

LIMITED LIABILITY COMPANY
"Hedge Capital Company"
registration number
40103968692

Annual report for 2019

25.06.2020.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SIA "HEDGE CAPITAL COMPANY"

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of SIA "Hedge Capital Company" ("the Company") set out on pages 8 to 26 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2019,
- the profit and loss statement for the year then ended,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SIA "Hedge Capital Company" as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on Other Information

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

- Information about the Company, as set out on page 5 of the accompanying Annual Report,
- the Management Report, as set out on pages 6 to 7 of the accompanying Annual Report.

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

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

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

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

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

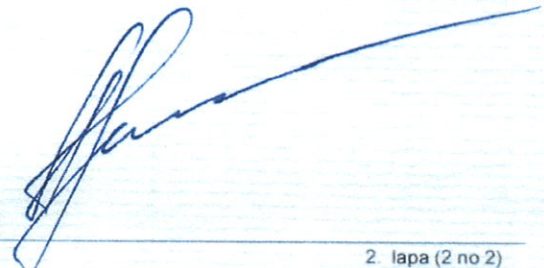
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

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

Anita Kaņepa, Certified Auditor
Certificate No. 34, LZRA
SIA "ARMA K Revidents Auditors", LZRA License No.90

Rīga, 25 June 25, 2020



INFORMATION ABOUT COMPANY

COMPANY NAME	"Hedge Capital Company"
LEGAL FORM	Limited Liability Company
REGISTRATION NUMBER IN THE REGISTER OF ENTERPRISES OF THE REPUBLIC OF LATVIA	40103968692
PLACE AND DATE OF REGISTRATION	Riga, 11 february 2016
LEGAL ADDRESS	Gustava Zemgala avenue 74, Riga, LV-1039
COMPANY BOARD	
	Name/Surname Andrejs Saricevs
	Position Member of the board
SHAREHOLDERS	
	Name LLC "DKS Holding"
	Proportion of shares % 100% of the shares
	Address Dzilnas street 19-32, Riga, LV-1021
ANNUAL REPORT PREPARED BY	
	Name/Surname Irina Fadejeva
	Position Accountant
REPORTING YEAR	01.01.2019 - 31.12.2019
PREVIOUS REPORTING YEAR	01.01.2018 - 31.12.2018
AUDITORS AND THEIR ADDRESSES	LLC "ARMA K Revidents Auditors" LACA License No. 90 P.Lejina 1-31, Riga, Latvia Certified Auditor Anita Kanepa Certificate No. 34

MANAGEMENT REPORT

Main activities

LLC "Hedge Capital Company", hereinafter - Company, provides credit granting services. NACE2 classification code - 64.92 Other credit granting.

Branches and representative offices abroad

The company has no branches and representative offices abroad.

Company's activity in the reporting year

In 2019, SIA Hedge Capital Company continued to showcase strong financial performance. Despite the changes in legislation with decreased interest rate cap, company reached EUR 722 532 revenues. By implementing the business strategy and all planned measures, the following financial indicators have been achieved in 2019:

Profitability ratios	<u>2019</u>	<u>2018</u>
Gross profitability %	30%	69%
Earnings before tax (EBT)	-12%	-3%
Profitability on net profit %	-14%	-4%

Gross profitability, compared to 2018, has decreased by 39 percentage points, EBT decreased by 9 percentage points. This can be explained by significant legislative changes regarding the reduction of the interest rate cap. Management believes that the amount of losses is moderate and does not pose financial risks to the company.

Liquidity ratios	<u>31.12.2019.</u>
Current liquidity	6.13 coefficient
Total liquidity	6.39 coefficient

In 2019 company increased paid share capital by EUR 2.950 million, improving liquidity ratio. By the end of 2019 company liquidity ratio reached 6.39 mark.

Future prospects and future development

During 2019, company increased loan portfolio by 5%, reaching EUR 1.768 million. In 2020 company joined P2P platform *luvo Group* to speed up growth of loan portfolio. The investment attraction results are great, and management highly appreciates the trust of all investors who are providing important funding to the business.

Company has set itself the goal of becoming a non-bank lending company with the best customer service in the industry. The company has optimized costs, completed the product. From now on, the main focus of management will be on improving customer service and ease of use. In the future, the main management emphasis will be on growing the loan portfolio, optimizing the evaluation process and improving repayment rates.

Financial risk management

The Company's financial risk management policy is described in financial statement attachment (note No. 24).

Information on research and development activities

The Company has no costs for research and development activities during the reporting year.

The company's own shares or units

The company is not a shareholder.

Use of financial instruments

The Company's most significant financial instruments are loans from legal entities, trade receivables and cash and its equivalents. The main task of these financial instruments is to provide funding for the Company's business activities. The Company also has some other financial instruments, such as other receivables, trade payables and other creditors arising directly from its operations.

MANAGEMENT REPORT

Events after the last day of the reporting year

After the end of the financial year, in March 2020, restrictions related to the spread of coronavirus have entered into force in the Republic of Latvia and many other countries, which significantly reduce the economic development in the country and in the world.

While there is no deterioration in the execution of customer payments, management has taken preventive steps to mitigate a potential negative effect of the current global situation.

Management has reviewed company's expenses. By significantly reducing payroll expenses (by ~20%) as well as most of administrative expenses, the company plans to maintain profitability in 2020.

Management is confident that actions taken will be sufficient to strengthen company's positions in the market in the long term. Something good comes from every crisis and we are here to make it happen.

The financial statement has been prepared on a going concern basis and management does not see any liquidity problems regarding the above mentioned.

Profit distribution for the reporting year

The reporting year ended with losses: (98 419) euro

Company balance sheet value: 2 097 375 euro

The company's losses for 2019 will be covered from the next year's profit.

Statement of management responsibility

"The Company's management is responsible for the preparation of the financial statement based on the original accounting records for each reporting period that give a true and fair view of the Company's financial situation at the end of the reporting year and of the results of its operations.

Management confirms that in preparing this financial statement for the period ended 31 December 2019, appropriate accounting policies have been used, their application has been consistent, and reasonable and prudent decisions have been made. The management confirms that the relevant accounting principles of the Republic of Latvia have been complied with and the financial statement has been prepared in accordance with the going concern principle.

Management is responsible for keeping proper accounting records, for safeguarding the Company's assets, and for preventing and detecting fraud and other irregularities.

Management confirms that it has provided the information and explanations necessary for the audit. "

Andrejs Saricevs - Member of the board
25.06.2020.

**PROFIT OR LOSS STATEMENT (by expenditure function)
FOR 2019**

	Note No.	2019 <i>euro</i>	2018 <i>euro</i>
Net turnover		722 532	1 146 954
incl.			
<i>b) from other core business activities</i>	1	722 532	1 146 954
Cost of production, cost of goods sold or services provided	2	(505 765)	(356 606)
Gross profit or loss		216 767	790 348
Sales costs	3	(82 217)	(102 733)
Administration costs	4	(343 835)	(359 416)
Other operating income of the company	5	215 641	119 744
Other operating expenses of the company	6	(48 044)	(418 824)
Interest and similar costs:		(45 373)	(59 000)
incl.			
<i>a) related companies</i>	7	(8 686)	-
<i>b) other persons</i>	7	(36 687)	(59 000)
Profit or loss before corporate tax		(87 061)	(29 881)
Corporate income tax for the reporting period	19	(11 358)	(14 834)
Profit or loss after corporate income tax		(98 419)	(44 715)
PROFIT OR LOSS FOR THE REPORTING YEAR		(98 419)	(44 715)

Andrejs Saricevs - Member of the board
25.06.2020.

The annual report was prepared by

/Irina Fadejeva/Accountant

BALANCE SHEET

31 December 2019

ASSETS		31.12.2019	31.12.2018
	Note No.	<i>euro</i>	<i>euro</i>
LONG-TERM INVESTMENT			
I.Intangible investments			
Concessions, patents, licences, trade marks and similar rights	8	206 362	233 311
Other intangible investments	8	3 527	-
Advance payments for intangible assets		871	-
Total intangible investments		210 760	233 311
II.Fixed assets			
Other fixed assets and inventory	9	16 938	25 815
Advance payments for fixed assets		-	501
Total fixed assets		16 938	26 316
Total long-term investment		227 698	259 627
CURRENT ASSETS			
I.Inventory			
Raw materials and consumables	10	10 373	6 623
Total inventory		10 373	6 623
II.Debtors			
Trade receivables	11	1 766 720	1 630 210
Other debtors	12	15 188	47 735
Costs of future reporting periods	13	6 713	8 316
Accrued income		4 513	-
Total debtors		1 793 134	1 686 261
IV.Cash and cash equivalents	14	66 170	74 938
Total current assets		1 869 677	1 767 822
TOTAL ASSETS		2 097 375	2 027 449

BALANCE SHEET**31 December 2019**

LIABILITIES		31.12.2019	31.12.2018
	Note No.	<i>euro</i>	<i>euro</i>
OWN CAPITAL			
Fixed capital	15	3 375 000	425 000
Retained earnings:			
Accumulated profit (loss) for the previous years		(1 471 684)	(1 426 969)
Profit or loss of the reporting year		(98 419)	(44 715)
Total own capital		1 804 897	(1 046 684)
CREDITORS			
Long-term creditors			
Other loans	16	-	2 950 000
Total long-term creditors		-	2 950 000
Short-term creditors			
Other loans	16	226 375	49 167
Advances received from buyers	17	1 002	5 586
Debts to suppliers and employees	18	4 080	7 134
Taxes and state social insurance contributions	19	26 943	31 883
Other creditors	20	20 219	24 128
Accrued liabilities	21	13 859	6 235
Total short-term creditors		292 478	124 133
Total creditors		292 478	3 074 133
TOTAL LIABILITIES		2 097 375	2 027 449

Andrejs Saricevs - Member of the board
25.06.2020.



The annual report was prepared by
/Irina Fadejeva/Accountant

ANNEX TO THE FINANCIAL STATEMENT
FOR 2019

V. EXPLANATORY NOTES TO ITEMS ON THE PROFIT OR LOSS STATEMENT

1 Net turnover*

	2019	2018
	<i>euro</i>	<i>euro</i>
Interest revenue	675 384	920 031
Accrued interest	47 148	226 923
Total	722 532	1 146 954

* During the reporting year, changes were made in the classification of items compared to the previous period, as a result of which the comparative indicators were reclassified. The reclassification has no effect on the financial result. In the financial statements, comparative figures for the previous period are classified according to the principles of the reporting year and are comparable.

2 Cost of production, cost of goods sold and services provided

	2019	2018
	<i>euro</i>	<i>euro</i>
Wages*	133 690	125 198
Social security contributions*	32 243	30 160
Rent of premises*	60 281	33 204
Utilities*	22 845	5 316
Depreciation of fixed assets and intangible investments*	69 398	44 587
Low value inventory*	1 361	1 434
Telecommunication charges, etc.*	17 186	11 992
IT costs, database subscriptions and maintenance, domains*	54 990	82 566
State fee for the lending licence, etc. State fees*	20 682	14 229
Delivery costs of payment cards	85 144	-
Credit administration costs	7 945	7 920
Total	505 765	356 606

* During the reporting year, changes were made in the classification of items compared to the previous period, as a result of which the comparative indicators were reclassified. The reclassification has no effect on the financial result. In the financial statements, comparative figures for the previous period are classified according to the principles of the reporting year and are comparable.

3 Sale costs*

	2019	2018
	<i>euro</i>	<i>euro</i>
Ads, marketing expenses	75 888	100 521
Traveling / subsistence allowance	4 750	1 895
Other expenses	1 579	317
Total	82 217	102 733

* During the reporting year, changes were made in the classification of items compared to the previous period, as a result of which the comparative indicators were reclassified. The reclassification has no effect on the financial result. In the financial statements, comparative figures for the previous period are classified according to the principles of the reporting year and are comparable.

ANNEX TO THE FINANCIAL STATEMENT
FOR 2019

4 Administration costs

	2019	2018
	euro	euro
Wages	237 825	251 624
Social security contributions	57 337	60 616
Staff sustainability events	4 318	3 985
Costs of recruitment and training*	2 312	4 649
Translation services*	908	156
Insurance payments*	8 001	7 710
Communication expenses	3 702	3 267
Office expenses	10 976	10 948
Bank charges and similar expenses	9 569	8 809
Legal advice	1 061	242
Representation expenses	758	1 827
Premises cleaning, maintenance and repair costs*	3 733	4 252
Other administration costs	3 335	1 331
Total	343 835	359 416

* During the reporting year, changes were made in the classification of items compared to the previous period, as a result of which the comparative indicators were reclassified. The reclassification has no effect on the financial result. In the financial statements, comparative figures for the previous period are classified according to the principles of the reporting year and are comparable.

5 Other operating income

	2019	2018
	euro	euro
Commissions and fees revenue	73 735	-
Accrued commissions and fees	35 421	-
Fees for preparation references	223	146
Credit registration fee*	128	15
Income for each active card account	30 242	-
Revenue from exchange rate fluctuations	114	-
Paid fines and penalties*	63 058	118 533
Other income	12 720	1 050
Total	215 641	119 744

* During the reporting year, changes were made in the classification of items compared to the previous period, as a result of which the comparative indicators were reclassified. The reclassification has no effect on the financial result. In the financial statements, comparative figures for the previous period are classified according to the principles of the reporting year and are comparable.

6 Other operating expenses

	2019	2018
	euro	euro
Losses from exchange rate fluctuations	-	49
Paid fines and penalties	-	37
Write-off of bad debtors	11 687	-
Provisions for doubtful debtors*	21 170	354 415
Debt collection expenses*	15 129	8 170
Other expenses	58	167
Adjustment of receivables according to analytical accounting**	-	55 987
Correction of a technical error**	-	(1)
Total	48 044	418 824

**ANNEX TO THE FINANCIAL STATEMENT
FOR 2019**

** During the reporting year, changes were made in the classification of items compared to the previous period, as a result of which the comparative indicators were reclassified. The reclassification has no effect on the financial result. In the financial statements, comparative figures for the previous period are classified according to the principles of the reporting year and are comparable.*

*** During the reporting year, corrections and reclassifications of comparative indicators were made. These corrections affected the financial result for 2018.*

7 Interest and similar costs

	2019 <i>euro</i>	2018 <i>euro</i>
Related companies	8 686	-
DKS Holding, SIA	8 686	-
Other persons	36 687	59 000
ALPHA FINANCE SOCIETY K/S	-	9 833
Viking Trust Credit Union K/S	17 536	49 167
Finsputnik platforma, SIA	6 548	-
FINTECH CAPITAL OY	12 603	-
Total	45 373	59 000

ANNEX TO THE FINANCIAL STATEMENT
FOR 2019VI. EXPLANATORY NOTES TO ITEMS ON BALANCE SHEET

ASSETS

8 Intangible investments

	Concessions, patents, licenses, etc <i>euro</i>	Total intangible investments <i>euro</i>	Total <i>euro</i>
<i>Initial value</i>			
31 December 2018	297 961	-	297 961
Acquisition/production costs	-	4 317	4 317
Value increases	27 705	-	27 705
Disposal or liquidation	-	(425)	(425)
Reclassified	3 854	-	3 854
31 December 2019	329 520	3 892	333 412
<i>Impairment adjustments of accumulated value</i>			
31 December 2018	64 650	-	64 650
Impairment adjustments	58 508	365	58 873
31 December 2019	123 158	365	123 523
<i>Balance sheet value</i>			
31 December 2018	233 311	-	233 311
31 December 2019	206 362	3 527	209 889

9 Fixed assets

	Other fixed assets and inventory <i>euro</i>	Total <i>euro</i>
<i>Initial value</i>		
31 December 2018	43 703	43 703
Acquisition/production costs	5 076	5 076
Reclassified	(3 854)	(3 854)
31 December 2019	44 925	44 925
<i>Impairment adjustments of accumulated value</i>		
31 December 2018	17 888	17 888
Impairment adjustments	10 099	10 099
31 December 2019	27 987	27 987
<i>Balance sheet value</i>		
31 December 2018	25 815	25 815
31 December 2019	16 938	16 938

10 Inventory

	31.12.2019 <i>euro</i>	31.12.2018 <i>euro</i>
Nordcard credit card packages	10 373	6 623
Total	10 373	6 623

ANNEX TO THE FINANCIAL STATEMENT
FOR 2019

11 Trade receivables

	31.12.2019	31.12.2018
	<i>euro</i>	<i>euro</i>
Non-collateral claims on loans granted*	2 342 367	2 184 687
Provisions for doubtful debtors	(575 647)	(554 477)
Total	1 766 720	1 630 210

* During the reporting year, corrections and reclassifications of comparative indicators were made. These corrections affected the financial result for 2018.

Movement of provisions for doubtful debts

	<i>euro</i>	<i>euro</i>
At the beginning of the reporting year	554 477	200 062
Value increase	86 924	354 415
Value decrease	(65 754)	-
At the end of the reporting year	575 647	554 477

12 Other debtors

	31.12.2019	31.12.2018
	<i>euro</i>	<i>euro</i>
Security deposit for rent of premises	15 180	15 180
Advance payments for the services	-	23 777
Creditors overpayments*	-	8 745
Other debtors	-	30
Overpaid business risk fee (see also note No. 19)*	8	3
Total	15 188	47 735

* During the reporting year, corrections and reclassifications of comparative indicators were made. These corrections affected the financial result for 2018.

13 Costs of future reporting periods

	31.12.2019	31.12.2018
	<i>euro</i>	<i>euro</i>
Employee health insurance	4 790	6 033
Database subscriptions and maintenance	1 923	2 283
Total	6 713	8 316

Costs of future reporting periods are expenses incurred before the balance sheet date, but refer to the next year.

14 Cash and cash equivalents

	31.12.2019	31.12.2018
	<i>euro</i>	<i>euro</i>
Cash in bank accounts	66 170	74 938
Total	66 170	74 938

ANNEX TO THE FINANCIAL STATEMENT
FOR 2019

LIABILITIES

15 Fixed capital

As at 31 December 2019, the registered and paid fixed capital of the Company is EUR 3,375,000, consisting of 3,375,000 shares with a nominal value of EUR 1 (one) per share. During the reporting year, the share capital was increased by EUR 2,950,000 by capitalizing a ceded loan from Viking Trust Credit Union K/S.

Company shareholders

Capital shares	Quantity <i>pieces</i>	Nominal value <i>euro</i>	Amount <i>euro</i>	Share in capital %	Justification for the purchase
DKS Holding, LLC	3 375 000	1	3 375 000	100	-
Total:	3 375 000	1	3 375 000	100	

16 Other loans

	31.12.2019 <i>euro</i>	31.12.2018 <i>euro</i>
Long-term part		
Viking Trust Union	-	2 950 000
Total	-	2 950 000

	31.12.2019 <i>euro</i>	31.12.2018 <i>euro</i>
Short-term part		
Finsputnik Platforma SIA	50 000	-
Fintech Capital Oy	173 000	-
Interest (Finsputnik)	583	-
Interest (Viking Trust)	89	49 167
Interest (Fintech Capital)	2 703	-
Total	226 375	49 167

17 Advances received from buyers

	31.12.2019 <i>euro</i>	31.12.2018 <i>euro</i>
Short-term part		
Advances	1 002	5 586
Total	1 002	5 586

18 Debts to suppliers and employees

	31.12.2019 <i>euro</i>	31.12.2018 <i>euro</i>
Short-term part		
Debts to suppliers and employees	4 080	7 134
Total	4 080	7 134

