delfin group

custom finance solutions

AS "Delfingroup"

Annual accounts for the year ended 31 december 2020 and Consolidated Annual accounts for the year ended 31 december 2020 (unaudited)

prepared in accordance with the International Financial Reporting Standards as adopted by EU

translation from latvian

TABLE OF CONTENTS

Information on the Company and subsidiaries	3 – 5
Statement of management's responsibility	6
Management report	7 – 8
Profit or loss account	9
Comprehensive income statement	9
Balance sheet	10 – 11
Statement of changes in equity	12
Cash flow statement	13 – 14
Notes	15 – 38

Informācija par Koncernu un Informācija par meitas sabiedrībām

Name of the Company	DelfinGroup (till 04.02.2020. ExpressCredit)
Legal status of the Company	Joint stock company (till 19.01.2021. Limited liability company)
Number, place and date of registration	40103252854 Commercial Registry Riga, 12 October 2009
Operations as classified by NACE classification code system	NACE2 64.92 Other credit granting NACE2 64.91 Financial leasing NACE2 47.79 Retail sale of second-hand goods in stores NACE 69.20 Accounting and auditing services, tax consultancy
Address	Skanstes street 50A (till 10.03.2020. Raunas street 44 k-1), Riga, LV-1013 Latvia
Names and addresses of shareholders	L24 Finance, SIA (till 30.12.2020. Lombards24.lv, SIA) (65.18%), Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas street 44k-1) AE Consulting, SIA (10.00%), Skanstes street 50A, Riga, Latvia (till 10.03.2020. Posma street 2) EC finance, SIA (21.32%), Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas street 44k-1) Private individuals (3.5%)
Ultimate parent company	EA investments, AS Reg. No. 40103896106 Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas street 44k-1)

Names and positions of Board members	Didzis Ādmīdiņš – Chairman of the Board (from 19.01.2021.)
	Kristaps Bergmanis – Member of the Board
	Ivars Lamberts – Member of the Board
	Agris Evertovskis – Chairman of the Board (from 12.10.2009. till 19.01.2021.)
	Didzis Ādmīdiņš – Member of the Board (from 11.07.2014. till 19.01.2021.)
Names and positions of Council members	Agris Evertovskis – Chairperson of the Council (from 19.01.2021.)
	Anete Ozoliņa – Deputy Chairman of the Council (from 19.01.2021.)
	Uldis Judinskis – Member of the Council (from 19.01.2021.)
	Uldis Judinskis – Chairperson of the Council (from 16.05.2019. till 19.01.2021.)
	Ramona Miglāne – Deputy Chairman of the Council (from 16.05.2019. till 19.01.2021.)
	Anete Ozoliņa – Member of the Council (from 16.05.2019. till 19.01.2021.)
Responsible person for accounting	Inta Pudāne - Chief accountant
Financial year	1 January 2020 - 31 December 2020
Name and address of the auditor	SIA BDO ASSURANCE Certified Auditors' Company license No. 182 Kaļķu street 15-3B, Riga, LV-1050 Latvia Responsible Certified Auditor: Modrīte Johansone Certificate No. 135

Information on the Subsidiaries

Subsidiary	**SIA "ExpressInkasso"** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	22.10.2010.
Number, place and date of registration of the subsidiary	40103211998; Riga, 27 January 2009
Address of the subsidiary	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	66.19 Financial support services except insurance and pension accrual
Subsidiary	**SIA ViziaFinance** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	23.02.2015.
Number, place and date of registration of the subsidiary	40003040217; Riga, 06 December 1991
Address of the subsidiary	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	**SIA REFIN** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	03.10.2018.
Number, place and date of registration of the subsidiary	40203172517; Riga, 03 October 2018
Address of the subsidiary	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	**SIA Banknote commercial properties** (till 30.09.2020. SIA Banknote) (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	30.09.2020.
Number, place and date of registration of the subsidiary	40103501494; Riga, 17 January 2012
Address of the subsidiary	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	68.20 Renting and operating of own or leased real estate

Statement of management`s responsibility

The management of AS „DelfinGroup" group is responsible for the preparation of the financial statements.

Based on the information available to the Board of the parent company of the Group, the financial statements are prepared on the basis of the relevant primary documents and statements in accordance with International Financial Reporting Standards as adopted by the European Union and present a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2020 and its profit and cash flows for 2020.

The management of the parent company confirms that the accounting policies and management estimates have been applied consistently and appropriately. The management of the parent company confirms that the consolidated financial statements have been prepared on the basis of the principles of prudence and going concern.

The management of the parent company confirms that is responsible for maintaining proper accounting records and for monitoring, controlling and safeguarding the Group's assets. The management of the parent company is responsible for detecting and preventing errors, irregularities and/or deliberate data manipulation. The management of the parent company is responsible for ensuring that the Group operates in compliance with the laws of the Republic of Latvia.

The management report presents fairly the Group's business development and operational performance.

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

Riga, 26th February 2021

Management report

The unaudited consolidated turnover of DelfinGroup for 12 months of 2020 amounted to EUR 23.6 million, the loan portfolio reached EUR 34 million, and EBITDA increased to EUR 9.5 million. The group's turnover in 2020 was up 8% and loan portfolio was up 9% on the year before. The consolidated EBITDA increased by 8% during the year.

In 2020, significant measures were taken to strengthen the company's corporate identity and corporate governance. Accordingly, at the beginning of the year, the corporate brand of the company was changed to DelfinGroup, which was followed by an increase in the share capital to EUR 4 million in the middle of the year. In August, the shareholders of the group decided to change the legal form of the company to a joint stock company, which was successfully concluded on 19 January 2021. These measures were taken with the aim to develop further the corporate governance of the group, focusing on the sustainability aspects of the company.

Despite the COVID 19 situation, in 2020 the group managed to achieve stable growth rates. Although we were forced to work in high uncertainty conditions, thanks to the professionalism of our team, we succeeded in organizing cash flow and managing credit risks, while maintaining profitability. We have gained valuable experience of remote work and new working skills in emergency conditions, which will enable us to increase the efficiency of our team also in the future. Our staff has successfully adapted to these new conditions, focusing on providing high quality of client service, reacting quickly, and improving the offer of products in line with the new situation.

On November 6, 2020 Latvia reintroduced the state of emergency and set several new restrictions. Given the new situation, we have reassessed the credit risks of consumer loans, and improved the operation of our e-shop in the pawnshop segment. In the 4th quarter of 2020, the turnover of the e-shop has grown by 231% on the quarter before and by 438% on the same period of the previous year. The investments made in the development of the e-shop in 2019 have fully paid off, making it an important channel of selling pawnshop goods, the importance of which will increase in the future.

In the second half of 2020, adapting to the emergency situation, the group implemented several measures aimed at developing sustainable business. Thus, in the 4th quarter of 2020, a new consumer loan product, Banknote pirkumiem (Banknote for purchases), was launched. This product aims to facilitate access to loans for those who are working and making purchases remotely in order to make the financing of goods purchase both online and at points of trade more convenient. Meanwhile, in the segment of pawnshop services the network of branches was expanded by opening four new pawnshops in Riga. These branches have been opened in line with DelfinGroup's strategy of building a financially inclusive society and raising public awareness of circular economy.

On August 11, 2020, the initiated project in the autumn 2019 of the EUR 5 million bond (ISIN LV0000802379) issue was successfully completed, followed by inclusion of the bonds in the Nasdaq Riga First North Bond list. From the beginning of bond trading in 2020 until the end of the reporting period, the bond trading turnover was significant and reached EUR 934 thousand (18.6% of the total issue amount), the bond price reaching even 105% of the nominal value.

In the 4th quarter of 2020, DelfinGroup fully repaid EUR 3.5 million bond issue (ISIN LV0000801322). According to the situation, the Group created cash reserves, which were financed by balancing the financing of debt securities and financing from the operation of the p2p lending platform Mintos. By the end of 2020, the amount of cash and bank position reached EUR 4.6 million.
In 2020, in accordance with the adopted dividend policy, the company paid dividends in the amount of EUR 3 million.

By implementing business strategy and all planned activities the following financial results of the Group were achieved in year 2020 compared to year 2019:

Position	EUR, million	Change, %
Net loan portfolio	34.37	+9.0
Assets	45.66	+19.3
Profit before taxes	4.36	+ 2.2
Net profit	3.60	-7.9

As to compliance with the Issue Terms of notes issue ISIN LV0000802213, ISIN LV0000802379, and ISIN LV0000802429 financial covenant computation are as follows:

Covenant	Value as of 31.12.2020	Compliance
dividend amount including any interim dividends shall not exceed 40% of the last audited net profit. If only Net Debt/Net Equity indicator is not exceeding 3.5 to 1, dividend amount shall exceed 40%	3.14	yes
to maintain Net Debt/Net Equity indicator not exceeding 4 to 1	3.14	yes
total consolidated value of inventories and loans and receivables, plus cash, shall exceed at least 1.15 times the sum of total consolidated secured liabilities	1.30	yes
total consolidated loan amount to shareholders, management and other Related Persons shall not exceed EUR 1,400,000	474 484 EUR	yes

Branches
During the period from 1 January 2020 to 31 December 2020, the company continued to work on the branch network efficiency. As at 31 December 2020 the Group had 89 branches in 38 cities in Latvia (31.12.2018. - 87 branches in 39 cities).

