

***VIA SMS GROUP AS***

Unaudited interim  
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
for the period from 1 January 2018 to 30 June 2018

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

# VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

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# VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

## General Information

Name of the company	VIA SMS GROUP
Legal status of the company	Joint Stock Company
Unified registration number, place and date of registration	40003901472 Riga, 23 February 2007
Registered office	13.janvara street 3 Riga, Latvia, LV-10510
Shareholders	Financial investment SIA 20% Deniss Šerstjukovs 73% Georgijs Krasovickis 7%
Board	Eduards Lapkovskis Deniss Serstjukovs Georgijs Krasovickis
Supervisory Board	Andris Riekstiņš Anna Lisenko Normunds Vigulis
Subsidiaries	VIA SMS SIA, 13.janvara street 3, LV-1050, Riga, Latvia (100%) VIA SMS PL SP. z.o.o., Al. Jerozolimskie 123A; 02-017, Warszawa, Poland (100%) VIA SMS s.r.o., Lazarská 1719/5, 110 00 Praha 1, Prague, Czech Republic (100%) ViaConto Sweden AB, Holländargatan 27, 113 59, Stockholm, Sweden (100%) ViaConto Minicredit S.L., Josep Tarradellas 8-10, ático 3 <sup>a</sup> Barcelona 08029, Spain (100%) CASHALOT Sp. z.o.o., Al. Jerozolimskie 123A; 02-017, Warszawa, Poland (100%) VIAINVEST SIA, 13.janvara street 3, LV-1050, Riga, Latvia (100%) Via Payments UAB, Žalgirio g. 90, LT-09303, Vilnius, Lithuania, (100%) IFN VIACONTO MINICREDIT S.A, Calea Moșilor 21, etaj 2, Bucharest, Romania (95%)
Reporting period	1 January 2018 – 30 June 2018

# VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

## Interim Management Report

The Management Board of the Company presents its report on the unaudited interim consolidated and separate financial statements for the period from 1 January 2018 to 30 June 2018.

### Core activities

The core activity of the Company and its subsidiaries (together referred to as “Group”) is providing consumer lending services, in particular – issuing payday loans, installment loans and credit lines.

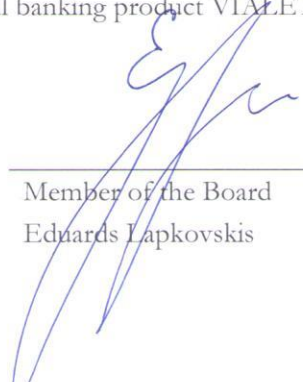
### Business overview

During the period from 1 January 2018 to 30 June 2018, the Group’s operations were successful; the Group has closed the reporting period with a net turnover of EUR 10 493 305 and corresponding 9.7% increase in comparison with the same period in 2017. The largest net turnover growth is reached in Sweden. During the first six months of 2018 the Group has reached EBITDA of 2 251 091 EUR, ensuring the net profit of 1 251 708 EUR.

During the reporting period, significant growth was reached by the Company’s subsidiary operating in Sweden. Due to the optimization of the product portfolio based on the deep analysis of customer needs, the Swedish subsidiary experienced 28% growth in the net portfolio if compared to the last 12 months. Company’s subsidiary in Poland, on the other hand, has experienced a slight decrease in the net turnover. Newly established subsidiary in Romania has shown stable operations and is currently focusing on strengthening its positions in the Romanian consumer lending market. Latvian subsidiary has also experienced growth following new product launch, as well as growing demand for payment card with credit line SAVA.card.


During the first six months of 2018, the Group has mainly focused on strengthening its positions in existing markets where it is providing consumer lending services - Latvia, Sweden, Poland, Czechia, Spain, and Romania. The Group also intensively developed peer to peer lending platform VIAINVEST by promoting it in the public environment and attracting new investors. Since the founding, the platform has already attracted more than 6 200 investors and has reached a milestone of more than 75 million EUR loans funded through the platform. Multiple subsidiaries also underwent significant improvements regarding boosting the effectiveness of credit scoring models, raising the quality of customer support service performance and communication effectiveness, as well as introducing new products for customer convenience. The Group has also started an intensive development phase for the digital banking product VIALET that has acquired the Lithuanian electronic money institution license in 2017. It is planned to launch VIALET publicly in the third quarter of 2018.

