AS "VIA SMS GROUP"

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year 2020

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

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GENERAL INFORMATION

Name of the company	VIA SMS GROUP
Legal status of the company	Joint-stock company
Registration number, place and date	40003901472 Riga, 23 February 2007
Registered office	13.janvara street 3 Riga, Latvia, LV-1050
Shareholders	SIA Financial investment 20% Deniss Šerstjukovs 31% (till 11.07.2019) Georgijs Krasovickis 49% (till 11.07.2019), 80% (since 11.07.2019)
Members of the Council	Andris Riekstiņš (Chairman of the Council) Normunds Vigulis (Deputy Chairman of the Council) Anna Lisenko (Member of the Council)
Members of the Board	Eduards Lapkovskis Deniss Serstjukovs Georgijs Krasovickis
Subsidiaries	VIA SMS SIA, 13. janvara street 3, LV-1050, Riga, Latvia, (100%) SMS PL z.o.o., Al. Jerozolimskie 123A; 02-017, Warszawa, Poland, (100%) VIA SMS s.r.o., Lazarská 1719/5, 110 00 Praha 1, Czech Republic, (100%) ViaConto Sweden AB, Holländargatan 27, 113 59, Stockholm, Sweden, (100%) CASHALOT Sp.z.o.o., Al. Jerozolimskie 123A; 02-017, Warszawa, Poland, (100%) VIAINVEST SIA, 13. janvara street 3, LV-1050, Riga, Latvia, (100%) Via Payments UAB, Konstitucijos pr. 7, LT-09308, Vilnius, Lithuania, (100%) IFN VIACONTO MINICREDIT S.A, Calea MOSILOR 21, Bucharest, Romania (95%) FinnQ UAB, Žalgirio g. 90, LT-09303, Vilnius, Lithuania, (100%) RH Property SIA, Audēju street 14 - 10, LV-1050, Riga, Latvia, (100% , from 09.09.2020) ViaConto Minicredit S.L NIF: B66402868 Calle Valencia 279 3, Barcelona 08009, Spain, (100% till 04.11.2020)
Reporting period	1 January 2020 – 31 December 2020
Auditor	“Taxlink Consulting" SIA License No.185

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, 2020.

All figures are presented in EUR (Euro).

Core activities

The Company is a holding company managing several daughter companies - financial services providers - in various countries. The Company together with its subsidiaries make up the Group. The core business fields of the Group's subsidiaries are providing consumer lending, investment and digital payments services. Group mission 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.

Business overview

The Group has closed the reporting period with a net turnover of EUR 28 412 530 that shows 3% increase in comparison to the same period in 2019. Consolidated net loan portfolio of the Group as to December 31, 2020 was EUR 21 187 391, which has decreased by 11% in comparison to December 31, 2019 due to sales of its daughter company in Spain (8% of the total portfolio in 2019). The growth of Group's net and credit portfolio was benefited by the successful operations of its daughter companies, especially in Latvia and Romania which experienced credit portfolio growth of 15% and 43% respectively. The Group's financial result is a loss of EUR 282,953 arising from assessment of Group's receivable with a the prudent approach and recognizing provisions for doubtful debts.

The main goal of the Group in 2020 was to develop digital payments platform VIALET globally by investing in building unique fintech solution. The strategic plan of the Group foresees the VIALET becoming a unified platform offering wide range of services and allows to serve all segments of Company's customers. Carrying out the plan will allow the company to manage its product portfolio more effectively, ensure higher accessibility and usability of products, as well as create an opportunity to present the unique financial services platform. Digital payments platform VIALET (UAB Via Payments) currently holding the electronic money institution license issued by the Lithuanian Central Bank is conceptually different product from those forming the core product portfolio of the Group until now. The Group is planning to develop VIALET by providing the unified platform for all Group's services that would benefit customers by allowing to apply for a loan, use investment products, make payments, apply for a payments card, make deposits and manage personal finances more conveniently.

Reacting to the rapid spread of COVID-19 and following pandemic, several restrictions related to pandemic containment were introduced in March 2020 in Latvia and other countries the Group is operating. It resulted in a significant slowdown in economic activity. The restrictions were canceled only in July 2020, but in autumn 2020, the spread of COVID-19 rapidly enlarged. Starting October 2020, several restrictions were reinforced. Despite operating in the crisis conditions, the Group continues execution of its business development strategy according to the initial plan and introduces measures to prevent negative consequences of the pandemic. The Group has responded to the negative consequences of the restrictions by decision to leave Spanish market resulting in sales of microloans portfolio with discount, and currently closely monitors settlement installments resulting from the transaction.

MANAGEMENT REPORT (CONTINUED)

Development plans

In September 2021, VIAINVEST obtained an investment brokerage firm license supervised by the Financial and Capital Market Commission. License issuance marks the beginning of 6 months transition period. Within it, VIAINVEST will gradually shift from selling claim rights to listing asset-backed securities.

In 2022 Group will focus on continuous development of the financial services platform VIALET, as the as the execution of strategic business plans will allow to manage Group's product portfolio more effectively, ensure product availability to wider circle of customers and upgrade product usability, as well as offer a unique financial services platform.

Group development plans also include the launch of new innovative products as well as introducing open-ended credit line lending product in all represented markets.

EDUARDS LAPKOVSKIS____________________
Member of the Board

DENISS ŠERSTJUKOVS____________________
Member of the Board

GEORGIJS KRASOVICKIS____________________
Member of the Board

Riga, October 29, 2021

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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

The consolidated and separate financial statements are prepared in accordance with the source documents and give a true and fair view of the Company' s and its subsidiaries' financial position operation results and cash flows for year ended 31 December 2020.

The Board confirms that appropriate accounting policies have been consequently applied and prudent and reasonable judgments and estimates have been made by the management in the preparation of the consolidated and separate financial statements for year ended 31 December 2020, set out on pages 7 to 43. The Board also confirms that International Financial Reporting Standards (IFRS) as adopted by the EU have been applied and complied with. The unaudited interim consolidated and separate financial statements have been prepared on a going concern basis and in compliance with laws and regulations of the Republic of Latvia applicable to the preparation of financial statements.

The 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

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Member of the Board

GEORGIJS KRASOVICKIS____________________
Member of the Board

Riga, October 29, 2021

CONSOLIDATED AND SEPARATE INCOME STATEMENTS

		GROUP		COMPANY	
EUR	Notes	2020	2019	2020	2019
Net turnover	7	28 412 530	27 672 206	4 117 379	4 735 348
Operating costs	8	(10 798 492)	(5 821 644)	(910 762)	(924 095)
Impairment allowances / sale of portfolio		(7 479 318)	(9 758 873)	(1 429 758)	-
Gross profit		**10 134 720**	**12 091 689**	**1 776 859**	**3 811 253**
Selling expenses (marketing)		(1 836 521)	(2 901 635)	(207 415)	(450 636)
Operating profit		**8 298 199**	**9 190 054**	**1 569 444**	**3 360 617**
Administrative expenses	9	(6 506 521)	(7 034 125)	(3 284 244)	(3 852 874)
Other operating expenses	10	(3 216 271)	(1 380 518)	(1 966 558)	(871 883)
Other operating income	11	1 492 313	43 126	3 769 561	2 313 840
Profit before tax		**67 720**	**818 537**	**88 203**	**949 700**
Taxes	12	(350 673)	(431 074)	(300)	(787)
Net profit for the period		**(282 953)**	**387 463**	**87 903**	**948 913**
Minority interest (loss)		4 454	(13 882)	-	-
Profit attributable to equity holders		(287 407)	401 345	87 903	948 913

The accompanying notes on pages 13 to 43 form an integral part of the consolidated and separate financial statements.

