

NordCard statement

FY 2020 SUMMARY OF PERFORMANCE

The 2020 financial year was full of improvements and challenges. We joined Iuvo platform that allowed us to increase issued loans, introduced new marketing channels, we successfully passed the financial audit and improved accounting. Meanwhile, the Covid-19 crisis appeared at the beginning of the year and the licence fee increased significantly. As a result, our product costs moderately grew, yet profit decreased.

To maintain our performance, we decreased working capital costs and optimized administration and IT costs. Administration and IT costs were lowered by 10%. Despite the actions we took, we ended FY 2020 with slight loss of 118 910 EUR. However, in 2020 the income was very high, exceeding 1 million euros and the biggest thanks must be said to the investors who trusted us and helped us to increase our loan portfolio.

FIRST HALF-YEAR OF 2021

During the first half-year of 2021, we decreased payroll expense by approximately 10%, postponed development projects and now concentrate on increasing our portfolio more rapidly. By partnering with IUVO-GROUP, we are steadily growing our portfolio and therefore increasing our revenue.

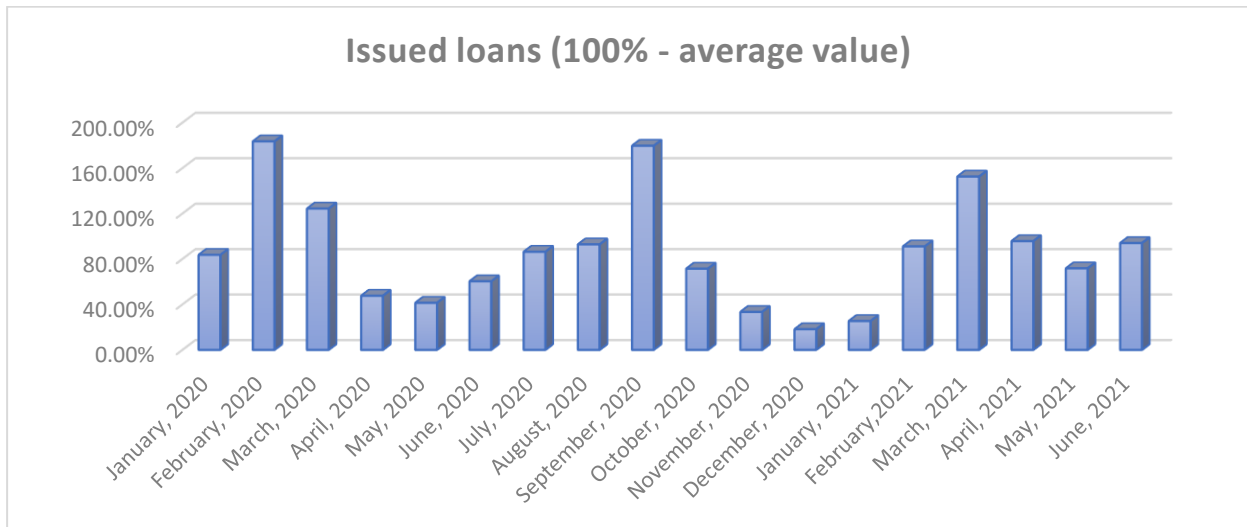
COVID-19 IMPACT

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.

