

***SIA VIA SMS GROUP***

Unaudited interim  
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016

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

# SIA VIA SMS GROUP

Unaudited interim financial statement for the year ended 31 December 2016

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# SIA VIA SMS GROUP

Unaudited interim financial statement for the year ended 31 December 2016

## General Information

Name of the company	VIA SMS GROUP
Legal status of the company	Limited liability 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	SIA Financial investment 50% Deniss Šerstjukovs 50%
Members of the Board	Eduards Lapkovskis, from 20.10.2010 Deniss Serstjukovs, from 25.06.2012 Georgijs Krasovickis, from 25.08.2016
Subsidiaries	VIA SMS SIA, 13.janvara street 3, LV-1050, Riga, Latvia (100%) VIA SMS LT UAB, A. Vivulskio g. 7, LT-03162, Vilnius, Lietuva, (100%) VIA SMS PL z.o.o., Al. Jerozolimskie 123A; 02-017, Varšava, Polija (100%) VIA SMS s.r.o., Lazarská 1719/5, 110 00 Praha 1, Czech Republic (100%) ViaConto Sweden AB, Holländargatan 27, 113 59, Stockholm, Sweden (100%) ViaConto Minicredit S.L., Josep Tarradellas 8-10, ático 3ª Barcelona 08029, Spain (100%) CASHALOT Sp.z.o.o., Al. Jerozolimskie 123A; 02-017, Varšava, Polija (100%) VIAINVEST SIA, 13.janvara street 3, LV-1050, Riga, Latvia (100%)
Reporting period	1 January 2016 – 31 December 2016

# SIA VIA SMS GROUP

Unaudited interim financial statement for the year ended 31 December 2016

## Interim Management Report

The Management Board of the Company presents its report on the unaudited interim consolidated and separate financial statements for the period ended 31 December 2016.  
All figures are presented in EUR (euro).

### 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 and installment loans).

### Business overview

During the period from January 1, 2016 till December 31, 2016, the Company's operations were successful; the Company has closed the reporting period with a net turnover of EUR 16 579 232 and increase of it of 22% in comparison with the same period in 2015. The largest net turnover growth is reached in Spain, where the net turnover has increased more than four times, however the net turnover in Sweden has increased by 40% and in Czech Republic - by 29% comparing to December 31 of 2015. In 2016 the Company has reached EBITDA of EUR 2 956 312, ensuring the net profit of EUR 1 004 549.

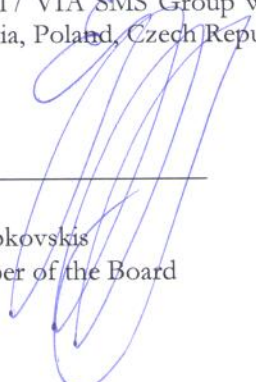
The decrease in net profit for 2016 is explained by the situation in Spanish market - despite the rapid growth of net turnover in 2016, market is still considered as unripe and rather unstable environment for operations of the Company's subsidiary VIACONTO MINICREDIT S.L., therefore the result for Spanish subsidiary in 2016 was a loss in the amount of EUR 807 639. Decrease of the net profit was also impacted by changes of consumer lending legislation in Poland, which came into force in March, 2016.

The net loan portfolio as per December 31, 2016 is EUR 14 651 242, which is 39% more than net loan portfolio as per December 31, 2015. The largest net portfolio increase was reached in Spain, where net loan portfolio has increased more than three times, in Sweden - more than two times and in Latvia - by 35%.

During the year of 2016 the Company has introduced two brand new products – payment card with credit line SAVA.card (available for clients in Latvia) and credit line VIAKREDIT (available for clients in Sweden). During the 2016 three new related companies have started their activities: VIASPAR (Sweden) – core activity is attracting deposits from private individuals and legal entities, CASHALOT (Poland) – core activity is providing a long-term consumer lending, as well as VIAINVEST (Latvia) – peer-to-peer lending platform offering online investment opportunities into pre-funded loans issued by the Company.

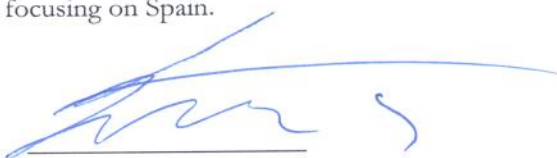
On August 25, 2016 SIA VIA SMS Group has successfully closed issuing new bonds (ISIN LV0000802064) that were included in regulated capital market Nasdaq Riga on August 5, 2016 in Baltic bond list. The total value of issued bonds is EUR 6 105 000.

During the 2017 VIA SMS Group will continue the growth and strengthen its positions in represented markets – Latvia, Poland, Czech Republic, Sweden and especially focusing on Spain.



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E. Lapkovskis  
Member of the Board



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D. Šerstjukovs  
Member of the Board

Riga, 28 February 2017



## SIA VIA SMS GROUP

Unaudited interim financial statement for the year ended 31 December 2016

### Interim Statement of Management's Responsibility

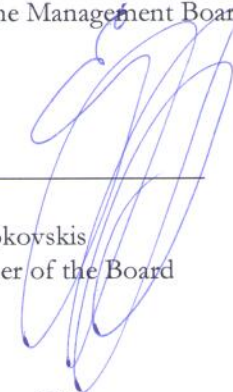
The Management Board of SIA VIA SMS Group ("the Company") is responsible for preparing the unaudited interim consolidated and separate financial statements of the Company and its subsidiaries.

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 31 December 2016.

