

## NordCard statement

### FY 2019 SUMMARY OF PERFORMANCE

The 2019 financial year was full of improvements and challenges. We launched new online-banking, added payment card to our product range and redesigned our website. Meanwhile, the Government of Latvia announced APR ceilings for the consumer lending industry. As a result, our product costs moderately grew, yet interest income notably decreased.

To maintain our performance, we decreased working capital costs by increasing paid capital and optimizing administration costs. The paid capital was increased by 2 950 000 EUR, yet administration costs were lowered by 5%. Despite the actions we took, we ended FY 2019 with slight loss of 98 419 EUR.

### FIRST SEMESTER OF 2020

During the first semester of 2020, we decreased payroll expense by approximately 12%, postponed development projects and joined IUVO-GROUP to increase our portfolio. By partnering with IUVO-GROUP, we are steadily growing our portfolio and therefore increasing our revenue.

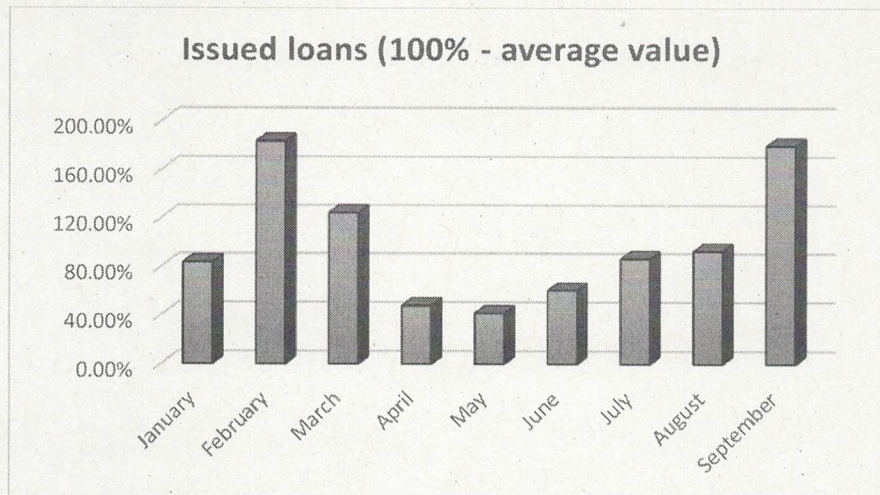
### COVID-19 IMPACT

Our only and primary market, which is Latvia, is relatively less impacted by COVID-driven restrictions. The government has only limited late payment penalties, which has a small impact on our portfolio returns. There was a slight drop in loan issuances, which resulted in positive net cash flow. The payment discipline was slightly impacted. By adjusting the debt collection process and implementing a new set of tools, we were able to retrieve payment discipline to pre-pandemic level and to achieve even higher results.

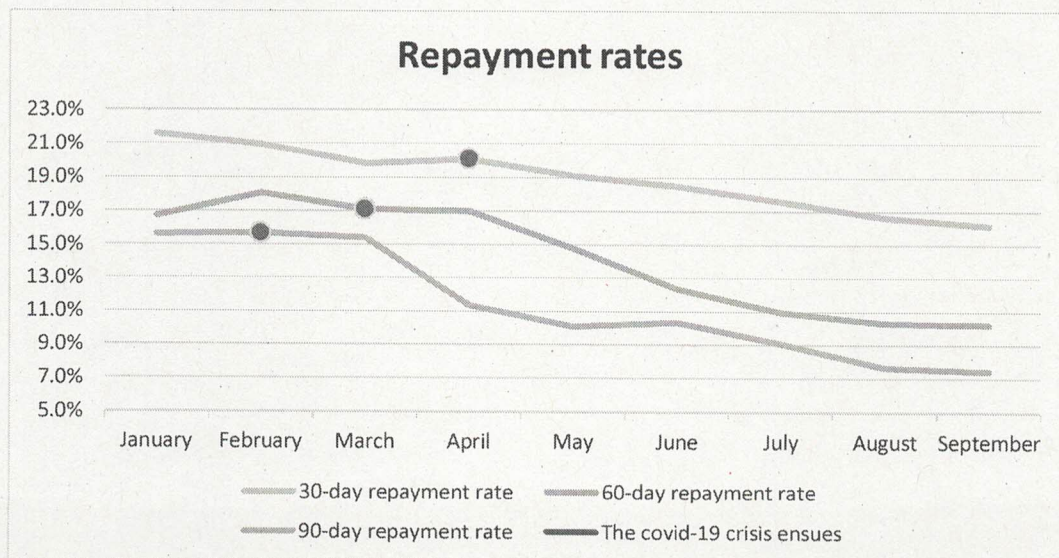
Immediate actions were also implemented to preserve employees and guaranty continuous operational processes. We fully complied with Government imposed restrictions, formed Covid-19 committee and implemented work from home option for employees, by providing the required equipment.

