

LIMITED LIABILITY COMPANY
"Hedge Capital Company"
registration number
40103968692

Annual report for 2021

21.04.2022.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SIA "HEDGE CAPITAL COMPANY"

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of SIA "Hedge Capital Company" ("the Company") set out on pages 8 to 24 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2021,
- the profit and loss statement for the year then ended,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SIA "Hedge Capital Company" as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- Information about the Company, as set out on page 5 of the accompanying Annual Report,
- the Management Report, as set out on pages 6 to 7 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

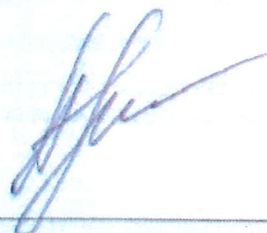
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Anita Kaņepa, Certified Auditor
Certificate No. 34, LZRA
SIA "ARMA K Revidents Auditors", LZRA License No.90

Riga, April 21, 2022



INFORMATION ABOUT COMPANY

COMPANY NAME	"Hedge Capital Company"
LEGAL FORM	Limited Liability Company
REGISTRATION NUMBER IN THE REGISTER OF ENTERPRISES OF THE REPUBLIC OF LATVIA	40103968692
PLACE AND DATE OF REGISTRATION	Riga, 11 february 2016
LEGAL ADDRESS	Gustava Zemgala avenue 74A, Riga, LV-1039
COMPANY BOARD	
	Name/Surname Andrejs Saricevs
	Position Member of the board
SHAREHOLDERS	
	Name LLC "DKS Holding"
	Proportion of shares % 100% of the shares
	Address Dzilnas street 19-32, Riga, LV-1021
ANNUAL REPORT PREPARED BY	
	Name/Surname Irina Fadejeva
	Position Accountant
REPORTING YEAR	01.01.2021 - 31.12.2021
PREVIOUS REPORTING YEAR	01.01.2020 - 31.12.2020
AUDITORS AND THEIR ADDRESSES	LLC "ARMA K Revidents Auditors" LACA License No. 90 P.Lejina 1-31, Riga, Latvia Certified Auditor Anita Kanepa Certificate No. 34

MANAGEMENT REPORT

Main activities

I.L.C "Hedge Capital Company", hereinafter - Company, provides credit granting services. NACE2 classification code - 64.92 Other credit granting.

Branches and representative offices abroad

The company has no branches and representative offices abroad.

Company's activity in the reporting year

In 2021, the economy continued to be affected by the restrictions of the Covid-19 pandemic, which affected the solvency of the Latvian population. In order to stabilize loan repayment rates and stabilize interest income, the policy of issuing new loans and recovering debts was improved, as a result of which in 2021 the Company continued to show strong financial indicators. The company's total revenue, incl. other operating income and other interest income amounted to 906,885 euros. Implementing the business strategy and all planned measures, the following financial indicators have been achieved in 2021:

Profitability ratios	2021	2020
Gross profitability %	47%	19%
Earnings before tax (EBT)	-9%	-21%
Profitability on net profit %	-9%	-21%

Gross profitability has increased by 28 percentage points compared to 2020, EBT increased by 12 percentage points. Significant growth of the loan portfolio allowed to achieve higher profitability indicators.

Liquidity ratios

31.12.2021

Current liquidity	22.80 coefficient
Total liquidity	22.87 coefficient

By the end of 2021 the Company's total liquidity ratio reached 22.87 mark.

Future prospects and future development

During 2021, the Company increased its loan portfolio by 32.81%, reaching EUR 2,710 million. In 2022, the Company will continue to increase its loan portfolio using the investments attracted by the P2P platforms. The Company's management values the trust of investors who provide significant financing to our business.

NordCard (SIA "Hedge Capital Company") has set a goal to become a non-bank lending company with the best customer service in the industry. The company has optimized costs, completed the product and significantly improved the quality of customer service. In the future, the main focus of management will be on increasing the loan portfolio, optimizing the evaluation process and further improving repayment rates.

Financial risk management

The Company's financial risk management policy is described in financial statement attachment (note No. 25).