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 31 December 2016, set out on pages 6 to 29. 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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E. Lapkovskis  
Member of the Board



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D. Šerstjukovs  
Member of the Board

Riga, 28 February 2017

## SIA VIA SMS GROUP


Unaudited interim financial statement for the year from ended 31 December 2016


### Consolidated and Separate Income Statements

	Notes	Group		Company	
		01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR (Corrected)	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR
Net turnover	4	16 579 232	13 574 417	1 013 495	850 116
Operating costs	5	(2 891 983)	(2 461 977)	(849 398)	(848 460)
Impairment allowances	12	(6 081 732)	(4 202 236)	-	-
<b>Gross profit/ (loss)</b>		<b>7 605 517</b>	<b>6 910 204</b>	<b>164 097</b>	<b>1 656</b>
Selling expenses (marketing)		(1 765 703)	(1 807 518)	(1 360)	-
<b>Operating profit/ (loss)</b>		<b>5 839 814</b>	<b>5 102 686</b>	<b>162 737</b>	<b>1 656</b>
Administrative expenses	6	(3 252 546)	(2 604 087)	(39 284)	(61 727)
Other operating expenses	7	(991 705)	(610 298)	(10 828)	(7 434)
Other operating income	8	30 250	97 054	200 132	925 329
<b>Profit/ (loss) before tax</b>		<b>1 625 813</b>	<b>1 985 355</b>	<b>312 757</b>	<b>857 824</b>
Taxes		(621 264)	(576 135)	(22 168)	-
<b>Net profit/ (loss) for the period</b>		<b>1 004 549</b>	<b>1 409 220</b>	<b>290 589</b>	<b>857 824</b>
Profit/ (loss) attributable to equity holders		1 004 549	1 409 220	290 589	857 824

The accompanying notes on pages 12 to 29 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 6 to 29 were approved by the Management Board on 28 February 2017 and signed on behalf of the Company by:

  
\_\_\_\_\_  
Member of the Board  
E. Lapkovskis

  
\_\_\_\_\_  
Member of the Board  
D. Šerstjukovs

## SIA VIA SMS GROUP


Unaudited interim financial statement for the year ended 31 December 2016

### Consolidated and Separate Statements of Comprehensive Income


	Group		Company	
	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR (Corrected)	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR
<b>Net profit/ (loss) for the period</b>	<b>1 004 549</b>	1 409 220	<b>290 589</b>	857 824
Foreign currency translation reserve	(4 232)	(33 702)	-	-
<b>Total comprehensive income</b>	<b>1 000 317</b>	<b>1 375 518</b>	<b>290 589</b>	857 824

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Member of the Board  
E. Lapkovskis



Member of the Board  
D. Šerstjukovs

## SIA VIA SMS GROUP

Unaudited interim financial statement for the year ended 31 December 2016

### Consolidated and Separate Statements of Financial Position

	Note	Group		Company	
		31.12.2016 EUR	31.12.2015 EUR	30.12.2016 EUR	31.12.2015 EUR
<b>Non-current assets</b>		<b>2 268 950</b>	<b>676 947</b>	<b>3 511 227</b>	<b>1 710 034</b>
Property, plant and equipment	9	74 396	66 072	-	-
Intangible assets	9	292 898	413 009	-	-
Investments in leasehold improvements	9	38 271	52 765	-	-
Investments in subsidiaries and associates	10	-	-	1 743 967	1 633 206
Bonds		1 615 000		1 615 000	
Loans and trade receivables	19	152 260	76 828	152 260	76 828
Deferred tax		96 125	68 273	-	-
<b>Current assets</b>		<b>17 365 937</b>	<b>12 909 889</b>	<b>8 236 227</b>	<b>7 857 490</b>
Loans and trade receivables	11; 19	14 651 242	10 568 256	7 689 820	6 315 781
Bonds		-	1 005 000	-	1 005 000
Other receivables	13	1 494 575	752 700	402 499	468 532
Prepaid expenses		61 999	41 065	841	58
Cash and cash equivalents	14	1 158 121	542 868	143 067	68 119
<b>Total assets</b>		<b>19 634 887</b>	<b>13 586 836</b>	<b>11 747 454</b>	<b>9 567 524</b>

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D. Šerstjukovs



## SIA VIA SMS GROUP


Unaudited interim financial statement for the year ended 31 December 2016

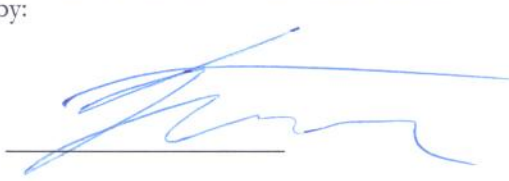
### Consolidated and Separate Statements of Financial Position (cont'd)

