



financing and
circular retail

AS “DelfinGroup”

Annual accounts
for the year ended
31 December 2024
and

Consolidated
Annual accounts
for the year ended
31 December 2024

prepared in accordance
with International Financial
Reporting Standards as
adopted by EU

Translation from Latvian

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Information on the Company and Subsidiaries

Name of the Company	DelfinGroup
Legal status of the Company	Joint stock company
Number, place and date of registration	40103252854 Commercial Registry Riga, 12 October 2009
Operations as classified by NACE classification code system	NACE2 64.92 Other credit granting NACE2 47.91 Retail sale via mail order houses or via Internet NACE2 47.79 Retail sale of second-hand goods in stores NACE 47.77 retail sale of watches and jewellery in specialised stores
Address	50A Skanstes Street, Riga, LV-1013 Latvia
Names and addresses of shareholders	AS ALPPES Capital (18.24%), 12 Juras Street, Liepaja, Latvia SIA EC finance (14.92%), 50A Skanstes Street, Riga, Latvia SIA AE Consulting (8.20%), 50A Skanstes Street, Riga, Latvia Other (58.64%)
Names and positions of Board members	Didzis Ādmīdiņš – Chairman of the Board (from 19.01.2021) Andrejs Aleksandrovičs – Member of the Board (from 18.12.2024) Laima Eižvertiņa – Member of the Board (from 01.04.2025) Nauris Bloks – Member of the Board (from 08.06.2023 to 01.04.2025) Aldis Umblejs – Member of the Board (from 15.12.2021 to 18.12.2024) Sanita Pudnika – Member of the Board (from 01.03.2022 to 28.06.2024)

**Names and positions of Supervisory Board
members**

**Agris Evertovskis – Chairperson of the Supervisory Board
(from 13.04.2021)**

**Gatis Kokins – Deputy Chairman of the Supervisory Board
(from 13.04.2021)**

**Mārtiņš Bičevskis – Member of the Supervisory Board
(from 13.04.2021)**

**Jānis Pizičs – Member of the Supervisory Board (from
13.04.2021)**

**Edgars Voļskis – Member of the Supervisory Board (from
13.04.2021 to 22.05.2024)**

Financial year

1 January 2024 - 31 December 2024

Name and address of the auditor

SIA KPMG Baltics
Certified Auditors' Company
license No. 55
Roberta Hirša street 1,
Riga, LV-1045
Latvia

Responsible Certified Auditor:
Rainers Vilāns
Certificate No. 200

Information on the Subsidiaries

Subsidiary	SIA ViziaFinance (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	50A Skanstes Street, Riga, LV-1013, Latvia
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	UAB DelfinGroup LT (parent company interest in subsidiary – 100%)
Date of establishment of the subsidiary	28.09.2023
Number, place and date of registration of the subsidiary	306462155; Vilnius, 28 September 2023
Address of the subsidiary	25-701 Lvivo Street, Vilnius, Lithuania
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	SIA DealShoq (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	04.11.2024
Number, place and date of registration of the subsidiary	40203600852; Rīga, 2024. gada 4. novembris
Address of the subsidiary	50A Skanstes Street, Riga, LV-1013, Latvia
Operations as classified by NACE classification code system of the subsidiary	47.79 Retail sale of second-hand goods

Statement of management`s responsibility

The management of AS *DelfinGroup* (hereinafter – the Company) is responsible for the preparation of the financial statements of the Company and for the preparation of the consolidated financial statements of the Company and its subsidiaries (hereinafter – the Group or DelfinGroup).

The financial statements set out on pages 18 to 59 are prepared in accordance with the source documents and present the financial position of the Company and the Group as of 31 December 2024 and 31 December 2023 and the results of their operations, changes in shareholders' equity and cash flows for the years then ended. The management report set out on pages 7 to 17 presents fairly the financial results of the reporting period and future prospects of the Company and the Group.

The financial statements are prepared on a going concern basis in accordance with IFRS Accounting Standards as adopted by the European Union. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The Management of AS *DelfinGroup* is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. The Management is also responsible for compliance with requirements of legal acts of the countries where Group companies and the Parent company operate.

Didzis Ādmīdiņš
Chairman of the Board

**Andrejs
Aleksandrovičs**
Board Member

Laima Eižvertiņa
Board Member

This document is electronically signed with safe electronical signature and contains time stamp.

Management report

CEO statement



Dear reader,

As I reflect on the past year at DelfinGroup, it's with a profound sense of achievement and an optimistic outlook towards our future. The journey through 2024 has been one of dynamic growth, significant milestones, and a deepened commitment to our core values and strategic objectives. Adhering closely to our updated strategic plan, we've made substantial advances in our core business areas while also pushing forward our commitments to innovation, customer satisfaction, and sustainable business practices.

In a stride towards digital transformation, we launched Latvia's first digital pawnshop. The new service allows people to obtain a secured loan by completing an application online. The contract is also signed remotely, and the goods are sent to the branch via parcel machines. The digital pawnshop application makes the financial services even more accessible to customers. This initiative is part of our broader strategy to leverage technology to enhance customer experience.

Our operational expansion in Lithuania was another strategic focus of 2024. Throughout the year we improved pawn lending and retail business segments in Lithuania, while also preparing

for the launch of consumer lending. After the receipt of consumer lending license from the Bank of Lithuania we launched the product at the end of 2024. Additionally, company managed to expand its physical presence in Lithuania by opening two more branches in Vilnius, thus reaching operations of 7 active Banknote branches in the capital of Lithuania. This expansion is pivotal as we continue to scale our operations and enhance our service offerings across the Latvia and Lithuania.

It is important also to mention branch network improvements in Latvia where we expanded the Banknote XL concept store network. New Banknote XL branches were opened in Daugavpils and Rezekne. Since the Banknote XL store are more spacious, we can offer more goods to the client's and diversify the product offering. For example, the new Rezekne branch is almost 4 times larger than the previous branch which enables us to offer up to 5,000 pre-owned goods to clients visiting the store, while previously it was only 1,000. As we see that clients show great interest in Banknote XL we are exploring new opportunities to add new stores in 2025.

From a financial perspective, 2024 was a successful year that reflected a stable and sustainable growth, showcasing the company's ability to adapt to market trends and maintain strong performance. Our revenue increased to EUR 63 million (+25%), EBITDA reached EUR 21.9 million (+21%), and profit before tax grew to EUR 9.2 million (+11%). Net profit rose to EUR 7.3 million, up 10% compared to 2023. These results confirm our ability to ensure stable growth. Moreover, we remain focused on business development to strengthen the company's value and establish a solid foundation for long-term growth.

This past year marked a significant milestone in the financial evolution of DelfinGroup, highlighted by our first-ever highly successful public bond issue. We achieved an impressive capital raise of EUR 15 million, with total subscription of 22.3 million euros which was an oversubscription of 148%. In total more than 2,700 retail and institutional investors from the Baltic states participated in the offering representing a testament of trust and confidence by the investment community in our strategic direction and operational stability. Also after having listed

3 new bond issues on the stock exchange in 2024, we are honoured to have more than 3,000 bondholders who receive monthly coupon payments from DelfinGroup.

We are also thankful to more than 9,000 shareholders who have shown their trust and support into DelfinGroup. Last year, the shareholder base grew significantly, also thanks to public share offering organized by AS ALPPES Capital and SIA Curiosity Capital. During the offer period the two shareholders offered to sell up to 8,985,000 DelfinGroup shares, which represents 19.8% of the total DelfinGroup share capital. In total more than 1,000 investors from the Baltic states subscribed for 8,293,780 shares and gross proceeds of 9,040,220 euros, which represented 92% of the offer volume. As a result DelfinGroup is a company with one of the largest free-float percentage on the Nasdaq Baltic stock exchange and investors have received improved liquidity for their stocks.

Also, in 2024, DelfinGroup remained committed to our dividend policy. For the third consecutive year, we maintained our unique practice in the Baltics of distributing quarterly dividends to our shareholders. We take pride in this distinctive approach, which underscores our dedication to providing consistent returns to our investors. Throughout the year, shareholders benefited from five dividend payments totalling 3.7 million euros, with a total yield of 7.6%.

Another testament of investor and stakeholder trust was the ability for the first time to receive financing from one of the largest Latvian commercial banks Citadele banka. As a result we signed an overdraft agreement with Citadele banka for 4.9 million euros which will help to improve company's cash management and business development. As of now the company has a highly diversified funding structure which is composed by 5 bond issues, 3 bank financing and P2P investment platform. Nevertheless, we will continue to work on improving the company's funding structure throughout the 2025.

Our commitment to corporate social responsibility remained strong. The donation of an advanced anaesthetic device to the Children's Hospital highlighted our ongoing commitment to the communities we serve. Such initiatives underscore our belief in making a tangible impact on societal well-being beyond our business operations.

As we look to 2025, we are energized by our past achievements and the opportunities ahead. We plan to further capitalize on our growth, continue our digital transformation, and enhance our operational efficiencies. Our strategy is clear, and our team is ready to execute on our vision with precision and dedication.

I want to express my sincere gratitude to all of you—our employees, who continue to drive our success; our partners, who journey with us; and our shareholders, who trust in our direction. Your support is pivotal to our past achievements and the foundation of our future success.

Together, we stand on the brink of another exciting year, ready to tackle new challenges and seize new opportunities. Thank you for your unwavering support and belief in DelfinGroup.

Didzis Ādmīdiņš

Chairman of the Management Board of AS *DelfinGroup*

Management report (CONTINUED)

Financial indicators

By implementing the business strategy and all planned activities, the following financial results of the Group were achieved in 2024 as compares to 2023:

Position	EUR, million	Change, %
Net loan portfolio	113.5	+27.5
Assets	127.0	+20.9
Revenue	63.0	+24.9
EBITDA	21.9	+20.6
Profit before taxes	9.2	+10.7
Net profit	7.3	+9.8

And following the Group's key financial figures for the last 3 financial years:

Position	2022	2023	2024
Revenue, EUR million	35.8	50.4	63.0
EBITDA, EUR million	13.1	18.2	21.9
EBITDA margin, %	36.6%	36.1%	34.8%
EBIT, EUR million	11.9	16.9	20.1
EBIT margin, %	33.3%	33.5%	31.9%
Profit before taxes, EUR million	7.3	8.3	9.2
Net profit, EUR million	6.0	6.6	7.3
Net profit margin, %	16.7%	13.1%	11.6%
ROE, %	33.5%	33.6%	31.5%
ROA, %	9.2%	7.3%	6.3%
ROCE, %	30.0%	23.5%	24.2%
Current ratio	0.7	1.0	0.9

In some cases, quantitative values have been rounded up to the nearest decimal place or whole number to avoid an excessive level of detail. As a result, certain values may not necessarily add up to the respective totals due to the effects of the approximation.

EBITDA calculation, EUR million:

Item	2024	2023
Profit before tax	9.2	8.3
Interest expenses and similar expenses	10.9	8.6
Depreciation and amortisation	1.8	1.3
EBITDA, EUR million	21.9	18.2

Management report (CONTINUED)

As for compliance with the Issue Terms of notes ISIN LV0000802718, ISIN LV0000802700, ISIN LV0000860146, ISIN LV0000870145 and ISIN LV0000803914 the financial covenant is as follows:

Covenant	Value as of 31.12.2024	Compliance
to maintain a Capitalization Ratio at least 20%	29%	yes
to maintain consolidated Interest Coverage Ratio of at least 1.5 times, calculated on the trailing 12 month basis	2.0	yes
to maintain the Net Loan portfolio, plus Cash and Cash Equivalents, net value of outstanding Mintos Debt Security and Bank Debt Security I, at least 1.2 times the outstanding principal amount of all unsecured interest-bearing debt excluding Subordinated debt on a consolidated basis.	1.5	yes

Principles of alternative performance measures

Dividend yield = dividends paid per share / share price at the end of the period * 100.

Net loan portfolio = non-current loans and receivables + current loans and receivables.

Revenue = net sales + interest income and similar income.

EBITDA margin = (profit before tax + interest expenses and similar expenses + depreciation of property, plant and equipment and amortization of intangible assets + depreciation of right-of-use assets) / (net sales + interest income and similar income) * 100.

EBIT margin = (profit before tax + interest expenses and similar expenses) / (net sales + interest income and similar income) * 100.

Net profit margin = net profit / (net sales + interest income and similar income) * 100.

Return on equity (ROE) = net profit / ((total equity as at start of the period + total equity as at period end) / 2) * 100.

Return on assets (ROA) = net profit / ((total assets as at start of the period + total assets as at period end) / 2) * 100.

Return on capital employed (ROCE) = EBIT / (total assets - short-term liabilities).

Current ratio = total current assets / total short-term liabilities * 100.

Capitalization ratio = (total equity + subordinated debt) / (non-current loans and receivables + current loans and receivables + inventories + other debtors) * 100.

Interest coverage ratio = EBITDA / interest expenses and similar expenses

Adjusted equity ratio = (total equity + subordinated debt) / total assets * 100.

Cost to income ratio = (selling expenses + administrative expenses + other operating expenses – debt sale results) / (net sales – cost of sales + interest income and similar income – interest expenses and similar expenses + other operating income) * 100.

Price to earnings (P/E) ratio = price of one share at the end of the period / diluted earnings per share.

Dividend payout ratio = dividends paid / net profit * 100.

Management report (CONTINUED)

Strategy

DelfinGroup aims to be a leader in the fast-growing, dynamic and changing fintech industry by attracting the strongest talent, offering widely used and modern financial and retail products, and maintaining efficient and transparent management processes.

By implementing and designing advanced technological solutions, DelfinGroup is able to develop and offer modern and relevant products and services with excellent user experience (UX), thus becoming a major player in the market. Through continued focused technology and product development, DelfinGroup aims to become the first choice for customers in the represented geographies and product lines.

DelfinGroup has already fundamentally changed the pawn industry by introducing a modern approach to providing pawn services. We want to strengthen our leadership position and further transform the industry in Latvia and Lithuania by developing the pawn product in a digital environment, thus offering pawn loans in a way that is relevant, innovative and convenient for our customers.

Considering the unique infrastructural advantages and global trends, DelfinGroup aims to become the main ambassador of the circular economy in the region by promoting the circulation of pre-owned and slightly pre-owned goods, introducing time-appropriate solutions in its online shop and branches, as well as promoting the rational use of resources and raising public awareness of environmentally friendly lifestyle.

To achieve our goals, we have set the following key priorities:

- To develop the retail and goods circulation segment while ensuring its sustainability, increase in turnover, and profitability growth.
- To develop convenient and innovative digital solutions, offering customers a personalized user experience (UX). To create new digital products and channels that provide customers with even broader online opportunities.
- To ensure the necessary volume and diversification of funding to implement the company's strategy and growth.
- To expand business beyond Latvia to boost business scale and company value. We have gained a significant market share in Latvia, so exploring new markets will foster company development.
- To develop the pawn lending segment by increasing loan portfolio and maintaining a convincing market leader position.
- To develop the consumer lending segment by introducing cutting-edge digital and BNPL products, promoting financial inclusion, providing portfolio growth, and increasing market share.

Targets

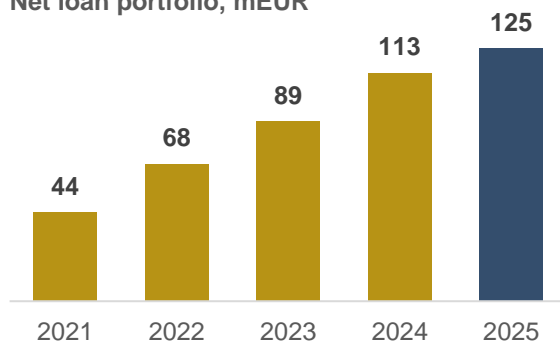
By following DelfinGroup vision of being the best place for everyday financial services and circular retail, we will be able to ensure DelfinGroup long-term growth in value. By creating innovative and custom solutions for customer needs, we have achieved rapid growth in recent years, which has allowed DelfinGroup to strengthen its position in the Latvian market in all three business segments and to grow in Lithuania.

Position	Result 2024	Target 2024
Net loan portfolio, million EUR	113.5	105.0
EBITDA, million EUR	21.9	21.8
Profit before tax, million EUR	9.2	9.4
ROE	31.5%	>30%
Cost to income ratio	46.3%	<45%
Adjusted equity ratio	26.7%	>20%
Dividend payout ratio	51.2%	>50%

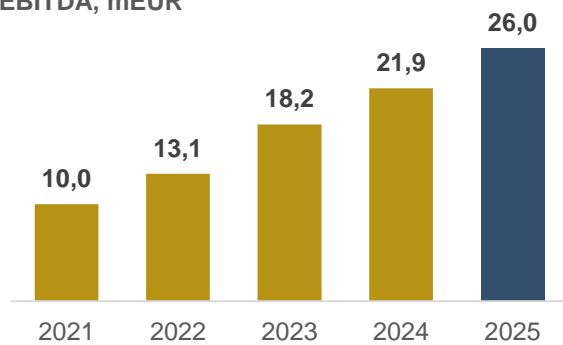
Management report (CONTINUED)

The results achieved in 2024 confirm that the Group is operating in the right direction, which ensures stable business results. By continuing to invest in the development, DelfinGroup expects to significantly improve business results and maintain the most important indicators at a sustainable level in the upcoming years.

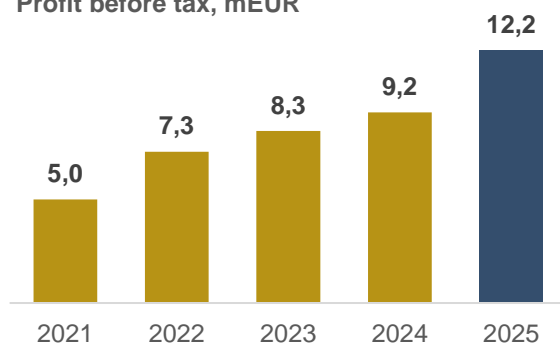
Net loan portfolio, mEUR



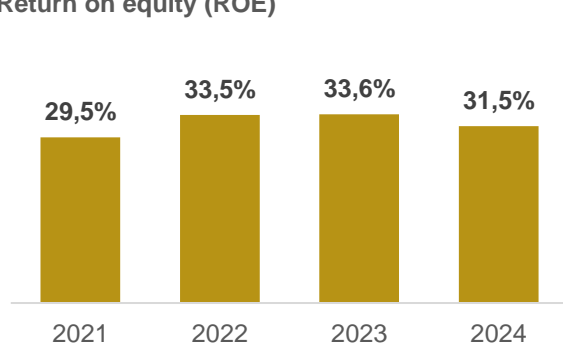
EBITDA, mEUR



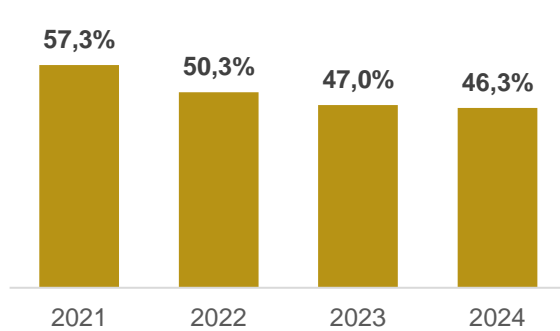
Profit before tax, mEUR



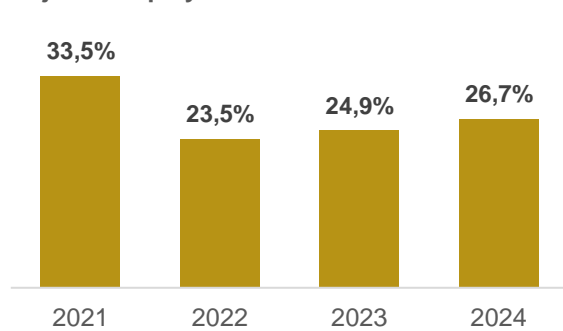
Return on equity (ROE)



Cost to income ratio



Adjusted equity ratio



Management report (CONTINUED)

Consumer lending segment

In 2024, the consumer lending segment continued to show stable results. Last year, DelfinGroup issued consumer loans totalling 79.1 million euros, a 15% increase compared to 2023, while the consumer loan portfolio grew by 28% to 104 million euros. The increase in issuance and portfolio facilitated the segment income, which increased by 30% and reached 44.3 million euros. Overall, the segment's issuance, portfolio, and income were the highest in the Group's history.

In 2024, the Group focused on portfolio quality and cost reduction for higher profitability which resulted in solid client payment discipline and low non-performing loan proportion in the portfolio.

It is also evident from the market data that the industry is growing. According to the latest available information from the Consumer Rights Protection Center of Latvia on 30 June 2024, the non-bank consumer lending market portfolio grew by 20% over a twelve-month period, reaching 586.9 million euros. Overall, the increase in the industry is facilitated by the fact that the clients in Latvia are relatively underbanked compared to other EU countries, which leaves room for growth. Nevertheless, DelfinGroup has been able to grow faster than the market in recent years. At the end of the first half of 2024, DelfinGroup secured a market share of 16.7% in the non-bank consumer lending segment in Latvia, while in 2023 it was 15.4%.

Various reasons and company incentives facilitated the growth of DelfinGroup market share. The main focus of the consumer lending segment development was digital improvements and innovation. Last year, DelfinGroup worked on various improvements on the Banknote mobile app, which allows clients to apply for loans, overview existing loan agreements, find the nearest branch and perform other significant actions. In 2024, the Group did the groundwork for launching consumer lending in Lithuania which was started at the end of 2024.

Pawn lending segment

The pawn lending segment in 2024 showed positive performance by issuing 25.6 million euros, a 9% increase compared to 2023. Also, the active pawn loan portfolio, excluding pledges available for sale grew by 18%, reaching 4.9 million euros, the highest in company history. Moreover, the segment income, including sold pawn pledges and pledge storage commissions, grew by 12%, reaching 9.1 million euros. Although the average pawn loan amount last year was EUR 111 an increase of 17%. Increase of average pawn loan amount was partially due to increase of the gold price which allows clients to secure larger loans due to increased collateral value.

Also, growth has been observed at the industry level. According to the latest available information from the Consumer Rights Protection Center of Latvia on 30 June 2024, the pawn lending portfolio in Latvia, over twelve months, grew by 8%, reaching a total portfolio of 7.7 million euros, for the first time surpassing the pre-pandemic level. The COVID-19 pandemic was a significant burden for the industry since the pawn lending operations only occur on-site. Still, over the last three years, we have seen recovery after lifting the restrictions in Latvia. Furthermore, in 2024, DelfinGroup kept its leading position in the pawn lending market by having a 54% market share at the end of the first half of 2024.

In 2024, the Group focused on user experience improvements in the pawn lending segment. The main achievement was on the launch of the digital pawnshop that is market-disruptive product, since so far, pawn lending transactions were happening only on-site. The Group worked on the product throughout 2023 and launched it in 2024. As a result, clients can pawn their items entirely remotely. DelfinGroup has developed processes allowing the company to evaluate goods after the client sends the item via parcel machine services and signs the agreement online. The company foresees that this breakthrough will enable an increase in user experience and increase the company's competitiveness.

Moreover, in 2024 the Group continued developing operations of pawn lending segment in Lithuania, since this is the first market where the company started operations outside Latvia. At the end of 2024, DelfinGroup opened seven Banknote branches in Lithuania, where clients could receive pawn loans.

Management report (CONTINUED)

Retail of pre-owned goods segment

Considering the growing public interest in the circular economy model and extending the life of goods, the retail of pre-owned and slightly pre-owned goods segment experienced significant growth in 2024. The sales of goods, including the sale of pledges taken over at the pawnshop, reached 16.9 million euros, a 15% increase compared to 2023. As the Group has been focusing significantly on digitalising the business, the online store sales have grown by 45% compared to 2023, reaching 4 million euros.

Also, in the retail of pre-owned goods segment, similar to other segments, a large focus in 2024 was made on digitalisation. In 2024, the group made various improvements of the UX of the online store by renewing the design of the store, integrating artificial intelligence solutions to automate item publishing at the online store. Also, the Group put efforts into integrating the online store in the Banknote mobile app that previously provided only lending products.

The primary sources of acquisition of pre-owned and slightly pre-owned goods for DelfinGroup are the purchase of goods directly from the customer and the realisation of unredeemed pawn loan pledges. Also, a growing portion of the item portfolio comes from cooperation with various partners (business-to-business), from which the Group buys slightly used and sometimes even new products that customers returned to them within the fourteen-day return period, or demo products displayed in dealer stores for testing. The expansion of this type of cooperation ensures that the quantity of high-quality and relatively new goods at Banknote branches and the online store increases at more favourable prices than if customers bought them new.

In the context of business expansion in Lithuania, the retail business segment plays a significant role because it is one of two business segments that was introduced at the beginning of the expansion.

As for 2024, the Group expects continued interest from society in fostering a circular economy, thus extending the life cycle of consumer goods. With the Group's focus on promoting these principles and customer experience, DelfinGroup sees great potential in further growth of this segment and has set it as a strategic priority to develop it.

Investor information

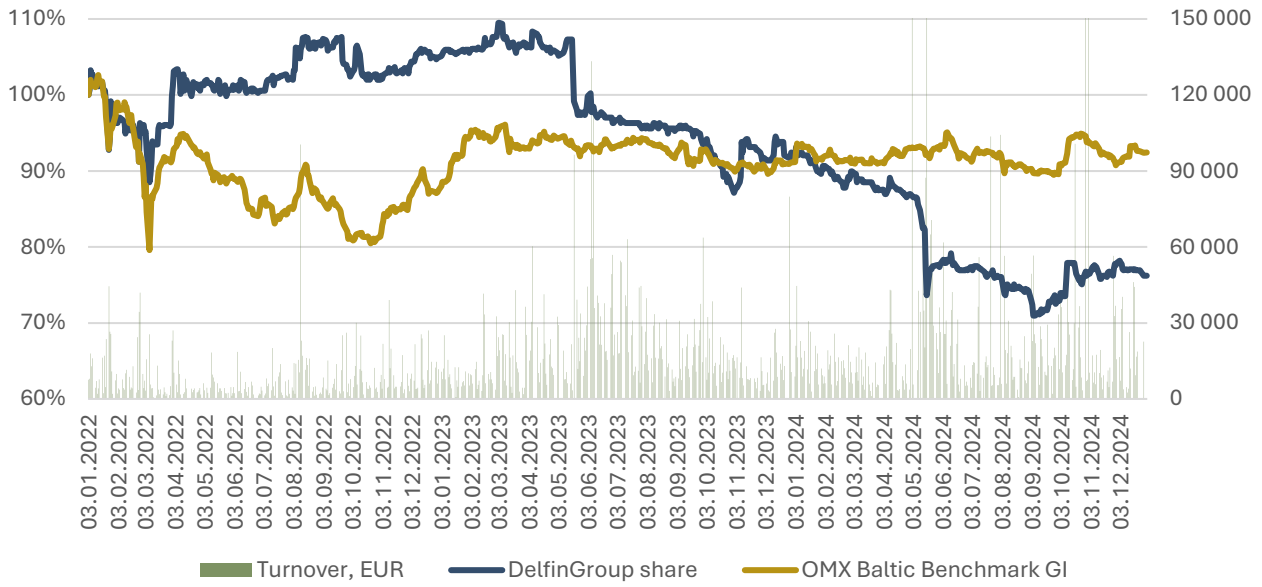
DelfinGroup shares are listed on the Baltic Main List in Nasdaq Riga with ISIN code LV0000101806. Shareholders receive 1 vote per share. On December 31, 2024, a total of 45 406 435 shares were issued, the price of which was 1.076 euros, making the total market capitalization of 48.9 million euros.

Share trading information	2024	2023
Open price, EUR	1.305	1.482
High price, EUR	1.32	1.55
Low price, EUR	1.00	1.22
Last price, EUR	1.076	1.305
Turnover, mEUR	5.50	4.76
Capitalization mEUR	48.86	59.2
P/E ratio	6.55	8.9

Management report (CONTINUED)

In 2024, the share price of DelfinGroup decreased by 17.6%, while the OMX Baltic Benchmark GI index increased by 1.5%. The share price was mainly affected by the geopolitical and economic environment and the public share offering, where part of the largest shareholders sold part of their stake at a discount. In addition, DelfinGroup shareholders received dividends with a total yield of 7.6%. Furthermore, share turnover in 2024 grew by 15.5% compared to 2023. The below chart represents DelfinGroup and OMX Baltic Benchmark GI index price changes, as well as DelfinGroup share turnover.

Share price changes and turnover

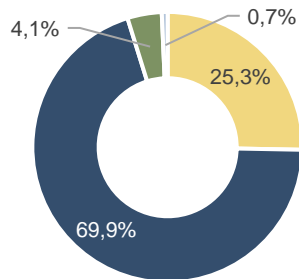


To ensure increased number of shares in a free public circulation and to diversify family investment portfolio, from 20 May to 3 June 2024, one of the largest DelfinGroup shareholders AS ALPPES Capital and SIA Curiosity Capital, held public share offers for DelfinGroup shares. As a result, more than 1,000 investors from all over Baltics subscribed to 8,293,780 shares for 9 million euros which represented 92% of the offer volume. Similar as in previous share offerings and the initial public offering, the highest interest came from Estonian investors, followed by Latvia and Lithuania. The share price of one share in the offering was EUR 1.09.

Management report (CONTINUED)

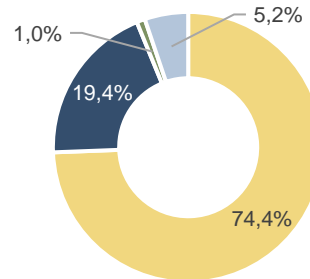
As of 31 December 2024, DelfinGroup had 9 266 registered shareholders. Majority of DelfinGroup are from the Baltic states and are private individuals.

Shareholder geography by count



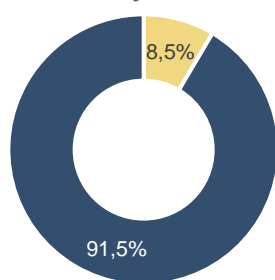
■ Latvia ■ Estonia ■ Lithuania ■ Other countries

Share ownership per country



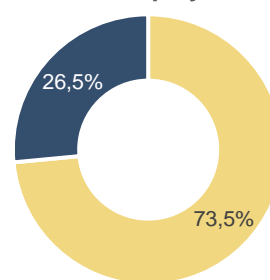
■ Latvia ■ Estonia ■ Lithuania ■ Other countries

Shareholder status by count



■ Legal entities ■ Natural persons

Shareholder ownership by status



■ Legal entities ■ Natural persons

In 2024, DelfinGroup continued to pay dividends following the dividend policy approved by shareholders. As a result, shareholders received quarterly dividends of up to 50% of the net profit of the previous quarter. In total, shareholders received four quarterly dividend payments and one annual dividend payment in 2024. In total five dividend payments.

Dividend data	2024	2023
Dividends paid to shareholders, mEUR	3.7	3.5
Dividends per share paid to shareholders, EUR	0.0821	0.0771
Earnings per share, EUR	0.160	0.146
Dividend yield	7.6%	5.9%

Last year, DelfinGroup continued to actively pursue various bond transaction such as new issuances and bond listing on stock-exchange.

From September 2 to 16, Baltic retail and institutional investors had the opportunity to participate in DelfinGroup public bond issue. It was offered to purchase the Company's bonds for 15 million euros with a fixed annual interest rate of 10%, monthly interest payments and a maturity of four years. The bonds are unsecured with a nominal value of 100 euros per bond. The total demand for bonds reached 22.3 million euros from more than 2,700 retail and institutional investors, which exceeded the initial bond offer by 1.5 times. Numerically, most of the 2,700 investors came from Estonia. However, by investment amount, approximately 60% of all demand came directly from Latvian investors. On 25 September 2024, the bonds were listed on the Nasdaq Baltic Regulated Market Corporate bond list.

As a result of the successful public bond issue, the Company's existing unsecured bonds ISIN LV0000850055 for EUR 10 million with a coupon rate of 8.75% + 3M EURIBOR were redeemed on 25 September 2024. The existing bonds were redeemed from the raised funds, and a part of Mintos liabilities were refinanced, thus optimising the Group's financing costs.

Management report (CONTINUED)

Also in 2024 DelfinGroup issued new subordinated bonds. The bonds are offered as a private placement with a minimum investment of EUR 100,000. The coupon rate of the bonds is set at 11.00% + 3M EURIBOR with maturity on 25 May 2029. The issuance of the subordinated bonds ensures the long-term strengthening of the Group's capital structure, compliance with financial covenants and diversification.

On 7 November, DelfinGroup launched the listing of unsecured and subordinated bonds on the Nasdaq First North alternative market. These bonds were previously available only to a limited number of investors in private placements and are now available for free trading. By listing unsecured and subordinated bonds on the stock exchange, DelfinGroup provides greater liquidity to existing and potential investors. The unsecured bonds (ISIN: LV0000860146) have been issued for EUR 15 million with an interest rate of 9% + 3M EURIBOR. The nominal value of each bond is EUR 1,000, and its maturity date is 25 November 2026. The subordinated bonds (ISIN: LV0000802700) have been issued for EUR 5 million with an interest rate of 11.5% + 3M EURIBOR and a nominal value of EUR 1,000 per bond. The maturity date of these bonds is 25 July 2028.

ISIN	Nominal value of bonds issued, EUR	Maturity	Coupon	List
LV0000802718	15 000 000	25.02.2026	9.00% + 3M EURIBOR	Nasdaq Riga First North
LV0000860146	15 000 000	25.11.2026	9.00% + 3M EURIBOR	Nasdaq Riga First North
LV0000802700	5 000 000	25.07.2028	11.50% + 3M EURIBOR	Nasdaq Riga First North
LV0000803914	15 000 000	25.09.2028	10.00%	Nasdaq Baltic Regulated market
LV0000870145	4 000 000	25.05.2029	11.00% + 3M EURIBOR	Private placement

To provide financing for the development of the loan portfolio, DelfinGroup continued to use the Mintos investment platform, with the help of which investors from more than a hundred countries invested in the loans issued by the Group. DelfinGroup has been attracting financing with the help of Mintos since 2016, and during this time, DelfinGroup has managed to attract investments of more than 400 million euros. As a result, the balance of DelfinGroup liabilities on the Mintos platform as of December 31, 2024, amounted to 24.3 million euros.

Branches

As at 31 December 2024, the Group had 95 branches, 88 in Latvia and 7 in Lithuania (31.12.2023 - 96 branches, 91 in Latvia and 5 in Lithuania).

Risk management

The Group is not exposed to foreign exchange rate risk because the basic transaction currency is the Euro. The funding of the Group consists of both fixed rate and floating rate borrowings, so the Group is exposed to variable interest rate risk. Accurate application of the prudent strategies chosen has allowed the Group to successfully manage its financial risks, particularly the liquidity and credit risk. All Group transactions are performed in Latvia, the Group has no counterparties in Russia and Belarus thus the impact of the war in Ukraine and the associated sanctions has insignificant effect on the Company's operations. For more details regarding risk management refer to Note 2 Material accounting Policies section s financial risk management.

Distribution of the profit proposed by the Company

In accordance with the Dividend Policy AS DelfinGroup has distributed 50% of the Group's 2024 profit. The Management Board will make a proposal on remaining profit allocation when convening for the annual shareholders' meeting.

The Corporate Governance Report and the Remuneration Report for 2024 has also been submitted to AS Nasdaq Riga together with this separate and consolidated Annual Financial Report for year ended 31 December 2024 by AS DelfinGroup.

Didzis Ādmīdiņš
Chairman of the Board

Andrejs Aleksandrovičs
Board Member

Laima Eižvertiņa
Board Member

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Statement of profit or loss for the year ended 31 December 2024

	Notes	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Net sales	(3)	10 628 152	9 215 700	10 503 640	9 272 982
Cost of sales	(4)	(7 027 633)	(6 086 190)	(6 968 071)	(6 144 670)
Interest income and similar income	(5)	52 325 856	41 207 451	40 406 565	32 007 780
Interest expenses and similar expenses	(6)	(10 910 717)	(8 578 969)	(9 791 353)	(7 072 152)
Credit loss expenses	(16)	(15 103 709)	(10 686 504)	(9 470 766)	(6 489 985)
Gross profit		29 911 949	25 071 488	24 680 015	21 573 955
Selling expenses	(7)	(11 002 500)	(8 746 836)	(9 869 722)	(8 344 665)
Administrative expenses	(8)	(9 339 527)	(7 727 436)	(8 478 580)	(7 301 263)
Other operating income		181 333	75 251	180 387	75 549
Other operating expenses		(577 085)	(382 832)	(473 137)	(381 853)
Profit before corporate income tax		9 174 170	8 289 635	6 038 963	5 621 723
Income tax expenses	(9)	(1 897 964)	(1 661 664)	(1 231 542)	(1 114 306)
Net profit		7 276 206	6 627 971	4 807 421	4 507 417
Basic earnings per share	(10)	0.160	0.146	0.106	0.099
Diluted earnings per share	(10)	0.160	0.146	0.106	0.099

Notes on pages from 23 to 59 are an integral part of these financial statements.

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Chairman of the Board

**Andrejs
Aleksandrovičs**
Board Member

Laima Eižvertiņa
Board Member

Natalja Maškova
Chief accountant

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Balance sheet as at 31 December 2024

Assets	Notes	Group	Group	Company	Company
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
			(restated, Note 2)		(restated, Note 2)
Non-current assets:		EUR	EUR	EUR	EUR
Intangible assets:					
Patents, licences, trademarks and similar rights		9 302	13 946	9 302	13 946
Internally developed software		903 339	799 156	903 339	799 156
Other intangible assets		1 138 552	769 917	1 135 879	766 531
Goodwill		127 616	127 616	-	-
Work in progress internally developed software		83 935	31 678	83 935	31 678
Advances for intangible assets		35 523	125 044	35 523	125 044
Total intangible assets	(11)	2 298 267	1 867 357	2 167 978	1 736 355
Property, plant and equipment:					
Land, buildings and structures		173 539	174 597	173 539	174 597
Leasehold improvements		314 740	315 442	274 661	277 454
Right-of-use assets		2 652 848	2 887 270	2 289 933	2 618 070
Other fixtures and fittings, tools and equipment		441 804	322 104	341 870	258 834
Total property, plant and equipment	(12;13)	3 582 931	3 699 413	3 080 003	3 328 955
Non-current financial assets:					
Investments in related companies	(14)	-	-	1 130 000	980 000
Loans to related companies	(28)	-	-	9 801 915	1 577 116
Loans and receivables	(16)	91 455 715	66 686 257	65 904 480	47 590 888
Deferred income tax assets	(9)	154 640	-	-	-
Total non-current financial assets		91 610 355	66 686 257	76 836 395	50 148 004
Total non-current assets		97 491 553	72 253 027	82 084 376	55 213 314
Current assets:					
Inventories:					
Finished goods and goods for sale		3 989 843	3 390 882	3 141 628	3 199 603
Total inventories	(15)	3 989 843	3 390 882	3 141 628	3 199 603
Receivables:					
Loans and receivables	(16)	22 018 048	22 339 708	17 668 708	20 180 739
Loans to related companies	(28)	-	-	425 072	398 971
Term deposits with banks		999 900	454 500	999 900	454 500
Other receivables		615 737	913 637	412 581	572 419
Total receivables		23 633 685	23 707 845	19 506 261	21 606 629
Deferred expenses		243 398	235 250	238 142	163 424
Cash and cash equivalents	(17)	1 644 490	5 474 070	1 038 915	4 460 294
Total current assets		29 511 416	32 808 047	23 924 945	29 429 950
Total assets		127 002 969	105 061 074	106 009 321	84 643 264

Notes on pages from 23 to 59 are an integral part of these financial statements.

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Chairman of the Board

Andrejs Aleksandrovičs
Board Member

Laima Eižvertiņa
Board Member

Natalja Maškova
Chief accountant

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Balance sheet as at 31 December 2024

Liabilities and equity	Notes	Group	Group	Company	Company
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
Equity:		EUR	EUR	EUR	EUR
Share capital	(18)	4 540 644	4 537 751	4 540 644	4 537 751
Share premium	(18)	6 890 958	6 890 958	6 890 958	6 890 958
Other capital reserves	(20)	223 404	169 812	223 404	169 812
Retained earnings:	(19)	13 273 699	9 723 592	4 422 716	3 341 395
Total equity		24 928 705	21 322 113	16 077 722	14 939 916
Liabilities:					
Long-term liabilities:					
Bonds issued	(21)	47 513 867	26 862 004	47 513 867	26 862 004
Loans from credit institutions	(22)	5 673 103	6 406 925	5 673 103	6 406 925
Other borrowings	(23)	13 901 453	14 904 405	6 902 394	5 652 280
Lease liabilities for right-of-use assets	(13)	2 219 336	2 337 138	1 924 398	2 115 875
Total long-term liabilities		69 307 759	50 510 472	62 013 762	41 037 084
Short-term liabilities:					
Bonds issued	(21)	5 459 248	13 404 540	5 459 248	13 404 540
Loans from credit institutions	(22)	11 715 582	887 067	11 715 582	887 067
Other borrowings	(23)	10 399 105	14 505 929	6 714 442	10 715 028
Lease liabilities for right-of-use assets	(13)	734 251	831 318	653 740	784 992
Trade payables		934 352	1 011 347	857 521	933 489
Debts to related undertakings		-	-	5 316	-
Taxes and social insurance	(24)	505 972	393 498	486 996	381 528
Income tax liabilities	(24)	1 418 070	996 770	608 762	437 643
Accrued liabilities		1 599 925	1 198 020	1 416 230	1 121 977
Total short-term liabilities		32 766 505	33 228 489	27 917 837	28 666 264
Total liabilities		102 074 264	83 738 961	89 931 599	69 703 348
Total liabilities and equity		127 002 969	105 061 074	106 009 321	84 643 264

Notes on pages from 23 to 59 are an integral part of these financial statements.

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Statement of changes in equity of the Group for the year ended 31 December 2024

	Notes	Share capital EUR	Share premium EUR	Other capital reserves EUR	Retained earnings EUR	Total EUR
As at 31 December 2022		4 531 959	6 890 958	93 058	6 589 761	18 105 736
Profit for the reporting period		-	-	-	6 627 971	6 627 971
Dividends paid	(19)	-	-	-	(3 494 140)	(3 494 140)
Share-based payments	(18)	-	-	76 754	-	76 754
Exercise of share options	(18)	5 792	-	-	-	5 792
As at 31 December 2023		4 537 751	6 890 958	169 812	9 723 592	21 322 113
Profit for the reporting period		-	-	-	7 276 206	7 276 206
Dividends paid	(19)	-	-	-	(3 726 100)	(3 726 100)
Share-based payments	(18)	-	-	53 592	-	53 592
Exercise of share options	(18)	2 893	-	-	-	2 893
As at 31 December 2024		4 540 644	6 890 958	223 404	13 273 699	24 928 705

Statement of changes in equity of the Company's for the year ended 31 December 2024

	Notes	Share capital EUR	Share premium EUR	Other capital reserves EUR	Retained earnings EUR	Total EUR
As at 31 December 2022		4 531 959	6 890 958	93 058	2 328 118	13 844 093
Profit for the reporting period		-	-	-	4 507 417	4 507 417
Dividends paid	(19)	-	-	-	(3 494 140)	(3 494 140)
Share-based payments	(18)	-	-	76 754	-	76 754
Exercise of share options	(18)	5 792	-	-	-	5 792
As at 31 December 2023		4 537 751	6 890 958	169 812	3 341 395	14 939 916
Profit for the reporting period		-	-	-	4 807 421	4 807 421
Dividends paid	(19)	-	-	-	(3 726 100)	(3 726 100)
Share-based payments	(18)	-	-	53 592	-	53 592
Exercise of share options	(18)	2 893	-	-	-	2 893
As at 31 December 2024		4 540 644	6 890 958	223 404	4 422 716	16 077 722

Notes on pages from 23 to 59 are an integral part of these financial statements.

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Cash flows statement for the year ended 31 December 2024

	Notes	Group 2024 EUR	Group 2023 EUR (restated, Note 2)	Company 2024 EUR	Company 2023 EUR (restated, Note 2)
Cash flow from operating activities					
Profit before corporate income tax		9 174 170	8 289 635	6 038 963	5 621 723
<u>Adjustments for non-cash items:</u>					
a) depreciation and amortisation	(11;12)	961 530	515 193	932 649	512 913
b) depreciation of right-of-use assets	(12)	884 689	806 872	810 638	804 964
c) credit loss expenses	(16)	15 103 709	10 686 504	9 470 766	6 489 985
d) share-based payment expense		53 592	76 754	53 592	76 754
e) interest income and similar income	(5)	(52 325 856)	(41 207 451)	(40 406 565)	(32 007 780)
f) interest expenses and similar expenses	(6)	10 910 717	8 578 969	9 791 353	7 072 152
Profit before adjustments of working capital and short-term liabilities		(15 237 449)	(12 253 524)	(13 308 604)	(11 429 289)
<u>Change in operating assets/liabilities:</u>					
a) (Increase) on loans and receivables and other debtors		(38 597 198)	(31 043 519)	(24 863 644)	(23 624 095)
b) (Increase)/ decrease on inventories		(598 961)	(1 101 102)	57 975	(909 823)
c) (Decrease)/ increase on trade payable and accrued liabilities		1 510 779	709 931	1 374 297	639 300
Gross cash flow from operating activities		(52 922 829)	(43 688 214)	(36 739 976)	(35 323 907)
Interest received		50 966 715	39 784 160	39 542 630	30 636 421
Interest paid		(11 499 348)	(9 750 889)	(10 379 984)	(8 244 072)
Corporate income tax payments		(1 797 140)	(777 991)	(1 380 690)	(777 846)
Net cash flow from operating activities		(15 252 602)	(14 432 934)	(8 958 020)	(13 709 404)
Cash flow from investing activities					
Acquisition of property, plant and equipment	(12)	(416 284)	(441 148)	(348 932)	(340 222)
Acquisition of intangible assets	(11)	(1 099 552)	(1 285 115)	(1 099 552)	(1 284 515)
Loans issued (related companies)		-	-	(11 150 042)	(4 708 216)
Loans repaid (related companies)		-	-	2 749 142	6 902 848
Term deposits placed		(545 400)	(454 500)	(545 400)	(454 500)
Net cash flow from investing activities		(2 061 236)	(2 180 763)	(10 394 784)	115 395
Cash flow from financing activities					
Proceeds of exercise of share options		2 893	5 792	2 893	5 792
Loans received	(27)	22 874 316	26 078 953	17 083 772	15 997 114
Loans repaid	(27)	(17 106 197)	(23 921 661)	(8 956 349)	(17 505 181)
Bonds issued	(27)	23 512 000	36 954 000	23 512 000	36 954 000
Redemption of bonds	(27)	(11 000 000)	(14 943 000)	(11 000 000)	(14 943 000)
Repayment of lease liabilities		(1 072 654)	(961 206)	(984 791)	(961 206)
Dividends paid		(3 726 100)	(3 494 140)	(3 726 100)	(3 494 140)
Net cash flow from financing activities		13 484 258	19 718 738	15 931 425	16 053 379
Net cash flow of the reporting period		(3 829 580)	3 105 041	(3 421 379)	2 459 370
Cash and cash equivalents at the beginning of the reporting period		5 474 070	2 369 029	4 460 294	2 000 924
Cash and cash equivalents at the end of the reporting period	(17)	1 644 490	5 474 070	1 038 915	4 460 294

Notes on pages from 23 to 59 are an integral part of these financial statements.

Didzis Ādmīdiņš
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Andrejs Aleksandrovičs
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Chief accountant

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Notes

(1) Changes in material accounting policies

Several new standards or amendments to standards are effective for 2024:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The Group has no transactions that are affected by the newly effective standards or amendments to standards, or its accounting policies are already consistent with the new requirements.

(2) Material accounting policies

(a) Basis of preparation

These financial statements have been prepared based on the accounting policies and measurement principles as set out below.

These financial statements have been prepared in accordance with the IFRS Accounting Standards (IFRS) as adopted by the European Union (EU). The financial statements have been prepared on a historical cost basis, except for pawn loans that have been measured at fair value.

The preparation of financial statements in accordance with IFRS requires the use of significant estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the information on contingent assets and liabilities at the balance sheet date and the revenues and costs for the reporting period. Although these estimates are based on the information available to the management regarding the current events and actions, the actual results may differ from the estimates used. Critical assumptions and judgements are described in the relevant sections of the Notes to the financial statements.

These annual financial statements are prepared and disclosed on a consolidated basis and on a standalone basis. The following subsidiaries are included in the consolidation: SIA *ViziaFinance* (100%), UAB *DelfinGroup LT* (100%) and SIA *DealShoq* (100%) for the period ended 31 December 2024.

The Executive Board approved these separate and consolidated financial statements for issue on 25 April 2025. Shareholders of the Company have the power to amend the financial statements after their issue, if necessary.

Standards issued but not yet effective

A number of new standards or amendments to standards are effective (some of which are not yet been endorsed by EU) for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new standards or amended standards in preparing these consolidated financial statements and does not plan to adopt any of these standards early.

The Group is in progress of evaluating the potential effect if any of changes arise from these following new standards and interpretations.

Effective date	New accounting standard or amendments	EU endorsed
1 Jan 2025	Lack of Exchangeability (Amendments to IAS 21);	12 November 2024
1 Jan 2026	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);	In progress
1 Jan 2026	Annual Improvements to IFRS Accounting standards Volume 11 (issued on 18 July 2024)	In progress
1 Jan 2027	IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	In progress
1 Jan 2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	In progress

Restatement in comparative figures due to correction of errors

The Management has identified classification error on term deposits with banks while preparing Group's financial statements. The error relates to incorrect classification of term deposits with banks with deposit term above 3 months as cash and cash equivalents. The error resulted in overstatement of the Group's and the Company's cash and cash equivalents by EUR 454 500 in balance sheet as of 31 December 2023.

Balance sheet (Assets) extract	Group	Company	Restatement	Group	Company
	Before restatement 31 December 2023			After restatement 31 December 2023	
Term deposits with banks	-	-	454 500	454 500	454 500
Total receivables	23 253 345	21 942 325	454 500	23 707 845	21 606 629
Cash and cash equivalents	5 928 570	2 369 029	(454 500)	5 474 070	4 460 294

No other balance sheet or any profit or loss position of comparative information was affected.

Notes (continued)

(2) **Material accounting policies** (continued)

(a) **Basis of preparation** (continued)

The abovementioned error resulted in incorrect reflection of few cash flow statement positions. Please see below comparative figures affected and remeasured in the Group's and the Company's Cash flow statement for the year ended 31 December 2023. No other cash flow position of comparative figures were remeasured.

Cash flows statement extract	Group	Company	Restatement	Group	Company
	Before restatement 2023			After restatement 2023	
<u>Change in operating assets/liabilities:</u>					
c) (Decrease)/ increase on trade payable and accrued liabilities	1 164 431	1 093 800	(454 500)	709 931	639 300
Gross cash flow from operating activities	(43 233 714)	(34 869 407)	(454 500)	(43 688 214)	(35 323 907)
Net cash flow from operating activities	(13 978 434)	(13 254 904)	(454 500)	(14 432 934)	(13 709 404)
<u>Cash flow from investing activities</u>					
Term deposits placed	-	-	(454 500)	(454 500)	(454 500)
Net cash flow from investing activities	(1 726 263)	569 895	(454 500)	(2 180 763)	115 395
<u>Cash flow from financing activities</u>					
Term deposits	(454 500)	(454 500)	454 500	-	-
Net cash flow from financing activities	19 264 238	15 598 879	454 500	19 718 738	16 053 379
Net cash flow of the reporting period	3 559 541	2 913 870	(454 500)	3 105 041	2 459 370
Cash and cash equivalents at the beginning of the reporting period	2 369 029	2 000 924	-	2 369 029	2 000 924
Cash and cash equivalents at the end of the reporting period	5 928 570	4 914 794	(454 500)	5 474 070	4 460 294

No other financial statement comparative figures were remeasured.

(b) **Consolidation principles**

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(c) **Recognition of revenue and expenses**

- **Net sales**

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control is based mainly on transferring risks and rewards according to the delivery terms. The Group principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant. When, or as, a performance obligation is satisfied, the Group recognizes as revenue the amount of the transaction price that is allocated to that performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

Revenue is presented net of indirect sales taxes such as value added tax, penalties and discounts.

Income from sale of goods and precious metals contains sale of non-durable goods and precious metals at Group's branch network and on-line shop. For sales of goods and precious metals to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet or when the goods have been shipped in case of on-line sales. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Other income includes revenue from the provision of pawnshop services – commission income on storage and sale of non-performing pawn loan collateral. The performance obligation is satisfied over-time and payment is generally due when repaying the pawn loan for performing loans or upon sale of collateral for non-performing loans.

Notes (continued)

(2) **Material accounting policies** (continued)

(c) **Recognition of revenue and expenses** (continued)

- **Interest income and similar income**

The Group calculates interest revenue on debt financial assets measured at amortized cost by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense.

When a financial asset becomes credit-impaired, the Group calculates interest revenue by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest revenue on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest revenue by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

The Group calculates interest income on pawn loans by applying the nominal interest rate to the gross carrying amount of pawn loan asset. Interest income is calculated for the performing pawn loan portfolio and is stopped at the moment when pawn loan becomes non-performing.

- **Interest expenses and similar expenses**

The effective interest rate of a financial liability is calculated on initial recognition of financial liability. In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

- **Other income**

Other income is recognised based on accruals principle and when the services have been rendered.

- **Expenses**

Expenses are recognised based on accruals principle in the period of origination, irrespective of the moment of payment.

(d) **Foreign currency**

All transactions in foreign currencies are translated into the functional currency using the exchange rates at the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement of the respective period. At the balance sheet date the rates set by the Bank of Latvia were:

	31.12.2024	31.12.2023
	1 EUR	1 EUR
USD	1.04	1.10

(e) **Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Where, in the opinion of the Management, the fair values of financial assets and liabilities differ materially from their book values such fair values are separately disclosed in the notes to the accounts. See also note 32.

Notes (continued)

(2) **Material accounting policies** (continued)

(f) **Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(g) **Employee benefits**

- Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment (SBP) arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(h) **Intangible assets (including goodwill)**

All intangible assets are initially measured at cost. Intangible assets are recorded at historic cost net of amortization and permanent diminution in value. The Group has a detailed intangible assets capitalisation policy covering accounting for development projects. The Group incurs costs for development of software and similar items, which may be capitalized. Capitalized expenditure can be either purchased or internally developed. Only those assets are capitalised that are separately identifiable, they are controlled by the Group, for which probable future economic benefits associated with the item will flow to the Group, and cost exceeds the minimum threshold (150 EUR) set by the Group shall be recognized. No intangible asset costs arising from the research phase of a project are capitalized. Expenditure on research is expensed when incurred.

Amortisation commences once the item is in the location and conditions necessary for it to be capable of operating in the manner intended by management and has been accepted by the business owner. Amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	years
Patents, trademarks and similar rights	3 – 5
Other intangible assets (including software)	3 – 5
Internally developed software	4

Goodwill is initially measured at cost and arising on the acquisition of subsidiaries being the excess of the fair value of the aggregate consideration transferred and the amount recognised for non-controlling interests, over the net fair value of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain is recognised in profit or loss statement immediately. The recognised goodwill is allocated to cash-generating units and carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Any impairment expense is recognised immediately as an expense in profit or loss statement. If subsidiaries are disposed, gains or losses on the disposal include the carrying amount of goodwill relating to the subsidiary sold.

The residual values, remaining useful lives and methods of amortisation are reviewed and, if required, adjusted annually.

(i) **Property, plant and equipment**

All property, plant and equipment are initially measured at cost. Property, plant and equipment are recorded at historic cost net of depreciation and permanent diminution in value. Depreciation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	years
Buildings and structures	20
Other fixed assets	3 – 5
Leasehold improvements	1 – 19
Right-of-use premises	1 – 19
Right-of-use vehicles	3 – 4

The residual values, remaining useful lives and methods of depreciation are reviewed and, if required, adjusted annually. Property, plant and equipment recognition is terminated in case of its liquidation or when no future benefits are expected in connection with the utilisation of the respective asset. Any profit or loss connected with the termination of recognition (calculated as difference between the disposal gains and net book value as at the moment of derecognition), is recognised in the profit or loss account in the period when derecognition occurs. Leasehold improvements are written down on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease. Current repairs and maintenance costs are charged to profit and loss account in the period when the respective costs are incurred.

Notes (continued)

(2) **Material accounting policies** (continued)

(j) **Investments in the subsidiaries companies in the separate financial statements**

In the financial statements the investments in subsidiaries companies (SIA *ViziaFinance*, UAB *DelfinGroup LT* and SIA *Dealshoq* as at 31 December 2024) are carried at cost less impairment. Cost represents consideration paid for acquisition of subsidiaries as well as additional contributions to share capital of subsidiaries. Impairment is defined as the difference between the cost and recoverable amount. Recoverable amount is the higher of the respective asset's fair value less the costs to sell and the value in use.

(l) **Inventories**

Inventories are stated at the lower of cost or net realisable value. Inventories are measured using the actual cost method. The Group assesses at each balance sheet date whether there is objective evidence that inventories are impaired and makes provisions for slow-moving or damaged inventories. Inventories loss is recognised in the period such loss is identified, writing off the relevant inventory values to the period profit and loss account. Inventories are measured at the lower of cost or net realisable value.

(m) **Trade and other receivables**

Unsecured loans

Accounts receivable comprise loans and other receivables (other debtors, advances and deposits) that are non-derivative financial assets with fixed or determinable payments. All loans and receivables are recognised when cash is advanced to borrowers and derecognised on repayments. Loans are initially measured at their fair value. The Group subsequently measures consumer loans at amortised cost if both of the following conditions are met:

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Group is using a model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The expected credit loss is calculated as a function of PD, the exposure at default EAD and the loss given default LGD.

- PD ratio is calculated as proportion of historic loan portfolio amount of loans that reaches the number of past due more than 90 days or have been sold in debt sales.
- LGD calculation is based on recovered funds for loans over 90 days or loans that have been sold in debt sales. Recovered funds are discounted using the monthly effective interest rate.

The IFRS 9 impairment model uses a three-stage approach depending on whether the claim is performing or not and if the claim is performing, whether a significant increase in credit risk has occurred.

1. Stage 1 – 12-month ECL applies to all existing claims, which have no signs of significant increase in credit risk. ECL will be computed using 12-month PD that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 month, a PD is used that corresponds to remaining maturity.
2. Stage 2 – applies to claims, which have sign/(s) of a significant increase in credit risk (delay days > 30 days but less than or equal to 90 days). The standard requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
3. Stage 3 – Financial assets are recognized in Stage 3 when there is objective evidence that the loan is impaired (delay days > 90 days). Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

A settlement delay of 30 or more days is assessed based on their actual occurrence. The rest of the signs of increased risk and their impact have to be analysed case by case and the change in a customer's risk level has to be made based on management's judgement. This assessment is symmetrical in nature, allowing the credit risk of financial assets to move back to Stage 1 if the increase in credit risk has decreased since origination and is no longer deemed to be significant.

Notes (continued)

(2) **Material accounting policies** (continued)

(m) **Trade and other receivables** (continued)

Default or the possibility of it occurring in the future and can be divided into the following events:

- Improbability of receiving payments. Based on objective evidence, it may be presumed that the client will be unable to settle all of the financial obligations and the situation cannot be solved satisfactorily.
- Payment delay. The contract is deemed to be non-performing if the client is no longer able or willing to fulfil payment obligations, e.g. upon any of the following events: (a) payments are past due for more than 90 days; (b) the client does not respond to the payment reminders and the desire to contact; (c) the client is bankrupt or deceased; (d) identity theft has been identified, i.e. misuse of the credit receiver's identity.

The Group continuously monitors all assets subject to ECLs in order to identify if there has been significant increase in credit risk. If there is an increase, relevant adjustments to ECL are made.

When loans cannot be recovered, they are written off and charged against allowances for loan impairment losses. They are not written off until all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The Group signed a contract with a third party for the receivable amounts regular debt sale to assign debtors for loans issued. Losses from these transactions were recognised in the current period under other operating expenses.

The recoverability of other debtors, advances and deposits paid is valued on individual basis if there are any indications of net book value of the asset exceeding its recoverable amount.

Any ECL on financial assets other than loan portfolio and loans to related companies is not significant.

Pawn loans

Pawn loans are non-recourse loans secured against a collateral (the pledge). If the customer does not redeem the collateral by repaying the secured loan before the end of the contract, the Group is entitled to dispose of the goods to cover the outstanding balance of the loan. Pawn loans are recognised when cash is advanced to borrowers and derecognised on the repayment for performing loans or sale of the collateral for non-performing loans. Considering that that pawnshop loans do not meet the SPPI criteria, they are initially recognised and subsequently measured at fair value.

The pawn loan portfolio is divided in two categories: performing and non-performing loan portfolios. The performing loan portfolio comprises of loans that are not yet due or loans that have been extended. The non-performing loan portfolio contains loans that have not been repaid on maturity and the payment of which depends on the realization of the collateral.

(n) **Leases**

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in in-substance fixed lease payments or a change in the assessment of the option to purchase the underlying asset.

Notes (continued)

(2) Material accounting policies (continued)

(n) Leases (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered of low value (i.e., below EUR 4.5 thousand). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(o) Taxes

The Group's tax for the period consists of current and deferred tax. Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to tax authorities using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Current tax is calculated on the basis of distributed profit or in case of expenses treated as deemed profit distribution (20/80 of the net amount payable to shareholders).

In 2024 new tax provisions relating to non-bank financial institutions were enacted determining that starting from year 2024 tax surcharge of 20 per cent from the profit after taxes for previous year shall be calculated and paid after submission of annual report. Therefore, in addition to tax related to profit distribution starting from year 2024 expenses for tax surcharge are recognized that is calculated as 20 per cent from gained net profit for the reporting period.

Current tax arising from distributed profit is recognized when the shareholder makes a decision on profit distribution, while tax on deemed profit distribution and tax surcharge is recognized in income statement in the period for which it is assessed.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be reduced in realising the temporary differences. Such deferred assets and liabilities are not recognised if the temporary differences are related to goodwill or to the initial recognition of assets or liabilities (other than in a business combination), the arising of which (during transactions) does not affect either taxable profit or financial profit. Deferred income tax assets are reviewed on the last day of each reporting period and is reduced to the extent that it is not probable that sufficient taxable profit will be available to the Group for realising of such assets, to an estimated amount by which the taxable profit will be reduced in future. Deferred tax liabilities and assets are measured using the tax rate in effect for the year in which the temporary differences are expected to be settled, based on the tax rates (and tax laws) that have been or will be approved by the end of the reporting period.

Deferred tax assets and liabilities reflect the tax consequences that the Group expects at the end of the reporting period in order to pay or settle its assets or liabilities.

(p) Borrowings

Initially borrowings are recognised at fair value amounting to the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost which is determined using the effective interest method. The difference between the proceeds received, net of transaction costs and the redemption value of the borrowing is gradually recognized in the profit or loss over the term of the borrowing.

(q) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, balances of current accounts with banks and short-term deposits with a maturity term of up to 90 days.

(r) Payment of dividends

Dividends due to the shareholders are recognized in the financial statements as a liability in the period in which the shareholders approve the disbursement of dividends.

(s) Financial risk management

(s1) Financial risk factors

The activities of the Group expose it to different financial risks:

- (s1.1) foreign currency risk;
- (s1.2) credit risk;
- (s1.3) operational risk;
- (s1.4) market risk;
- (s1.5) liquidity risk.

The Group's overall risk management is focused on the uncertainty of financial markets and aims to reduce its adverse effects on the Company's financial indicators. The Chief Financial Officer (CFO) is responsible for financial risk management. CFO identifies, assesses and seeks to find solutions to avoid financial risks acting in close cooperation with other structural units of the Group.

Notes (continued)

(2) Material accounting policies (continued)

(s1) Financial risk factors (continued)

(s1.1) Foreign exchange risk

The Group operates mainly in the local market and its exposure to foreign exchange risk is not significant.

(s1.2) Credit risk

The Group has a credit risk concentration based on its operational specifics – issuance of non-secured loans that is connected with an increased risk of asset recoverability. The Group's policies are developed in order to ensure maximum control procedures in the process of loan issuance, timely identification of bad and doubtful debts and adequate provisioning for potential loss.

Regarding loan unsecured loan issuance, the Group has three methods of customer identification: (i) obtaining data that accredits the identity of a natural person from a credit institution, (ii) verifying the customer's income, (iii) verifying the past and current obligations of the borrower. The Group compares the information from the application form with the information received from external sources. The Group performs an automated credit check for those customers who have successfully completed the first four phases of the credit risk underwriting process. Its Risk and Data team has considerable experience in adding the optimal combination of alternative and traditional data sources, and knowledge of how to use the data collected for high-quality credit risk underwriting. The Group's credit check involves a collection of traditional credit bureau data and income information. The Group collects data from 4-5 external sources to check the borrower's creditworthiness and calculate the debt-to-income rate.

The Group has developed a linear rule strategy to evaluate each loan application using an automated credit risk underwriting process. The Group's credit risk underwriting models are developed by a centralized data science team. The Group develops its credit risk underwriting models based on information gathered during the customer registration, loan application, customer identification, fraud screening and credit screening phases. The Groups risk team closely monitors the quality of the data collected, validates, and verifies the completeness of the required data points. The team ensures that the credit check strategy is aligned with the settings of the credit check model, sets data requirements for each decision step, and ensures efficient data management. For pawn loans, the evaluation of the collaterals is performed by trained appraisers. The Group has established an efficient and effective debt collection process and has a dedicated team that adheres to debt collection practices that are fully compliant with local regulations.

The Group have regular monthly debt sale process developed and signed a contract with a third party for unsecured loans issued which are outstanding between 30 to 90 days and there are timely identified indications that loans sold could default. For loans that are outstanding more than 90 days separate debt sale agreements are signed. In the case of pawn loans, the collateral is sold in branches or e-shop (the average realization period of the collateral is 3 months).

The table below shows the maximum exposure to credit risk for the components of the Balance Sheet. Exposures are based on net carrying amounts as reported in the Balance Sheet. The Group's maximum credit exposures are shown gross, i.e. without taking into account any collateral or other credit enhancements.

	Maximum exposure			
	Group	Group	Company	Company
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	EUR	EUR	EUR	EUR
Loans and receivables	113 473 763	89 025 965	83 573 188	67 771 627
Other debtors	615 737	913 637	412 581	572 419
Cash and cash equivalents	1 644 490	5 474 070	1 038 915	4 460 294

(s1.3) Operational risk

Operational risk is a loss risk due to external factors namely (natural disasters, crimes, etc.) or internal ones (IT system crash, fraud, violation of laws or internal regulations, insufficient internal control). Operation of the Group carries a certain operational risk which can be managed using several methods including methods to identify, analyse, report and reduce the operational risk. Also, self-assessment of the operational risk is carried out as well as systematic approval of new products is provided to ensure the compliance of the products and processes with the risk environment of the activity.

(s1.4) Market risk

The Group is exposed to market risks, basically related to the fluctuations of interest rates between the loans granted and funding received, as well as demand for the Group's services fluctuations. The Group's cash flows related to financing costs to some extent depend on the changes in market rates of interest. The Group attempts to limit market risks, adequately planning the expected cash flows, diversifying the product range, and fixing funding resource interest rates. The Group issues loans at fixed rate and has borrowings with a fixed and variable rates. As at 31 December 2024 all bond emissions (except ISIN LV0000803914), loans from credit institutions and lease contracts amounting to 55 thousand EUR with contracts concluded in EUR currency are with variable part denominate as 3 month EURIBOR rate, all other interest bearing liabilities are with a fixed interest rate. The interest rate market risk is considered to be low.

Notes (continued)

(2) Material accounting policies (continued)

(s1.4) Market risk (continued)

The following table represents the effect in the Group's and the Company's profit before tax (over 12-month period) on change in interest rates in by 100 basis points.

	Group 31.12.2024	Group 31.12.2023	Company 31.12.2024	Company 31.12.2023
Profit before corporate income tax				
-100 basis points scenario	502 624	487 622	461 221	478 056
+100 basis points scenario	(502 624)	(487 622)	(461 221)	(487 056)

(s1.5) Liquidity risk

The Group complies with the prudence principle in the management of its liquidity risk and maintains sufficient funds. The management of the Group has an oversight responsibility of the liquidity reserves and make current forecasts based on anticipated cash flows. The management of the Group performs liquidity analysis on a regular basis and ensures adequate gap between short-term liabilities and assets. Most of the Group's liabilities are long-term liabilities. Based on performed procedures the management is of the opinion that the Group will be able to secure sufficient liquidity by its operating activities. For analysis of financial liabilities by remaining contractual maturities please see note 33.

(s2) Management of the capital structure

In order to ensure the continuation of the Group's activities, while maximizing the return to stakeholders' capital management, optimization of the debt and equity balance is performed. The Group's capital structure consists of bonds issued, third party loans and finance lease liabilities, cash and equity, comprising issued share capital, retained earnings and share premium. At year-end the ratios were as follows:

	Group 31.12.2024	Group 31.12.2023	Company 31.12.2024	Company 31.12.2023
	EUR	EUR	EUR	EUR
Bonds issued	52 973 115	40 266 544	52 973 115	40 266 544
Loans from credit institutions	17 388 685	7 293 992	17 388 685	7 293 992
Other borrowings	24 300 558	29 410 334	13 616 836	16 367 308
Lease liabilities	2 953 587	3 168 456	2 578 138	2 900 867
Trade payables and accrued liabilities	2 534 277	2 209 367	2 273 751	2 055 466
Debts to related undertakings	-	-	5 316	-
Taxes and social insurance	1 924 042	1 390 268	1 095 758	819 171
Gross debts	102 074 264	83 738 961	89 931 599	69 703 348
Cash and cash equivalents	(1 644 490)	(5 474 070)	(1 038 915)	(4 460 294)
Net debts	100 429 774	78 264 891	88 892 684	65 243 054
Equity	24 928 705	21 322 113	16 077 722	14 939 916
Gross debt / equity ratio	4.09	3.93	5.59	4.67
Net debt / equity ratio	4.03	3.67	5.53	4.37

(t) Significant assumptions and estimates

The preparation of the financial statements requires management to make professional judgments, assumptions and estimates which affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Assumptions and estimates based on those assumptions are analysed regularly to identify if changes are required. The changes in accounting estimates are recognized in the reporting period when the estimates were changed and in all periods that follow.

Impairment losses on loans to customers

The measurement of impairment losses on loans to customers requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

Notes (continued)

(2) Material accounting policies (continued)

(t) Significant assumptions and estimates (continued)

- ▶ The Group's criteria for assessing if there has been a significant increase in credit risk and allocation of loans to Stage 1 or 2;
- ▶ identification of unlikeliness to pay criteria and assignment of loans to Stage 3;
- ▶ development of ECL models, including the various formulae and the choice of inputs;
- ▶ forward-looking macroeconomic information incorporation in the ECL models;
- ▶ ECL adjustment due to decrease in debt sales;
- ▶ the modelling and calculation of key parameters of the ECL models, including probability of default (PD), loss given default (LGD), and exposure at default (EAD).

To enhance ECL models the Group uses forward-looking macroeconomic information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. As the Group's major operations are in Latvia all data of macroeconomic indicators published on monthly basis by Central Statistical Bureau Republic of Latvia was obtained, equalized, and compared with the Group's year on year 1–30-day delay to non-delay portfolio. This was used as a proxy for probability of default. Indicators with highest correlation are rise in unemployment rate and consumer price index (in 2023 salary and number of employed persons aged 15-74). Based on obtained data a regression model was created, which offers significance of the coefficient of each macroeconomic indicator. To use macroeconomic factor as forward-looking macroeconomic information adjustment three economic scenarios with distinct economic consequences were used: a base case scenario which comprises most likely future economic development, a less likely adverse scenario and less likely optimistic scenario. The key variables are summarized below.

	Base case scenario	Adverse scenario	Optimistic scenario
2023			
Nominal gross salary (yearly changes)	8.00%	5.20%	10.80%
Number of employed persons aged 15-74 (yearly changes)	877.7	868.2	887.2
2024			
Rise in unemployment	6.80%	8.30%	5.30%
Consumer price index	2.50%	1.50%	0.50%

The current implementation, based on an expert judgement, weights base case scenario with 50% likelihood (60% likelihood in 2023), the adverse scenario at 15% likelihood (25% likelihood in 2023) and the optimistic scenario at 35% likelihood (15% likelihood in 2023). If the weighting of the adverse scenario was to increase to 35% (45% in 2023), the expected credit loss allowance of the Group would increase by EUR 576 457 (EUR 43 782 as of 31 December 2023) and for the Company by EUR 328 440 as of 31 December 2024 (EUR 25 646 as of 31 December 2023). If the weighting of the base case scenario was to increase to 100%, the expected credit loss allowance of the Group would increase by EUR 576 457 (decrease by EUR 39 304 as of 31 December 2023) and for the Company by EUR 328 440 as of 31 December 2024 (EUR 23 023 as of 31 December 2023).

Sensitivity analysis of changes in the Group's ECL key parameters LGD and PD - a 500 basis points increase in the LGD ratio would increase expected credit loss allowance by EUR 833 348 (EUR 473 461 as of 31 December 2023) of the Group and for the Company by EUR 484 059 (EUR 328 430 as of 31 December 2023). A 500 basis points decrease would lead to decrease by EUR 833 348 (EUR 473 461 as of 31 December 2023) of the Group and for the Company by EUR 484 059 (EUR 328 430 as of 31 December 2023). A 1000 basis points increase of PD for loans not yet due would increase expected credit loss allowance by EUR 515 565 (EUR 325 545 as of 31 December 2023) of the Group and for the Company by EUR 273 167 (EUR 180 282 as of 31 December 2023). A 1000 basis points decrease would lead to decrease by EUR 515 565 (EUR 325 545 as of 31 December 2023) of the Group and for the Company by EUR 273 167 (EUR 180 282 as of 31 December 2023). The ECL model inputs and parameters were reviewed and where necessary updated. For more detailed qualitative and quantitative information on the impairment of financial assets, refer to Note 2 Material accounting Policies section I Trade and other receivables and Note 16 Loans and receivables.

ECL arising from trade receivables or contract assets is assessed as not significant due to the nature.

SPPI for pawn loans

The SPPI assessment for pawn loans is highly judgmental. The focus in determining whether SPPI criteria are met focused on the non-recourse aspect of the loans in combination with an relatively high risk of non-fulfillment of the loans and the pricing structure of the loans. In light of the returns from pawn loans in case of default being closely linked to the sale of collateral it was concluded that pawn loans do not meet SPPI criteria and therefore are required to be carried at fair value through profit or loss. The procedures for assessing and managing this risk are to some extent limited due to the collateral used to secure the loan.

Notes (continued)

(2) Material accounting policies (continued)

(t) Significant assumptions and estimates (continued)

Fair value of pawn loans

The measurement of fair value of pawn loans requires judgement in the estimation of the amount and timing of future cash flows when determining the fair value of the performing pawn loans and the amount and timing of future cash flows when realizing collateral for non-performing loans.

The elements for the fair value model for the performing loans are driven by the portfolio's effective interest rate and portfolio's free cash flows. The non-performing loan portfolio fair value calculations are dependent on the expected time of realization of the pledge, its market price, associated sales costs, and relevant discount rate. The fair value model inputs and parameters are periodically reviewed and where necessary updated, refer to Note 32 Fair value of financial assets and financial liabilities

Net realisable value of inventories

The cost of the Group's inventory may have to be reduced to its net realisable value if the inventory has become damaged, is wholly or partly obsolete, or if its selling price has declined. The costs of inventory may not be recovered from sale because of increases in the costs to complete, or the estimated selling costs. Writing inventory down to net realisable value is carried out on an item-by-item basis. The Group's estimates of net realisable value are based on the most reliable evidence available and take into account fluctuations of price or cost after the end of the period if this is evidence of conditions existing at the end of the period.

Leases – estimating the incremental borrowing rate

In case the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Leases are accounted based on contractual term, no significant judgment here.

(u) Related parties

Related parties include the shareholders, members of the Board and Supervisory Board of the Group, Supervisory Board their close family members and companies in which the said persons have control or significant influence. Term "Related parties" agrees to Commission Regulation (EC) 1126/2008 of 3 November 2018 which took in force various IAS according to European Parliament and Council Regulation (EC) 1606/2002 mentioned in Annex of IAS 24 "Related Party Disclosures".

(v) Subsequent events

Post-period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

(w) Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless an outflow of resources embodying economic benefits is possible. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(x) Earnings per share

Earnings per share (EPS) are calculated by dividing the net profit or loss for the year attributable to the shareholders with the weighted-average number of shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker – the Group's Board, which allocates resources to and assesses the performance of the operating segments of the Group. For management purposes, the Group is organised into three operating segments based on products and services. Group's segments are Pawn loan segment, Consumer loans segment, Retail segment and Other operating segment. Under Other operating segment there are accounted general Group administrative operations, services provided to related entities and real estates project development financing activities.

Notes (continued)

(3) Net sales

Net revenue by type of revenue

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Income from sales of goods	7 382 169	6 608 742	7 163 086	6 666 024
Income from sales of precious metals	2 197 186	1 504 352	2 305 634	1 504 352
Other income (loan and storage commission) for financial instruments measured as FVTPL	1 048 797	1 102 606	1 034 920	1 102 606
	10 628 152	9 215 700	10 503 640	9 272 982

(4) Cost of sales

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Cost of sales of goods	5 148 978	4 627 420	4 980 967	4 685 900
Cost of sales of precious metals	1 878 655	1 458 770	1 987 104	1 458 770
	7 027 633	6 086 190	6 968 071	6 144 670

(5) Interest income and similar income

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Interest income on unsecured loans according to effective interest rate method	44 294 711	34 203 127	32 450 716	25 003 472
Interest income on pawn loans	8 031 246	7 001 427	7 955 950	7 001 411
Other interest income according to effective interest rate method	(101)	2 897	(101)	2 897
	52 325 856	41 207 451	40 406 565	32 007 780

(6) Interest expenses and similar expenses

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Bonds' interest expense	6 706 879	3 468 695	6 706 879	3 468 695
Interest expense on other borrowings	2 360 639	4 714 235	1 269 232	3 209 660
Interest expense on loans from credit institutions	1 608 111	203 528	1 608 111	203 528
Interest expense on lease liabilities for leased premises	232 277	189 659	204 320	187 417
Interest expense lease liabilities for leased vehicles	1 959	2 769	1 959	2 769
Net loss on foreign exchange	852	83	852	83
	10 910 717	8 578 969	9 791 353	7 072 152

Notes (continued)

(7) Selling expenses

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Salary expenses	3 934 456	3 481 209	3 667 630	3 458 627
Advertising	1 990 489	1 155 392	1 447 345	900 096
Depreciation of property, plant and equipment and amortisation of intangible assets	961 530	515 193	932 649	512 913
Social insurance	861 376	812 466	856 686	812 068
Depreciation of right-of-use assets - premises	772 893	701 764	712 381	700 984
Non-deductible VAT	691 001	478 725	644 828	435 358
Maintenance expenses	611 253	496 219	571 500	470 229
Utilities expenses	320 227	303 745	303 949	302 473
Transportation expenses	87 241	84 898	83 781	84 714
Provisions for unused annual leave	35 031	24 992	22 114	23 153
Depreciation of right-of-use assets - motor vehicles	11 147	10 521	11 147	10 521
Other expenses	725 856	681 712	615 712	633 529
	11 002 500	8 746 836	9 869 722	8 344 665

(8) Administrative expenses

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Salary expenses	5 385 095	4 303 052	5 226 437	4 292 832
Social insurance	1 164 047	966 385	1 159 327	965 790
Bank commission	1 084 051	1 037 471	686 533	754 072
Communication expenses	614 202	447 600	522 156	399 715
Legal and professional services	175 136	222 914	148 666	219 108
State fees and duties, licence expenses	136 853	137 419	81 705	82 319
Depreciation of right-of-use assets - premises	95 972	94 196	82 433	93 068
Public relations expenses	80 063	76 511	80 064	76 511
Audit expenses*	79 703	66 570	67 034	54 210
Provisions for unused annual leave	18 885	42 228	13 893	41 375
Depreciation of right-of-use assets - motor vehicles	4 676	391	4 676	391
Other administrative expenses	500 844	332 699	405 656	321 872
	9 339 527	7 727 436	8 478 580	7 301 263

* The Group has received the statutory audit of annual report and translation of financial statements services.

(9) Corporate income tax for the reporting year

This tax mainly relates to the dividends paid out of the previous and current year's profits.

a) Income tax expenses

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Corporate income tax charge for the current year	(2 040 690)	(1 673 578)	(1 231 542)	(1 114 306)
Deferred corporate income tax	142 726	11 914	-	-
	(1 897 964)	(1 661 664)	(1 231 542)	(1 114 306)

Notes (continued)

(9) Corporate income tax for the reporting year (continued)

In Q4 2023 a change in corporate income tax (CIT) legislation was introduced in Latvia stipulating an advance CIT payable at 20% rate on unadjusted accounting profits of the Latvian lending operations, with the advance paid being eligible to fully offset dividend distribution tax with no expiry date. As a result of this change, a higher tax expense was recognised fully in year 2023.

Previously in Latvia corporate income tax (CIT) was payable when the profits were distributed, not when the profits were earned. The recent changes in the tax legislation require advance payment of CIT based on profits earned in Latvia in 2023 and future periods.

These CIT advance payments may be offset only against future profit distribution tax due. Thus, the amount of the CIT advance paid, amount of which is calculated based on profits, despite generally being eligible for offsetting against future profit distribution tax, is expensed in the reporting period as profits are generated. Incremental CIT expense will not arise on the Group's dividend distribution from retained earnings generated under the old tax regime (before 2018).

For distributions of 2023 and later period profits a theoretical 20% CIT rate would apply and would be calculated as 0.2/0.8 from net distributed dividend (effectively 25%), but the profit distribution tax payment would be decreased by the CIT advance already paid in reporting period profits. This incremental profit distribution tax expense would arise only if the profit distribution tax exceeded the CIT advance paid.

Deferred tax asset relates to temporary differences and tax losses carried forward from *DelfinGroup LT UAB* operations. There are no realization deadlines for previous period losses, but the Group expects to realize deferred tax asset in the next five years.

Reconciliation of effective tax rate.

Current corporate income tax expenses for the years ending on 31 December 2024 and 31 December 2023 is different from the theoretical tax amount that the Group would incur if profit before tax was taxed at the statutory rate of 20%:

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Profit before corporate income tax	9 174 170	8 289 635	6 038 963	5 621 723
Theoretical tax at 20%	1 834 834	1 657 927	1 207 793	1 124 345
Distribution of profits of previous periods	87 081	210 796	87 081	210 796
Corporate income tax correction for 2022	-	(210 104)	-	(210 104)
Tax effect of permanent differences related to non-deductible expenses/non-taxable income	10 573	-	-	-
Impact of tax rates in other jurisdictions	35 472	-	-	-
Other corporate income tax difference	(69 995)	3 045	(63 331)	(10 731)
Corporate income tax	1 897 964	1 661 664	1 231 542	1 114 306

(10) Basic earnings and Diluted earnings per share

Earnings per share are calculated by dividing the net result for the year after taxation attributable to shareholders by the weighted average number of shares in issue during the year. The dilution effect when calculating the Diluted earnings per share comes from share options granted on 30 June 2023, 31 December 2023, 30 June 2024 and 31 December 2024 to employees of the Group. The table below presents the income and share data used in the computations of basic earnings and Diluted earnings per share for the Group:

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Net profit attributed to shareholders	7 276 206	6 627 971	4 807 421	4 507 417
Weighted average number of shares	45 383 117	45 319 911	45 383 117	45 319 911
Earnings per share	0.160	0.146	0.106	0.099
Weighted average number of shares used for calculating the diluted earnings per shares	45 428 805	45 404 790	45 428 805	45 404 790
Diluted earnings per share	0.160	0.146	0.106	0.099

Notes (continued)

(10) Basic earnings and Diluted earnings per share (continued)

The table below presents the income and share data used in the computations of earnings per share for the Group:

	Change	Actual number of shares after transaction
	EUR	EUR
2023		
Number of shares at the beginning of the year		45 319 594
Number of shares exercised at 29 December 2023	57 911	45 377 505
Number of shares at the end of the year		45 377 505
Weighted average number of shares:		45 319 911
Weighted average number of share options for DelfinGroup AS employees granted in 2023*		27 285
Weighted average potential number of shares		45 404 790
2024		
Number of shares at the beginning of the year		45 377 505
Number of shares exercised at 21 October 2024	28 930	45 406 435
Number of shares at the end of the year		45 406 435
Weighted average number of shares:		45 383 117
Weighted average number of share options for DelfinGroup AS employees granted in 2024**		22 370
Weighted average potential number of shares		45 428 805

*Number of shares granted on 30 June 2023 40 196 with FV at grant date 1.168 EUR and option exercise price 0.10 EUR. Number of shares granted on 31 December 2023 44 806 with FV at grant date 1.116 EUR and option exercise price 0.10 EUR.

**Number of shares granted on 30 June 2024 35 338 with FV at grant date 0.908 EUR and option exercise price 0.10 EUR. Number of shares granted on 31 December 2024 38 500 with FV at grant date 0.901 EUR and option exercise price 0.10 EUR.

Notes (continued)

(11) Intangible assets
Group

	Patents, trademarks and similar rights	Internally developed software	Other intangible assets	Advances for intangible assets	Work in progress internally developed software	Goodwill	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost							
31.12.2022	349 306	823 127	204 326	43 801	-	127 616	1 548 176
Additions	-	489	459 852	337 990	486 784	-	1 285 115
Transfers	-	455 106	256 747	(256 747)	(455 106)	-	-
Disposals	(181)	-	-	-	-	-	(181)
31.12.2023	349 125	1 278 722	920 925	125 044	31 678	127 616	2 833 110
Additions	-	20 082	436 626	123 246	519 599	-	1 099 552
Transfers	-	467 342	212 766	(212 766)	(467 342)	-	-
Disposals	-	-	-	-	-	-	-
31.12.2024	349 125	1 766 146	1 570 317	35 523	83 935	127 616	3 932 662
Amortisation							
31.12.2022	322 400	247 669	83 164	-	-	-	653 233
Charge for 2023	12 960	231 897	67 844	-	-	-	312 701
Disposals	(181)	-	-	-	-	-	(181)
31.12.2023	335 179	479 566	151 008	-	-	-	965 753
Charge for 2024	4 644	383 241	280 756	-	-	-	668 641
Disposals	-	-	-	-	-	-	-
31.12.2024	339 823	862 807	431 764	-	-	-	1 634 394
Net book value 31.12.2024	9 302	903 339	1 138 553	35 523	83 935	127 616	2 298 267
Net book value 31.12.2023	13 946	799 156	769 917	125 044	31 678	127 616	1 867 357
Company							
	Patents, trademarks and similar rights	Internally developed software	Other intangible assets	Advances for intangible assets	Work in progress internally developed software	Total	
	EUR	EUR	EUR	EUR	EUR	EUR	
Cost							
31.12.2022	349 306	823 127	183 406	43 801	-	1 399 640	
Additions	-	489	459 252	337 990	486 784	1 284 515	
Transfers	-	455 106	256 747	(256 747)	(455 106)	-	
Disposals	(181)	-	-	-	-	(181)	
31.12.2023	349 125	1 278 722	899 405	125 044	31 678	2 683 974	
Additions	-	20 082	436 626	123 246	519 599	1 099 552	
Transfers	-	467 342	212 766	(212 766)	(467 342)	-	
Disposals	-	-	-	-	-	-	
31.12.2024	349 125	1 766 146	1 548 797	35 523	83 935	3 783 526	
Amortisation							
31.12.2022	322 400	247 669	67 084	-	-	637 153	
Charge for 2023	12 960	231 897	65 790	-	-	310 647	
Disposals	(181)	-	-	-	-	(181)	
31.12.2023	335 179	479 566	132 874	-	-	947 619	
Charge for 2024	4 644	383 241	280 044	-	-	667 929	
Disposals	-	-	-	-	-	-	
31.12.2024	339 823	862 807	412 918	-	-	1 615 548	
Net book value 31.12.2024	9 302	903 339	1 135 879	35 523	83 935	2 167 978	
Net book value 31.12.2023	13 946	799 156	766 531	125 044	31 678	1 736 355	

Notes (continued)

(11) Intangible assets (continued)

Part of the IT employees are involved in building technical solutions for the operation of AS *DelfinGroup*. These systems are constantly built to meet both external and internal needs, and these are constantly being developed. As the systems are fully developed internally by IT department, related payroll and tax payments are capitalized for those IT employees who were involved in the development of the systems. The list of capitalized salaries is reviewed every month and capitalized amount is determined based on the works performed. Following initial recognition of the development expenditure as an asset, the asset is carried a cost less any accumulated amortisation and impairment.

During 2024 capitalised salary and related taxes for such systems amounted to EUR 519 599 (2023 - EUR 486 830). The systems are constantly being developed and support the issuance of loans, growth of the portfolio and sale of goods and as such ensure that the future economic benefits will flow to the company over a long period, thus justifying capitalization.

Other intangible assets consist of outsourced IT programming services involved in building and developing technical solutions for the operations of the Group and future economic benefits will flow to the Group over a long period related to these outsourced services, thus justifying capitalization.

(12) Property, plant and equipment

Group	Land	Buildings and structures	Other equipment assets	Leasehold improvements	Right-of-use premises	Right-of-use vehicles	Right-of-use assets, total	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost								
31.12.2022	99 000	93 989	1 137 648	676 027	5 278 805	260 850	5 539 655	7 546 319
Additions	-	-	261 451	179 697	800 174	46 027	846 201	1 287 349
Remeasurement	-	-	-	-	332 786	-	332 786	332 786
Disposals	-	-	(24 331)	-	(380 368)	-	(380 368)	(404 699)
31.12.2023	99 000	93 989	1 374 768	855 724	6 031 397	306 877	6 338 274	8 761 755
Additions	-	6 439	306 610	103 235	364 646	-	364 646	780 930
Remeasurement	-	-	-	-	339 685	-	339 685	339 685
Disposals	-	-	(45 148)	-	(255 516)	-	(255 516)	(300 664)
31.12.2024	99 000	100 428	1 636 230	958 959	6 480 212	306 877	6 787 089	9 581 706
Depreciation								
31.12.2022	-	10 611	934 456	486 687	2 650 851	252 581	2 903 432	4 335 186
Charge for 2023	-	7 781	141 116	53 595	795 960	10 912	806 872	1 009 364
Disposals	-	-	(22 908)	-	(259 300)	-	(259 300)	(282 208)
31.12.2023	-	18 392	1 052 664	540 282	3 187 511	263 493	3 451 004	5 062 342
Charge for 2024	-	7 496	181 456	103 937	868 866	15 823	884 689	1 177 578
Disposals	-	-	(39 693)	-	(201 452)	-	(201 452)	(241 145)
31.12.2024	-	25 888	1 194 427	644 219	3 854 925	279 316	4 134 241	5 998 775
Net book value 31.12.2024	99 000	74 540	441 803	314 740	2 625 287	27 561	2 652 848	3 582 931
Net book value 31.12.2023	99 000	75 597	322 104	315 442	2 843 886	43 384	2 887 270	3 699 413

Notes (continued)

(12) Property, plant and equipment (continued)

Company	Land	Buildings and structures	Other equipment assets	Leasehold improvements	Right-of-use premises	Right-of-use vehicles	Right-of-use assets, total	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost								
31.12.2022	99 000	93 989	1 137 057	676 027	5 278 805	260 850	5 539 655	7 545 728
Additions	-	-	198 513	141 709	529 066	46 027	575 093	915 315
Remeasurement	-	-	-	-	332 786	-	332 786	332 786
Disposals	-	-	(24 331)	-	(378 459)	-	(378 459)	(402 790)
31.12.2023	99 000	93 989	1 311 239	817 736	5 762 198	306 877	6 069 075	8 391 039
Additions	-	6 439	250 014	92 479	246 852	-	246 852	595 784
Remeasurement	-	-	-	-	289 713	-	289 713	289 713
Disposals	-	-	(45 310)	-	(255 516)	-	(255 516)	(300 826)
31.12.2024	99 000	100 428	1 515 943	910 215	6 043 247	306 877	6 350 124	8 975 711
Depreciation								
31.12.2022	-	10 611	934 423	486 687	2 650 851	252 581	2 903 432	4 335 153
Charge for 2023	-	7 781	140 890	53 595	794 052	10 912	804 964	1 007 230
Disposals	-	-	(22 908)	-	(257 391)	-	(257 391)	(280 299)
31.12.2023	-	18 392	1 052 405	540 282	3 187 512	263 493	3 451 005	5 062 084
Charge for 2024	-	7 496	161 951	95 273	794 815	15 823	810 638	1 075 358
Disposals	-	-	(40 283)	-	(201 452)	-	(201 452)	(241 735)
31.12.2024	-	25 888	1 174 073	635 555	3 780 875	279 316	4 060 191	5 895 707
Net book value 31.12.2024	99 000	74 540	341 870	274 660	2 262 372	27 561	2 289 933	3 080 003
Net book value 31.12.2023	99 000	75 597	258 834	277 454	2 574 686	43 384	2 618 070	3 328 955

Disposal of right-of-use assets relate to early termination of lease contracts.

(13) Right-of-use assets and lease liabilities

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Non-current assets				
Right-of-use assets - premises	2 625 288	2 866 965	2 262 372	2 597 765
Right-of-use assets - motor vehicles	27 560	20 305	27 561	20 305
Assets, total	2 652 848	2 887 270	2 289 933	2 618 070
Non-current liabilities				
Lease liabilities	2 219 336	2 337 138	1 924 398	2 115 875
Current liabilities				
Lease liabilities	734 251	831 318	653 740	784 992
Lease liabilities, total	2 953 587	3 168 456	2 578 138	2 900 867

Notes (continued)

(13) Right-of-use assets and lease liabilities (continued)

Leases in the statement of profit or loss

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
<i>Interest expenses and similar expenses</i>				
Interest expense on lease liabilities for leased premises	(232 277)	(189 659)	(204 320)	(187 417)
Interest expense on lease liabilities for leased vehicles	(1 959)	(2 769)	(1 959)	(2 769)
<i>Selling expense</i>				
Depreciation of right-of-use assets - premises	(772 893)	(701 764)	(712 381)	(700 984)
Depreciation of right-of-use assets - motor vehicles	(11 147)	(10 521)	(11 147)	(10 521)
<i>Administrative expenses</i>				
Depreciation of right-of-use assets - premises	(95 972)	(94 196)	(82 433)	(93 068)
Depreciation of right-of-use assets - motor vehicles	(4 676)	(391)	(4 676)	(391)
Leases in the statement of profit or loss, total	(1 118 924)	(999 300)	(1 016 916)	(995 150)

Leases liabilities

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Long term lease liabilities - premises	2 199 949	2 317 562	1 905 011	2 096 299
Long term lease liabilities - vehicles	19 387	19 576	19 387	19 576
Total long-term lease liabilities	2 219 336	2 337 138	1 924 398	2 115 875
Short term lease liabilities - premises	731 483	809 670	650 972	763 344
Short term lease liabilities - vehicles	2 768	21 648	2 768	21 648
Total short-term lease liabilities	734 251	831 318	653 740	784 992
Lease liabilities, total	2 953 587	3 168 456	2 578 138	2 900 867

Lease agreements for premises are signed for a period of one year to fifteen years and six months. Car rental agreements are signed for a period of three years to three years and three months.

The weighted-average incremental borrowing rate for premises leased in 2024 comprised 8.31% (2023: 8.16%), the weighted-average incremental borrowing rate for motor vehicles was 6.85% (2023: 6.85%).

The total amount of lease payments on short-term leases and leases of low-value assets recognized as expense in statement of profit or loss for the year end 31 December 2024 is EUR 4 569 and EUR 3 438 for the year end 31 December 2023.

The total cash outflow for leases is EUR 1 072 654 and EUR 984 791 for the year end 31 December 2024. There are no variable lease payments included in the measurement of lease liabilities. Right-of-use assets are not subleased.

The following table sets out a maturity analysis of lease payables, showing the undiscounted lease payments to be paid after the reporting date.

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Less than one year	965 563	1 090 022	857 103	1 023 563
One to two years	673 915	819 377	564 163	750 857
Two to three years	564 002	508 449	454 250	438 635
Three to four years	442 673	391 778	365 357	321 964
Four to five years	301 054	290 536	281 313	241 233
More than five years	737 897	1 169 306	715 497	886 674
Total undiscounted lease payable	3 685 104	4 269 468	3 237 683	3 662 926

Notes (continued)

(14) Company's investments in subsidiaries

Company is the sole shareholder of the subsidiaries SIA *ViziaFinance* (100%), UAB *DelfinGroup LT* (100%), SIA *Dealshoq* (100%) as of 31 December 2024.

a) participating interest in subsidiaries

Name	Investments in share capital of subsidiaries		Participating interest in share capital of subsidiaries	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	EUR	EUR	%	%
ViziaFinance SIA	880 000	880 000	100	100
DelfinGroup LT UAB	100 000	100 000	100	100
Dealshoq SIA	150 000	n/a	100	n/a
	1 130 000	980 000		

b) information on subsidiaries

Name	Address	Total equity	
		31.12.2024	31.12.2023
		EUR	EUR
ViziaFinance SIA	Skanstes street 50A, LV-1013 Riga, Latvia	10 416 730	7 180 385
DelfinGroup LT UAB	Lvivo g. 25-701, LT-09320 Vilnius, Lithuania	(837 104)	31 608
Dealshoq SIA	Skanstes street 50A, LV-1013 Riga, Latvia	150 000	n/a

Basic operation of *ViziaFinance* SIA is providing consumer lending services, dealing with unsecured loans. The company has a Consumer Rights Protection Center's license in the field of consumer lending.

Basic operation of *DelfinGroup LT UAB* is providing pawn loan services and retail of pre-owned goods.

Basic operation of *Dealshoq* SIA is retail of pre-owned goods.

Impairment test of recoverability of investment in *DelfinGroup LT UAB* as of 31 December 2024 was performed, taking into consideration future performance of *DelfinGroup LT UAB*. As a result, no impairment was recognised.

The impairment test was performed using future projected cash flows. The recoverable amount was calculated based on cash flows generated by *DelfinGroup LT UAB* and discounted by the WACC estimated to be 11.5%. Six years of cash flows were included in the discounted cash flow model. Projected consumer loan issuance levels increase by 12% and pawn loan and retail business increases reaching revenue levels per branch as it is now in Latvia with the same branch count as at the end of 2024. Variable costs increase in line with issuance levels, fixed costs increase by inflation rate.

(15) Goods for sale of the Company and the Group

	Group	Group	Company	Company
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	EUR	EUR	EUR	EUR
Goods for sale	1 792 235	1 252 773	1 292 117	1 061 494
Inventory made of gold	2 197 608	2 138 109	1 849 511	2 138 109
	3 989 843	3 390 882	3 141 628	3 199 603

In 2024, write-off to net realizable value of inventories amounted to EUR 104 832 (in 2023: EUR 143 515). Accrual for inventories to net realizable value as at 31 December 2024 is EUR 377 508 (as at 31 December 2023 EUR 330 471). The Group has registered commercial pledges by pledging its assets. Refer to note 31 for further details.

Notes (continued)

(16) Loans and receivables

a) Loans and receivables by loan type

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Pawn loans measured at fair value				
Long-term pawn loans	176 753	198 079	176 753	198 079
Short-term pawn loans	8 824 726	6 982 259	8 461 544	6 977 462
Interest accrued for pawn loans	431 728	261 743	425 539	261 743
Pawn loans measured at fair value, total	9 433 207	7 442 081	9 063 836	7 437 284
Debtors for loans issued without pledge				
Long-term debtors for loans issued without pledge	91 278 962	66 488 178	65 727 727	47 590 888
Short-term debtors for loans issued without pledge	20 710 566	18 909 730	13 050 485	14 817 381
Interest accrued for loans issued without pledge	4 117 065	2 989 733	2 862 203	2 154 372
Debtors for loans issued without pledge, total	116 106 593	88 387 641	81 640 415	64 562 641
Loans and receivables before allowance, total	125 539 800	95 829 722	90 704 251	71 999 925
ECL allowance on loans issued without pledge	(12 066 037)	(6 803 757)	(7 131 062)	(4 228 298)
Loans and receivables	113 473 763	89 025 965	83 573 188	67 771 627

All loans are issued in euros. Weighted average term of consumer loans is 3.2 years (2.5 years in 2023) and pawn loans is two months (one month in 2023).

The Group signed a contract with a third party for the receivable amounts regular debt sale to assign debtors for loans issued which are outstanding for more than 60 days. Losses from these transactions were recognised in the current period.

Pawn loans in the amount of EUR 9 433 207 (31.12.2023: EUR 7 442 081) are secured by the value of the collateral and measured at fair value.

b) Allowance for impairment of loans issued without pledge at amortised cost

An analysis of changes in the gross carrying value for loans issued and corresponding ECL in relation to retail lending during the year ended 31 December 2024 is as follows:

Group	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2023	60 306 047	4 160 505	1 140 330	65 606 882
New assets originated or purchased	68 807 588	-	-	68 807 588
Assets settled or partly settled	(34 169 339)	(5 706 973)	(1 098 474)	(40 974 786)
Assets derecognised due to debt sales	-	(5 194 977)	(1 286 317)	(6 481 294)
Assets written off	-	-	(373 851)	(373 851)
Effect of interest accruals	1 620 222	(106 676)	289 556	1 803 102
Transfers to Stage 1	432 625	(365 987)	(66 638)	-
Transfers to Stage 2	(10 680 294)	10 682 814	(2 520)	-
Transfers to Stage 3	(2 030 526)	(1 268 994)	3 299 520	-
At 31 December 2023	84 286 323	2 199 712	1 901 606	88 387 641
New assets originated or purchased	79 525 039	-	-	79 525 039
Assets settled or partly settled	(39 092 604)	(4 267 981)	(1 247 813)	(44 608 398)
Assets derecognised due to debt sales	-	(5 551 172)	(2 085 268)	(7 636 440)
Assets written off	-	-	(503 749)	(503 749)
Effect of interest accruals	473 188	121 371	347 941	942 500
Transfers to Stage 1	717 712	(574 537)	(143 175)	-
Transfers to Stage 2	(13 339 439)	13 348 514	(9 075)	-
Transfers to Stage 3	(3 729 748)	(1 601 978)	5 331 726	-
At 31 December 2024	108 840 471	3 673 929	3 592 193	116 106 593

Notes (continued)

(16) Loans and receivables (continued)

Allowance for impairment of loans issued without pledge at amortised cost (continued)

Group	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	2 794 161	834 239	783 043	4 411 443
New assets originated or purchased	4 661 553	-	-	4 661 553
Assets settled or partly settled	(2 288 048)	(2 271 960)	(549 398)	(5 109 406)
Assets derecognised due to debt sales	-	(4 587 126)	(1 298 384)	(5 885 510)
Assets written off	-	-	(339 502)	(339 502)
Effect of interest accruals	79 092	16 558	461 996	557 646
Transfers to Stage 1	30 859	(144 712)	(33 205)	(147 058)
Transfers to Stage 2	(804 730)	4 250 090	(1 258)	3 444 102
Transfers to Stage 3	(145 103)	(506 258)	1 648 829	997 468
Impact on period end ECL due to changes in credit risk and inputs used for ECL calculations	(166 721)	3 264 295	1 115 447	4 213 021
At 31 December 2023	4 161 063	855 126	1 787 568	6 803 757
New assets originated or purchased	7 649 095	-	-	7 649 095
Assets settled or partly settled	(3 645 389)	(2 100 748)	(753 957)	(6 500 094)
Assets derecognised due to debt sales	-	(5 154 105)	(1 928 717)	(7 082 822)
Assets written off	-	-	(501 763)	(501 763)
Effect of interest accruals	100 035	79 826	296 002	475 863
Transfers to Stage 1	72 100	(283 189)	(86 668)	(297 757)
Transfers to Stage 2	(1 346 924)	6 571 673	(5 515)	5 219 234
Transfers to Stage 3	(336 067)	(792 454)	3 222 790	2 094 269
Impact on period end ECL due to changes in credit risk and inputs used for ECL calculations	452 398	2 596 841	1 157 016	4 206 255
At 31 December 2024	7 106 311	1 772 970	3 186 756	12 066 037

Company	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2023	42 476 276	2 402 284	875 708	45 754 268
New assets originated or purchased	51 298 230	-	-	51 298 230
Assets settled or partly settled	(26 082 049)	(3 231 847)	(618 896)	(29 932 792)
Assets derecognised due to debt sales	-	(2 939 223)	(761 345)	(3 700 568)
Assets written off	-	-	(338 543)	(338 543)
Effect of interest accruals	1 217 149	(24 653)	289 550	1 482 046
Transfers to Stage 1	287 452	(234 790)	(52 662)	-
Transfers to Stage 2	(6 124 976)	6 126 666	(1 690)	-
Transfers to Stage 3	(1 343 135)	(688 853)	2 031 988	-
At 31 December 2023	61 728 947	1 409 584	1 424 110	64 562 641
New assets originated or purchased	54 366 563	-	-	54 366 563
Assets settled or partly settled	(29 068 057)	(2 521 625)	(915 216)	(32 504 898)
Assets derecognised due to debt sales	-	(3 385 201)	(1 517 452)	(4 902 653)
Assets written off	-	-	(441 268)	(441 268)
Effect of interest accruals	254 500	71 677	233 853	560 030
Transfers to Stage 1	429 753	(330 443)	(99 309)	-
Transfers to Stage 2	(7 849 567)	7 855 090	(5 523)	-
Transfers to Stage 3	(3 009 272)	(856 670)	3 865 942	-
At 31 December 2024	76 852 867	2 242 411	2 545 137	81 640 415

Notes (continued)

(16) Loans and receivables (continued)

Allowance for impairment of loans issued without pledge at amortised cost (continued)

Company	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	1 573 787	429 763	629 902	2 633 452
New assets originated or purchased	2 898 737	-	-	2 898 737
Assets settled or partly settled	(1 473 832)	(1 236 309)	(307 332)	(3 017 473)
Assets derecognised due to debt sales	-	(2 293 563)	(649 192)	(2 942 755)
Assets written off	-	-	(309 029)	(309 029)
Effect of interest accruals	45 890	17 786	375 771	439 447
Transfers to Stage 1	16 243	(89 816)	(26 151)	(99 724)
Transfers to Stage 2	(346 107)	2 343 691	(839)	1 996 745
Transfers to Stage 3	(75 897)	(263 513)	1 009 047	669 637
Impact on period end ECL due to changes in credit risk and inputs used for ECL calculations	(299 805)	1 620 475	638 591	1 959 261
At 31 December 2023	2 339 016	528 514	1 360 768	4 228 298
New assets originated or purchased	4 375 991	-	-	4 375 991
Assets settled or partly settled	(2 339 702)	(1 195 888)	(546 219)	(4 081 809)
Assets derecognised due to debt sales	-	(3 048 758)	(1 415 857)	(4 464 615)
Assets written off	-	-	(441 268)	(441 268)
Effect of interest accruals	51 277	45 991	184 220	281 488
Transfers to Stage 1	34 591	(156 714)	(59 270)	(181 393)
Transfers to Stage 2	(631 815)	3 725 300	(3 296)	3 090 189
Transfers to Stage 3	(242 218)	(406 278)	2 307 271	1 658 775
Impact on period end ECL due to changes in credit risk and inputs used for ECL calculations	235 746	1 549 265	880 394	2 665 405
At 31 December 2024	3 822 887	1 041 432	2 266 743	7 131 062

c) Age analysis of loans issued without pledge at amortised cost:

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
For trade debtors not yet due	100 545 395	79 059 132	71 550 126	58 325 247
Outstanding 1-30 days	8 293 453	5 227 191	5 302 741	3 403 701
Outstanding 31-90 days	3 675 551	2 199 712	2 242 411	1 409 584
Outstanding 91-180 days	721 639	494 068	478 123	344 233
Outstanding for 181-360 days	1 335 113	514 729	917 649	384 570
Outstanding for more than 360 days	1 535 442	892 809	1 149 365	695 306
Total loans receivable	116 106 593	88 387 641	81 640 415	64 562 641

d) Age analysis of provision for bad and doubtful trade debtors:

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
For trade debtors not yet due	5 338 747	3 299 618	2 843 159	1 861 128
Outstanding 1-30 days	1 908 613	912 746	1 081 246	518 502
Outstanding 31-90 days	1 856 268	930 393	1 109 037	597 708
Outstanding 91-180 days	537 472	350 619	363 291	249 690
Outstanding for 181-360 days	1 094 088	477 273	767 802	357 015
Outstanding for more than 360 days	1 330 849	833 108	966 527	644 255
ECL allowance on loans issued without pledge	12 066 037	6 803 757	7 131 062	4 228 298

Notes (continued)

(16) Loans and receivables (continued)

Loan loss allowance has been defined based on collectively assessed impairment. For ECL calculation purposes debtors for loans issued without pledge were grouped by brands – Banknote, VIZIA and DelfinGroup LT.

e) Credit loss expenses

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Credit losses on loans issued without pledge	13 643 401	9 183 958	8 488 565	5 593 866
Net result from debt sales	1 458 322	1 468 198	982 201	866 605
Net result from loans written-off	1 986	34 348	-	29 514
Credit loss expenses	15 103 709	10 686 504	9 470 766	6 489 985

(17) Cash and cash equivalents

	Group 31.12.2024 EUR	Group 31.12.2023 (restated, Note 2) EUR	Company 31.12.2024 EUR	Company 31.12.2023 (restated, Note 2) EUR
Cash at banks	1 100 956	5 010 406	535 271	3 996 630
Cash on hand	543 534	463 664	503 644	463 664
	1 644 490	5 474 070	1 038 915	4 460 294

Cash at banks earns interest at floating rates based on daily bank deposit rates. At December 31.12.2024 the Group had available EUR 823 820 (31.12.2023: EUR 6 000 000) of undrawn borrowing facility.

The Group has pledged its term deposits to fulfil collateral requirements. Refer to note 31 for further details.

(18) Share capital

On 14 October 2021, AS *DelfinGroup* successfully closed the initial public offering (IPO) and shares of Company has become traded in Nasdaq Riga Baltic Main list from 20 October 2021. During IPO, the Company issued 5 319 594 new shares with par value of EUR 0.10 each. Proceeds from shares issued were EUR 8 085 782, the par value of new shares were EUR 531 959 and costs related to IPO were EUR 662 865 resulting in share premium of EUR 6 890 958. Share premium cannot be used for distributing dividends.

As at 31 December 2024, the Parent Company's share capital is EUR 4 540 643,50 (EUR 4 537 750,50 as at 31 December 2023), which consists of 45 406 435 (45 377 505 as at 31 December 2023) ordinary shares, each of them with a nominal value of EUR 0.10. All shares are fully paid.

(19) Retained earnings

	Group 2024 EUR	Group 2023 EUR	Company 2024 EUR	Company 2023 EUR
Balance as at 1 January	9 723 592	6 589 761	3 341 395	2 328 118
Net profit for the period	7 276 206	6 627 971	4 807 421	4 507 417
Dividends declared and paid:				
Interim dividends of 0.0731 EUR (2023: 0.0645 EUR) per share	(3 326 778)	(3 494 140)	(3 326 778)	(3 494 140)
Annual dividend of 0.0088 EUR per share in 2023	(399 322)	-	(399 322)	-
Balance as at 31 December	13 273 699	9 723 592	4 422 716	3 341 395

Notes (continued)

(20) Share-based payments

Share option plan

In September 2021 shareholders approved an employee share option plan for employees and Management of the Group. Under the programme a total of 450 000 new shares can be issued. In December 2022 employees were granted first stock options under the employee share option plan. According to the Company's share option plan, share options of the parent are granted to all employees of the Company. The right to receive employee options belongs to those employees of the company who meet the following conditions:

- Employee has been with the company for at least 12 months;
- Employee has achieved the individual goals set for him by the Management and has contributed to achieving the common business goals.

To exercise the share options the option holder has to be employed with the Group. Upon exercising their personnel options, option holders are entitled to receive the Company's newly issued shares for a fee. The price of one share of the Company's new issue is EUR 0.10 (10 cents). The minimum term of holding employee options from their allocation to the day the option holder is entitled to exercise the option rights is 12 months. The options have to be exercised within a month after their vesting date and there are no cash settlement alternatives.

The Group recognized expenses in amount of EUR 66 750 during the reporting year (EUR 96 955 in 2023) in relation to the respective share option plan and reversed expenses in amount of EUR 13 158 during reporting year (EUR 20 201 in 2023) as not all employees that held options exercised them and others left the Company during 12 months after options were granted and were not able to exercise them. The remaining 244 515 options of the plan whilst approved for use in future SBP schemes, have not been included in SBP contracts yet, hence no expense recognised in the year.

Movement during the year in number of options:

Outstanding at 1 January 2023	-
Granted	85 002
Exercised	(57 911)
Forfeited	(16 057)
Outstanding at 31 December 2023	85 002
Exercisable as of 31 December 2023	-
Granted	73 838
Exercised	(28 930)
Forfeited	(11 266)
Outstanding at 31 December 2024	118 644
Exercisable as of 31 December 2024	44 806

Fair value calculations

The fair value of share options is estimated at the grant date by using a Black-Scholes option pricing model. When estimating the fair value of options, the terms and conditions on which the share options were granted are considered, as well as making estimates on some of the assumptions to adjust for the BlackScholes model's calculations. The inputs used in the model are market observable whenever possible including the share price, expected dividend yield and risk-free rate. The weighted average fair value of options granted at the measurement date was EUR 0.90056 to 0.90776 (EUR 1.1161 to 1.1680 in 2023).

The following table lists the key inputs used for calculating of fair value:

	2024	2023
Weighted average fair value of share price	1.076 - 1.086	1.305 - 1.365
Weighted average exercise price	0.10	0.10
Expected life of share options (years)	1	1
Expected volatility (%)	26.79% - 28.03%	23.26% - 24.59%
Dividend yield (%)	7.57% - 7.77%	7.30% - 7.66%
Risk-free interest rate (%)	3.00%	3.00% - 3.75%

Notes (continued)

(21) Bonds issued

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Total long-term part of bonds issued	47 513 867	26 862 004	47 513 867	26 862 004
Bonds issued	5 368 103	13 330 155	5 368 103	13 330 155
Interest accrued	91 145	74 385	91 145	74 385
Total short-term part of bonds issued	5 459 248	13 404 540	5 459 248	13 404 540
Bonds issued, total	52 881 970	40 192 159	52 881 970	40 192 159
Interest accrued, total	91 145	74 385	91 145	74 385
Bonds issued net	52 973 115	40 266 544	52 973 115	40 266 544

As of 31 December 2023, the Company has outstanding bonds (ISIN LV0000850055) in the amount of EUR 10 000 000, registered with the Latvia Central Depository and issued in a closed offer on 7 July 2022 on the following terms – number of financial instruments is 10 000, with a nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 8.75%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) was repaid on 25 September 2024. The bond issue in full amount was traded on NASDAQ Baltic First North Alternative market as of 03.07.2023. The bonds were not secured.

As of 31 December 2024, the Company has outstanding bonds (ISIN LV0000802718) in the amount of EUR 15 000 000, registered with the Latvia Central Depository and issued in a closed offer on 1 August 2023 on the following terms – number of financial instruments is 15 000, with a nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 9.00%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 February 2026. The bond issue in full amount is traded on NASDAQ Baltic First North Alternative market as of 03.10.2023. The bonds are not secured.

As of 31 December 2024, the Company has outstanding subordinated bonds (ISIN LV0000802700) in the amount of EUR 5 000 000, registered with the Latvia Central Depository and issued in a closed offer on 24 July 2023 on the following terms – number of financial instruments is 5 000, with a nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 11.50%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 July 2028. The bonds are not secured.

As of 31 December 2024, the Company has outstanding bonds (ISIN LV0000860146) in the amount of EUR 15 000 000, registered with the Latvia Central Depository and issued in a closed offer on 03 October 2023 on the following terms – number of financial instruments is 15 000, with a nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 9.00%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 July 2028. The bonds are not secured.

As of 31 December 2024, the Company has outstanding subordinated bonds (ISIN LV0000870145) in the amount of EUR 5 000 000, registered with the Latvia Central Depository and issued in a closed offer on 29 May 2024 on the following terms – number of financial instruments is 5 000, with a nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 11.00%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 May 2029. The bonds are not secured.

As of 31 December 2024, the Company has outstanding bonds (ISIN LV0000803914) in the amount of EUR 15 000 000, registered with the Latvia Central Depository and issued in a public offer on 25 September 2024 on the following terms – number of financial instruments is 150 000, with a nominal value 100 EUR per each bond, coupon rate – 10.00%, coupon is paid once a month on the 25th date. The principal amount (EUR 100 per each bond) is to be repaid by the 25 September 2028. The bond issue in full amount is traded on NASDAQ Baltic Regulated market as of 25 September 2024. The bonds are not secured.

As at 31 December 2024 the Group is in compliance with covenants stated in all Terms of the Notes Issue. Please see covenants disclosed in Management report.

The Group has devised a strategic plan to issue new bonds with the aim of refinancing its existing maturing liabilities, work with credit institutions to attract financing from them, as well as continue placing loans on the Mintos P2P platform. This approach will enable the group to settle its outstanding debt by utilizing the proceeds generated from the sale of these newly issued bonds, received loans from credit institutions and funding attracted on Mintos.

Notes (continued)

(22) Loans from credit institutions

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Long-term loans from credit institutions	5 673 103	6 406 925	5 673 103	6 406 925
Total long-term loans from credit institutions	5 673 103	6 406 925	5 673 103	6 406 925
Short-term loans from credit institutions	11 715 582	887 067	11 715 582	887 067
Total short-term loans from credit institutions	11 715 582	887 067	11 715 582	887 067
Loans from credit institutions, total	17 388 685	7 293 992	17 388 685	7 293 992

At 31 December 2024 the Company of the Group have loans from credit institutions with floating interest rates (the base interest rate of 3M EURIBOR plus fixed rate) and maturities in 2025 and 2026.

To ensure fulfilment of liabilities the Group has registered commercial pledge, see note 31. As at 31 December 2024 the Group is in compliance with covenants.

(23) Other borrowings

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Other long-term loans	13 901 453	14 904 405	6 902 394	5 652 280
Total other long-term loans	13 901 453	14 904 405	6 902 394	5 652 280
Other short-term loans	10 399 105	14 505 929	6 714 442	10 715 028
Total other short-term loans	10 399 105	14 505 929	6 714 442	10 715 028
Other loans, total	24 300 558	29 410 334	13 616 836	16 367 308

Amount of other borrowings is represented by loans received from crowdfunding platform Mintos, a platform registered in the European Union. The weighted average annual interest rate as of 31 December 2024 is 8.8% (31.12.2023: is 10.7%). According to the loan agreement with AS Mintos Marketplace the loans matures according to the particular loan agreement terms concluded by the Group with its customers.

To ensure fulfilment of liabilities the Group has registered commercial pledge, see note 31. As at 31 December 2024 the Group is in compliance with covenants.

(24) Taxes and social insurance payments

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Value Added Tax	72 354	22 950	72 354	21 681
Income tax	1 418 070	996 770	608 762	437 643
Business risk charge	136	132	136	131
Social insurance	281 424	222 129	270 532	215 864
Payroll tax	175 092	142 643	167 008	138 208
Vehicles tax	2 897	4 800	2 897	4 800
Natural resource tax	3	665	3	665
Property tax	-	179	-	179
Prepayment	(25 934)	-	(25 934)	-
Total taxes and social insurance payments	1 924 042	1 390 268	1 095 758	819 171

Notes (continued)

(25) Average number of employees

	2024	2023
Average number of employees during the reporting year of the Group	388	366
Average number of employees during the reporting year of the Company	370	361

(26) Management remuneration

	31.12.2024 EUR	31.12.2023 EUR
Supervisory Board members' remuneration:		
· salary expenses	201 845	207 900
· social insurance	47 615	49 044
	249 460	256 944
Board members' remuneration:		
· salary expenses	608 646	414 579
· social insurance	143 580	97 799
	752 226	512 378

(27) Changes in liabilities arising from financing activities

Group's changes in liabilities arising from financing activities

The Group	Bonds issued EUR	Other borrowings EUR	Loans from credit institutions EUR	Lease liabilities EUR	Share capital and Share premium EUR	Total liabilities from financing activities EUR
Carrying amount at 31 December 2022	19 113 740	34 860 758	-	2 918 440	11 422 917	68 315 855
Proceeds	36 954 000	18 733 953	7 345 000	-	5 792	63 038 745
Settlement	(14 943 000)	(23 921 661)	-	(961 206)	-	(39 825 867)
New lease contracts	-	-	-	846 201	-	846 201
Lease disposal	-	-	-	(157 424)	-	(157 424)
Modification of lease contracts	-	-	-	332 786	-	332 786
Interest expense	3 468 695	4 714 235	203 528	189 659	-	8 576 117
Interest settlement	(3 105 434)	(4 919 757)	(203 528)	-	-	(8 228 719)
Issuance fees	(1 295 842)	(203 245)	(51 008)	-	-	(1 550 095)
Interest accrued	74 385	146 051	-	-	-	220 436
	40 266 544	29 410 334	7 293 992	3 168 456	11 428 709	91 568 035
Carrying amount at 31 December 2023	40 266 544	29 410 334	7 293 992	3 168 456	11 428 709	91 568 035
Proceeds	23 512 000	11 974 316	10 900 000	-	2 893	46 389 209
Settlement	(11 000 000)	(17 106 197)	-	(1 072 654)	-	(29 178 851)
New lease contracts	-	-	-	364 646	-	364 646
Lease disposal	-	-	-	(78 823)	-	(78 823)
Modification of lease contracts	-	-	-	339 685	-	339 685
Interest expense	6 706 879	2 360 638	1 608 111	232 277	-	10 907 905
Interest settlement	(5 485 423)	(2 237 493)	(2 380 923)	-	-	(10 103 839)
Issuance fees	(1 118 030)	(203 951)	(32 495)	-	-	(1 354 476)
Interest accrued	91 145	102 911	-	-	-	194 056
	52 973 115	24 300 558	17 388 685	2 953 587	11 431 602	109 047 547
Carrying amount at 31 December 2024	52 973 115	24 300 558	17 388 685	2 953 587	11 431 602	109 047 547

Notes (continued)

(27) Changes in liabilities arising from financing activities (continued)

Company changes in liabilities arising from financing activities

The Company	Bonds issued EUR	Other borrowings EUR	Loans from credit institutions EUR	Lease liabilities EUR	Share capital and Share premium EUR	Total liabilities from financing activities EUR
Carrying amount at 31 December 2022	19 113 740	25 483 091	-	2 918 440	11 422 917	58 938 188
Proceeds	36 954 000	8 652 114	7 345 000	-	5 792	52 956 906
Settlement	(14 943 000)	(17 505 181)	-	(961 206)	-	(33 409 387)
New lease contracts	-	-	-	575 093	-	575 093
Lease disposal	-	-	-	(151 663)	-	(151 663)
Modification of lease contracts	-	-	-	332 786	-	332 786
Interest expense	3 468 695	3 209 660	203 528	187 417	-	7 069 300
Interest settlement	(3 105 434)	(3 466 504)	(203 528)	-	-	(6 775 466)
Commission accrued	(1 295 842)	(81 567)	(51 008)	-	-	(1 428 417)
Interest accrued	74 385	75 695	-	-	-	150 080
Carrying amount at 31 December 2023	40 266 544	16 367 308	7 293 992	2 900 867	11 428 709	78 257 420
Proceeds	23 512 000	6 183 772	10 900 000	-	2 893	40 598 665
Settlement	(11 000 000)	(8 956 349)	-	(984 791)	-	(20 941 140)
New lease contracts	-	-	-	246 852	-	246 852
Lease disposal	-	-	-	(78 823)	-	(78 823)
Modification of lease contracts	-	-	-	289 713	-	289 713
Interest expense	6 706 879	1 269 232	1 608 111	204 320	-	9 788 542
Interest settlement	(5 485 423)	(1 227 848)	(2 380 923)	-	-	(9 094 194)
Commission accrued	(1 118 030)	(75 438)	(32 495)	-	-	(1 225 963)
Interest accrued	91 145	56 159	-	-	-	147 304
Carrying amount at 31 December 2024	52 973 115	13 616 836	17 388 685	2 578 138	11 431 602	97 988 376

Modification of lease contracts mostly relates to extension of lease term.

(28) Related party transactions

In the annual report there are presented only those related parties with whom have been transactions the reporting year or in the comparative period

Group's transactions

	Transactions in 2024 EUR	Transactions in 2023 EUR
Shareholders		
Interest paid	128 137	51 556
Key management personnel		
Interest paid	4 310	683
Other related companies		
Services received	2 000	4 250

Notes (continued)

(28) Related party transactions (continued)

Parent company transactions

	Transactions in 2024 EUR	Transactions in 2023 EUR
Shareholders		
Interest paid	128 137	51 556
Key management personnel		
Interest paid	4 310	683
Subsidiaries		
Interest received	696 495	484 438
Services delivered	6 240	6 780
Goods sold	201 795	186 427
Other related companies		
Services received	2 000	4 250

Loans granted to subsidiaries

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
ViziaFinance SIA	-	-	7 768 600	1 299 876
DelfinGroup UAB	-	-	2 173 533	298 216
Dealshoq SIA	-	n/a	-	n/a
ECL allowance for loans granted to subsidiaries	-	-	(140 219)	(20 976)
Long-term loans to related companies, total	-	-	9 801 915	1 577 116
ViziaFinance SIA	-	-	90 029	397 876
DelfinGroup UAB	-	-	335 044	1 095
Dealshoq SIA	-	n/a	-	n/a
Short-term loans to related companies, total	-	-	425 072	398 971
Loans to related companies, total	-	-	10 226 987	1 976 087

The interest rate on loans to related companies 13.5%. All loans and other claims denominated in euro. The Company has no debt overdue.

Bonds issued to shareholders of the related companies

	Group 31.12.2024 EUR	Group 31.12.2023 EUR	Company 31.12.2024 EUR	Company 31.12.2023 EUR
Key management personnel	-	20 000	-	20 000
Shareholders	3 163 600	300 000	3 163 600	300 000
Long-term part of bonds issued to shareholders of the related companies, total	3 163 600	320 000	3 163 600	320 000
Shareholders	-	307 000	-	307 000
Short-term part of bonds issued to shareholders of the related companies, total	-	307 000	-	307 000
Bonds issued to related companies, total	3 163 600	627 000	3 163 600	627 000

Notes (continued)

(29) Shares held by members of Management Board and Supervisory Board

a) Shares held by members of Management Board

	31 December 2024 Shares	31 December 2023 Shares
Didzis Ādmīdiņš	607 500	605 000
Nauris Bloks (Management Board member till 01.04.2025)	2 587	-
Aldis Umblejs (Management Board member till 18.12.2024)	n/a	11 650
Sanita Pudnika (Management Board member till 26.06.2024)	n/a	5 050

b) Shares held by members of Supervisory Board

	31 December 2024 Shares	31 December 2023 Shares
Agris Evertovskis (through ownership of LLC <i>EC finance</i> and LLC <i>AE Consulting</i>)	10 501 664	10 667 984
Jānis Pizičs	8 541	7 916
Mārtiņš Bičevskis	3 375	2 750
Gatis Kokins	625	1 250
Edgars Voļskis (Supervisory Board member till 22.05.2024)	n/a	1 250

(30) Segment information

For management purposes, the Group is organised into four operating segments based on products and services as follows:

Pawn loan segment	Handling pawn loan issuance, sale of pawn shop items in the branches and online.
Retail of pre-owned goods	Sale of pre-owned goods in the branches and online purchased from customers.
Consumer loan segment	Handling consumer loans to customers, debt collection activities and debt sales to external debt collection companies.
Other operations segment	Providing loans for real estate development, general administrative services to the companies of the Group, transactions with related parties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured on consolidation basis. Management mainly focuses on net sales, interest income and similar income, net performance of the segment (net sales plus interest income and similar income minus credit loss expenses, cost of sales, selling expenses, administrative expenses and other operating expenses) and profit before taxes of the segment. For the costs, for which direct allocation to a particular segment is not attributable, the judgement of the management is used to allocate general costs by segments, based on the following cost allocation drivers – loan issuance, segment income, segment employee count, segment employee costs, the amount of segment assets.

Based on the nature of the services, the Group's operations can be divided as follows:

EUR	Consumer loans		Pawn loans		Retail of pre-owned goods		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Assets	110 962 201	90 623 040	10 963 999	9 802 525	5 069 036	4 632 912	7 733	2 597	127 002 969	105 061 074
Liabilities of the segment	88 789 149	71 448 313	9 484 322	8 518 974	3 796 070	3 770 088	4 723	1 586	102 074 264	83 738 961
Net sales	-	-	-	-	10 628 152	9 215 700	-	-	10 628 152	9 215 700
Interest income and similar income	44 294 711	34 203 127	8 031 145	7 001 427	-	-	-	2 897	52 325 856	41 207 451
Net performance of the segment	16 399 477	13 447 417	2 768 359	2 462 467	795 842	920 370	121 209	38 350	20 084 887	16 868 604
Financial (expenses)	(9 650 103)	(7 498 505)	(883 791)	(734 858)	(376 823)	(345 606)	-	-	(10 910 717)	(8 578 969)
Profit/(loss) before taxes	6 749 374	5 948 912	1 884 568	1 727 609	419 019	574 764	121 209	38 350	9 174 170	8 289 635
Corporate income tax	(1 396 319)	(1 192 464)	(389 882)	(346 300)	(86 687)	(115 212)	(25 076)	(7 688)	(1 897 964)	(1 661 664)

Notes (continued)

(31) Guarantees issued, pledges and contingent liabilities

The Group has registered commercial pledges by pledging its assets and claim rights for a maximum amount of EUR 34.8 million as collateral registered to SIA Mintos Finance No.20 and AS Mintos Marketplace to provide collateral for loans placed on the Mintos P2P platform.

On 25 May 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of EUR 1.4 million as collateral registered to AS Signet Bank.

On 25 September 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of EUR 1.883 million as collateral registered to AS Signet Bank.

On 25 September 2023, the Company registered a commercial pledge by pledging its assets for a maximum amount of EUR 15 million as collateral registered to MULTITUDE BANK P.L.C.

On 14 December 2023, on 20 February, 14 May, 26 June and 17 July 2024, the Company signed an agreement for the pledge of bank accounts and balances in the amount of EUR 999 900 as part of the collateral with MULTITUDE BANK P.L.C.

On 16 October 2024, the Company registered a commercial pledge by pledging its assets for a maximum amount of EUR 6.37 million as collateral registered to Citadele banka AS. On October 16, 2024, the Company's subsidiary signed a guarantee agreement, assuming the obligation to be liable to Citadele banka AS for the Company's obligations.

As of 31 December 2024, the amount of secured liabilities constitutes EUR 41 689 242 (As of 31 December 2023 EUR 36 704 326).

In 2024, the Consumer Rights Protection Centre (hereinafter – CRPC) initiated two administrative proceedings against ViziaFinance SIA and, in 2025, one proceeding against DelfinGroup AS. One of the cases concerning ViziaFinance SIA relates to the application of debt collection costs to borrowers. ViziaFinance SIA has submitted its written response and supporting arguments to the CRPC and has also met with the CRPC to discuss possible improvements to its debt collection practices. ViziaFinance will submit a proposal for possible (non-substantive) changes to the CRPC by the end of April.

The second case, brought against ViziaFinance SIA and DelfinGroup AS, pertains to the assessment of borrower creditworthiness and its compliance with applicable regulatory requirements. In this matter, ViziaFinance SIA has submitted its response, while DelfinGroup AS is in the process of preparing its position and arguments for submission to the CRPC.

The CRPC may impose fines to ViziaFinance SIA and DelfinGroup AS in accordance with Section 15.2 point 11 of the Unfair Commercial Practices Prohibition Law, which sets out the maximum applicable penalty amount. However, the Group's management does not acknowledge any breach of regulatory requirements and have received legal opinion from one of the largest legal offices in Latvia supporting its position. As at the date of signing these financial statements, no final decisions have been issued by the CRPC. Management does not believe that the outcome of these cases will require significant adjustments to the financial statements.

Additionally, based on public information disclosed by the CRPC, consumers may submit claims against DelfinGroup AS and ViziaFinance SIA in relation to alleged deficiencies in creditworthiness assessments. To date, only a limited number of such claims have been received. Management does not consider that these will result in probable outflows of economic benefits, as it maintains that the Group has complied with legal requirements and that borrowers were obligated to provide accurate information on their financial liabilities at the time of application.

(32) Fair value of financial assets and financial liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- ▶ Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- ▶ Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- ▶ Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and option pricing models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, other premiums used in estimating discount rates, and expected price volatilities.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Examples of instruments involving significant unobservable inputs include the valuation of pawn loan portfolio. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Also set out below is a comparison by class of the carrying amounts and fair values of the Company's and the Group's financial instruments that are not carried at fair value in the Consolidated balance sheet. The table does not include the fair values of non-financial assets and non-financial liabilities.

Notes (continued)

(32) Fair value of financial assets and financial liabilities (continued)

The Group

At 31 December 2024	Fair value hierarchy			Total fair value	Carrying value
	Level 1	Level 2	Level 3		
Assets for which fair values are disclosed					
Cash and cash equivalents	1 644 490	-	-	1 644 490	1 644 490
Loans and receivables					
Unsecured loans	-	-	118 354 260	118 354 260	116 106 593
Other financial assets	-	-	859 135	859 135	859 135
Assets which are accounted at fair value					
Loans and receivables					
Pawn loans	-	-	9 433 207	9 433 207	9 433 207
Liabilities for which fair values are disclosed					
Bonds issued	-	-	55 910 866	55 910 866	52 973 115
Loans from credit institutions	-	-	17 514 229	17 514 229	17 388 685
Other borrowings	-	-	24 050 354	24 050 354	24 300 558
Trade payables	-	-	934 352	934 352	934 352
At 31 December 2023					
	Level 1	Level 2	Level 3	Total fair value	Carrying value
Assets for which fair values are disclosed					
Cash and cash equivalents	5 474 070	-	-	5 474 070	5 474 070
Loans and receivables					
Unsecured loans	-	-	87 747 749	87 747 749	84 040 864
Other financial assets	-	-	1 148 887	1 148 887	1 148 887
Assets which are accounted at fair value					
Loans and receivables					
Pawn loans	-	-	7 442 081	7 442 081	7 442 081
Liabilities for which fair values are disclosed					
Bonds issued	-	-	41 827 132	41 827 132	40 266 544
Loans from credit institutions	-	-	7 357 318	7 357 318	7 293 992
Other borrowings	-	-	30 545 665	30 545 665	29 410 334
Trade payables	-	-	1 011 347	1 011 347	1 011 347

Notes (continued)

(32) Fair value of financial assets and financial liabilities (continued)

The Company

At 31 December 2024	Fair value hierarchy			Total fair value	Carrying value
	Level 1	Level 2	Level 3		
Assets for which fair values are disclosed					
Cash and cash equivalents	1 038 915	-	-	1 038 915	1 038 915
Loans and receivables					
Unsecured loans	-	-	81 986 052	81 986 052	81 640 415
Other financial assets	-	-	650 723	650 723	650 723
Assets which are accounted at fair value					
Loans and receivables					
Pawn loans	-	-	9 063 836	9 063 836	9 063 836
Liabilities for which fair values are disclosed					
Bonds issued	-	-	55 910 866	55 910 866	52 973 115
Loans from credit institutions	-	-	17 514 229	17 514 229	17 388 685
Other borrowings	-	-	12 980 611	12 980 611	13 616 836
Trade payables	-	-	857 521	857 521	857 521
At 31 December 2023					
At 31 December 2023	Fair value hierarchy			Total fair value	Carrying value
	Level 1	Level 2	Level 3		
Assets for which fair values are disclosed					
Cash and cash equivalents	4 460 294	-	-	4 460 294	4 460 294
Loans and receivables					
Unsecured loans	-	-	64 226 604	64 226 604	64 554 950
Other financial assets	-	-	735 843	735 843	735 843
Assets which are accounted at fair value					
Loans and receivables					
Pawn loans	-	-	7 437 284	7 437 284	7 437 284
Liabilities for which fair values are disclosed					
Bonds issued	-	-	41 827 132	41 827 132	40 266 544
Loans from credit institutions	-	-	7 357 318	7 357 318	7 293 992
Other borrowings	-	-	16 674 923	16 674 923	16 367 308
Trade payables	-	-	933 489	933 489	933 489

Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for assets accounted at fair value in Level 3 of the fair value hierarchy.

The Group and the Company

2024	Group	Company
Balance at 1 January	7 442 081	7 437 284
Total gains or losses:		
Interest income	8 031 187	7 955 950
Other income	1 048 595	1 034 920
Issues	26 302 920	25 596 382
Settlements	(33 391 576)	(32 960 700)
Balance at 31 December	9 433 207	9 063 836
2023		
Balance at 1 January	6 322 367	6 322 367
Total gains or losses:		
Interest income	7 001 427	7 001 411
Other income	1 102 606	1 102 606
Issues	23 380 209	23 385 006
Settlements	(30 364 528)	(30 374 106)
Balance at 31 December	7 442 081	7 437 284

Notes (continued)

(32) Fair value of financial assets and financial liabilities (continued)

Unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used at 31 December 2024 and 2023 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of financial instrument	Fair values at 31 December	Valuation technique	Significant unobservable input	Range of estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Pawn loans	Group: 2024: 9 433 207 (2023: 7 442 081) Company: 2024: 9 063 836 (2023: 7 437 284)	Discounted cash flow	Sales costs	2024: 8% - 28% (2023: 8% - 28%)	Significant increases in any of these inputs in isolation would result in lower fair values.
			Discount rate	2024: 9%-190% (2023: 9%-190%)	
			Expected return for cash-flows	2024: 26%-32% (2023: 28%-33%)	
			Sales margin cap	2024: 65%-85% (2023: 65%-85%)	

Significant unobservable inputs are developed as follows:

- Sales costs and sale margins are derived from historical trends. Sales costs reflect the costs associated with the sale of the collateral taken over and include salaries, branch expenses, marketing and others. Sales margin cap sets the limits to the amounts of margin that are collected on sales.
- Expected cash flows are derived from the entity's business plan and from historical comparison between plans and actual results.

The effect of unobservable inputs on fair value measurement

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

	Effect on profit or loss	
	Favorable	(Unfavorable)
31 December 2024		
Pawn loans	874 232	(1 128 453)
31 December 2023		
Pawn loans	636 273	(721 024)

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation of pawn loans have been calculated by recalibrating the model values using unobservable inputs – sales costs, discount rate, expected return and sales margin cap.

Key inputs and assumptions used in the models at 31 December 2024 included:

- the average monthly discount rate of 15.7% (with reasonably possible alternative assumptions of 14.7% and 16.7%) (2023: 15.1%, 14.1% and 16.1% respectively)
- cumulative average expected return of 29.6% (with reasonably possible alternative assumptions of 31.6% and 27.6%) (2023: 30.4%, 28.5% and 32.4% respectively)
- average sales margin cap of 85% (with reasonably possible alternative assumptions of 65% and 105%) (2023: 85%, 65% and 105% respectively)
- average sales costs of 18% (with reasonably possible alternative assumptions of 8% and 28%) (2023: 18%, 8% and 28% respectively)

Collateral for pawn loans

Pawn loans made by the Group are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The following table sets out the principal types of collateral held against pawn loans:

	2024	2023
Goods	4 076 479	3 301 862
Gold	5 356 728	4 140 219
TOTAL	9 433 207	7 442 081

Notes (continued)

(32) Fair value of financial assets and financial liabilities (continued)

The following tables stratify credit exposures for pawn loans by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for goods is determined on the collateral value at origination.

LTV ratio	2024	2023
Goods		
Less than 50%	197 357	154 428
51–70%	1 796 688	1 442 159
71–90%	1 603 667	1 282 233
91–100%	372 698	303 328
More than 100%	106 069	119 714
Total	4 076 479	3 301 862

The value of the collateral for gold is determined based on the market price of gold at the date of origination of loans and can be up to 95% of market price of gold.

(33) Analysis of financial liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Company's and the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

The Group

As at 31 December 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	Carrying value
Financial liabilities						
Bonds issued	1 053 702	5 268 508	63 704 480	-	70 026 690	52 973 115
Loans from credit institutions	354 016	12 675 921	6 879 052	-	19 908 989	17 388 685
Other borrowings	2 002 931	6 956 808	19 988 751	-	28 948 490	24 300 558
Lease liabilities	265 627	699 936	1 981 643	737 897	3 685 104	2 953 587
Trade payables	934 352	-	-	-	934 352	934 352
Total undiscounted financial liabilities	4 610 628	25 601 173	92 553 926	737 897	123 503 625	98 550 297
As at 31 December 2023	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	Carrying value
Financial liabilities						
Bonds issued	909 416	14 212 652	39 239 108	-	54 361 176	40 266 544
Loans from credit institutions	162 521	812 606	8 396 202	-	9 371 329	7 293 992
Other borrowings	4 193 304	9 754 429	21 430 370	-	35 378 103	29 410 334
Lease liabilities	281 241	808 782	2 010 139	886 674	3 986 836	3 168 456
Trade payables	1 011 347	-	-	-	1 011 347	1 011 347
Total undiscounted financial liabilities	6 557 829	25 588 469	71 075 819	886 674	104 108 791	81 150 673

Notes (continued)

(33) Analysis of financial liabilities by remaining contractual maturities (continued)

The Company

As at 31 December 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	Carrying value
Financial liabilities						
Bonds issued	1 053 702	5 268 508	63 704 480	-	70 026 690	52 973 115
Loans from credit institutions	354 016	12 675 921	6 879 052	-	19 908 989	17 388 685
Other borrowings	1 077 368	3 742 037	10 751 862	-	15 571 267	13 616 836
Lease liabilities	238 541	618 563	1 665 082	715 497	3 237 683	2 578 138
Trade payables	857 521	-	-	-	857 521	857 521
Total undiscounted financial liabilities	3 581 148	22 305 029	83 000 476	715 497	109 602 150	87 414 295
As at 31 December 2023	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	Carrying value
Financial liabilities						
Bonds issued	909 416	14 212 652	39 239 108	-	54 361 176	40 266 544
Loans from credit institutions	162 521	812 606	8 396 202	-	9 371 329	7 293 992
Other borrowings	2 355 404	5 479 120	12 037 565	-	19 872 088	16 367 308
Lease liabilities	264 670	758 892	1 752 690	886 674	3 662 926	2 900 867
Trade payables	933 489	-	-	-	933 489	933 489
Total undiscounted financial liabilities	4 625 500	21 263 270	61 425 565	886 674	88 201 008	67 762 200

(34) Subsequent events

Management has evaluated subsequent events up to the date of issuance of these financial statements and has determined that there have been no significant subsequent events that would require recognition or disclosure in these financial statements.

Didzis Ādmīdiņš
Chairman of the Board

**Andrejs
Aleksandrovičs**
Board Member

Laima Eižvertiņa
Board Member

Natalja Maškova
Chief accountant

This document is electronically signed with safe electronic signature and contains time stamp.



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Independent Auditors' Report

To the shareholders of AS DelfinGroup

Report on the Audit of the Separate and Consolidated Financial Statements

Our Opinion on the Separate and Consolidated Financial Statements

We have audited the accompanying separate financial statements of AS DelfinGroup ("the Company") and accompanying consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 18 to 59 of the accompanying separate and consolidated Annual Report, which comprise:

- the separate and consolidated balance sheet as at 31 December 2024,
- the separate and consolidated statement of profit or loss for the year then ended,
- the separate and consolidated statement of changes in equity for the year then ended,
- the separate and consolidated statement of cash flows for the year then ended, and
- the notes to the separate and consolidated financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and the Group, respectively, as at 31 December 2024, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

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 *Auditors' Responsibility for the Audit of the Separate and Consolidated Financial Statements* section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code) and the 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 IESBA Code and the '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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment allowances for Loans and receivables issued without pledge (separate and consolidated financial statements)	
<p>Group's consolidated financial statements</p> <p>The gross amount of Loans and receivables issued without pledge as at 31 December 2024: EUR 116 107 thousand (31 December 2024: EUR 88 388 thousand); impairment losses on Loans and receivables recognised in 2024: EUR 15 104 thousand (in 2023: EUR 10 687 thousand); total impairment allowance as at 31 December 2024: EUR 12 066 thousand (31 December 2023: EUR 6 804 thousand).</p> <p>Company's separate financial statements</p> <p>The gross amount of Loans and receivables as at 31 December 2024: EUR 81 640 thousand (31 December 2023: EUR 64 563 thousand); impairment losses on Loans and receivables recognised in 2024: EUR 9 471 thousand (in 2023: EUR 6 490 thousand); total impairment allowance as at 31 December 2024: EUR 7 131 thousand (31 December 2023: EUR 4 228 thousand).</p> <p>We refer to the separate and consolidated financial statements: Note 2 (m) (Material accounting policies), (s1.2) (Financial risk management), (t) (Significant assumptions and estimates), Note 16.</p>	
Key audit matter	How we addressed the key audit matter
<p>Loans and receivables issued without pledge, collectively represent approximately 82% of the Group's assets as at 31 December 2024 (31 December 2023: approximately 78%) and approximately 70% of the Company's assets as at 31 December 2024 (31 December 2023: approximately 71%). The Group offers unsecured loan products issued to private individuals.</p> <p>In accordance with IFRS 9, the Company and the Group calculate impairment allowance based on expected credit losses ("ECLs"). ECLs are estimated mainly based on the historical pattern of losses and changes in loan risk characteristics based on qualitative and quantitative indicators such as the probability of default ("PD") and loss given default ("LGD"). The Company and the Group incorporate forward looking information into modelling techniques applied.</p> <p>Impairment allowance represents the Management's best estimate of the expected credit losses related the Loans and receivables issued without pledge as at the</p>	<p>Our procedures in the area performed in coordination with our own financial risk modelling specialists and information technology (IT) specialists included, among others:</p> <ul style="list-style-type: none"> • inspecting the Group's expected credit loss ("ECL") methodology and assessing its compliance with the relevant requirements of IFRS 9; • testing for operating effectiveness selected key controls over the approval and recording and monitoring of loans; • assisted by our own IT specialists, testing for operating effectiveness the application and general IT controls related to the ECL estimation process including calculation of days past due and the scripts used in determining ECL; • assessing the definition of default and the staging criteria and their consistent application by evaluating these against the requirements of IFRS 9; • independently assessing and challenging the forward-looking information used in



<p>reporting date and requires significant judgments.</p> <p>Due to the above factors, we consider the area to be associated with a significant risk of material misstatement, which requires our increased attention in the audit. As such, we determined it to be a key audit matter.</p>	<p>the ECL model, by means of corroborating inquiries of the Management and inspection of publicly available information;</p> <ul style="list-style-type: none"> challenging LGD and PD parameters, by assessing historical default levels and by reference to historical realized losses on defaults and loan sales; assessing the adequacy of the Company's and the Group's disclosures on the loss allowances, and credit risk management in the notes to the separate and consolidated financial statements.
<p>Fair value measurement of pawn loans (separate and consolidated financial statements)</p>	
<p>Group's consolidated financial statements</p> <p>The carrying amount of pawn loans, including accrued interest for pawn loans, as at 31 December 2024: EUR 9 433 thousand (31 December 2023: EUR 7 442 thousand). Income recognised from pawn loans in 2024: EUR 9 080 thousand (in 2023: EUR 8 104 thousand).</p> <p>Company's separate financial statements</p> <p>The carrying amount of pawn loans, including accrued interest for pawn loans, as at 31 December 2024: EUR 9 064 thousand (31 December 2023: EUR 7 437 thousand). Income recognised from pawn loans in 2024: EUR 8 991 thousand (in 2023: EUR 8 104 thousand).</p> <p>We refer to the separate and consolidated financial statements: Note 2 (e) and (m) (Material accounting policies), (t) (Significant assumptions and estimates), Note 16 and Note 32.</p>	
<p>Key audit matter</p>	<p>How we addressed the key audit matter</p>
<p>The Company and the Group have a significant balance of pawn loans. The Company and the Group measure pawn loans at fair value, with all changes therein recorded in profit or loss as a consequence of significant management judgment applied relating to these loans not meeting the solely payments of principal and interest (SPPI) criteria set out in IFRS 9.</p> <p>The valuation of the Company's and Group's pawn loans measured at fair value involves significant judgements and estimates made by the management using the input from internal valuation of collaterals, particularly in relation to sensitivity of assumptions</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> assessing the management judgment made in relation to the assessment of compliance with solely payments of principal and interest criteria for pawn loans by inspecting the general terms and conditions applied to pawn loans, inspecting statistics relating to past outcomes for defaulted pawn loans in relation to realisation of collateral; based on our understanding of the Company's and Group's approach to valuation of pawn loans, assessing the applied valuation methodology against



<p>regarding selling costs of collateral, discount rates and cash flow projections.</p> <p>Due to the above factors, we consider the area to be associated with a significant risk of material misstatement, which requires our increased attention in the audit. As such, we determined it to be a key audit matter.</p>	<p>the requirements of IFRS 13 Fair Value Measurement;</p> <ul style="list-style-type: none">• using our own internal valuation specialists, challenging the valuation methods and key assumptions applied by the Company's and Group's management, including those in respect of selling costs of collateral, discount rates and cash flow projections, and performing a sensitivity analysis in respect of the above key assumptions to evaluate the effects of their potential changes on the fair values;• assessing the adequacy of the Company's and the Group's disclosures on pawn loans and the valuation techniques and significant unobservable inputs disclosed in the notes to the separate and consolidated financial statements.
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Reporting on Other Information

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

- Information on the Company and subsidiaries, as set out from pages 3 to 5 of the accompanying separate and consolidated Annual Report,
- the Statement of Management's Responsibility, as set out on page 6 of the accompanying separate and consolidated Annual Report,
- the Management Report, as set out from page 7 to 17 of the accompanying separate and consolidated Annual Report,
- the Statement of Corporate Governance prepared by the management as a stand-alone statement which at the date of the auditor's report is publicly available on the Group's website <https://delfingroup.lv/reports>,
- Remuneration report prepared by the management as a stand-alone statement which at the date of the auditor's report is publicly available on the Group's website <https://delfingroup.lv/reports>.

Our opinion on the separate and consolidated financial statements does not cover the other information included in the separate and consolidated 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 Related to Other Information* section of our report.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated 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 Company, Group and their 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 Related to Other Information

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, in all material respects:

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

In accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section 56.¹, first paragraph, clause 3, 4, 6, 8 and 9, as well as section 56.², second paragraph, clauses 5 and 8, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia.

In our opinion, the Statement of Corporate Governance includes the information required in section 56.1, first paragraph, clauses 3, 4, 6, 8 and 9, as well as section 56.2, second paragraph, clauses 5 and 8, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia.

Furthermore, in accordance with the 'Law on Audit Services' of the Republic of Latvia our responsibility is to consider whether the Remuneration Report includes the information required in section 59.4 of the 'Financial Instruments Market Law' of the Republic of Latvia, and whether material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the Annual Report.

In our opinion, the Remuneration Report includes the information required in section 59.4 of the 'Financial Instruments Market Law' of the Republic of Latvia, and no material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the separate and consolidated Annual Report.

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

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and Group'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 and Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate and consolidated 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 separate and consolidated 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 and Group'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 and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated 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 auditors' report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities

We were appointed by those charged with governance on 10 June 2022 to audit the separate and consolidated financial statements of DelfinGroup AS for the year ended 31 December 2024. Our total uninterrupted period of engagement is 3 years, covering the periods ending 31 December 2022 to 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company and Group;
- as referred to in the paragraph 37.6 of the 'Law on Audit Services' of the Republic of Latvia we have not provided to the Company and Group the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity and group in conducting the audit.

For the period to which our statutory audit relates, we have not provided any services to the Company and Group in addition to the audit, which have not been disclosed in the Management Report or in the separate and consolidated financial statements of the Company and the Group.

Report on the Auditors' Examination of the European Single Electronic Format (ESEF) Report

In addition to our audit of the accompanying separate and consolidated financial statements, as included in the separate and consolidated Annual Report, we have also been engaged by the management of the Group to express an opinion on compliance of the separate and consolidated financial statements prepared in a format that enables uniform electronic reporting ("the ESEF Report") with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").



Responsibilities of Management and Those Charged with Governance for the ESEF Report

Management is responsible for the preparation of the separate and consolidated financial statements in a format that enables uniform electronic reporting that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the separate and consolidated financial statements in the applicable XHTML format;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

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

Auditors' Responsibility for the Examination of the ESEF Report

Our responsibility is to express an opinion on whether the ESEF report complies, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)* issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements; and
- evaluating the appropriateness of the format of the separate and consolidated financial statements.

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



Opinion

In our opinion, the ESEF Report of the Company and Group as at and for the year ended 31 December 2024 has been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

KPMG Baltics SIA
Licence No. 55

Rainers Vilāns
Member of the Board
Latvian Sworn Auditor
Certificate No. 200
Riga, Latvia
25 April 2025

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND
IT HAS A TIME-STAMP