Riga, 29th April, 2021

AS "Moda Kapitāls"

Annual report for the year 2020.

Prepared in accordance with International
Financial Reporting Standards as adopted in EU

CONTENT

GERNERAL INFORMATION

Name of the company	Moda Kapitāls
Legal status of the company	Joint Stock Company
Registration number, place and date of registration	LV 40003345861, Riga, June 9, 1997
Registered office	Ganību dambis 40A-34, Rīga, LV-1005
Shareholders	Andris Banders (24.76%), Tvinger SIA (20%), Ilvars Sirmais (16.14%), MK Investīcijas, SIA (14.75%), Verners Skrastiņš (14.05%), Guntars Zvīnis (10.29%)
Board Members	Guntars Zvīnis as of 23.04.2021 Ilvars Sirmais (till 05.08.2020) Edgars Bilinskis (5.08.2020.-24.11.2020) Marts Zeltiņš (16.12.2020-31.03.2021)
Supervisory Board Members	Marts Zeltiņš - head of the Council as of 23.04.2021 Andris Banders - deputy of the head of the Council Andris Blaka - member of the Council as of 06.11.2020 Inese Kanneniece - meber of the Council Ilvars Sirmais - member of the Council as of 6.11.2020 Guntars Zvīnis - member of the Council (6.11.2021-22.04.2021) Verners Skrastiņš - head of the Council till 6.11.2020 Diāna Zvīne - member of the Council till 6.11.2020 Ilze Sirmā - member of the Council till 6.11.2020
Financial year	from 01.01.2020 to 31.12.2020
Currency used in the financial statements	EUR
Details of related companies:	AUREUM AS, legal address: Peldu Street 6, Liepāja, participation share - 100%. Control was acquired on December 12, 2019
Auditors	Crowe DNW SIA Bauskas iela 58-216, Rīga LV - 1004 Licence No 157 Certified auditor Iveta Rutkovska Certificate No 43

MANAGEMENT REPORT

Type of activity

The main activity of the joint-stock company "Moda Kapital" is the provision of non-bank lending services, incl. issuance of short-term loans against pledges of movable property, pledges of precious metals, antiques, pledges of real estate, issuance of consumer credit and sale of goods in the Internet shop e-moda.lv.

Description of the company's activities in the reporting year and financial position

In January and February 2020, compared to the identical period in 2019, there was an increased customer interest in loans against pledges of movable property and precious metal.

However, with the start of the Covid-19 pandemic in April and May 2020, the company experienced a significant decline in customer activity in both the lending segment and commodity trading, which began to recover only in the second half of June 2020 and remained stable for several months.

In June 2020, the company's shareholders approved the company's development plan for the next five years, which included the expansion of the branch network, opening an additional fifteen branches in two years, as well as significantly activating lending services.

Based on the approved development plan of the company, in 2020 new branches were opened in Ogre and Agenskalns, Riga, as well as the arrangement of the branch premises in Ziepniekkalns, Riga was started.

In the autumn of 2020, with the resumption of the spread of the Covid-19 virus, the number of customers decreased, as a result of which the company had to revise the previously approved development plan.

During 2020, the internal control system was improved in order to comply with the norms of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing

The company also continues to be active in increasing the range of existing second-hand goods, offering its customers a wide range of various types of secon hend household and electrical appliances, as well as in the sale of precious metal products.

The company does not provide services to receive loans remotely, but all loans are issued at the company's branches.

Future outlook and future development

Given the impact of the Covid 19 pandemic on the company's operations, the company's shareholders have decided to close certain branches of the company, which are considered unprofitable, as well as to postpone the implementation of the previously developed development plan.

As customer activity decreases, the company's loan portfolio also decreases, therefore the company has accumulated free funds that will be used for partial repurchase of bonds from bondholders, which will be announced in the public news section of NASDAQ Riga.

Significant events since the end of the reporting year

Based on the results of the bond survey announced on the public NASDAQ Riga on April 19, 2021, all bondholders have confirmed in writing that they will not request an increase in negative equity to positive equity in the amount of EUR 150 000.
In January 2021, a decision was made to start the liquidation of the company's subsidiary JSC “Auruem” and we forecast that the liquidation process will be completed in the second quarter of 2021 or in third quarter. The expected losses of the company as a result of liquidation are reflected in the 2020 report.
From the end of the reporting year until the date of preparation of this report, no other significant events have occurred that would significantly affect the Company's financial position as at 31 December 2020.

Branches of the company

On December 31, 2020, the Company provides its services in twenty-six branches located in largest Latvian cities: Aizkraukle, Alūksne, Balvi, Bauska, Cēsis, Daugavpils, Dobele, Gulbene, Jēkabpils, Jelgava, Kraslava, Kuldiga, Limbazi, Liepaja, Ludza, Madona, Ogre, Preili, Rezekne, Talsi, Tukums, Valmiera, Valka, as well as in Riga - Agenskalns, Ziepniekkalns and Purvciems.

Guntars Zvīnis ____________________ 29th April, 2021

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STATEMENT OF MANAGEMENT RESPONSIBILITY

The Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted the EU. The financial statements give a true and fair view of the financial position of the Company at the end of the reporting year, and the results of its operations and cash flow for the year then ended.

The Management certifies that proper accounting methods were applied to preparation of these financial statements on page 6 to page 26 and decisions and assessments were made with proper discretion and prudence. The accounting policies applied have been consistent with the previous period. The Management confirms that the financial statements have been prepared on going concern basis.

The Management is responsible for accounting records and for safeguarding the Company's assets and preventing and detecting of fraud and other irregularities in the Company. It is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

Guntars Zvīnis	______________________ *signature*	29th April, 2021

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020	2019
		EUR	EUR
Net turnover	3	1 559 043	1 705 023
Finance income	3	744 335	972 345
Cost of sales	4	-1 309 343	-1 444 759
Finance costs	5	-392 055	-417 437
Gross profit		**601 980**	**815 172**
Selling costs	6	-685 613	-748 626
Administrative expenses	7	-296 294	-249 225
Other income	8	13 574	57 174
Other expenses	9	-120 989	-46 106
Profit or loss before corporate income tax		**-487 342**	**-171 611**
Corporate income tax	11	-4 885	-3 206
Net profit or loss		**-492 227**	**-174 817**
Other income (loss)			
Total income / loss		**-492 227**	**-174 817**

Pages 10. to 26. are an integral part of these financial statements.

