

SIA “ExpressCredit”

**UNAUDITED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2017.-30.09.2017.**

**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 01.01.2017.-30.09.2017. (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 64.92 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 (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
Responsible person for accounting	Santa Šoldre - Chief accountant
Financial period	1 January – 30 September 2017

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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 (from 30.04.2015. līdz 29.07.2016. SIA Banknote, till 30.04.2015 – SIA Rīgas pilsētas lombards) (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	SIA EC Finance (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	01.12.2015
Number, place and date of registration of the subsidiary	40103950614, Riga, 01 December 2015
Address of the subsidiary	Raunas Street 44 k-1, Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	64.20 Activities of holding companies
Subsidiary	SIA EC Investments (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	06.11.2015
Number, place and date of registration of the subsidiary	40103944745, Riga, 06 November 2015
Address of the subsidiary	Raunas Street 44 k-1, Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	64.20 Activities of holding companies
Subsidiary	SIA DCE solutions (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	27.01.2017.
Number, place and date of registration of the subsidiary	40103913410, Riga, 15 July 2015
Address of the subsidiary	Raunas Street 44 k-1, Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	64.20 Business and other management consultancy activities
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 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 30 September 2017 and its profit and cash flows for the period from 1 January to 30 September 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, 3 November 2017

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Group's performance during the period

The Group's operations during the period from 1 January to 30 September 2017 has been successful. According to the plan, the total revenue compared to the corresponding period of the previous year has increased by 20.8%, totalling EUR 13 490 124.

In the third quarter, the company entered into a new agreement with a cooperation partner on the development of statistical analysis technologies with the aim to enhance the solvency assessment and raising the quality of loan portfolio."

The company informs that only 26% of new customer loan applications are approved, while for repeat customers it is 82%.

One of the goals of the company has always been to organized internal processes and high quality of process management. In order to assure this quality for investors and customers, the company's management team decided in the beginning of 2017 to conduct international ISO certification in accordance with ISO 9001: 2015 (quality management) and ISO 50001: 2012 (energy management system). In October 2017, the company was successfully certified for both of the above certificates.

In the 3rd quarter of 2017, the company continued to work on improvement and digitization of offered services, and the services with additional benefits will be offered to customers as of the fourth quarter of 2017.

The company continues to streamline its internal processes to ensure the operations according to expected changes in the Law on Anti Money Laundering and Combating the Financing of Terrorism, as well as adaptation of its activities according to General Data Protection Regulation, which will come into force on May 25, 2018.

By implementing business strategy and all planned activities the following financial results of the Group were achieved in 9 months of 2017:

- during period net loan portfolio increased by 40.1% to 16.5 million euro;
- the Group's total assets at 30 September 2017 was 22.7 million euro;
- Consolidated profit for the 9 month of the year 2017 was 2 244 773 euro (in 2016 respective period EUR 657 333 euro)

The Group's loan portfolio growth was financed from the profit, cooperating with the mutual lending platform, and during the 9 months of 2017 financing was raised by EUR 1,352,000 from closed issue bonds. Bonds were issued in 2016 for 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 2 326 000.

Branches

During the period from 1 January to 30 September 2017, continued to work on the branch network efficiency. As at 30 September 2017 the Group had 93 branches in 39 cities in Latvia (31.12.2016. - 91 branches in 39 cities).

Post balance sheet events

On 3 October 2017. gada 3. Shareholders decided on distribution of the previous year's profits as dividends in the amount of EUR 1 070 000 euro. The payout of dividends will be made taking into account bond issue prospectus LV0000801322, LV0000801280 and LV0000802213.

Except for the above 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 30 September 2017.

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Profit or loss account for the period 01.01.2017.-30.09.2017.

	01.01.2017.- 30.09.2017. EUR	01.01.2016.- 30.09.2016. EUR
Net sales	3 113 215	3 873 777
Cost of sales	(2 071 059)	(3 130 043)
Interest income and similar income	10 376 909	7 290 012
Interest expenses and similar expenses	(1 297 577)	(941 382)
Gross profit	10 121 488	7 092 364
Selling expenses	(4 709 231)	(3 996 417)
Administrative expenses	(1 684 317)	(1 599 828)
Other operating income	37 323	15 845
Other operating expenses	(966 031)	(709 221)
Profit before taxes	2 799 232	802 743
Corporate income tax for the reporting year	(558 459)	(145 410)
Deferred tax	-	-
Current year's profit	2 240 773	657 333
Earnings per share	1.49	0.44

Comprehensive income statement

	01.01.2017.- 30.09.2017. EUR	01.01.2016.- 30.09.2016. EUR
Current year's profit	2 240 773	657 333
Other comprehensive income	-	-
Total comprehensive income	2 240 773	657 333

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Balance sheet as at 30 September 2017

	30.09.2017.	31.12.2016.
	EUR	EUR
<u>Assets</u>		
Long term investments		
Fixed assets and intangible assets	567 322	581 905
Loans and receivables	1 762 988	964 108
Loans to shareholders and management	675 025	1 216 601
Participating interest in subsidiaries	-	-
Other investments	20	20
Deferred tax asset	145 252	145 252
Total long-term investments:	3 150 607	2 907 886
Current assets		
Finished goods and goods for sale	708 813	700 715
Loans and receivables	14 781 677	10 591 251
Receivables from affiliated companies	562 945	169 146
Other debtors	293 950	249 958
Deferred expenses	39 156	92 741
Assets held for sale	6 000	1 000
Cash and bank	3 119 483	1 279 410
Total current assets:	19 512 024	13 084 221
<u>Total assets</u>	<u>22 662 631</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	2 240 773	960 717
Total shareholders' funds:	5 046 838	2 806 065
Creditors:		
Long-term creditors:		
Bonds issued	5 986 360	5 213 760
Other borrowings	1 648 098	1 292 032
Total long-term creditors:	7 634 458	6 505 792
Short-term creditors:		
Bonds issued	1 012 938	1 017 773
Other borrowings	7 748 339	4 847 977
Accounts payable to affiliated companies	316	181
Trade creditors and accrued liabilities	740 608	735 137
Taxes and social insurance	479 134	79 182
Total short-term creditors:	9 981 335	6 680 250
<u>Total liabilities and shareholders' funds</u>	<u>22 662 631</u>	<u>15 992 107</u>

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Age analysis of claims against debtors for loans issued:

	30.09.2017.	31.12.2016.
	EUR	EUR
Receivables not yet due	14 884 262	8 491 645
Outstanding 1-30 days	938 452	1 577 284
Outstanding 31-90 days	569 434	1 103 429
Outstanding 91-180 days	804 079	871 591
Outstanding for 181-360 days	704 025	415 356
Outstanding for more than 360 days	577 781	446 877
Total gross claims against debtors for loans issued	18 478 033	12 906 182
Provisions for bad and doubtful trade debtors	(1 933 368)	(1 350 823)
Total net claims against debtors for loans issued	16 544 665	11 555 359

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