



UNAUDITED INTERIM CONSOLIDATED REPORT FOR THE FIRST HALF OF 2019



JSC VIA SMS GROUP

MANAGEMENT REPORT

The Management Board of JSC VIA SMS group presents its report on the unaudited interim consolidated income statement and statement of financial position for the period from January 1, 2019 to 30 June 30, 2019.

GENERAL INFORMATION

JSC VIA SMS group (the Company) is a joint stock company registered in the Republic of Latvia. Its subsidiaries are executing business operations in 7 European countries – Latvia, Lithuania, Sweden, Poland, Czechia, Romania and Spain. The Company's registered address is 13. janvāra iela 3, Rīga, Latvia, LV-1050.

CORE ACTIVITIES

The core activity of JSC VIA SMS group and its subsidiaries (together referred to as "Group") is providing consumer lending services (in particular – issuing online payday loans installment loans and credit lines). VIA SMS Group mission is to provide simple and accessible alternative financial services by delivering transparency, building trust and bringing positive change by encouraging smart financial decisions.

BUSINESS OVERVIEW

During the period from January 1 2019, to June 30, 2019, the Group's operations were successful; it has closed the reporting period with a net turnover of EUR 13 698 298 and corresponding 31% increase in comparison with the same period in 2018. The largest net turnover growth is reached in Sweden, Lithuania and Romania. During the first six months of 2019, the Group has reached EBITDA of EUR 2 029 337, ensuring the net profit of EUR 1 264 770.

Consolidated net portfolio of the Group as at June 30, 2019 was EUR 22 379 974, that is for 3% less than the net loan portfolio as per December 31, 2018. During the reporting period, significant growth was reached by the Company's subsidiaries operating in Latvia and Spain. In April 2019, there was a partial sale of portfolio in Sweden. Newly established subsidiary in Romania has shown stable growth of operations and is currently focusing on strengthening its positions in the Romanian consumer lending market.

On May 22, 2019, JSC VIA SMS group has registered new unsecured bonds issue (ISIN LV0000880094) in the form of private placement. Bonds with total issue size up to EUR 10 000 000 will be offered to a limited scope of investors; the annual coupon rate of bonds is set to 10% and maturity date – as of May 22, 2022. It is planned to include bonds on the alternative market "First North Baltic Bond List". The minimum subscription size is EUR 100 000 for each potential investor. On May 27, 2019, JSC VIA SMS group, AS paid out the principal and the last coupon for bonds with ISIN LV0000802064 according to the prospectus. Funds that are being raised within the new bonds issue will be used for the refinancing of previous bonds (ISIN LV0000802064) and in the ordinary course of business development of the company.

During the first six months of 2019 the Group has mainly focused on strengthening its positions in existing markets where it is providing consumer lending services - Latvia, Sweden, Poland, Czechia, Spain, and Romania. Multiple subsidiaries underwent significant improvements regarding boosting the effectiveness of credit scoring models, raising the quality of customer support service performance and communication effectiveness, as well as introducing new products for customer convenience.

The Group has also worked on intensive peer to peer lending platform VIAINVEST development by promoting it in the public environment and attracting new investors. Since the founding, the platform has already attracted almost 12 000 investors and has reached a milestone of more than 153 million EUR loans funded through the platform. On June 13, 2019 VIAINVEST has introduced single annual interest rate of 11% to all loan originators. This change will ensure better diversification of investment portfolio.

The Group has launched digital payment platform VIALET, a brand of the Group's subsidiary UAB VIA Payments, that has obtained electronic money institution license in Lithuania in 2017. VIALET is currently providing digital payments service as well as offering VIALET Mastercard for more convenient daily financial operations. VIALET has acquired almost 6000 customers and is continuously growing thanks to targeted business and marketing strategy.

PRODUCT OVERVIEW

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

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

In the second half of the year, the Group is planning to launch new innovative products as well as introduce credit line lending products in all represented markets. The Group's subsidiary UAB VIA Payments operating digital payment brand VIALET plans to expand its operations in Poland by offering digital payment services, payment cards, as well as overdraft.