Guntars Zvīnis ______________________ 29th April, 2021

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STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2020	31.12.2019
ASSETS		EUR	EUR
Non-current assets			
Intangible assets	12	61 882	67 499
Fixed assets	12	418 273	422 753
Right-of-use asset	13	6 006	88 410
Participation in the capital of related companies	14		425 200
Other non-current assets		142	142
Total non-current assets		**486 303**	**1 004 004**
Current assets			
Inventories	15	756 131	1 120 858
Loans and receivables	16	1 060 744	1 502 842
Other current assets	17	73 751	43 845
Participation in the capital of related companies	14	367 034	
Cash and its equivalents	18	522 558	215 959
Total current assets		**2 780 218**	**2 883 504**
TOTAL ASSETS		**3 266 521**	**3 887 508**

	Notes	31.12.2020	31.12.2019
EQUITY AND LIABILITIES		EUR	EUR
Equity			
Share capital	20	995 400	467 127
Revaluation reserves of non-current assets	12	158 439	163 706
Retained earnings/ (accumulated losses)		-1 207 480	-715 253
Total equity		**-53 641**	**-84 420**
Liabilities			
Non-current liabilities			
Borrowings	21	2 840 000	198 000
Lease obligations	13,21 and 25	1 553	66 269
Total non-current liabilities:		**2 841 553**	**264 269**
Current liabilities			
Borrowings	21	336 948	3 538 650
Lease obligations	13,21 and 25	4 589	22 879
Trade and other payables	22	137 072	146 130
Total current liabilities		**478 609**	**3 707 659**
Total liabilities		**3 320 162**	**3 971 928**
TOTAL EQUITY AND LIABILITIES		**3 266 521**	**3 887 508**

Pages 10. to 26. are an integral part of these financial statements.

Guntars Zvīnis ______________________ 29th April, 2021

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CASH FLOW STATEMENT

	Notes	2020	2019
		EUR	EUR
Cash flow from operating activities			
Profit/ loss before corporate income tax		**-487 342**	**-171 611**
Adjustments:			
Depreciation and amortization	12	50 019	78 379
Impairment of non - current assets		70 596	
loss / (profit) from disposal of fixed assets		3 564	-13 397
Changes in provisions			6 299
Interest payments		392 055	417 437
Changes in current assets:			
Inventories		364 727	108 542
Receivables		412 192	266 173
Liabilties		-41 290	10 900
		764 521	**702 722**
Corporate income tax paid		-1 673	-3 206
Cash flow from operating activities		**762 848**	**699 516**
Cash flow from investing activities			
Acquisition of fixed assets and intangible investments	12	-56 679	-19 473
Revenue from the sale of fixed assets and intangible assets		0	0
Acquisition of related companies	14	0	-425 200
Net cash flow from investing activities		**-56 679**	**-444 673**
Cash flow from financing activities			
Proceeds from the issue of shares and bonds		528 273	41 127
Loand received, neto	19	140 549	423 000
Borrowings repaid, neto	19	-700 250	-222 500
Interest payments		-363 655	-417 437
Payments for financial leasing contracts		-4 487	-22 619
Net cash flow from financing activities		**-399 570**	**-198 429**
Net increase / (decrease) in cash and cash equivalents		**306 599**	**56 414**
Cash and cash equivalents at beginning of the financial year		**215 959**	**159 545**
Cash and cash equivalents at the end of the financial year		**522 558**	**215 959**

Pages 10. to 26. are an integral part of these financial statements.

Guntars Zvīnis _______________ 29th April, 2021

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Revaluation reserves of non-current assets	Retained earning/ (accumulated loss)	Total
	EUR	EUR	EUR	EUR
Balance as at 31.12.2018	**426 862**	**168 973**	**-540 436**	**55 399**
Increased share capital	40 265			**40 265**
Depreciation of fixed assets attributable to the revaluation reserve		-5 267		**-5 267**
Profit for the financial year			-174 817	**-174 817**
Balance as at 31.12.2019	**467 127**	**163 706**	**-715 253**	**-84 420**
Depreciation of fixed assets attributable to the revaluation reserve		-5 267		**-5 267**
Increased share capital	528 273			**528 273**
Profit for the financial year			-492 227	**-492 227**
Balance as at 31.12.2020	**995 400**	**158 439**	**-1 207 480**	**-53 641**

Pages 10. to 26. are an integral part of these financial statements.

Guntars Zvīnis ____________ 29th April, 2021

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NOTES TO THE FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

AS Moda Kapitals (further - Company) main activity is the issuing of short-term loans against pledge of movable and immovable property. AS Moda Kapitals is a joint stock company founded and operating in Latvia. Registered address of the Company is at Ganibu dambis 40A-34, Riga, LV-1005.

The auditor of the Company is SIA “Crowe DNW”.

Reporting period

Financial year	01.01.2020	to	31.12.2020

(2) ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union (IFRS).

The financial statements are presented in Euro (EUR) unless stated otherwise. During the reporting year, the Company's functional currency was EUR.

They are prepared according to the original cost principle.

The financial statements are prepared on the basis of the principle of continuity of accounting policy, which understands the compliance of the accounting principles used in the preparation of the current financial statements with the principles used in the previous year.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the following notes.

Preparation of the financial statements in compliance with the IFRS requires critical assumptions. Moreover, preparation of the statements requires from the Management to make estimates and judgments applying the accounting policies adopted by the Company. Critical estimates and judgments are described bellow.

Changes in accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the interpretations of standards issued by the International Financial Reporting Interpretations Committee (IFRIC) and adopted by the EU.

The Company's accounting policies are the same as those applied in the previous year. The Company has adopted the new standards and additions to the standards described below, including the accompanying amendments to other standards, the effective date of which was 1st January 2020.

A number of other new standards and guidelines are also effective from 1st January 2020, but they do not have a material impact on the Company's financial statements.

Amendments to references to the conceptual framework of IFRSs, Amendments to IFRS 3 - Definition of Business, Changes in the Definition of Materiality in IAS 1 and IAS 8, Amendments to IFRS 9, IAS 39 and IFRS 7 - Reform of Interest Rate Benchmarks.

