

SIA “ExpressCredit”

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2017.-30.06.2017.**

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

Translation from Latvian

EXPRESSCREDIT SIA
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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 64.92 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	Lombards24.lv, SIA (till 05.05.2015. Express Holdings, SIA) (51.00% - till 18.06.2015, 67.55% from 18.06.2015 till 23.12.2015, 65.86% from 23.12.2015 – 29.12.2016, 65.9942% from 29.12.2016), Raunas street 44k-1, Riga, Latvia AE Consulting, SIA (24.50% till 18.06.2015, 32.45% - from 18.06.2015 – 23.12.2015, 31.64% - from 23.12.2015 – 29.12.2016, 31.5058% from 29.12.2016), Posma street 2, Riga, Latvia Private individuals (2.5% - from 23.12.2015)
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
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
Financial period	1 January – 30 June 2017

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Information on the Subsidiaries

<p>Subsidiary</p> <p>Date of acquisition of the subsidiary</p> <p>Number, place and date of registration of the subsidiary</p> <p>Address of the subsidiary</p> <p>Operations as classified by NACE classification code system of the subsidiary</p>	<p>SIA ExpressInkasso (parent company interest in subsidiary – 100%)</p> <p>22.10.2010</p> <p>40103211998; Riga, 27 January 2009</p> <p>Raunas Street 44 k-1; Riga, LV 1039, Latvia</p> <p>66.1 Financial support services except insurance and pension accrual</p>
<p>Subsidiary</p> <p>Date of acquisition of the subsidiary</p> <p>Number, place and date of registration of the subsidiary</p> <p>Address of the subsidiary</p> <p>Operations as classified by NACE classification code system of the subsidiary</p>	<p>SIA MoneyMetro (from 30.04.2015. līdz 29.07.2016. SIA Banknote, till 30.04.2015 – SIA Rīgas pilsētas lombards) (parent company interest in subsidiary – 100%)</p> <p>23.02.2015</p> <p>40003040217, Riga, 06 December 1991</p> <p>Raunas Street 44 k-1, Riga, LV 1039, Latvia (till 30.04.2015 – Kalēju street 18/20, Riga)</p> <p>64.92 Other financing services</p>
<p>Subsidiary</p> <p>Date of acquisition of the subsidiary</p> <p>Number, place and date of registration of the subsidiary</p> <p>Address of the subsidiary</p> <p>Operations as classified by NACE classification code system of the subsidiary</p>	<p>SIA EC Finance (parent company interest in subsidiary – 100%)</p> <p>01.12.2015</p> <p>40103950614, Riga, 01 December 2015</p> <p>Raunas Street 44 k-1, Riga, LV 1039, Latvia</p> <p>64.20 Activities of holding companies</p>
<p>Subsidiary</p> <p>Date of acquisition of the subsidiary</p> <p>Number, place and date of registration of the subsidiary</p> <p>Address of the subsidiary</p> <p>Operations as classified by NACE classification code system of the subsidiary</p>	<p>SIA EC Investments (parent company interest in subsidiary – 100%)</p> <p>06.11.2015</p> <p>40103944745, Riga, 06 November 2015</p> <p>Raunas Street 44 k-1, Riga, LV 1039, Latvia</p> <p>64.20 Activities of holding companies</p>
<p>Subsidiary</p> <p>Date of acquisition of the subsidiary</p> <p>Number, place and date of registration of the subsidiary</p> <p>Address of the subsidiary</p> <p>Operations of the subsidiary</p>	<p>Cash Advance Bulgaria EOOD (parent company interest in subsidiary – 100%)</p> <p>03.05.2017.</p> <p>204422780, Bulgaria, Sofia, 03 May 2017</p> <p>49A, Bulgaria Blvd., fl. 4., office 30, Triaditsa region</p> <p>Crediting services</p>

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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 30 June 2017 and its profit and cash flows for the period from 1 January to 30 June 2017.

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

Kristaps Bergmanis
Member of the Board

Didzis Ādmīdiņš
Member of the Board

Riga, 4 August 2017

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Group's performance during the period

The Group's operations during the period from 1 January to 30 June 2017 has been successful. In line with plans, total revenue for the period was up by 25.4% against the 2016 respective period and reached 8 718 678 euro.

