CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

For the year 2021

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General information

Name of the company	AS VIA SMS GROUP
Legal status of the company	Joint-stock company
Registration number, place and date	40003901472, Riga, 23 February 2007
Registered office	13. Janvara Street, Riga, LV-1050
Shareholders	SIA "Financial investment" 20% Georgijs Krasovickis 80% (till 30.11.2021) Sabiedrība ar ierobežotu atbildību "RED HOLDING" 80% (since 30.11.2021)
Members of the Council	Andris Riekstins (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

CASHALOT Sp.z.o.o., Al. Jerozolimskie 123A; 02-017, Warszawa, Poland, (100%)
IFN VIACONTO MINICREDIT S.A, Calea MOSILOR 21, Bucharest, Romania (95%)
FinnQ UAB, Žalgirio g. 90, LT-09303, Vilnius, Lithuania, (100%) – under liquidation process
RH Property SIA, Audēju street 14 - 10, LV-1050, Riga, Latvia, (100%)
ViaConto Sweden AB, Holländargatan 27, 113 59, Stockholm, Sweden, (100% till 06.12.2021)
VIAINVEST SIA, 13. janvara street 3, LV-1050, Riga, Latvia, (100%)
VIAINVEST Assets SIA, 13. janvara street 3, LV-1050, Riga, Latvia, (100% from 19.08.2021)
VIA SMS PL z.o.o., Al. Jerozolimskie 123A; 02-017, Warszawa, Poland, (100%)
VIA SMS SIA, 13. janvara street 3, LV-1050, Riga, Latvia, (100%)
VIA SMS s.r.o., Lazarská 1719/5, 110 00 Praha 1, Czech Republic, (100% till 06.12.2021)
Via Payments UAB, Konstitucijos pr. 7, LT-09308, Vilnius, Lithuania, (100%)
VIACONTO COMPANY LIMITED, Floor 1, Petroland Building, No. 12 Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam, (50% from 22.12.2021)

Reporting period	1 January 2021 – 31 December 2021
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, 2021.

All figures are presented in EUR (Euro).

Core activities

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

Business overview

The Group's net turnover reached EUR 28 230 411, experiencing a decrease of 1% compared to the previous reporting period. In 2021 the Group's net loan portfolio reached 25 023 863, showing an increase of 18% in comparison to December 31, 2020. The growth of the Group's net portfolio benefited from the successful operations of its daughter companies in Latvia, Czech Republic, Romania and Poland which experienced credit portfolio growth of 28%, 42%, 43% and 8%, respectively. The Group's financial result is a loss of EUR 2 508 393 arising from recognizing provisions for Group's receivable amounted to EUR 2 248 089.

The focus in 2021 was the development of the investment platform VIAINVEST and the financial services platform VIALET, and carrying out other strategic objectives. Nevertheless, the Group has also worked on improving the quality of creditworthiness evaluation and customer service effectiveness in all its subsidiaries.

The impact of the COVID-19 pandemic was also felt in 2021. Restrictions related to the control of the spread of the pandemic came into force in the Republic of Latvia, and other Group linked operating countries, which reduced economic activity in several sectors. The Cabinet of the Republic of Latvia agreed to extend a state of emergency which was reinstated on November 9, 2020, until April 6, 2021. Once again the state of emergency came into force in the Republic of Latvia on October 11, 2021, which eventually was extended until the end of February 2022.

The free availability of vaccines and the improvement of vaccination rates in the second half of 2021 throughout Europe, including Latvia, indicated the possible moderation of the pandemic. Therefore, the Group, paying increased attention to customer behaviour, continued implementing its business strategy by the intended goals.

Development plans

Group will focus on the continuous development of the investment platform VIAINVEST to stay ahead of regulatory compliance in the field of Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing (hereinafter – the PMLTPF) and provide the team with new industry professionals to implement necessary improvements and meet the high requirements of both regulator (FCMC) and investors.

The essential role of development is associated with the financial services platform VIALET.
The long-term goal is to provide a unified platform for all Group's services that would benefit a wider circle of customers by allowing them to apply for many products in one place.

Executing strategic business plans and further strengthening the lending business will allow managing the Group's product portfolio more effectively, ensuring product availability to a wider circle of customers and upgrading product usability.

EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

GEORGIJS KRASOVICKIS
Member of the Board

Riga, October 31, 2022

Statement of Managament'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 2021.

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 2021, set out on pages 8 to 44. The Board also confirms that International Financial Reporting Standards (IFRS) as adopted by the EU have been applied and complied with. Consolidated and separate financial statements have been prepared on a going concern basis and in compliance with laws and regulations of the Republic of Latvia applicable to the preparation of financial statements.

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

EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

GEORGIJS KRASOVICKIS
Member of the Board

Riga, October 31, 2022

Consolidated and separate income statements

		Group		Company	
EUR	Notes	2021	2020	2021	2020
Net turnover	6	28 230 411	28 412 530	4 750 136	4 117 379
Operating costs	7	(7 736 683)	(10 798 492)	(1 313 201)	(910 762)
Impairment allowances / sale of portfolio		(9 013 306)	(7 479 318)	36 998	(1 429 758)
Gross profit		**11 480 422**	**10 134 720**	**3 473 933**	**1 776 859**
Selling expenses (marketing)		(2 863 281)	(1 836 521)	(153 240)	(207 415)
Operating profit		**8 617 141**	**8 298 199**	**3 320 693**	**1 569 444**
Administrative expenses	8	(7 428 067)	(6 506 521)	(3 716 009)	(3 284 244)
Other operating expenses	9	(1 217 772)	(3 216 271)	(448 400)	(1 966 558)
Other operating income	10	211 225	1 492 313	9 251 261	3 769 561
Profit before tax		**182 527**	**67 720**	**8 407 545**	**88 203**
Income Tax	11	(541 849)	(350 673)	(1 314)	(300)
Extraordinary dividends		(2 149 071)	-	(2 149 071)	-
Net profit for the period		**(2 508 393)**	**(282 953)**	**6 257 160**	**87 903**
Minority interest (loss)		(13 144)	4 454	-	-
Profit /(Loss) attributable to equity holders		(2 495 249)	(287 407)	6 257 160	87 903

The accompanying notes on pages 14 to 44 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