In the second half of 2018 the Group is planning to focus on the development and introduction of the digital banking product VIALET, as well as strengthening its positions in existing markets.



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Member of the Board  
Eduards Lapkovskis



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Member of the Board  
Deniss Šerstjukovs

Riga, 29 August 2018

## VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

### Interim Statement of Management's Responsibility

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

The unaudited interim 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 six months period ended 30 June 2018.

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 unaudited interim consolidated and separate financial statements for six months period ended 30 June 2018, set out on pages 6 to 20. The Board also confirms that International Financial Reporting Standards (IFRS) as adopted by the EU have been applied and complied with. The unaudited interim consolidated and separate financial statements have been prepared on a going concern basis and in compliance with laws and regulations of the Republic of Latvia applicable to the preparation of financial statements.

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

On behalf of the Management Board:



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Member of the Board  
Eduards Lapkovskis



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Member of the Board  
Deniss Šerstjukovs

Riga, 29 August 2018

# VIA SMS GROUP AS

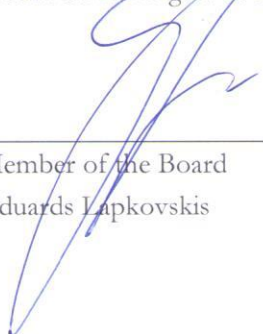
Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

## Consolidated and Separate Income Statements

	Notes	Group		Company	
		01.01.2018- 30.06.2018. EUR	01.01.2017- 30.06.2017. EUR	01.01.2018- 30.06.2018. EUR	01.01.2017- 30.06.2017. EUR
Net turnover	3	10 493 305	9 567 475	579 153	578 058
Operating costs	4	(2 146 264)	(1 933 292)	(554 080)	(530 752)
Impairment allowances		(3 526 587)	(3 784 929)	-	-
<b>Gross profit</b>		<b>4 820 454</b>	<b>3 849 254</b>	<b>25 073</b>	<b>47 306</b>
Selling expenses (marketing)		(956 694)	(1 288 872)	-	-
<b>Operating profit</b>		<b>3 863 760</b>	<b>2 560 382</b>	<b>25 073</b>	<b>47 306</b>
Administrative expenses	5	(2 336 245)	(1 888 228)	(6 751)	(26 620)
Other operating expenses	6	(229 673)	(255 953)	(130)	(12 580)
Other operating income	7	23 449	204 103	310 174	343 919
<b>Profit before tax</b>		<b>1 321 291</b>	<b>620 304</b>	<b>328 366</b>	<b>352 025</b>
Taxes		(69 583)	(257 145)		(8 652)
<b>Net profit for the period</b>		<b>1 251 708</b>	<b>363 159</b>	<b>328 366</b>	<b>343 373</b>
Minority interest (loss)		(9 501)	-	-	-
Profit attributable to equity holders		1 261 209	363 159	328 366	343 373

The accompanying notes on pages 12 to 20 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 6 to 20 were approved by the Management Board on 29 August 2018 and signed on behalf of the Company by:



Member of the Board  
Eduards Lapkovskis



Member of the Board  
Deniss Šerstjukovs



Chief Accountant  
Tamāra Hakova

## VIA SMS GROUP AS

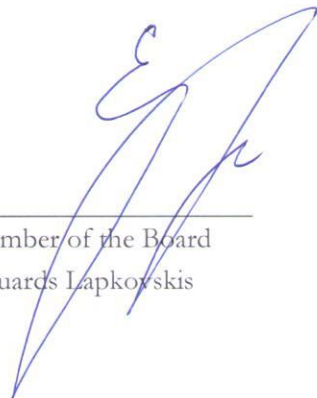
Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