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Member of the Board

TAMĀRA HAKOVA____________________
Chief Financial Officer

Riga, October 29, 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Net profit for the period	**(282 953)**	**387 463**	**87 903**	**948 913**
Depreciation of revaluation reserve	-	52	-	-
Foreign currency translation reserve	(91 856)	40 884	-	-
Total comprehensive income	**(374 809)**	**428 399**	**87 903**	**948 913**

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Chief Financial Officer

Riga, October 29, 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
EUR	Notes	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Non-current assets		**3 589 726**	**1 406 314**	**11 789 330**	**11 787 912**
Intangible assets	13	457 454	459 772	453 557	442 684
Goodwill	14	91 561	-	-	-
Property, plant and equipment	13	844 071	164 744	82 685	120 614
Investments in leasehold improvements	13	6 279	8 480	-	-
Right-of-Use assets (non-current)		271 188	606 197	104 408	92 213
Investments in the capital of subsidiaries	14	-	-	6 254 094	7 479 136
Loans and trade receivables (non-current)	15	1 760 340	37 296	4 894 586	3 653 265
Deferred tax assets		158 833	129 825	-	-
Current assets		**33 823 979**	**33 170 733**	**4 959 100**	**2 928 661**
Loans and trade receivables (current)	15;16	21 187 391	23 981 774	3 035 070	424 833
Other debtors (current)	17	7 911 978	7 825 726	839 651	2 437 075
Prepaid expenses		130 923	225 123	39 256	39 993
Cash and cash equivalents	18	4 593 687	1 138 110	1 045 123	26 760
Total assets		**37 413 705**	**34 577 047**	**16 748 430**	**14 716 573**

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Chief Financial Officer

Riga, October 29, 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
EUR	Notes	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Equity		**5 831 537**	**4 079 621**	**3 444 172**	**3 356 044**
Share capital	19	803 000	803 000	803 000	803 000
Foreign currency translation reserve		(73 010)	18 846	-	(225)
Retained earnings		5 101 547	3 257 775	2 641 172	2 553 269
Total equity attributable to the members of the Company		**5 846 738**	**4 073 824**	**3 444 172**	**3 356 044**
Minority interest		15 201	(5 797)	-	-
Non-current liabilities		**3 610 618**	**2 063 219**	**1 771 000**	**8 119 094**
Bonds	20	1 311 000	1 077 000	1 311 000	1 077 000
Borrowings (non-current)	20	2 242 678	780 904	460 000	7 042 094
Lease liabilities (non-current)		56 940	205 315	-	-
Current liabilities		**27 956 349**	**28 440 004**	**11 533 258**	**3 241 435**
Bonds (interests)	20	4 858	15 302	4 858	15 302
Borrowings	20	18 734 572	19 780 877	9 209 499	37 370
Trade payables		1 883 593	2 839 025	385 718	894 098
Lease liabilities		214 072	413 456	104 408	95 364
Corporate income tax payable		238 634	154 865	257	-
Other liabilities	22	5 778 256	3 257 742	1 531 866	938 311
Deferred income		71 463	225 823	16 167	98 493
Unpaid dividends		67 443	1 012 000	67 443	1 012 000
Accrued liabilities		963 458	740 914	213 042	150 497
Total liabilities		**31 566 967**	**30 503 223**	**13 304 258**	**11 360 529**
Total equity and liabilities		**37 413 705**	**34 577 047**	**16 748 430**	**14 716 573**

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Chief Financial Officer

Riga, October 29, 2021

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENTS

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Cash flows to/ from operating activities				
Profit before tax	67 720	818 537	88 203	949 700
Interest income	-	(1 016)	(574 282)	(684 724)
Interest expenses	-	110 449	861 404	792 510
Depreciation, amortization, and write-offs of property, plant and equipment and intangible assets	-	596 506	159 957	105 618
Vacation pay reserve	76 180	50 342	24 506	-
Dividends received	-	-	(1 799 966)	(2 313 817)
Operating profit before adjustments for current assets and current liabilities	**143 900**	**1 574 818**	**(1 240 178)**	**(1 150 713)**
Increase/(decrease) in loans	(612 704)	5 795 386	(1 241 321)	4 193 562
Increase/(decrease) in receivables and other assets	4 199 554	(5 496 474)	731 869	(1 932 814)
Increase/(decrease) in other liabilities	(218 101)	3 864 236	2 144 334	-
Cash generated from operations	**3 512 649**	**5 737 966**	**394 704**	**1 110 035**
Corporate income tax (paid)	(198 324)	(587 310)	-	-
Net cash flows to/ from operating activities	**3 314 325**	**5 150 656**	**394 704**	**1 110 035**
Cash flows to/ from investing activities				
Purchase of property, plant and equipment and intangible assets	(825 321)	(713 122)	(75 312)	(255 829)
Investments in subsidiaries	-	-	(180 000)	(287 001)
Dividends received	-	-	300 000	2 013 817
Issued/repaid loans	(622 700)	(4 800)	(562 153)	2 264 602
Net cash flows to/ from investing activities	**(1 448 021)**	**(717 922)**	**(517 465)**	**3 735 589**
Cash flows to/ from financing activities				
Received borrowings	1 649 859	536 750	4 576 155	921 922
Repurchased/sold bonds	251 784	(2 331 000)	251 784	(2 344 000)
Repayment of borrowings	(20 000)	(1 666 419)	(2 244 933)	(2 039 632)
Interest paid	(292 370)	-	(530 224)	(709 072)
Dividends paid	-	(1 700 000)	(911 658)	(600 000)
Net cash flows to/ from financing activities	**1 589 273**	**(5 160 669)**	**1 141 124**	**(4 770 782)**
Change in cash and cash equivalents	**3 455 577**	**(727 935)**	**1 018 363**	**74 842**
Cash and cash equivalents at the beginning of the period	1 138 110	1 866 045	26 760	101 602
Cash and cash equivalents at the end of the period	4 593 687	1 138 110	1 045 123	26 760

The accompanying notes on pages 13 to 43 form an integral part of the consolidated and separate financial statements.