Information on research and development activities

The Company has no costs for research and development activities during the reporting year.

The company's own shares or units

The company is not a shareholder.

Use of financial instruments

The Company's most significant financial instruments are loans from legal entities, trade receivables and cash and its equivalents. The main task of these financial instruments is to provide funding for the Company's business activities. The Company also has some other financial instruments, such as other receivables, trade payables and other creditors arising directly from its operations.

MANAGEMENT REPORT

Events after the last day of the reporting year

In 2021, repeated restrictions related to the spread of Covid-19 entered into force in the Republic of Latvia and many other countries, thus the economic development of those countries and the world significantly reduced. The state of emergency, which was declared in the last quarter of 2021, has ended on February 28, 2022. Most restrictions on Covid-19 have been lifted and sectors affected by the national economy are beginning to recover.

With the lifting of restrictions on Covid-19 in the Republic of Latvia and many other countries around the world, new restrictions have entered into force in connection with the ongoing hostilities in Ukraine. As a result of the war, the largest Ukrainian companies that provided the world, including the Republic of Latvia, with raw materials and other goods have been paralyzed. In order to limit hostilities and support Ukraine, the countries of the world have imposed significant sanctions on Russia and Belarus. As a result of these sanctions, imports of many raw materials and products, as well as exports, are restricted, leading to significant inflation in the sectors affected by the crisis. Taking into account the changes in the Latvian economy caused by the war, we are taking preventive measures to promote the further development of the company.

Currently, the Company does not cooperate and does not plan to cooperate with partners from Russia, Ukraine and Belarus, as well as the attracted capital is obtained from Latvian or P2P platforms. The company's board and shareholders are only from Latvia and have not been affected by sanctions or crisis-related political decisions. Also, the company's customers are only residents of Latvia, as the company itself operates only in Latvia. Consequently, the Company has not been affected by the crisis, and the company's management does not anticipate any significant negative consequences in the near future.

We are confident that the actions taken will be sufficient to strengthen the company's market position in the long term. We are closely following the information available on the crisis and the political decisions in Latvia to reduce the impact of the crisis on NordCard.

The financial statement has been prepared on a going concern basis and management does not see any liquidity problems regarding the above mentioned.

Profit distribution for the reporting year

The reporting year ended with losses: (73 569) euro

Company balance sheet value: 3 111 052 euro

The company's losses for 2021 will be covered from the next year's profit.

Statement of management responsibility

The Company's management is responsible for the preparation of the financial statement based on the original accounting records for each reporting period that give a true and fair view of the Company's financial situation at the end of the reporting year and of the results of its operations.

Management confirms that in preparing this financial statement for the period ended 31 December 2021, appropriate accounting policies have been used, their application has been consistent, and reasonable and prudent decisions have been made. The management confirms that the relevant accounting principles of the Republic of Latvia have been complied with and the financial statement has been prepared in accordance with the going concern principle.

Management is responsible for keeping proper accounting records, for safeguarding the Company's assets, and for preventing and detecting fraud and other irregularities.

Management confirms that it has provided the information and explanations necessary for the audit.

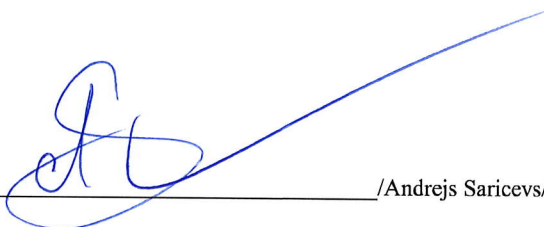
/Andrejs Saricevs/ The member of the board

21.04.2022.

