Consolidated annual report for the year 2019

(5th financial year)

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Riga — 2020

mintos

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General information

Name of the Parent company	Mintos Holdings
Legal status of the Parent company	Joint stock company
Unified registration number, place and date of registration	40103902690 Riga, 27 May 2015
Registered office	Skanstes street 50 Riga, Latvia, LV–1013
Major shareholder	Grumpy Investments AS
Board Members	Martins Sulte – Chairman of the Board (from 27 May 2015) Martins Valters – Member of the Board (from 27 May 2015)
Council Members	Ramona Miglane – Chairperson of the Council (from 27 May 2015) Janis Abasins (from 27 May 2015) Ieva Judinska–Bandeniece (from 27 May 2015)
Financial period	1 January – 31 December 2019
Auditors	Diana Krisjane Latvian Certified Auditor Certificate No 124 SIA Ernst & Young Baltic Muitas iela 1A, Riga Latvia, LV – 1010 Licence No 17

Management report

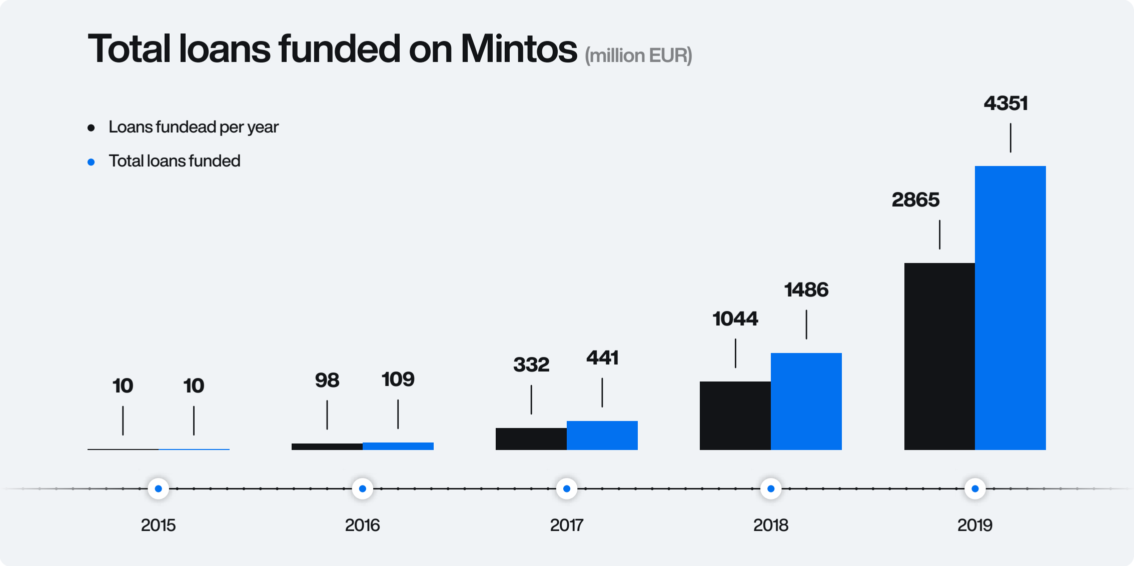
Historically, many investment opportunities have been reserved only for institutional investors and those who have accumulated significant capital or who have had unique access. Investing in loans, a rather straightforward contract and one of the oldest financial instruments, has not been an exception. It has been 5 years since we set out to change that and provide everyday investors with access to investing in loans. From a young startup we have grown into the leading marketplace for investing in loans in Europe, with retail investors every month funding more than EUR 300 million of loans issued all across the world.

In 2019, we considerably expanded our team. 128 new talents joined Mintos in 2019, tripling the team to 180 Mintos people across its offices in Riga and Warsaw and newly opened offices in Berlin and Vilnius. We consistently keep our hiring standards very high, and with 2 candidates hired per 100 applications, we sifted through thousands of profiles and held innumerable interviews in 2019. We are particularly proud that we can attract and keep the best international talent - #mintospeople are representing 20 countries. In 2019, we also established the leadership team consisting of 8 members overseeing every line of our operations. Finally, in September 2019 we moved into a newly built head office in Riga, Latvia, inhabiting 1200 square meters of modern and eco-friendly space.

We continued to improve the Mintos platform and made significant investments in new initiatives that will pave the way for further growth in years to come. In June 2019 we launched "Invest & Access", a new investment product offering easy set-up, great diversification, and faster cashouts, while still delivering attractive returns. In December 2019, we shipped the first Mintos mobile app beta to the test group and subsequently launched the app to all users in early 2020. We also started working on building our own anti-money laundering (AML) and payment systems.

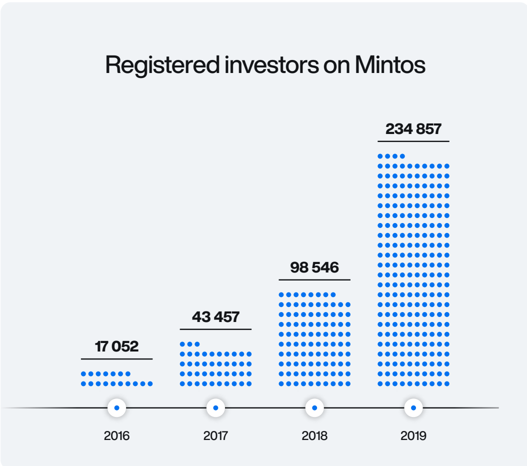
2019 was our best year so far

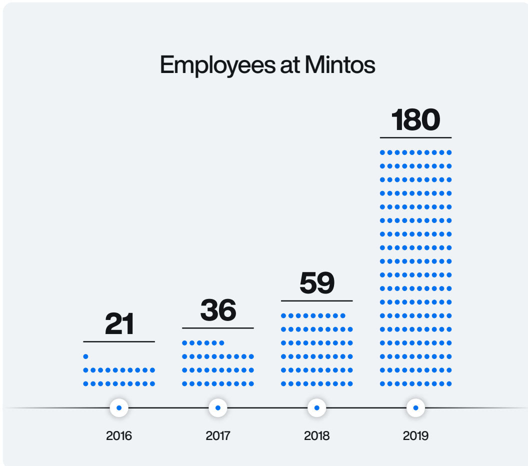
Our efforts led to 136 310 new investors joining Mintos in 2019, which is 150% more than in 2018. At the end of the year, we were servicing a total of 234 857 investors coming from 91 countries. In 2019 investors funded EUR 2.8 billion in loans through the Mintos marketplace. That is more than in all the previous years combined since Mintos was launched in 2015, bringing the total volume of loans funded since inception to EUR 4.3 billion. The outstanding funded loan portfolio also increased significantly - from EUR 259.0 million in 2018 to EUR 542.8 million in 2019, with each active investor having an average outstanding balance of EUR 4 725 invested across 241 different loans. Finally, by investing in loans on Mintos investors earned EUR 45 million in interest in 2019, while the average annual interest rate of loans available for investment in 2019 was 11.9%.



We also saw a considerable expansion of the loan supply side of the marketplace. 29 new loan originators joined Mintos throughout the year, further increasing the unmatched supply of loans on the marketplace and expanding the pool of its geographies by five new countries: Belarus, Indonesia, Namibia, Turkey, and Vietnam. At the end of the year, 68 alternative lending companies from 32 countries across five continents were bringing loans they issue to borrowers to the Mintos marketplace for investors to invest in.

As a result, in 2019 we became the leading crowdlending platform in Europe with 40% of the total observed market of EUR 6.4 billion of loans that were funded through European platforms (the United Kingdom excluded), according to the market data aggregator Brismo.





We were excited to see that our customer-centric business model, the culture of transparency, and persistent efforts to make investing in loans easy and globally accessible, were repeatedly recognised during 2019. Mintos was selected as one of the Adyen and The Next Web's top scale-ups for the Tech5 in 2019. In February 2019, the votes from investors placed Mintos as the winner of the AltFi's "People's Choice Award 2018". We were also one of ten companies that made it to the Rising Star category of the Deloitte's "Technology Fast 50" Central Europe Programme 2019. Finally, in November 2019, Mintos became the only double-award winner of the AltFi awards of 2019. We collected our fourth "People's Choice Award", and Mintos was named the AltFi's "Alternative Finance Platform of The Year 2019".

Summary of financial results

In line with the growth of the business KPIs, our revenue doubled in 2019, following the same trend from the previous year. At the end of 2019, our revenue was EUR 9.189 million, compared to EUR 4.659 million in 2018 and EUR 2.053 million in 2017.

During the year we made considerable investments in people, product, and customer acquisition. In total EUR 1.168 million were invested in the development of the platform and further EUR 468 thousand in other operating assets. We ended 2019 with a net loss of EUR 972 thousand. The loss for the year includes charges of EUR 213 thousand (EUR 51 thousand in 2018) related to the fair value of share-based payment benefits which are being recognised over the vesting period. By their nature, these payments are not reflective of ongoing trading performance and they are not considered part of the underlying results. Excluding these charges, the result is a loss of EUR 759 thousand in 2019 and a loss of EUR 226 thousand in 2018.