• The revised Financial Reporting Guidelines include a new paragraph on valuation, guidance on the presentation of financial results, improved definitions and guidance, in particular regarding the definition of liabilities, clarification of key areas such as management roles in the company, prudence and uncertainty assessment in financial statements.

• Definition of materiality - amendments to IAS 1 and IAS 8. The amendments clarify the definition of materiality and how it applies by including an explanation of the definition, which has so far been reflected elsewhere in IFRSs. In addition, clarifications have been improved to supplement this definition. The amendments ensure that the definition of materiality is consistent across IFRSs. Information is material if it is reasonably expected that its non-disclosure or misstatement could influence the decisions of users of the financial statements that use the financial information provided by the entity.

Certain new standards, amendments to standards and interpretations that have become effective for annual periods beginning on or after 1 January 2020 have been approved in the European Union or have not yet entered into force in the European Union. These standards are not applied for these financial statements. The Company does not intend to apply these standards ahead of time and assess the impact of the changes in interpretations on the financial statements: Amendments to IAS 1 - Classification of Liabilities as Current or Non-current Liabilities, Amendments to IAS 16 - Property, Plant and Equipment: Revenue before Intended Use, Amendments to IAS 37 - Contingent liabilities - contract performance fee, IFRS 17 - Insurance Contracts, Amendments to IFRS 16 - Lease Concessions Related to Covid-19, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Reform of Interest Rate Benchmarks - 2nd phase.

Foreign currencies

The company's functional currency and presentation currency is the Latvian national currency Euro (EUR).
Foreign currency transactions are translated into euro at the European Central Bank's official exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the European Central Bank's official exchange rate at the period end. Exchange rate differences arising from foreign currency transactions or financial assets and liabilities using the exchange rates that differ from the initial transaction accounting rates are recognized in profit or loss in net worth.

Segment disclosure

An operation segment is a component of entity which qualifies for the following criteria: (i) engages in business activities from which it may earn revenues and incur expenses; (ii) whose operation results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and (iii) for which discrete financial information is available.

Operation segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker

Revenue recognition

Income is recognised to such extent, for which substantial measurement is feasible and there is a reason to consider that the Company will gain economic advantage related thereof. Income is evaluated in the fair value of remuneration received, less sale discounts and the value added tax. The Company assesses its income gaining operations according to certain criteria, in order to establish whether it acts as the parent company or a representation. The Company considers that in all income gaining operations it acts as the parent company. Before income recognition the following preconditions shall be fulfilled:

Sales of goods income

Sales income shall be recognised if the Company has transferred to the customer significant risks related to the goods ownership and remunerations, usually at the moment of delivery of goods.

Mediation income

The Company gains income from mediation services for pledged goods. Mediation services refer to the Company basic type of operations, so these income is included in the income statement as net turnover. Income from such services are gained when the Company sells to a client the respective pledged goods.

Interest income and expense

For all financial instruments booked in their amortised acquisition value and financial assets, for which interest is calculated and which are classified as available for sale, the interest income and expenses are registered using the effective interest rate, namely, the rate which actually discounts the estimated monetary income through the whole useful life period of the financial instrument or - depending on the circumstances may be - a shorter time period until the balance sheet value of the respective financial asset or liability is reached.

Other income

Income from penalties charged from clients is recognised at the moment of receipt. Penalties mainly consist of fines imposed on clients for the delay in payment.

Intangible assets and fixed assets

Intangible assets, in general, consist of licenses and patents. Intangible assets are recognised at the cost of acquisition less accumulated amortisation. Amortisation is calculated from the moment the assets are available to use. Amortisation of intangible assets is calculated using the straight-line method to allocate amounts to their residual values over their estimated useful lives, as follows:

Intangible assets:	Years
Licenses and patents	3-5

Buildings are recognised at their fair value on the basis of assessment made by independent valuator from time to time less accumulated depreciation. Accumulated depreciation is liquidated as of revaluation date, net sum is charged to the revaluated cost. Land is recognised at their fair value on the basis of assessment made by independent valuator from time to time. Other assets are recognised at their acquisition value less accumulated depreciation. Acquisition value includes the costs directly related to acquisition of the asset.

Subsequent costs are recognised in the asset’s carrying amount or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other repairs and maintenance are recognised as an expense during the financial period when they are incurred.

Increase in value arising on revaluation is recognised in equity under “Revaluation reserve of non - current assets”, but decrease that offsets a previous increase of the same asset’ s value (net of deferred tax) recognised in the said reserve is charged against that reserve; any further decrease is recognised in other comprehensive income for the year incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revaluated amounts to their residual values over their estimated useful live, as follows:

Fixed assets:	Years
Buildings	20-30
Computer equipment	3-5
Other machinery and equipment	4-10

The asset’s residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the financial year.

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill, if any, is allocated to such cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arise.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. For all other individual assets or cash-generating units impairment test is performed at the end of the reporting year if there is evidence of impairment.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest budget.

An impairment charge is reversed if the cash-generating unit’s recoverable amount exceeds its carrying amount. A reversal of an impairment loss for a cash-generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of: (a) its recoverable amount (if determinable) and (b) the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

Lease-to-buy (financial lease)

The usufruct asset was initially measured at an amount equal to the lease liability. Lease obligations are initially measured at the present value of the lease payments over the lease term, as discont rate using the rate of interest recognozed at the inception of the lease. The Company does not recognize rights to use assets and lease obligations in respect of leases expiring within 12 months of the date of initial application and leases of low value assets. In subsequent periods, the Company accounts for the rights to use the assets using the cost method, which provides for the deduction of accumulated depreciation and permanent impairment from the original value and adjusting for the recalculation of lease liabilities. Asset rights are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Inventories

The inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When the net realizable value of inventories is lower than their cost, provisions are created to reduce the value of inventories to their net realizable value.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual obligations of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit and loss, which are measured at fair value.

The Company categorises its financial assets, except derivative financial instruments if any, under loans and receivables. The categorisation depends on the purpose for which the financial assets were acquired. Management determines the categorisation of its financial assets at initial recognition.

The Company’s financial liabilities include borrowings, trade and other payables and obligations arising from derivative financial instruments (if formed).

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed (including transaction costs) or determinable payments that are not quoted in an active market. They are included in current assets, except financial assets with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Upon recognition loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of loans and receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loans and receivables are impaired. The amount of the provision is the difference between the asset’s carrying amount and recoverable value. The changes of the provision are recognised in the statement of comprehensive income. Loans and receivables carrying amount is reduced through the use of the provision account. Loss of the provision are recognized in the statement of comprehensive income as other operating expenses. When a loan or receivable is uncollectible, it is written off against the provision account for loans and receivables. Subsequent recoveries of amounts previously written off are credited against ‘other operating expenses’ in the statement of comprehensive income.

Borrowings

Borrowings are recognised initially at the amount of proceeds, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is gradually recognised in profit and loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and the balances of the current bank account.

Share capital and dividends

Ordinary shares are classified as equity. Dividends to be paid to shareholders of the Company are represented as liabilities during the financial period of the Company, when shareholders of the Company approve the dividends.

Employee benefits

Short-term employee benefits, including salaries, social security contributions and bonuses are included in the statement of profit or loss on an accrual basis.

The Company pays social security contributions for state pension insurance and to the state funded pension scheme in accordance with Latvian laws. State funded pension scheme is a defined contribution plan under which the Company pays fixed contributions determined by the law and they will have no legal or constructive obligations to pay further contributions if the state pension insurance system or state funded pension scheme are not able to settle their liabilities to employees. The social security contributions are recognised as an expense on an accrual basis and are included in the staff costs.

Corporate income tax

In 2017, the government adopted a fundamental change in the Corporate Income Tax Low, which came into force on January 1, 2018. In accordance with this law, temporary differences between financial and tax balances are no longer present. Consequently, the Company withdrew the deferred tax recognition as of 31.12.2017. Corporate income tax liabilities incurred outside the profit and loss account were attributed to the equity item "Long-term revaluation reserve"; other liabilities were recognized as income in the income statement for the year 2017.

Fair value estimation

In respect of financial assets and liabilities held in the balance sheet at carrying amounts other than fair values, the fair values are disclosed separately in notes.

The carrying value of trade receivables and payables are assumed to approximate their fair values. The fair value of financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments unless there is information on market prices.

Related parties

Related parties are defined as shareholders of the Company, who have a significant influence or control over the Company, members of the Board and the Council, their close relatives and companies, in which they have a significant influence or control. Also companies located in ultimate control or significant influence by the controlling member are related parties.

Critical accounting estimates and judgments

For the preparation of the financial statements in accordance with IFRS, significant assumptions are required. Similarly, when preparing the statements, management needs to make assumptions and judgments in applying the accounting policies chosen by the Company.

Preparation of financial statements in compliance with IFRS require estimates and assumptions affecting value of assets and liabilities recognised in the financial statements, and disclosures in the notes at the year-end as well as income and expenditures recognised in the reporting period. Actual results may differ from these estimates. Scopes, the most-affected by assumptions are revaluation of the land and building and determination of their useful life period, determination of revaluation regularity, as well as recoverable amount of receivables and inventories as disclosed in the relevant notes.

Going concern basis

The financial statements are prepared on a going concern basis.
Applying the principle involves evaluating a number of considerations and making the necessary management judgment as described in Note 24 - Capital Management.

Revaluation of land and buildings

Management of the Company determines fair value of the assets based on assessment made by independent certified valuators in accordance with the property valuation standards and based on observable market price as well as future cash flow and construction costs methods.

The Management believes that assets must be revaluated at least once in 5 years or earlier if any indicators show the potential material changes in market values. By the management estimates, in the reporting year the factors that indicate a potentially significant changes in the value of those assets has not been identified, and, as a result, fair value measurement procedures has not been made. Last evolution of land and buildings was carried out in 2016 on preparation of financial statements.

Recoverability of receivables

The calculation of recoverable value is assessed for every customer individually. Should individual approach to each customer be impossible due to great number of the customers only bigger receivables shall be assessed individually. Receivables not assessed individually are arranged in groups with similar indicators of credit risks and are assessed jointly considering historical losses experience. Historical losses experience is adjusted on the basis of current data to reflex effect of the current conditions that did not exist at acquisition of the historical loss, effect and of conditions in the past that do not exist at the moment. Information on amount and structure of receivables is disclosed in Note (16) of the financial statements.

(3) Segment Information and net sales

Operation and reportable segment

Core activity of the Company is the issuing of short-term loans against pledge of movable and immovable property and the realization of the pledged property. As the Company's other business lines, including other commodity trade is irrelevant, the Company has only one operation and reportable segment. Operation segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker being the Board.

Geographical markets

Currently there are twenty-three branches: Aizkraukle, Alūksne, Balvi, Bauska, Cesis, Dobele, Daugavpils, Gulbene, Jekabpils, Jelgava, Kraslava, Kuldiga, Liepaja, Limbazi, Madona, Rezekne, Riga, Talsi, Valmiera,Tukums, Preili, Ludza, Ogre and Valka.

(3) Types of net turnover

	2020	2019
	EUR	EUR
Income from sales of pledged assets and purchased precious metals	1 182 967	1 191 822
Income from other goods sales	376 076	513 201
Total	**1 559 043**	**1 705 023**

Finance income

	2020	2019
	EUR	EUR
Interest income on loans	629 620	837 939
Income from penalties, fines	114 715	134 406
Total	**744 335**	**972 345**

(4) Cost of sales

	2020	2019
	EUR	EUR
Cost of sold pledges	1 030 425	1 042 356
Cost of goods purchased for resale	278 918	402 403
Total	**1 309 343**	**1 444 759**

(5) Finance costs

	2020	2019
	EUR	EUR
Interest on loans and bonds	391 862	415 158
Interest on lease liabilities	193	2 279
Total	**392 055**	**417 437**

(6) Selling costs

	2020	2019
	EUR	EUR
Staff costs	381 704	437 687
Rent of premises and maintenance costs	119 745	124 698
Depreciation of fixed assets	45 514	48 463
Depreciation of rental rights	4 505	23 108
Non-deductible VAT	16 259	16 112
License expenses	14 225	14 225
Advertising expenses	5 249	7 217
Write-off of low value inventory and fixed asset	2 905	828
Other expenses	95 507	76 288
Total	**685 613**	**748 626**

(7) Administrative expenses

	2020	2019
	EUR	EUR
Staff costs	181 043	159 447
Transport costs	28 704	35 326
Communication expenses	16 932	17 575
Professional service costs	26 897	18 665
Office expenses	2 759	3 086
Bank charges	10 437	8 474
Representation costs	1 642	2 696
Business trip expenses	127	125
Other administrative expenses	27 753	3 831
Total	**296 294**	**249 225**

(8) Other income

	2020	2019
	EUR	EUR
Rent and lease income	1 346	1 457
Insurance indemnity	4 981	
Earnest money	1 940	
Write-off of provision	26	26 524
Net gain on disposal and sales of fixed assets, investment properties		13 596
Revenue from cession assignments		8 917
Other income	5 281	6 680
Total	**13 574**	**57 174**

(9) Other expenses

	2020	2019
	EUR	EUR
Provisions	39 128	40 099
Impairment of a related company	58 166	
Loss on sale of inventories (real estate) ans fixed assets	6 427	0
Loss of the assignment contract	5 268	0
Real estate tax	3 896	4 490
Other expenses	8 104	1 517
Total	**120 989**	**46 106**

(10) Expense by nature

	2020	2019
	EUR	EUR
Purchase cost of goods sold	1 309 343	1 444 759
Personnel costs	562 747	597 134
Interest paid on credits, borrowings	392 055	417 437
Rent of premises and maintenance costs	119 745	124 698
Provisions for impairment of assets	97 294	40 099
Depreciation of fixed assets	50 019	71 571
Transport costs	28 704	35 326
Profesional services	26 897	18 665
Non-deductible VAT	16 259	16 112
Other expenses	201 231	140 352
Total	**2 804 294**	**2 906 153**

(11) Corporate income tax

	2020	2019
Components of corporate income tax	EUR	EUR
Estimated corporate income tax	4 885	3 206
Total	**4 885**	**3 206**

(12) Intangible assets and fixed assets

		Intangible assets - licences	Fixed assets: Lands and buildings	Leasehold improvements	Other fixed assets	Advances and development costs	Total fixed assets
		EUR	EUR	EUR	EUR	EUR	EUR
Initial value	**01.01.2019**	**105 229**	**439 478**	**3 557**	**620 471**	**621**	**1 064 127**
Acquired		6 167			10 753	2 553	**13 306**
Disposed					-18 196		**-18 196**
Reclassified							**0**
Initial value	**31.12.2019**	**111 396**	**439 478**	**3 557**	**613 028**	**3 174**	**1 059 237**
Accumulated depreciation	**01.01.2019**	**37 561**	**91 056**	**2 201**	**513 457**	**0**	**606 714**
Calculated depreciation		6 337	14 937	432	32 024		**47 393**
Depreciation of disposed fixed assets					-17 623		**-17 623**
Depreciation of reclassified fixed assets							**0**
Accumulated depreciation	**31.12.2019**	**43 898**	**105 993**	**2 633**	**527 858**	**0**	**636 484**
The residual value	**01.01.2019**	**67 668**	**348 422**	**1 356**	**107 014**	**621**	**457 413**
The residual value	**31.12.2019**	**67 498**	**333 485**	**924**	**85 170**	**3 174**	**422 753**
Initial value	**01.01.2020**	**111 396**	**439 478**	**3 557**	**613 028**	**3 174**	**1 059 237**
Acquired		8 388	22 313	7 495	15 683	2 800	**48 291**
Disposed		-170			-81 848	-5 135	**-86 983**
Reclassified							**0**
Initial value	**31.12.2020**	**119 614**	**461 791**	**11 052**	**546 863**	**839**	**1 020 545**
Accumulated depreciation	**01.01.2020**	**43 898**	**105 993**	**2 633**	**527 858**	**0**	**636 484**
Calculated depreciation		6 709	15 619	670	27 783		**44 072**
Depreciation of disposed fixed assets		-170			-78 284		**-78 284**
Moved to another position depreciation							**0**
Impairment of the asset		7 295					**0**
Accumulated depreciation	**31.12.2020**	**57 732**	**121 612**	**3 303**	**477 357**	**0**	**602 272**
The residual value	**01.01.2020**	**67 498**	**333 485**	**924**	**85 170**	**3 174**	**422 753**
The residual value	**31.12.2020**	**61 882**	**340 179**	**7 749**	**69 506**	**839**	**418 273**

At the December 31, 2020 The Company had 636 intangible assets and fixed assets with the residual value of 0 EUR. The purchase cost of these assets was 319 206 EUR.

Revaluation of fixed assets and fair value techniques used

As at 31 December 2004 the Company made first revaluation of real estate. As a result of revaluation, a revaluation reserve of non-current assets in the amount of 53 528 EUR was booked, where 15% of the reserve was attributed to deferred corporate income tax liabilities. Initially calculated revaluation reserve was corrected in 2011 decreasing it by 11 066 EUR to 41 040 EUR.

In June 2011 certified real estate valuator M. Vilnitis who was appointed by the Board of Company, appraised the market value of real estate classified under Land &
In November 2016 certified real estate valuator A. Vedike who was appointed by the Board of Company, appraised the market value of real estate classified under Land & Buildings. As a result of revaluation a revaluation reserve of non-current assets was increased by 96 364 EUR, where 15% or 14 455 EUR of the reserve was attributed to the liabilities of deferred corporate income tax liabilities. The valuation was determined by three valuation techniques:

1) Under cost approach - the value was calculated which would have been required to purchase an equivalent piece of land and to build a similar quality application building. Construction costs would have been adjusted with the factors that characterize the loss of the value of the building under infulence of physical depreciation, functional loss of use, and regional economic situation.
2) Under market approach - the value was calculated, that characterizes appraises property compared to comparable properties, which are known in their market value.
3) Under income approach - the expected cash flow has been estimated based on the rental income for the similar properties. The projected future rental income less

Total revaluation surplus of fixed assets on 31 December 2016 was EUR 168 088 (31.12.2015 - EUR 71 634). Revaluation amount is recognizes in equity under “Revaluation reserve of non-current assets”.

Revaluation reserve can not be reclassified to other equity items, except at the disposal of assets, and paid to the shareholders as dividends.

(13) Right-of-use asset

	31.12.2020	31.12.2019
	EUR	EUR
Right-of-use asset recognized at the beggining of the year	88 410	111 518
Calculated depreciation	-4 505	-23 108
Terminated long-term lease	-77 899	0
Right-of-use asset net value at the end of the year	**6 006**	**88 410**

	31.12.2020	31.12.2019
	EUR	EUR
Lease liabilities, recognized at the beggining of the year	89 148	111 518
Increased by interest payments in 2020	193	2 279
Paid to the lessor during the year	-4 680	-24 649
Terminated long-term lease	-78 519	0
Lease liabilites at the end of the year	**6 142**	**89 148**

Most of the Company's branches are located in leased premises, for which most of the premises have short-term lease agreements. However, some premises had long-term leases. When there was a high probability that the company could close several branches due to the pandemic caused by Covid 19 and in order to simplify the process of terminating leases in order to save financial resources, the Company's management agreed with the lessors and switched the existing leases to short-term, i.e. till the end of 2021.

(14) Participation in the capital of related companies

In December 2019, the Company acquired the related company AUREUM AS, of which the type of activity is in line with the type of activity of the Company. 100% of the voting capital was obtained. Control was acquired in December 2019. The purchase cost was EUR 425 200.

The management of the company decided to reflect the value of the related company in the balance sheet on 31.12.2019 in its acquisition costs.Also, a decision was made for the financial year, which ended on 31.12.2019 not to prepare consolidated financial statements because the acquired company is relatively insignificant and control has been acquired near the end of the year.

On January 21, 2021, Moda Kapitāls AS (Minutes 2/2021) started the liquidation of the related company Aureum AS. Its operation will be fully taken over by "Moda kapitāls" JSC Liepāja branch.

Also for 2020, the Company's management decided not to prepare the consolidated financial statements, as the share of the related company is insignificant, its largest asset is a loan to the parent company of EUR 308 549 and the largest liability position is share capital of EUR 425 200.

The data on the financial position of Aureum AS in 2020 in EUR are as follows:

ASSETS	**31.12.2020**	**31.12.2019**	**LIABILITIES**	**31.12.2020**	**31.12.2019**
1. Intangible assets and property, plant and equipment	3 927	12 277	6. Share Capital	425 200	425 200
2. Loan to "Moda kapitāls" AS	30 849	16 800	7. Accumulated profit / loss	-71 204	0
3. Inventories	1 452	87 525	8. Profit for the reporting year	18 267	-71 204
4. Trade receivables	16 703	96 699	9. Short term payables	5 795	56 989
5. Cash	47 427	46 484			
	378 058	**410 985**		**378 058**	**410 985**

(Continuation of Annex 14)

Aureum AS income statement:	2020	2 019
1. Net turnover	92 797	217 028
2. Costs of goods sold and services provided	-58 555	-157 912
3. Cost of sales	-4 114	-7 599
4. Administration costs	-10 108	-68 123
5. Other income and expenses	-1 753	-50 462
6. Corporate income tax		-4 133
Profit or loss	**18 267**	**-71 201**

If the Company had prepared consolidated financial statements, the consolidated assets would be only 2% higher than the separately reported assets of the Company, liabilities would be 1% higher than in the separate financial statements, consolidated income would be only 5% higher than presented separately and consolidated losses would be ~ 2% less.

In preparing the financial statements for 2020, the Company reduced the value of its interest in the associate to the estimated recoverable amount as a result of liquidation, which was estimated taking into account the operative financial statements of Aureum AS for the 1st quarter of 2021.

Assessment of participation in the capital of related company:

	31.12.2020	31.12.2019
	EUR	EUR
Acquisition cost of participation in the capital of related company	425 200	425 200
Impairment of an asset	-58 166	0
Investments in associates	**367 034**	**425 200**

(15) Inventories

	31.12.2020	31.12.2019
	EUR	EUR
Real estate - loan collateral owned by the Company	165 720	180 183
Advances paid (Real estate – loan collateral owned by the Company)	22 443	31 463
Provision for inventories - loan collateral owned by the Company	-50 324	-50 024
Goods purchased for sales purposes	83 544	80 773
Advances for goods	4 256	10 076
Provisions for goods	-15 120	-11 398
Other collateral owned by the Company	545 612	879 785
Total	**756 131**	**1 120 858**

According to the loan agreements, failure to comply with terms of the contract, the Company is entitled to take over ownership of the pledged assets. These assets are held and available for sale.

Movement in provisions for impairment of inventories:

	31.12.2020	31.12.2019
	EUR	EUR
Provisions at the beginning of the year	**61 422**	**63 456**
Created/(reduced) provisions for real estate	300	-7 204
Created/reduced provisions for slow moving and damaged goods	3 722	5 170
Provisions at the end of the year	**65 444**	**61 422**

(16) Loans and trade receivables

	31.12.2020	31.12.2019
	EUR	EUR
Short-term loans secured with pledges	932 353	1 268 638
Provisions for impairment for loans secured with pledges	-91 002	-63 396
Consumer loans (Short-term loans without pledge)	152 701	203 536
Provisions for impairment of short-term loans not secured with pledges	-61 482	-61 508
Accrued interest payments	128 174	155 572
Total	**1 060 744**	**1 502 842**

Movement in provisions for impairment of accounts receivable:

	Individual impairment	Portfolio impairment	Total
	EUR	EUR	EUR
Provisions at the beginning of the year 2019	**50 890**	**78 279**	**209 095**
Charged/(reduced) provisions in 2019	12 818	-17 083	-79 926
Provisions at the end of the year 2019	**63 708**	**61 196**	**124 904**
Charged/(reduced) provisions in 2020	27 578	2	27 580
Provisions at the end of the year 2020	**91 286**	**61 198**	**152 484**

	2020 % month	2019 % month
Loans against hand pledge	3-21%	3-21%
Loans against ore	3-21%	3-21%
Loans without collateral (consumer credit)	1,5-2,1%	1,5-2,1%
Loans against transport	>2,1-5%	>2,1-5%
Loans against real estate	>2,1-4%	>2,1-5%

Issued short-term loans quality analysis:

	Loans secured with pledges	Loans not secured with pledges	Total
	EUR	EUR	EUR
Neither past due nor impaired loans	**445 529**	**19 012**	**464 541**
Past due but not impaired loans:	**391 469**	**10 725**	**402 194**
less than 30 days	101 235	5 546	106 781
31 to 59 days	28 395	2 630	31 025
60 to 89 days	13 260	2 549	15 809
more than 90 days	248 579	0	248 579
Impaired loans	**94 355**	**122 964**	**217 319**
Total gross loans	**931 353**	**152 701**	**1 084 054**
Impairment allowance	-91 002	-61 482	-152 484
Total net loans	**840 351**	**91 219**	**931 570**

*The gross amount of loans does not include accrued interest payments of EUR 128 174.

(17) Other current assets

	31.12.2020	31.12.2019
Financial assets:	EUR	EUR
Other receivables, neto	7 982	14 324
Settlements for services	6 402	6 991
Overpaid taxes	334	4 603
Total	**14 718**	**25 918**
Non-financial assets:		
Prepaid expense	59 033	17 927
Total other current assets	**73 751**	**43 845**

(18) Cash and its equivalents

	31.12.2020	31.12.2019
	EUR	EUR
Cash at bank on current accounts	474 455	163 553
Cash on hand	48 103	52 406
Total	**522 558**	**215 959**

(17) Financial instruments by category

All financial assets of the Company amounting at the year end to EUR 1 075 128 (31.12.2019 - EUR 1 524 157) fell under the category of loans and receivables.

All financial liabilities of the Company amounting to EUR 3 320 162 (31.12.2019 - EUR 3 971 928) fell under the category of other financial liabilities, there are no liabilities at fair value through profit or loss.

(20) Share capital

As by 31 December 2020, the share capital has been completely paid. It consists of 6 14 000 shares with the nominal value of 71,10 EUR and the total value of 995 400 EUR.

(21) Borrowings

		31.12.2020	31.12.2019
Non-current	**Note**	EUR	EUR
Non-convertible bonds	b)	2 840 000	0
Other loans	c)	0	198 000
Other borrowings-Lease obligations	d)	1 553	66 269
Total non-current		**2 841 553**	**264 269**
Short-term			
Non-convertible bonds	b)	28 400	3 359 650
Other loans	c)	308 548	179 000
Other borrowings-Lease obligations	d)	4 589	22 879
Total short-term		**341 537**	**3 561 529**
Total borrowings		**3 183 090**	**3 825 798**

a) Fair value of borrowings

Considering that the variable interest rate is applied to loans from credit institutions and financial leasing agreements, fair value is not materially different from the carrying value. The management assesses, that also carrying value of other borrowings is not materially different from their fair value.

In accordance with the announcement of October 14, 2020, the Companies repurchased the bonds on the secondary market. Investors submitted applications to repurchase the bonds with a nominal value of EUR 470 000, which was completed by October 29, 2020. There have been no other transactions with the bonds for which public information would be available to assess their market value.

b) Bonds

On October 23, 2020, the Company made amendments to the bond issue regulations. The maturity of the securities was postponed to November 15, 2025, the payment will be made in one payment at the end of the term. The total number of issued securities is 3310, nominal value 1 000 EUR. The coupon rates are set as follows: 8% for the period 16.11.2020-15.11.2021, 9% for the period 16.11.2021-15.11.2022, 10% for the period 16.11.2022-15.11.2023 and 12% for the period 16.11.2023 to 15.11.2025 .

Bonds are included in Baltic bond list of NASDAQ OMX Riga AS stock exchange.

(Continuation of Annex 21)

	2020		2019	
	Nuber of bonds	EUR	Number of bonds	EUR
At beginning of the reporting year	3 310	3 310 000	3 310	3 310 000
Issued during the year			0	0
At the end of the year	**3 310**	**3 310 000**	**3 310**	**3 310 000**
The Company's own repurchased bonds	470	470 000	0	0
Borrowings against bonds NET	**2 840**	**2 840 000**	**3 310**	**3 310 000**

C) Other loans

During the reporting and previous years, the Company has received loans from related and unrelated parties (see Note (21)). Borrowing interest rates range from 4% to 10% per year.

	31.12.2020	31.12.2019
	EUR	EUR
At beginning of the year	**377 000**	**176 500**
Borrowings received in the year	140 548	423 248
Repaid borrowings in the year	-209 000	-222 748
At the end of the year	**308 548**	**377 000**

d) Liabilities under lease agreements

The company has long-term lease agreements. Financial costs were initially estimated at a rate of 2.25% per annum and payable monthly. The % estimate may change from year to year if comparable interest rates change.

In accordance with the agreements the minimum finance lease payments are:

	31.12.2020	31.12.2019
	EUR	EUR
Payable within 1 year	4 680	24 650
Payable from 2 to 6 years	1 560	69 139
Finance lease gross liability	**6 240**	**93 789**
Future finance costs	-98	-4 641
Present value of finance lease liability	**6 142**	**89 148**

(22) Trade and other payables

	31.12.2020	31.12.2019
	EUR	EUR
Advances from customers	46 624	38 716
Salaries	29 781	28 695
Accruals for unused annual leave	18 211	14 313
Mandatory State social insurance contributions and other taxes	14 470	13 734
Trade payables	10 406	16 220
Personal income tax	6 001	4 453
Accrued liabilities	5 799	28 709
Corporate Income tax	3 212	0
Value Added Tax	2 429	
Other payables	139	1 290
Total	**137 072**	**146 130**

Trade receivables and the fair values of other creditors do not differ materially from their carrying amounts because they are short-term. Trade and other payables carry no interest.

(23) Transactions with related parties

In 2020 and 2019 the Company had economic transactions with the following entities that are directly or indirectly controlled by the Company's shareholders and members of the Board: Aureum AS (loan, purchase of stocks - precious metals), Orheja SIA, Tvinger SIA (loan), Trezors SIA (sale of goods, receipt of consultations, loan) and Premium Finance Group SIA.

Loans and interest payments

	Loan balances		Income or loss		Interest expenses	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	2020	2019
	EUR	EUR	EUR	EUR	EUR	EUR
Orheja SIA	0	64 000	227	199	2 982	4 466
Trezors SIA	0	65 000	14 422	2 846	1 623	4 368
AUREUM AS	308 548	168 000	23 839	1 174	10 644	261
Tvinger SIA	0	50 000	0	0	2 383	0
Premium Finance Group SIA	0	0	0	0	0	796
Total	**308 548**	**347 000**	**38 488**	**4 219**	**17 632**	**9 891**
The non-current part of the loans	0	0				
	0	**0**				

Remuneration to the management	Remuneration to Council members		Remuneration to Board members	
	2020	2019	2020	2019
	EUR	EUR	EUR	EUR
Salaries			76 286	78 866
Social security contributions			18 377	18 999
	0	**0**	**94 663**	**97 865**

(24) Number of employees

	2020	2019
The average number of persons employed by the company	41	43

(25) Financial and capital risk management

The Company’s activity is exposed to various financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Management of the Company seeks to minimize potential adverse effects of the financial risks on the Company’s financial position.

Market risk

a)Foreign exchange risks

The Company's main financial assets and liabilities are in Euro (EUR). Revenues are collected in EUR. Daily purchases primarily are incurred in EUR. The Company is not exposed to foreign exchange risk.

b) Interest rate risks

The Company is exposed to interest rate risk as the part of the liabilities are interest-bearing borrowings with the variable interest rate (Note (21)), as well as the Company’s interest bearing assets have fixed interest rate.

	31.12.2020	31.12.2019
	EUR	EUR
	6 142	89 148
Financial liabilities with variable interest rate	**6 142**	**89 148**

Taking into account insignificant proportion of financial liabilities with variable interest rate in total financial liabilities, possible changes of interest and interest rate does not leave significant effect on the Company's profit before tax.

c) Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate due to other market factors. The Company's management monitors the market fluctuations on a continuous basis and acts accordingly but does not enter into any hedging transactions.

Credit risk

Financial assets, which potentially subject the Company to a certain degree of credit risk concentration are primarily cash, trade receivables and loans. For the bank transactions only the local and foreign financial institutions with appropriate ranking is accepted.

Maximum exposure to credit risk	**31.12.2020**	**31.12.2019**
	EUR	EUR
Loans and trade receivables	1 060 744	1 502 842
Other current assets	73 751	43 845
Cash and cash equivalents	522 558	215 959
Total	**1 657 053**	**1 762 646**

Within the Company the credit risk is managed using centralized procedures and control. The main credit risk occurs in connection with outstanding loans issued. To reduce these risks the Company applies a conservative credit policy – the sum of issued loans is smaller than the value of pledged movable and immovable property. Such policy allows the Company to reduce its credit risk to minimum. Information about the structure of the loan portfolio is provided in Note 16.

The Company is not subjected to income concentration risk because the Company gains income from many clients where the total payment of interest income or commission fees is formed by small amounts.

Liquidity risk

Company pursues a prudent liquidity risk management and maintain a sufficient quantity of cash and ensure the availability of financial funds through bonds emission, loans provided by banks and related parties. Company's management monitors the operational forecasting of liquidity reserves, based on estimated cash flows.

The following table shows the maturity structure of financial liabilities of the Company, that is based on non-discounted cash flows (excluding interest):

(Continuation of Note 25)

	Total	**<1 year**	**1-2 years**	**2-5 years**	**>5 years**
31st December, 2019	EUR	EUR	EUR	EUR	EUR
Bonds	3 359 650	3 359 650			
Other loans	377 000	179 000	168 000	30 000	
Finance lease liabilities	89 148	22 879		61 823	4 446
Trade and other payables	135 230	135 230			
	3 961 028	**3 696 759**	**168 000**	**91 823**	**4 446**

	Total	**<1 year**	**1-2 years**	**2-5 years**	**>5 years**
31st December, 2020	EUR	EUR	EUR	EUR	EUR
Bonds	2 868 400	28 400		2 840 000	
Other loans	308 548	308 548			
Lease liabilities	6 142	4 589	1 553		
Trade and other payables	137 072	137 072			
	3 320 162	**478 609**	**1 553**	**2 840 000**	**0**

All loans and trade receivables are short - term, with a maturity 1 year or less.

Capital Management

In accordance with the requirements of the Commercial Law of the Republic of Latvia, the Board shall require shareholders to evaluate and decide on the continuation of the Company's operations if the Company's losses exceed half of the share capital. The Company's equity on 31.12.2020 is negative, its share attributed to the share capital is 5%. According to the bond issue prospectus, the Company's bondholders have the right to request early redemption of the bonds together with the accumulated coupon if the Company's equity shown in the balance sheet is less than EUR 100,000 and if the Company's shareholders do not increase it by at least up to EUR 150 000,within thirty days after the publication of the financial statements.

In accordance with the requirement of paragraph 6.5 of the bond issue regulations, On April 19, 2021, the Company announced a survey of bondholders in order to find out the opinion of bondholders on the increase of the company's share capital. The list of bondholders entitled to vote on the amendments was fixed as of April 26, 2021. The results of the survey are presented in Annex 26.

Company's management controls the net debt to equity (gearing ratio).

	31.12.2020	**31.12.2019**
	EUR	EUR
Total borrowings	3 183 090	3 825 798
Cash and its equivalents	-522 558	-215 959
Net debt	**2 660 532**	**3 609 839**
Equity	-53 641	-84 420
Total capital	**2 606 891**	**3 525 419**
Total assets	3 266 521	3 887 508
Net debt to equity	-4960%	-4276%
Equity ratio on total assets	-2%	-2%

(26) Events after balance sheet date

On April 26, 2021, the survey of bondholders described in Appendix 25 was completed. The Issuer invited all bondholders to participate in the survey, indicating whether the bondholder agrees that the Issuer does not increase equity, in accordance with Article 6.5 of the issue rules and expresses its consent and gives its permission to the Issuer not to increase the equity to 150 000.00 EUR and to continue operations even if the Issuer's equity in the 2020 balance sheet will be less than 100 000.00 EUR. All bondholders of the company expressed positive confirmation.