	Note	Group		Company	
		31.12.2016 EUR	31.12.2015 EUR	31.12.2016 EUR	31.12.2015 EUR
<b>Equity</b>		<b>2 583 639</b>	<b>1 583 322</b>	<b>1 243 885</b>	<b>953 296</b>
Share capital	15	803 000	803 000	803 000	803 000
Foreign currency translation reserve		39 818	44 050	-	-
Revaluation reserve	10	234 261	344 261	-	-
Retained earnings		1 506 560	392 011	440 885	150 296
<b>Non-current liabilities</b>		<b>7 650 139</b>	<b>570 582</b>	<b>8 720 401</b>	<b>570 582</b>
Bonds		6 105 000	-	6 105 000	-
Borrowings		1 545 139	570 582	2 615 401	570 582
<b>Current liabilities</b>		<b>9 401 109</b>	<b>11 432 932</b>	<b>1 783 168</b>	<b>8 043 646</b>
Bonds	16	58 354	6 390 720	58 354	6 390 720
Borrowings	16	6 157 457	2 211 866	1 698 271	1 624 000
Trade payables		2 015 841	1 793 194	217	6 032
Other liabilities		280 197	184 402	17	1 037
Corporate income tax payable		263 831	245 448	22 168	-
Accrued liabilities	17	302 795	277 583	4 141	21 857
Deferred income		322 634	329 708	-	-
Bank credit facility		-	11	-	-
<b>Total liabilities</b>		<b>17 051 248</b>	<b>12 003 514</b>	<b>10 503 569</b>	<b>8 614 228</b>
<b>Total equity and liabilities</b>	16	<b>19 634 887</b>	<b>13 586 836</b>	<b>11 747 454</b>	<b>9 567 524</b>

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Member of the Board  
D. Šerstjukovs

# SIA VIA SMS GROUP

Unaudited interim financial statement for the year ended 31 December 2016

## Consolidated and Separate Cash Flow Statements

Cash flows to/ from operating activities	Note	Group	Group	Company	Company
		01.01.2016-31.12.2016. EUR	01.01.2015-31.12.2015. EUR (Corrected)	01.01.2016-31.12.2016. EUR	01.01.2015-31.12.2015. EUR
Profit before tax		1 625 813	1 985 355	312 757	857 824
Interest income		(14 782)	(5 852)	(998 037)	(833 482)
Interest expenses		878 514	834 599	742 765	783 373
Depreciation, amortization, and write-offs of property, plant and equipment and intangible assets		186 063	159 118		-
Vacation pay reserve		38 142	4 392		-
Dividends received		-	-	(200 000)	(890 000)
<b>Operating profit before adjustments for current assets and current liabilities</b>		<b>2 713 750</b>	<b>2 977 612</b>	<b>(142 515)</b>	<b>(82 285)</b>
Increase/(decrease) in loans		(4 070 486)	(2 612 645)	(187 747)	(785 758)
Increase/(decrease) in receivables and other assets		(790 661)	337 017	65 250	295 777
Interest received		-	-	825 281	745 720
Increase/(decrease) in other liabilities		228 208	905 221	171 349	(44 358)
<b>Cash generated from operations</b>		<b>(1 919 189)</b>	<b>1 607 205</b>	<b>731 618</b>	<b>129 096</b>
Corporate income tax (paid)		(624 277)	(282 040)	-	-
<b>Net cash flows to/ from operating activities</b>		<b>(2 543 466)</b>	<b>1 325 165</b>		<b>129 096</b>
<b>Cash flows to/ from investing activities</b>				-	-
Purchase of property, plant and equipment and intangible assets		(61 259)	(147 117)	-	-
Income from sale of investments/(Investments in subsidiaries)		-	-	(56 026)	-
(Issued loans)/Repaid loans		(73 150)		(1 349 038)	-
<b>Net cash flows to/ from investing activities</b>		<b>(134 409)</b>	<b>(147 117)</b>	<b>(1 405 064)</b>	-
<b>Cash flows to/ from financing activities</b>				-	-
Received borrowings		4 908 691	565 000	2 012 224	565 000
Issued bonds		-	2 300 000	-	2 300 000
Repurchased bonds		(805 900)	(1 005 000)	(805 900)	(1 005 000)
Repayment of borrowings		(105 000)	(2 199 000)	(10 200)	(2 199 000)
Interest paid		(704 663)	(834 599)	(647 730)	(712 936)
Dividends received		-	-	200 000	890 000
<b>Net cash flows to/ from financing activities</b>		<b>3 293 128</b>	<b>(1 173 599)</b>	<b>748 394</b>	<b>(161 936)</b>
<b>Change in cash and cash equivalents</b>		<b>615 253</b>	<b>4 450</b>	<b>74 948</b>	<b>(32 840)</b>
Cash and cash equivalents at the beginning of the period		542 868	538 418	68 119	100 959
<b>Cash and cash equivalents at the end of the period</b>	14	<b>1 158 121</b>	<b>542 868</b>	<b>143 067</b>	<b>68 119</b>

The accompanying notes on pages 12 to 29 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 6 to 29 were approved by the Management Board on 28 February 2017 and signed on behalf of the Company by:

\_\_\_\_\_  
Member of the Board  
E. Lapkovskis

\_\_\_\_\_  
Member of the Board  
D. Šerstjukovs

# SIA VIA SMS GROUP

Unaudited interim financial statement for the year ended 31 December 2016

## Consolidated and Separate Statements of Changes in Shareholder's Equity

Group	Share capital	Foreign currency translation reserve	Accumulated loss	Re-valuation reserve	Total	Minority interest	Total equity of the Group
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
			(Corrected)				
<b>Balance as of 01.12.2015.</b>	<b>803 000</b>	<b>77 752</b>	<b>(1 127 207)</b>	<b>454 259</b>	<b>207 804</b>	-	<b>207 804</b>
Correction	-	-	(2)	2	-	-	-
Revaluation reserve	-	-	-	(110 000)	<b>(110 000)</b>	-	<b>(110 000)</b>
Depreciation of revaluation reserve	-	-	110 000	-	<b>110 000</b>	-	<b>110 000</b>
Foreign currency translation	-	(33 702)	-	-	<b>(33 702)</b>	-	<b>(33 702)</b>
The reporting year result	-	-	1 409 220	-	<b>1 409 220</b>	-	<b>1 409 220</b>
<b>Balance as of 31.12.2015.</b>	<b>803 000</b>	<b>44 050</b>	<b>392 011</b>	<b>344 261</b>	<b>1 583 322</b>	-	<b>1 583 322</b>
Revaluation reserve	-	-	-	(110 000)	<b>(110 000)</b>	-	<b>(110 000)</b>
Depreciation of revaluation reserve	-	-	110 000	-	<b>110 000</b>	-	<b>110 000</b>
Foreign currency translation	-	(4 232)	-	-	<b>(4 232)</b>	-	<b>(4 232)</b>
The reporting year result	-	-	1 004 549	-	<b>1 004 549</b>	-	<b>1 004 549</b>
<b>Balance as of 31.12.2016.</b>	<b>803 000</b>	<b>39 818</b>	<b>1 506 560</b>	<b>234 261</b>	<b>2 583 639</b>	-	<b>2 583 639</b>

Company	Share capital	Accumulated Loss	Total
	EUR	EUR	EUR
<b>Balance as of 01.01.2015</b>	<b>803 000</b>	<b>(707 528)</b>	<b>95 472</b>
Profit for the period	-	857 824	<b>857 824</b>
<b>Balance as of 31.12.2015</b>	<b>803 000</b>	<b>150 296</b>	<b>953 296</b>
Profit for the period	-	290 589	<b>290 589</b>
<b>Balance as of 31.12.2016</b>	<b>803 000</b>	<b>440 885</b>	<b>1 243 885</b>

The accompanying notes on pages 12 to 29 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 6 to 30 were approved by the Management Board on February 2017 and signed on behalf of the Company by:

\_\_\_\_\_  
Member of the Board  
E. Lapkovskis

\_\_\_\_\_  
Member of the Board  
D. Šerstjukovs



# **SIA VIA SMS GROUP**

**Unaudited interim financial statement the year ended 31 December 2016**

## **Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2016**

### **1. General information**

SIA VIA SMS GROUP is a limited liability 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 and Spain. The main business of the Group is providing short-term loans.

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

### **Products and services**

The Group offers 2 different products – payday loans and instalment loans.

Payday loans are short-term loans issued for up to 30 days with a maximum amount of EUR 500 to EUR 700 depending on the country.

Instalment loans are long-term loans for the period from 3 to 24 months with a maximum amount of EUR 1400. Instalment loans are offered in Latvia, Lithuania, and Sweden.

All loans (payday and instalment loans) are unsecured, and the only way to hedge risks is based on the assessment of customer solvency, his or her characteristics, and historical data. In order to prevent fraud, one of the main principles in credit risk assessment is the requirement of identifying the customer by making a money transfer of one cent from the customer bank account to the Group account. All the transactions – issuing and collecting of loans - are cash-free and carried out via Internet and/or SMS.

Apart of the payday loans and instalment loans, the Company also offers additional services. One of the most significant of such services is term extension, namely, the Company offers to extend the repayment term of the loan; this service is only offered as regards payday loans which accounts for 50% of the Group’s income.

### **2. Summary of significant accounting principles**

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

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

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

Accounting policies applied in the year 2016 are consistent with those used in the preparation of the financial statements for the year ended 31 December 2016.

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



## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### *Standards and Interpretations applied in the reporting period*

The following standards, amendments to the existing standards and their interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective in the reporting period:

- Amendment to IFRS 11 „Joint arrangements” – Participation in joint activities acquisition accounting (effective for financial years beginning on or after 1 January, 2016),
- Amendment to IAS 1 “Presentation of financial statements” – information disclosure (effective for financial years beginning on or after 1 January, 2016),
- Amendment to IAS 16 „Property, plant and equipment” and IAS 38 „Intangible assets” – Depreciation and amortization calculation methods’ clarification (effective for financial years beginning on or after 1 January, 2016),
- Amendment to IAS 16 „Property, plant and equipment” and IAS 41 „Agriculture” - Agriculture: productable biological assets (effective for financial years beginning on or after 1 January, 2016),
- Amendments to IAS 27 “Separate financial statements” – equity method in separate financial statements (effective for financial years beginning on or after 1 January, 2016),
- Different amendment to standards “Improvements of IFRS (2012-2014 cycle)” within project of annual IFRS improvement (IFRS 5, IFRS 7, IAS 19 and IAS 34) with a purpose to remove inconsistencies and clarify the wording (effective for financial years beginning on or after 1 January, 2016).
- IFRS 14 „Regulatory deferral accounts” (effective for financial years beginning on or after 1 January, 2016),
- Amendments to 10th International Financial Statements Standard „Consolidated financial statements”, IFRS 12 „Disclosure of interests in other entities” and IAS 28 „Investments in associates and joint ventures”- Investment companies: consolidation exception applicable (effective for financial years beginning on or after 1 January, 2016),
- Amendments to 10th International Financial Statements Standard „Consolidated financial statements” and IAS 28 „Investments in associates and joint ventures”- sale or transfer of assets between Investors, associated company or joint venture (effective for financial years beginning on or after 1 January, 2016),

The adoption of the amendments to the existing standards has not led to any changes in the Group’s accounting policy.