Risks and uncertainties

Like many other companies, Mintos faces risks and uncertainties related to the nature of its business, mostly regulatory compliance risk, liquidity risk, operational risk, security risk, and market risk.

The business operations of Mintos are influenced by the market dynamics on the macroeconomic level. Our performance is tied to the business performance of the lending companies on the Mintos marketplace, coming from around the world. The risk that comes with a global presence is at the same time cushioned by the opportunities to diversify operations. Mintos management and risk team monitor global developments and assess the possible risks and evaluate potential business responses where necessary.

On the regulatory front, while the pan-European regulation for crowdlending platforms for investment in loans still doesn't exist, we have actively supported regulating the industry and have collaborated with policymakers and contributed to the regulation of the growing European crowdlending market. We strongly believe that a more secure and controlled environment raises the bar for the quality of services. Mintos is also one of the founding members of the new European Fintech Association, the international Brussels-based body for advisory and contributions to fintech-related laws and regulations in Europe that's in the process of establishment.

Mintos complies to a strong set of Know Your Customer (KYC) and AML procedures, with stringent monitoring measures for all types of transactions. Mintos is committed to maintaining a controlled environment that enables effective responses to financial crime threats. We follow the General Data Protection Regulation (GDPR) requirements and continually invest in resilient technologies for data security.

At Mintos we are committed to high-quality governance and control in order to run the business effectively and manage risk appropriately. We aim to run a business that is innovative and successful, without exposing itself or its customers to unacceptable risk.

Response to COVID-19 and 2020 outlook

We are writing this in July 2020. The year has gotten off to a turbulent start with the outbreak of COVID-19 in March

2020 and countries around the world introducing restrictions to prevent the spread of the virus. The unpredictability of the future developments of the pandemic brought uncertainty, which has had direct consequences also on our business. We adjusted our strategy accordingly to focus on sustainability and took the necessary measures that will allow us to be well equipped to go through the pandemic-caused economic downturn. The measures that were introduced include, among others:

- zero budgeting and the reduction of the comprehensive administrative, general, and employee benefit expenses;
- the reduction of the number of employees by 18%, with the halting of all expansionary hiring processes;
- a fee for selling loans on the Secondary Market;
- management of the account payables and receivables, for better facilitation of the cash flows.

Albeit now subsiding, in the first few months of the COVID-19 pandemic, we experienced a drop in new client registrations and existing investors putting new investments on pause and reducing their portfolios. That has resulted in a decrease in the total outstanding portfolio, consequently affecting our commission and fee income. The crisis has also led to many of the risks on the loan supply-side materialising in a very short period of time which combined with imposed moratoriums have affected lending companies' ability to collect and transfer borrower repayments to Mintos investors. We have seen borrower default risk, lending company risk, country risk, regulatory risk, and exchange rate risk exhibit themselves in one form or another. However, despite the severity of the crisis, the number of problem cases has been limited, with the vast majority of the portfolio continuing to perform.

In 2020, we will continue our efforts to nurture and grow our investor base, while paying particular attention to managing the problem cases and educating investors about the relationship between risk and return. We will also focus our attention on keeping in close touch with the lending companies using our marketplace. We are particularly excited about the regulatory projects we are working on. Obtaining both an electronic money institution and investment firm license will help us to provide existing and new services in a regulated environment, further protecting both investors and lending companies.

While the COVID-19 pandemic has slowed us down in making investing in loans mainstream, it has also taught us valuable lessons. Making loans a viable part of a modern investor portfolio is a long-term play, and so is investing where the real returns can be assessed only over a decade or two.

Statement of management responsibilities

The management of Mintos will continue to evaluate the market developments, in order to make the best business decisions that are in the best interest of all Mintos stakeholders.

The conclusions and comments in this management report are assessed based on inputs known in the period when the Annual Report was being completed. The future activities of Mintos may differ from the current management's judgment.

The management is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

The annual report was approved by the general shareholders' meeting on July 10, 2020.

Martins Sulte Chairman of the Board	**Martins Valters** Member of the Board

July 10, 2020

Consolidated financial statements:

Consolidated statement of comprehensive income

Consolidated financial statements:
Consolidated statement of comprehensive income

July 10, 2020

	Notes	2019	2018 (restated)*
		EUR	EUR
Commission and fee income	5	9 188 765	4 659 079
Commission and fee expenses	6	(150 439)	(111 779)
Net commission income		**9 038 326**	**4 547 300**
Employee benefit expenses	7	(4 206 186)	(1 674 279)
Depreciation and amortization	13,14	(484 779)	(199 729)
Administrative and other general expenses	8	(5 433 372)	(2 955 417)
Other income	9	299 355	39 221
Impairment losses	29a	(122 096)	-
Interest and similar expenses	10	(40 233)	(8 989)
Interest and similar income	11	723	2 028
(Loss) before tax		**(948 262)**	**(249 865)**
Corporate income tax	12	(3 087)	-
Deferred income tax	12	(20 555)	(26 746)
(Loss) for the year		**(971 904)**	**(276 611)**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		(1 842)	2 649
Other comprehensive income/(loss) for the year, net of tax		(1 842)	2 649
Total comprehensive income		**(973 746)**	**(273 962)**

* Information regarding the corrections made in the financial statements is disclosed in Note 2r.

The accompanying notes form an integral part of these financial statements.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Consolidated financial statements:

Consolidated statement of financial position

Consolidated financial statements:
Consolidated statement of financial position

July 10, 2020

	Notes	31/12/2019	31/12/2018 (restated)*
		EUR	EUR
Non-current assets			
Intangible assets	13	1 318 745	449 930
Fixed assets	13	441 008	86 821
Right-of-use assets	14	1 197 716	-
Deferred acquisition costs	15	7 803	34 319
Other debtors	17	3 500	180 409
Total non-current assets		**2 968 772**	**751 479**
Current assets			
Trade receivables	16	1 087 750	391 107
Other debtors	17	191 944	103 924
Deferred acquisition costs	15	11 752	34 247
Cash at banks	18	689 917	910 814
Total current assets		**1 981 363**	**1 440 092**
TOTAL ASSETS		**4 950 135**	**2 191 571**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	1 000 003	1 000 001
Share premium	19	2 599 997	999 999
Other capital reserves	19, 26	366 814	154 213
Foreign currency exchange reserve	19	1 300	3 142
Retained losses		(1 931 988)	(960 084)
Total Equity		**2 036 126**	**1 197 271**
Non-current liabilities			
Advances received	21	37 435	108 785
Deferred tax liabilities	12	47 301	26 746
Lease	14	855 562	-
Contract liabilities	24	164 187	104 360
		1 104 485	**239 891**
Current liabilities			
Trade and other payables	20	562 565	206 943
Loans from related parties	25	-	25 000
Lease	14	220 875	-
Taxes and State mandatory social insurance payments	22	294 858	116 242
Advances received	21	89 636	105 355
Accrued liabilities	23	486 500	213 380
Contract liabilities	24	155 090	87 489
Total Current liabilities		**1 809 524**	**754 409**
TOTAL EQUITY AND LIABILITIES		**4 950 135**	**2 191 571**

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Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Consolidated
financial statements:

Consolidated statement of cash flows

Consolidated financial statements:

Consolidated statement of cash flows

July 10, 2020

	Notes	2019	2018 (restated)*
Cash flows to/from operating activities		EUR	EUR
Profit/(loss) before tax		(948 262)	(249 865)
Adjustments for:			
Amortisation and depreciation		484 779	199 729
Unrealised loss from fluctuations of currency exchange rates		3 840	8 097
Other interest and similar income		(723)	(2 028)
Interest and similar expense		36 393	205
Share-based payment expense		212 601	51 409
(Gain)/loss on disposal of property, plant and equipment		7 196	3 020
Impairment losses		122 096	-
Operating profit/(loss) before working capital changes		**(82 080)**	**10 567**
(Increase)/decrease in receivables and other assets		(834 614)	(66 562)
Increase/(decrease) in payables		839 063	209 503
Cash generated from operations		**4 449**	**142 941**
Corporate income tax paid		(3 087)	-
Net cash flows to/from operating activities		**(80 718)**	**153 508**
Cash flows to/from investing activities			
Purchase of equipment	13	(442 940)	(80 140)
Disposal of equipment		2 800	-
Purchase of intangible assets	13	(1 193 381)	(336 135)
Issued loans to related parties		(125 000)	-
Received repayment issued loans		125 000	70 000
Interest received		722	5 242
Net cash flows to/from investing activities		**(1 632 799)**	**(341 033)**
Cash flows to/from financing activities			
Issued share capital	19	2	1
Issued, paid share premium	19	1 599 998	999 999
Payment of principal portion of lease liabilities		(73 977)	-
Interest paid		(4 563)	-
Received loans from related parties		1 534 279	25 000
Repayment of received loans		(1 559 279)	-
Net cash flows to/from financing activities		**1 496 460**	**1 025 000**
Change in cash at banks		(217 057)	837 475
Net foreign exchange difference		(3 840)	(8 097)
Cash at banks at the beginning of the year		910 814	81 436
Cash at banks at the end of the year		**689 917**	**910 814**

* Information regarding the corrections made in the financial statements is disclosed in Note 2r.