### Consolidated and Separate Statements of Comprehensive Income

	Group		Company	
	01.01.2018- 30.06.2018. EUR	01.01.2017- 30.06.2017. EUR	01.01.2017- 30.06.2017. EUR	01.01.2017- 30.06.2017. EUR
Net profit for the period	1 251 708	363 159	328 366	343 373
Foreign currency translation reserve	(88 612)	73 159	-	-
<b>Total comprehensive income</b>	<b>1 163 096</b>	<b>436 318</b>	<b>328 366</b>	<b>343 373</b>

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Eduards Lapkovskis



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Member of the Board  
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Chief Accountant  
Tamāra Hakova

# VIA SMS GROUP AS

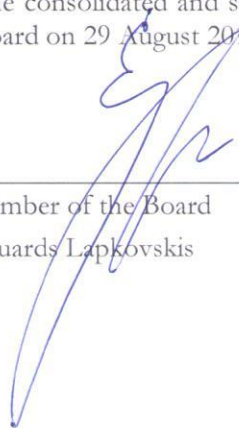
Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

## Consolidated and Separate Statements of Financial Position


	Note	Group		Company	
		30.06.2018 EUR	31.12.2016 EUR	30.06.2018 EUR	31.12.2017 EUR
<b>Non-current assets</b>		<b>2 554 670</b>	<b>2 272 820</b>	<b>12 303 490</b>	<b>12 787 196</b>
Property, plant and equipment		126 208	132 210	-	-
Intangible assets		403 924	361 112	-	-
Investments in leasehold improvements		23 772	33 153	-	-
Investments in subsidiaries and associates	8	-	-	3 286 742	3 081 836
Bonds		1 741 000	1 481 000	1 741 000	1 481 000
Loans and trade receivables	9	37 296	37 296	7 275 748	8 224 360
Deferred tax		222 470	228 049	-	-
<b>Current assets</b>		<b>26 433 703</b>	<b>22 825 472</b>	<b>2 229 518</b>	<b>1 442 608</b>
Loans and trade receivables	9	16 921 801	18 022 102	939 969	690 423
Other receivables	10	3 469 521	2 574 559	954 312	341 556
Prepaid expenses and deferred income		155 730	69 376	61 375	57 990
Cash and cash equivalents		5 886 651	2 159 435	273 862	352 639
<b>Total assets</b>		<b>28 988 373</b>	<b>25 098 292</b>	<b>14 533 008</b>	<b>14 229 804</b>

The accompanying notes on pages 12 to 20 form an integral part of the consolidated and separate financial statements.


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Member of the Board  
Eduards Lapkovskis



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Deniss Šerstjukovs



Chief Accountant  
Tamāra Hakova



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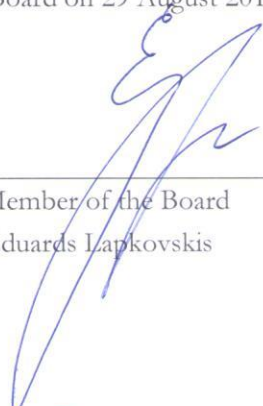
Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

