10%
Bonds	2 190 700	10%	-	-
Long-term loans total	3 685 824		1 583 658	

	Company			
	Invested on	Average %	Invested on	Average %
EUR	31.12.2022	2022	31.12.2021	2021
Short term loans	6 036 070	10% - 12%	7 439 983	7%-13%
VIAINVEST (Company)	2 163 338	10%	1 795 555	12%
Bonds and accrued interest	29 583	-	2 896 109	10%
Short-term loans total	8 228 991		12 131 647	
Long-term loans and accrued interest	1 658 168	8% - 10%	25 000	-
Bonds	2 190 700	10%	-	-
Long-term loans total	3 848 868		25 000	

Notes to the consolidated and separate financial statements (cont'd)

20. Tax liabilities

	Group		Company	
EUR	2022	2021	2022	2021
CIT overpay / (liability)	(302 067)	(261 583)	(907)	(1 271)
VAT overpay / (liability)	541	(158 886)	42 987	19 195
Other Tax overpay / (liability)	(404 924)	(278 859)	(86 477)	(94 245)
Total	(706 450)	(699 328)	(44 397)	(76 321)

21. Other liabilities

	Group		Company	
EUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Liabilities with customers	1 778 014	3 287 823	549 701	782 839
Liabilities to personal	211 602	113 236	55 821	378
VAT tax liability	78 401	221 570	-	-
Other tax liabilities	404 984	355 502	86 477	95 876
Overpay from customers	73 320	83 118	-	-
Other creditors	147 951	197 884	481 920	1 121 472
Total	2 694 272	4 259 133	1 173 919	2 000 565

22. Average number of employees

	Group		Company	
	2022	2021	2022	2021
Management	4	5	2	2
Administration	135	124	53	50
Customer Serviss / Debt Collection	58	65	-	-
Total	197	194	55	52

Notes to the consolidated and separate financial statements (cont'd)

23. Related party disclosures

Income/expense	Group		Company	
EUR	2022	2021	2022	2021
Services provided	2 583	1 800	5 109 681	14 434 922
(Services received)	-	-	(345 573)	(194 503)
Interest income	138 731	89 253	636 973	491 051
(Interest expense)	(6 811)	(37 581)	(776 854)	(766 043)
Total, net	134 503	53 472	4 624 227	13 965 427

Assets	Group		Company	
EUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Issued loans	5 651 788	2 691 550	16 704 084	15 246 393
Accrued interests on issued loans	74 754	39 852	338 580	50 094
Trade receivables: Group' s entities	-	-	454 432	372 330
Trade receivables: non-Group	-	-	-	-
(Received loans)	-	-	(7 252 871)	(7 221 983)
(Accrued interests on received loans)	-	-	(892 373)	(452 305)
(Other payables)	(1 008 814)	(1 118 612)	(5 187 827)	(4 036 167)
Total, net	4 717 728	1 612 790	4 164 025	3 958 362

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

24. 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 24 741 536 (2021: 28 756 420 EUR).

25. Significant events after reporting period end

The Group conducts its operations only in the EU and Vietnam, where the Russia-Ukraine war does not directly affect its business processes. The Group's development in 2023 and further focused on protecting its customers from direct geopolitical risks.

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.

The headquarters office is located at a new address: Roberta Hirsa street 1, Riga, Latvia, LV-1045 from March 3, 2023 and the lease agreement is concluded for 10 years.

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Latvija

Translation from original in Latvian

Independent Auditor's Report

To the shareholders of AS "VIA SMS group"

Our Opinion on the Consolidated and Separate Financial Statements

We have audited the accompanying 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 8 to 52 of the accompanying consolidated and separate annual report, which comprise:

- the consolidated and separate income and comprehensive income statement for the year ended 31 December 2022,
- the consolidated and separate balance sheet as at 31 December 2022,
- the consolidated and separate statement of changes in equity for the year ended 31 December 2022,
- the consolidated and separate statement of cash flows for the year ended 31 December 2022,
- notes to the consolidated and separate financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of Group and separate financial position of Company as at 31 December 2022, and of Group's consolidated and Company's separate financial performance and respective consolidated and separate 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 Financial Statements* section of our report.

We are independent of the Group and the Company 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.

Other matter

The financial statements of the Group and the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on October 31, 2022.

Reporting on Other Information

The Group`s and the Company's management is responsible for the other information. The other information comprises

- Group`s and Company`s information as set out on page 3 of the accompanying Annual Report,

- the Management Report, as set out on pages 4 to 6 of the accompanying Annual Report.

Our opinion on the consolidated and separate 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* section of our report.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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

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' of the Republic of Latvia.

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 financial statements are prepared is consistent with the 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' of the Republic of Latvia.

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

Management is responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with the 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 the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate 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 the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group`s and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

- We obtain sufficient appropriate audit evidence about the financial information of the Group companies for the purpose of expressing an opinion on the consolidated financial statements. We are responsible for direction, supervision and performance of the Group's audit. We remain solely responsible for our Auditor`s opinion.

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
Kalku street 15-3B, Riga, LV1050
License No 182

Raivis Jānis Jaunkalns
Sworn auditor
Certificate No 237
Member of the Board

Riga, Latvia
22 December, 2023

This document is electronically signed with safe electronical signature and contains time stamp

Contact us

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