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Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Consolidated financial statements:

Consolidated statement of changes in equity

Consolidated financial statements:

Consolidated statement of changes in equity

	Share capital	Share premium	Other capital reserves	Foreign currency translation reserve	Retained losses	Total
Balance as at 31 December 2017	**1 000 000**		**102 804**	**493**	**(616 689)**	**486 608**
Effect of adoption of IFRS 15 Revenue from Contracts with Customers*	-		-	-	(66 748)	**(66 748)**
Balance as at 1 January 2018 (adjusted)	**1 000 000**	**-**	**102 804**	**493**	**(683 473)**	**419 824**
Issue of share capital	1	999 999	-	-	-	1 000 000
Share based payments			51 409			51 409
Loss for the reporting year	-	-	-	-	(276 611)	(276 611)
Other comprehensive income	-	-	-	2 649	-	2 649
Total comprehensive income	-	-	-	2 649	(276 611)	(273 962)
Balance as at 31 December 2018	**1 000 001**	**999 999**	**154 213**	**3 142**	**(960 084)**	**1 197 271**
Issue of share capital	2	1 599 998	-	-	-	1 600 000
Share based payments	-	-	212 601	-	-	212 601
Loss for the reporting year	-	-	-	-	(971 904)	(971 904)
Other comprehensive income	-	-	-	(1 842)	-	(1 842)
Total comprehensive income	-	-	-	(1 842)	(971 904)	(973 746)
Balance as at 31 December 2019	**1 000 003**	**2 599 997**	**366 814**	**1 300**	**(1 931 988)**	**2 036 126**

* Information regarding the corrections made in the financial statements is disclosed in Note 2r.

The accompanying notes form an integral part of these financial statements.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

Notes to the consolidated financial statements

1. Corporate information

The consolidated financial statements of Mintos Holdings AS (the Company) and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board Members on 10 July, 2020. In accordance with the Commercial Law of the Republic of Latvia, the shareholders' meeting has the right to make the decision on the approval of the financial statements. The registered office of the Group is at Skanstes street 50, Riga.

The core business activity of the Group during the reporting year was to operate a global online marketplace for loans providing investors with an easy and transparent way to invest in loans originated by a variety of alternative lending companies around the world.

The parent company of the Group is AS Grumpy Investments (Latvia). Information on the Group's structure is provided in Note 4.

2. Summary of significant accounting policies

a. Basis of preparation

These consolidated financial statements of the Group are based on the accounting records made pursuant to the legislative requirements and prepared in conformity with International Financial Reporting Standards as adopted by the European Union (IFRS), on a going concern basis. These consolidated financial statements are prepared on a historical cost basis.

The presentation currency used in the consolidated financial statement is euro (EUR), the presentation currency of the Republic of Latvia. The financial statements cover the period 1 January 2019 through 31 December 2019.

The consolidated financial statements provide comparative information in respect of the previous period. Comparative period is from 1 January 2018 through 31 December 2018.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability todirect the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Group's consolidated financial statements are presented in euros, which is also parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Consolidated Statement of comprehensive income under Exchange differences on translation of foreign operations.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

c. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2019:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to recognize most leases on the balance sheet. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group has adopted IFRS 16 using the modified retrospective approach of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard is recognized in retained earnings at the date of initial application and comparative information is not restated.

The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adopting IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

Assets		EUR
Right-of-use assets*		996 771
Prepayments, security deposits		(151 429)
	TOTAL:	**845 342**

Liabilities		
Interest-bearing loans and borrowings		996 771
Deferred tax liabilities		-
Trade and other payables		(151 429)
	TOTAL:	**845 342**

Total adjustments on equity:		
Retained earnings		-
	TOTAL:	**-**

* The Group has presented right-of-use assets as a separate line item in the statement of financial position

The Group has lease contracts of vehicles and office rent. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2p Leases for the accounting policy prior to 1 January 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for current leases and leases of low-value assets. Refer to Note 2p Leases for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases
The Group did not have any finance leases until 1 January 2019.

Leases previously classified as operating leases
The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application, i.e. 1 January 2019. The right-of-use assets were measured at an amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics
- relied on its assessment of whether leases are onerous immediately before the date of initial application
- applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use assets of EUR 996 771 were recognized and presented separately in the statement of financial position
- Prepayments, security deposit of EUR 151 429 related to previous operating leases were derecognized

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	EUR
Operating lease commitments as at 31 December 2018	1 173 884
Weighted average incremental borrowing rate as at 1 January 2019	4,5%
Discounted operating lease commitments as at 1 January 2019	1 118 270
Less:	
Commitments relating to short-term leases	(121 499)
Lease liabilities as at 1 January 2019	996 771

Amendments to IFRS 9: Prepayment features with negative compensation

The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These amendments had no impact on the financial statements of the Group.

Amendments to IAS 28: Non-current Interests in Associates and Joint Ventures

The Amendments relate to whether the measurement, in particular impairment requirements, of long- term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such non-current interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These amendments had no impact on the financial statements of the Group.

IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The Interpretation did not have an impact on the financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These amendments had no impact on the financial statements of the Group.

Annual Improvements 2015-2017 Cycle

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. The amendments had no impact on the financial statements of the Group as there were no transactions in which joint control over joint operation was obtained.

IFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. The amendments had no impact on the financial statements of the Group as there were no transactions in which joint control over a business was obtained.

IAS 12 Income taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income, or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, they had no impact on the financial statements of the Group.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. Since the Group's current practice is in line with these amendments, they had no impact on the financial statements of the Group.

d. Standards issued but not yet effective and not early adopted

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. These amendments will not have impact on the financial statements of the Group as the Group has no associates or joint ventures.

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

IFRS 16: Covid-19 Related Rent Concessions (Amendment)

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment is available to lessees only and is effective from 1 June 2020. It can be applied by lessees immediately in any financial statements—interim or annual—not yet authorized for issue. The amendment has not yet been endorsed by the EU.

IFRS 3: Business Combinations (Amendments)

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Management has made an assessment of the effect of the standard and considers that there is no material effect recognised.

Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. Management has made an assessment of the effect of the standard and considers that there is no material effect recognised.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. Management has made an assessment of the effect of the standard and considers that no material effect to be recognized.

e. Financial instruments

(i) Classification

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assets are classified as either financial assets subsequently measured at amortised cost, at fair value through profit or loss or at fair value through other comprehensive income (OCI). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group determines the classification of its financial assets after initial recognition and, where allowed or prompted and appropriate, re-evaluates this designation at each financial year-end. Currently all financial assets of the Group are classified and measured at amortised cost.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Currently the Group's all financial liabilities are classified as amortised costs.

(ii) Date of recognition

Accounts receivables from customers are recognized when services to the customers are provided. Other assets are recognized on the date when Group enters the contract giving rise to the financial instruments.

(iii) Initial and subsequent measurement of financial instruments

All financial instruments are measured initially at their fair value and in case of financial assets not at fair value though profit or loss and loans and borrowings, and payables net of directly attributable transaction costs.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial measurement, financial assets measured at amortised cost are measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by considering any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in Interest and similar income in the Statement of comprehensive income. The losses arising from impairment are recognised in the Statement of comprehensive income in Credit loss expense. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired. The Group's financial assets at amortised cost includes trade receivables, accrued income and loan to parent and other related companies.

(iv) Derecognition

A financial asset is derecognised only when the contractual rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised only when the obligation under the liability is discharged according to the contract or cancelled or expires.

All purchases and sales of financial assets are recognised and derecognised on the settlement date.

(v) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms, if relevant.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets where the Group calculates ECL are:

- Trade receivables and other receivables
- Loans to related parties
- Cash at bank

Impairment of other receivables from customers/contract assets (Trade receivables)

For trade receivables and unbilled receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group is taking into consideration its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, as well as the specifics of the Group's operations with limited number of counterparties and very short payment cycle for trade receivables. As a result, majority of the trade receivables outstanding as at year end are paid according to the contractual payment due date which is shortly after the year end.

Impairment of loans to related parties

The Group has a policy to apply general approach for the Loans to Related parties.

