

SIA “ExpressCredit”

**UNAUDITED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2018.-30.09.2018.**

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 64.91 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	Lombards24.lv, SIA (65.99%) 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% - 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 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 Pudāne - Chief accountant
Financial period	1 January – 30 September 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 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 (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

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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 2018 and its profit and cash flows for the period from 1 January to 30 September 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
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Riga, 2 November 2018

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Management report

The Group's turnover during 9 month of the year 2018 in comparison with the corresponding period of the previous year has increased by 5%, while the company's profit during this period has increased by 54.3%.

In June 2018, the Parliament of the Republic of Latvia, on the basis of proposals from individual Parliament members, began to evaluate the changes in the Consumer Rights Protection Law, which resulted in the adoption of amendments to the law. The changes in the law will have an impact on the companies operating in the consumer lending industry. The most significant change, effective as of 1st July 2019, will be the limit of the total cost of credit for consumer loans, which cannot exceed 0.07% per day. Also, as of 1st July 2019, a restriction on consumer lending advertisements will come into force. Approved amendments to the law also include several minor changes that SIA ExpressCredit sees as adding value, such as access to information.

Although legislative changes are voluminous, we see us in the Latvian consumer credit market in the long term. Legislative changes provide both constraints and opportunities. As a result of these changes, the boundary between the classic banks and non-bank loans will actually be broken down. Company anticipates that there will be transformation of the services in the sector, and in the short term decline in turnover is expected, which will be partly offset by lower advertising costs, as well as a review of other costs. In the longer term, the market will move towards more sustainable development. Although the industry's loan portfolio will certainly grow in the long run, there will be separate customer groups that will no longer be able to receive the loan. This should be considered as a disadvantage of legislative planning, as some individual groups of clients will not be profitable to lend due to credit risk. It is positively appreciated that various professional government institutions such as Consumer Rights Protection Centre and the Bank of Latvia consider the regulation for the sector more liberal.

SIA ExpressCredit welcomes the legislator's efforts to improve the exchange of information with borrowers' data, as well as intended positive changes in terms of solvency assessment rules. Clearly, by eliminating the price as a competitive element, other product quality aspects will set at the forefront of a struggle as the elements of competition, where we see the benefits of competitiveness. We think that customers will less likely choose service providers by business type, rather will opt for a product that meets the customer's values, needs, and lifestyles.

In the 3rd quarter of 2018, sale of goods online was established. The online store provides additional channel for the sale of goods, significantly increasing the range of potential customers. The online store provides for customers an opportunity to easily purchase items that are sold at different branches in one place. Delivery will be provided all over Latvia.

In October 2018, in line with the Company's goals to maintain orderly internal processes and ensure high quality of process management, there was successfully completed an annual ISO certification audit in accordance with ISO 9001: 2015 (Quality Management) and ISO 50001: 2012 (Energy Management System) standards.

In general, we see the end of 2018 and 2019 tight and laborious, but we also see the enormous opportunities to be used. The company has successfully managed changes on several occasions and we are fully prepared for them at the moment.

By implementing the business strategy and planned activities, the following financial indicators of the Group were achieved in 9 months of 2018:

Position	EUR, million	Change* %
Net loan portfolio	19.0	+19.9
Assets	24.6	+15.3
Net profit	3.46	+54.3

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

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Branches

During the period from 1 January to 30 September 2018, work on the branch network efficiency was continued. As at 30 September 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 30 September 2018.

Agris Evertovskis
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Profit or loss account for the period 01.01.2018.-30.09.2018.

	01.01.2018.- 30.09.2018. EUR	01.01.2017.- 30.09.2017. EUR
Net sales	3 058 974	3 113 215
Cost of sales	(1 934 137)	(2 071 059)
Interest income and similar income	11 039 072	10 376 909
Interest expenses and similar expenses	(1 699 945)	(1 297 577)
Gross profit	10 463 964	10 121 488
Selling expenses	(4 611 399)	(4 709 231)
Administrative expenses	(1 959 746)	(1 684 317)
Other operating income	72 470	37 323
Other operating expenses	(492 056)	(966 031)
Profit before taxes	3 473 233	2 799 232
Corporate income tax for the reporting year	(14 882)	(558 459)
Current year's profit	3 458 351	2 240 773
Earnings per share	2.31	1.49
Diluted earnings per share	2.31	1.49
Comprehensive income statement		
	01.01.2018.- 30.09.2018. EUR	01.01.2017.- 30.09.2017. EUR
Current year's profit	3 458 351	2 240 773
Other comprehensive income	-	-
Total comprehensive income	3 458 351	2 240 773

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Balance sheet as at 30 September 2018

Assets	30.09.2018.	31.12.2017.
	EUR	EUR
Long term investments		
Fixed assets and intangible assets, goodwill	625 681	600 794
Loans and receivables	2 756 047	1 912 896
Loans to shareholders and management	781 097	746 619
Loans to affiliated companies	550 935	551 594
Total long-term investments:	4 713 760	3 811 903
Current assets		
Goods for sale	1 150 983	682 995
Loans and receivables	16 246 436	13 930 776
Receivables from affiliated companies	3 216	4 377
Other debtors	358 447	600 093
Deferred expenses	32 373	67 538
Cash and bank	2 074 463	2 219 747
Total current assets:	19 865 918	17 505 526
Total assets	24 579 678	21 317 429
Liabilities		
Shareholders' funds:		
Share capital	1 500 000	1 500 000
Prior years' retained earnings	446 421	232 708
Current year's profit	3 458 351	1 956 770
Total shareholders' funds:	5 404 772	3 689 478
Creditors:		
Long-term creditors:		
Bonds issued	5 345 800	7 052 187
Other borrowings	2 354 132	1 444 391
Total long-term creditors:	7 699 932	8 496 578
Short-term creditors:		
Bonds issued	2 565 221	1 014 743
Other borrowings	8 035 983	6 834 774
Accounts payable to affiliated companies	1 478	51 280
Trade creditors and accrued liabilities	810 056	827 612
Taxes and social insurance	62 236	402 964
Total short-term creditors:	11 474 974	9 131 373
Total liabilities and shareholders' funds	24 579 678	21 317 429

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Age analysis of claims against debtors for loans issued:

	30.09.2018.	31.12.2017.
	EUR	EUR
Receivables not yet due	17 729 692	14 549 165
Outstanding 1-30 days	1 225 910	878 658
Outstanding 31-90 days	614 140	564 932
Outstanding 91-180 days	455 470	412 055
Outstanding for 181-360 days	519 922	383 567
Outstanding for more than 360 days	290 158	412 912
Total gross claims against debtors for loans issued	20 835 292	17 201 289
Provisions for bad and doubtful trade debtors	(1 832 809)	(1 357 617)
Total net claims against debtors for loans issued	19 002 483	15 843 672

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