## Consolidated and Separate Statements of Financial Position (cont'd)

	Note	Group		Company	
		30.06.2018 EUR	31.12.2017 EUR	30.06.2018 EUR	31.12.2017 EUR
<b>Equity</b>		<b>4 347 911</b>	<b>3 175 314</b>	<b>3 697 796</b>	<b>3 369 430</b>
Share capital		803 000	803 000	803 000	803 000
Foreign currency translation reserve		49 338	137 950	-	-
Revaluation reserve		69 261	124 261	-	-
Retained earnings		3 426 312	2 110 103	2 894 796	2 566 430
<b>Total equity attributable to the members of the Company</b>		<b>4 343 412</b>	<b>3 180 316</b>	<b>3 697 796</b>	<b>3 369 430</b>
Minority shareholder share capital		(4 499)	5 002	-	-
<b>Non-current liabilities</b>		<b>7 814 670</b>	<b>8 029 437</b>	<b>10 591 022</b>	<b>10 685 076</b>
Bonds	11	6 105 000	6 105 000	6 105 000	6 105 000
Borrowings	11	1 709 670	1 924 437	4 486 022	4 580 076
<b>Current liabilities</b>		<b>16 830 291</b>	<b>13 888 539</b>	<b>244 190</b>	<b>175 298</b>
Bonds	11	61 011	61 011	61 011	61 011
Borrowings	11	13 275 028	10 336 360	147 234	84 802
Trade payables		2 130 114	2 235 020	2 703	43
Other liabilities		732 562	603 785	13 186	532
Corporate income tax payable		-	9 154	-	9 154
Accrued liabilities		428 836	423 203	3 796	12 601
Deferred income		202 740	220 006	16 260	7 155
<b>Total liabilities</b>		<b>24 644 961</b>	<b>21 917 976</b>	<b>10 835 212</b>	<b>10 860 374</b>
<b>Total equity and liabilities</b>		<b>28 988 373</b>	<b>25 098 292</b>	<b>14 533 008</b>	<b>14 229 804</b>

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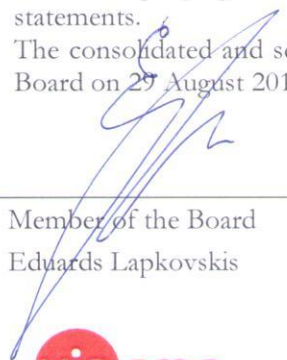
Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018


## Notes to the Consolidated and Separate Financial Statements for the period ended 30 June 2018

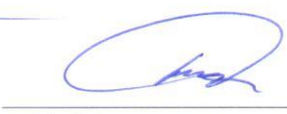
	Note	Group 01.01.2018- 30.06.2018. EUR	Group 01.01.2017- 30.06.2017. EUR	Company 01.01.2018- 30.06.2018. EUR	Company 01.01.2017- 30.06.2017. EUR
<b>Cash flows to/ from operating activities</b>					
Profit before tax		1 321 291	620 304	328 366	352 025
Interest income		(16 379)	(9 786)	(585 133)	(577 158)
Interest expenses		821 930	373 377	504 204	476 659
Depreciation, amortization, and write-offs of property, plant and equipment and intangible assets		112 245	98 332	-	-
Vacation reserve		22 338	9 716	-	-
Dividends received		-	-	(270 000)	(343 324)
<b>Operating profit before adjustments for current assets and current liabilities</b>		<b>2 261 425</b>	<b>1 091 943</b>	<b>(22 563)</b>	<b>(91 798)</b>
Increase/(decrease) in loans		1 736 937	(3 327 210)	608 951	(1 397 646)
Increase/(decrease) in receivables and other assets		(975 737)	(1 678 258)	(616 141)	(52 687)
Interest received		4 343	-	339 636	353 642
Increase/(decrease) in other liabilities		2 418 763	7 150 876	17 542	106 105
<b>Cash generated from operations</b>		<b>5 445 731</b>	<b>3 237 351</b>	<b>327 425</b>	<b>(1 082 384)</b>
Corporate income tax (paid)		(124 933)	(574 261)	-	(27 093)
<b>Net cash flows to/ from operating activities</b>		<b>5 320 798</b>	<b>2 663 090</b>	<b>327 425</b>	<b>(1 109 477)</b>
<b>Cash flows to/ from investing activities</b>					
Purchase of property, plant and equipment and intangible assets		(139 674)	(166 695)	-	-
Income from sale of investments/(Investments in subsidiaries)		-	-	(204 906)	(134 393)
(Issued) loans		(624 600)	(28 500)	335 612	-
<b>Net cash flows to/ from investing activities</b>		<b>(764 274)</b>	<b>(195 195)</b>	<b>130 706</b>	<b>(134 393)</b>
<b>Cash flows to/ from financing activities</b>					
Received borrowings		-	225 000	476 677	2 015 095
Repayment of borrowings		(275 000)	(248 831)	(605 515)	(78 935)
Bought back bonds		(260 000)	359 860	(260 000)	359 860
Interest paid		(294 308)	(1 058 688)	(418 070)	(1 246 914)
Dividends received		-	-	270 000	312 200
<b>Net cash flows to/ from financing activities</b>		<b>(829 308)</b>	<b>(722 659)</b>	<b>(536 908)</b>	<b>1 361 306</b>
<b>Change in cash and cash equivalents</b>		<b>3 727 216</b>	<b>1 745 236</b>	<b>(78 777)</b>	<b>117 436</b>
Cash and cash equivalents at the beginning of the period		2 159 435	1 158 121	352 639	143 067
<b>Cash and cash equivalents at the end of the period</b>		<b>5 886 651</b>	<b>2 903 357</b>	<b>273 862</b>	<b>260 503</b>