Impairment of cash at bank

For cash and cash equivalents default is considered as soon as balances are not cleared beyond conventional banking settlement timeline, i.e., a few days. Therefore, transition is straight from Stage 1 to Stage 3 given the low number of days that it would take the exposure to reach Stage 3 classification, meaning default. For cash and cash equivalents no Stage 2 is applied given that any past due days would result in default.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit engagements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

f. Intangible assets

Intangible assets comprise purchased licences, internally developed software and purchased internet domain names. Intangible non-current assets are stated at cost and amortised over their estimated useful lives on a straight-line basis over 3-year period, except purchased internet domain name which is not amortised and not tested as there were no indications. Internally developed software development costs include the costs related to development of software, mainly consisting of internally capitalised salary expenses. The Group has made estimation of the responsibilities for every development team member duty, based on that salary expenses are capitalised.

g. Fixed assets

Equipment is measured at cost less accumulated depreciation and impairment in value, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Equipment - over 3 to 5 years

Depreciation is calculated when asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Or it is engaged in commercial activity.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of comprehensive income in the year the item is derecognised.

h. Client acquisition costs

The Group incurred various expenditure that is related to client (investor) acquisition. Once the expenditure is incurred, the Group assesses if it can reliably measure expected future economic benefit related to the investment made. Future economic benefit arises from commission income that is earned as a direct result from incurred expenditure. If reliable measure is possible, the smaller of the two - incurred expenditure or future economic benefit - is recognised as deferred client acquisition costs in the statement of financial position. In subsequent periods the deferred client acquisition costs are recognised as expenses based on estimated realisation of the related economic benefit. If estimates in economic benefits related to previously recognised client acquisition costs change and as a result of these changes the expected economic benefits are lower than previously assessed, write-down is made. In cases when a reliable measure cannot be made the incurred expenditure is expensed directly to profit and loss.

IFRS 15 requires incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognized as an asset if certain criteria are met. Any capitalized contract costs assets are amortized on a systematic base that are consistent with the Group's transfer of the services to the customer.

The Group analyses the costs from contracts regarding IFRS 15 and these costs are recognized as the client acquisition costs only if certain criteria are met. Client acquisition costs are incurred to attract and acquire new clients and would not otherwise have occurred.

i. Impairment of non-financial assets

The Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that there is an indication that a non-financial asset may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the Statement of comprehensive income.

A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase amount constitutes reversal of impairment losses. In case of reversal of impairment the carrying amount is increased up to its recoverable amount but only to an extent it doesn't exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

j. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

k. Income and expense recognition

The Group applied IFRS 15 to all revenue arising from contracts with customers. The Group establishes a five-step model to account for the revenue arising from contracts with its customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.
The Group is taking into consideration all the relevant facts and circumstances when applying each step of IFRS 15 five-step revenue recognition model to contracts with the customers. Accounting is specified for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The main source of income is service fee income from loan originators, which includes the service fee calculated from the outstanding loans. Revenue from Service fee – loan originators is recognised over time. Performance obligation is to provide service of using the platform on a monthly basis.

Connection fees obtained by the Group are non-refundable upfront fees paid by the loan originators for the connection to Mintos platform. Connection fees do not represent a separate performance obligation from the provision of service of using the platform. Therefore, revenue from connection fees is deferred and recognized as revenue over the estimated term of customer relationship (i.e. period of loan originator using the platform), being 3 years based on current historical information and best estimate of the management. Connection fees received from customers which are deferred are accounted as contract liabilities in the statement of financial position.

The last source of income is foreign currency exchange commissions and that are recognised at point in time. Performance obligation is satisfied when service is provided to a customer.

Expenses are recognised on an accrual basis.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Contract liabilities are advances received.

l. Share based payments

All employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. All Group's share-based payments are equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a Black-Scholes valuation model, further details of which are given in Note 26. That cost is recognised in employee benefits expense (Note 7), together with corresponding increase in equity (other capital reserves), over the period in which the service is provided. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

m. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
  The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

n. 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.

o. Servicing assets and liabilities

Servicing assets consists of those loans that have been placed by the loan originators on the Mintos marketplace and where investors have made investments, while servicing liabilities consists of investment amounts due to investors. Given that the Group does not bear the credit risks and other finance risks related to these assets or liabilities but only earns commission for servicing them, these items are disclosed in these financial statements (Note 27).

p. Leases

The Group has adopted IFRS 16 using the modified retrospective approach of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard is recognized in retained earnings at the date of initial application and comparative information is not restated. For more information about the changes and the transitional effects from adopting IFRS 16, see Note 2c Changes in accounting policy and disclosures.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has few contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Refer to Note 14 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease period.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments. In calculating the present value of lease payments, the Group uses borrowing rate what is determined in agreement. If there is no mentioned borrowing rate then Group uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases - Estimating the incremental borrowing rate

The Group use interest rate implicit in the lease for vehicle lease but cannot readily determine the interest rate implicit in the office rent, therefore, it uses its Group borrowing rate to measure lease liabilities. The rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

Accounting policies applicable until 31 December 2018 and replaced by IFRS 16

Operating lease payments are recognised in income statement as expense over the rental period on straight line basis. Rental expense is recognised in income statement as Administrative and Other general expenses.

q. Income taxes and deferred taxes

The Groups tax for the period consists of current and deferred tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or from tax authorities using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Based on Latvian Corporate income tax law, starting from year 2018, corporate income tax is calculated on the basis of distributed profit or in case of expenses treated as deemed profit distribution (20/80 of the net amount payable to shareholders). Current tax arising from distributed profit is recognized when the shareholder of the Group makes a decision on profit distribution. Corporate income tax from deemed profit distributions is presented as 'Administrative and other expenses' in the statement of comprehensive income.

The tax rates and tax laws used to compute the amount are those that are applicable during the taxation period in the countries where the Group and the Parent Company operates. Current corporate income tax rate for the Parent company is applied at the statutory rate of 25% from distributed profit. Current corporate income tax rates for the foreign subsidiaries are:

Estonia	0% from undistributed profit and 14/86 from regular dividend payments (until 31 December 2018: 0% from undistributed profit and 20/80 from distribution of profit)
Poland	19%
United Kingdom	19%
Russia	20%
Lithuania	15%
Germany	15%
Mexico	30%

Deferred tax in consolidated financial statements arises from temporary differences arising between the tax bases of assets and liabilities and their carrying value for accounting purposes in the countries where tax is not calculated at distribution (i.e. Latvia and Estonia), as well as from undistributed profits of subsidiaries, since it is expected that the earnings of subsidiaries will be distributed at some moment. To the extent that subsidiaries'profit distribution is assumed, the deferred tax liability is recognized in consolidated financial statements.

r. Restatement of errors

Upon review of the Group's accounting policies and data analysis it was identified that Group should recognize connection fee revenue not at point in time but over time. Connection fees do not represent a separate performance obligation from the provision of service of using the platform. Therefore, revenue from connection fees has to be deferred and recognized as revenue over the estimated term of customer relationship being 3 years based on current historical information and best estimate of the management. As a result, revenue recognized as Commission and fee income in the Statement of Comprehensive Income decreased and contract liabilities were recognized in the Statement of Financial Position.

Correction made in financial statements:

Statement of Comprehensive income

	Financial Statements 2018 31/12/2018 before restatement	Correction	Financial Statements 2019 31/12/2018 restated
Commission and fee income	4 784 144	(125 065)	4 659 079
	TOTAL:	**(125 065)**	

Statement of financial position - Equity and Liabilities

	Financial Statements 2018 31/12/2018 before restatement	Correction	Financial Statements 2019 31/12/2018 restated
Profit / (loss) for the period	(151 546)	(125 065)	(276 611)
Contract liabilities (non-current)	39 117	65 243	104 360
Contract liabilities (current)	27 667	59 822	87 489
	TOTAL:	-	

Effect of adoption of IFRS 15 in the statement of changes in equity

	Financial Statements 2018 before restatement	Correction	Financial Statements 2018 restated
Retained earnings as at 31/12/2017	(616 689)	-	(616 689)
Effect on adoption of IFRS 15 on retained earnings	-	(66 784)	(66 784)
Retained earnings as at 01/01/2018	(616 689)	(66 784)	(683 473)

s. Subsequent events

Post-year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements.

3. Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. Such estimates and assumptions are based on most reliable information available to the management in respect to specific events and actions. The effect of any changes in estimates will be recorded in the financial statements when determinable.

The significant areas of estimation and assumptions in preparation of these financial statements relates to following areas:
The same significant estimates and assumptions as in last year:

- Share based payments. See Note 26 for more details.
- Client acquisition costs. See Note 15 for more details.
- Useful life of intangible assets. See Note 2f for more details.
- Impairment of financial assets. See Note 2i for more details.
- Servicing assets. See Note 2n for more details.

New significant estimates and assumptions compared to previous period:

- Lease term under IFRS 16. See Note 2b; 2p; 14 for more details.
- Recognition of revenue. See Note 2k for more details.