**PROFIT OR LOSS STATEMENT (by expenditure function)
FOR 2021**

	Note No.	2021 euro	2020 euro
Net turnover		819 247	572 146
incl.			
<i>b) from other core business activities</i>	1	819 247	572 146
Cost of production, cost of goods sold or services provided	2	(435 202)	(462 876)
Gross profit or loss		384 045	109 270
Sales costs	3	(56 690)	(65 831)
Administration costs	4	(276 729)	(311 123)
Other operating income of the company	5	85 123	474 776
Other operating expenses of the company	6	(89 277)	(261 779)
Other interest income and similar income:		634	366
incl.			
<i>b) other persons</i>	7	634	366
Interest and similar costs:		(120 675)	(64 589)
incl.			
<i>b) other persons</i>	8	(120 675)	(64 589)
Profit or loss before corporate tax		(73 569)	(118 910)
Profit or loss after corporate income tax		(73 569)	(118 910)
PROFIT OR LOSS FOR THE REPORTING YEAR		(73 569)	(118 910)

21.04.2022.



/Andrejs Saricevs/ The member of the board



The annual report was prepared by
/Irina Fadejeva/ Accountant

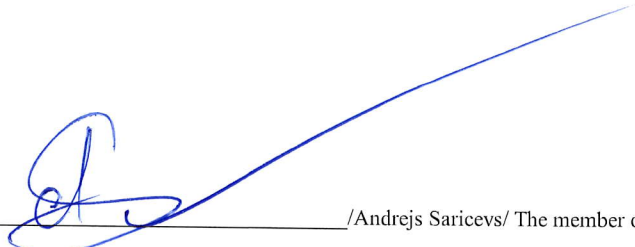
BALANCE SHEET
31 December 2021


ASSETS		31.12.2021	31.12.2020
	Note No.	<i>euro</i>	<i>euro</i>
LONG-TERM INVESTMENT			
I. Intangible investments			
Concessions, patents, licences, trade marks and similar rights	9	200 277	243 043
Other intangible investments	9	6 229	6 684
Total intangible investments		206 506	249 727
II. Fixed assets			
Other fixed assets and inventory	10	27 212	17 522
Total fixed assets		27 212	17 522
Total long-term investment		233 718	267 249
CURRENT ASSETS			
I. Inventory			
Raw materials and consumables	11	9 214	9 241
Total inventory		9 214	9 241
II. Debtors			
Trade receivables	12	2 710 355	2 040 823
Other debtors	13	38 126	45 125
Costs of future reporting periods	14	59 502	7 156
Total debtors		2 807 983	2 093 104
IV. Cash and cash equivalents	15	60 137	62 298
Total current assets		2 877 334	2 164 643
TOTAL ASSETS		3 111 052	2 431 892

BALANCE SHEET
31 December 2021

LIABILITIES	Note No.	31.12.2021	31.12.2020
		<i>euro</i>	<i>euro</i>
OWN CAPITAL			
Fixed capital	16	3 375 000	3 375 000
Retained earnings:			
Accumulated profit (loss) for the previous years		(1 689 013)	(1 570 103)
Profit or loss of the reporting year		(73 569)	(118 910)
Total own capital		1 612 418	1 685 987
CREDITORS			
Long-term creditors			
Other loans	17	1 372 813	675 546
Total long-term creditors		1 372 813	675 546
Short-term creditors			
Other loans	17	57 975	-
Advances received from buyers	18	-	4 625
Debts to suppliers and employees	19	11 832	8 418
Taxes and state social insurance contributions	20	19 051	13 659
Other creditors	21	19 947	19 085
Accrued liabilities	22	17 016	24 572
Total short-term creditors		125 821	70 359
Total creditors		1 498 634	745 905
TOTAL LIABILITIES		3 111 052	2 431 892

21.04.2022.

 /Andrejs Saricevs/ The member of the board

 The annual report was prepared by
/Irina Fadejeva/ Accountant

ANNEX TO THE FINANCIAL STATEMENT
FOR 2021

I. EXPLANATORY NOTES TO ITEMS ON THE PROFIT OR LOSS STATEMENT

1 Net turnover*

	2021	2020
	<i>euro</i>	<i>euro</i>
Interest revenue	615 015	370 308
Other commissions income*	147 882	145 803
Remuneration for each active card account*	56 350	56 035
Total	819 247	572 146