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Riga, October 29, 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

GROUP							
EUR	Share capital	Foreign currency translation reserve	Retained earnings / (Accumulated loss)	Revaluation reserve	Total	Minority interest	Total Group's Equity
Balance as of 31.12.2018.	**803 000**	**(22 038)**	**4 912 099**	**(52)**	**5 693 009**	**(19 815)**	**5 673 194**
Result for the reporting period	-	-	401 345	-	401 345	(13 882)	387 463
Other comprehensive income	-	40 884	-	52	40 936	-	40 936
Revalutiation reserve	-	-	(277 567)	-	(277 567)	-	(277 567)
Sharesholders contributions	-	-	-	-	-	-	-
Paid dividends	-	-	(1 700 000)	-	(1 700 000)	-	(1 700 000)
Subsidiary disposal	-	-	(50 000)	-	(50 000)	-	(50 000)
Changes in minority stake	-	-	(28 102)	-	(28 102)	27 900	(202)
Balance as of 31.12.2019.	**803 000**	**18 846**	**3 257 775**	**-**	**4 079 621**	**(5 797)**	**4 073 824**
Foreign currency translation	-	(91 856)	-	-	(91 856)	-	(91 856)
Paid dividends	-	-	-	-	-	-	-
Subsidiary disposal	-	-	2 110 181	-	2 110 181	-	2 110 181
Changes in minority stake	-	-	20 998	-	20 998	16 544	37 542
Result for the reporting period	-	-	(287 407)	-	(287 407)	4 454	(282 953)
Balance as of 31.12.2020.	**803 000**	**(73 010)**	**5 101 547**	**-**	**5 831 537**	**15 201**	**5 846 738**

COMPANY				
EUR	Share capital	Accumulated Profit/Loss	Revaluation reserve	Total
Balance as of 31.12.2018.	**803 000**	**3 304 356**	**-**	**4 107 356**
Profit for the period	-	948 913	-	948 913
Paid dividends	-	(1 700 000)	-	(1 700 000)
Foreign currency translation	-	-	(225)	(225)
Balance as of 31.12.2019.	**803 000**	**2 553 269**	**(225)**	**3 356 044**
Profit for the period	-	87 903	225	88 128
Balance as of 31.12.2020.	**803 000**	**2 641 172**	**-**	**3 444 172**

The accompanying notes on pages 13 to 43 form an integral part of the consolidated and separate financial statements.

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Member of the Board

TAMĀRA HAKOVA
Chief Financial Officer

Riga, October 29, 2021

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

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, Spain, Lithuania and Romania. The main business of the Group is providing short-term loans.

The registered office of the Company is at 13. janvara street 3, Riga, LV-1050 Latvia

Products and services

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

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

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

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

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

In August, 2017 the Group has introduced multiproduct services available for customers in Latvia. Within the multiproduct services customers can combine up to three different consumer lending products not exceeding the total maximum limit of EUR 3000.
VIALET is digital payments platform and e-wallet system offering its users to open payments account in EUR and make instant payments to other product users, as well as apply for a Mastercard payments card. In cooperation with other the Group's brands, VIALET also offer country-specific products e.g. payments account in PLN and issuing credits to VIALET account in Poland (in cooperation with VIASMS.pl), issuing loans to VIALET account in Latvia (in cooperation VIASMS.lv), etc.

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

VIAINVEST is an investment platform offering private individuals and legal entities to invest in consumer and business loans on various terms. By ensuring 12% return rate on annual basis, VIAINVEST provides diversified investment portfolio with different risk degrees. Minimal investment amount on the platform is set to 10 EUR.

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 2020 are consistent with those used in the preparation of the financial statements for year 2019.
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 October 29, 2021.
The Company also prepares separate financial statements for statutory purposes in accordance with the relevant Latvian legislation.

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

Standards and Interpretations applied in the reporting period

New accounting and financial reporting standards, interpretations and amendments which were not applicable to the previous annual financial statements since then have been issued. Some of the standards become effective in 2020, others become effective for later reporting periods. In this section those relevant for the Group are summarised. Where the implementation impact was or is expected to be reasonably material it is disclosed.

New requirements effective for 2020 which did not have a significant effect to the Group

Amendments to References to Conceptual Framework in IFRS
The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Standards Amendments to IFRS 3 – Definition of a Business
The amendments revise the definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early-stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if there are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets).

Amendments to IAS 1 and IAS 8 – Definition of Material
The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform – Phase 2 RFR)
In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk- free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. The amendments have not yet been endorsed by the EU.

Amendments to 16 - COVID-19 related rent concessions
The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease. If a lessee chooses to apply the practical expedient to a lease, it would apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances. The amendment is to be applied retrospectively in accordance with IAS 8, but lessees are not required to restate prior period figures or to provide the disclosure under paragraph 28(f) of IAS 8.

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

Upcoming requirements not impacting 2020 financials

Certain new standards, amendments to standards and interpretations have been endorsed by EU for the accounting periods beginning after 1 January 2020 or are not yet effective in the EU. These standards have not been applied in preparing these financial statements. The Group does not plan to adopt any of these standards early. The Group is in the process of evaluating the potential effect if any of changes arise from these new standards and interpretations.

IFRS 17 - Insurance Contracts.
Amendments to IAS 37 – Onerous contracts – Cost of Fulfilling a Contract
Amendments to IAS 16 – Property, Plant Equipment: Proceeds before Intended Use
Amendments to IFRS 3 – Reference to Conceptual Framework
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

3. Basis of consolidation

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

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

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

- VIA SMS SIA
- VIA SMS PL z.o.o.
- VIA SMS s.r.o.
- VIA CONTO SWEDEN AB
- VIASPAR AB (subsidiary of VIA CONTO SWEDEN AB)
- CASHALOT Sp.z.o.o.
- VIAINVEST SIA
- Via Payments UAB
- IFN VIACONTO MINICREDIT
- FinnQ UAB
- EEIG VIA SMS R&D Services (liquidated in September 2020)
- VIACONTO MINICREDIT S.L. (sold in November 2020)
- No Mas Deuda S.L. (subsidiary of VIACONTO MINICREDIT S.L., sold in November 2020)
- RH Property SIA (since 09.09.2020)

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.

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

4. Significant accounting assumptions and estimates

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

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

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

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

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

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

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

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

a) Loans and receivables

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

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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 faciliaties.

c) Intangible assets and property, plant and equipment

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

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

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

d) Cash and cash equivalents

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

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

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.

g) Revenue recognition

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

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

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

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

h) Taxes

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

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

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

i) Provisions

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

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

j) Share capital

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

k) Foreign currency translation:

i) Functional and presentation currency

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

ii) Transactions and balances

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

iii) Group companies

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

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

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

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

5. Financial risk management

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

Credit risk

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

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

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

- In 2020 all Subsidiaries operate an automated credit decision system.

