



Report for the year 2023

prepared in accordance with the
International Financial Reporting Standards
applicable in the European Union
Riga 2024

Limited liability company "Viainvest"

Unified registration no. 40203015744
Roberta Hirsa Street 1, LV-1045, Riga, Latvia

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General information about the Company

Name of the company	Viainvest
Legal status of the company	Limited liability company (SIA)
Registration No., place and date	40203015744, Riga, 29.08.2016
Taxpayer registration number	40203015744
Address (legal and actual)	Legal address: Roberta Hirša iela 1, Riga, LV-1045 Actual address: Roberta Hirša iela 1, Riga, LV-1045
NACE2 code and type of main activity	66.19 Other activities supplementing financial services, except insurance and pension accumulation
Board of directors	Eduards Lapkovskis – chairman of the board Tatjana Kulapina – member of the board Linda Gulbe – member of the board Dmitrijs Lvovs – member of the board (until 14.08.2023)
Shareholder (percentage and address)	AS VIA SMS group – 100%, Roberta Hirša Street 1, Riga, Latvia, LV-1045
Parent company	SIA Red Holding, shareholder (100%) of AS VIA SMS group; Audēju Street 14-15, Riga, Latvia, LV-1050
Reporting year	January 1, 2023 – December 31, 2023
Auditor	SIA "BDO ASSURANCE" Reg . No. 42403042353 License No. 182 for commercial companies of the LCCI Kalku Street 15-3B, Riga, Latvia, LV-1050 Certified Auditor Raivis Jānis Jaunkalns Certificate no. 237

Management Report

Type of Activity

SIA "Viainvest", reg. no. 40203015744 (hereinafter – the Company, Viainvest or us) was registered in the Latvian Enterprise Register on August 29, 2016.

Viainvest is an investment brokerage company with an investment brokerage company (hereinafter – IBS) license issued by the Latvijas Banka with the right to provide investment services. The company's license includes the following investment services and ancillary services :

- Acceptance and transmission of orders in respect of one or more financial instruments;
- Execution of orders on behalf of clients;
- Portfolio management;
- Placement of financial instruments without the commitment to redeem financial instruments;
- Holding of financial instruments;
- Initial placement of financial instruments;
- Foreign currency exchange to provide investment services.

The company operates in accordance with the laws of the Republic of Latvia and the European Union and is supervised by the Latvijas Banka. It is a subsidiary of the holding company AS "VIA SMS group," reg. No. 40003901472.

The company has prepared financial statements from January 1, 2023, to December 31, 2023.

Financial results of the operation and the board's proposals for the use of profits

The Company ended the 2023 financial year with a profit of EUR 178,699 (in 2022: EUR 23,254). In 2023, the company's revenues consisted of the commission for securities distribution services from other companies of AS "VIA SMS Group" group – lenders and the issuer in the amount of EUR 1,317,533 (in 2022: EUR 849,300). The company's costs have increased compared to 2022 due to the increase in expenses for the development of the investment platform, incl. investing resources in improving the registration process, strengthening the AML/CTF (anti-money-laundering/counter-terrorist financing) and developing MiFID (Markets in Financial Instruments Directive) processes.

In accordance with the regulatory enactments, the Company's Board proposes to cover the losses of previous years with the Company's 2023 profit of EUR 178,699.

The Company's activity in the reporting year and the future development of the Company

Business development

In 2023, the Company continued its investment and investment management activities, offering clients investment opportunities in securities linked to consumer loans. The number of Viainvest registered customers grew steadily, exceeding 37,000 registrations. In 2023, Viainvest investors' investments in securities exceeded EUR 100 million, providing investors with an interest income of up to 13% per year.

In 2023, the Company also continued working on the development of the investment platform, including investing resources in improving customer service processes, technology development and improvements to ensure the platform's speed and efficiency, strengthening NILLTPF (Anti-Money Laundering and Terrorism and Proliferation Financing), and developing MiFID (Markets in Financial Instruments Directive) processes.