## STATISTICS

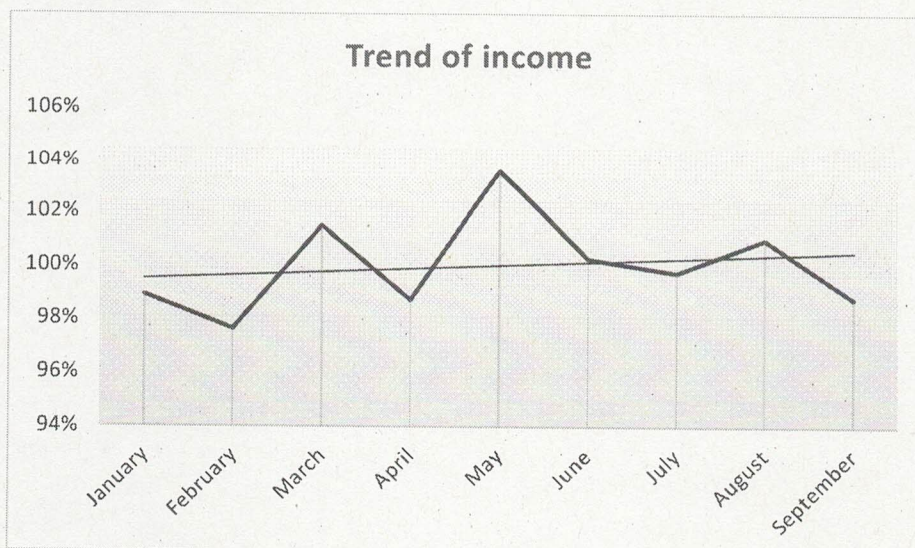
At the beginning of the Covid-19 crisis, there was a decrease in the issued loans, but now the amount of issued loans per month reaches the pre-crisis level. In September, compared to April, 3.8 times more loans were issued. It is planned that the issued loans in the coming months will be at a similar level.



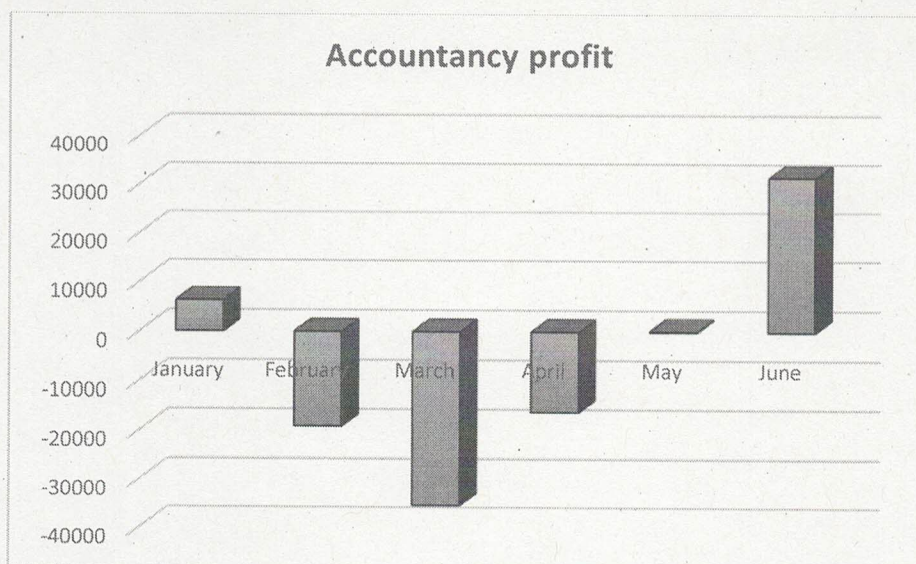
We have implemented many debt collection tools and optimized the work of the debt collection department to achieve higher loan repayment rates. The Covid-19 crisis has affected repayment rates in the short term, but they have recovered fairly quickly and are now showing very good performance.



The company optimized various cost positions and reached record low costs already in June. The cost trend is negative, thus allowing for higher profitability. Income is stable enough and does not change significantly, and there is a positive trend as more and more new loans are issued.