4. Group information

Information about companies included in the group
The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	2019 % of ownership	2018 % of ownership
Mintos Holding AS	Holding company	Latvia	100	100
Mintos Marketplace AS	Global online Marketplace for loans	Latvia	100	100
Mintos Finance Estonia OU	Support entity	Estonia	100	100
Mintos Polska Sp.z.o.o	Support entity	Poland	100	100
Mintos Finance SIA	Support entity	Latvia	100	100
Mintos Marketplace Ltd	Support entity	United Kingdom	100	100
Mintos Finance II SIA	Support entity	Latvia	100	100
Mintos Marketplace OÜ	Support entity	Estonia	100	100
Mintos SIA	Support entity	Latvia	100	100
Минтос Маркетплейс ООО	Support entity	Russia	100	100
Mintos Payments UAB	Support entity	Lithuania	100	100
Mintos Marketplace S.A.P.I. S.A. de C.V	Support entity	Mexico	100	100
Mintos Deutschland GmbH	Support entity	Germany	100	-

5. Commission and fee income

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Type of income:		2019	2018
Service fee - loan originators		8 753 223	4 421 429
Foreign currency exchange commissions		316 470	181 358
Connection fee income		119 072	56 292
	TOTAL:	**9 188 765**	**4 659 079**

Geographical markets:			
Europe		6 337 241	3 278 539
Asia		1 510 505	440 034
Africa		1 279 576	930 650
America		61 443	9 856
	TOTAL:	**9 188 765**	**4 659 079**

Timing of revenue recognition:			
Services transferred over time		8 872 295	4 477 721
Services transferred at a point in time		316 470	181 358
	TOTAL:	**9 188 765**	**4 659 079**

6. Commission and fee expenses

Commission expenses consist of commissions charged to execute foreign currency conversions.

7. Employee benefit expenses

	2019	2018
Salaries	4 207 187	1 655 032
Social security contributions	953 895	302 995
Shares based payment expenses (see Note 26)	212 601	51 409
Risk duty	521	225
Total:	**5 374 204**	**2 009 661**
Less: Capitalized development costs	(1 168 018)	(335 382)
TOTAL:	**4 206 186**	**1 674 279**

Part of salaries and related taxes have been capitalised to IT development costs (see Note 13). The Group employed 177 employees at the end of 2019 and 61 employees at end of 2018.

Key management personnel consist of management board and heads of functions that have significant impact on operations of the Group. During 2019 there were 8 employees as key management personnel (2018 – 8 employees). Key management personnel compensation of the Group is EUR 599 thousand in 2019 (EUR 318 thousand in 2018). The growth in compensation is due to new key management personnel joining in 2019, as well as part of key management personnel joined during last quarter of 2018.

8. Administrative and other general expenses

	2019	2018
Direct client acquisition costs*	1 942 237	1 322 609
IT and communication expenses	489 770	221 994
Indirect client acquisition expenses	459 696	86 440
Personnel related expenses	459 025	135 665
Non-deductible VAT	430 959	232 681
Office expenses	328 156	122 330
Legal expenses	299 112	323 076
Business trips	201 409	80 138
Office rent and related expenses	185 601	100 188
Audit and consultation expenses**	136 791	37 499
Business development expenses outside Latvia	6 893	40 025
Other expenses	493 723	252 772
TOTAL:	**5 433 372**	**2 955 417**

* Direct client acquisition costs consist of expenses related to affiliate program and refer-a-friend programs, as well as cash-back campaigns. These expenses consist of costs that are fully expensed when incurred in case of affiliate program and refer-a-friend programs. Costs related to cash-back campaigns are written off gradually, see Note 15 for more details.
** Includes fees for audit services in 2019 of EUR 28 thousand (EUR 9 thousand in 2018).

9. Other income

	2019	2018
Penalty income*	242 906	24 307
Other income	56 449	14 914
TOTAL:	**299 355**	**39 221**

* Penalty income are recognised based on contracts for not meeting contractual liabilities.

10. Interest and similar expenses

	2019	2018
Interest expenses from received loan (Note 25)	16 827	-
Interest expenses calculated on leases (Note 14)	16 038	-
Currency exchange losses	3 840	8 784
Penalty expenses	3 528	205
TOTAL:	**40 233**	**8 989**

11. Interest and similar income

	2019	2018
Interest and similar income	723	2 028
TOTAL:	**723**	**2 028**

12. Corporate income tax, deferred corporate income tax

	2019	2018
Current corporate income tax	3 087	-
Deferred corporate income tax	20 555	26 746
Corporate income tax charged to the statement of profit or loss:	**23 642**	**26 746**

Deferred corporate income tax liabilities

	31/12/2019	31/12/2018
Liabilities		
From undistributed profits of the Group's subsidiaries	47 301	26 746
Deferred corporate income tax liabilities:	**47 301**	**26 746**

Certain Group subsidiaries have undistributed profits, which will be taxed upon distribution. For the amount that has not been distributed and is likely to be distributed deferred tax liability is recognised.

Legal entities in Latvia are not required to pay income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia. In accordance with the mentioned amendments, a taxable person which has reported a loss as at 31 December 2017 in their corporate income tax return may decrease corporate income tax charged for dividends in the reporting year by the amount equal to 15 % of the total uncovered loss. If this amount is not used or is used only partially in the reporting year, the balance (tax on uncovered loss) may be attributed to corporate income tax which will be charged on dividends in the subsequent four reporting years by decreasing the balance (tax on uncovered loss) to the extent of the discount used each year accordingly. The outstanding balance of such Group's tax loss is EUR 686 696, of which 15 % are EUR 103 004. This amount may be used as a corporate income tax discount by decreasing corporate income tax charged for dividends by 50 % in subsequent reporting years but no later than the reporting year beginning in 2022 (inclusive). Given that there is uncertainty if the uncovered loss can be utilised till the mentioned period for the given subsidiary, no deferred tax asset had been recognised.

Corporate income tax reconciliation:

	2019	2019
Loss before corporate income tax	**(932 844)**	**(249 866)**
Theoretical corporate income tax 0%	-	-
Corporate income tax from non-deductible expense*	(42 893)	(15 491)
Change in undistributed profits of the Group's subsidiaries	(20 555)	(26 746)
Corporate income tax charge for distributed subsidiary profits during the year	(3 087)	-
Total corporate income tax	**(66 535)**	**(42 237)**
Out of this:		
Corporate income tax and deferred corporate income tax	**(23 642)**	**(26 746)**
Administrative and other general expenses*	**(42 893)**	**(15 491)**
Effective income tax rate	**0%**	**0%**

* Non-deductible expenses are considered as deemed profit distribution and corporate income tax is payable upon these expenses. In the profit and loss statement these expenses are recognized in Note 8 Administrative and other general expenses under Other expenses.

13. Intangible and fixed assets

	Trademarks, domains, licences	Internal software	**TOTAL INTANGIBLE ASSETS**	Other fixed assets
Year ended 31 December 2018				
Carrying amount as at 1 January 2018	11 506	278 513	290 019	34 899
Additions	753	335 382	336 135	78 447
Disposals	-	-	-	(4 713)
Depreciation and amortisation	(1 600)	(174 624)	(176 224)	(23 505)
Depreciation of disposals	-	-	-	1 693
Carrying amount as at 31 December 2018	**10 659**	**439 271**	**449 930**	**86 821**
As at 31 December 2018				
Cost	14 091	751 357	765 448	133 168
Accumulated amortisation, depreciation, and impairment	(3 432)	(312 086)	(315 518)	(46 347)
Carrying amount as at 31 December 2018	**10 659**	**439 271**	**449 930**	**86 821**
Year ended 31 December 2019				
Carrying amount as at 1 January 2019	10 659	439 271	449 930	86 821
Additions	25 363	1 168 018	1 193 381	442 940
Disposals	-	-	-	(18 621)
Depreciation and amortisation	(1 155)	(323 411)	(324 566)	(81 557)
Depreciation of disposals	-	-	-	11 425
Carrying amount as at 31 December 2019	**34 867**	**1 283 878**	**1 318 745**	**441 008**
As at 31 December 2019				
Cost	39 454	1 919 375	1 958 829	557 487
Accumulated amortisation, depreciation, and impairment	(4 587)	(635 497)	(640 084)	(116 479)
Carrying amount as at 31 December 2019	**34 867**	**1 283 878**	**1 318 745**	441 008

Part of the IT employees are involved in building technical solutions that are the backbone for operating Mintos. These systems are constantly built to meet both external and internal needs, and it is constantly being developed and it is not expected in a foreseeable future that it will be fully finalized. As the systems are fully developed internally by IT department, related payroll and tax payments are capitalized for those IT employees who were involved in the development of the systems. The list of capitalized salaries is reviewed every month and capitalized amount can vary from 70 % to 100%. During 2019 capitalised salary and related taxed for such systems amounted to EUR 1 168 018 (EUR 335 283). Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment. The most significant of these systems are core Mintos system with carrying value of EUR 864 332 as at 31 December 2019 (EUR 439 271 as at 31 December 2018). The systems are constantly being developed and are working very successfully, supporting the increase in the number of investors and lending companies using the platform. Given the aforementioned aspects and future development projections the management consider that there are no indications that these assets would have need to be impaired.