GEORGIJS KRASOVICKIS
Member of the Board

Riga, October 31, 2022

Consolidated and separate statements of comprehensive income

	Group		Company	
EUR	2021	2020	2021	2020
Net profit / (Loss) for the period	(2508 393)	(282 953)	6 257 160	87 903
Depreciation of revaluation reserve	-	-	-	-
Foreign currency translation reserve	54 043	(91 856)	-	-
Total comprehensive income / (Loss)	(2 454 350)	(374 809)	6 257 160	87 903

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EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

GEORGIJS KRASOVICKIS
Member of the Board

Riga, October 31, 2022

Consolidated and separate statements of financial position

		Group		Company	
EUR	Notes	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Non-current assets		**2 365 338**	**3 589 726**	**15 283 549**	**11 879 330**
Intangible assets	12	684 522	457 454	434 244	453 557
Goodwill	13	-	91 561	-	-
Property, plant and equipment	12	800 052	844 071	62 099	82 685
Investments in leasehold improvements	12	4 603	6 279	-	-
Right-of-Use assets (non-current)		181 390	271 188	21 968	104 408
Investments in the capital of subsidiaries and associates	13	204 335	-	4 855 011	6 254 094
Loans and trade receivables (non-current)	14	348 737	1 760 340	9 910 237	4 894 586
Deferred tax assets		141 699	158 833	-	-
Current assets		**36 968 975**	**33 823 979**	**7 736 856**	**4 959 100**
Right-of-Use assets (current)		163 118	-	51 642	-
Loans and trade receivables (current)	14;15	25 023 863	21 187 391	3 179 108	3 035 070
Other debtors (current)	16	8 094 016	7 911 978	3 955 143	839 651
Prepaid expenses		188 408	130 923	89 534	39 256
Cash and cash equivalents	17	3 499 570	4 593 687	461 429	1 045 123
Total assets		**39 334 313**	**37 413 705**	**23 020 405**	**16 748 430**

The accompanying notes on pages 14 to 44 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

GEORGIJS KRASOVICKIS
Member of the Board

Riga, October 31, 2022

Consolidated and separate statements of financial position

EUR	Notes	Group 31.12.2021	Group 31.12.2020	Company 31.12.2021	Company 31.12.2020
Equity	**18**	**647 709**	**5 846 738**	**6 956 653**	**3 444 172**
Share capital		803 000	803 000	803 000	803 000
Foreign currency translation reserve		(18 967)	(73 010)	-	-
Retained earnings		(138 381)	5 101 547	6 153 653	2 641 172
Total equity attributable to the members of the Company		**645 652**	**5 831 537**	**6 956 653**	**3 444 172**
Minority interest		2 057	15 201	-	-
Non-current liabilities		**1 755 980**	**3 610 618**	**48 427**	**1 771 000**
Bonds	19	-	1 311 000	-	1 311 000
Borrowings (non-current)	19	1 583 658	2 242 678	25 000	460 000
Lease liabilities (non-current)		172 322	56 940	23 427	-
Current liabilities		**36 930 624**	**27 956 349**	**16 015 325**	**11 533 258**
Bonds (interest)	19	2 896 109	4 858	2 896 109	4 858
Borrowings	19	25 025 764	18 734 572	9 235 538	9 209 499
Trade payables		2 264 616	1 883 593	470 614	385 718
Lease liabilities		155 161	214 072	52 121	104 408
Corporate income tax payable		323 152	238 634	1 271	257
Other liabilities	21	4 259 133	5 778 256	2 000 565	1 531 866
Deferred income		155 718	71 463	306	16 167
Unpaid dividends		1 092 713	67 443	1 092 713	67 443
Accrued liabilities		758 258	963 458	266 088	213 042
Total liabilities		**36 686 604**	**31 566 967**	**16 063 752**	**13 304 258**
Total equity and liabilities		**39 334 313**	**37 413 705**	**23 020 405**	**16 748 430**

The accompanying notes on pages 14 to 44 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

GEORGIJS KRASOVICKIS
Member of the Board

Riga, October 31, 2022

Consolidated and separate cash flow statements

		Group		Company	
EUR	Notes	2021	2020	2021	2020
Cash flows to/from operating activities					
Profit before tax		182 527	67 720	8 407 545	88 203
Interest income		(381 291)	-	(767 099)	(574 282)
Interest expenses		468 484	-	1 097 516	861 404
Depreciation, amortization, and write-offs of property, plant		406 595	-	101 189	159 957
Vacation pay reserve		127 148	76 180	55 980	24 506
Dividends received		(490 639)	-	(460 639)	(1 799 966)
Operation profit before adjustments for current assets and current liabilities		**312 824**	**143 900**	**8 404 492**	**(1 240 178)**
Increase/(decrease) in loans		4 677 522	(612 704)	1 097 113	(1 241 321)
Increase/(decrease) in receivables and other assets		(461 912)	4 199 554	(1 494 181)	731 869
Increase/(decrease) in other liabilities		171 536	(218 101)	(5 202 960)	2 144 334
Cash generated from operations		**4 699 970**	**3 512 649**	**2 804 464**	**394 704**
Corporate income tax (paid)		(481 946)	(198 324)	(300)	-
Net cash flows to/from operating activities		**4 218 024**	**3 314 325**	**2 804 164**	**394 704**
Cash flows to/from investing activities					
Purchase of property, plant and equipment and intangible assets		(380 059)	(825 321)	(61 290)	(75 312)
Investments in subsidiaries		(130 000)	-	(380 000)	(180 000)
Dividends received		300 000	-	510 000	300 000
Issued/repaid loans		(6 721 100)	(622 700)	(5 348 793)	(562 153)
Net cash flows to/from investing activities		**(6 931 159)**	**(1 448 021)**	**(5 280 083)**	**(517 465)**
Cash flows to/from financing activities					
Received borrowings		500 000	1 649 859	294 000	4 576 155
Repurchased/sold bonds		1 636 708	251 784	1 636 708	251 784
Repayment of borrowings		(282 000)	(20 000)	-	(2 244 933)
Interest paid		(235 690)	(292 370)	(34 482)	(530 224)
Dividends paid		-	-	(4 000)	(911 658)
Net cash flows to/from financing activities		**1 619 018**	**1 589 273**	**1 892 226**	**1 141 124**
Change in cash and cash equivalents		**(1 094 117)**	**3 455 577**	**(583 693)**	**1 018 363**
Cash and cash equivalents at the beginning of the period		4 593 687	1 138 110	1 045 123	26 760
Cash and cash equivalents at the end of the period		3 499 570	4 593 687	461 430	1 045 123

The accompanying notes on pages 14 to 44 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

GEORGIJS KRASOVICKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

TAMĀRA HAKOVA
Chief Financial Officer

Consolidated and separate statements of changes in shareholder`s 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 31.12.2019.	**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**
Foreign currency translation	-	54 043	-	-	54 043	-	54 043
Paid dividends	-	-	(2 744 679)	-	(2 744 679)	-	(2 744 679)
Previous years corrections	-	-	-	-	-	-	-
Changes in minority stake	-	-	-	-	-	-	-
Result for the reporting period	-	-	(2 495 249)	-	(2 495 249)	(13 144)	(2 508 393)
Balance as of 31.12.2021.	**803 000**	**(18 967)**	**(138 381)**	**-**	**645 652**	**2 057**	**647 709**

Company				
EUR	Share capital	Accumulated Profit/Loss	Revaluation reserve	Total
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**
Profit for the period	-	6 257 160	-	6 257 160
Paid dividends	-	(2 744 679)	-	(2 744 679)
Balance as of 31.12.2021.	**803 000**	**6 153 653**	**-**	**6 956 653**

The accompanying notes on pages 14 to 44 form an integral part of the consolidated and separate financial statements.

EDUARDS LAPKOVSKIS
Member of the Board

GEORGIJS KRASOVICKIS
Member of the Board

DENISS ŠERSTJUKOVS
Member of the Board

TAMĀRA HAKOVA
Chief Financial Officer

Riga, October 31, 2022

Notes to the consolidated and separate financial statements

1. General information

AS VIA SMS group ("the Company") is a Joint-stock company registered in the Republic of Latvia. The Company and its subsidiaries ("the Group") operate in Latvia, as well as in other countries: the Czech Republic, Poland, Sweden, Lithuania, Romania and Vietnam. The main business of the Group is providing short-term loans.
The registered office of the Company is at 13. janvara street 3, Riga, LV-1050 Latvia

Products and services

The main activities of the Group are concentrated in the following subsidiaries:
- SIA Viainvest (hereinafter - VIAINVEST), IBF licensed and regulated investment firm which offers investments into consumer loans in the form of asset-backed securities from the Group's subsidiaries to private investors.
- Via Payments UAB (hereinafter - VIALET), Via Payments UAB (hereinafter - VIALET), 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 contactless Mastercard® payments card.
- Consumer lending companies:
- VIA SMS SIA (operating in Latvia under brand names VIASMS.lv, VIACREDIT.lv and SAVA.card)
- VIA SMS PL Sp.z.o.o (Operating in Poland under the brand name VIASMS.pl)
- VIA SMS s.r.o (Operating in Czech Republic under the brand name VIASMS.cz)
- ViaConto Sweden AB (Operating in Sweden under the brand name ViaConto)
- IFN VIACONTO MINICREDIT S.A (Operating in Romania under the brand name VIACONTO)
- VIACONTO COMPANY LIMITED (Operating in Vietnam under the brand name VAMO)

On 28 September 2021, VIAINVEST obtained an IBF licence and became a regulated platform by the Financial and Capital Market Commission (FCMC). Obtaining the licence marked a transition period during which VIAINVEST committed to shifting from the sale of claim rights to listing the asset-backed securities. The licence allows VIAINVEST to provide investment services, including receiving and sending orders for one or more financial instruments, executing orders on behalf of clients, placing financial instruments without committing to redeem financial instruments, and ancillary services like holding financial instruments, services related to the initial placement of financial instruments, currency exchange services as far as they relate to the provision of investment services.

VIALET has launched a new credit card program aimed at Polish clients and a new credit limit offer. A significant turning point was achieved by implementing the SEPA Instant payment service. VIALET executed stable performance continuing to serve clients in various currencies, supporting Group companies with card processing and instant payments.

Due to the dynamic environment in which the VAMO product was launched in Vietnam, multiple changes were made to pricing, limits, and terms to achieve optimal product configuration. One of the

Notes to the consolidated and separate financial statements (CONT'D)

long-term goals are strengthening of score model. To do so, many different measures were taken to prevent fraud. As a result, repeated defaults had the lowest levels since the launch. On 22.12.2021, the Group and AS "TWINO" (hereinafter -TWINO) concluded a Capital Contribution Agreement of important investment in the capital of VAMO. The current focus is profitability, gradually raising average ticket size for repeated clients and optimization of costs.

The Group has invested resources in strengthening the security of its subsidiaries' processes. Registration processes were improved by strengthening KYC (know-your-customer) and AML / CTF (anti-money-laundering / counter-terrorist financing) processes.

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 2021 are consistent with those used in the preparation of the financial statements for year 2020. 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 31, 2022.
The Company also prepares separate financial statements for statutory purposes in accordance with the relevant Latvian legislation.

Standards and Interpretations applied in the reporting period

New standards, interpretations and amendments which were not applicable to the previous annual financial statements have been issued. Some of the standards become effective in 2021, others become effective for later reporting periods. In this section those relevant for the Group are summarised.

New requirements effective for 2021 which did not have a significant effect to the Group

Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue on 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on

Notes to the consolidated and separate financial statements (CONT'D)

lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, 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 originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

The amendments had no impact on the financial statements of the Group.

Upcoming requirements not in force from 1 January 2021

Certain new standards, amendments to standards and interpretations have been endorsed by the EU for the accounting periods beginning after 1 January 2021 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.

Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current

In November 2021, the Board issued an exposure draft, which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need to be applied retrospectively in accordance with IAS 8, while early adoption is permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policy

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies.

Notes to the consolidated and separate financial statements (CONT'D)

Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. Management is assessing if there will be a material effect on the financial statements of the Group.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Management is assessing if there will be a material effect on the financial statements of the Group.

Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

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

Amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts – Cost of Fulfilling a Contract

Amendments specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.