#### *Standards and interpretations issued by IASB though not yet adopted by EU*

At present, IFRS adopted by EU does not differ significantly of provisions adopted by International accounting standard board (IASB), excepting below mentioned standards, amendments and interpretations to existing standards that EU was not yet adopted for use on 31 December 2014 (indicated effective dates reflects to fully adopted IFRS):

- **IFRS 9 „Financial instruments”** (effective for financial years beginning on or after 1 January, 2018),
- **IFRS 15 „Revenue from contracts with customers”** (effective for financial years beginning on or after 1 January, 2017),
- **IFRS 16 “Leases”** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 7 “Statement of Cash Flows”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 “Income Taxes”** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).

The Group considers that adoption of the respective standards, amendments of effective standards and interpretations will not significantly affect Group’s financial statement at its initial application period.



# SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

### 2) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and entities controlled by the Company (its subsidiaries) on the last day of the reporting period. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Adjustments are made to the financial statements of subsidiaries, if necessary, to unify the accounting policies used by the other members of the Group. All inter-company transactions and balances between Group companies are eliminated in consolidation process. Subsidiaries are consolidated using the purchase method of accounting from the date from which control has been transferred to the Group and ceases to be consolidated from the date on which control is transferred to another company.

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

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

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

### 3) Significant accounting assumptions and estimates

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

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

#### 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) *Impairment of financial assets*

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

The Group recognizes 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

## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

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.

#### *c) Intangible assets and property, plant and equipment*

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

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

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

#### *d) Cash and cash equivalents*

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

#### *e) Financial liabilities*

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

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

#### *f) De-recognition of financial assets and financial liabilities*

A financial asset is derecognized where:

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

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



## **SIA VIA SMS GROUP**

**Financial statement for the year ended 31 December 2016**

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

#### ***g) Revenue recognition***

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

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

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

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

#### ***h) Taxes***

Current corporate income tax is calculated in accordance with tax legislation of the Republic of Latvia.

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

#### ***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 carrying amount is based on the present value of those cash flows.

#### ***j) Share capital***

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

#### ***k) 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.



## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### iii) Group companies

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

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

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

#### 1) Changes in Accounting Policies and Errors

According to requirements of IFRS the Group has included depreciation of revaluation reserve directly into retained earnings in the reporting period and has corrected prior period financial statement:

#### Consolidated and Separate Income Statements

	Before correction	Correction	Corrected
<b>Operating profit</b>	<b>5 102 686</b>	-	<b>5 102 686</b>
Administrative expenses	(2 494 087)	(110 000)	(2 604 087)
Other operating expenses	(610 298)	-	(610 298)
Other operating income	97 054	-	97 054
<b>Profit before tax</b>	<b>2 095 355</b>	<b>(110 000)</b>	<b>1 985 355</b>
Taxes	(576 135)	-	(576 135)
<b>Net profit for the period</b>	<b>1 519 220</b>	<b>1 004 549</b>	<b>1 409 220</b>

### 3. Financial risk management

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

## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### Credit risk

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

- Lending procedures are set up in each Group subsidiary to ensure high quality of portfolio. Such procedures are constantly improved and include judicial and behavioral indicators, use of credit bureau data and the reduction of loan principal when the prospective customer has a questionable creditworthiness.
- Penalties, extension of payment terms, restructuring (renegotiation) are used to mitigate risks associated with unrepaid debts. These options are available to borrowers in cases where there is difficulty or unwillingness to repay the debt. Extensions and restructuring (renegotiation) both extend the repayment date simultaneously with generating extra cash flow to the portfolio.
- In 2016 all Subsidiaries operate an automated credit decision system.
- Loan loss allowances are an adequate way to mitigate the risk of losses to be incurred in the course of loan repayment transactions. Loan loss allowances are based on the loan statistical repayment history of borrowers.

The table below shows the Group's gross portfolio broken down by the age of debt. The numbers of days overdue is used as an indication of the quality of the portfolio. 2016 marks the beginning of a new product, the Credit line, introduced in Sweden and brought up to speed rapidly. Smaller payments and rates will mean smaller defaults.

On 31 December 2016	Days overdue	Payday EUR	Instalment EUR	Credit Line EUR
Performing	<=0	8 397 895	894 371	1 639 580
	1-30	1 222 451	122 014	440 872
Past due not impaired	31-60	635 229	70 538	138 355
	61-90	562 015	77 557	131 553
Impaired	90+	4 371 160	1 110 807	40 413
Restructured	-	594 164	306 864	-
	<b>Total</b>	<b>15 782 914</b>	<b>2 582 151</b>	<b>2 390 772</b>
			Loans and receivables:	<b>20 755 837</b>
			Unearned commission:	(354 961)
			Impairment allowances:	(5 749 634)
			Net loan portfolio:	14 651 242

## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

On 31 December 2015	Days overdue	Payday EUR	Instalment EUR
Performing	<=0	7 163 218	849 657
Past due not impaired	1-30	1 043 527	215 781
Impaired	31-60	559 217	123 798
	61-90	467 523	67 081
	90+	2 732 132	753 282
Restructured	-	631 202	9 824
	<b>Total</b>	<b>12 596 819</b>	<b>2 019 423</b>
	Loans and receivables:		<b>14 616 242</b>
	Unearned commission:		<b>(284 138)</b>
	Impairment allowances :		<b>(3 763 848)</b>
	Net loan portfolio:		<b>10 568 256</b>

#### Country risk

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

The table below shows the exposure of the loan portfolio to country risk in different countries. Portfolio of Sweden is growing the fastest as popularity of the new Credit line product gains momentum, and growth in Spain indicates further possibilities in this country. Czech Republic and Latvia show moderate growth, whereas Poland remains stable.