Following introduced business strategy, the Company focused on increasing the loan portfolio and cost-effectiveness measures.

In the first half year 2017 the Group invested in the brand awareness of "Banknote" and "MoneyMetro". Additional investments were continued in IT systems development and training of staff to ensure a high service quality and to maintain high standards of customer service.

By implementing business strategy and all planned activities the following financial results of the Group were achieved in the period:

- during period net loan portfolio increased by 31.4% to 15.8 million euro;
- the Group's total assets at 30 June 2017 was 18.9 million euro;
- Consolidated profit for the first half year 2017 was 1 443 165 euro (in 2016 respective period EUR 334 729 euro)

The Group's loan portfolio was funded from the profits, from the cooperation with the mutual lending platform, as well as in the first half year 2017 the Group attracted funding of 600,000 euros with respect to emitted the closed bond issue of 5 million euros at the end of 2016. As at the end of period of the new bonds are subscribed for the total amount of 1 574 000 euro.

Branches

During the period from 1 January to 30 June 2017, continued to work on the branch network efficiency. As at 30 June 2017 the Group had 92 branches in 39 cities in Latvia (31.12.2016. - 91 branches in 39 cities).

Post balance sheet events

There are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 30 June 2016.

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Profit or loss account for the half year ended 30 June 2017

	01.01.2017.- 30.06.2017. EUR	01.01.2016.- 30.06.2016. EUR
Net sales	1 991 345	2 398 301
Cost of sales	(1 328 174)	(1 998 605)
Interest income and similar income	6 727 333	4 554 603
Interest expenses and similar expenses	(817 644)	(600 913)
Gross profit	6 572 860	4 353 386
Selling expenses	(2 892 499)	(2 348 605)
Administrative expenses	(1 065 613)	(1 039 412)
Other operating income	34 326	389 274
Other operating expenses	(902 144)	(935 954)
Profit before taxes	1 746 930	418 689
Corporate income tax for the reporting year	(303 765)	(83 960)
Deferred tax		
Current periods's profit	1 443 165	334 729
Earnings per share	0.93	0.78
Diluted earnings per share	0.93	0.78
Comprehensive income statement the half year ended 30 June 2017		
	01.01.2017.- 30.06.2017. EUR	01.01.2016.- 30.06.2016. EUR
Current period's profit	1 443 165	334 729
Other comprehensive income	-	-
Total comprehensive income	1 443 165	334 729

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Balance sheet as at 30 June 2017	30.06.2017.	31.12.2016.
	EUR	EUR
<u>Assets</u>		
Long term investments		
Fixed assets and intangible assets, goodwill	569 481	581 905
Loans and receivables	1 492 520	964 108
Loans to shareholders and management	854 646	1 216 601
Other investments	20	20
Deferred tax asset	145 252	145 252
Total long-term investments:	3 061 919	2 907 886
Current assets		
Goods for sale	686 480	700 715
Loans and receivables	13 689 320	10 591 251
Receivables from affiliated companies	408 392	169 146
Other debtors	232 003	249 958
Deferred expenses	58 382	92 741
Assets held for sale	6 000	1 000
Cash and bank	842 371	1 279 410
Total current assets:	15 922 948	13 084 221
<u>Total assets</u>	<u>18 984 867</u>	<u>15 992 107</u>
<u>Liabilities</u>		
Shareholders' funds:		
Share capital	1 500 000	1 500 000
Prior years' retained earnings	1 306 065	345 348
Current year's profit	1 443 165	960 717
Total shareholders' funds:	4 249 230	2 806 065
Creditors:		
Long-term creditors:		
Bonds issued	5 251 760	5 213 760
Other borrowings	596 256	1 292 032
Total long-term creditors:	5 848 016	6 505 792
Short-term creditors:		
Bonds issued	1 005 291	1 017 773
Other borrowings	6 843 762	4 847 977
Accounts payable to affiliated companies	334	181
Trade creditors and accrued liabilities	737 045	735 137
Taxes and social insurance	301 189	79 182
Total short-term creditors:	8 887 621	6 680 250
<u>Total liabilities and shareholders' funds</u>	<u>18 984 867</u>	<u>15 992 107</u>

