



**AASA Polska S.A.**

UNAUDITED FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

Warsaw, 24.04.2020

## Management commentary

### Audit 2018

Aasa Polska S.A. 2018 annual financial statements audit was halted in 2019 due to disagreement with audit Company regarding the audit fee. Ultimately it was agreed to discontinue the audit and Company changed the audit Company for 2018 and 2019.

### Financial result 2018

Net result of the year ended 31.12.2018 for Aasa Polska S.A. was -42m PLN. Net result includes impact of IFRS 9 first year implementation of -26m PLN. In the last quarter of 2018, the Company reviewed its risk policy and decided to reduce its risk appetite. As a result, Company significantly reduced loan issuance to customers. At the end of 2018, the loan portfolio reached 277m PLN. PLN, which is a decrease of 5% compared to the end of last year (293m PLN). Interest income on loans granted in 2018 reached 204m PLN (an increase of 38% compared to 2017).

### Financial result 2019

In the year 2019 Aasa Polska S.A. earned a profit of 2m PLN by optimizing operational costs, focusing on improving portfolio quality and developing a more profitable product. Aasa Polska portfolio decreased within a year to 115m PLN which is 59% less than 2018. Loan book drop resulted in reduced interest income (by 40%) and fee income (by 29%). Decrease in income was affected by UOKIK resolution issued to Aasa Polska S.A. in September 2019 that obligates company to refund customer proportionally in case of early payment of the loan.

### Stability of business (change of size and risk appetite)

The company has changed its strategy from high growth speed, to controlled growth in profitable sections. As a result, previous high sales numbers are adjusting to more stable and controlled numbers and company financial performance has overall improved. However, the COVID-19 pandemic with accompanying legislative changes, have significantly reduced Company expectations on 2020 financial results (driven by reduced incoming cash flow and increased impairment). But as the Company main source of funding is equity, the financial stability of company is not directly threatened by the current situation.

### Forward looking statement

Company does plan to stay active over the economic crisis brought forward by COVID-19 pandemic and is in discussion to secure a sizeable senior funding by the end of the year.

## Profit & Loss Statement

	<i>year ended</i> <i>31 December</i> <i>2019</i>	<i>year ended</i> <i>31 December</i> <i>2018</i>
Interest and similar income	123 197.70	204 459.55
Interest and similar expense	-17 047.45	-24 784.56
<u>Net interest income</u>	<u>106 150.25</u>	<u>179 674.99</u>
Fee and commission income	10 247.78	13 892.46
Fee and commission expense	-8 807.95	-7 241.35
<u>Net fee and commission income</u>	<u>1 439.84</u>	<u>6 651.11</u>
Financial income	245.69	69.22
Financial expense	-3 935.38	-14 140.78
<u>Net financial income</u>	<u>-3 689.69</u>	<u>-14 071.55</u>
<u>Credit loss expense on financial assets</u>	<u>-64 520.79</u>	<u>-132 085.29</u>
Net gains/(losses) on investments in subsidiaries	0.00	-1 578.67
<u>Other operating income</u>	<u>591.78</u>	<u>844.97</u>
<b><u>Net operating income</u></b>	<b><u>39 971.38</u></b>	<b><u>39 435.55</u></b>
Personnel expenses	-18 088.24	-19 260.20
Depreciation of property and equipment	-375.85	-461.27
Other operating expenses	-23 406.33	-28 546.44
<u>Total operating expenses</u>	<u>-41 870.42</u>	<u>-48 267.92</u>
<b><u>Profit before tax</u></b>	<b><u>-1 899.03</u></b>	<b><u>-8 832.37</u></b>
Income tax expense	3 711.84	-33 720.24
<b><u>Profit for the year</u></b>	<b><u>1 812.80</u></b>	<b><u>-42 552.61</u></b>

## Balance Sheet Statement

	<i>year ended</i> <i>31 December</i> <i>2019</i>	<i>year ended</i> <i>31 December</i> <i>2018</i>
<b>ASSETS</b>		
Cash and cash equivalents	18 790.07	25 348.13
Loans and advances to customers	114 670.24	277 155.67
Debt instruments at amortized cost	3 366.71	0.00
Equity investment	0.00	0.00
Property and equipment	409.75	837.46
Intangible assets	0.00	11.85
Deferred tax assets	5 458.78	1 746.94
Income tax prepayment	1 509.37	2 376.97
Other assets	1 999.58	1 797.92
<b>Total assets</b>	<b>146 204.52</b>	<b>309 274.94</b>
<b>EQUITY AND LIABILITIES</b>		
Credits and loans	32 432.52	120 260.25
Liabilities due to bonds	0.00	76 838.71
Trade and other liabilities	1 104.43	1 234.49
Accruals	31 927.17	32 013.89
<b>Total liabilities</b>	<b>65 464.11</b>	<b>230 347.34</b>
Share capital	42 000.00	42 000.00
Share premium	98 611.55	98 611.55
Profit / Loss from previous years	-61 683.94	-19 131.33
Profit / Loss	1 812.80	-42 552.61
<b>Total equity</b>	<b>80 740.41</b>	<b>78 927.60</b>
<b>Total equity and liabilities</b>	<b>146 204.52</b>	<b>309 274.94</b>

## Cash Flow Statement

	<i>year ended</i> <i>31 December</i> <i>2019</i>	<i>year ended</i> <i>31 December</i> <i>2018</i>
<b>Cash flows from operating activities</b>		
<b>Profit / (loss) before taxes</b>	<b>-1 899.03</b>	<b>-8 832.37</b>
Depreciation and amortization	375.85	461.27
Profit / loss from exchange differences	-2 845.12	-8 190.37
Interest and fees paid	-76 838.71	336.85
Profit / (loss) from sale of subsidiary	0.00	1 578.67
Working capital changes:		
Customer receivables increase/decrease	162 485.43	16 333.51
(Increase) / decrease in other receivables	-201.67	74 679.81
Increase / (decrease) in trade and other payables	-130.06	-13 214.04
Increase / (decrease) in provisions	-86.72	24 927.10
Equity change due to IFRS 9	0.00	-5 926.66
Interest and funding fees received	-6 673.29	12 689.23
Income taxes paid	867.59	-49 428.86
<b>Net cash from operating activities</b>	<b>75 054.26</b>	<b>45 414.15</b>
<b>Cash flows from investment activities</b>		
Sale of equity investment and equity reductions	0.00	1 118.74
Loans granted	32 880.27	0.00
Loans repayments received	-32 450.41	-6 248.60
Settlements	3 306.58	0.00
FX settlements	-429.86	-7.75
Purchase of property, plant and intangible assets	63.71	-158.41
<b>Net cash from investment activities</b>	<b>3 370.29</b>	<b>-5 296.02</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	79 509.96	56 777.66
Repayment of borrowings	-244 241.40	-118 647.63
Other	79 748.82	1 432.46
<b>Net cash from financing activities</b>	<b>-84 982.61</b>	<b>-60 437.50</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>-6 558.06</b>	<b>-20 319.37</b>
Cash at the beginning of the period	25 348.13	45 667.50
Net increase / (decrease) in cash and cash equivalents	-6 558.06	-20 319.37
<b>Cash at the closing of the period</b>	<b>18 790.07</b>	<b>25 348.13</b>