Risk management
The Group is not exposed to significant foreign exchange rate risk because basic transaction currency is euro. Significant amount of funding of the Group consist of fixed coupon rate bonds, so that the Group is not significantly exposed to variable interest rate risk. Accurate application of the prudent strategies chosen has allowed the Group to successfully manage its financial risks, particularly the liquidity and credit risk.

Post balance sheet events
As at signing these financial statements there is declared emergency situation in the country in relation to COVID-19. Even though the length and negative economic impact of the emergency situation cannot be precisely estimated, the Company has made, and will make in the future, decisions to ensure the Company's liquidity, cost reduction and portfolio quality until the COVID-19 situation is solved.

Except the aforementioned, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2020.

Distribution of the profit proposed by the Company
Company's board recommends the profit of 2020 to pay out in dividends, respecting the restrictions applied to debt securities emissions and exercising caution in relation to the uncertainty of the impact of COVID-19.

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

Riga, 26th January 2021

Profit or loss account for the year ended 31 December 2020

	Notes	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Net sales	(1)	6 164 231	6 164 231	5 403 464	5 403 464
Cost of sales	(2)	(4 224 332)	(4 224 332)	(3 603 607)	(3 603 607)
Interest income and similar income	(3)	15 452 705	17 454 533	14 968 334	16 382 466
Interest expenses and similar expenses	(4)	(4 257 617)	(4 835 951)	(3 856 979)	(4 352 226)
Gross profit		**13 134 987**	**14 558 481**	**12 911 212**	**13 830 097**
Selling expenses	(5)	(5 992 990)	(6 535 039)	(5 641 153)	(5 974 428)
Administrative expenses	(6)	(3 392 394)	(3 545 129)	(3 335 473)	(3 487 530)
Other operating income		71 384	72 395	113 712	94 932
Other operating expenses	(7)	(189 308)	(192 158)	(197 288)	(199 778)
Income from investments	(8)	-	-	-	-
Profit before corporate income tax		**3 631 679**	**4 358 550**	**3 851 010**	**4 263 293**
Income tax expense		(753 716)	(754 536)	(349 957)	(349 957)
Profit after corporate income tax		**2 877 963**	**3 604 014**	**3 501 053**	**3 913 336**
Interim dividend		-	-	-	-
Profit for the reporting year		**2 877 963**	**3 604 014**	**3 501 053**	**3 913 336**

Comprehensive income statement for 2020

	2020 EUR	2020 EUR	2019 EUR	2019 EUR
Profit for the reporting year	**2 877 963**	**3 604 014**	**3 501 053**	**3 913 336**
Other comprehensive income	-	-	-	-
Total comprehensive income	**2 877 963**	**3 604 014**	**3 501 053**	**3 913 336**

Notes on pages from 15 to 32 are integral part of these financial statements.

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

Inta Pudāne
Chief accountant

Riga, 26th January 2021

Balance sheet as at 31 December 2020

Assets	Notes	Company 31.12.2020. EUR	Group 31.12.2020. EUR	Company 31.12.2019. EUR	Group 31.12.2019. EUR
Non-current assets:					
Intangible assets:					
Concessions, patents, licenses, trademarks and similar rights		124 256	124 256	184 201	184 201
Other intangible assets		41 928	54 077	16 005	35 733
Goodwill		-	127 616	-	127 616
Advances on intangible assets		-	-	6 748	6 748
Total intangible assets:	(9)	**166 184**	**305 949**	**206 954**	**354 298**
Property, plant and equipment:					
Land, buildings, structures and perennials		-	85 385	-	-
Investments in property, plant and equipment		196 607	196 607	54 515	54 515
Right-of-use assets		3 162 721	3 162 721	1 980 106	1 980 106
Other fixtures and fittings, tools and equipment		284 077	284 077	351 553	351 553
Total property, plants and equipment	(10;11)	**3 643 405**	**3 728 790**	**2 386 174**	**2 386 174**
Non-current financial assets:					
Investments in related companies	(12)	1 685 672	-	1 682 828	-
Loans to related companies		1 155 565	-	117 620	117 620
Loans and receivables	(14)	8 393 180	11 349 610	6 215 523	8 859 789
Loans to shareholders and management	(13)	474 484	474 484	1 022 423	1 022 423
Total long-term investments:		**11 708 901**	**11 824 094**	**9 038 394**	**9 999 832**
Total non-current assets:		**15 518 490**	**15 858 833**	**11 631 522**	**12 740 304**
Current assets:					
Inventories:					
Finished goods and goods for sale		1 534 007	1 534 007	1 155 352	1 155 352
Total inventories:		**1 534 007**	**1 534 007**	**1 155 352**	**1 155 352**
Receivables:					
Loans and receivables	(14)	17 791 955	23 022 277	16 163 461	22 687 085
Receivables from members and board		-	-	165 112	165 112
Debt to related companies		2 876 548	-	5 725 734	2 528
Other debtors		135 227	374 756	183 065	275 751
Deferred expenses		224 366	279 523	93 988	108 539
Total receivables:		**21 028 096**	**23 676 556**	**22 331 360**	**23 239 015**
Cash and bank		**3 768 340**	**4 591 938**	**812 301**	**1 135 644**
Total current assets:		**26 330 443**	**29 802 501**	**24 299 013**	**25 530 011**
Total assets		**41 848 933**	**45 661 334**	**35 930 535**	**38 270 315**

Notes on pages from 15 to 32 are integral part of these financial statements

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

Inta Pudāne
Chief accountant

Riga, 26th January 2021

Balance sheet as at 31 December 2020

Liabilities and equity	Notes	Company 31.12.2020. EUR	Group 31.12.2020. EUR	Company 31.12.2019. EUR	Group 31.12.2019. EUR
Equity:					
Share capital	(15)	4 000 000	4 000 000	1 500 000	1 500 000
Retained earnings		775 437	1 353 992	2 774 384	2 954 156
Profit for the reporting year		2 877 963	3 604 014	3 501 053	3 913 336
Total equity:		**7 653 400**	**8 958 006**	**7 775 437**	**8 367 492**
Creditors:					
Long-term creditors:					
Bonds issued	(16)	8 441 717	8 441 717	6 059 853	6 059 853
Other borrowings	(17)	5 690 164	6 860 334	4 810 611	5 637 790
Lease liabilities for right-of-use assets	(18)	2 664 661	2 664 661	1 475 350	1 475 350
Total long-term creditors:		**16 796 542**	**17 966 712**	**12 345 814**	**13 172 993**
Short-term creditors:					
Bonds issued	(16)	5 022 652	5 022 652	1 764 767	1 764 767
Other borrowings	(17)	9 360 645	10 890 578	11 522 068	13 078 131
Lease liabilities for right-of-use assets	(18)	702 782	702 782	549 585	549 585
Trade payables					
Accounts payable to affiliated		676 305	702 933	480 690	501 355
companies		243 815	-	234 266	179
Taxes and social insurance		810 031	815 952	233 164	243 989
Accrued liabilities		582 761	601 719	1 024 744	591 824
Total short-term creditors:		**17 398 991**	**18 736 616**	**15 809 284**	**16 729 830**
Total creditors		**34 195 533**	**36 703 328**	**28 155 098**	**29 902 823**
Total liabilities and equity		**41 848 933**	**45 661 334**	**35 930 535**	**38 270 315**

Notes on pages from 15 to 32 are integral part of these financial statements

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

Inta Pudāne
Chief accountant

Riga, 26th January 2021

Statement of changes in equity of the Company's for the year ended 31 December 2020

	Share capital EUR	Retained earnings EUR	Profit for the reporting year EUR	Total EUR
As at 31 December 2018	**1 500 000**	**(12 206)**	**4 286 590**	**5 774 384**
Dividends paid	-	(1 500 000)	-	(1 500 000)
Profit transfer	-	4 286 590	(4 286 590)	-
Profit for the reporting year	-	-	3 501 053	3 501 053
As at 31 December 2019	**1 500 000**	**2 774 384**	**3 501 053**	**7 775 437**
Dividends paid	-	(3 000 000)	-	(3 000 000)
Share capital transfer	2 500 000	(2 500 000)	-	-
Profit transfer	-	3 501 053	(3 501 053)	-
Profit for the reporting year	-	-	2 877 963	2 877 963
As at 31 December 2020	**4 000 000**	**775 437**	**2 877 963**	**7 653 400**

Koncerna pašu kapitāla izmaiņu pārskats par 2020. gadu

	Share capital EUR	Retained earnings EUR	Profit for the reporting year EUR	Total EUR
As at 31 December 2018	**1 500 000**	**397 834**	**4 056 322**	**5 954 156**
Dividends paid	-	(1 500 000)	-	(1 500 000)
Profit transfer	-	4 056 322	(4 056 322)	-
Profit for the reporting year	-	-	3 913 336	3 913 336
As at 31 December 2019	**1 500 000**	**2 954 156**	**3 913 336**	**8 367 492**
Dividends paid	-	(3 000 000)	-	(3 000 000)
Share capital transfer	2 500 000	(2 500 000)	-	-
Retained earnings subsidiary inclusion			(13 500)	(13 500)
Profit transfer	-	3 913 336	(3 913 336)	-
Profit for the reporting year	-	-	3 604 014	3 604 014
As at 31 December 2020	**4 000 000**	**1 367 492**	**3 590 514**	**8 958 006**

Notes on pages from 15 to 32 are integral part of these financial statements.