	31.12.2016	31.12.2015
	EUR	EUR
Poland	5 724 022	5 526 052
Sweden	5 044 339	2 632 430
Latvia	4 688 531	3 474 144
Czech Republic	2 839 337	2 271 845
Spain	2 459 608	711 771
<b>Total</b>	<b>20 755 837</b>	<b>14 616 242</b>

#### Currency risk

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



## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

<b>31 December 2016</b>	<b>CZK</b>	<b>PLN</b>	<b>SEK</b>
Rate on the reporting date	27.02	4.424	9.5669
Maximum difference in 2016	0.3%	3.9%	6.7%
Minimum value	26.93	4.25	8.93
Maximum value	27.11	4.6	10.21

<b>31 December 2015</b>	<b>CZK</b>	<b>PLN</b>	<b>SEK</b>
Rate on the reporting date	27.025	4.2615	9.135
Maximum difference in 2015	3%	6%	3%
Minimum value	26.22	4.02	8.84
Maximum value	27.84	4.5	9.44

The following table below shows sensitive loans and receivables, and the fluctuations of each of the currency exchange rates that come from the range between minimum and maximum exchange rates in the reporting year, similar as described in the previous tables. As the portfolio in Sweden grows, so grows the risk introduced by its fluctuating national currency. This is compensated by fixed exchange rates for CZK.

<b>Currency</b>	<b>Basis</b>	<b>31 December 2016</b>		<b>31 December 2015</b>	
		<b>Effect on result EUR</b>	<b>Basis</b>	<b>Effect on result EUR</b>	<b>Basis</b>
EUR	7 148 140	-	4 185 915	-	
PLN	5 509 164	214 857	5 231 427	294 625	
SEK	4 720 008	316 240	2 548 728	83 702	
CZK	2 830 844	8 493	2 205 734	66 111	
<b>Total</b>	<b>20 208 156</b>	<b>539 590</b>	<b>14 171 804</b>	<b>444 438</b>	

#### *Liquidity risk*

Liquidity risk is the risk that there will be not enough funds to issue loans to borrowers. Although the risk is low given the fast-turnaround nature of the payday product, to mitigate the risk, bank statements of each subsidiary are assessed every 3 days by the management of the Group and by subsidiary managers on a daily basis.



# SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

### 4. Net turnover

	Group		Company	
	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR
Commission fee	9 640 571	6 400 636	998 037	833 482
Extension fee	4 982 997	5 668 537	-	-
Penalties	949 672	577 511	-	-
SMS and other income	507 321	166 766	-	-
Restructuring commission	248 493	306 804	-	-
Letters	246 962	352 594	-	-
Services provided	1 400	99 724	15 458	16 634
Registration fee	1 816	1 845	-	-
<b>Total</b>	<b>16 579 232</b>	<b>13 574 417</b>	<b>1 013 495</b>	<b>850 116</b>

### 5. Operating costs

	Group		Company	
	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR
Remuneration (operators and debt collectors, IT)	998 281	757 140	-	-
Interest expenses	878 514	834 599	742 765	783 374
Customer due diligence	316 490	331 717	-	-
Bank charges	148 151	62 159	50 180	3 857
SMS expenses	91 335	80 311	-	-
Debt collection expenses	87 695	153 413	-	-
License and other membership fees	32 353	43 973	-	-
Telecommunications	28 466	29 267	-	-
Other costs	310 698	169 398	56 453	61 229
<b>Total</b>	<b>2 891 983</b>	<b>2 461 977</b>	<b>849 398</b>	<b>848 460</b>

## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### 6. Administrative expenses

	Group		Company	
	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR
Remuneration (other)	1 821 116	1 404 865	5 712	5 328
Board remuneration	378 427	266 474	-	-
Legal and professional services	220 246	237 653	27 708	39 450
Lease of premises	216 356	163 333	1 953	1 019
Depreciation	185 653	158 892	3 566	-
Accounting expenses	102 212	59 391	-	-
Business trips	56 416	54 134	-	14 443
Utilities	47 929	62 879	339	681
Household goods	31 417	26 222	-	672
Other	192 774	176 244	6	134
<b>Total</b>	<b>3 252 546</b>	<b>2 604 087</b>	<b>39 284</b>	<b>61 727</b>

#### 7. Other operating expenses

	Group		Company	
	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR
Unrecoverable VAT	500 682	414 136	4 385	3 681
Currency exchange, net	266 034	-	6 060	12
Write-offs	101 668	120 830	-	-
Vacation pay reserve	38 142	4 392	-	-
Donations	35 179	40 000	-	-
Other	50 000	30 290	383	3 741
<b>Total</b>	<b>991 705</b>	<b>610 298</b>	<b>10 828</b>	<b>7 434</b>

#### 8. Other operating income

	Group		Company	
	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR	01.01.2016- 31.12.2016. EUR	01.01.2015- 31.12.2015. EUR
Currency exchange, net	-	60 979	-	-
Income from sale of fixed assets, net	-	286	-	-
Dividends received	-	-	200 000	890 000
Other	30 250	35 789	132	35 329
<b>Total</b>	<b>30 250</b>	<b>97 054</b>	<b>200 132</b>	<b>925 329</b>

## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### 9. Property, plant and equipment and intangible assets