19 Taxes and state social insurance contributions

	(Saistības)/ pārmaksa 31.12.2018 <i>euro</i>	Aprēķināts 2019. gadā <i>euro</i>	Samaksāts/ (atmaksāts) 2019.gadā <i>euro</i>	Nokavējuma nauda <i>euro</i>	(Saistības)/ pārmaksa 31.12.2019 <i>euro</i>
Corporate income tax	(14 775)	(11 358)	14 807	-	(11 326)
Value-added tax	(1 654)	(5 842)	6 981	-	(515)
Business risk fee	3	(81)	86	-	8
Personal income tax	(4 251)	(63 916)	63 206	-	(4 961)
State social insurance contributions	(11 203)	(130 365)	131 427	-	(10 141)
Total	(31 880)	(211 562)	216 507	-	(26 935)
Tax overpayments	3				8
Tax liabilities	(31 883)				(26 943)

**ANNEX TO THE FINANCIAL STATEMENT
FOR 2019**
20 Other creditors

	31.12.2019	31.12.2018
	<i>euro</i>	<i>euro</i>
Short-term part		
Settlement of unpaid advance payments*	160	92
Settlement of wages	19 905	22 952
Other	154	1 084
Total	20 219	24 128

* During the reporting year, corrections and reclassifications of comparative indicators were made. These corrections affected the financial result for 2018.

21 Accrued liabilities

	31.12.2019	31.12.2018
	<i>euro</i>	<i>euro</i>
Accrued liabilities for services*	13 859	6 235
Total	13 859	6 235

* During the reporting year, corrections and reclassifications of comparative indicators were made. These corrections affected the financial result for 2018.

22 Details of off-balance sheet liabilities

At the end of the reporting year, the Company has not issued any pledge, guarantee or security.

23 Events after the end of the reporting year

After the end of the financial year, in March 2020, restrictions related to the spread of coronavirus have entered into force in the Republic of Latvia and many other countries, which significantly reduce the economic development in the country and in the world. The impact on the Company's operations in 2020 is described in the management report, the annual report is prepared on a going concern basis, and the Company does not see the risks of business termination and will take all recommended measures to reduce the impact of Covid-19 on the Company's ability to continue operations.

24 Financial risk management

The Company's most significant financial instruments are loans from legal entities, trade receivables and cash and its equivalents. The main task of these financial instruments is to provide funding for the Company's business activities. The Company also has some other financial instruments, such as other receivables, trade payables and other creditors arising directly from its operations.

The financial risks associated with the Company's financial instruments are mainly interest rate risk, liquidity risk and credit risk. The Company's management seeks to minimize the negative impact of potential financial risks on the Company's financial situation. The Company does not use derivative financial instruments for financial risk management.

Foreign currency exchange risk

The company operates in the local market and is minimally exposed to foreign currency exchange risk. With the current revenue-expenditure structure, additional control measures for exchange rate risk are not required. Additional risk mitigation mechanisms are not used as the total currency risk is assessed as minimal.

Interest rate risk

As the Company has loan liabilities, its cash-flow from financing activities is dependent on changes in market interest rates. The risk of floating interest rates has been eliminated because fixed interest rates have been set for the Company's borrowings.

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FOR 2019**

Credit risk

The Company concentrates to minimize credit risk due to the specifics of its core business - the issuance of unsecured loans, which is associated with an increased risk of recovery of issued loans, which could cause short-term liquidity problems to meet the Company's liabilities on time. The Company's policy is to ensure maximum control procedures in the process of issuing and recovering loans, as well as in the creation of provisions, in order to ensure this, the "Loan application evaluation procedure" and "Procedure for recovery of overdue loan liabilities" have been developed.

Liquidity risk

The Company adheres to the precautionary principle in liquidity risk management and maintains a sufficient amount of money accordingly. The Company's management monitors liquidity reserves and makes operational forecasts based on expected cash-flow. The management believes that the Company will be able to provide a sufficient level of liquidity through its operating activities, but will be able to receive financing if necessary.

Andrejs Saricevs - Member of the board
25.06.2020.



The annual report was prepared by
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