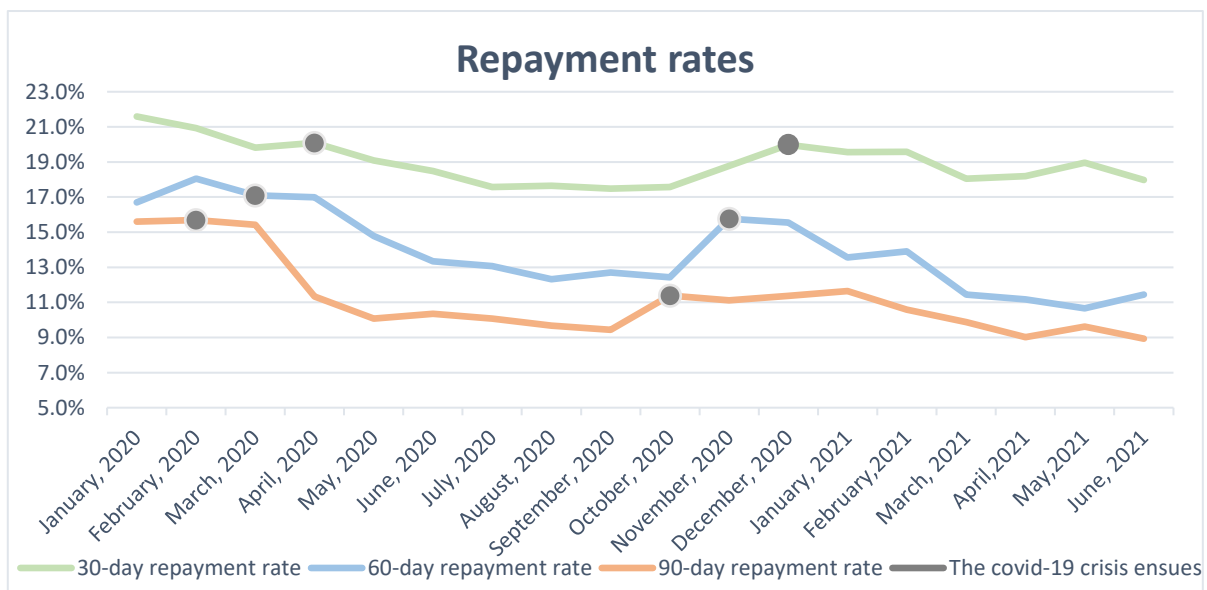
Immediate actions were also implemented to preserve employees and guaranty continuous operational processes. We fully complied with Government imposed restrictions, formed Covid-19 committee and implemented work from home option for employees, by providing the required equipment.