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

Inta Pudāne
Chief accountant

Riga, 26th January 2021

Cash flow statement for the year ended 31 December 2020

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Cash flow from operating activities				
Profit before extraordinary items and taxes	3 631 679	4 358 550	3 851 010	4 263 293
Adjustments for:				
a) fixed assets and intangible assets depreciation	293 636	314 610	238 974	243 863
b) right-of-use assets depreciation	737 002	737 002	741 956	741 956
c) accruals and provisions (except for bad debts)	659 583	729 938	977 659	1 677 719
d) write-off of provisions	-	-	-	-
e) cessation results	993 941	1 359 897	1 169 308	1 499 243
f) interest income	(15 049 367)	(16 927 484)	(14 968 334)	(16 382 466)
g) interest and similar expense	3 263 676	3 476 054	2 687 671	2 852 983
h) impairment of non-current and current financial assets	9 242	(82 672)	(34 601)	(34 601)
i) other adjustments	(628 502)	(639 158)	15 527	15 527
Loss before adjustments of working capital and short-term liabilities	**(6 089 110)**	**(6 673 263)**	**(5 320 830)**	**(5 122 483)**
Adjustments for:				
a) increase in consumer loans issued (core business) and other debtors	(3 530 245)	(2 587 511)	(5 306 286)	(13 094 722)
b) stock (increase)/ decrease	(377 814)	(377 814)	(307 241)	(307 241)
c) trade creditors increase	521 646	973 584	1 546 901	1 106 837
d) Acquisition of right-of-use assets	(1 293 959)	(1 293 959)	(2 737 589)	(2 737 589)
Gross cash flow from operating activities	**(10 769 482)**	**(9 958 963)**	**(12 125 045)**	**(20 155 198)**
Corporate income tax payments	(349 957)	(349 957)	(78 868)	(78 879)
Interest income	14 690 921	16 419 993	15 023 844	16 421 309
Interest paid	(4 265 146)	(4 843 480)	(2 971 149)	(2 766 157)
Net cash flow from operating activities	**(693 664)**	**1 267 593**	**(151 218)**	**(6 578 925)**
Cash flow from investing activities				
Acquisition of affiliated, associated or other companies shares or parts	-	-	(500 000)	-
Earnings from the disposal of shares in subsidiaries	-	-	-	-
Acquisition of fixed assets and intangibles	(348 254)	(355 120)	(426 272)	(430 462)
Proceeds from sales of fixed assets and intangibles	10 689	10 689	63 774	63 774
Loans issued/repaid (other than core business of the Company) (net)	2 768 107	833 199	(5 438 371)	(31 074)
Net cash flow from investing activities	**2 430 542**	**488 768**	**(6 300 869)**	**(397 762)**

Cash flow statement for the year ended 31 December 2020 (continued)

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Cash flow from financing activities				
Loans received and bonds issued (net)	15 955 981	19 021 870	11 462 075	14 279 871
Redemption/purchase of bonds	(2 975 000)	(2 975 000)	(1 750 000)	(1 750 000)
Loans repaid	(9 547 724)	(12 132 841)	(5 040 349)	(7 130 811)
Finance lease payments	38 302	38 302	(104 394)	(104 394)
Lease liabilities for right-of-use assets payments	747 602	747 602	828 489	828 489
Dividends paid	(3 000 000)	(3 000 000)	(1 500 000)	(1 500 000)
Net cash flow from financing activities	**1 219 161**	**1 699 933**	**3 895 821**	**4 623 155**
Net cash flow of the reporting year	**2 956 039**	**3 456 294**	**(2 556 266)**	**(2 353 532)**
Cash and cash equivalents at the beginning of the reporting year	**812 301**	**1 135 644**	**3 368 567**	**3 489 176**
Cash and cash equivalents at the end of reporting year	**3 768 340**	**4 591 938**	**812 301**	**1 135 644**

Notes on pages from 15 to 32 are integral part of these financial statements.

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

Inta Pudāne
Chief accountant

Riga, 26th January 2021

Notes

Accounting policies

(a) Basis of preparation
These financial statements have been prepared based on the accounting policies and measurement principles as set out below.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements are prepared based on historic cost method. In cases when reclassification not affecting prior year profit and equity is made, the relevant explanations are provided in the notes to the financial statements.

The preparation of financial statements in accordance with IFRS requires the use of significant estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the information on contingent assets and liabilities at the balance sheet date and the revenues and costs for the reporting period. Although these estimates are based on the information available to the management regarding the current events and actions, the actual results may differ from the estimates used. Critical assumptions and judgements are described in the relevant sections of the Notes to the financial statements.

The following amended standards became effective from 1 January 2019, but did not have any material impact on the Company and the Group, according to the Company's and the Group's management assessment:

- IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Annual improvements for IFRSs 2015-2017 cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" (issued on 7 February 2018 and effective for annual periods beginning on or after 2019).

New standards and interpretations not yet adopted:
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these consolidated financial statements. The Company and the Group does not plan to adopt these standards early.

(i) Amendments to References to Conceptual Framework in IFRS Standards
Amendments to References to Conceptual Framework in IFRS Standards published on 29 March 2018 are effective for annual periods beginning after 1 January 2020 or later.

(ii) Amendments to IFRS 3: Business Combinations
Amendments to IFRS 3: Business Combinations published on 22 October 2018 are effective for annual periods beginning after 1 January 2020 or later.

(iii) Amendments to IAS 1 and IAS 8 regarding the definition of materiality
Amendments to IAS 1 and IAS 8 regarding the definition of materiality published on 31 October 2018 are effective for annual periods beginning after 1 January 2020 or later.

Notes (continued)
Accounting policies (continued)

(b) Accounting principles applied

The items in the financial statements have been measured based on the following accounting principles:

a) It is assumed that the company will continue as a going concern;
b) The measurement methods applied in the previous reporting year have been used;
c) The measurement of the items has been performed prudently meeting the following criteria:
- Only profits accruing up to the balance sheet date have been included in the report;
- All possible contingencies and losses arising in the reporting year or the previous year have been recognised, even if they became known in the period between the balance sheet date and the issuance of the annual report;
- All impairment and depreciation charges have been calculated and recognised irrespectively of whether the company has operated profitably or not during the reporting year;

d) All income and expenses relating to the accounting year irrespective of the date of the payments made or the dates of receipt or payment of invoices have been recognised. Revenues are matched with expenses in the reporting year.
e) Assets and liabilities are presented at their gross amounts;
f) The opening balances of the reporting period reconcile with the closing balances of the previous reporting period;
g) All items which may materially affect the assessment or decision-making of the users of the financial statements are presented, immaterial items have been aggregated and their breakdown is presented in the Notes;
h) Business transactions are presented based on their economic substance rather than their legal form.

Asset and liability recognition is performed on historical cost basis. All financial assets and liabilities are classified as held to maturity or loans and receivables.

(c) Consolidation principles

The consolidated financial statements have been prepared under the cost method. The companies included in the consolidation are the Group's parent company and the subsidiaries in which the Group's parent company holds, directly or indirectly, more than a half of the voting rights, or the right to control their financial and operating policies is acquired otherwise. Where the Group owns more than a half of the share capital of another company without controlling the company, the respective company is not consolidated. The subsidiaries of the Group are consolidated from the moment the Group has taken over control, and the consolidation is terminated when the control cease to exist. Where the date of the share purchase agreement or the date of the decision of shareholders on making further investments is fundamentally different from the date of on which share ownership changes or the registration date as recorded in the Register) of Enterprises, the date of agreement shall be considered the date of the share purchase or the date of the investment, unless the agreement provides otherwise.

The Group's all inter-company transactions and balances and unrealised profit on transactions between group companies are eliminated; unrealised losses are eliminated as well, except for the cases when the expenses are not recoverable. Where necessary, the accounting and measurement methods applied by the Group's subsidiaries have been changed to bring them in compliance with the Group's accounting and measurement methods.
In these statements the minority interest in the share capital of the Group's consolidated subsidiaries and their income statement have been presented separately.

(d) Recognition of revenue and expenses

- Net sales

Net revenue represents the total value of goods sold and services provided during the year net of value added tax.

- Interest income and similar income

The Company presents interest income in the section of the Profit and loss account prior to calculation of gross profit, as this income is related to the basic activities of the Company – charging interest for loans issued in return to pledge held as security or loans issued on other conditions. Interest income is recognised

Notes (continued)
Accounting policies (continued)

using accruals principle. Interest income is not recognised from the moment the recoverability of principal is considered doubtful. Penalty interest is recognised on a cash basis.

- Other income
Other income is recognised based on accruals principle.

- Penalties and similar income
Of collection exists, is recognised based on cash principle.

- Expenses
Expenses are recognised based on accruals principle in the period of origination, irrespective of the moment of payment. Expenses related to financing of loans is recognised in the period of liability origination and included in the profit and loss items „Interest and similar expenses".

(e) Foreign currency translation

(e1) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statement items are denominated in euro (EUR), which is the Company's functional and presentation currency.