14. Lease

The Group has lease contracts of vehicles and office rent used in its operations. Leases of motor vehicles have lease term of 5 years and office rent term is 10 years with non-cancellable period of 60 months. As the Group is growing fast, management predicts that after 5 years the Group will need a bigger office. That is why it is taking into account only non-cancellable period for office rent. The Group's obligations under its leases are secured by the lessor's title to the leased asset. Contract includes extension and termination options, which are further discussed below. The Group applies the 'current lease' recognition exemptions for some leases.

Recognition and movement of right-of-use assets:

	Motor vehicles	Office rent	Total
As at 1 January 2019	-	996 771	996 771
Additions	49 969	229 632	279 601
Depreciation expense	(7 495)	(71 161)	(78 656)
As at 31 December 2019	**42 474**	**1 155 242**	**1 197 716**

Recognition and movement of lease liabilities (included under interest-bearing loans and borrowings) during the period:

	2019
As at 1 January 2019	996 771
Additions	138 640
Accretion of interest	16 038
Payments	(75 012)
As at 31 December 2019	**1 076 437**
Current	220 875
Non-current	855 562

The following are the amounts recognized in profit or loss statement:

	2019
Depreciation expense of right-of-use assets	78 656
Interest expense on lease liabilities	16 038
Expenses relating to short-term leases (included in Note 8 "Administrative and other general expenses")	121 499
Total amount recognized in profit or loss	**216 193**

The Group has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments as at 31 December 2019 relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within 5 years	More than 5 years	Total
Termination options expected to be exercised	1 206 851	-	1 206 851
TOTAL:	**1 206 851**	**-**	**1 206 851**

The Group had total cash outflows for leases of EUR 75 012 in 2019. The Group also had non-cash additions to right-of-use assets and lease liabilities of EUR 15 752 in 2019.

15. Deferred client acquisition costs

During the year 2017 the Group made investments in direct client acquisition campaign, which according to the Group's policy qualifies for deferred client acquisition cost recognition. The campaign named "Cash back bonus" gave extra reward to Group's customers, who invested in loans offered on Mintos marketplace that met certain threshold in terms of their duration. In total the Group incurred EUR 510 thousand expenditure on this campaign during 2017. Out of the total amount, EUR 34 thousand were expensed in 2019 (EUR 350 thousand in 2018).

During the year 2018 the Group made investments in client acquisition campaign named "Diversification", which also according to the Group's policy qualifies for deferred client acquisition cost recognition. This campaign gave extra reward to Group's clientscustomers, who invested in loans offered on Mintos marketplace that was done through new product offered. In total the Group incurred EUR 119 thousand expenditure, out of which EUR 17 thousand were expensed in 2019 (EUR 96 thousand in 2018).

For both campaigns, the expenses to be recognised were based on the estimate what amount of the expenditure incurred will bring future economic benefit for the Group in subsequent years. The estimate was made based on the amount of service fees that will be generated by considering the expected duration of the underlying investments made by Group's clients. The estimate is highly sensitive to the expected service fee amount, as well as actual duration of the underlying investments. All deferred client acquisition costs are reviewed at least annually at balance sheet date to assess if any part of these costs should be recognised in expenses. Split between non-current and current has been made based on calculations of expected benefit during the next reporting year and the subsequent reporting years.

	31/12/2019	31/12/2018
Current	11 752	34 247
Non-current	7 803	34 319
TOTAL:	**19 555**	**68 566**

16. Trade receivables

	31/12/2019	31/12/2018
Unbilled receivables*	941 144	373 487
Trade receivables	268 702	17 620
Impairment allowance (Note 29a)	(122 096)	-
TOTAL:	**1 087 750**	**391 107**

* Unbilled receivables consist of service fee for loan originators that has not been billed yet as at the balance sheet date.

17. Other debtors

	31/12/2019	31/12/2018
Advance payments for leasehold improvements*	-	140 080
Other debtors	3 500	40 329
Total other debtors non-current	**3 500**	**180 409**
Prepaid expenses	29 494	40 325
Other debtors**	158 950	63 599
Total other debtors current	**188 444**	**103 924**
TOTAL:	**191 944**	**284 333**

* Advance payments were related to the new office building lease and related leasehold improvements, which needed to be done. None of Other debtors are overdue.
** Other debtors are next period expenses, advance payments.

18. Cash at banks

	31/12/2019	31/12/2018
Commercial banks in the Republic of Lithuania	420 637	3 029
Commercial banks in the Republic of Latvia	195 063	825 659
Commercial banks in the Republic of Germany	22 798	-
Commercial banks in the Republic of Poland	20 714	9 467
Commercial banks in the Republic of Estonia	13 039	29 487
Commercial banks in United Mexican States	11 248	-
Commercial banks in the Czech Republic	5 804	43 106
Commercial banks in the United Kingdom	531	66
Commercial banks in Russian Federation	83	-
TOTAL:	**689 917**	**910 814**

This financial asset is not impaired as at 31 December 2019 (EUR 0 impairment as at 31 December 2018). Placements with Banks are of short-term nature and have a low probability of default and loss hence no ECL on placements with Banks arises.

19. Share capital and other equity reserves

Share capital and share premium

Seed funding

The Group has raised Seed funding it total amount of EUR 2 million in two stages. The first stage was done at inception of the Group in 2015 whereby share capital of EUR 1 000 000 was paid up and registered. The second stage was concluded in 2016 and the share capital was increased by end of 2018. As a result of Seed funding the Group's capital consisted of share capital of EUR 1 000 001 and share premiums of EUR 999 999, in total of EUR 2 000 000 and consisting of 10 000 010 shares with nominal value of EUR 0.10 each.

Series A funding

The Group finalised Series A fund raising by end of 2018, as a result additional EUR 5 million was committed by the equity investors to be invested in the Group. During 2019 share capital increase rules were approved whereby 50 new shares were issued with nominal value of EUR 0.10 and share premium of EUR 999 999.90 each. According to the share capital increase rules the shareholders can pay-in the Company capital in certain increments until September 2020. The increase is done in several steps based on the cash flow needs of the Group. In case all of the pay-ins are not obtained till that date, the Group will obtain the issued own shares and has the right to sell them within 1 year. The management of the Group is confident that all of the unpaid shares will be paid in.

As a result, at 31 December 2019 the paid up share capital of the Group is EUR 1 000 003 (registered: EUR 1 000 006) and consists of 10 000 026 shares (registered: 10 000 60), while share premium is EUR 2 599 997. As at 31 December 2018 both paid up and registered share capital was EUR 1 000 001 consisting of 10 000 010 share and share premium of EUR 999 999.

Other capital reserves

For equity-settled share-based payment transactions, IFRS 2 requires entities to recognise an increase in equity when goods or services are received. However, IFRS 2 Share-based Payment does not specify where in equity this should be recognised. The Group has chosen to recognise the credit in other capital reserves. See Note 26 for more info.

Foreign currency translation reserve

Foreign currency translation reserve is used to record exchange differences arising from the translation of the net investment in foreign operations.

20. Trade and other payables

		31/12/2019	31/12/2018
Salary payables		317 765	100 806
Trade payables		181 906	64 945
Advance payments from suppliers		62 894	41 192
	TOTAL:	**562 565**	**206 943**

21. Advances received

		Balances as at: 01/01/2018	Transactions during 2018	Balances as at: 31/12/2018	Transactions during 2019	Balances as at: 31/12/2019
*Cash flow of advances in relation to Cashback campaign**		01/01/2018	(101 653)	214 140	(87 069)	31/12/2019
Short term 12m		101 653		105 355		89 636
Long term > 12 m		214 140		108 785		37 435
	TOTAL:	**315 793**	**(101 653)**	**214 140**	**(87 069)**	**127 071**

* Advances received consists of pre-payments from some of the Group's clients for the service fee. Such pre-payments were agreed given that Group made investment on its behalf in campaigns described in Note 15. It is Group's discretion whether to make repayment of the pre-payment received or to net it against the issued service fee invoices. In case the Group decides to net these against future service fee invoices, out of total amount at 31 December 2019 – EUR 89 636 could be netted against invoices issued within 12 months (31 December 2018: EUR 105 355).