Amendments to IFRS 3 Business Combinations: Reference to Conceptual Framework

Amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Notes to the consolidated and separate financial statements (CONT'D)

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Notes to the consolidated and separate financial statements (CONT'D)

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 the 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
- RH Property SIA
- VIAINVEST Assets SIA
- VIACONTO COMPANY LIMITED

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

4. Significant accounting 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.

Notes to the consolidated and separate financial statements (CONT'D)

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

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

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

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

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

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

Estimates and assumptions are reviewed and updated on a 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 amortised cost using the effective interest rate method. The amortised cost of a loan is the amount at which the loan is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation 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.

Notes to the consolidated and separate financial statements (CONT'D)

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

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

b) Impairment of financial assets

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

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

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

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 a specific date based on loan segments. Statistic models use historic data and involve assessment of both quantitative and qualitative factors. Main criteria are statistics of delayed payments. LGD represents likely loss if a loan has defaulted. These parameters are assessed using statistical data on cash receipts from counterparties in default situations.

Notes to the consolidated and separate financial statements (CONT'D)

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

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

c) Intangible assets and property, plant and equipment

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

Intangible assets:	Useful life
Licences	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 amortised/ depreciated over their useful life. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least annually. Depreciation and amortisation 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.

e) Financial liabilities

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

Notes to the consolidated and separate financial statements (CONT'D)

Subsequent to initial recognition all borrowings are stated at amortised cost, using the effective interest rate method. Amortised 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 amortisation 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 Group 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 the 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

Notes to the consolidated and separate financial statements (CONT'D)

expected to apply when the timing differences reverse. Deferred corporate income tax asset is recognized in the financial statements where its recoverability is foreseen with reasonable certainty.

Deferred corporate income tax was included into the 2021 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, coming in force since 1 January 2019, no deferred income tax was calculated for Group companies – Latvian residents.

i) Provisions

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

2018 was 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 of the Group's entities and are presented using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in euro (€), which is the Company's functional currency

ii) Transactions and balances

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

Notes to the consolidated and separate financial statements (CONT'D)

iii) Group companies

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

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

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

5. Financial risk management

Risk management is an integral part of the Group's operations. The risk categories to which the Group's subsidiaries are subject mainly include credit risk, sovereign risk, liquidity risk and currency risk. Each subsidiary participates in credit risk management by developing its own risk management tools, such as lending procedures, while sovereign, liquidity and currency risks are managed at Group level.

Credit risk

Credit risk is the risk of loss caused by the inability of the borrower or counterparty to fulfil its contractual obligations. Credit risk is mitigated as follows:
• In each of the Group's subsidiaries, lending procedures have been established to ensure high quality of the loan portfolio. These procedures are continuously improved and include the evaluation of customer decisions and other behavioural indicators, the use of credit bureau data and the analysis of web session data.

• In the majority of the Group's subsidiaries, contracts have been concluded for the protection of losses against overdue loan contracts, including forward flow (buying up loans with periodic problems) and credit default swap (transfer of credit risk for compensation) contracts.

• Risks are mitigated by limiting the granting of loans or by reducing the amount available to customers with an expected degree of risk greater than the Group's risk appetite;

• In order to reduce the risks associated with unwillingness to repay debts, penalties are used, and the risk associated with difficulties in repaying the loan - restructuring (negotiations) and a low amount of the minimum repayable amount.

• In 2021, all subsidiaries of the Group have an automated credit risk determination system based on modern machine-reading algorithms.

• Loan loss reserves are a good way to mitigate unexpected losses that occur during loan repayment transactions. The methods for determining loan loss reserves comply with internationally accepted financial reporting standards, they are based on the borrowers' statistical repayment history.

Notes to the consolidated and separate financial statements (CONT'D)

The table below shows the Group's gross portfolio, broken down by debt maturity. The number of days past due is used as an indication of portfolio quality. The portfolio of credit lines is the largest part of the total portfolio, which is a consequence of the Group's strategy to offer customers longer-term products, thus reducing the financial burden of customers, improving the amount of unpaid loans. Compared to the previous period, the total amount of reserves has increased only slightly (by 7%) and the gross loan portfolio has increased by more than 15%.

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

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

Notes to the consolidated and separate financial statements (CONT'D)

On 31 December 2020	Days overdue	Payday, EUR	Installment, EUR	Credit line, EUR
Performing	<=0	2 310 670	260 678	14 528 424
	1-30	371 903	29 568	2 097 711
	31-60	163 991	7 957	870 782
Past due not	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 2021	Days overdue	Impairment allowances, EUR
Performing	<=0	1 019 149
	1-30	183 670
	31-60	95 510
Past due not	61-90	69 862
	90+	5 904 872
	Total	**7 273 063**

Notes to the consolidated and separate financial statements (CONT'D)

Country risk

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

The table below shows the exposure of the credit portfolio to country risk in different countries. Fastest growing portfolios of Romania, Latvia and Czech Republic. In Poland moderate increase, but decrease in the Swedish market, which is related to the fact that Swedish company actively and early hand over non-performing contracts to third parties.

EUR	2021	2020
Latvia	15 881 379	12 614 454
Sweden	6 653 595	8 068 885
Czech	4 227 022	3 475 269
Poland	3 772 658	3 372 164
Romania	2 442 953	1 049 117
Total	**32 977 606**	**28 579 889**

Currency risk

Currency risk is the risk of fluctuations in the value of a financial instrument, as fluctuations in exchange rates affect the Group's assets. The Group has assumed that the exchange rate in the currencies could potentially fluctuate by three standard deviations recorded during the reporting period. The table below lists the minimum and maximum values of the interest rates of the currencies to which the Group was exposed during the reporting period, according to the maximum difference which the rate has been during the reporting period. In the reporting period, the volatility of all currencies decreased, which the Group attributes to the stabilisation of the situation disrupted by the COVID-19 pandemic.

On 31 December 2021	CZK	PLN	SEK	RON
Rate on the reporting date	24.86	4.6	10.25	4.95
Maximum difference in 2020	4.60%	4.20%	2.70%	1.60%
Minimum value	23.72	4.4	9.97	4.87
Maximum value	25.99	4.79	10.53	5.03

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

Notes to the consolidated and separate financial statements (CONT'D)

The following table shows the sensitivity of receivables to currency fluctuations, as well as the fluctuations of each exchange rate resulting from the range between the minimum and maximum exchange rates during the reporting period, similar to the previous tables. In the reporting period, the Czech Republic, Swedish and Polish markets have a similarly large impact on the result. In general, the effect of currency volatility decreased twice compared to 2020.

Currency/EUR	Basis	Effect on result	Basis	Effect on result
	31.12.2021	31.12.2021	31.12.2020	31.12.2020
EUR	15 881 379	-	12 614 453	-
PLN	3 625 324	147 333	3 173 057	199 107
SEK	6 478 639	174 956	7 454 827	614 058
CZK	4 042 336	184 686	3 213 518	261 751
RON	2 404 710	38 243	1 031 238	17 880
Total	**32 432 388**	**545 218**	**27 487 093**	**1 092 796**

Liquidity risk

Liquidity risk is the risk that there will not be enough funds to issue loans to borrowers. Every week, the group management and the managers of the subsidiaries evaluate the bank statements of each subsidiary every day.

The Group's loans are mainly financed through the Company's subsidiary company VIAINVEST, where loans are financed after they are issued and repurchased in case of default, so liquidity risk is closely related to the Group's credit risk and the reputation of VIAINVEST.

In August 2021, in order to provide the foundations for further growth, improve internal processes and increase popularity among investors, the public platform VIAINVEST obtained a financial broker's licence. According to the licence, the company VIAINVEST can offer termed financial instruments (ABS – asset backed securities) to clients-investors. In 2021, after receiving the licence, the VIAINVEST company will undergo a transition period, during which it is necessary to ensure the transition of the entire technological, process and documentation base to ABS, and the termination of the sub-offer of the old assignment contracts. Since the largest part of the Company's portfolio is financed by VIAINVEST's foreign exchange, the process of this transition, as well as the mood of VIAINVEST's clients-investors towards innovations, largely depends on the materialisation of liquidity risk.

Taking into account the longer cycle time of the new basic product - the credit line - liquidity risk management is becoming more and more important, therefore the Group has introduced a liquidity risk management system, harmonising the wishes of investors with the loan amounts granted by the Company's subsidiaries.

Notes to the consolidated and separate financial statements (CONT'D)

On 31 December 2021	Group			
EUR	1 year	1-5 years	5+ years	Total
Long-term loans and trade receivables	-	348 737	-	348 737
Loans and trade receivables	25 023 863	-	-	25 023 863
Other receivables	8 094 016	-	-	8 094 016
Total	**33 117 879**	**348 737**	**-**	**33 466 616**
Borrowings (long-term)	-	1 583 658	-	1 583 658
Bonds	2 896 109	-	-	2 896 109
Borrowings (short-term)	25 025 764	-	-	25 025 764
Lease liabilities	155 161	172 322	-	327 483
Trade payables	2 264 616	-	-	2 264 616
Other liabilities	5 674 998	-	-	5 674 998
Total	**36 016 648**	**1 755 980**	**-**	**37 772 628**

On 31 December 2020	Company			
EUR	1 year	1-5 years	5+ years	Total
Long-term loans and trade receivables	-	9 910 237	-	9 910 237
Loans and trade receivables	3 179 108	-	-	3 179 108
Other receivables	3 955 143	-	-	3 955 143
Total	**7 134 251**	**9 910 237**	**-**	**17 044 488**
Borrowings (long-term)	-	25 000	-	25 000
Bonds	2 896 109	-	-	2 896 109
Borrowings (short-term)	9 235 538	-	-	9 235 538
Lease liabilities	52 121	23 427	-	75 548
Trade payables	470 614	-	-	470 614
Other liabilities	3 094 549	-	-	3 094 549
Total	**15 748 931**	**48 427**	**-**	**15 797 358**

Interest rate risk

The Group and the Company are exposed to limited interest rate risk, as the contractual terms for all financial assets and liabilities include a fixed interest rate. The average weighted borrowing rate of the group in 2021 is 11.7 %, an increase of 0.3 pp compared to 2020.

Notes to the consolidated and separate financial statements (CONT'D)

6. Net turnover

EUR	Group		Company	
	2021	2020	2021	2020
Commission fee	19 576 611	16 385 235	-	-
Online banking fees	6 441 689	9 140 109	-	-
Services provided	1 088 671	812 177	4 750 137	4 117 379
Penalties	604 847	789 024	-	-
SMS and other income	284 314	292 892	-	-
Letters	128 032	103 881	-	-
Extension fee	102 883	885 425	-	-
Registration fee	3 364	3 787	-	-
Total	**28 230 411**	**28 412 530**	**4 750 137**	**4 117 379**

EUR	Group		Company	
	2021	2020	2021	2020
Latvia	7 441 722	6 496 843	1 673 135	1 032 309
Lithuania	6 477 125	9 201 749	724 796	649 089
Sweden	4 596 275	4 799 827	805 904	631 840
Poland	4 312 119	3 814 394	832 767	1 146 448
Czech Republic	2 755 535	1 717 215	418 203	405 960
Romania	2 647 635	1 461 209	295 332	198 618
Spain	-	921 293	-	53 115
Total	**28 230 411**	**28 412 530**	**4 750 137**	**4 117 379**

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

Notes to the consolidated and separate financial statements (CONT'D)

7. Operating costs

	Group		Company	
EUR	2021	2020	2021	2020
Interest expenses	2 763 944	2 276 944	1 158 704	889 241
Commission fee	2 265 074	5 915 917	-	-
Remuneration (operators and debt collectors, IT)	1 284 055	1 202 505	-	-
Bank charges	248 986	199 787	53 309	14 829
Clients check	233 366	168 062	82 291	6 692
Debt collection expenses	210 650	275 056	-	-
SMS expenses	148 898	135 095	-	-
Licence and other membership fees	68 143	27 759	-	-
Postage	63 723	61 753	2 584	-
Telecommunications	43 375	44 247	-	-
Other costs	406 469	491 367	16 313	-
Total	**7 736 683**	**10 798 492**	**1 313 201**	**910 762**

8. Administrative expenses

	Group		Company	
EUR	2021	2020	2021	2020
Remuneration (other)	4 325 778	3 736 236	2 191 925	2 060 843
Legal and professional	1 384 848	1 502 242	619 255	651 293
Board remuneration	440 616	308 829	260 191	195 309
Depreciation	395 807	470 420	159 072	159 957
Business trips	270 630	48 443	225 070	14 808
Accounting expenses	222 058	190 186	120 641	112 752
Utilities	34 974	30 700	14 749	16 565
Lease of premises	15 997	(12 500)	8	2 744
Household goods	15 176	8 473	6 714	789
Other costs	322 183	223 492	118 384	69 184
Total	**7 428 067**	**6 506 521**	**3 716 009**	**3 284 244**

Notes to the consolidated and separate financial statements (CONT'D)

9. Other operating expenses

	Group		Company	
EUR	2021	2020	2021	2020
Unrecoverable VAT	936 651	591 285	62 574	38 393
Vacation pay reserve	127 148	76 180	55 980	24 506
Currency exchange, net	83 118	561 563	-	214 774
Other costs	70 855	1 987 243	329 864	1 688 885
Total	**1 217 772**	**3 216 271**	**448 400**	**1 966 558**

10. Other operating income

	Group		Company	
EUR	2021	2020	2021	2020
Dividends received	-	-	490 639	1 801 440
Currency exchange, net	-	-	91 291	-
Other income	211 225	1 492 313	8 669 331*	1 968 121
Total	**211 225**	**2 984 626**	**9 251 261**	**3 769 561**

* Other income includes revenue from sale of subsidiaries 8 566 907 EUR

Notes to the consolidated and separate financial statements (CONT'D)

11. Income tax

Group		
EUR	2021	2020
Calculated tax for the period	478 465	344 006
Deferred tax for the period	53 516	6 667
Total	**531 981**	**350 673**

Group		
%	2021	2020
Latvia	0%*	0%*
Poland	19%	19%
Czech 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)

12. Property, plant and equipment and intangible assets

Group						
EUR	Property, plant and equipment	Intangible assets	Goodwill	Long-term investments in leased property, plant and equipment	Right-of-Use assets*	Total
Initial value						
31 December 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	-	241 072	**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**
Exchange rate fluctuations, net	(7 740)	(5 565)	-	(40)	-	**(13 345)**
Acquisition cost	118 833	261 226	-	-	118 602	**498 661**
Reclassification	-	-	-	-	(214 072)	**(214 072)**
Corrections	-	-	-	-	60 209	**60 209**
Disposed	(22 914)	(1 278)	(91 561)	-	-	**(115 753)**
31 December 2020	**1 242 879**	**885 879**	**-**	**17 446**	**255 968**	**2 402 172**
Depreciation	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2019	**(211 031)**	**(131 948)**	**-**	**(9 526)**	**(343 666)**	**(696 171)**
Exchange rate fluctuations, net	(125)	(5)	-	-	-	**(130)**
Reclassification	-	(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)**
Exchange rate fluctuations, net	7 682	5 528	-	-	-	**13 210**
Reclassification	-	-	-	-	-	**-**
Calculated depreciation	(152 006)	(34 121)	-	(1 636)	(54 537)	**(242 300)**
Disposed	12 126	1 278	-	-	-	**13 404**
31 December 2020	**(442 827)**	**(201 357)**	**-**	**(12 843)**	**(74 578)**	**(731 605)**
	-	-	-	-	-	-
Carrying Amount on 31.12.2019	**164 744**	**459 772**	**-**	**8 480**	**606 197**	**1 239 193**
Carrying Amount on 31.12.2020	**844 071**	**457 454**	**91 561**	**6 279**	**271 188**	**1 670 553**
Carrying amount on 31.12.2021	**800 052**	**684 552**	**-**	**4 603**	**181 390**	**1 670 567**

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 2019	**177 821**	**490 847**	**-**	**-**	**178 335**	**847 003**
Exchange rate fluctuations, net	107	-	-	-	-	**107**
Acquisition cost	27 580	47 755	-	-	104 408	**179 743**
Corrections	-	-	-	-	(29 049)	**(29 049)**
Disposed	(3 955)	(11 042)	-	-	(149 286)	**(164 283)**
31 December 2020	**201 553**	**527 560**	**-**	**-**	**104 408**	**833 521**
Exchange rate fluctuations, net	(312)	-	-	-	-	**(312)**
Acquisition cost	50 320	10 970	-	-	28 906	**90 196**
Reclassification	-	-	-	-	(102 588)	**(102 588)**
Corrections	-	-	-	-	(1 821)	**(1 821)**
Disposed	(1 559)	(1 278)	-	-	-	**(2 837)**
31 December 2020	**250 002**	**537 252**	**-**	**-**	**28 905**	**816 159**
Depreciation	**-**	**-**	**-**	**-**	**-**	**-**
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)**
Exchange rate fluctuations, net	313	1	-	-	-	**314**
Calculated depreciation	(70 906)	(30 284)	-	-	(57 883)	**(159 073)**
Reclassification	-	-	-	-	50 946	**50 946**
Disposed	1 558	1 278	-	-	-	**2 836**
31 December 2020	**(187 903)**	**(103 008)**	**-**	**-**	**(6 937)**	**(297 848)**
	-	-	-	-	-	-
Carrying Amount on 31.12.2019	**120 614**	**442 684**	**-**	**-**	**92 213**	**655 511**
Carrying Amount on 31.12.2020	**82 685**	**453 557**	**-**	**-**	**104 408**	**640 650**
Carrying amount on 31.12.2021	**62 099**	**434 244**	**-**	**-**	**21 968**	**518 311**

* On adoption of IFRS 16, the Group recognized right-of-use assets for office space. Right-of-use assets were 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)

13. Investments in subsidiaries and associates

As of 31 December 2021 and 31 December 2020, the Group and Company had the following investments in the subsidiaries and associates:

Group	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		31.12.2021	31.12.2020	31.12.2021	31.12.2020
VIACONTO Company Limited (Vietnam)	Financial services	204 335	-	50%	-
Total		**204 335**			

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		31.12.2021	31.12.2020	31.12.2021	31.12.2020
Via Payments UAB (Lithuania)	Financial services	1 280 001	1 280 001	100%	100%
IFN VIACONTO MINICREDIT S.A. (Romania)	Financial services	1 170 305	1 170 305	95%	95%
RH PROPERTY SIA (Latvia)*	Renting of Real Estate	754 000*	850 000	100%	100%
VIA SMS PL z.o.o (Poland)	Financial services	552 253	552 253	100%	100%
VIA SMS SIA (Latvia)	Financial services	368 443	368 443	100%	100%
VIAINVEST SIA (Latvia)	Financial services	350 000	350 000	100%	100%
VIAINVEST Assets SIA (Latvia)	Financial services	250 000	-	100%	0%
VIA CONTO SWEDEN AB (Sweden)	Financial services	-	1 182 774	-	100%
VIA SMS s.r.o. (Czech Republic)	Financial services	-	250 318	-	100%
FinnQ UAB (Lithuania)**	Financial services	250 000	250 000	100%	100%
FinnQ UAB (Lithuania)	Impairment allowances for investment in capital of subsidiary	(250 000)**	-	0%	-
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)	0%	0%
VIACONTO Company Limited (Vietnam)	Financial services	130 000	-	50%	-
Total		**4 855 001**	**6 254 094**		

At the end of the reporting period, the Company's management has conducted impairment test on investments in its subsidiaries.

* During the reporting period, the management reviewed investments in the share capital of SIA "RH Property" and recognized the fair value correction in the amount of 96 000 EUR in loss.

** Lithuanian subsidiary FinnQ is in the process of liquidation at the date of preparation of the financial statement.

Notes to the consolidated and separate financial statements (CONT'D)

Information on subsidiaries and associates

Company	Net profit/Loss	Net profit/Loss	Net Assets	Net Assets
EUR	2021	2020	31.12.2021	31.12.2020
Via Payments UAB (Lithuania)	381 281*	197 404*	1 364 761*	933 480*
IFN VIACONTO MINICREDIT S.A. (Romania)	(192 363)*	125 596*	169 289*	366 560*
RH PROPERTY SIA (Latvia)	(1 801)**	1 322**	753 521**	755 322**
VIA SMS PL z.o.o (Poland)	351 562*	(3 169 080)*	(2 157 316)*	(2 526 903)*
VIA SMS SIA (Latvia)	1 325 907*	1 499 882*	4 847 958*	3 522 051*
VIAINVEST SIA (Latvia)	39 888*	83 924**	258 861*	218 973**
VIAINVEST Assets SIA (Latvia)	9 253**	-	259 253**	-
VIA CONTO SWEDEN AB (Sweden)***	272 019*	508 154*	1 418 939*	1 672 714*
VIA SMS s.r.o. (Czech Republic)****	547 933**	28 123**	1 442 916**	831 453**
FinnQ UAB (Lithuania)	(4 340)**	(192 244)**	(568)**	3 772**
CASHALOT Sp.z.o.o. (Poland)	(105 940)**	(36 440)**	(346 686)**	(243 446)**
VIACONTO Company Limited (Vietnam)*****	448 155*	-	162 581*	-

* Audited
** Unaudited
*** The company VIACONTO SWEDEN AB is a subsidiary of VIA SMS SIA (100%) since 07.12.2021, beforehand was owned by the Company (VIA SMS Group). The company ViaSpar Finans AB is a subsidiary of ViaConto Sweden AB (100%).
**** The company VIA SMS s.r.o. is a subsidiary of VIA SMS SIA (100%) since 07.12.2021, beforehand was owned by the Company (VIA SMS Group).
***** The company VIACONTO Company Limited is associate of VIA SMS GROUP (50%) since 22.12.2021.

Notes to the consolidated and separate financial statements (CONT'D)

14. Loans and trade receivables

	Group		Company	
EUR	2021	2020	2021	2020
Loans to related parties	348 737	1 760 340	9 910 237	4 894 586
Total non-current loans and trade receivables	**348 737**	**1 760 340**	**9 910 237**	**4 894 586**
Loans to customers	32 822 449	28 460 454	3 290 882	3 138 578
Impairment allowance for loans to customers	(7 798 586)	(7 723 063)	(111 774)	(103 508)
Total current loans and trade receivables	**25 023 863**	**21 187 391**	**3 179 108**	**3 035 070**
Total	**25 372 600**	**22 947 731**	**13 089 345**	**7 929 656**

15. Impairment allowances

	Group		Company	
EUR	2021	2020	2021	2020
Impairment allowances at the beginning of the period	**7 273 063**	**9 029 025**	**196 416**	**734 100**
Impairment allowances	8 827 871	5 309 317	309 002	103 508
Currency exchange differencies	(59 572)	59 357	-	-
Write-off	(1 920 292)	(1 352 114)	(97 712)	-
Receivables sold	(6 322 484)	(5 772 522)	-	(641 192)
Impairment allowances at the end of the period*	**7 798 586**	**7 273 063**	**407 706**	**196 416**

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

Notes to the consolidated and separate financial statements (CONT'D)

16. Other receivables

	Group		Company	
EUR	2021	2020	2021	2020
Other receivables from customers	813 371	649 753	-	860
Overpayment of taxes	200 896	74 019	20 827	12 521
Other receivables from related parties	39 852	121 649	39 852	121 649
Security deposit	18 026	21 266	8 494	10 728
Other receivables, net	7 021 871	7 045 291	3 885 970	10 728
Other receivables	*9 247 685**	*7 417 168**	*3 885 970*	*693 893*
Impairment allowances	*(2 190 076)*	*(371 877)*	*-*	*-*
Total	**8 094 016**	**7 911 978**	**3 955 143**	**839 651**

*Other receivables include a receivable for the sold customer's loan portfolio according to assignment agreements with the third parties. The loss allowances for such contractual financial assets are based on assumptions about the 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 3 720 (in 2020: TEUR 5 633) by the Group and TEUR 217 (in 2020: TEUR 2 208) by the Company linked to recovery rights of micro-loans portfolio assigned.

17. Cash and cash equivalents

	Group		Company	
EUR	31.12.2021	31.12.2020	31.12.2021	31.12.2020
EUR	2 551 571	4 121 230	456 854	1 029 284
SEK	740 769	118 775	-	-
RON	90 144	147 919	-	-
CZK	73 626	87 382	-	-
PLN	43 460	118 381	4 576	15 839
Total	**3 499 570**	**4 593 687**	**461 430**	**1 045 123**

According to Financial Instruments Market Law VIAINVEST ensures permanent separation of the funds of customers and company. Customers funds at the end of reporting period:1 180 717 EUR (2020: 585 771 EUR).

Notes to the consolidated and separate financial statements (CONT'D)

18. 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.

19. Borrowings

	Group		Company	
EUR	2021	2020	2021	2020
Short-term liabilities	**27 921 873**	**18 739 430**	**12 131 647**	**9 214 357**
Short-term loan	25 025 764	18 734 572	9 235 538	9 209 499
Short-term bonds and accrued interest	2 896 109	4 858	2 896 109	4 858
Long-term loan	**1 583 658**	**3 553 678**	**25 000**	**1 771 000**
Long-term loans and accrued interest	1 583 658	2 242 678	25 000	460 000
Bonds	-	1 311 000	-	1 311 000
Total	**29 505 531**	**22 293 108**	**12 156 647**	**10 985 357**

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 31.12.2021	Average % rate in 2021	Invested on 31.12.2020	Average % rate in 2020
VIAINVEST (Latvia)	12 277 090	10%	8 626 197	12%
VIASPAR (Sweden)	3 761 708	10%	4 369 944	8%
VIAINVEST (Sweden)	3 233 391	11%	2 369 022	12%
VIAINVEST (Poland)	3 027 904	12%	1 816 340	12%
VIAINVEST (Company)	1 795 555	12%	898 824	11%
VIAINVEST (Czech Republic)	955 116	11%	654 246	12%
Total	**29 050 764**		**18 743 572**	

On April 21, 2022, JSC VIA SMS group registered new unsecured bonds issue (ISIN LV0000860070) in the form of a private placement. Bonds will be offered to a limited scope of investors. The annual coupon rate of bonds is set to 10%, and maturity date – as of May 15, 2025. Based on the offers received from the holders, the Company could repurchase its bonds at par value and offer for sales to third parties. Bonds are recognized in the Company's balance sheet by reducing the total amount of bonds issue by the amount of repurchased bonds.

Notes to the consolidated and separate financial statements (CONT'D)

20. Tax liabilities

	Group		Company	
EUR	2021	2020	2021	2020
CIT overpay / (liability)	(261 583)	(244 960)	(1 271)	(257)
VAT overpay / (liability)	(158 886)	(165 750)	19 195	12 353
Other Tax overpay / (liability)	(278 859)	(190 936)	(94 245)	(142 064)
Total	**(699 328)**	**(601 646)**	**(76 320)**	**(129 968)**

21. Other liabilities

	Group		Company	
EUR	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Other creditors	3 954 445	5 525 763	2 000 565*	1 531 866*
VAT tax liability	221 570	185 308	-	-
Overpay from customers	83 118	67 185	-	-
Total	**4 259 133**	**5 778 256**	**2 000 565**	**1 531 866**

* Other creditors" for Group and Company include an option contract at fair value, giving the right to the 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 2023, 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 the 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 the reporting date the value of the options amounted to 9 EUR (2020: 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 21 147 (2020: 1 478 844 EUR) is recognized in the Company's and the Group's Income statements under "Other operating income" (see Note 10).

Notes to the consolidated and separate financial statements (CONT'D)

22. Average number of employees

	Group		Company	
EUR	2021	2020	2021	2020
Management	5	5	2	2
Administration	124	97	52	52
Other	65	60	-	-
Total	**194**	**162**	**54**	**54**

23. related party disclosures

Income/expense	Group		Company	
EUR	2021	2020	2021	2020
Services provided	1 800	2 871	14 434 922	3 357 367
(Services received)	-	-	(194 503)	(35 574)
Interest income	89 253	29 864	491 051	546 922
(Interest expense)	(37 581)	(22 755)	(766 043)	(693 996)
Total	**53 471**	**9 980**	**13 965 427**	**3 174 718**

Assets	Group		Company	
EUR	2021	2020	2021	2020
Issued loans	2 691 550	60 000	15 246 393	3 266 024
Accrued interests on issued loans	39 852	61 282	50 094	117 789
Trade receivables (Group`s entities)	-	524 922	372 330	1 037 511
Trade receivables (non-Group)	-	367	-	367
(Received loans)	-	(640 000)	(7 221 983)	(7 926 736)
(Accrued interests on received loans)	-	-	(452 305)	(383 939)
(Other payables)	(1 118 612)	(67 443)	(4 036 167)	(848 707)
Total	**1 612 790**	**(60 872)**	**3 958 361**	**(4 737 691)**

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)

24. Off balance sheet items

At the end of reporting year Off balance sheet items comprised cash and balances of VIA Payments UAB clients at Lithuanian Central Bank in the amount of EUR 25 671 209 (2020: 9 670 213 EUR) and investments in securities with a high credit rating in the amount of EUR: null (2020: EUR 8 637 823).

25. Significant events after reporting period end

VIA SMS GROUP

In May 2022, a series of Notes EUR 10.00 VIA SMS GROUP NOTE 19-2022 reached their maturity date. As a result, the Group successfully issued new Unsecured Notes of EUR 10.00 VIA SMS GROUP NOTES 22-2025 and refinanced the existing liabilities for 3 310 000 EUR. The annual coupon rate is 10%, and the maturity is 15 May 2025. The nominal value of the note is EUR 1 000, and the minimal subscription amount is EUR 1 000. Notes issued under ISIN LV0000860070

VIAINVEST

Once the transition period had ended, VIAINVEST submitted 5 base prospectuses to the FCMC for approval.
At the beginning of August 2022, VIAINVEST received approval from FCMC for 5 base prospectuses and finished the transition to asset-backed securities. Starting on August 2, 2022, investments in the assignment of loans were entirely replaced by asset-backed securities. Ongoing investments in the assignment of the loans remain subject to their initial agreements and stay in force until they reach the end of the relevant agreement.
On 12.10.2022, FCMC and VIAINVEST concluded an administrative agreement. Within it, both parties agreed on the necessary improvements inspected by FCMC to eliminate the shortcomings in the field of PMLTPF until 07.04.2023. Before the administrative contract's conclusion, VIAINVEST has eliminated the identified FIML shortcomings and is currently actively working on eliminating the shortcomings of the PMLTPF following the instructions of the FCMC.

Impact of the Russia-Ukraine war

The Group conducts its operations only in the EU and Vietnam, where the Russia-Ukraine war does not directly affect its business processes. The Group's development in 2022 and further focused on protecting its customers from direct geopolitical risks.

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

Independent auditor report

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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 39 of the accompanying separate and consolidated Annual Report, which comprise:

- the separate and consolidated statement of financial position as at 31 December 2021,
- 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 2021, 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.

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

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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.

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- 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 31 October 2022

Contact us

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