2 Cost of production, cost of goods sold and services provided

	2021	2020
	<i>euro</i>	<i>euro</i>
Wages	124 491	124 538
Social security contributions	29 363	30 033
Rent of premises	48 789	71 308
Utilities	9 265	14 975
Depreciation of fixed assets and intangible investments	29 300	73 542
Low value inventory	-	349
Telecommunication charges, etc.	15 619	22 897
IT costs, database subscriptions and maintenance, domains	47 593	51 885
State fee for the lending licence, etc. State fees	61 985	3 764
Delivery, manufacturing and other costs of payment cards	68 797	69 585
Total	435 202	462 876

3 Sale costs

	2021	2020
	<i>euro</i>	<i>euro</i>
Ads, marketing expenses	52 670	60 598
Traveling / subsistence allowance	1 306	2 093
Other expenses	2 714	3 140
Total	56 690	65 831

ANNEX TO THE FINANCIAL STATEMENT
FOR 2021

4 Administration costs	2021	2020
	<i>euro</i>	<i>euro</i>
Wages	201 855	221 268
Social security contributions	47 556	53 338
Staff sustainability events	70	725
Costs of recruitment and training	1 430	2 145
Translation services	662	726
Insurance payments	5 479	5 380
Communication expenses	3 865	4 782
Office expenses	5 822	8 690
Bank charges and similar expenses	3 429	7 079
Representation expenses	1 882	1 239
Premises cleaning, maintenance and repair costs	1 951	2 514
Other administration costs	2 728	3 237
Total	276 729	311 123
5 Other operating income		
	2021	2020
	<i>euro</i>	<i>euro</i>
Fees for preparation references	129	179
Credit registration fee	151	195
Paid fines and penalties	45 424	26 931
Reduction of doubtful receivables	38 824	447 471
Other income	595	-
Total	85 123	474 776
6 Other operating expenses		
	2021	2020
	<i>euro</i>	<i>euro</i>
Losses from exchange rate fluctuations	29	34
Paid fines and penalties	-	7
Write-off of bad debtors	25 461	208 172
Provisions for doubtful debtors	6 999	28 852
Debt collection expenses	27 130	19 667
Litigation costs	29 658	-
Other expenses	-	5 047
Total	89 277	261 779
7 Other interest income and similar income		
	2021	2020
	<i>euro</i>	<i>euro</i>
Other companies		
For a loan to a legal entity	634	366
Total	634	366
8 Interest and similar costs		
	2021	2020
	<i>euro</i>	<i>euro</i>
Other persons		
For loans from legal entities	120 675	64 589
Total	120 675	64 589

ANNEX TO THE FINANCIAL STATEMENT
FOR 2021

II. EXPLANATORY NOTES TO ITEMS ON BALANCE SHEET

ASSETS

9 Intangible investments

	Concessions, patents, licenses, etc <i>euro</i>	Total intangible investments <i>euro</i>	Total <i>euro</i>
<i>Initial value</i>			
31 December 2020	432 025	8 875	440 900
Acquisition/production costs	33 485	2 917	36 402
Value increases	-	-	-
Disposal or liquidation	-	-	-
31 December 2021	465 510	11 792	477 302
<i>Impairment adjustments of accumulated value</i>			
31 December 2020	188 982	2 191	191 173
Impairment adjustments	76 251	3 372	79 623
Disposal or liquidation	-	-	-
31 December 2021	265 233	5 563	270 796
<i>Balance sheet value</i>			
31 December 2020	243 043	6 684	249 727
31 December 2021	200 277	6 229	206 506

10 Fixed assets

	Other fixed assets and inventory <i>euro</i>	Total <i>euro</i>
<i>Initial value</i>		
31 December 2020	47 140	47 140
Acquisition/production costs	15 989	15 989
Disposal or liquidation	(2 489)	(2 489)
31 December 2021	60 640	60 640
<i>Impairment adjustments of accumulated value</i>		
31 December 2020	29 618	29 618
Impairment adjustments	6 299	6 299
Disposal or liquidation	(2 489)	(2 489)
31 December 2021	33 428	33 428
<i>Balance sheet value</i>		
31 December 2020	17 522	17 522
31 December 2021	27 212	27 212