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

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

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

On 31 December 2020	Days overdue	Payday	Instalment	Credit Line
		EUR	EUR	EUR
Performing	<=0	2 310 670	260 678	14 528 424
	1-30	371 903	29 568	2 097 711
Past due not	31-60	163 991	7 957	870 782
	61-90	173 352	1 725	353 624
	90+	2 756 522	170 311	4 482 670
	Total	**5 776 438**	**470 240**	**22 333 211**
			Loans and receivables:	28 579 889
			Unearned commission:	(119 435)
			Impairment allowances:	(7 273 063)
			Net loan portfolio:	21 187 391

On 31 December 2020	Days overdue	Impairment allowances:
		EUR
Performing	<=0	1 019 149
	1-30	183 670
Past due not	31-60	95 510
	61-90	69 862
	90+	5 904 872
	Total:	**7 273 063**

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

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

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

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

Country risk

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

The table below shows the exposure of the loan portfolio to country risk in different countries. Romania and Sweden are developing fastest, other markets see moderate increase (Latvia) or decline (Czech Republic, Poland).

EUR	2020	2019
Latvia	12 614 454	12 350 530
Sweden	8 068 885	7 226 907
Czech	3 475 269	3 671 626
Poland	3 372 164	5 819 332
Romania	1 049 117	897 563
Spain	-	3 299 559
Total	**28 579 889**	**33 265 517**

Currency risk

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

On 31 December 2020	CZK	PLN	SEK	RON
Rate on the reporting date	26.24	4.56	10.03	4.87
Maximum difference in 2020	8.20%	6.50%	8.20%	1.70%
Minimum value	24.1	4.26	9.21	4.78
Maximum value	28.38	4.86	10.86	4.95

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

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

The following table below shows sensitive loans and receivables, and the fluctuations of each of the currency exchange rates that come from the range between minimum and maximum exchange rates in the reporting period, similar as described in the previous tables. In 2020 SEK poses the biggest effect on the result among all currencies.

Currency/EUR	Basis	Effect on result	Basis	Effect on result
	31.12.2020	31.12.2020	31.12.2019	31.12.2019
EUR	12 614 454	-	15 650 089	-
PLN	3 173 057	199 107	5 476 152	343 180
SEK	7 454 827	614 058	6 677 143	549 764
CZK	3 213 518	261 751	3 578 946	92 680
RON	1 031 238	17 880	871 701	25 862
Total	**27 487 093**	**1 092 796**	**32 254 031**	**1 011 486**

Liquidity risk

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

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

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

31 decembris 2020	GROUP			
EUR	1 year	1-5 years	5+ years	Total
Long-term loans and trade receivables	-	-	-	1 760 340
Loans and trade receivables	21 187 391	-	-	21 187 391
Other receivables	7 911 978	-	-	7 911 978
Total:	**29 099 369**	**-**	**-**	**30 859 709**
Borrowings	-	2 242 678	-	2 242 678
Bonds	4 858	1 311 000	-	1 315 858
Borrowings	18 734 572	-	-	18 734 572
Lease liabilities	214 072	56 940	-	271 012
Trade payables	1 883 593	-	-	1 883 593
Other liabilities	6 084 333	-	-	6 084 333
Total:	**26 921 428**	**3 610 618**	**-**	**30 532 046**

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

31 decembris 2020		COMPANY		
EUR	1 year	1-5 years	5+ years	Total
Long-term loans and trade receivables	-	4 894 586	-	4 894 586
Loans and trade receivables	3 035 070	-	-	3 035 070
Other receivables	839 651	-	-	839 651
Total:	**3 874 721**	**4 894 586**	-	**8 769 307**
Borrowings	-	460 000	-	460 000
Bonds	4 858	1 311 000	-	1 315 858
Borrowings	9 209 499	-	-	9 209 499
Lease liabilities	104 408	-	-	104 408
Trade payables	385 718	-	-	385 718
Other liabilities	1 599 566	-	-	1 599 566
Total:	**11 304 049**	**1 771 000**	-	**13 075 049**

Interest rate risk

The Group and the Company are exposed to limited interest rate risk as contractual terms for all financial assets and liabilities include fixed interest rate. The weighted average borrowing rate of the Group as of December of 2020 remains stable compared to 2019 and amounts to 11%.

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

6. The impact of the sale of Spain subsidiary

Necessity to enclose Appendix 6 derives from the fact that on 4 November 2020 the Company sold all its owned shares of VIACONTO MINICREDIT S.L. As a result of the respective transaction, VIACONTO MINICREDIT S.L is excluded (is not consolidated) in the Consolidated and separate financial statements for the year ended 31 December 2014 and loss from the sale of VIA SMS MINICREDIT S.L. shares amounting EUR 1 324 337 is included.

With a purpose to deliver clear and comparable overview for users of the respective statement on Company' s operations in 2019 and 2020, in the Appendix No 6 data are presented as they would be if subsidiary VIACONTO MINICREDIT S.L. owned by VIA SMS Group would be excluded (would not be consolidated) at that time.

Aforementioned Appendix No 6 is included in order to ensure that user of the respective statement could transparently compare the data for the year 2020 or on 31 December 2020 comparing to data for the year 2019 or on 31 December 2019.

Further Appendixes from 6.1. to 6.5. reflect the data with a note „excluding discontinuing operations" shall be read as Consolidated financial statements as of 2019 and 2020 and / or, financial statements on 31 December, accordingly, without (non-consolidated) VIA SMS MINICREDIT, S.L., but including loss from sale of the company, including losses from the sale of the respective company in the Company's / Group's Income statements.
The Group's income statements include the financial result of VIACONTO MINICREDIT S.L. for the period of 10 months of year 2020 prior to the month of disposal and is calculated using a linear extrapolation of the 6-month result of the subsidiary.

6.1. Consolidated profit or loss statement excluding discontinuing operations (2020)

GROUP (continuing operations)	2020		
EUR	Including discontinuing operations	Discontinuing operations	Excluding discontinuing operations
Net turnover	28 412 530	921 293	27 417 378
Operating costs	(10 798 492)	(365 055)	(10 359 578)
Impairment allowances / sale of portfolio	(7 479 318)	(1 266 589)	(6 212 729)
Gross profit	**10 134 720**	**(710 351)**	**10 845 071**
Selling expenses (marketing)	(1 836 521)	(4 250)	(1 832 271)
Operating profit	**8 298 199**	**(714 601)**	**9 012 800**
Administrative expenses	(6 506 521)	(102 895)	(6 403 626)
Other operating expenses	(3 216 271)	-	(3 216 271)
Other operating income	1 492 313	-	1 492 313
Profit before tax	**67 720**	**(817 496)**	**885 216**
Taxes	(350 673)	-	(350 673)
Net profit for the period from continuing operations	**(282 953)**	**(817 496)**	**534 543**
Net profit for the period from discontinuing operations	-	817 496	(817 496)
Net profit for the period from continuing operations	**(282 953)**	**-**	**(282 953)**

