

SIA “ExpressCredit”

**UNAUDITED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2018.-31.03.2018.**

**PREPARED IN ACCORDANCE WITH THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU**

Translation from Latvian

**EXPRESSCREDIT SIA
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2018.-31.03.2018. (TRANSLATION FROM LATVIAN)**

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Information on the Company

Name of the Company	ExpressCredit SIA
Legal status of the Company	Limited liability company
Number, place and date of registration	40103252854 Commercial Registry Riga, 12 October 2009
Operations as classified by NACE classification code system	NACE2 64.9.1 Financial leasing NACE2 64.92 Other credit granting NACE2 47.79 Retail sale of second-hand goods in stores
Address	Raunas street 44 k-1, Riga, LV-1039 Latvia
Names and addresses of shareholders (from 30.10.2013)	Lombards24.lv, SIA 65.9942% Raunas street 44k-1, Riga, Latvia AE Consulting, SIA 31.51% (until 20.12.2017.) 10% (from 20.12.2017.) Posma street 2, Riga, Latvia EC finance, SIA (21.51% from 20.12.2017.), Raunas street 44k-1, Riga, Latvia Private individuals (2.5%)
Ultimate parent company	AS EA investments, reģ. Nr. 40103896106 Raunas street 44k-1, Riga, Latvia
Names and positions of Board members	Agris Evertovskis - Chairman of the Board Kristaps Bergmanis - Member of the Board Didzis Admidins - Member of the Board Ivars Lamberts - Member of the Board
Names and positions of Council members	Ieva Judinska-Bandeniece – Chairperson of the Council Uldis Judinskis - Deputy Chairman of the Council Ramona Miglane - Member of the Council
Responsible person for accounting	Santa Šoldre - Chief accountant
Financial period	1 January - 31 March 2018

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Information on the Subsidiaries

Subsidiary	SIA ExpressInkasso (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	22.10.2010
Number, place and date of registration of the subsidiary	40103211998; Riga, 27 January 2009
Address of the subsidiary	Raunas Street 44 k-1; Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	66.1 Financial support services except insurance and pension accrual
Subsidiary	SIA MoneyMetro (till 29.07.2016. SIA Banknote) (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	23.02.2015
Number, place and date of registration of the subsidiary	40003040217, Riga, 06 December 1991
Address of the subsidiary	Raunas Street 44 k-1, Riga, LV 1039, Latvia (till 30.04.2015 – Kalēju street 18/20, Riga)
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	Cash Advance Bulgaria EOOD (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	03.05.2017.
Number, place and date of registration of the subsidiary	204422780, Bulgaria, Sofia, 03 May 2017
Address of the subsidiary	49A, Bulgaria Blvd., fl. 4., office 30, Triaditsa region
Operations as classified by NACE classification code system of the subsidiary	Crediting services

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Statement of management`s responsibility

The management of SIA „ExpressCredit” group is responsible for the preparation of the financial statements.

Based on the information available to the Board of the parent company of the Group, the financial statements are prepared on the basis of the relevant primary documents and statements in accordance with International Financial Reporting Standards as adopted by the European Union and present a true and fair view of the Group's assets, liabilities and financial position as at 31 March 2018 and its profit and cash flows for 1st quarter 2018.

The management of the parent company confirms that the accounting policies and management estimates have been applied consistently and appropriately. The management of the parent company confirms that the consolidated financial statements have been prepared on the basis of the principles of prudence and going concern.

The management of the parent company confirms that is responsible for maintaining proper accounting records and for monitoring, controlling and safeguarding the Group's assets. The management of the parent company is responsible for detecting and preventing errors, irregularities and/or deliberate data manipulation. The management of the parent company is responsible for ensuring that the Group operates in compliance with the laws of the Republic of Latvia.

The management report presents fairly the Group's business development and operational performance.

Agris Evertovskis
Chairman of the Board

Didzis Ādmīdiņš
Board Member

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

Riga, 03 May 2018

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Management report

The Group's turnover in 1st quarter 2018 compared to particular period of the year 2017 has increased by 5.3%, reaching EUR 4.49 million, while profit amounted to EUR 1.09 million.

Following the introduction in 2017 of the possibility for clients to conclude distance loan agreements and the possibility to manage their obligations on the customer's portal, in the 1st quarter of 2018 SIA ExpressCredit developed a new distance lending brand "VIZIA". VIZIA's mission is to offer loans that are significantly different in the category by offering simple and easy-to-understand services to customers. This applies both to credit as a product and the process of borrowing and repayment of credit. The company believes that the marketing strategy and service implied by the VIZIA brand will be competitive among the offers offered by existing distance non-bank lenders.

In 2018, a new corporate income tax regulation came into force introducing non-taxation of reinvested profits. These changes will have a positive impact on the company's financial performance, increasing the profit and the equity.