STATISTICS

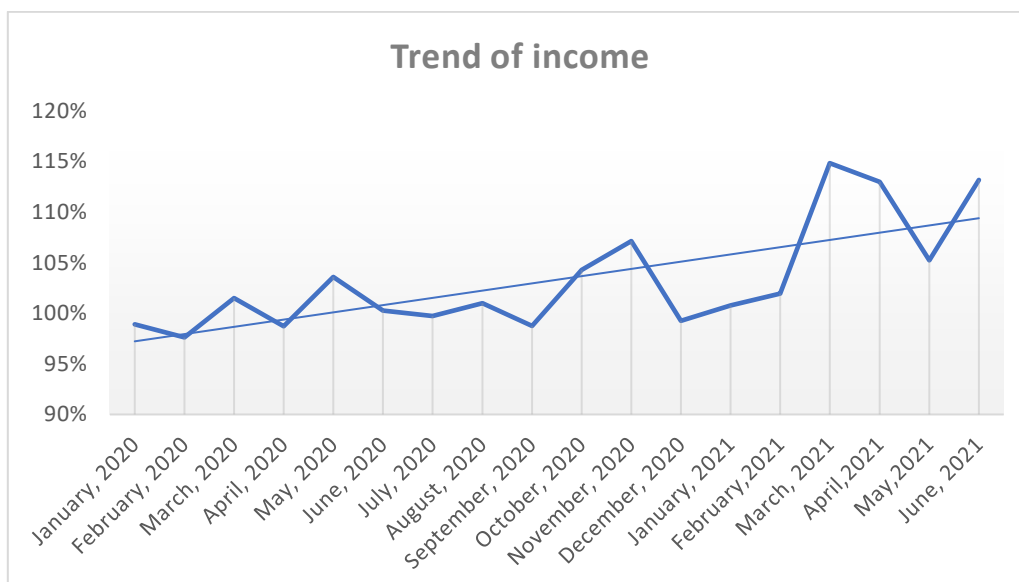
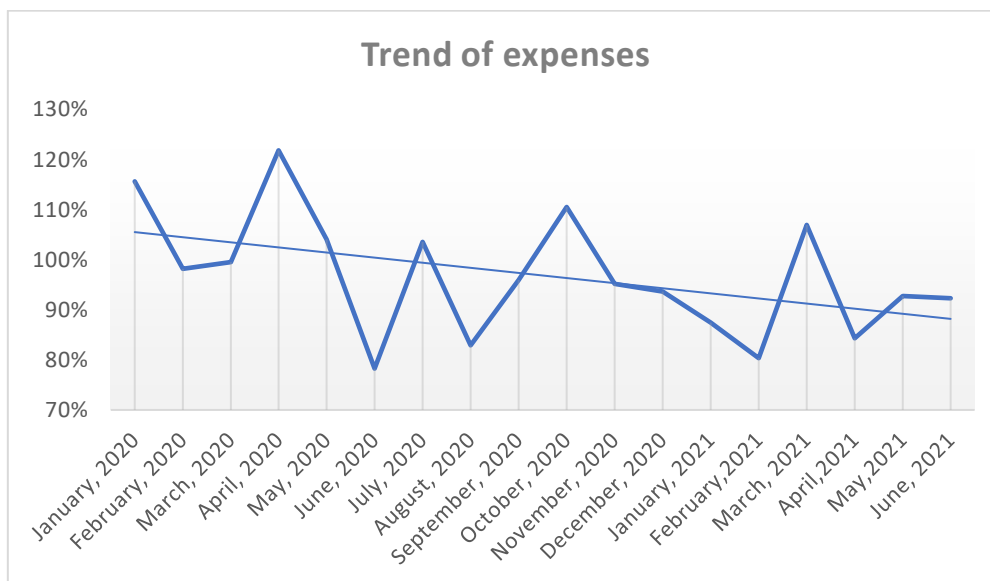
At the beginning of the Covid-19 crisis and in the second wave of Covid-19, there was a decrease in the issued loans, but now the amount of issued loans per month is similar to the pre-crisis level. In March, compared to December, 8 times more loans were issued. Although the volume of issuance in the months of the 2nd semester of 2021 is not as large as in March, there is now a stable situation in issuance - it helps to forecast costs and income more easily. 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 (the second wave of Covid-19 generally showed a little bit bigger increase in repayment rates), but they have recovered fairly quickly and are now showing very good performance.



The company optimized various cost positions and reached very low costs in February and April. 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. In addition, the company received very high income already in March, April and June because of the increase in issued loans (also the increase in expenses is associated with increase in issued loans as new marketing channels were introduced).



Although Covid-19 and legislation has had an impact on business development, we still plan to increase profitability. To accomplish this goal, various cost positions have revised as well as the workforce has reduced, and these changes have not affected business operations. Below, could be found a short business plan. It shows that the issued loans are planned to remain stable, and in this case income and profit will increase to ensure higher profitability.

	08.2021	09.2021	10.2021	11.2021	12.2021	01.2022	02.2022	03.2022
Loans issued	100 000 €	100 000 €	100 000 €	100 000 €	100 000 €	100 000 €	100 000 €	100 000 €
Gross total debt	2 548 749 €	2 613 469 €	2 677 518 €	2 739 655 €	2 801 869 €	2 863 615 €	2 922 760 €	2 980 906 €
Provisions	159 708 €	163 267 €	166 559 €	171 082 €	174 766 €	178 525 €	182 345 €	185 914 €
Provisions, %	6.3%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Income	68 981 €	72 820 €	73 440 €	75 472 €	77 266 €	79 016 €	81 171 €	83 040 €
Expenses	-64 344 €	-63 127 €	-64 193 €	-119 097 €	-66 719 €	-66 903 €	-67 576 €	-68 679 €
Profit	4 638 €	9 693 €	9 248 €	-43 625 €	10 548 €	12 113 €	13 594 €	14 360 €

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