	Property, plant and equipment	Intangible assets	Group Long-term investments in leased property, plant and equipment	Total
	EUR	EUR	EUR	EUR
<b>Initial value</b>				
<b>1 January 2016</b>	<b>144 558</b>	<b>703 486</b>	<b>54 806</b>	<b>902 850</b>
Acquisition cost	40 438	20 821	-	<b>61 259</b>
Liquidated/Written-off/Sold	(10 220)	-	-	<b>(10 220)</b>
<b>31 December 2016</b>	<b>174 776</b>	<b>724 307</b>	<b>54 806</b>	<b>953 889</b>
<b>Depreciation</b>				<b>-</b>
<b>1 January 2016</b>	<b>(78 486)</b>	<b>(290 477)</b>	<b>(2 041)</b>	<b>(371 004)</b>
Exchange rate fluctuations, net	142	(1 075)	(544)	<b>(1 477)</b>
Calculated depreciation	(31 846)	(139 857)	(13 950)	<b>(185 653)</b>
Liquidated/Written-off/Sold	9 810	-	-	<b>9 810</b>
<b>31 December 2016</b>	<b>(100 380)</b>	<b>(431 409)</b>	<b>(16 535)</b>	<b>(548 324)</b>
<b>Carrying Amount on 1 January 2016</b>	<b>66 072</b>	<b>413 009</b>	<b>52 765</b>	<b>531 846</b>
<b>Carrying Amount on 31 December 2016</b>	<b>74 396</b>	<b>292 898</b>	<b>38 271</b>	<b>405 565</b>

Depreciation of revaluation reserve is 55 000 EUR for the reporting period (55 000 EUR for the same period of 2014). Revaluation reserve remaining value as at 31 December 2016 is 234 261 EUR (31 December 2016 –344 261 EUR).



## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### 10. Investments in subsidiaries and associates

As at 31 December 2016 and 31 December 2015, the Company had the following investments in the subsidiaries:

Company	Type of activity	Carrying amount as of 31.12.2016 EUR	Carrying amount as of 31.12.2015 EUR	Company's share of equity as of 31.12.2016	Company's share of equity as of 31.12.2015
- VIA SMS SIA (Latvia)	Financial services	368 443	368 443	100 %	100 %
- VIA SMS LT UAB (Lithuania)	Financial services	2 903	2 903	100 %	100 %
- VIA SMS PL z.o.o. (Poland)	Financial services	552 252	552 252	100 %	100 %
- VIA SMS s.r.o. (Czech Republic)	Financial services	72 672	72 672	100 %	100 %
- VIA CONTO SWEDEN AB (Sweden)	Financial services	591 671	536 936	100 %	100 %
- VIACONTO MINICREDIT S.L. (Spain)	Financial services	100 000	100 000	100 %	100 %
- CASHALOT Sp.z.o.o. (Polija)	Financial services	45 932	-	100 %	100 %
- VIAINVEST SIA (Latvia)	Financial services	10 000	-	100%	-
<b>Total</b>		<b>1 743 873</b>	<b>1 633 206</b>		

In the reporting period Company made a contribution 94 EUR into capital of European Economic Interest Grouping VIA SMS R&D Services. EEIG VIA SMS R&D Services has been founded with a purpose to provide its members with information technology, financial, marketing and legal support and ensure efficient and effective use of resources.

## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### 10. Investments in subsidiaries and associates

As at 31 December 2016 and 31 December 2015, the Company had the following investments in the subsidiaries:

Company	Type of activity	Carrying amount as of 31.12.2016 EUR	Carrying amount as of 31.12.2015 EUR	Company's share of equity as of 31.12.2016	Company's share of equity as of 31.12.2015
- VIA SMS SIA (Latvia)	Financial services	368 443	368 443	100 %	100 %
- VIA SMS LT UAB (Lithuania)	Financial services	2 903	2 903	100 %	100 %
- VIA SMS PL z.o.o. (Poland)	Financial services	552 252	552 252	100 %	100 %
- VIA SMS s.r.o. (Czech Republic)	Financial services	72 672	72 672	100 %	100 %
- VIA CONTO SWEDEN AB (Sweden)	Financial services	591 671	536 936	100 %	100 %
- VIACONTO MINICREDIT S.L. (Spain)	Financial services	100 000	100 000	100 %	100 %
- CASHALOT Sp.z.o.o. (Polija)	Financial services	45 932	-	100 %	100 %
- VIAINVEST SIA (Latvia)	Financial services	10 000	-	100%	-
<b>Total</b>		<b>1 743 873</b>	<b>1 633 206</b>		

In the reporting period Company made a contribution 94 EUR into capital of European Economic Interest Grouping VIA SMS R&D Services. EEIG VIA SMS R&D Services has been founded with a purpose to provide its members with information technology, financial, marketing and legal support and ensure efficient and effective use of resources.

## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### 12. Impairment allowances

	Group		Company	
	31.12.2016 EUR	31.12.2015 EUR	31.12.2016 EUR	31.12.2015 EUR
<b>Impairment allowances at the beginning of the period</b>	<b>3 763 848</b>	<b>3 311 320</b>	-	<b>43 661</b>
Impairment allowances (loan agreements)	6 183 400	4 202 236	-	-
Currency exchange differences	36 122	(86 348)	-	-
<b>Effect on profit and loss</b>	<b>6 219 522</b>	<b>4 115 888</b>	-	-
Write-off	(101 668)	(121 064)	-	(43 661)
Receivables sold	(4 132 068)	(3 542 296)	-	-
<b>Change for the year</b>	<b>1 985 786</b>	<b>452 528</b>	-	<b>(43 661)</b>
<b>Impairment allowances at the end of the period</b>	<b>5 749 634</b>	<b>3 763 848</b>	-	-