In the first quarter of 2018, the company supported and signed a code of solvency assessment for the industry developed by LAFPA, which defines rigorous and uniform criteria for solvency assessment. During the period the development of a scoring module has been completed that will improve better assessment of customer solvency. Accordingly, in 2018, only 15.2% of new customer loan applications were approved, while for repeat customers - 75.2%.

In the first quarter of 2018, the company cooperated with LAFPA and carried out an assessment of the sector's risks in accordance with the Law on Anti Money Laundering and Combating the Financing of Terrorism. The assessment will serve the company in identification of risks and will provide information for the review and update of the existing procedures.

By implementing business strategy and all planned activities the following financial results of the Group were achieved in 1st quarter 2018:

Position	EUR, million	Change* %
Net loan portfolio	18.17	+14.7
Assets	23.4	+10.1
Net profit	1.09	+61.1

* - comparison to the amounts as at 31.12.2017, except for net profit that is compared to respective period of the year 2017

The Group's loan portfolio growth was financed from the profit, cooperating with the mutual lending platform, and from the closed bonds issue of the year 2016 for the amount EUR 5 million with an annual return of 14%, organized by BlueOrange Bank. As of the end of the period, new bonds have been sold for a total amount of EUR 4 496 000.

Branches

During the period from 1 January 2017 to 31 December, continued to work on the branch network efficiency. As at 31 March 2018 the Group had 86 branches in 39 cities in Latvia (31.12.2017. - 92 branches in 39 cities).

Post balance sheet events

There are no subsequent events since the last date of the reporting period, which would have a significant effect on the financial position of the Company as at 31 March 2018.

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Profit or loss account for the period 01.01.2018.-31.03.2018.

	01.01.2018.- 31.03.2018. EUR	01.01.2017.- 31.03.2017. EUR
Net sales	947 249	977 763
Cost of sales	(612 422)	(656 585)
Interest income and similar income	3 542 389	3 285 856
Interest expenses and similar expenses	(549 046)	(399 462)
Gross profit	3 328 170	3 207 572
Selling expenses	(1 492 770)	(1 877 035)
Administrative expenses	(605 000)	(484 910)
Other operating income	6 408	45 308
Other operating expenses	(141 270)	(9 335)
Profit before taxes	1 095 538	881 600
Corporate income tax for the reporting year	-	(200 202)
Current year's profit	1 095 538	681 398
Earnings per share	0.73	0.45
Diluted earnings per share	0.73	0.45
Comprehensive income statement		
	01.01.2018.- 31.03.2018. EUR	01.01.2017.- 31.03.2017. EUR
Current year's profit	1 095 538	681 398
Other comprehensive income	-	-
Total comprehensive income	1 095 538	681 398

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Balance sheet as at 31 March 2018

	31.03.2018.	31.12.2017.
	EUR	EUR
<u>Assets</u>		
Long term investments		
Fixed assets and intangible assets, goodwill	620 376	600 794
Loans and receivables	2 392 482	1 912 896
Loans to shareholders and management	819 575	746 619
Loans to affiliated companies	571 840	551 594
Total long-term investments:	4 404 273	3 811 903
Current assets		
Goods for sale	915 430	682 995
Loans and receivables	15 779 394	13 930 776
Receivables from affiliated companies	7 241	4 377
Other debtors	891 511	600 093
Deferred expenses	52 830	67 538
Cash and bank	1 414 576	2 219 747
Total current assets:	19 060 982	17 505 526
<u>Total assets</u>	23 465 255	21 317 429
<u>Liabilities</u>		
Shareholders' funds:		
Share capital	1 500 000	1 500 000
Prior years' retained earnings	2 186 136	232 708
Current year's profit	1 095 538	1 956 770
Total shareholders' funds:	4 781 674	3 689 478
Creditors:		
Long-term creditors:		
Bonds issued	7 959 187	7 052 187
Other borrowings	1 466 539	1 444 391
Total long-term creditors:	9 425 726	8 496 578
Short-term creditors:		
Bonds issued	765 666	1 014 743
Other borrowings	7 356 775	6 834 774
Accounts payable to affiliated companies	1 584	51 280
Trade creditors and accrued liabilities	813 857	827 612
Taxes and social insurance	319 973	402 964
Total short-term creditors:	9 257 855	9 131 373
<u>Total liabilities and shareholders' funds</u>	23 465 255	21 317 429

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Age analysis of claims against debtors for loans issued:

	31.03.2018.	31.12.2017.
	EUR	EUR
Receivables not yet due	17 173 852	14 549 165
Outstanding 1-30 days	888 936	878 658
Outstanding 31-90 days	634 656	564 932
Outstanding 91-180 days	444 834	412 055
Outstanding for 181-360 days	336 808	383 567
Outstanding for more than 360 days	171 156	412 912
Total gross claims against debtors for loans issued	19 650 242	17 201 289
Provisions for bad and doubtful trade debtors	(1 478 366)	(1 357 617)
Total net claims against debtors for loans issued	18 171 876	15 843 672

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