Increasing the efficiency of the Company is one of the main goals of the Company, and to achieve it, Viainvest will continue to implement the following measures:

- Process optimisation: systematic analysis of existing operational processes and improvement of their efficiency, which will contribute to the speed of decision-making and provide customers with faster and more efficient service;
- Employee development: investments in employee training and professional development programs to promote the improvement of their knowledge and skills, as well as improve work efficiency and motivation;
- Customer Service Quality: Improved customer service quality by proactively responding to customer needs and ensuring a positive interaction experience.

These measures will provide the basis for Viainvest's long-term development, providing clients with higher-quality services. We are confident in our team's ability and determination to implement these plans in 2024 successfully.

The impact of the Russo-Ukrainian war

In March 2024, the Company continued to adhere to the original business strategy. Investors are offered to invest only in loans from European Union countries, where the war in Ukraine does not directly affect business processes. The company's parent company did not deliberately expand and does not plan to expand business in Russia, Belarus and Ukraine, considering geopolitical, currency and other risks associated with the region. The deliberate decision is also explained to customers and industry opinion influencers, informing them about the inherent risks of the Company's approach and operation. Business development in 2023 and beyond will include protecting clients from direct geopolitical risks by continuing to explain and communicate the Company's action plans in the event of unforeseen circumstances.

No other events, as a result of which corrections should be made or which should be reflected in this financial statement, have occurred from the last day of the reporting year to the date of signature of this financial statement.

Sustainability

Viainvest contributes to developing a sustainable economy and supports the transition to a sustainable society as a key part of the financial ecosystem. Viainvest's operation is based on public trust. Therefore, we aim to act responsibly and in the Company's long-term interests. For society, sustainability means long-term business development, considering the impact of social, environmental, and economic considerations on decision-making, the products offered, and the services provided. Therefore, Viainvest has set itself the goal of developing and improving sustainability processes in 2024 and achieving long-term economic growth, social inclusion and environmental protection.

Risk management

Considering platform activities, the Company is inevitably exposed to various risks. The risk may have a smaller or larger element of uncertainty; therefore, Viainvest implements effective risk management, allowing the Company to maintain its operations' financial stability and ensuring the disclosure of information about risks per the requirements set out in Regulation (EU) 2019/2033. Risk management is implemented based on best practice examples, considering the Company's size and the specifics of its operation. If any aspect of the risk is unclear or doubts about the possibilities or suitability of risk management, Viainvest follows the principle of caution and always chooses a sustainable solution rather than short-term profit making. Under the Prudential Requirements for Investment Brokers, or IFR, the leading regulation for European investment firms, the Company is a Class 2 investment firm. The Company is obliged to disclose information on the Company's risk management, internal management procedures, remuneration policy, and capital and capital requirements publicly.

The company identifies the following categories of significant risks:

- Operational compliance risk
- Counterparty risk
- Liquidity risk
- Operational risk
- Risk of concentration
- Money Laundering and Terrorism and Proliferation Financing and Sanctions Risk Management
- Other risks

Operational compliance risk

Upon receiving the IBS license, the company's compliance requirements significantly expanded. If it does not fulfil the requirements of the Bank of Latvia (hereinafter—the Regulator), its reputation may deteriorate, or its operations may be suspended.

Viainvest is actively working on the improvement of internal processes for the prevention of money laundering and terrorism and proliferation financing (hereinafter – PMLTPF), prudential requirements, FITL/MIFID and other areas of the Regulator's requirements, setting the goal of zero tolerance for operational non-compliance.

Viainvest regularly reviews and improves internal regulatory documents to ensure their relevance and compliance with changes in the Company's operations and external conditions affecting the Company's operations.

The Company provides regular consultation, training and support to the Company's employees to ensure that they comply with compliance laws, regulations and standards in performing their duties.