#### Composition of impairment allowances

	Group		Company	
	31.12.2016 EUR	31.12.2015 EUR	31.12.2016 EUR	31.12.2015 EUR
Loans issued	5 749 634	3 763 848	-	-
<b>Impairment allowances</b>	<b>5 749 634</b>	<b>3 763 848</b>	-	-

#### 13. Other receivables

	Group		Company	
	31.12.2016 EUR	31.12.2015 EUR	31.12.2016 EUR	31.12.2015 EUR
Other receivables from customers	291 151	5 082	-	1 303
Security deposit	22 649	36 369	254	3 512
Overpayment of taxes	12 781	3 060	6 290	13 997
Other receivables from related parties	103	-	395 713	449 720
Other receivables	1 167 891	708 189	242	-
<b>Total</b>	<b>1 494 575</b>	<b>752 700</b>	<b>402 499</b>	<b>468 532</b>



## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### 14. Cash and cash equivalents

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	EUR	EUR	EUR	EUR
EUR	516 319	327 664	111 145	68 119
PLN	231 187	84 250	-	-
CZK	217 889	54 609	-	-
SEK	192 726	76 345	31 922	-
<b>Total</b>	<b>1 158 121</b>	<b>542 868</b>	<b>143 067</b>	<b>68 119</b>

#### 15. 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.

#### 16. Borrowings

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	EUR	EUR	EUR	EUR
<b>Short-term liabilities</b>	<b>6 215 811</b>	<b>8 602 586</b>	<b>1 756 625</b>	<b>8 014 720</b>
Short-term loan	6 157 457	2 211 866	1 698 271	1 624 000
Short-term bonds	-	6 300 000	-	6 300 000
Accrued interest on short-term bonds	58 354	90 720	58 354	90 720
<b>Long-term liabilities</b>	<b>7 650 139</b>	<b>570 582</b>		<b>570 582</b>
Long-term loan	1 208 000	565 000	2 556 827	565 000
Long-term customer deposits	278 565	-	-	-
Long-term loan	6 105 000	-	6 105 000	-
Accrued interest on long-term loan	58 574	5 582	58 574	5 582
<b>Total</b>	<b>13 865 950</b>	<b>9 173 168</b>	<b>10 477 026</b>	<b>8 585 302</b>

Interest rate	Maturity:	Group		Company	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
		EUR	EUR	EUR	EUR
<b>4-6%</b>	1-3 years	2 593 495	570 582	1 266 574	570 582
<b>7-9%</b>	1-3 years	2 294 132	-	1 389 407	-
<b>10%</b>	1-3 years	862 920	772 055	457 189	457 189
<b>12-13%</b>	1-3 years	6 948 592	6 663 720	6 197 045	6 390 720
<b>15%</b>	1-3 years	1 166 811	1 166 811	1 166 811	1 166 811
<b>Total</b>		<b>13 865 950</b>	<b>9 173 168</b>	<b>10 477 026</b>	<b>8 585 302</b>

## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

#### 17. Accrued liabilities

	Group		Company	
	31.12.2016 EUR	31.12.2015 EUR	31.12.2016 EUR	31.12.2015 EUR
Accrued expenses	154 147	164 761	3678	21 607
Accrued unused vacations	148 648	112 822	463	250
<b>Total</b>	<b>302 795</b>	<b>277 583</b>	<b>4 141</b>	<b>21 857</b>

#### 18. Average number of employees

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Management	6	6	-	2
Administration	28	24	1	1
Other	74	59	-	-
<b>Total</b>	<b>108</b>	<b>89</b>	<b>1</b>	<b>3</b>

#### 19. Related party disclosures

The Group's transactions with related parties:

Income	01.01.2016.- 31.12.2016. EUR	01.01.2015.- 31.12.2015. EUR
	Services provided	1 200
Services received	14 782	5 852
Accrued interest expenses	(112 945)	(77 675)
<b>Total, net</b>	<b>(96 963)</b>	<b>(71 423)</b>

Liabilities	31.12.2016 EUR	31.12.2015 EUR
	Loans	130 650
Accrued interest payable	21 610	6 828
Borrowings	(743 500)	(741 446)
Accrued interest on borrowings	6 247	-
<b>Total, net</b>	<b>(584 993)</b>	<b>(664 618)</b>

## SIA VIA SMS GROUP

Financial statement for the year ended 31 December 2016

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

The Company's transactions with related parties:

<b>Income</b>	<b>01.01.2016.- 31.12.2016. EUR</b>	<b>01.01.2015.- 31.12.2015. EUR</b>
Services provided	15 390	19 667
Services received	(56 452)	(61 229)
Interest income	998 037	833 482
Interest expense	(186 618)	(54 454)
<b>Total, net</b>	<b>770 357</b>	<b>737 466</b>
<b>Assets</b>	<b>31.12.2016 EUR</b>	<b>31.12.2015 EUR</b>
Issued loans	7 530 599	6 186 000
Accrued interest on issued loans	311 481	206 610
Received loans	(1 348 826)	-
Accrued interest on received loans	(74 270)	-
Issued bonds	(514 000)	(462 000)
Accrued interest on bonds	(6 247)	(6 446)
<b>Total, net</b>	<b>5 898 737</b>	<b>5 924 164</b>
Debtors debts	395 852	450 204
<b>Total, net</b>	<b>6 294 589</b>	<b>6 374 368</b>

#### 21. Significant events after reporting year-end

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

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