11 Inventory

	31.12.2021 <i>euro</i>	31.12.2020 <i>euro</i>
Nordcard credit card packages	9 214	9 241
Total	9 214	9 241

ANNEX TO THE FINANCIAL STATEMENT
FOR 2021

12 Trade receivables

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Non-collateral claims on loans granted	2 838 283	2 200 577
Calculated but unpaid contractual and late payment penalties	(2 725)	(2 725)
Provisions for doubtful debtors	(125 203)	(157 029)
Total	2 710 355	2 040 823
Movement of provisions for doubtful debts	<i>euro</i>	<i>euro</i>
At the beginning of the reporting year	157 028	575 647
Value increase	6 999	28 852
Value decrease	(38 624)	(447 471)
At the end of the reporting year	125 403	157 028

At the end of the reporting year, all debtors were assessed, provisions for doubtful debtors were made, and bad debts were written off as losses for the reporting year.

13 Other debtors

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Security deposit for rent of premises	9 727	17 005
Advance payments for the services	2 350	294
Short-term loan to a company	25 937	25 304
Other debtors	112	-
Overpaid taxes (see also note No. 20)	-	2 522
Total	38 126	45 125

14 Costs of future reporting periods

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Employee health insurance	3 401	3 924
Database subscriptions and maintenance	3 572	3 079
Storage rental	-	153
Conferences and seminars	2 112	-
Licence management fee	50 417	-
Total	59 502	7 156

Costs of future reporting periods are expenses incurred before the balance sheet date, but refer to the next year.

15 Cash and cash equivalents

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Cash in bank accounts	60 137	62 298
Total	60 137	62 298

ANNEX TO THE FINANCIAL STATEMENT
FOR 2021

LIABILITIES

16 Fixed capital

As at 31 December 2021, the registered and paid fixed capital of the Company is EUR 3,375,000, consisting of 3,375,000 shares with a nominal value of EUR 1 (one) per share.

Company shareholders

Capital shares	Quantity	Nominal value	Amount	Share in capital	Justification for the purchase
	<i>pieces</i>	<i>euro</i>	<i>euro</i>	<i>%</i>	
DKS Holding, LLC	3 375 000	1	3 375 000	100	-
Total:	3 375 000	1	3 375 000	100	

17 Other loans

Long-term part

Loan from a legal entity established in the European Union

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Loan from a legal entity established in the European Union	1 372 813	675 546
Total	1 372 813	675 546

Short-term part

Loan from a legal entity established in the European Union

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Loan from a legal entity established in the European Union	57 975	-
Total	57 975	-

18 Advances received from buyers

Short-term part

Advances from clients

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Advances from clients	-	4 625
Total	-	4 625

19 Debts to suppliers and employees

Short-term part

Debts to suppliers and employees

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Debts to suppliers and employees	11 832	8 418
Total	11 832	8 418

20 Taxes and state social insurance contributions

	(Liabilities)/ overpayment 31.12.2020	Calculated in 2021	Paid/ (repaid) in 2021	Late charges	(Liabilities)/ overpayment 31.12.2021
	<i>euro</i>	<i>euro</i>	<i>euro</i>	<i>euro</i>	<i>euro</i>
Corporate income tax	840	-	(840)	-	-
Value-added tax	1 682	(45 450)	42 852	-	(916)
Business risk fee	(5)	(54)	55	-	(4)
Personal income tax	(4 428)	(57 524)	55 705	-	(6 247)
State social insurance contributions	(9 226)	(113 502)	110 844	-	(11 884)
Total	(11 137)	(216 530)	208 616	-	(19 051)
Tax overpayments	2 522				-
Tax liabilities	(13 659)				(19 051)

ANNEX TO THE FINANCIAL STATEMENT
FOR 2021

21 Other creditors

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Short-term part		
Settlement of unpaid advance payments	43	32
Settlement of wages	15 977	18 914
Client surplus	3 820	-
Other	107	139
Total	19 947	19 085

22 Accrued liabilities

	31.12.2021	31.12.2020
	<i>euro</i>	<i>euro</i>
Accrued liabilities from interest on platforms	3 238	2 038
Accrued liabilities for services	7 655	7 870
Accrued liabilities for vacation pay	6 123	14 664
Total	17 016	24 572

23 Details of off-balance sheet liabilities

At the end of the reporting year, the Company has not issued any pledge, guarantee or security.

