

SIA “ExpressCredit”

**UNAUDITED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2019.-31.03.2019.**

**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 01.01.2019.-31.03.2019. (TRANSLATION FROM LATVIAN)**

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Information on the Company

Name of the Company	ExpressCredit
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 65.99% till 07.12.2018., 65.18% from 07.12.2018.), Raunas street 44k-1, Riga, Latvia AE Consulting, SIA (10%) Posma street 2, Riga, Latvia EC finance, SIA (21.51% till 07.12.2018., 21.32% from 07.12.2018.), Raunas street 44k-1, Riga, Latvia Private individuals (3.5%)
Ultimate parent company	EA investments, AS Reg. 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	Inta Pudane - Chief accountant
Financial period	1 January - 31 March 2019

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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 ViziaFinance (till 07.03.2018. SIA MoneyMetro) (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
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	SIA REFIN (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	03.10.2018.
Number, place and date of registration of the subsidiary	40203172517, Riga, 03 October 2018
Address of the subsidiary	Raunas Street 44 k-1, Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	73.20 Market and public opinion research

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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 2019 and its profit and cash flows for 1st quarter 2019.

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 2019

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Management report

The Group's turnover in 1st quarter of 2019 compared to particular period of the year 2018 has increased by 5.5%, reaching EUR 4.09 million, while comparable profit amounted to EUR 1.35 million.

Following the improvements introduced in 2018, SIA ExpressCredit increased the maximum loan amount to EUR 5000 in 2019, and now offers a wider range of loan repayment terms, for example, the loan can now be received with a loan repayment term of up to 5 years.

In 2018, SIA ExpressCredit subsidiary SIA ViziaFinance also successfully implemented the distance loan project www.vizia.lv. In 2019, online brand Vizia has maintained Google Review rating of 4.9/5 from clients for exceptional service.

In 2019, the changes in the Law on Consumer Rights came into force, however they have no significant impact on the operations of the company. The changes require that for each client borrowing an amount greater than EUR 100 the company has to request income report from the State Revenue Service. SIA ExpressCredit was already requesting such reports for loans larger than EUR 427, therefore this practice was effectively in place avoiding cost increases for the company in 2019. As for the new cap on loans with repayment term up to 30 days, SIA ExpressCredit already started to prepare for these changes affecting 3.5% clients at the end of 2018 and ceased to issue loans with such repayment term replacing them with products having longer repayment terms. In March 2019, SIA ExpressCredit became the only non-bank lender included in the Golden Level of the SRS In-Depth Cooperation Program. In total, 76 companies including 2 Latvian commercial banks qualified for this level as of March 20, 2019.

The company will celebrate 10 years in 2019. In line with the company's vision - to achieve the highest level of assessment, the company makes continuous investments to strengthen its team's expertise and improve its competitiveness.

By implementing business strategy and all planned activities the following financial results of the Group were achieved in 1st quarter of 2019:

Position	EUR, million	Change* %
Net loan portfolio	20.76	+ 0.3
Assets	26.85	+ 0.7
Net profit**	1.35	+ 23.2

* Comparison to the amounts as at 31.12.2018.

** Net profit is compared to respective period of the year 2018 and adjusted for changes in tax legislation for comparability with historic data.

In March 2019, SIA ExpressCredit started to repay the principal of bonds issue ISIN LV0000801322 in amount of EUR 125 per bond. In total, EUR 437 500 of the principal was repaid thus marking the start of quarterly repayments of the principal as stipulated by the bonds issue prospectus.

Branches

As at 31 March 2019 the Group had 87 branches in 39 cities in Latvia (31.12.2018. - 87 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 2019.

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Profit or loss account for the period 01.01.2019.-31.03.2019.

	01.01.2019.- 31.03.2019. EUR	01.01.2018.- 31.03.2018. EUR
Net sales	1 156 410	947 249
Cost of sales	(756 360)	(612 422)
Interest income and similar income	3 690 400	3 542 389
Interest expenses and similar expenses	(880 708)	(656 843)
Gross profit	3 209 742	3 220 373
Selling expenses	(1 130 958)	(1 492 770)
Administrative expenses	(707 336)	(605 000)
Other operating income	5 563	6 408
Other operating expenses	(27 120)	(33 473)
Profit before taxes	1 349 891	1 095 538
Corporate income tax for the reporting year	(337 900)	-
Current year's profit	1 011 991	1 095 538
Earnings per share	0.67	0.73
Diluted earnings per share	0.67	0.73
Comprehensive income statement		
	01.01.2019.- 31.03.2019. EUR	01.01.2018.- 31.03.2018. EUR
Current year's profit	1 011 991	1 095 538
Other comprehensive income	-	-
Total comprehensive income	1 011 991	1 095 538

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Balance sheet as at 31 March 2019

	31.03.2019.	31.12.2018.
	EUR	EUR
<u>Assets</u>		
Long term investments		
Fixed assets and intangible assets, goodwill	651 907	602 940
Loans and receivables	5 199 267	3 491 915
Loans to shareholders and management	1 081 493	1 072 274
Loans to affiliated companies	-	-
Total long-term investments:	6 932 667	4 404 273
Current assets		
Goods for sale	1 111 492	848 111
Loans and receivables	15 561 533	16 658 940
Receivables from affiliated companies	213 637	204 335
Other debtors	292 227	230 989
Deferred expenses	47 387	66 945
Cash and bank	2 686 295	3 489 176
Total current assets:	19 912 571	21 498 496
<u>Total assets</u>	26 845 238	26 665 625
<u>Liabilities</u>		
Shareholders' funds:		
Share capital	1 500 000	1 500 000
Prior years' retained earnings	2 954 154	397 834
Current year's profit	1 011 991	4 056 322
Total shareholders' funds:	5 466 145	5 954 156
Creditors:		
Long-term creditors:		
Bonds issued	6 345 111	6 192 631
Other borrowings	941 336	996 544
Total long-term creditors:	7 286 447	7 189 175
Short-term creditors:		
Bonds issued	1 718 452	1 722 136
Other borrowings	11 019 135	10 643 864
Accounts payable to affiliated companies	17 548	416
Trade creditors and accrued liabilities	851 879	956 741
Taxes and social insurance	485 632	199 137
Total short-term creditors:	14 092 646	13 522 294
<u>Total liabilities and shareholders' funds</u>	26 845 238	26 665 625

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Age analysis of claims against debtors for loans issued:

	31.03.2019.	31.12.2018.
	EUR	EUR
Receivables not yet due	18 916 558	18 304 695
Outstanding 1-30 days	1 295 243	1 277 681
Outstanding 31-90 days	730 861	666 441
Outstanding 91-180 days	491 670	456 618
Outstanding for 181-360 days	416 460	515 720
Outstanding for more than 360 days	564 042	637 518
Total gross claims against debtors for loans issued	22 414 834	21 858 673
Provisions for bad and doubtful trade debtors	(1 654 034)	(1 707 818)
Total net claims against debtors for loans issued	20 760 800	20 150 855

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