Indicators of prudential requirements were established for the Company in accordance with the Regulation:

- Tier 1 basic capital ratio – 154.02%
- Tier 1 capital ratio – 154.02%
- Total capital ratio – 154.02%

Counterparty risk

The counterparty risk exists in the event of losses if the Company's counterparty is unable or refuses to fulfil its obligations to the Company. Viainvest is exposed to the following risk related to the non-fulfilment of obligations of the Company's customers—lenders towards the Company's customer—investors and the Company's secondary reputational risk. This risk is mitigated by financing only credit lines controlled by the parent company, which are closely monitored in day-to-day operations.

Viainvest is exposed to counterparty risk when keeping client—investor funds in custodian banks. The company's partners in such monetary transactions are subsidiaries or branches of European-wide financial institutions with an appropriate reputation.

Liquidity risk

Liquidity risk characterises the possibility that the Company's obligations will not be met promptly and efficiently. As part of prudent liquidity risk management, Viainvest maintains adequate funds.

Operational risk

The Company may suffer losses from the actions and inactions of Viainvest-related or unrelated persons. The following operational risks are managed separately: IT systems, cyber security, fraud, business continuity, data management, and legal risks.

To ensure these risks do not leave excessive and negative consequences, time and financial resources are devoted to protecting the Company's systems and processes against violations or failure to ensure the Company's functions.

During the reporting period, an increased number of cyber security incidents in the financial sector was observed in the Eastern European region, which manifests itself as an intensive denial of service and access denial (distributed denial of service, DDoS), as well as an increase in the number of account takeover incidents. The company prioritises cyber security risk management, cooperates with cyber security solution suppliers, and plans to further develop a set of cyber security risk mitigation measures.

Concentration risk

Concentration risk is the risk that Viainvest may suffer losses due to excessive concentration of revenue sources. For the business to be sustainable, it is important to limit concentration on one customer or market, the loss of which could significantly affect the Company's financial stability. In implementing our business strategy, we worked only with companies related to the Group in different geographies. We also worked with clients from different EU countries so there would be no excessive concentration, which could significantly harm the Company in a negative scenario.

Money Laundering, Terrorism and Proliferation Financing and Sanctions Risk Management

Despite the work and improvements made by the Company, there may be a risk to PMLTPF that the Company may be involved in money laundering, terrorism, or proliferation financing. Sanctions risk is the impact and probability that the Company may be used to violate or circumvent Sanctions. The company has set a zero tolerance for Sanctions risk.

On October 12, 2022, the company concluded an administrative agreement with the Latvijas Banka to eliminate PMLTPF deficiencies. Considering the shortcomings in the practical implementation of the elements of the Internal Control System found during the inspection, the Company developed measures to eliminate the identified deficiencies, and in 2023, the Company continued to strengthen the role of the internal control function in the company, ensuring a comprehensive risk culture.

In addition to the practical implementation of processes, improvements to procedures, processes and information technology solutions, changes were made to the composition of the Company's employees. The team is constantly being strengthened by employees with professional experience. With the end of the reporting period, 31.12.2023, the Company employed 12 operational professionals, of which 4 were in the PMLTPF and Sanctions risk management field.

Riga, March 28, 2024

Chairman of the Board	E. Lapkovskis
Board member	T. Kulapina
Board member	L. Gulbe

Management Responsibility Statement

The management of Viainvest is responsible for preparing the Company's financial report.

The financial report is prepared based on supporting documents and provides a true picture of the Company's financial position, performance, and cash flow from 1 January 2022 through 31 December.

The management confirms that appropriate accounting policies, reasonable and prudent calculations and judgments were used in preparing the financial report for January 1, 2023, through December 31, 2023, and is presented on pages 15 to 44. The management confirms that the financial information has been prepared based on the going concern principle and in accordance with the International Financial Reporting Standards (IFRS) approved by the EU and the Financial and Capital Market Commission Regulations No. 113 "Regulatory regulations for the preparation of the annual report and consolidated annual report of credit institutions, investment brokerage companies and investment management companies".

The Company's Board is responsible for keeping appropriate accounting records, taking appropriate measures to protect the Company's property, and preventing and detecting fraud and other violations. The Board is also responsible for managing the Company under the applicable laws and other regulatory enactments of the Republic of Latvia.