22. Taxes and State mandatory social insurance payments

	31/12/2019	31/12/2018
Statutory social insurance contributions	161 793	52 474
Value added tax	33 050	27 756
Personal income tax	84 972	22 544
Corporate income tax	15 027	13 460
Business risk fee	16	8
TOTAL:	**294 858**	**116 242**
TOTAL DEBTORS (included in position "Trade and other receivables"):	**-**	**-**
TOTAL LIABILITIES:	**294 858**	**116 242**

23. Accrued liabilities

	31/12/2019	31/12/2018
Accrued expense of unused vacation	178 862	100 315
Accrued expense of received services	307 638	113 065
TOTAL:	**486 500**	**213 380**

24. Contract liabilities

Contract liabilities consist of connection fees recognised over 3-year period.

	01/01/2018	New contract liabilities during 2018	Revenue recognized during 2018	31/12/2018	New contract liabilities during 2019	Revenue recognized during 2019	31/12/2019
Contract liabilities	66 784	181 357	(56 292)	191 849	246 500	(119 072)	319 277
Non-current > 12m	39 117			104 360			164 187
Current 12m	27 667			87 489			155 090
TOTAL:	**66 784**			**191 849**			**319 277**

25. Related party disclosures

Related parties are defined as shareholders that have the ability to control the Group or exercise significant influence over the Group in making financial and operating decisions, members of the key management personnel of the Group or its parent company, and close members of the families of any individual referred to previously, and entities over which these persons exercise significant influence or control.

The Group is ultimately controlled by AS Grumpy Investments (incorporated in Latvia). Note 4 provides information about the Group's structure, including details of the subsidiaries and the holding company. During year 2019 AS Grumpy Investments had made a payment for capital increase of EUR 1.6 million (EUR 1.0 million in 2018), as well as issued loans which all were repaid as at 31 December 2019 (unpaid loan in amount of EUR 25 000 as at 31 December 2018) for which interest expense of EUR 16 827 was incurred (EUR 892 in 2018). As at 31 December 2019 has a commitment to make payment for the share capital increase plan as described in Note 19.

Some of the Group's clients – loan originators, to whom the Group provides services have been related parties for whole or part of the reporting period. According to IAS 24 these related parties are controlled by the same person who has significant influence in Mintos. In this report these companies are classified as other related companies. Income from these entities earned by the Group during 2019 was EUR 330 286 (EUR 73 214 in 2018) and is included under Commission and fee income. Unbilled receivables from these transactions as at 31 December 2019 were EUR 0 (EUR 16 592 as at 31 December 2018).

26. Share-based payments

Share option plan

According to Group's share option plan, share options of the parent are granted to all employees of the Group. Until end of 2017 the exercise price of the share options was equal to the fair value estimate of the underlying shares on the date of grant. Since beginning of 2018 the exercise price of the share options has been given with a discount in relation to the fair value estimate. Vesting of the options is dependent on the employee remaining in service for the Group. The standard vesting period is for 4 years with 1-year cliff and the options can be exercised within 10-year period from the grant date. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

The Group recognised expenses in amount of EUR 212 601 during the reporting year (EUR 51 409 in 2018) in relation to respective share option plan.

Movement during the year in number and weighted average exercise price (WAEP) of options:

	2019		2018	
	Number	WAEP	Number	WAEP
Outstanding at 1 January	1 851 177	0,18	1 753 495	0,14
Granted	202 730	1,18	97 682	0,79
Exercised	-	-	-	-
Outstanding at 31 December	2 053 907	0,28	1 851 177	0,18
Exercisable as at 31 December	1 726 998	0,15	1 243 404	0,13

There were 483 694 share options vesting during 2019 (449 419 in 2018). Share-based payments to key management personnel were 25 393 (90 767 in 2018).

The range of exercise price is from EUR 0.10 to EUR 1.60. Below is summary of the range of exercise prices for options outstanding at the end of the year:

Range of exercise price	Number	Contractual maturity
0,10 EUR to 0,16 EUR	1 570 938	6,01
0,32 EUR to 0,64 EUR	134 419	6,85
0,80 EUR to 1,60 EUR	348 550	9,17

The weighted average remaining contractual life for the share options outstanding was 6.6 years (7.24 years as at 31 December 2018).

Fair value calculations

The fair value of share options is estimated at the grant date by using Black-Scholes option pricing model. We take into account the terms and conditions on which the share options were granted, as well as making estimates on some of the assumptions to adjust for Black-Scholes model's drawbacks when valuing American type of options. The inputs used in the model are market observable whenever possible but given the start-up nature of Group's operations the management of the Group needs to make certain assumptions. The weighted average fair value of options granted at measurement date was EUR 2.49 (EUR2.06 in 2018).

The following table lists the key inputs used during 2019 and 2018:

Range of exercise price	2019	2018
Weighted average fair value of share price	2,49	2,06
Weighted average exercise price	1,18	0,79
Expected life of share options (years)	6,01	7,01
Expected volatility (%)	50%	50%
Dividend yield (%)	0%	0%
Risk-free interest rate (%)	3%	3%

The two most significant inputs with highest sensitivity to the calculations of share option value are fair value of share price and expected life of share options. Since 2018 the Group's policy is to provide the strike price that is set at a discount from the fair value, which is estimated by applying several valuation techniques. Before that the strike price was equal to the share price at each grant date. The expected life of share options is assumed to be the end date when options can be exercised for the first agreements granted given the current environment and how long it takes for other companies in fin-tech space to go public or being sold. Expected volatility is estimated by observing other companies that have become listed in recent periods operating in similar industries, while risk-free interest rate is calculated by looking at various markets across the globe where the Group plans to operate. Dividends are expected to yield 0% at parent level during the calculation period, as all profit is planned to be reinvested to further grow the value of Mintos Group.

27. Servicing assets and liabilities

The Group's core activity is to operate a global online marketplace for loans providing investors with an easy and transparent way to invest in loans originated by a variety of alternative lending companies from around the world.

Investors had the following outstanding investments in loans:

By loan type		31/12/2019	31/12/2018
Personal Loans		287 703 790	115 654 771
Short Term Loan		158 782 610	68 561 009
Car Loans		78 655 310	49 081 299
Business Loans		8 177 211	8 704 675
Mortgage Loans		4 835 221	3 264 798
Pawn broking Loans		2 160 119	1 207 933
Invoice Financing		959 101	10 681 376
Agricultural Loans		825 585	-
	TOTAL:	**542 098 947**	**257 155 861**

By Region		31/12/2019	31/12/2018
Europe		354 732 550	213 048 097
Asia		135 376 959	22 060 652
Africa		45 734 054	21 601 034
Latin America		6 255 384	446 078
	TOTAL:	**542 098 947**	**257 155 861**

As at 31 December 2019 and 31 December 2018 Mintos held the cash of investors, lending companies on separate bank accounts. The outstanding amounts of off - balance cash in local currency equivalent as at 31 December 2019 and 31 December 2018 were:

Currency	in local currency	31/12/2019, EUR	in local currency	31/12/2018, EUR
EUR	31 494 037	31 494 037	6 244 065	6 244 065
PLN	5 538 111	1 301 003	680 732	158 365
RUB	33 767 112	482 689	2 331 495	31 650
CZK	9 029 875	355 395	2 865 991	111 896
DKK	2 322 934	310 906	1 105 144	148 502
GBP	260 920	306 676	216 430	250 958
KZT	78 059 748	182 894	67 796 228	153 442
MXN	2 626 178	123 758	15 817	736
USD	105 305	93 738	83 709	72 908
SEK	793 400	75 947	483 745	46 398
GEL	16 468	5 282	185 238	60 200
RON	1 917	401	2 698	579
CHF	100	92	-	-
BGN	5	3	5	3

Changes in liabilities arising from financing activities

The below table discloses changes in liabilities arising from financing activities as at 31 December 2019:

	01/01/2019	Cash Flows	New leases	31/12/2019
Lease	996 771	(75 012)	154 678	1 076 437
Total liabilities from financing activities	**996 771**			**1 076 437**

28. Fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial assets and financial liabilities for which fair value is disclosed as at 31 December 2019:

	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Trade receivables	1 087 750	1 087 750	-	-	1 087 750
Other debtors	191 944	191 944	-	-	191 944
Cash	689 917	689 917	689 917	-	-
TOTAL	**1 969 611**	**1 969 611**	**689 917**	**-**	**1 279 694**
Liabilities					
Trade and other payables	562 565	562 565	-	-	562 565
Lease	1 076 437	1 076 437	-	-	1 076 437
Accrued liabilities	486 500	486 500	-	-	486 500
TOTAL	**2 125 502**	**2 125 502**	**-**	**-**	**2 125 502**

Financial assets and financial liabilities for which fair value is disclosed as at 31 December 2018:

	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Trade receivables	391 107	391 107	-	-	391 107
Other debtors	284 333	284 333	-	-	284 333
Cash	910 814	910 814	910 814	-	-
TOTAL	**1 586 254**	**1 586 254**	**910 814**	**-**	**675 440**
Liabilities					
Trade and other payables	206 943	206 943	-	-	206 943
Accrued liabilities	213 380	213 380	-	-	213 380
Loans from related parties	25 000	25 000	-	-	25 000
TOTAL	**445 323**	**445 323**	**-**	**-**	**445 323**

Valuation methods and assumptions

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The management assessed that cash, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

29. Risk management

a. Financial risks management

The Group has assessed that its material financial risks arises from liquidity risk. The Group also has limited exposure to credit risk through the money held in bank accounts as well as other receivables. Interest rate and foreign exchange risk in 2019 and 2018 has been negligible as the Group's exposure to foreign currency changes for all other currencies is not material.