Although Covid-19 has had an impact on business development, we still plan to get a profit in 2020. To accomplish this goal, various cost positions have revised as well as the workforce has reduced, and these changes have not affected business operations. Besides, we had a positive result (accountancy profit) last month and this trend is also positive.



We are confident that actions taken will be sufficient to strengthen company's positions in the market in the long term. Something good comes from every crisis and we are here to make it happen.

CEO of NordCard

Daniels Jukna

**BALANCE SHEET**  
**30 June 2020**

<b>ASSETS</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
	<i>euro</i>	<i>euro</i>
<b>LONG-TERM INVESTMENT</b>		
<b>I.Intangible investments</b>		
Concessions, patents, licences, trade marks and similar rights	201 633	206 362
Other intangible investments	6 282	3 526
Advance payments for intangible assets	-	871
<b>Total intangible investments</b>	<b>207 915</b>	<b>210 759</b>
<b>II.Fixed assets</b>		
Other fixed assets and inventory	15 544	16 938
<b>Total fixed assets</b>	<b>15 544</b>	<b>16 938</b>
<b>Total long-term investment</b>	<b>223 459</b>	<b>227 697</b>
<b>CURRENT ASSETS</b>		
<b>I.Inventory</b>		
Raw materials and consumables	10 284	10 373
<b>Total inventory</b>	<b>10 284</b>	<b>10 373</b>
<b>II.Debtors</b>		
Trade receivables	1 937 229	1 766 720
Other debtors	15 374	15 188
Costs of future reporting periods	1 916	6 713
Accrued income	-	4 514
<b>Total debtors</b>	<b>1 954 519</b>	<b>1 793 135</b>
<b>IV.Cash and cash equivalents</b>	<b>64 185</b>	<b>66 170</b>
<b>Total current assets</b>	<b>2 028 988</b>	<b>1 869 678</b>
<b>TOTAL ASSETS</b>	<b>2 252 446</b>	<b>2 097 375</b>

**BALANCE SHEET**  
**30 June 2020**

<b>LIABILITIES</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
	<i>euro</i>	<i>euro</i>
<b>OWN CAPITAL</b>		
Fixed capital	3 375 000	3 375 000
Retained earnings:		
Accumulated profit (loss) for the previous years	(1 570 104)	(1 471 684)
Profit or loss of the reporting year	(32 580)	(98 420)
<b>Total own capital</b>	<b>1 772 316</b>	<b>1 804 896</b>
<b>CREDITORS</b>		
<b>Long-term creditors</b>		
Other loans	434 752	-
<b>Total long-term creditors</b>	<b>434 752</b>	<b>-</b>
<b>Short-term creditors</b>		
Other loans	2 400	226 375
Advances received from buyers	2 631	1 002
Debts to suppliers and employees	8 595	4 080
Taxes and state social insurance contributions	13 616	26 943
Other creditors	18 136	20 219
Accrued liabilities	-	13 859
<b>Total short-term creditors</b>	<b>45 378</b>	<b>292 478</b>
<b>Total creditors</b>	<b>480 130</b>	<b>292 478</b>
<b>TOTAL LIABILITIES</b>	<b>2 252 446</b>	<b>2 097 374</b>

31.08.2020.

The semiannual report was prepared by  
Irina Fadejeva, Accountant

**PROFIT OR LOSS STATEMENT (by expenditure function)  
FOR 2020**

	<b>2020</b>	<b>2019</b>
	<i>euro</i>	<i>euro</i>
Net turnover	232 235	722 532
incl.		
<i>b) from other core business activities</i>	232 235	722 532
Cost of production, cost of goods sold or services provided	(221 812)	(505 765)
<b>Gross profit or loss</b>	<b>10 423</b>	<b>216 767</b>
Sales costs	(34 448)	(82 217)
Administration costs	(153 859)	(343 835)
Other operating income of the company	191 891	215 641
Other operating expenses of the company	(19 198)	(48 045)
Interest and similar costs:		
incl.		
<i>a) related companies</i>	-	-
<i>b) other persons</i>	(27 389)	(45 373)
<b>Profit or loss before corporate tax</b>	<b>(32 580)</b>	<b>(87 062)</b>
Corporate income tax for the reporting period	-	(11 358)
<b>Profit or loss after corporate income tax</b>	<b>(32 580)</b>	<b>(98 420)</b>
<b>PROFIT OR LOSS FOR THE REPORTING YEAR</b>	<b>(32 580)</b>	<b>(98 420)</b>

31.08.2020.

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Irina Fadejeva, Accountant