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

6.2. Consolidated profit or loss statement excluding discontinuing operations (2019)

GROUP (continuing operations)	2019		
EUR	Including discontinuing operations	Discontinuing operations	Excluding discontinuing operations
Net turnover	27 672 206	3 916 245	23 035 957
Operating costs	(5 821 644)	(1 475 036)	(3 626 604)
Impairment allowances / sale of portfolio	(9 758 873)	(2 025 127)	(7 733 746)
Gross profit	**12 091 689**	**416 082**	**11 675 607**
Selling expenses (marketing)	(2 901 635)	(54 619)	(2 847 016)
Operating profit	**9 190 054**	**361 463**	**8 828 591**
Administrative expenses	(7 034 125)	(172 958)	(6 861 167)
Other operating expenses	(1 380 518)	(156 266)	(1 224 252)
Other operating income	43 126	-	43 126
Profit before tax	**818 537**	**32 239**	**786 298**
Taxes	(431 074)	-	(431 074)
Net profit for the period from continuing operations	**387 463**	**32 239**	**355 224**
Net profit for the period from discontinuing operations	-	-	-
Net profit for the period from continuing operations	**387 463**	**32 239**	**355 224**

6.3. Consolidated balance excluding discontinuing operations (Assets)

GROUP (continuing operations)		
EUR	31.12.2020	31.12.2019
Non-current assets	**3 589 726**	**1 229 052**
Intangible assets	457 454	459 772
Goodwill	91 561	-
Property, plant and equipment	844 071	149 328
Investments in leasehold improvements	6 279	8 480
Right-of-Use assets (non-current)	271 188	444 351
Investments in the capital of subsidiaries	-	-
Loans and trade receivables (non-current)	1 760 340	37 296
Deferred tax assets	158 833	129 825
Current assets	**33 823 979**	**28 308 085**
Loans and trade receivables (current)	21 187 391	22 019 220
Other debtors (current)	7 911 978	5 267 781
Prepaid expenses	130 923	219 173
Cash and cash equivalents	4 593 687	801 911
Total assets	**37 413 705**	**29 537 137**

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

6.4. Consolidated balance excluding discontinuing operations (Liabilities)

Share capital	803 000	(2 193 241)
Foreign currency translation reserve	(73 010)	18 846
Retained earnings	5 101 547	6 014 076
Total equity attributable to the members of the Company	**5 846 738**	**3 833 884**
Minority interest	15 201	(5 797)
Non-current liabilities	**3 610 618**	**1 872 179**
Bonds	1 311 000	1 077 000
Borrowings (non-current)	2 242 678	755 042
Lease liabilities (non-current)	56 940	40 137
Current liabilities	**27 956 349**	**23 831 074**
Bonds (interests)	4 858	15 302
Borrowings	18 734 572	18 253 402
Trade payables	1 883 593	1 488 090
Lease liabilities	214 072	413 456
Corporate income tax payable	238 634	154 865
Other liabilities	5 778 256	1 575 009
Deferred income	71 463	225 823
Unpaid dividends	67 443	1 012 000
Accrued liabilities	963 458	693 127
Total liabilities	**31 566 967**	**25 703 253**
Total equity and liabilities	**37 413 705**	**29 537 137**

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

6.5. Consolidated cash flow statement excluding discontinuing operations

GROUP (continuing operations)		
EUR	2020	2019
Cash flows to/ from operating activities		
Profit before tax	67 720	786 298
Interest income	-	(15 802)
Interest expenses	-	110 449
Depreciation, amortization, and write-offs of property, plant and equipment and intangible assets	-	595 469
Vacation pay reserve	76 180	50 342
Operating profit before adjustments for current assets and current liabilities	**143 900**	**1 526 756**
Increase/(decrease) in loans	(612 704)	5 795 386
Increase/(decrease) in receivables and other assets	4 199 554	(6 761 842)
Increase/(decrease) in other liabilities	(218 101)	3 864 236
Cash generated from operations	**3 512 649**	**4 424 536**
Corporate income tax (paid)	(198 324)	(587 310)
Net cash flows to/ from operating activities	**3 314 325**	**3 837 226**
Cash flows to/ from investing activities		
Purchase of property, plant and equipment and intangible assets	(825 321)	(713 122)
Issued/repaid loans	(622 700)	(4 800)
Net cash flows to/ from investing activities	**(1 448 021)**	**(717 922)**
Cash flows to/ from financing activities		
Received borrowings	2 020	536 750
Repurchased/sold bonds	251 784	(2 331 000)
Repayment of borrowings	(20 000)	(1 666 419)
Interest paid	(292 370)	-
Dividends paid	-	(1 700 000)
Net cash flows to/ from financing activities	**(58 566)**	**(5 160 669)**
Change in cash and cash equivalents	**1 807 738**	**(2 041 365)**
Cash and cash equivalents at the beginning of the period	1 138 110	1 866 045
Cash and cash equivalents at the end of the period	4 593 687	801 911

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

7. Net turnover

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Commission fee	16 385 235	20 214 525	-	-
Online banking fees	9 140 109	2 057 342	-	-
Extension fee	885 425	2 319 418	-	-
Services provided	812 177	1 822	4 117 379	4 735 348
Penalties	789 024	1 132 372	-	-
SMS and other income	292 892	1 649 272	-	-
Letters	103 881	146 454	-	-
Registration fee	3 787	29 257	-	-
Restructuring commission	-	121 744	-	-
Total	**28 412 530**	**27 672 206**	**4 117 379**	**4 735 348**

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Latvia	6 496 843	5 896 929	1 032 309	835 611
Sweden	4 799 827	5 752 916	631 840	945 119
Poland	3 814 394	7 113 419	1 146 448	1 425 847
Lithuania	9 201 749	2 062 511	649 089	330 354
Czech Republic	1 717 215	2 056 927	405 960	359 318
Romania	1 461 209	873 259	198 618	173 606
Spain	921 293	3 916 245	53 115	665 493
Total:	**28 412 530**	**27 672 206**	**4 117 379**	**4 735 348**

*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)

8. Operating costs

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Commission fee	5 915 917	46 277	-	-
Interest expenses	2 276 944	1 950 402	889 241	833 934
Remuneration (operators and debt collectors, IT)	1 202 505	2 180 185	-	-
Debt collection expenses	275 056	357 095	-	-
Bank charges	199 787	220 183	14 829	20 370
Clients check	168 062	353 756	6 692	66 236
SMS expenses	135 095	89 685	-	-
Postage	61 753	-	-	-
Telecommunications	44 247	59 144	-	3 555
License and other membership fees	27 759	22 215	-	-
Other costs	491 367	542 702	-	-
Total	**10 798 492**	**5 821 644**	**910 762**	**924 095**

9. Administrative expenses

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Remuneration (other)	3 736 236	3 600 835	2 060 843	2 171 106
Legal and professional	1 502 242	1 328 854	651 293	581 278
Depreciation	470 420	491 298	159 957	191 699
Board remuneration	308 829	346 782	195 309	304 920
Accounting expenses	190 186	300 322	112 752	178 922
Business trips	48 443	125 682	14 808	58 893
Utilities	30 700	36 640	16 565	18 896
Household goods	8 473	88 298	789	7 759
Lease of premises	(12 500)	(6 982)	2 744	(534)
Other costs	223 492	722 396	69 184	339 935
Total	**6 506 521**	**7 034 125**	**3 284 244**	**3 852 874**

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

10. Other operating expenses

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Unrecoverable VAT	591 285	861 258	38 393	-
Currency exchange, net	561 563	318 710	214 774	134 675
Vacation pay reserve	76 180	50 342	24 506	-
Other costs	1 987 243*	150 208	1 688 885*	737 208
Total	**3 216 271**	**1 380 518**	**1 966 558**	**871 883**

11. Other operating income

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Dividends received	-	-	1 801 440	2 313 817
Other income	1 492 313*	43 126	1 968 121*	23
Total	**1 492 313**	**43 126**	**3 769 561**	**2 313 840**

*Other income includes the financial result from Company's transactions with options EUR 1 478 844 (see Note 22).