(e2) Transactions and balances
All transactions in foreign currencies are translated into the functional currency using the exchange rates at the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement of the respective period. At the balance sheet date the rates set by the Bank of Latvia were:

	31.12.2020. 1 EUR	**31.12.2019. 1 EUR**
USD	1.23	1.12
RUB	91.47	69.96

(f) Fair value of Financial instruments
Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values of financial assets or liabilities, including derivative financial instruments in active markets are based on quoted market prices. If the market for a financial asset or liability is not active (and for unlisted securities) the Group establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and recent comparative transactions as appropriate and may require the application of management's judgement and estimates.

Where, in the opinion of the Management, the fair values of financial assets and liabilities differ materially from their book values such fair values are separately disclosed in the notes to the accounts.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments plus accrued interest and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any

Notes (continued)
Accounting policies (continued)

premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any) are not presented separately and are included in the carrying values of related items on the balance sheet.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(g) Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(h) Intangible assets (including Company's goodwill) and fixed assets
All intangible assets and fixed assets are initially measured at cost. Intangible assets and fixed assets are recorded at historic cost net of depreciation and permanent diminution in value. Depreciation or amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	years
Intangibles	3 – 5
Other fixed assets	3 – 5

The residual values, remaining useful lives and methods of depreciation are reviewed and, if required, adjusted annually. Fixed asset and intangibles recognition is terminated in case of its liquidation or when no future benefits are expected in connection with the utilisation of the respective asset. Any profit or loss connected with the termination of recognition (calculated as difference between the disposal gains and net book value as at the moment of derecognition), is recognised in the profit or loss account in the period when derecognition occurs. Leasehold improvements are written down on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease. Current repairs and maintenance costs are charged to profit and loss account in the period when the respective costs are incurred.
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the net fair value of share of equity acquired. The recognised goodwill is reassessed at least on an annual basis to make sure no permanent diminution in value has occurred. In case such diminution in value is identified, the diminution in value is recognised in the income statement of the respective year.

(i) Investments in the subsidiaries and associated companies
In the financial statements the investments in associated companies are carried at equity method. Under this method the value of the investment at the balance sheet date comprises the value of the equity of the associated company corresponding to the share of investment and the book value of the positive goodwill arising at the acquisition of the investment.
At the year-end the amount of the reported item is increased or decreased by reference to the Company's share in the profit or loss of the associated company during the year (in the post-acquisition period), or other changes in equity, as well as by the reduction of the goodwill arising at acquisition to its recoverable amount. Unrealised profit on inter-company transactions is excluded. Profit distribution is presented in the year following the reporting year in which the shareholders adopt a decision on profit distribution.

Notes (continued)
Accounting policies (continued)

(j) Impairment of assets
Intangible assets which are not put into operation or which do not have a useful life are not amortised; their value is reviewed annually. The value of the assets subject to depreciation or amortisation is reviewed whenever any events or circumstances support that their carrying value may not be recoverable. Impairment losses are recognised in the amount representing the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of the respective asset's fair value less the costs to sell and the value in use. In order to determine impairment, assets are grouped based on the smallest group of assets that independently generates cash flow (cash generating units).

k) Segments
A geographical segment provides products or services within a particular economic environment that is subject to other economic environments characterized by different risks and benefits. A business segment is a share of assets and operations, providing products and services that are subject to other business segments of different risks and benefits.

(l) Inventories
Inventories are stated at the lower of cost or market price. Inventories are measured using the weighted FIFO method. The Company assesses at each balance sheet date whether there is objective evidence that inventories are impaired and makes provisions for slow-moving or damaged inventories. Inventories loss is recognised in the period such loss is identified, writing off the relevant inventory values to the period profit and loss account.

(m) Seized assets
Collateral is repossessed following the foreclosure on loans that are in default. Seized assets are measured at the lower of cost or net realisable value and reported within "Inventories".

(n) Trade and other receivables
Accounts receivable comprise loans and other receivables (other debtors, advances and deposits) that are non-derivative financial assets with fixed or determinable payments. Loans are carried at amortised cost where cost is defined as the fair value of cash consideration given to originate those loans. All loans and receivables are recognised when cash is advanced to borrowers and derecognised on repayments. The Company has granted consumer loans to customers throughout its market area. The economic condition of the market area may have an impact on the borrowers' ability to repay their debts. Restructured loans are no longer considered to be past due unless the loan is past due according to the renegotiated terms.

From October 2015 the Company has started issuance of pledged loans (except pledges in the form of golden and silver articles) with new lending conditions, that assume 10% commission in case of loan default and subsequent sale of the pledge, i.e., the revenues received by the Company from the sale of the pledge, decreased by the VAT portion. The pledges are made available for sale after 30 days of default however, they continue to hold the status of the pledge and the loan recipient has the rights to buy out the pledge before the sale. In the financial statements these pledges are classified as loans issued. In case a surplus originates upon a sale of the pledge and the related costs (loan issued, interest and penalties accrued, intermediary and holding commissions), the surplus is recognised as the liability of the company to the loan recipient. The liability expires, if the loan recipient does not claim the amount due within the 10 years term as defined in Article 1895 of the Civil Code.

If the loan recipient has not claimed the surplus within the legally defined time limits, the Company recognises the income. Such income is outside VAT legislation and is not VAT taxable.

The Company assesses at each balance sheet date whether there is objective evidence that loans are impaired. If any such evidence exists, the amount of the allowances for loan impairment is assessed as the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from collateral discounted at the original effective interest rate. The assessment of the evidence for impairment and the determination of the amount of allowances for impairment or its reversal requires the application of management's judgement and estimates. Management's judgements and estimates

Notes (continued)
Accounting policies (continued)

consider relevant factors including but not limited to, the identification of non-performing loans (loan repayment schedule compliance), the estimated value of collateral (if taken) as well as other relevant factors affecting loan and recoverability and collateral values. These judgements and estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known. The Management of the Company have made their best estimates of losses based on objective evidence of impairment and believe those estimates presented in the financial statements are reasonable in light of available information.

When loans cannot be recovered they are written off and charged against allowances for loan impairment losses. They are not written off until all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The provision in the allowance account is reversed if the estimated recovery value exceeds the carrying amount.

Provisions for interest income debts is made in accordance with the policies set by the management of the Company. In accordance with the provisioning policy the Company calculates the provision required based on prior experience of loan volumes that turn out to be doubtful and the statistics of recoverability of such debts. The provision for interest accrued is made in accordance with the provisioning policies set by the management making sure that cash flows from interest receivable are excluded from cash flows used as the basis for principal recoverability testing.

The recoverability of other debtors, advances and deposits paid is valued on individual basis if there are any indications of net book value of the asset exceeding its recoverable amount.

(o) Finance lease
Where the property, plant and equipment are acquired under a finance lease arrangement and the Company/Group takes over the related risks and rewards, the property, plant and equipment items are measured at the value at which they could be purchased for an immediate payment. Leasing interest is charged to the profit and loss in the period in which it arises.

(p) Operating leases

Company is a lessor
The type of lease in which the lessor retains a significant part of the risks and rewards pertaining to ownership, is classified as operating lease. Lease payments and prepayments for a lease (net of any financial incentives received from the lessor) are charged to the profit and loss under a straight-line method over the lease term.

(q) Taxes
The corporate income tax expense is included in the financial statements based on the management's calculations made in accordance with the requirements of Latvian tax legislation.
As of 1 January 2018, Corporate Income Tax is paid on distributed and notionally distributed profits.
The distributed and conditionally distributed profit will be subject to a 20 percent gross tax or 20/80 of the net cost. Corporate income tax on dividend payments is recognized in the income statement.
Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences are reversed or the tax loss carry forwards are utilised. Deferred tax balance is measured at a tax rate which is applicable for undistributed profits until decision of profits distribution is made. Therefore, any deferred tax liabilities or assets are recognised at tax rate applicable to undistributed profits.

Notes (continued)
Accounting policies (continued)

(r) Provisions for unused annual leave
The amount of provision for unused annual leave is determined by multiplying the average daily pay of employees during the last 6 months by the number of accrued but unused annual leave days the end of the reporting year. The company separates the vacation provisions paid out till the date of annual report preparation and treats them as CIT deductible in the reporting period.

(s) Borrowings
Initially borrowings are recognised at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost which is determined using the effective interest method. The difference between the proceeds received, net of transaction costs and the redemption value of the borrowing is gradually recognized in the profit and loss account over the term of the borrowing.

(t) Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, balances of current accounts with banks and short-term deposits with a maturity term of up to 90 days.

(u) Payment of dividends
Dividends due to the shareholders are recognized in the financial statements as a liability in the period in which the shareholders approve the disbursement of dividends.

(v) Financial risk management

(v1) Financial risk factors
The activities of the Company expose it to different financial risks:
(v1.1) foreign currency risk;
(v1.2) credit risk;
(v1.3) operational risk;
(v1.4) market risk;
(v1.5) liquidity risk;
(v1.6) cash flow and interest rate risk.
The Company's overall risk management is focused on the uncertainty of financial markets and aims to reduce its adverse effects on the Company's financial indicators. The Finance Director is responsible for risk management. The Finance Director identifies, assesses and seeks to find solutions to avoid financial risks acting in close cooperation with other structural units of the Company.