The accompanying notes on pages 12 to 20 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 6 to 20 were approved by the Management Board on 29 August 2018 and signed on behalf of the Company by:

  
Member of the Board  
Eduards Lapkovskis

  
Member of the Board  
Deniss Šerstjukovs

  
Chief Accountant  
Tamāra Hakova

# VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018


## Notes to the Consolidated and Separate Financial Statements (cont'd)

Group	Share capital	Foreign currency translation reserve	Retained earnings/ (Accumulated Loss)	Revaluation reserve	Total
	EUR	EUR	EUR	EUR	EUR
<b>Balance as of 31.12.2015.</b>	803 000	44 050	359 003	344 261	1 550 314
Revaluation reserve	-	-	-	(110 000)	(110 000)
Depreciation of revaluation reserve	-	-	110 000	-	110 000
Foreign currency translation	-	(2 061)	-	-	(2 061)
The reporting year result	-	-	420 282	-	420 282
<b>Balance as of 31.12.2016.</b>	803 000	41 989	889 285	234 261	1 968 535
Revaluation reserve	-	-	110 000	-	110 000
Depreciation of revaluation reserve	-	-	-	(110 000)	(110 000)
Foreign currency translation	-	95 961	-	-	95 961
Disposal/acquisition of subsidiary	-	-	(71 572)	-	(71 572)
The reporting year result	-	-	1 187 392	-	1 187 392
<b>Balance as of 31.12.2017.</b>	803 000	137 950	2 115 105	124 261	3 180 316
Revaluation reserve	-	-	55 000	-	55 000
Depreciation of revaluation reserve	-	-	-	(55 000)	(55 000)
Foreign currency translation	-	(88 612)	-	-	(88 612)
The reporting year result	-	-	1 256 207	-	1 256 207
<b>Balance as of 30.06.2018.</b>	803 000	49 338	3 426 312	69 261	4 347 911

Company	Share capital	Accumulated Profit/Loss	Total
	EUR	EUR	EUR
<b>Balance as of 31.12.2015</b>	803 000	150 296	953 296
Profit for the period	-	291 151	291 151
<b>Balance as of 31.12.2016</b>	803 000	441 447	1 244 447
Profit for the period	-	2 124 983	2 124 983
<b>Balance as of 31.12.2017</b>	803 000	2 566 430	3 369 430
Profit for the period	-	328 366	328 366
Balance as of 30.06.2018	803 000	2 894 796	3 697 796

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 Eduards Lapkovskis

  
 Member of the Board  
 Deniss Šerstjukovs

  
 Chief Accountant  
 Tamāra Hakova

# VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

## Notes to the Consolidated and Separate Financial Statements (cont'd)

### 1. General information

JSC VIA SMS GROUP JSC (the Group) is a joint stock company registered in the Republic of Latvia. Its subsidiaries are executing business operations in 7 European countries – Latvia, Lithuania, Sweden, Poland, Czechia, Romania and Spain. The core business activities of the Group is providing online consumer lending services.

The Company's registered address is 13. Janvāra iela 3, Rīga, Latvia, LV – 1050.