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

12. Income tax

	GROUP	
EUR	2020	2019
Calculated tax for the period	344 006	436 340
Deffered tax for the period	6 667	(5 267)
Total	**350 673**	**431 074**

	GROUP	
%	2020	2019
Latvia	0%*	0%*
Poland	19%	19%
Chech Republic	19%	19%
Romania	16%	16%
Spain	25%	25%
Sweden	21%	21%
Lithuania	15%	15%

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

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

13. 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 2018	**364 831**	**1 012 724**	**-**	**66 410**	**-**	**1 443 965**
IFRS 16 implementation	-	-	-	-	536 086	**536 086**
Exchange rate fluctuations, net	(898)	(894)	-	106	-	**(1 686)**
Acquisition cost	218 109	495 012	-	-	227 381	**940 502**
Corrections	-	-	-	-	186 396	**186 396**
Disposed	(206 267)	(915 122)	-	(48 510)	-	**(1 169 899)**
31 December 2019	**375 775**	**591 720**	**-**	**18 006**	**949 863**	**1 935 364**
Exchange rate fluctuations, net	(421)	85	-	(520)	-	**(856)**
Acquisition cost	804 971	50 733	91 561	-	214 072	**1 161 337**
Corrections	-	-	-	-	(222 319)	**(222 319)**
Disposed	(25 625)	(11 042)	-	-	(650 387)	**(687 054)**
31 December 2020	**1 154 700**	**631 496**	**91 561**	**17 486**	**291 229**	**2 186 472**
Depreciation						
31 December 2018	**(245 924)**	**(628 627)**	**-**	**(51 345)**	**-**	**(925 896)**
Exchange rate fluctuations, net	116	171	-	-	-	**287**
Recclasification	(5)	5	-	-	-	**-**
Calculated depreciation	(79 430)	(66 775)	-	(1 755)	(343 666)	**(491 626)**
Disposed	114 212	563 278	-	43 574	-	**721 064**
31 December 2019	**(211 031)**	**(131 948)**	**-**	**(9 526)**	**(343 666)**	**(696 171)**
Exchange rate fluctuations, net	(125)	(5)	-	-	-	**(130)**
Recclasification	-	(123)	-	-	-	**(123)**
Calculated depreciation	(106 736)	(50 031)	-	(1 681)	(326 762)	**(485 210)**
Disposed	7 263	8 065	-	-	650 387	**665 715**
31 December 2020	**(310 629)**	**(174 042)**	**-**	**(11 207)**	**(20 041)**	**(515 919)**
Carrying Amount on 31 December 2018	**118 907**	**384 097**	**-**	**15 065**	**-**	**518 069**
Carrying Amount on 31 December 2019	**164 744**	**459 772**	**-**	**8 480**	**606 197**	**1 239 193**
Carrying Amount on 31 December 2020	**844 071**	**457 454**	**91 561**	**6 279**	**271 188**	**1 670 553**

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

COMPANY						
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 2018	**-**	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation*	-	-	-	-	157 971	**157 971**
Acquisition cost	178 812	490 847	-	-	20 364	**690 023**
Disposed	(991)	-	-	-	-	**(991)**
31 December 2019	**177 821**	**490 847**	**-**	**-**	**178 335**	**847 003**
IFRS 16 implementation*	**107**	**-**	**-**	-	-	**107**
Acquisition cost	**27 580**	**47 755**	**-**	-	104 408	**179 743**
Corrections	-	-	-	-	-	**(29 049)**
Disposed	(3 955)	(11 042)	-	-	(149 286)	**(164 283)**
31 December 2020	**201 553**	**527 560**	**-**	**-**	**104 408**	**833 521**
Depreciation						
31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**
Exchange rate fluctuations, net	(12)	(29)	-	-	-	**(41)**
Calculated depreciation	(57 443)	(48 134)	-	-	(86 122)	**(191 699)**
Disposed	248	-	-	-	-	**248**
31 December 2019	**(57 207)**	**(48 163)**	**-**	**-**	**(86 122)**	**(191 492)**
Exchange rate fluctuations, net	(107)	1	-	-	-	**(106)**
Calculated depreciation	(62 886)	(33 906)	-	-	(63 166)	**(159 958)**
Disposed	1 332	8 065	-	-	149 288	**158 685**
31 December 2020	**(118 868)**	**(74 003)**	**-**	**-**	**-**	**(192 871)**
Carrying Amount on 31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**
Carrying Amount on 31 December 2019	**120 614**	**442 684**	**-**	**-**	**92 213**	**655 511**
Carrying Amount on 31 December 2020	**82 685**	**453 557**	**-**	**-**	**104 408**	**640 650**

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

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

14. Investments in subsidiaries and associates

As at 31 December 2020 and 31 December 2019, the Company had the following investments in the subsidiaries:

Company	Type of activity	Carrying amount as of	Carrying amount as of	Company's share of equity as of	Company's share of equity as of
EUR / %		31.12.2020	31.12.2019	31.12.2020	31.12.2019
VIA SMS SIA (Latvia)	Financial services	368 443	368 443	100%	100%
VIA SMS PL z.o.o. (Poland)	Financial services	552 253	552 253	100%	100%
VIA SMS s.r.o. (Czech Republic)	Financial services	250 318	250 318	100%	100%
VIA CONTO SWEDEN AB (Sweden)	Financial services	1 182 774	1 182 774	100%	100%
VIACONTO MINICREDIT S.L. (Spain)	Financial services	-	2 996 232	100%	100%
VIACONTO MINICREDIT S.L. (Spain)	Impairment allowances for investment in capital of subsidiary	-	(641 190)	-	-
CASHALOT Sp.z.o.o. (Poland)	Financial services	45 932	45 932	100%	100%
CASHALOT Sp.z.o.o. (Poland)	Impairment allowances for investment in capital of subsidiary	(45 932)	(45 932)	-	-
VIAINVEST SIA (Latvia)	Financial services	350 000	350 000	100%	100%
Via Payments UAB (Lithuania)	Financial services	1 280 001	1 000 001	100%	100%
IFN VIACONTO MINICREDIT S.A. (Romania)	Financial services	1 170 305	1 170 305	95%	95%
RH PROPERTY	Renting of Real Estane	850 000	-	100%	0%
FinnQ UAB (Lithuania)	Financial services	250 000	250 000	100%	100%
Total		**6 254 094**	**7 479 136**		

At the end of reporting period, the Company's management has conducted impairment test on investments in its subsidiaries. Assets identification period for the acquisition of RH Property SIA had not been completed at the end of reporting. Therefore, in 2020, the relevant assets and goodwill of EUR 91 561 are recognized at provisional value and subject to the following review.
The company's 100% shares of VIA CONTO MINICREDIT S.L. (Spain) were sold in the reporting year and, at the date of signing the annual report, the change of ownership is fully registered in the Spanish public registers. Along with the sale of VIA CONTO MINICREDIT S.L. shares, the Company's loans are assigned to. Loss on disposal of subsidiary is included into "Impairment allowances / sale of portfolio" (see Note 16).
The reversal of an impairment allowances on disposal of a subsidiary VIA CONTO MINICREDIT S.L. (Spain) is included into "Impairment allowances / sale of portfolio" (see Note 16).

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

Information on subsidiaries

Company	Net profit/ Loss		Net Assets	
EUR	2020	2019	31.12.2020	31.12.2019
VIA SMS SIA (Latvia)	1 499 882 *(audited)*	361 426 -	3 522 051 *(audited)*	2 322 169 -
VIA CONTO SWEDEN AB (Sweden)	508 154 *(unaudited)*	622 367 -	1 672 714 *(unaudited)*	1 732 266 -
Via Payments UAB (Lithuania)	197 404 *(audited)*	(439 732) -	933 480 *(audited)*	506 167 -
IFN VIACONTO MINICREDIT S.A. (Romania)	125 596 *(audited)*	(260 766) -	366 560 *(audited)*	246 050 -
VIAINVEST SIA (Latvia)	83 924 *(audited)*	105 686 -	218 973 *(audited)*	135 049 -
VIA SMS s.r.o. (Czech Republic)	6 286 *(unaudited)*	440 584 -	809 434 *(unaudited)*	1 351 385 -
RH PROPERTY (Latvia)	1 322 *(unaudited)*	- -	755 322 *(unaudited)*	- -
ViaSpar Finans AB (Sweden)*	65 *(unaudited)*	15 616 -	1 030 613 *(unaudited)*	989 853 -
CASHALOT z.o.o. (Poland)	(36 051) *(unaudited)*	(57 539) -	(243 067) *(unaudited)*	(222 734) -
FinnQ UAB (Lithuania)	(192 244) *(unaudited)*	(23 958) -	3 772 *(unaudited)*	196 016 -
VIA SMS PL z.o.o. (Poland)	(192 523) *(unaudited)*	(109 768) -	367 092 *(unaudited)*	966 392 -

* The Company ViaSpar Finans AB is a subsidiary of ViaConto Sweden AB (100%)

15. Loans and trade receivables

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Loans to related parties	1 760 340	37 296	4 894 586	3 653 265
Total non-current loans and trade receivables	**1 760 340**	**37 296**	**4 894 586**	**3 653 265**
Loans to customers	28 460 454	33 010 799	3 035 070	424 833
Impairment allowance for loans to customers	(7 273 063)	(9 029 025)	-	-
Total current loans and trade receivables	**21 187 391**	**23 981 774**	**3 035 070**	**424 833**
Total	**22 947 731**	**24 019 070**	**7 929 656**	**4 078 098**

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

16. Impairment allowances

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Impairment allowances at the beginning of the period	**9 029 025**	**8 771 009**	**734 100**	**-**
Impairment allowances	5 309 317	9 758 873	103 508	734 100
Currency exchange differences	59 357	4 535	-	-
Write-off	(1 352 114)	(105 101)	-	-
Receivables sold	(5 772 522)	(9 400 291)	(641 192)	-
Impairment allowances at the end of the period	**7 273 063**	**9 029 025**	**196 416**	**734 100**

17. Other receivables

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Other receivables from customers	649 753	1 140 319	860	-
Overpayment of taxes	74 019	548 469	12 521	34 378
Other receivables from related parties	121 649	278 028	121 649	2 179 519
Security deposit	21 266	46 447	10 728	14 523
Other receivables, net	7 045 291	5 812 463	693 893	208 655
Other receivables	*7 417 168**	*5 812 463**	*693 893*	*208 655*
Impairment allowances	*(371 877)*	-	-	-
Total	**7 911 978**	**7 825 726**	**839 651**	**2 437 075**

*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 5 419 (in 2019: TEUR 3 223) by the Group and TEUR 2 208 (in 2019: nil) by the Company linked to recovery rights of micro-loans portfolio assigned. Respective impairment has been assessed based on individual historical performance of recovery for each of the portfolios originated in Polish and Spanish subsidiaries and later assigned to CDS Europe OU.

Details of the key assumptions and inputs for impairment assessment used for part of the receivable linked to assignment of microloans portfolio originated by Company's subsidiary in Spain are disclosed below:

- Recovery model is based on extrapolation of historical cash inflows up to date of assessment for 5 year forecasting horizon with predicted error interval of +/- 3%;
- The terminal portion of the recovery based on the success rate 60%, collection effectiveness rate 75%.

The final impairment allowance is based on LGD value determined as above and 12 months ECL assumption (Stage 1 classification based on current schedule of settlements by CDS Europe OU).

The receivable part linked to Polish subsidiary's assigned portfolio is based on LGD derived from current repayments and third party bid for underlying portfolio assigned and based on lifetime ECL assumption (Stage 2 classification based on current schedule of settlements by CDS Europe OU).

PD has been determined at 15% for all portions of CDS Europe OU receivables based on market statistics for this type of companies.

Therefore, the total credit risk exposure to CDS Europe OU arising from the assignment of recovery rights has been assessed as partly impaired based on value of underlying collateral assessed as described above and current debt repayment schedule of the debtor, and impairment provisions are recognized in accordance with IFRS 9, assuming Stage 1 or 2 conditions and calculating 12 months or lifetime ECL depending on underlying contract.