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Statement of changes in equity of the Group for the half year ended 30 June 2017

	Share capital	Prior years' retained earnings	Current year's profit	Total
	EUR	EUR	EUR	EUR
As at 31 December 2015	426 861	387 704	1 512 464	2 327 029
Dividends paid	-	(700 000)	-	(700 000)
Prior years' retained earnings of subsidiary sold	-	-	18 319	18 319
Profit transfer	873 139	657 644	(1 530 783)	-
Enlarged share capital	200 000	-	-	200 000
Profit for the year	-	-	960 717	960 717
As at 31 December 2016	1 500 000	345 348	960 717	2 806 065
Profit transfer	-	960 717	(960 717)	-
Profit for the period	-	-	1 443 165	1 443 165
As at 30 June 2017	1 500 000	1 306 065	1 443 165	4 249 230

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Cash flow statement for the half year ended 30 June 2017

	01.01.2017.- 30.06.2017. EUR	01.01.2016.- 30.06.2016. EUR
<u>Cash flow from operating activities</u>		
Profit before extraordinary items and taxes	1 746 930	418 689
<u>Adjustments for:</u>		
a) fixed assets and intangible assets depreciation	103 779	98 615
b) accruals and provisions (except for provisions for bad debts)	12 187	65 173
c) write-off of provisions	31 528	(78 452)
d) cessation results	867 892	1 451 394
e) interest income	(6 727 333)	(4 389 399)
f) interest and similar expense	817 644	600 913
g) (profit)/ loss on fixed assets disposal	(7 615)	-
h) other adjustments	30 218	-
Loss before adjustments of working capital and short-term liabilities	(3 124 770)	(1 833 067)
<u>Adjustments for:</u>		
a) (increase)/ decrease in consumer loans issued (core business) and other debtors	(5 028 562)	(2 065 698)
b) stock increase	(17 293)	(675 365)
c) trade creditors' (decrease)/ increase	30 289	(32 580)
Gross cash flow from operating activities	(8 140 336)	(4 606 710)
Corporate income tax payments	(91 918)	(151 206)
Interest income	6 700 126	4 336 633
Interest paid	(835 351)	(601 040)
Net cash flow from operating activities	(2 367 479)	(1 022 323)
<u>Cash flow from investing activities</u>		
Acquisition of fixed assets and intangibles	(94 986)	(67 175)
Proceeds from sales of fixed assets and intangibles	28 459	65
Loans issued/repaid (other than core business of the Company) (net)	669 171	(1 969 886)
Acquisition of assets for sale	(5 000)	-
Net cash flow from investing activities	597 644	(2 036 996)
<u>Cash flow from financing activities</u>		
Loans received and bonds issued (net)	4 574 720	2 235 866
Redemption/purchase of bonds	(1 368 000)	(500 000)
Loans repaid	(1 831 763)	911 278
Finance lease payments	(42 161)	(27 179)
Dividends paid	-	-
Net cash flow from financing activities	1 332 796	2 619 965
Net cash flow of the reporting period	(437 039)	(439 354)
Cash and cash equivalents at the beginning of the reporting period	1 279 410	1 129 695
Cash and cash equivalents at the end of reporting period	842 371	690 341

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Age analysis of claims against debtors for loans issued:

	30.06.2017.	31.12.2016.
	EUR	EUR
Receivables not yet due	13 336 988	8 491 645
Outstanding 1-30 days	913 098	1 577 284
Outstanding 31-90 days	755 024	1 103 429
Outstanding 91-180 days	694 966	871 591
Outstanding for 181-360 days	428 335	415 356
Outstanding for more than 360 days	484 549	446 877
Total gross claims against debtors for loans issued	16 612 959	12 906 182
Provisions for bad and doubtful trade debtors	(1 431 119)	(1 350 823)
Total net claims against debtors for loans issued	15 181 840	11 555 359

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Riga, 4 August 2017