24 Events after the end of the reporting year

In 2021, repeated restrictions related to the spread of Covid-19 entered into force in the Republic of Latvia and many other countries, thus the economic development of those countries and the world significantly reduced. The state of emergency, which was declared in the last quarter of 2021, has ended on February 28, 2022. Most restrictions on Covid-19 have been lifted and sectors affected by the national economy are beginning to recover.

With the lifting of restrictions on Covid-19 in the Republic of Latvia and many other countries around the world, new restrictions have entered into force in connection with the ongoing hostilities in Ukraine. As a result of the war, the largest Ukrainian companies that provided the world, including the Republic of Latvia, with raw materials and other goods have been paralyzed. In order to limit hostilities and support Ukraine, the countries of the world have imposed significant sanctions on Russia and Belarus. As a result of these sanctions, imports of many raw materials and products, as well as exports, are restricted, leading to significant inflation in the sectors affected by the crisis. Taking into account the changes in the Latvian economy caused by the war, we are taking preventive measures to promote the further development of the company.

Currently, the Company does not cooperate and does not plan to cooperate with partners from Russia, Ukraine and Belarus, as well as the attracted capital is obtained from Latvian or P2P platforms. The company's board and shareholders are only from Latvia and have not been affected by sanctions or crisis-related political decisions. Also, the company's customers are only residents of Latvia, as the company itself operates only in Latvia. Consequently, the Company has not been affected by the crisis, and the company's management does not anticipate any significant negative consequences in the near future.

We are confident that the actions taken will be sufficient to strengthen the company's market position in the long term. We are closely following the information available on the crisis and the political decisions in Latvia to reduce the impact of the crisis on NordCard.

25 Financial risk management

The Company's most significant financial instruments are loans from legal entities, trade receivables and cash and its equivalents. The main task of these financial instruments is to provide funding for the Company's business activities. The Company also has some other financial instruments, such as other receivables, trade payables and other creditors arising directly from its operations.

**ANNEX TO THE FINANCIAL STATEMENT
FOR 2021**

The financial risks associated with the Company's financial instruments are mainly interest rate risk, liquidity risk and credit risk. The Company's management seeks to minimize the negative impact of potential financial risks on the Company's financial situation. The Company does not use derivative financial instruments for financial risk management.

Foreign currency exchange risk

The company operates in the local market and is minimally exposed to foreign currency exchange risk. With the current revenue-expenditure structure, additional control measures for exchange rate risk are not required. Additional risk mitigation mechanisms are not used as the total currency risk is assessed as minimal.

Interest rate risk

As the Company has loan liabilities, its cash-flow from financing activities is dependent on changes in market interest rates. The risk of floating interest rates has been eliminated because fixed interest rates have been set for the Company's borrowings.

Credit risk

The Company concentrates to minimize credit risk due to the specifics of its core business - the issuance of unsecured loans, which is associated with an increased risk of recovery of issued loans, which could cause short-term liquidity problems to meet the Company's liabilities on time. The Company's policy is to ensure maximum control procedures in the process of issuing and recovering loans, as well as in the creation of provisions, in order to ensure this, the "Loan application evaluation procedure" and "Procedure for recovery of overdue loan liabilities" have been developed.

Liquidity risk

The Company adheres to the precautionary principle in liquidity risk management and maintains a sufficient amount of money accordingly. The Company's management monitors liquidity reserves and makes operational forecasts based on expected cash-flow. The management believes that the Company will be able to provide a sufficient level of liquidity through its operating activities, but will be able to receive financing if necessary.

21.04.2022.



/Andrejs Saricēvs/ The member of the board



The annual report was prepared by
/Irina Fadejeva/ Accountant