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

18. Cash and cash equivalents

	GROUP		COMPANY	
EUR	31.12.2020	31.12.2019	31.12.2020	31.12.2019
EUR	4 121 230	714 491	1 029 284	9 620
RON	147 919	75 838	-	-
PLN	118 381	131 473	15 839	17 140
SEK	118 775	111 284	-	-
CZK	87 382	105 024	-	-
Total	**4 593 687**	**1 138 110**	**1 045 123**	**26 760**

19. Share capital

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

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

20. Borrowings

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Short-term liabilities	**18 739 430**	**19 796 179**	**9 214 357**	**52 672**
Short-term loan	18 734 572	19 780 877	9 209 499	37 370
Short-term bonds and accrued interest	4 858	15 302	4 858	15 302
Long-term loan	**3 553 678**	**1 857 904**	**1 771 000**	**8 119 094**
Long-term loans and accrued interest	2 242 678	780 904	460 000	7 042 094
Bonds	1 311 000	1 077 000	1 311 000	1 077 000
Total	**22 293 108**	**21 654 083**	**10 985 357**	**8 171 766**

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

Short-term loans from investors

EUR	Invested on 31.12.2020	Average % rate in 2020	Invested on 31.12.2019	Average % rate in 2019
VIAINVEST (Latvia)	8 626 197	12%	7 291 003	11%
VIASPAR (Sweden)	4 369 944	8%	4 973 545	7%
VIAINVEST (Sweden)	2 369 022	12%	2 676 106	11%
VIAINVEST (Poland)	1 816 340	12%	3 073 983	11%
VIAINVEST (Company)	898 824	11%	37 370	8%
VIAINVEST (Czech Republic)	654 246	12%	728 015	11%
VIAINVEST (Spain)	-	0%	1 000 855	11%
Total	**18 734 572**		**19 780 877**	

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

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

21. Tax liabilities

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
CIT overpay / (liability)	(244 960)	(50 774)	(257)	10 049
VAT overpay / (liability)	(165 750)	(58 720)	12 353	24 329
Other Tax overpay / (liability)	(190 936)	(350 279)	(142 064)	(172 242)
Total	**(601 646)**	**(459 773)**	**(129 968)**	**(137 864)**

22. Other liabilities

	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Other creditors	5 525 763	3 019 571	1 531 866*	938 311*
VAT tax liability	185 308	121 773	-	-
Overpay from customers	67 185	116 398	-	-
Total	**5 778 256**	**3 257 742**	**1 531 866**	**938 311**

* "Other creditors" for Group and Company include an option contract at fair value, giving the right to buyer to purchase shares of the company within the Group. Option contract with the buyers was concluded in December 2020 and provides for the possibility to purchase the shares of Group's company from the Company, in 2022, by the price agreed at the moment of signing the agreement. The agreement does not provide a clause to the buyers to withdraw from the option contract at their will and recover the premium. Due to the nature of the transaction (over-the-counter or "exotic" share option), arrangement between the parties shall not be treated as a separate financial instrument – i.e. hybrid contract with an embedded option-based derivative part, therefore, criteria set in IFRS 9 "Financial instruments" para 4.3.3 are not applicable.
As the Company became a party to the contractual provisions at the date of arrangement, it should recognize the share option contract as a financial liability in amount of the option premium. Measurement IFRS 9 requires financial liabilities to be recognized at a fair value on initial recognition. IFRS 13 "Fair Value Measurement" specifies that the income approach could be used for measuring fair value. The standard mentions that valuation techniques within the income approach include, amongst others, an option-pricing model such as the Black-Scholes-Merton formula. As of reporting date the value of the options amounted to EUR 21 156 according to the Black-Scholes-Merton model calculations performed by the independent expert. The excess of option premiums over the fair value of the financial liability in the amount of EUR 1 478 844 is recognized in the Company's and the Group's Income statements under "Other operating income" (see Note 11).

23. Financial leverage indicators

GROUP		
EUR	2020	2019
Interest bear liabilities, excl. Bonds held by issuer	22 288 250	21 821 595
Cash and cash equivalents	(4 593 687)	(1 138 110)
Net Debt (interest bearing liabilities, excl. Bonds held by issuer, and minus Cash)	**17 694 563**	**20 683 485**
Equity	**5 846 738**	**4 073 824**
Net debt / Equity	3.03	5.08

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

24. Average number of employees

	GROUP		COMPANY	
	2020	2019	2020	2019
Management	5	10	2	3
Administration	97	91	53	59
Other	60	97	-	-
Total	**162**	**198**	**55**	**62**

25. Related party disclosures

Income/expense	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Services provided	2 871	1 800	3 357 367	4 012 264
Services received	-	-	(35 574)	-
Interest income	29 864	8 950	546 922	684 693
Interest expense	(22 755)	-	(693 996)	(597 730)
Total, net	**9 980**	**10 750**	**3 174 718**	**4 099 227**

Assets	GROUP		COMPANY	
EUR	2020	2019	2020	2019
Issued loans	60 000	224 000	3 266 024	3 793 547
Accrued interests on issued loans	61 282	53 701	117 789	334 884
Trade receivables (Group' s entities)	524 922	-	1 037 511	2 128 859
Trade receivables (non-Group)	367	327	367	327
Received loans	(640 000)	-	(7 926 736)	(6 814 983)
Accrued interests on received loans	-	-	(383 939)	(258 680)
Other payables	(67 443)	-	(848 707)	(126 833)
Total, net	**(60 872)**	**278 028**	**(4 737 691)**	**(942 879)**

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

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

26. 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 11 029 33 (2019: 25 404 920 EUR) and investments in securities with a high credit rating in the amount of EUR 8 630 100 (2019: EUR 0).

27. Significant events after reporting period end

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

The Board of the Company has taken all measures to ensure the stability of the Company despite the unclear conditions of business operations including reduction of costs, minimization of lending activities, shifting the focus to the long-term customers with stable repayment performance, as well as has ensured the Group maintains high liquidity level. Currently, daughter companies of VIA SMS Group including the peer-to-peer lending platform VIAINVEST (SIA Viainvest) are operating according to the strategic plan, closely monitoring change patterns in customer behavior. In September 2021 VIAINVEST obtained an investment brokerage firm license and it is supervised by the Financial and Capital Market Commission. Issuance of the license marks the beginning of 6 months transition period within what VIAINVEST will gradually shift from selling claim rights to listing asset backed securities.

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.

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Correspondent of MAZARS

Independent Auditor's Report

To the shareholders of AS "VIA SMS group"

Report on the Audit of the Separate and Consolidated Financial Statements

Our Opinion on the Separate and Consolidated Financial Statements

We have audited the separate financial statements of AS "VIA SMS group" ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 7 to 43 of the accompanying separate and consolidated Annual Report, which comprise:

- the separate and consolidated statement of financial position as at 31 December 2020,
- the separate and consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the separate and consolidated statement of changes in equity for the year then ended,
- the separate and consolidated statement of cash flows for the year then ended, and
- explanatory notes to the separate and consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and the Group as at 31 December 2020, and of its separate and consolidated financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with the 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 Company and the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the separate and consolidated financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code 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 matters

AS "VIA SMS group" separate and consolidated financial statements for the year ended 31 December 2019 were audited by another auditor who issued an unmodified opinion on 30 October 2020 on these financial statements.

Reporting on other information

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

- general information as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on pages from 4 to 5 of the accompanying Annual Report,
- the Statement of Management Responsibilities, as set out on page 6 of the accompanying Annual Report,

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

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

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

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

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 separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and/ or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and/ or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

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

SIA "Taxlink Consulting"
LZRA license Nr.185

Deniss Vološins
Board Member
Sworn Auditor of Latvia
LZRA certificate Nr.158

In Riga, on 29 October 2021