#### Products and services

Currently, the Group is ensuring 5 various consumer lending products – short-term loan (available in Romania, Poland, Czechia and Spain), installment loan (available in Latvia and Sweden), credit line (available in Sweden and Latvia), as well as payment card with credit line SAVA.card (available for customers in Latvia).

Short-term or payday loan is a consumer lending product with a loan term up to 30 days. Maximal loan amount varies in between 500 EUR and 700 EUR depending on the market. This type of loan enables loan term extension which means that consumer may extend the payback term. Loan term extension is a paid service and makes up to 50% of the Group's income.

An installment loan is a mid-term loan with a loan term in between 3 to 24 months and maximal loan amount up to 1400 EUR. Such type of loan is available to customers in Latvia and Sweden.

The credit line is a loan with an open-ended agreement and maximal loan amount up to 1500 EUR. This type of loan can be settled by repaying full loan amount within 30 days or making regular monthly payments until the full repayment. Customers to whom the credit line has been granted can also apply for the additional amount within the existing agreement. The credit line is currently available to customers in Latvia and Sweden.

The payment card SAVA.card with a credit line up to 1500 EUR is available to Group's customers in Latvia. The payment card is operating in the MasterCard system. Application for the card and its administration is fully digitalized process and can be done online via customer's profile.

Since August 2017, the Group's customers in Latvia has an opportunity to apply for a multiproduct by combining and applying for up to 3 products at once within the overall credit limit set to 1500 EUR.

All lending products offered by the Group are non-secured, so the Group has developed a complex and innovative credit scoring procedure which is based on the analysis of the customer solvency and historical data. To filter and avoid fraudulent loan applications, the Group uses bank transfer as a customer identification tool, requesting the customer to transfer 0,01 EUR from his bank account. All transactions between customers and the Group are non-cash transactions that are made online or via text messages.

### 2. Summary of significant accounting principles

#### 1) Basis of preparation of the Financial Statements

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

The consolidated financial statements include the unaudited interim 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.

## VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

### Notes to the Consolidated and Separate Financial Statements (cont'd)

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 Sp. z.o.o.
- VIA SMS s.r.o.
- VIA CONTO SWEDEN AB
- VIACONTO MINICREDIT S.L.
- CASHALOT Sp. z.o.o.
- VIAINVEST SIA
- Via Payments UAB
- IFN VIACONTO MINICREDIT

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.

#### 2) 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.

##### 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 uncollectibility.

##### b) 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:

<i>Intangible assets:</i>	<i>Useful life</i>
Licenses	5 years
Programs	5 years
<i>Property, plant and equipment</i>	
Buildings	20 years
Furniture, office equipment and computers	3-5 years

## VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

### Notes to the Consolidated and Separate Financial Statements (cont'd)

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".

#### *c) Cash and cash equivalents*

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

#### *d) 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 considering any issue costs, and any discount or premium on settlement that are an integral part of the effective interest rate.

#### *e) 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.

#### *f) 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.

## VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

### Notes to the Consolidated and Separate Financial Statements (cont'd)

#### *g) 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 considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimates to settle the present obligation, its carrying amount is based on the present value of those cash flows.

#### *h) 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.

### **3. Net turnover**

	<b>Group</b>		<b>Company</b>	
	<b>01.01.2018- 30.06.2018. EUR</b>	<b>01.01.2017- 30.06.2017. EUR</b>	<b>01.01.2018- 30.06.2018. EUR</b>	<b>01.01.2017- 30.06.2017. EUR</b>
Commission fee	7 232 090	6 565 137	-	-
Extension fee	2 252 187	2 271 407	-	-
SMS and other income	453 915	173 622	-	-
Penalties	392 649	401 796	-	-
Letters	80 316	76 621	-	-
Restructuring commission	80 030	76 766	-	-
Registration fee	1 218	1 226	-	-
Services provided	900	900	579 153	578 058
<b>Total</b>	<b>10 493 305</b>	<b>9 567 475</b>	<b>579 153</b>	<b>578 058</b>

## VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

### Notes to the Consolidated and Separate Financial Statements (cont'd)

#### 4. Operating costs

	Group		Company	
	01.01.2018- 30.06.2018. EUR	01.01.2017- 30.06.2017. EUR	01.01.2018- 30.06.2018. EUR	01.01.2017- 30.06.2017. EUR
Interest expenses	821 930	647 984	504 204	476 832
Remuneration (operators and debt collectors, IT)	648 435	679 718	-	-
Debt collection expenses	187 860	75 852	-	-
Clients check	166 490	172 374	-	-
Bank charges	76 539	79 321	12 904	23 294
SMS expenses	42 087	33 140	-	-
Telecommunications	25 862	22 631	-	-
License and other membership fees	15 342	24 349	-	-
Other costs	161 719	197 923	36 972	30 626
<b>Total</b>	<b>2 146 264</b>	<b>1 933 292</b>	<b>554 080</b>	<b>530 752</b>

#### 5. Administrative expenses

	Group		Company	
	01.01.2018- 30.06.2018. EUR	01.01.2017- 30.06.2017. EUR	01.01.2018- 30.06.2018. EUR	01.01.2017- 30.06.2017. EUR
Remuneration (other)	1 280 576	958 105	4 033	2 820
Legal and professional	183 030	130 749	302	21 550
Lease of premises	161 670	132 645	996	996
Board remuneration	148 030	234 626	-	-
Depreciation	112 246	97 877	-	-
Accounting expenses	68 583	25 392	-	-
Household goods	39 198	20 722	-	-
Business trips	36 745	45 161	1 117	830
Utilities	18 002	15 251	300	234
Other	288 165	227 700	3	190
<b>Total</b>	<b>2 336 245</b>	<b>1 888 228</b>	<b>6 751</b>	<b>26 620</b>



## VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

### Notes to the Consolidated and Separate Financial Statements (cont'd)

#### 6. Other operating expenses

	Group		Company	
	01.01.2018- 30.06.2018. EUR	01.01.2017- 30.06.2017. EUR	01.01.2018- 30.06.2018. EUR	01.01.2017- 30.06.2017. EUR
Unrecoverable VAT	171 199	221 263	130	6 553
Vacation pay reserve	22 338	9 716	-	-
Write-offs	-	1 883	-	-
Currency exchange, net	15 803	-	-	5 583
Other	20 333	23 091	-	444
<b>Total</b>	<b>229 673</b>	<b>255 953</b>	<b>130</b>	<b>12 580</b>

#### 7. Other operating income

	Group		Company	
	01.01.2017- 30.06.2017. EUR	01.01.2017- 30.06.2017. EUR	01.01.2017- 30.06.2017. EUR	01.01.2017- 30.06.2017. EUR
Currency exchange, net	-	148 999	39 659	-
Dividends received	-	43 324	270 000	343 324
Other	23 449	11 780	515	595
<b>Total</b>	<b>23 449</b>	<b>204 103</b>	<b>310 174</b>	<b>343 919</b>

## VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

### Notes to the Consolidated and Separate Financial Statements (cont'd)

#### 8. Investments in subsidiaries and associates

As at 30 June 2018 and 31 December 2017, the Company had the following investments in the subsidiaries:

Company	Type of activity	Carrying amount as of 30.06.2018 EUR	Carrying amount as of 31.12.2017 EUR	Company's share of equity as of 30.06.2018	Company's share of equity as of 31.12.2017
- VIA CONTO SWEDEN AB (Sweden)	Financial services	847 933	847 933	100 %	100 %
- Via Payments UAB (Lithuania)	Financial services	713 000	713 000	100 %	100 %
- VIA SMS PL Sp. z.o.o. (Poland)	Financial services	552 252	552 252	100 %	100 %
- VIA SMS SIA (Latvia)	Financial services	368 443	368 443	100 %	100 %
- VIA SMS s.r.o. (Czech Republic)	Financial services	250 318	250 318	100 %	100 %
- VIAINVEST SIA (Latvia)	Financial services	200 000	10 000	100 %	100 %
- IFN VIACONTO MINICREDIT S.A. (Romania)	Financial services	193 864	193 864	95 %	95 %
- VIACONTO MINICREDIT S.L. (Spain)	Financial services	100 000	100 000	100 %	100 %
- CASHALOT Sp.z.o.o. (Poland)	Financial services	45 932	45 932	100 %	100 %
<b>Total</b>		<b>3 271 742</b>	<b>3 081 742</b>		

In the reporting period the Company has contributed 15 000 EUR into capital of European Economic Interest Grouping VIA SMS R&D Services, as at December 31, 2017 the Company's contribution into capital of European Economic Interest Grouping was 94 EUR.

## VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

### Notes to the Consolidated and Separate Financial Statements (cont'd)

#### 9. Loans and trade receivables

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	EUR	EUR	EUR	EUR
Loans to related parties	37 296	37 296	7 275 748	8 224 360
<b>Total non-current loans and trade receivables</b>	<b>37 296</b>	<b>37 296</b>	<b>7 275 748</b>	<b>8 224 360</b>
Loans to related parties	-	-	939 969	690 423
Loans to customers	24 269 865	24 303 693	-	-
Unearned commission	(289 580)	(353 345)	-	-
Impairment allowance for loans to customers	(7 058 484)	(5 928 246)	-	-
<b>Total current loans and trade receivables</b>	<b>16 921 801</b>	<b>18 022 102</b>	<b>939 969</b>	<b>690 423</b>
<b>Total</b>	<b>16 959 097</b>	<b>18 059 398</b>	<b>8 215 717</b>	<b>8 914 783</b>

#### 10. Other receivables

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	EUR	EUR	EUR	EUR
Other receivables from customers	2 596 773	24 088	-	254
Overpayment of taxes	412 741	232 697	14 837	3 135
Security deposit	24 324	-	254	336 070
Other receivables from related parties	-	392 928	304 956	-
Other receivables	435 683	1 924 846	634 265	2 097
<b>Total</b>	<b>3 469 521</b>	<b>2 574 559</b>	<b>954 312</b>	<b>341 556</b>

# VIA SMS GROUP AS

Unaudited interim financial statement for the period from 1 January 2018 to 30 June 2018

## Notes to the Consolidated and Separate Financial Statements (cont'd)

### 11. Borrowings

	Group		Company	
	30.06.2018	31.12.2017	30.06.2017	31.12.2017
	EUR	EUR	EUR	EUR
<b>Short-term liabilities</b>	<b>13 336 039</b>	<b>10 397 371</b>	<b>208 335</b>	<b>145 813</b>
Short-term loan	13 275 028	10 336 360	147 324	84 802
Accrued interest on short-term bonds*	61 011	61 011	61 011	61 011
<b>Long-term loan</b>	<b>7 814 670</b>	<b>8 029 437</b>	<b>10 591 022</b>	<b>10 685 076</b>
Long-term loans	1 028 000	1 303 000	4 309 242	4 438 080
Long-term customer deposits	504 890	479 441	-	-
Bonds*	6 105 000	6 105 000	6 105 000	6 105 000
Accrued interest on long-term loans	176 780	141 996	176 780	141 996
<b>Total</b>	<b>21 150 709</b>	<b>18 426 808</b>	<b>10 799 357</b>	<b>10 830 889</b>

\* - On 25th of August, 2016 VIA SMS GROUP AS successfully closed issue of new bonds, which was done with aim to refinance existing emission of bonds. New bonds issue (ISIN LV0000802064) is included in regulated capital market Nasdaq Riga on 5th of August 2016 in the Baltic bond list. Bonds with the total value of EUR 6 105 000 were issued under the following conditions:

<b>Number of bonds</b>	6 105
<b>Nominal value</b>	EUR 6 105 000
<b>Nominal value of one bond</b>	EUR 1 000
<b>Coupon rate per annum</b>	12.5%
<b>Maturity date</b>	25 May, 2019
<b>Coupon payment frequency</b>	quarterly
<b>Repayment of principal amount</b>	at the end of the term

### 12. Subsequent events

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

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