Riga, March 28, 2024

Chairman of the Board	E. Lapkovskis
Board member	T. Kulapina
Board member	L. Gulbe

Financial Statements

Report on Financial Position

	note	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents	3.1	119 771	204 051
Other debtors and assets	3.3	279 753	204 14
Fixed assets and intangible assets	3.5	135 984	5 239
Right-of-use assets	3.5	61 547	969
Other assets	3.6	95 955	20 334
Total assets		693 010	434 738
Liabilities			
Taxes payables	3.7	22 409	18 478
Lease payables		66 804	972
Other liabilities	3.8	142 983	133 173
Total liabilities		232 196	152 623
Equity and liabilities			
Share capital	3.9	350 000	350 000
Net result for the previous periods		(67 885)	(91 139)
Net result for the period		178 699	23 254
Total equity and reserves:		460 814	282 115
Total liabilities, equity and reserves:		693 010	434 738

The accompanying notes on pages 14 to 44 are integral to this financial statement.

Riga, March 28, 2024

This is a part of the full financial statement available in Latvian. The full financial statement is available [here](#)

Chairman of the Board	E. Lapkovskis
Member of the Board	T. Kulapina
Member of the Board	L. Gulbe
Senior Accountant	Ļ. Zaiceva

Statement of Comprehensive Income

Name	note	2023	2022
Interest expenses	3.10	(7 834)	(436)
Commission and fee income	3.11	1 317 533	849 300
Commission and fee expenses	3.12	(25 032)	(35 870)
Net commission income		1 284 667	812 994
Gain/(loss) from fluctuations of currency exchange rates		(67)	(82)
Other income		512	53 459
Other expenses	3.13	(488 798)	(415 754)
Administrative expenses	3.15	(606 214)	(423 367)
Depreciation and amortisation	3.5	(11 401)	(3 960)
Net income/(loss) for the year		178 699	23 290
Corporate income tax		-	(36)
Total comprehensive income/(loss) for the year		178 699	23 254

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Member of the Board T. Kulapina

Member of the Board L. Gulbe

Senior Accountant Ļ. Zaiceva

Statement of Cash Flows

(prepared according to the indirect method)

	note	2023	2022
Cash flow to/from operating activities			
Profit/(loss) before income tax		178 699	23 290
<i>Adjustments for:</i>			
Amortisation and depreciation	3.5	11 401	3 960
Increase in cash and cash equivalents resulting from operating activities before changes in receivables and payables		190 100	27 250
(Increase)/decrease in accrued income and expenses for future periods		(84 446)	(8 211)
(Increase)/decrease in receivables and other assets		(66,783)	594 126
Increase/ (decrease) in other liabilities		21 575	(486 787)
Cash generated from operations		60 446	126 378
Cash flow to/from investment activity			
Purchase of equipment and intangible assets		(133 641)	(6 292)
Increase/(decrease) in cash to/from investment activity		(133 641)	(6 292)
Cash flow to/from financing activity			
Other cash flow to/from financing activities		(11 085)	(3 490)
Cash to/from financing activity		(11 085)	(3 490)
Change in cash and cash equivalents		(84 280)	116 596
Cash and cash equivalents at the beginning of the year		204 051	87 455
Cash and cash equivalents at the end of the year		119 771	204 051

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Statement of Changes in Equity

	Share capital	Profit / (loss) for the previous year	Profit / (loss) for the reporting year	Total
December 31, 2021	350 000	(131 027)	39 888	258 861
Profit/(loss) for the previous period	-	39 888	(39 888)	-
Profit/(loss) for the reporting year	-	-	23 254	23 254
December 31, 2022	350 000	(91 139)	23 254	282 115
Profit/(loss) for the previous period	-	23 254	(23 254)	-
Profit/(loss) for the reporting year	-	-	178 699	178 699
December 31, 2023	350 000	(67 885)	178 699	460 814

The accompanying notes on pages 14 to 44 are integral to this financial statement.

Riga, March 28, 2024

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