JSC VIA SMS GROUP

INTERIM STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board of JSC VIA SMS group is responsible for preparing the unaudited interim consolidated income statement and statement of financial position of the Company and its subsidiaries.

The unaudited interim consolidated Income statement and statement of financial position are prepared in accordance with the source documents and give a true and fair view of the Company's and its subsidiaries' financial position and operation results for six months period ended June 30, 2019.

The Board confirms that appropriate accounting policies have been consequently applied and prudent and reasonable judgments and estimates have been made by the management in the preparation of the unaudited interim consolidated Income statement and statement of financial position for six months period ended June 30, 2019. The Board also confirms that International Financial Reporting Standards (IFRS) as adopted by the EU have been applied and complied with. The unaudited interim consolidated Income statement and statement of financial position have been prepared on a going concern basis and in compliance with laws and regulations of the Republic of Latvia applicable to the preparation of financial statements.

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

EDUARDS LAPKOVSKIS

Member of the Board

DENISS ŠERSTJUKOVS

Member of the Board

JSC VIA SMS GROUP

INTERIM CONSOLIDATED INCOME STATEMENT

GROUP		
EUR	1H 2019	1H 2018
Net turnover	13 698 298	10 493 305
Operating costs	(4 371 869)	(2 146 265)
Impairment allowances / sale of portfolio	(3 278 031)	(3 526 587)
Gross profit	6 048 398	4 820 453
Selling expenses (marketing)	(1 494 809)	(956 694)
Operating profit	4 553 589	3 863 759
Administrative expenses	(3 002 676)	(2 336 245)
Other operating expenses	(729 413)	(229 673)
Other operating income	562 724	23 449
Profit before tax	1 384 224	1 321 290
Taxes	(119 454)	(69 583)
Net profit for the period	1 264 770	1 251 707
Minority interest (loss)	(8 193)	(9 501)
Profit attributable to equity holders	1 272 963	1 261 208

GROUP		
EUR	1H 2019	1H 2018
Net profit for the period	1 272 963	1 261 208
Foreign currency translation reserve	41 966	(88 612)
Total comprehensive income	1 314 929	1 172 596

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP		
EUR	30.06.2019	31.12.2018
Non-current assets	3 678 241	746 183
Property, plant and equipment	201 903	118 907
Intangible assets	310 479	384 097
Investments in leasehold improvements	14 310	15 065
Bonds	3 068 890	-
Loans and trade receivables	37 296	37 296
Deferred tax	45 363	190 818
Current assets	31 072 965	31 202 495
Bonds	-	2 797 000
Loans and trade receivables	22 379 974	22 983 054
Other receivables	5 937 287	3 395 316
Prepaid expenses	706 056	161 080
Cash and cash equivalents	2 049 648	1 866 045
Total assets	34 751 206	31 948 679

GROUP		
EUR	30.06.2019	31.12.2018
Equity	3 628 794	5 693 009
Share capital	803 000	803 000
Foreign currency translation reserve	19 928	(22 038)
Revaluation reserve	(52)	(52)
Retained earnings	2 805 918	4 912 099
Total equity attributable to the members of the Company	3 600 450	5 673 195
Minority shareholder share capital	(28 344)	(19 814)
Non-current liabilities	7 283 226	1 810 110
Borrowings	3 522 226	1 810 110
Bonds	3 761 000	-
Current liabilities	23 867 530	24 465 374
Bonds	40 744	6 211 262
Borrowings	16 180 448	13 949 560
Unpaid dividends	2 275 346	-
Trade payables	3 231 550	2 553 215
Other liabilities	1 344 577	619 092
Corporate income tax payable	17 255	56 129
Accrued liabilities	710 822	834 010
Deferred income	66 788	242 106
Total liabilities	31 150 756	26 275 484
Total equity and liabilities	34 751 206	31 948 679

CONTACT US



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