(v1.1) Foreign exchange risk
The Company operates mainly in the local market and its exposure to foreign exchange risk is low. With the current income-expense structure additional monitoring procedures for currency risk monitoring are not deemed necessary. No further risk prevention mechanisms are used on the account that the overall currency risk has been assessed as low.

(v1.2) Credit risk
The Company has a credit risk concentration based on its operational specifics – issuance of loans against pledge, as well as issuance of non-secured loans that is connected with an increased risk of asset recoverability. The risk may result in short-term liquidity problems and issues related to timely coverage of short-term liabilities. The Company's policies are developed in order to ensure maximum control procedures in the process of loan issuance, timely identification of bad and doubtful debts and adequate provisioning for potential loss.

(v1.3) Operational risk
Operational risk is a loss risk due to external factors namely (natural disasters, crimes, etc.) or internal ones (IT system crash, fraud, violation of laws or internal regulations, insufficient internal control). Operation of the Company carries a certain operational risk which can be managed using several methods including methods to identify, analyse, report and reduce the operational risk. Also self-assessment of the operational risk is

Notes (continued)
Accounting policies (continued)

carried out as well as systematic approval of new products is provided to ensure the compliance of the products and processes with the risk environment of the activity.

(v1.4) Market risk
The Company is exposed to market risks, basically related to the fluctuations of interest rates between the loans granted and funding received, as well as demand for the Company's services fluctuations. The Company attempts to limit market risks, adequately planning the expected cash flows, diversifying the product range and fixing funding resource interest rates.

(v1.5) Liquidity risk
The Company complies with the prudence principle in the management of its liquidity risk and maintains sufficient funds. The management of the Company has an oversight responsibility of the liquidity reserves and make current forecasts based on anticipated cash flows. Most of the Company's liabilities are short-term liabilities. The management is of the opinion that the Company will be able to secure sufficient liquidity by its operating activities, however, if required, the management of the Company is certain of financial support to be available from the owners of the Company.

(v1.6) Cash flow interest rate risk
As the Company has borrowings and finance lease obligations, the Company's cash flows related to financing costs to some extent depend on the changes in market rates of interest. The Company's interest payment related cash flows depend on the current market rates of interest. The risk of fluctuating interest rates is partly averted by the fact that a number of loans received have fixed interest rates set. Additional risk minimization measures are not taken because the available bank products do not provide an effective control of risks.

(v2) Accounting for derivative financial instruments
The Company does not actively use derivative financial instruments in its operations. Derivative financial instruments are initially recognized at fair value on the date of the contract, and are thereafter measured at fair value at the balance sheet date. Derivative financial instruments are carried as assets if their fair value is positive and as liabilities if fair value is negative. Any gains or losses arising due to the changes in the fair value of the derivative financial instrument are not classified hedges and are recognized directly in the profit and loss.

(v3) Fair value
The carrying value of financial assets and liabilities approximates their fair value. See also note (f).

(v4) Management of the capital structure
In order to ensure the continuation of the Company's activities, while maximizing the return to stakeholders' capital management, optimization of the debt and equity balance is performed. The Company's capital structure consists of borrowings from related persons, third party loans and loans from credit institutions and finance lease liabilities, cash and equity, comprising issued share capital, retained earnings and share premium. At year-end the ratios were as follows:

	Company 31.12.20209. EUR	**Group 31.12.2020. EUR**	**Company 31.12.2019. EUR**	**Group 31.12.2019. EUR**
Loan and lease liabilities	28 758 993	31 215 281	24 391 565	26 540 720
Cash and bank	(3 768 340)	(4 591 938)	(812 301)	(1 135 644)
Net debts	**24 990 653**	**26 623 343**	**23 579 264**	**25 405 076**
Equity	7 653 400	8 958 006	7 775 437	8 367 492
Liabilities / equity ratio	**3.76**	**3.49**	**3.14**	**3.17**
Net liabilities / equity ratio	**3.27**	**2.97**	**3.03**	**3.04**

Notes (continued)
Accounting policies (continued)

(w) Significant assumptions and estimates

The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Latvian law requires the management to rely on estimates and assumptions that affect the reported amounts of assets and liabilities and off-balance sheet assets and liabilities at the date of financial statements, as well as the revenues and expenses reporting in the reporting period. Actual results may differ from these estimates.

The following judgements and key assumptions concerning the future are critical, and other causes of inaccuracies in the calculations as at the date of financial statements, with a significant risk of causing a material change in the balance sheet value of assets and liabilities within the next financial year:

- The Company review the useful lives of its fixed assets at the end of each reporting period. The management makes estimates and uses assumptions with respect to the useful lives of fixed assets. These assumptions may change and the calculations may therefore change.
- The Company review the value of its fixed assets and intangible assets whenever any events or circumstances support that the carrying value may not be recoverable. Impairment loss is recognised in the amount equalling the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of an asset's fair value less the costs to sell and the value in use. The Company is of the view that considering the anticipated volumes of services no material adjustments due to impairment are required the asset values.
- In measuring inventories the management relies on its expertise, past experience, background information, and potential assumptions and possible future circumstances. In assessing the impairment of the value of inventories consideration is given to the possibility to sell the item of inventories and the net realisable value.
- The Company's management, based on estimates, makes provisions for the impairment of the value of receivables. The Company's management is of the opinion that the provisions for receivables presented in the financial statements accurately reflect the expected cash flows from these receivables and that these estimates have been made based on the best available information.
- The Company is composed with caution savings potential future payment obligations in cases where disputes the validity of such legal obligation, or there are legal disputes about the amount of such liabilities.

(x) Related parties

Related parties include the shareholders, members of the Board of the Company, their close family members and companies in which the said persons have control or significant influence. Term "Related parties" agrees to Commission Regulation (EC) 1126/2008 of 3 November 2018 which took in force various IAS according to European Parlament and Council Regulation (EC) 1606/2002 mentioned in Annex of IAS 24 "Related Party Disclosures".

(y) Subsequent events

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

(z) Contingencies

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

(aa) Earnings per share

Earnings per share (EPS) are calculated by dividing the net profit or loss for the year attributable to the shareholders with the weighted-average number of shares outstanding during the year. Diluted EPS is calculated as net income divided by the sum of average number of shares and other convertible instruments.

Notes (continued)
Accounting policies (continued)

(ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker – the Company's Board, which allocates resources to and assesses the performance of the operating segments of the Group. The Company and the Group operates as a single segment – consumer lending to individuals in Latvia.

Notes (continued)

Net sales

Net revenue by type of revenue

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Income from sales of goods	3 686 567	3 686 567	3 186 585	3 186 585
Income from sales of precious metals	1 714 530	1 714 530	1 459 345	1 459 345
Other income, loan and mortgage realization and storage commissions	763 134	763 134	757 534	757 534
	6 164 231	**6 164 231**	**5 403 464**	**5 403 464**

Net revenue by geographical markets and type of operation

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Sales of product in Latvia	3 686 567	3 686 567	3 186 585	3 186 585
Sales of precious metals in Latvia	1 714 530	1 714 530	1 459 345	1 459 345
Sales of services in Latvia	763 134	763 134	757 534	757 534
	6 164 231	**6 164 231**	**5 403 464**	**5 403 464**

(2) Cost of sales

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Cost of pledges taken over	4 220 624	4 220 624	3 600 319	3 600 319
Goods and accessories purchased	3 708	3 708	3 288	3 288
	4 224 332	**4 224 332**	**3 603 607**	**3 603 607**

(3) Interest income and similar income

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Interest income on unsecured loans	10 778 432	12 780 260	10 290 103	11 704 235
Interest income on pledges realization	4 669 988	4 669 988	4 678 129	4 678 129
Interest income on loans to the vehicle pledges	4 285	4 285	-	-
Interest income on mortgage loans	-	-	102	102
	15 452 705	**17 454 533**	**14 968 334**	**16 382 466**

(4) Interest expenses and similar expenses

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Interest expense on other borrowings	1 559 169	1 771 547	1 473 703	1 639 014
Bonds' coupon expense	1 528 063	1 528 063	1 075 282	1 075 282
Losses from cession	993 941	1 359 897	1 169 308	1 499 243
Interest expense for right to use premises	172 464	172 464	133 137	133 137
Interest expense on lease	2 344	2 344	3 968	3 968
Interest expense for right to use vehicles	1 443	1 443	1 347	1 347
Net loss on foreign exchange	193	193	234	235
	4 257 617	**4 835 951**	**3 856 979**	**4 352 226**

Notes (continued)

(5) Selling expenses

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Salary expenses	2 352 184	2 352 184	2 408 184	2 408 184
Provisions for doubtful debtors and illiquid stocks	891 512	1 209 041	505 252	630 944
Rental expense	658 023	657 522	780 860	780 860
Social insurance	563 848	563 848	577 146	577 146
Advertising	407 820	548 490	330 882	474 651
Depreciation of fixed assets	293 636	314 610	238 974	243 863
Other expenses	224 619	240 245	188 246	202 218
Non-deductible VAT	194 729	238 414	247 733	292 043
Utilities expense	172 320	175 818	180 102	180 102
Transportation expenses	79 511	79 511	92 578	92 578
Maintenance expenses	63 938	64 188	52 683	53 260
Communication expenses	36 502	36 560	35 940	36 006
Goods and fixed assets write-off	29 516	29 776	34 289	34 289
Security expenses	25 212	25 212	25 477	25 477
Renovation expenses	21 484	21 484	20 444	20 444
Business trip expenses	3 479	3 479	6 836	6 836
Depreciation of right-of-use assets - motor vehicles	(234)	(234)	(3 123)	(3 123)
Provisions for unused annual leave and bonuses	(8 551)	(8 551)	1 251	1 251
Depreciation of right-of-use assets - premises	(16 558)	(16 558)	(82 601)	(82 601)
	5 992 990	**6 535 039**	**5 641 153**	**5 974 428**

(6) Administrative expenses

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Salary expenses	2 044 406	2 067 061	2 053 114	2 074 648
Social insurance	485 739	490 688	494 134	499 321
Bank commission	442 225	497 095	409 236	452 556
Office rent	110 337	110 337	62 288	62 288
Information database subscriptions, maintenance	78 901	106 961	90 581	127 043
Legal advice	72 951	75 826	60 097	69 294
Other administrative expenses	37 729	37 729	28 116	33 689
Office expenses	30 318	37 734	30 616	30 616
Communication expenses	25 759	26 186	26 854	27 294
Membership fees in professional organizations	21 399	21 399	28 146	31 546
Audit expenses*	20 700	37 903	18 700	29 603
State fees and duties, licence expense	16 371	30 614	17 189	32 845
Depreciation of right-of-use assets - premises	4 983	4 983	(2 251)	(2 251)
Provisions for unused annual leave and bonuses	1 284	1 321	16 155	16 540
Depreciation of right-of-use assets - motor vehicles	(708)	(708)	2 498	2 498
	3 392 394	**3 545 129**	**3 335 473**	**3 487 530**

* During the reporting year the Company has not received any other services from the auditors.

Notes (continued)

(7) Other operating expenses

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Donations	104 724	104 724	66 000	66 000
Other expenses	59 873	62 368	126 883	129 373
Fines	24 711	25 066	4 405	4 405
	189 308	**192 158**	**197 288**	**199 778**

(8) Corporate income tax for the reporting year

	Company 2020 EUR	Group 2020 EUR	Company 2019 EUR	Group 2019 EUR
Corporate income tax charge for the current year	753 716	754 536	78 868	78 879
	753 716	**754 536**	**78 868**	**78 879**

Notes (continued)
(9) Intangible of the Company

	Concessions, patents, trademarks and similar rights EUR	Other intangible assets EUR	Advances EUR	Total EUR
Cost				
31.12.2019.	354 773	31 848	6 748	393 369
Additions	1 387	41 046	-	49 181
Transferred to others	-	6 748	(6 748)	-
Disposals	(35)	(8 427)	-	(25 865)
Adjustment of liquidated intangible	-	(10 655)	-	(10 655)
31.12.2020.	**356 125**	**60 560**	**-**	**416 685**
Depreciation				
31.12.2019.	170 572	15 843	-	186 415
Charge for 2020	61 331	11 217	-	72 548
Disposals	(34)	(8 427)	-	(8 461)
31.12.2020.	**231 869**	**18 633**	**-**	**250 502**
Net book value 31.12.2020.	**124 256**	**41 928**	**-**	**166 184**
Net book value 31.12.2019.	**184 201**	**16 005**	**6 748**	**206 954**

Intangible of the Group

	Concessions, patents, trademarks and similar rights EUR	Other intangible assets EUR	Advances EUR	Company's Goodwill EUR	Total EUR
Cost					
31.12.2019.	354 773	60 822	6 748	127 616	549 959
Additions	1 387	47 912	-	-	56 047
Transferred to others	-	6 748	(6 748)	-	-
Disposals	(35)	(24 509)	-	-	(31 292)
Adjustment of liquidated intangible	-	(10 655)	-	-	(10 655)
31.12.2020.	**356 125**	**80 318**	**-**	**127 616**	**564 059**
Depreciation					
31.12.2019.	170 572	25 089	-	-	195 661
Charge for 2020	61 331	25 661	-	-	86 992
Disposals	(34)	(24 509)	-	-	(24 543)
31.12.2020.	**231 869**	**26 241**	**-**	**-**	**258 110**
Net book value 31.12.2020.	**124 256**	**54 077**	**-**	**127 616**	**305 949**
Net book value 31.12.2019.	**184 201**	**35 733**	**6 748**	**127 616**	**354 298**

Notes (continued)

(10) Fixed assets of the Company

	Other fixed assets and inventory EUR	Leasehold improve-ments EUR	Right-of-use premises EUR	Right-of-use vehicles EUR	Right-of-use assets, total	Total EUR
Cost						
31.12.2019.	1 184 977	422 008	2 675 766	36 840	2 712 606	4 319 591
Additions	109 625	189 448	1 271 345	22 614	1 293 959	1 593 032
Remeasurement	-	-	626 804	-	626 804	626 804
Disposals	(66 012)	-	(2 864)	-	(2 864)	(68 876)
Adjustment of liquidated intangible	(2 528)	-	-	-	-	(2 528)
Transferred to others	(841)	-	-	-	-	(841)
31.12.2020.	**1 225 221**	**611 456**	**4 571 051**	**59 454**	**4 630 505**	**6 467 182**
Depreciation						
31.12.2019.	833 424	367 493	722 707	9 793	732 500	1 933 417
Charge for 2020	173 732	47 356	722 859	14 143	737 002	958 090
Disposals	(66 012)	-	(1 718)	-	(1 718)	(67 730)
31.12.2020.	**941 144**	**414 849**	**1 443 848**	**23 936**	**1 467 784**	**2 823 777**
Net book value 31.12.2020.	**284 077**	**196 607**	**3 127 203**	**35 518**	**3 162 721**	**3 643 405**
Net book value 31.12.2019.	**351 553**	**54 515**	**1 953 059**	**27 047**	**1 980 106**	**2 386 174**

As at 31 December 2020 the residual value of the fixed assets acquired under the terms of financial lease was 35 863 euro. (31.12.2019.: 68 875 euro). The ownership of those fixed assets will be transferred to the Group only after settlement of all lease liabilities.

Fixed assets of the Group

	Land, buildings, structures and perennials EUR	Other fixed assets and inventory EUR	Leasehold impro-vements EUR	Right-of-use premises EUR	Right-of-use vehicles EUR	Right-of-use assets, total	Total EUR
Cost							
31.12.2019.	130 069	1 184 977	422 008	2 675 766	36 840	2 712 606	4 449 660
Additions	-	109 625	189 448	1 271 345	22 614	1 293 959	1 593 032
Remeasurement	-	-	-	626 804	-	626 805	626 804
Disposals	-	(66 012)	-	(2 864)	-	(2 864)	(68 876)
Adjustment of liquidated intangible	-	(2 528)	-	-	-	-	(2 528)
Transferred to others	-	(841)	-	-	-	-	(841)
31.12.2020.	**130 069**	**1 225 221**	**611 456**	**4 571 051**	**59 454**	**4 630 505**	**6 597 251**
Depreciation							
31.12.2019.	38 154	833 424	367 493	722 707	9 793	732 500	1 971 571
Charge for 2020	6 530	173 732	47 356	722 859	14 143	737 002	964 620
Disposals	-	(66 012)	-	(1 718)	-	(1 718)	(67 730)
31.12.2020.	**44 684**	**941 144**	**414 849**	**1 443 848**	**23 936**	**1 467 784**	**2 868 461**
Net book value 31.12.2020.	**85 385**	**284 077**	**196 607**	**3 127 203**	**35 518**	**3 162 721**	**3 728 790**
Net book value 31.12.2019.	**91 915**	**351 553**	**54 515**	**1 953 059**	**27 047**	**1 980 106**	**2 478 089**

Notes (continued)
(11) Right-of-use assets and lease liabilities

The Group adopted IFRS 16 with an initial application date of 1 January 2019. The entity applied the modified retrospective transition method. The amounts disclosed in the extracts are expressed in euros. The entity provided quantitative disclosures in its consolidated financial statements in a tabular format based on the nature of the disclosure item (i.e., asset, equity and liability and income statement).
Right-of-use assets and other liabilities for rights to use assets are shown as follows in the consolidated statement of financial position and statement of comprehensive income:

	31.12.2020. EUR	**31.12.2019. EUR**
Non-current assets		
Right-of-use assets - premises	3 127 2039	1 953 059
Right-of-use assets - motor vehicles	35 518	27 047
Assets, total	**3 162 721**	**1 980 106**
Non-current liabilities		
Lease liabilities for right-of-use assets	2 664 661	1 475 350
Current liabilities		
Lease liabilities for right-of-use assets	702 782	549 585
Equity and Liabilities, total	**3 367 443**	**2 024 935**

	2020 EUR	**2019 EUR**
Interest expenses and similar expenses		
Interest expense for right to use premises	(172 464)	(133 137)
Interest expense for right to use vehicles	(1 443)	(1 347)
Selling expense		
Depreciation of right-of-use assets - premises	16 558	82 601
Depreciation of right-of-use assets - motor vehicles	234	3 123
Administrative expenses		
Depreciation of right-of-use assets - premises	(4 983)	2 251
Depreciation of right-of-use assets - motor vehicles	708	(2 498)
Leases in the statement of comprehensive income, total	**(161 390)**	**(49 007)**

In 2020 the Group incurred expenses for lease agreements wich did not qualify for recognition of Right-of-use assets. The weighted-average incremental borrowing rate for premises lease in 2020 was 3.75% (2019 was 6.33%), weighted-average incremental borrowing rate for motor vehicles was 3.20% (2019 was 3.70%) per year.

The cost relating to variable lease payments that do not depend on an index or a rate amounted to EUR nil for the year ended December 31, 2019. There were no lease with residual value of guarantees or leases not yet commenced to which the Group is committed.

Notes (continued)

(12) Company's investments in subsidiaries

a) participating interest in subsidiaries

Company is the sole shareholder of the subsidiary SIA "ExpressInkasso" (100%), of the subsidiary SIA ViziaFinance (100%), of the subsidiary SIA Banknote commercial properties (100%) and implementet acquisition of (100%) shares of the subsidiary SIA REFIN in 2020.

	Acquisition price of subsidiaries		Participating interest in share capital of subsidiaries	
Name	**31.12.2020. EUR**	**31.12.2019. EUR**	**31.12.2020. %**	**31.12.2019. %**
SIA "ExpressInkasso"	2 828	2 828	100	100
SIA ViziaFinance	880 000	880 000	100	100
SIA REFIN	800 000	800 000	100	100
SIA Banknote commercial properties (from 30.09.2020.)	2 844	-	100	-
	1 685 672	**1 682 828**		

b) information on subsidiaries

		Shareholders' funds		Profit/ (loss) for the period	
Name	**Address**	**31.12.2020. EUR**	**31.12.2019. EUR**	**2020 EUR**	**2019 EUR**
SIA "ExpressInkasso"	**Skanstes street 50A, LV-1013 Riga, Latvia**	**380 318**	**366 841**	**13 477**	**120 886**

Basic operations of SIA "ExpressInkasso" ir other financial services, except insurance and pension savings. The company is engaged in debt collection activities and is licensed by the Consumer Rights Protection Center in the field of out-of-court debt recovery.

SIA ViziaFinance	**Skanstes street 50A, LV-1013 Riga, Latvia**	**1 364 002**	**921 436**	**442 566**	**227 895**

Basic operation of SIA ViziaFinance is providing consumer lending services, dealing with unsecured loans. The company has a Consumer Rights Protection Center's license in the field of consumer lending.

SIA REFIN	**Skanstes street 50A, LV-1013 Riga, Latvia**	**772 536**	**408 991**	**363 545**	**(386 497)**

Basic operation of SIA REFIN is providing consumer lending services, issuing loans for unsecured real estate loans.

SIA Banknote commercial properties (from 30.09.2020.)	**Skanstes street 50A, LV-1013 Riga, Latvia**	**(4 193)**	**(10 656)**	**6 463**	**5 745**

Basic operation of SIA Banknote commercial properties are renting and operating of own or leased real estate.

Notes (continued)

(13) The Group's loans to shareholders and management

	Loans to members EUR
Cost	
31.12.2019.	1 187 535
Loans issued	296 000
Loans repaid	(1 036 932)
Interest of loans	34 007
Interest repaid	(6 126)
31.12.2020.	**474 484**
Net book value as at 31.12.2020.	**474 484**
Net book value as at 31.12.2019.	**1 187 535**

Interest on borrowing is in range of 3.01% - 4% per annum. The loan maturity - 31 December 2025 (including the loan principal amount and accrued interest). The Company's management has assessed the recoverability of the loans and is convinced that a provision is not necessary. Loans are not secured. Loans are denominated in euro.

(14) Loans and receivables

	Company 31.12.2020. EUR	**Group 31.12.2020. EUR**	**Company 31.12.2019. EUR**	**Group 31.12.2019. EUR**
Long-term loans and receivables				
Debtors for loans issued against pledge	85 492	85 492	82 067	82 067
Debtors for loans issued without pledge	8 307 688	11 264 118	6 133 456	8 777 722
Long-term loans and receivables, total	**8 393 180**	**11 349 610**	**6 215 523**	**8 859 789**
Short-term loans and receivables				
Debtors for loans issued against pledge	2 027 007	2 027 007	2 410 406	2 410 406
Debtors for loans issued against pledge, for realization	918 045	918 045	873 750	873 750
Debtors for loans issued without pledge	16 636 031	22 804 213	14 367 295	21 741 070
Interest accrued	969 650	1 189 049	611 204	1 097 958
Provisions for bad and doubtful trade debtors	(2 758 778)	(3 916 037)	(2 099 194)	(3 436 099)
Short-term loans and receivables, total	**17 791 955**	**23 022 277**	**16 163 461**	**22 687 085**
Loans and receivables	**26 185 135**	**34 371 887**	**22 378 984**	**31 546 874**

All loans are issued in euro. Long term receivables for the loans issued don't exceed 5 years.

Parent company signed a contract with third party for the receivable amounts regular cession to assign debtors for loans issued which are outstanding for more than 90 days. The carrying value of the claim amount until 31 December 2020 in total – EUR 2 540 087, the amount of compensation – EUR 1 180 190. Losses from these transactions were recognised in the current year.

Losses from the above noted cessions are partly covered by provisions made for the loans issued in previous accounting period or are included in the current year's profit and loss account, if cession of loans issued in current year is performed.

The claims in amount of EUR 2 112 499 (31.12.2019: EUR 2 492 473) are secured by the value of the collateral. Claims against debtors for loans issued against pledge is secured by pledges, whose fair value is about EUR 3 527 873, which is 1.67 times higher than the carrying value, therefore provisions for overdue loans are not made. All pledges, for which loan payments are delayed, becomes the Group's property and are realized in the Group's stores.

'Debtors for loans issued without pledge' includes The Company's subsidiary SIA REFIN has unsecured claim rights for loans to legal entities registered in Latvia, whose economic activity includes the development and sale of real estate. The carrying amount of the acquired receivables at the reporting date is EUR 3.53 million.

Notes (continued)

a) Age analysis of claims against debtors for loans issued:

	Company 31.12.2020. EUR	Group 31.12.2020. EUR	Company 31.12.2019. EUR	Group 31.12.2019. EUR
Receivables not yet due	24 787 955	33 034 399	20 799 577	30 599 448
Outstanding 1-30 days	1 884 923	2 355 047	1 631 700	1 975 902
Outstanding 31-90 days	735 077	976 751	780 027	957 883
Outstanding 91-180 days	646 377	878 299	418 184	482 098
Outstanding for 181-360 days	321 971	377 733	326 046	364 104
Outstanding for more than 360 days	567 610	665 695	522 644	603 538
Total claims against debtors for loans issued	**28 943 913**	**38 287 924**	**24 478 178**	**34 982 973**

b) Provisions for bad and doubtful trade and other receivables

	Company 31.12.2020. EUR	Group 31.12.2020. EUR	Company 31.12.2019. EUR	Group 31.12.2019. EUR
Provisions for bad and doubtful receivables at the beginning of the year	**2 099 194**	**3 436 099**	**1 520 973**	**1 707 818**
Written-off	-	-	-	-
Additional provisions	659 584	479 938	578 221	1 728 281
Provisions for bad and doubtful receivables at the end of the year	**2 758 778**	**3 916 037**	**2 099 194**	**3 436 099**

Additional provisions includes provision made on the reporting date in the amount of EUR 100 000 for unsecured claims rights of the Company's subsidiary SIA REFIN for loans to legal entities registered in Latvia, whose economic activity includes the development and sale of real estate.

(15) Share capital

The Parent Company's share capital is EUR 4 000 000 which consists of 4 000 000 ordinary shares, each of them with a nominal value of EUR 1.

(16) Bonds issued

	Company 31.12.2020. EUR	Group 31.12.2020. EUR	Company 31.12.2019. EUR	Group 31.12.2019. EUR
Bonds issued	8 481 000	8 481 000	6 100 000	6 100 000
Bonds commission	(39 283)	(39 283)	(40 147)	(40 147)
Total long-term part of bonds issued	**8 441 717**	**8 441 717**	**6 059 853**	**6 059 853**
Bonds issued	5 000 000	5 000 000	1 750 000	1 750 000
Bonds commission	(1 232)	(1 232)	(15)	(15)
Interest accrued	23 884	23 884	14 782	14 782
Īstermiņa aizņēmumi kopā	**5 022 652**	**5 022 652**	**1 764 767**	**1 764 767**
Total short-term part of bonds issued	**13 481 000**	**13 481 000**	**7 850 000**	**7 850 000**
Bonds issued, total				
Interest accrued, total	23 884	23 884	14 782	14 782
Bonds commission, total	(40 515)	(40 515)	(40 162)	(40 162)
Bonds issued net	**13 464 369**	**13 464 369**	**7 824 620**	**7 824 620**

As at the date of signing the annual report, the Parent company of the Group (ISIN LV0000801322) has repaid registered bonds by 25 December 2020. The coupon rate - 15%, the coupon is paid once a month on the 25th. The bond was publicly listed on NASDAQ Baltic market Debt securities list on 14 April 2014. The bonds were secured by a commercial pledge on the property and claims of the Company and all its subsidiaries.

As at the date of signing of the annual report the Parent company of the Group has registered bonds (ISIN LV0000802213) with the Latvia Central Depository on the following terms – number of securities issued: 5 000, nominal value 1 000 euro per each with the total nominal value of 5 000 000 euro. Coupon rate - 14%, coupon is paid once a month on the 25th date. The principal amount (EUR 1000 per each bond) is to be repaid on 25 October 2021. The bond was publicly listed on NASDAQ Baltic First North Alternative market on 19 March 2018.. The bonds are secured by a commercial pledge on the property and claims of the Company and all its subsidiaries.

As at the date of signing of the annual report the Parent company of the Group has registered bonds (ISIN LV0000802379) with the Latvia Central Depository on the following terms – amount of emissions recorded 5 000, amount of emissions recorded with nominal value 1 000 euro per each with the total nominal value of 5 000 000 euro. Coupon rate - 14%, coupon is paid once a month on the 25th date. The principal amount (EUR 1000 per each bond) is to be repaid till 25 November 2022. The bond issue is not publicly traded. The bond issue launched on 15 November 2019. Debt securities list. The bonds are secured by a commercial pledge on the property and claims of the Company and all its subsidiaries.

As at the date of signing of the annual report the Parent company of the Group has registered bonds (ISIN LV0000802429) with the Latvia Central Depository on the following terms – amount of emissions recorded 3 500, amount of emissions recorded with nominal value 1 000 euro per each with the total nominal value of 3 500 000 euro. Coupon rate - 12%, coupon is paid once a month on the 25th date. The principal amount (EUR 1000 per each bond) is to be repaid till 25 November 2022. The bonds are not secured and issued in a closed offer.

(17) Other borrowings

	Company 31.12.2020. EUR	Group 31.12.2020. EUR	Company 31.12.2019. EUR	Group 31.12.2019. EUR
Long-term finance lease	43 409	43 409	61 411	61 411
Other long-term loans	5 646 755	6 816 925	4 749 200	5 576 379
Total other long-term loans	**5 690 164**	**6 860 334**	**4 810 611**	**5 637 790**
Short-term finance lease	22 299	22 299	40 946	40 946
Other short-term loans	9 338 346	10 868 279	11 481 122	13 037 185
Total other short-term loans	**9 360 645**	**10 890 578**	**11 522 068**	**13 078 131**
Total other loans	**15 050 809**	**17 750 912**	**16 332 679**	**18 715 921**

The Parent company has acquired fixed assets on finance lease. As at 31 December 2020 the interest rate was set as 6M Euribor + 2,15 – 3,7% and the repayment term is 30.11.2024.

The Parent company has received loans from private individuals and legal entities. The interest is charged 14% and the repayment term is 18.10.2024. The loans are received without security granted.

The Company has received loans from a crowdfunding platform registered in the European Union. The weighted average interest rate is from 10,62% to 11,97% per year with repayment terms in accordance with the loan agreements concluded by the Company with its customers. The loans are secured by a commercial pledge.

(18) Lease liabilities for right-of-use assets

	Company 31.12.2020. EUR	Group 31.12.2020. EUR	Company 31.12.2019. EUR	Group 31.12.2019. EUR
Long term lease liabilities for right-of-use assets - premises	2 646 688	2 646 688	1 460 753	1 460 753
Long term lease liabilities for right-of-use assets - vehicles	17 973	17 973	14 597	14 597
Total long-term lease liabilities for right-of-use assets	**2 664 661**	**2 664 661**	**1 475 350**	**1 475 350**
Short term lease liabilities for right-of-use assets - premises	689 664	689 664	540 601	540 601
Short term lease liabilities for right-of-use assets - vehicles	13 118	13 118	8 984	8 984
Total short-term lease liabilities for right-of-use assets	**702 782**	**702 782**	**549 585**	**549 585**
Lease liabilities for right-of-use assets, total	**3 367 443**	**3 367 443**	**2 024 935**	**2 024 935**

Premises lease agreements are signed for a period of one year to eighteen years and six months. Car rental agreements are signed for a period of three years to three years and eleven months.

Notes (continued)
(19) Related party transactions

In the annual report there are presented only those related parties with whom have been transactions the reporting year or in the comparative period.

Related party	Transactions in 2020	Transactions in 2019
Parent company's owners		
Lombards24.lv SIA, reg. No. 40103718685	•	•
"AE Consulting" SIA, reg. No. 40003870736	•	•
EC finace SIA, reg. No. 40103950614	•	•
Didzis Ādmīdiņš, p.c. 051084-11569	•	•
Kristaps Bergmanis, p.c. 040578-13052	•	•
Ivars Lamberts, p.c. 030481-10684	•	•
Companies and individuals under common control or significant influence		
Agris Evertovskis, p.c. 081084 -10631	•	•
EA investments AS, reg.No. 40103896106	•	•
Subsidiary		
"ExpressInkasso" SIA, reg. No. 40103211998	•	•
ViziaFinance SIA, reg. No. 40003040217	•	•
REFIN SIA, reg. No. 40203172517	•	•
Banknote commercial properties SIA, reg. No. 40103501494 (from 30.09.2020.)	•	-
Other related companies		
Banknote commercial properties SIA, reg. No. 40103501494 (till 30.09.2020.)	•	•
KALPAKS SIA, reg.No. 40203037474	•	•
EL Capital SIA, reg.No. 40203035929	•	•
EuroLombard Ltd reg. No. 382902595000	•	•
OBDO Gin SIA, reģ. Nr. 50103451231	•	•

Visi darījumi ar saistītajām pusēm tiek veikti saskaņā ar vispārējiem tirgus nosacījumiem.

	2020 EUR	2019 EUR
Parent company transactions with:		
Owners of the parent company		
Loans issued	252 000	371 760
Loan repayment received	957 932	59 660
Interest paid	-	2 525
Interest received	28 390	31 020
Dividends paid	3 000 000	1 500 000
Services received	1 698	1 326
Services delivered	1 991	394
Goods sold	2 082	-
Investment in shares	1 921	-
Parent company's transactions with:		
Subsidiaries		
Loans received	173 000	696 400
Loans repaid	173 000	696 400
Loans issued	1 540 000	6 640 900
Loan repayment received	3 425 355	1 238 000
Interest paid	2 944	5 341
Interest received	21 500	15 852
Services delivered	27 424	43 010
Services received	5 294	94 547
Investment in shares	-	500 000

Notes (continued)
Related party transactions (continued)

	2020 EUR	2019 EUR
Companies and individuals under common control or significant influence		
Loans repaid	44 000	76 000
Loans issued	79 000	42 000
Loan repayment received	1 598	-
Interest paid	-	572
Interest received	300	1 875
Services delivered		
Other related companies	40 000	-
Loans issued	54 700	380 005
Loan repayment received	3 231	40 528
Interest received	15 569	20 900
Services received	16 263	14 014
Services delivered	43	-
Goods received	160	-
Fixed assets sold		
Group's transactions with:		
Owners of the parent company	252 000	371 760
Loans issued	957 932	59 660
Loan repayment received	-	2 525
Interest paid	28 390	31 020
Interest received	3 000 000	1 500 000
Dividends paid	1 698	3 504
Services received	3 625	394
Services delivered	2 082	-
Goods sold	1 921	-
Investment in shares		
Companies and individuals under common control or significant influence	44 000	76 000
Loans issued	79 000	42 000
Loan repayment received	1 598	-
Interest paid	-	572
Interest received	300	1 875
Services delivered		
Other related companies	40 000	-
Loans issued	54 700	380 005
Loan repayment received	3 231	40 528
Interest received	15 569	20 900
Services received	16 263	14 014
Services delivered	43	-
Goods received	160	-
Fixed assets sold		

Notes (continued)

(20) Guarantees issued, pledges

As at 31.12.2017, the Company has issued guarantees for another Company to purchase cars on financial lease terms. The total amount guaranteed as at 31.12.2020 is EUR 12 366. The guarantee is in force until 2021. On December 4, 2019, the Company registered a commercial pledge by pledging all its property and receivables in amount of EUR 40.5 million as a collateral for bondholders of notes issues ISIN LV0000802213, and ISIN LV0000802379, as well as for SIA "Mintos Finance".

(21) Subsequent events

After the end of the financial year, the Republic of Latvia and many other countries there is in place coronavirus related restrictions that substantially decrease the economic development of the country and of the world. It is unpredictable how the situation would develop in the future, and therefore uncertainty regarding economic development remains. The Company's management is continuously assessing the situation and currently the Company's operations have not been significantly negatively affected.

To ensure the Company's operational stability in unclear economic environment, the Company's management has taken necessary actions including: (1) decrease of operational costs, (2) decrease of lending activity and focus on long-term clients with good credit history, (3) measures for maintaining high liquidity. The Company's management believes that these actions will allow to overcome the emergency situation and economic crisis related to it. However, this conclusion is based on the information available at the moment of signing these financial statements and the impact of further events on overall economic situation is unpredictable. Therefore, it is possible that the Company's loan portfolio will decrease, but credit risk will increase, to a greater extent than the Company has estimated. That will have a negative effect on the Company's performance and it can impact the compliance with financial covenants stipulated in the Company's financing agreements.

Didzis Ādmīdiņš Chairman of the Board	**Kristaps Bergmanis** Board Member	**Ivars Lamberts** Board Member	**Inta Pudāne** Chief accountant

Riga, 26th January 2021