Liquidity risk

The Group is exposed to the liquidity risk in case it would not be able to meet its financial liabilities. The Group manages its liquidity risk mostly by maintaining an adequate level of cash as well as through intercompany borrowings.

The below table discloses undiscounted financial liabilities as at 31 December 2019:

Liabilities	31/12/2019
Trade and other payables	562 565
Accrued liabilities	486 500
Taxes and State mandatory social insurance payments	294 858
TOTAL	**1 343 923**

The below table discloses undiscounted financial liabilities as at 31 December 2018.

Liabilities	31/12/2018
Trade and other payables	206 943
Accrued liabilities	213 380
Taxes and State mandatory social insurance payments	116 242
Loans from related parties	25 000
TOTAL	**561 565**

The below table discloses asset and liability break-down by contractual maturity as at 31 December 2019:

	Within 12 months	After 12 months	TOTAL
Assets			
Intangible assets	-	1 318 745	1 318 745
Fixed assets	-	441 008	441 008
Right-of-use assets	-	1 197 716	1 197 716
Deferred acquisition costs	11 752	7 803	19 555
Other debtors	191 944	3 500	195 444
Trade receivables	1 087 750	-	1 087 750
Cash at banks	689 917	-	689 917
TOTAL	**1981363**	**2 968 772**	**4950135**
Liabilities			
Trade and other payables	562 565	-	562 565
Advances received	89 636	37 435	127 071
Lease	220 875	855 562	1 076 437
Taxes and State mandatory social insurance payments	294 858	-	294 858
Accrued liabilities	486 500	-	486 500
Contract liabilities	155 090	164 187	319 277
TOTAL	**1 809 524**	**1 057 184**	**2 866 708**
NET POSITION	**171 839**	**1 911 588**	**2 083 427**

The below table discloses asset and liability break-down by contractual maturity as at 31 December 2018:

	Within 12 months	After 12 months	TOTAL
Assets			
Intangible assets	-	449 930	449 930
Fixed assets	-	86 821	86 821
Other debtors	103 924	180 409	284 333
Trade receivables	391 107	-	391 107
Cash at banks	910 814	-	910 814
TOTAL	**1 405 845**	**717 160**	**2 123 005**
Liabilities			
Trade and other payables	206 943	-	206 943
Advances received	105 355	108 785	214 140
Loans from related	25 000	-	25 000
Taxes and State mandatory social insurance payments	116 242	-	116 242
Accrued liabilities	213 380	-	213 380
Contract liabilities	87 489	104 360	191 849
TOTAL	**754 409**	**213 145**	**967 554**
NET POSITION	**651 436**	**504 015**	**1 155 451**

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financing activities, including balances with the banks, trade receivables, unbilled receivables for which the invoices have not been issued at end of the year, as well as intercompany borrowings.

The management considers the concentration of credit risk to be low both for Balances with banks and Trade receivables. Although, there is no comprehensive model built to assess the concentration risk, the Group is actively managing the allocation of cash balances thought the banks both on counterparty and geographical level. Trade receivables are even less concentrated since none of the loan originator's outstanding loans generating commission income exceed 6% of the total.

Balances with banks

The Group holds the cash balances (see Note 18) with commercial banks in Czech Republic, Latvia, Lithuania, Estonia, United Kingdom, Germany, Russia, Mexico, and Poland. Balances with the banks are held with several banks. Apart from that, the money held in the bank in amount of up to EUR 100 000 are guaranteed by the local state deposit insurance schemes. As a result, the Group believes that there is very minimal credit risk associated with these balances.

Unbilled receivables and trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and unbilled receivables are regularly monitored. Accrued income for which the bills are not yet issued by end of the period (see Note 16) are usually withheld directly from the settlements with Group's clients, thus limiting credit risk exposure.

Based on the assessment impairment allowance was made in 2019. The Group's net trade receivables from the customers, unbilled receivables as at 31 December 2019 was EUR 1 087 750 after accounting for EUR 89 205 of impairment allowance for doubtful debts and EUR 32 891 impairment allowance based on Expected credit loss calculation below.

An impairment analysis is performed at 31 of December 2019 using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Days past due				
	Fully impaired doubtful debts	<30 days	30-60 days	60-90 days	>90 days	Total
Expected credit loss rate	100%	0,90%	8,07%	16,28%	20,04%	-
Estimated total gross carrying amount at default	89 205	1 068 599	34 686	24 144	82 453	1 299 087
Expected credit loss	89 205	9 640	2 799	3 932	16 520	122 096

b. Capital management

The Group considers its capital to comprise of its equity share capital, share premium, equity reserves related to share based options plus its accumulated retained results. The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The management of the Group believes that current level of capital is sufficient for further operations. There have been no changes in how the Group manages its capital during the reporting year.

c. Compliance risks management

The Group has implemented and aims to adhere to requirements and principles of the Anti-Money-Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT) regime of the Republic of Latvia and international AML/CFT regulatory framework (legal instruments and recommendations).

The Group has developed and adopted AML/CFT Policies and Procedures intended to protect the Group and its Investors as well as Loan Originators from involvement in ML/TF. The Policies and Procedures set forth Group's strategy, tasks and responsibilities of the teams while managing ML/TF risk, the process of identifying, evaluating and monitoring ML/TF risks, risk mitigation measures, training the staff on AML/CFT matters, manner of submitting relevant reports and information. In addition, the Group holds regular employee training sessions to ensure that employees have knowledge of AML / CFT legislation, both at the national and international levels.

d. Operational risks management

Information Security

The Group has assessed that global expansion and increasing transaction volumes changed the landscape of Cybersecurity risks. Assessments indicated that risks evolve from the malicious parties who see the Group as an opportunity to gain from fraudulent and criminal activities. As a response to emerging risks, the Group established a dedicated IT Security Manager role with the focus to strengthen existing Cybersecurity practices. This investment will ensure that preventive and detective controls are aligned with the Group strategy and Regulatory Requirements.

30. Events after balance sheet date

Since the end of the fiscal year, in March 2020, the Republic of Latvia and many other countries have put into force restrictions related to the spread of coronavirus, significantly reducing economic development. It is unpredictable how the situation may develop in the future. The management of the Group continuously monitors the situation. Currently the Group has observed a drop in new client registrations as well as decline of new investments by existing clients. In turn, the outstanding portfolio has declined, affecting expected commission and fee income in the next months. In addition, in a number of countries where lending companies on Mintos have their business operations, moratoriums on loan payments were imposed, affecting both the liquidity of lending companies and loan repayment to investors on Mintos. The management of the Group believes that the Group will be able to overcome the situation through the following measures, including initiatives to improve operating cash flows and liquidity reserve. Comprehensive administrative and general and employee benefit expense reduction has been implemented. The Group has reduced the number of employees by 18% and halted all expansionary hiring processes. To facilitate cash inflows extra attention is put on account payables and receivables management. The rapid growth the Group had in previous years translated in financial loss from the activity; however, following the measures taken in response to emergency situation, the Group expects to return to profitability in coming months. This conclusion is based on information available at the date of signing these financial statements and the effect of future events on the future activities of the Group may differ from management's judgment.

After the balance sheet date, the Group continued expansion by establishing one new subsidiary in the Baltic region, and one in the Southeast Asia region.

Other significant events after the balance sheet date there have not been except as disclosed in these financial statements.

Martins Sulte
Chairman of the Board

Martins Valters
Member of the Board

July 10, 2020

Independent auditors' report

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Translation from Latvian

INDEPENDENT AUDITORS' REPORT

DOCUMENT DATE IS THE TIME OF ITS ELECTRONIC SIGNATURE

To the Shareholder of Mintos Holdings AS

Opinion

We have audited the accompanying consolidated financial statements of Mintos Holdings AS and its subsidiaries (the Group) set out on pages 10 to 46 of the accompanying consolidated annual report, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the consolidated financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. 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 other information comprises the Management Report as set out on pages 4 to 9 of the accompanying consolidated annual report, but does not include the consolidated financial statements and our auditors report thereon. Management is responsible for the other information.

Our opinion on the financial consolidated statements does not cover the other information 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Group 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

We have other reporting responsibilities in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report. These additional reporting responsibilities are beyond those required under the ISAs.

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.

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

- the information given in the Management Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union 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 consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

ERNST & YOUNG BALTIC SIA
Licence No. 17

Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No. 124

Riga, 10 July 2020

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP