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AS “DelfinGroup”
Unaudited interim
condensed
consolidated
financial statements
for the twelve-month
period ended
31 December 2022

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 (till 19.01.2021, Limited liability 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	SIA L24 Finance (55.98%), 12 Juras Street, Liepaja, Latvia SIA AE Consulting (8.90%), 50A Skanstes Street, Riga, Latvia SIA EC finance (18.28%), 50A Skanstes Street, Riga, Latvia Other (16.84%)
Ultimate parent company	SIA L24 Finance Reg. No. 40103718685 12 Juras Street, Liepaja, Latvia
Names and positions of Board members	Didzis Ādmīdiņš – Chairman of the Board (from 19.01.2021) Aldis Umblejs – Member of the Board (from 15.12.2021) Sanita Zitmane – Member of the Board (from 01.03.2022) Agris Evertovskis – Chairman of the Board (from 12.10.2009 till 19.01.2021) Didzis Ādmīdiņš – Member of the Board (from 11.07.2014 till 19.01.2021) Kristaps Bergmanis – Member of the Board (from 11.07.2014 till 15.12.2021) Ivars Lamberts – Member of the Board (from 11.01.2018 till 28.02.2022)

**Names and positions of Supervisory Board
members**

Agris Evertovskis – Chairperson of the Supervisory Board (from
19.01.2021 till 12.04.2021, 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)

Anete Ozoliņa – Deputy Chairman of the Supervisory Board
(from 19.01.2021 till 13.04.2021)

Uldis Judinskis – Member of the Supervisory Board (from
19.01.2021 till 13.04.2021)

Uldis Judinskis – Chairperson of the Supervisory Board (from
16.05.2019 till 19.01.2021)

Ramona Miglāne – Deputy Chairman of the Supervisory Board
(from 16.05.2019 till 19.01.2021)

Anete Ozoliņa – Member of the Supervisory Board (from
16.05.2019 till 19.01.2021)

Reporting period

1 January 2022 – 31 December 2022

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, Latvia
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services

Statement of management`s responsibility

The management of AS *DelfinGroup* (hereinafter – the Company) is responsible for the preparation of the Interim condensed consolidated financial statements for the twelve-month period ended 31 December 2022 (hereinafter – interim condensed consolidated financial statements) of the Company and its subsidiaries (hereinafter – the Group).

The interim condensed consolidated financial statements set out on pages 10 to 23 are prepared in accordance with the source documents and present the financial position of the Group as of 31 December 2022 and the results of its operations, changes in shareholders' equity and cash flows for the twelve-month period ended 31 December 2022. The management report set out on pages 7 to 9 presents fairly the financial results of the reporting period and future prospects of the Group.

The interim condensed consolidated financial statements are prepared on a going concern basis in accordance with International Financial Reporting 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

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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Management report

According to the unaudited results of 2022, Latvian financial services group AS *DelfinGroup* has reached record-high income and profitability results in its history. During the 12-month period, income grew by 42%, reaching EUR 35.1 million compared to 2021. Income increase also continued during the fourth quarter when the Group achieved an income of 10.2 million euros, a 48% increase compared to 4th quarter of 2021. Also, on the EBITDA level, the Group showed increasing results, thus reaching an EBITDA of 13.1 million euros, a 29% growth compared to 2021. Furthermore, the Group's profits in 2022 grew alongside the income increase, such as profit before tax which reached EUR 7.3 million and rose by 40%, whereas net profit increased by 42% to 6 million euros.

Last year approved that there is a strong demand for simple and customer-oriented financial services and that AS *DelfinGroup* can adapt to the global economy's challenges. However, as the *Covid-19* restrictions gradually ended in the 1st quarter of 2022 in Latvia, the complex geopolitical situation created new challenges and uncertainty for the global economy. For the Group, this meant adapting to the unique situation by continuing to invest in and develop all the main business segments. However, the company's successful development continued even in uncertain conditions of the economy, which will strengthen the company in the long term.

2023 the Group will continue to focus on developing the circular economy concept and the sale of pre-owned goods, which is a segment that shows tremendous potential in the future, both environmentally and financially. Nevertheless, digitalisation remains the focus for the company for the next year as well. The Group will continue investing in digitalisation to provide simple and accessible services to clients.

Record-high income of the company was facilitated by all the main business segments, which showed impeccable results throughout 2022, including the 4th quarter of the year. During the 12 months, the Group issued a total of 80.3 million euros in loans, from which 22.6 million euros were issued in the last quarter, thus resulting in a yearly increase of 62% and 54% compared to the 4th quarter 2021. The strong loan issuance in 2022 resulted in an all-time high net loan portfolio which at the end of the year amounted to EUR 67.4 million, a growth of 54%.

Segment-wise, improvements are observed in all the primary Group's business segments. In twelve months, AS *DelfinGroup* issued consumer loans for 60.8 million euros, a 64% increase compared to 2021. Consumer loan issuance was ensured by *Banknote* and *VIZIA*, which are well-known brands in the Latvian consumer lending industry. In addition, various sales channels for the consumer lending segment, such as mobile app, webpage, and a vast network of physical branches, ensured the segment's rapid growth. Also pawn lending business is recovering from *Covid-19* restrictions which ended in the spring of 2022, thus allowing it to service all the interested clients in branches simultaneously. As a result, the Group has exceeded the pawn lending segment's pre-pandemic levels, reaching a new loan issuance of 19.5 million euros.

In addition, the retail of pre-owned goods, including the sale of collateral showed significantly improved results, especially in the second half of the year. In the 4th quarter, sales reached EUR 3.2 million, an increase of 33%, but on a 12-month basis, amounted to 11.4 million euros which is a 27% increase compared to 2021.

In the 4th quarter of 2022, the Group continued to adhere to the promise of regular dividend distribution. Consequently, shareholders of AS *DelfinGroup* during the 4th quarter received another dividend payment of 0.0184 euros per share, resulting in a total payment of 833 thousand euros for AS *DelfinGroup*. During the last year, AS *DelfinGroup* made six dividend payments to its shareholders. Four payments were made as quarterly dividends, attributed to the Group's quarterly profit, and two as annual dividends. Company shareholders received 5.4 million euros in dividends in 2022, namely 0.1197 euros per share. Since the Group has worked with profits in the 4th quarter of 2022, the Management Board of AS *DelfinGroup* will propose to the Shareholders' meeting approval on dividend payment from the earnings of the 4th quarter of 2022.

Additionally to the dividend income, AS *DelfinGroup* shareholders received a positive return on the company's share price, which in 2022 rose by 5.86% while the *Nasdaq Baltic Benchmark Index* declined by 11.75%, thus being one of a few companies on the *Nasdaq Baltic Main List* with a positive return in 2022.

Management report (CONTINUED)

During the 4th quarter, 885 investors subscribed for the AS *DelfinGroup* shares in the public share offerings organised by the company's largest shareholders. The two largest shareholders of the company – SIA *L24 Finance* and SIA *EC finance* – sold 741 528 shares for a total value of 1 067 800 euros. As a result, the main goals of the public offerings were achieved – to increase the market's liquidity and to ensure a free float of shares worth at least 10 million euros, which is one of the requirements of the Baltic Main List on the *Nasdaq Riga* stock exchange.

In addition to business development, AS *DelfinGroup* continued its social initiatives last year, including providing support to seniors to improve their quality of life and conditions and offering support to the people of Ukraine. Since the start of the war, the company has donated more than 250 000 euros to the *Children's Hospital Foundation*, the *Entrepreneurs for Peace Foundation*, and the *Association TEV*.

By implementing the business strategy and all planned activities, the following financial results of the Group were achieved in the 2022 as compared to 2021:

Position	EUR, million	Change, %
Net loan portfolio	67.4	+54.5
Assets	77.3	+48.4
Revenue	35.1	+42.1
EBITDA	13.1	+29.1
Profit before taxes	7.3	+39.9
Net profit	6.0	+41.6

And following the Group's key financial figures for the last 5 financial quarters:

Position	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Total income, EUR million	6.9	7.3	8.3	9.3	10.2
EBITDA, EUR million	3.1	2.6	3.2	3.5	3.8
EBITDA margin, %	45%	36%	39%	38%	37%
EBIT, EUR million	2.8	2.3	2.9	3.2	3.5
EBIT margin, %	40%	32%	35%	35%	35%
Profit before taxes, EUR million	1.7	1.6	2.0	1.8	1.9
Net profit, EUR million	1.6	1.4	1.2	1.7	1.7
Net profit margin, %	23%	20%	15%	18%	16%
ROE (annualised), %	47%	32%	29%	39%	38%
Current ratio	1.5	1.4	1.3	1.3	0.7

Total income figures for previous periods have been restated, for details see note 1.

EBITDA calculation, EUR million:

Item	2022 Q4	2021 Q4
Profit before tax	1.9	1.7
Interest expenses and similar expenses	1.6	1.0
Depreciation of fixed assets and amortisation	0.3	0.4
EBITDA, EUR million	3.8	3.1

Management report (CONTINUED)

As for compliance with the Issue Terms of notes issue ISIN LV0000850048, ISIN LV0000802536 and ISIN LV0000850055 the financial covenant computation is as follows:

Covenant	Value as of 31.12.2022	Compliance
to maintain a Capitalization Ratio at least 25%	27%	yes
to maintain consolidated ICR of at least 1.25 times, calculated on the trailing 12 month basis	2.6	yes
to maintain the Net Loan portfolio, plus Cash, net value of outstanding Mintos Debt Security and secured notes balance, at least 1.2 times the outstanding principal amount of all unsecured interest-bearing debt on a consolidated basis.	1.8	yes

Branches

As at 31 December 2022, the Group had 91 branches in 38 cities in Latvia (31.12.2021 - 93 branches in 38 cities).

Risk management

The Group is not exposed to foreign exchange rate risk because the basic transaction currency is the Euro. Majority of the funding of the Group consists of fixed coupon rate borrowings, so that the Group is not 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.

Distribution of the profit proposed by the Company

The Company's board recommends the distribution of Q4 2022 profit as dividends in accordance with the Company's dividend policy, which sets the target of 50% quarterly dividend payout.

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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Interim condensed consolidated Statement of profit or loss for the twelve-month period ended 31 December 2022

	Notes	For 12 months ended 31 December		For 3 months ended 31 December	
		2022	2021 (restated, note 1)	2022	2021 (restated, Note 1)
		EUR	EUR	EUR	EUR
Net sales	(2)	5 927 898	4 527 306	1 645 263	1 322 159
Cost of sales		(3 658 971)	(2 862 729)	(1 002 812)	(857 930)
Interest income and similar income	(3)	29 136 428	20 155 948	8 568 981	5 568 557
Interest expenses and similar expenses	(4)	(4 669 485)	(3 827 313)	(1 632 278)	(1 045 503)
Credit loss expenses		(5 782 789)	(2 236 898)	(1 772 277)	(317 328)
Gross profit		20 953 081	15 756 314	5 806 877	4 669 955
Selling expenses	(5)	(7 436 173)	(6 124 650)	(2 054 432)	(1 832 353)
Administrative expenses	(6)	(5 738 868)	(4 212 808)	(1 636 381)	(1 199 533)
Other operating income		104 064	85 033	36 569	28 733
Other operating expenses		(604 484)	(300 865)	(261 100)	56 072
Profit before corporate income tax		7 277 620	5 203 024	1 891 533	1 722 874
Corporate income tax expenses		(1 296 108)	(979 191)	(212 413)	(155 091)
Net profit for the reporting period		5 981 512	4 223 833	1 679 120	1 567 783
Basic earnings per share	(7)	0.132	0.103	0.037	0.036
Diluted earnings per share	(7)	0.132	0.103	0.037	0.036

Notes on pages from 15 to 23 are an integral part of these interim condensed consolidated financial statements.

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Chairman of the Board

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Interim condensed consolidated Balance sheet as at 31 December 2022

Assets		Group 31 December 2022	Group 31 December 2021 (restated, note 1)
	Notes	EUR	EUR
Non-current assets:			
Intangible assets:			
Patents, licences, trademarks and similar rights		31 746	64 037
Internally developed software		575 458	376 816
Other intangible assets		116 322	50 669
Goodwill		127 616	127 616
Advances on intangible assets		43 801	18 834
Total intangible assets:		894 943	637 972
Property, plant and equipment:			
Land, buildings, structures and perennials		182 378	169 906
Investments in property, plant and equipment		189 340	186 681
Right-of-use assets		2 636 223	2 972 570
Other fixtures and fittings, tools and equipment		203 192	206 604
Total property, plant and equipment		3 211 133	3 535 761
Non-current financial assets:			
Loans and receivables	(8)	46 150 128	28 569 431
Total non-current financial assets:		46 150 128	28 569 431
Total non-current assets:		50 256 204	32 743 164
Current assets:			
Inventories:			
Finished goods and goods for sale		2 289 780	1 254 698
Total inventories:		2 289 780	1 254 698
Receivables:			
Loans and receivables	(8)	21 289 077	15 087 111
Other debtors		574 646	352 269
Deferred expenses		494 934	167 436
Total receivables:		22 358 657	15 606 816
Cash and cash equivalents		2 369 029	2 459 862
Total current assets:		27 017 466	19 321 376
Total assets		77 273 670	52 064 540

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Interim condensed consolidated Balance sheet as at 31 December 2022

Liabilities and equity		Group 31 December 2022	Group 31 December 2021
Equity:	Notes	EUR	EUR
Share capital		4 531 959	4 531 959
Share premium		6 890 958	6 890 958
Other capital reserves		93 058	-
Retained earnings	(9)	6 511 159	5 954 404
Total equity:		18 027 134	17 377 321
Liabilities:			
Long-term liabilities:			
Bonds issued	(10)	4 834 241	10 825 162
Other borrowings	(11)	15 004 505	8 086 468
Lease liabilities for right-of-use assets		2 353 309	2 652 498
Total long-term liabilities:		22 192 055	21 564 128
Short-term liabilities:			
Bonds issued	(10)	14 279 499	13 003
Other borrowings	(11)	20 050 517	10 487 168
Lease liabilities for right-of-use assets		565 131	652 699
Trade payables		856 429	805 784
Taxes and social insurance		560 492	398 268
Accrued liabilities		742 413	766 169
Total short-term liabilities:		37 054 481	13 123 091
Total liabilities		59 246 536	34 687 219
Total liabilities and equity		77 273 670	52 064 540

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Interim condensed consolidated Statement of changes in equity for the twelve-month period ended 31 December

	Notes	Share capital EUR	Share premium EUR	Other capital reserves EUR	Retained earnings EUR	Total EUR
As at 31 December 2020		4 000 000	-	-	5 453 709	9 453 709
Dividends paid	(9)	-	-	-	(3 723 138)	(3 723 138)
Share capital increase resulted from IPO		531 959	7 553 823	-	-	8 085 782
IPO transaction costs		-	(662 865)	-	-	(662 865)
Profit for the reporting period		-	-	-	4 223 833	4 223 833
As at 31 December 2021		4 531 959	6 890 958	-	5 954 404	17 377 321
Dividends paid	(9)	-	-	-	(5 424 757)	(5 424 757)
Share-based payments		-	-	93 058	-	93 058
Profit for the reporting period		-	-	-	5 981 512	5 981 512
As at 31 December 2022		4 531 959	6 890 958	93 058	6 511 159	18 027 134

Notes on pages from 15 to 23 are an integral part of these interim condensed consolidated financial statements.

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Interim condensed consolidated statement of cash flows for the twelve-month period ended 31 December 2022

	For 12 months ended 31 December 2022	For 12 months ended 31 December 2021
Notes	EUR	EUR
Cash flow from operating activities		
Profit before corporate income tax	7 277 620	5 203 024
Adjustments for non-cash items:		
a) depreciation of fixed assets and amortisation of intangible assets	433 466	362 325
b) depreciation of right-of-use assets	750 699	775 932
c) credit loss expenses	5 782 789	2 236 898
d) cessation results	191 384	160 423
e) employee share option	93 058	-
f) interest income and similar income	(29 136 428)	(20 155 948)
g) interest expenses and similar expenses	(4 669 485)	3 827 313
	(9 937 927)	(7 590 033)
Profit before adjustments of working capital and short-term liabilities		
Change in operating assets/liabilities:		
a) Increase on loans and receivables and other debtors	(29 459 073)	(10 931 176)
b) (Increase)/ decrease on inventories	(1 284 005)	279 309
c) Increase/ (Decrease) on trade payable and accrued liabilities	1 476	(64 256)
Gross cash flow from operating activities	(40 679 529)	(18 306 156)
Interest received	28 730 628	20 025 630
Interest paid	(5 232 533)	(4 271 452)
Corporate income tax payments	(979 191)	(754 536)
Net cash flow from operating activities	(18 160 625)	(3 306 514)
Cash flow from investing activities		
Acquisition of fixed assets, intangibles	(703 687)	(548 605)
Loans issued (other than core business of the Company)	-	(92 850)
Loans repaid (other than core business of the Company)	-	567 334
Net cash flow from investing activities	(703 687)	(74 121)
Cash flow from financing activities		
Share capital increase resulted from IPO (incl. share premium)	-	8 085 782
IPO transaction costs	-	(662 865)
Loans received	35 565 757	20 633 934
Loans repaid	(18 588 587)	(19 849 406)
Bonds issued	8 651 455	11 111 000
Repurchase of bonds	(500 000)	(13 481 000)
Repayment of lease liabilities	(930 389)	(865 764)
Dividends paid	(5 424 757)	(3 723 138)
Net cash flow from financing activities	18 773 479	1 248 543
Net cash flow of the reporting period	(90 833)	(2 132 092)
Cash and cash equivalents at the beginning of the reporting period	2 459 862	4 591 954
Cash and cash equivalents at the end of the reporting period	2 369 029	2 459 862

Notes on pages from 15 to 23 are an integral part of these interim condensed consolidated financial statements.

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Notes

(1) Accounting policies

Basis of preparation

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

The interim condensed consolidated financial statements for the twelve-months ended 31 December 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

These interim condensed consolidated financial statements are prepared and disclosed on a consolidated basis. The following subsidiaries are included in the consolidation: SIA *ViziaFinance* (100%) for the period ended 31 December 2022.

Restatement in comparative figures

- (a) The Management has identified a classification error on pawn loans while preparing Group's financial statements. The error relates to incorrect classification of pawn loans collaterals as Inventory and related sales of collateral as Net sales. The error resulted in overstatement of Net sales, Cost of sales and Inventory and understatement of Interest income and similar income and Loans and receivables.

The aforementioned corrections were performed by restating each of the affected financial statements line items for the prior 12 months ended 31 December period, as follows:

Statement of profit or loss

	Reference	Before restatement for 12 months ended 31 December 2021	Restatement	After restatement for 12 months ended 31 December 2021
Net sales	(a)	5 667 337	(1 140 031)	4 527 306
Cost of sales	(a)	(3 668 010)	805 281	(2 862 729)
Interest income and similar income	(a)	19 821 198	334 750	20 155 948
Interest expenses and similar expenses		(3 827 313)	-	(3 827 313)
Credit loss expense		(2 236 898)	-	(2 236 898)
Gross profit		15 756 314	-	15 756 314
Selling expenses		(6 124 650)	-	(6 124 650)
Administrative expenses		(4 212 808)	-	(4 212 808)
Other operating income		85 033	-	85 033
Other operating expenses		(300 865)	-	(300 865)
Profit before corporate income tax		5 203 024	-	5 203 024
Corporate income tax expenses		(979 191)	-	(979 191)
Net profit for the reporting period		4 223 833	-	4 223 833

Notes (continued)

(1) Accounting policies (continued)

The aforementioned corrections were performed by restating each of the affected financial statements line items for the prior 3 months ended 31 December period, as follows:

Statement of profit or loss

	Reference	Before restatement for 3 months ended 31 December 2021	Restatement	After restatement for 3 months ended 31 December 2021
Net sales	(a)	1 607 786	(285 627)	1 322 159
Cost of sales	(a)	(1 056 604)	198 674	(857 930)
Interest income and similar income	(a)	5 481 604	86 953	5 568 557
Interest expenses and similar expenses		(1 045 503)	-	(1 045 503)
Credit loss expense		(317 328)	-	(317 328)
Gross profit		4 669 955	-	4 669 955
Selling expenses		(1 832 353)	-	(1 832 353)
Administrative expenses		(1 199 533)	-	(1 199 533)
Other operating income		28 733	-	28 733
Other operating expenses		56 072	-	56 072
Profit before corporate income tax		1 722 874	-	1 722 874
Corporate income tax expenses		(155 091)	-	(155 091)
Net profit for the reporting period		1 567 783	-	1 567 783

The aforementioned corrections were performed by restating each of the affected financial statements line items for 31 December 2021, as follows:

Balance sheet (Assets)

	Reference	Before restatement 31 December 2021	Restatement	After restatement 31 December 2021
Patents, licences, trademarks and similar rights		64 037	-	64 037
Internally developed software		376 816	-	376 816
Other intangible assets		50 669	-	50 669
Goodwill		127 616	-	127 616
Advances on intangible assets		18 834	-	18 834
Total intangible assets:		637 972	-	637 972
Land, buildings, structures and perennials		169 906	-	169 906
Investments in property, plant and equipment		186 681	-	186 681
Right-of-use assets		2 972 570	-	2 972 570
Other fixtures and fittings, tools and equipment		206 604	-	206 604
Total property, plant and equipment		3 535 761	-	3 535 761
Loans and receivables		28 569 431	-	28 569 431
Total non-current financial assets:		28 569 431	-	28 569 431
Total non-current assets:		32 743 164	-	32 743 164
Finished goods and goods for sale	(a)	1 949 490	(694 792)	1 254 698
Total inventories:	(a)	1 949 490	(694 792)	1 254 698
Loans and receivables	(a)	14 392 319	694 792	15 087 111
Other debtors		352 269	-	352 269
Deferred expenses		167 436	-	167 436
Total receivables:	(a)	14 912 024	694 792	15 606 816
Cash and cash equivalents		2 459 862	-	2 459 862
Total current assets:		19 321 376	-	19 321 376
Total assets		52 064 540	-	52 064 540

Notes (continued)

(2) Net sales

Net revenue by type of revenue

	For 12 months ended 31 December		For 3 months ended 31 December	
	2022	2021 (restated, note 1)	2022	2021 (restated, note 1)
	EUR	EUR	EUR	EUR
Income from sales of goods	4 333 708	3 070 684	1 232 709	817 750
Income from sales of precious metals	857 399	841 360	210 584	333 193
Other income, loan and collateral realisation and storage commission	736 791	6 15 262	201 970	171 216
	5 927 898	4 527 306	1 645 263	1 322 159

All net sales are generated in Latvia.

(3) Interest income and similar income

	For 12 months ended 31 December		For 3 months ended 31 December	
	2022	2021 (restated, note 1)	2022	2021 (restated, note 1)
	EUR	EUR	EUR	EUR
Interest revenue calculated using effective interest rate:				
Interest income on unsecured loans	23 171 613	15 692 832	6 880 041	4 759 974
Interest income on secured loans	5 963 753	4 458 355	1 688 177	808 329
Interest income on loans to vehicle pledges	1 062	4 761	763	254
	29 136 428	20 155 948	8 568 981	5 568 557

(4) Interest expenses and similar expenses

	For 12 months ended 31 December		For 3 months ended 31 December	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Interest expense on other borrowings	3 099 242	1 416 524	1 302 072	374 542
Bonds' coupon expense	1 393 521	2 203 614	287 641	620 990
Interest expense on lease liabilities for leased premises	174 795	204 489	42 023	49 427
Interest expense lease liabilities for leased vehicles	1 429	2 473	375	509
Net loss on foreign exchange	498	213	167	35
	4 669 485	3 827 313	1 632 278	1 045 503

Notes (continued)

(5) Selling expenses

	For 12 months ended 31 December		For 3 months ended 31 December	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Salary expenses	2 981 967	2 515 879	805 528	648 729
Advertising	844 156	739 462	273 657	256 036
Social insurance	699 897	590 774	188 836	152 594
Depreciation of right-of-use assets - premises	638 960	643 179	162 824	155 354
Non-deductible VAT	487 146	334 859	141 494	87 451
Depreciation of fixed assets	433 466	362 325	111 784	172 219
Maintenance expenses	395 724	278 573	118 553	83 645
Utilities expenses	290 952	222 161	83 767	22 738
Transportation expenses	115 374	93 050	31 366	26 311
Provisions for unused annual leave	37 532	26 627	7 608	24 650
Depreciation of right-of-use assets - motor vehicles	15 900	29 312	898	6 057
Other expenses	495 099	288 449	128 117	196 569
	7 436 173	6 124 650	2 054 432	1 832 353

(6) Administrative expenses

	For 12 months ended 31 December		For 3 months ended 31 December	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Salary expenses	3 445 128	2 311 503	993 730	486 026
Social insurance	772 734	531 106	212 306	101 806
Bank commission	720 995	463 168	234 233	164 999
Communication expenses	217 054	338 716	94 742	269 828
Legal advice	83 097	114 556	(22 523)	63 013
State fees and duties, licence expenses	136 981	148 616	34 535	37 625
Depreciation of right-of-use assets - premises	93 914	93 914	23 478	23 478
Provisions for unused annual leave	52 632	27 517	1 582	12 271
Audit expenses	68 397	57 250	47 477	37 698
Depreciation of right-of-use assets - motor vehicles	1 925	9 527	-	2 382
Other administrative expenses	146 011	116 935	16 821	407
	5 738 868	4 212 808	1 636 381	1 199 533

(7) 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 calculation the Diluted earnings per share comes from share options granted on 1 December 2022 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:

	For 12 months ended 31 December		For 3 months ended 31 December	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Net profit attributed to shareholders	5 981 512	4 223 833	1 679 120	1 567 783
Weighted average number of shares	45 319 594	41 034 770	45 319 594	44 105 339
Basic earnings per share	0.132	0.103	0.037	0.036
Weighted average number of shares used for calculating the diluted earnings per shares	45 331 135	41 034 770	45 331 135	44 105 339
Diluted earnings per share	0.132	0.103	0.037	0.036

Notes (continued)

(8) Loans and receivables

a) Loans and receivables by loan type

	Group 31 December 2022	Group 31 December 2021 (restated, note 1)
	EUR	EUR
Debtors for loans issued against pledge		
Long-term debtors for loans issued against pledge	220 216	95 058
Short-term debtors for loans issued against pledge	5 880 246	3 807 305
Interest accrued for loans issued against pledge	221 906	164 698
Debtors for loans issued against pledge, total	6 322 368	4 067 061
Debtors for loans issued without pledge		
Long-term debtors for loans issued without pledge	45 929 912	28 474 373
Short-term debtors for loans issued without pledge	17 971 681	13 078 077
Interest accrued for loans issued without pledge	1 052 447	1 195 863
Debtors for loans issued without pledge, total	64 954 040	42 748 313
Loans and receivables before allowance, total	71 276 408	46 815 374
ECL allowance on loans to customers	(3 837 203)	(3 158 832)
Loans and receivables	67 439 205	43 656 542

All loans are issued in euros. Weighted average term for consumer loans is 3.0 years and for pawn loans is one month.

The Group has signed a debt sale agreement that provides assigning of loans up to 90 days in delay. Losses from these transactions were recognised in the current reporting period.

b) Allowance for impairment of loans to customers at amortised cost

An analysis of changes in the gross carrying value for loans issued and corresponding ECL during the twelve-month period ended 31 December 2022 is as follows:

Group	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2022					
(restated, note 1)	42 995 603	1 842 955	1 952 338	24 478	46 815 374
New assets originated or purchased	80 320 597	-	-	-	80 320 597
Assets settled or partly settled	(45 063 413)	(5 283 562)	(1 005 899)	(24 478)	(51 377 352)
Assets written off	(14 321)	(3 091 035)	(1 578 137)	-	(4 683 493)
Effect of interest accruals	313 280	44 685	(156 683)	-	201 282
Transfers to Stage 1	81 425	(69 036)	(12 389)	-	-
Transfers to Stage 2	(10 222 916)	10 319 735	(96 819)	-	-
Transfers to Stage 3	(2 528 929)	(735 044)	3 263 973	-	-
At 31 December 2022	65 881 326	3 028 698	2 366 384	-	71 276 408
Group	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2022	1 763 526	625 066	770 240	-	3 158 832
New assets originated or purchased	3 362 738	-	-	-	3 362 738
Assets settled or partly settled	(1 476 502)	(843 902)	(655 150)	-	(2 975 554)
Assets written off	(852)	(565 336)	(834 241)	-	(1 400 429)
Effect of interest accruals	6 239	(8 772)	(156 683)	-	(159 216)
Transfers to Stage 1	28 082	(20 284)	(7 798)	-	-
Transfers to Stage 2	(566 393)	626 796	(60 403)	-	-
Transfers to Stage 3	(115 735)	(164 403)	280 138	-	-
Impact on period end ECL due to transfers between stages and due to changes in inputs used for ECL calculations	(805 468)	1 105 765	1 550 535	-	1 850 832
At 31 December 2022	2 195 635	754 930	886 638	-	3 837 203

Notes (continued)

(8) Loans and receivables (continued)

c) Age analysis of claims against debtors for loans issued:

	Group 31 December 2022 EUR	Group 31 December 2021 (restated, note 1) EUR
Receivables not yet due	61 091 627	39 713 633
Outstanding 1-30 days	4 789 703	3 436 556
Outstanding 31-90 days	3 028 698	1 842 955
Outstanding 91-180 days	879 896	421 517
Outstanding for 181-360 days	784 571	489 120
Outstanding for more than 360 days	701 913	911 593
Total claims against debtors for loans issued	71 276 408	46 815 374

d) Age analysis of ECL allowance on loans to customers:

	Group 31 December 2022 EUR	Group 31 December 2021 EUR
For trade debtors not yet due	1 673 866	1 271 700
Outstanding 1-30 days	521 769	437 588
Outstanding 31-90 days	754 930	625 066
Outstanding 91-180 days	251 382	150 816
Outstanding for 181-360 days	314 475	193 681
Outstanding for more than 360 days	320 781	479 981
Total provisions for bad and doubtful trade debtors	3 837 203	3 158 832

Loan loss allowance has been defined based on collectively assessed impairment.

(8) Retained earnings

	For 12 months ended 31 December	
	2022 EUR	2021 EUR
Balance as at 1 January	5 954 404	5 453 709
Net profit for the period	5 981 512	4 223 833
Dividends declared and paid:		
Interim dividends of 0.0645 EUR (2021: 0.0541 EUR) per share	(2 923 115)	(2 223 138)
Annual dividend of 0.0552 EUR (2021: 0.0375 EUR) per share	(2 501 642)	(1 500 000)
Balance as at 31 December	6 511 159	5 954 404

(9) Bonds issued

	Group 31 December 2022 EUR	Group 31 December 2021 EUR
Total long-term part of bonds issued	4 834 241	10 825 162
Bonds issued	14 254 650	-
Interest accrued	24 849	13 003
Total short-term part of bonds issued	14 279 499	13 003
Bonds issued, total	19 088 891	10 825 162
Interest accrued, total	24 849	13 003
Bonds issued net	19 113 740	10 838 165

Notes (continued)

(9) Bonds issued (continued)

As of 31 December 2022, the Parent company of the Group has outstanding bonds (ISIN LV0000850048) in the amount of EUR 4 980 000, registered with the Latvia Central Depository and issued in a closed offer on 9 July 2021 on the following terms – number of financial instruments 5 000, with a nominal value 1 000 euro per each bond, coupon rate – 9.75%, 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 August 2023. The bonds are not secured.

As of On December 2022, the Parent company of the Group has outstanding bonds (ISIN LV0000802536) in the amount of EUR 10 000 000, registered with the Latvia Central Depository on the following terms – number of financial instruments 10 000, with a nominal value 1 000 euro per each bond, coupon rate – 8.00%, 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 November 2023. The bond issue in full amount is traded on NASDAQ Baltic North Alternative market as of 21.06.2022. The bonds are not secured.

On 7 July 2022 the Parent company of the Group has started a closed bond offering (ISIN LV0000850055) in the amount of EUR 10 000 000. The offering has been registered with the Latvia Central Depository on the following terms – number of financial instruments 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) is to be repaid by 25 September 2024. The bonds are not secured.

(10) Other borrowings

	Group 31 December 2022 EUR	Group 31 December 2021 EUR
Other long-term loans	15 004 505	8 086 468
Total other long-term loans	15 004 505	8 086 468
Other short-term loans	20 050 517	10 487 168
Total other short-term loans	20 050 517	10 487 168
Total other loans	35 055 022	18 573 636

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 2022 is 12.5%. According to the loan agreement with SIA *Mintos Finance* the loan matures according to the particular loan agreement terms concluded by the Company with its customers.

To ensure fulfilment of liabilities the Group has registered commercial pledge, see note 14.

(11) Related party transactions

Unaudited interim condensed consolidated financial statements only show those related parties with whom there have been transactions during the reporting period or during the comparative period.

	Transactions for 12 months 2022 EUR	Transactions in 2021 EUR
Group's transactions with:		
Owners of the parent company		
Interest received		
AE Consulting SIA	-	9 090
L24 Finance SIA	-	775
Services delivered		
EA investments AS	-	153
AE Consulting SIA	-	75
Goods sold		
AE Consulting SIA	-	59
Interest paid		
AE Consulting SIA	24 235	-
Key management personnel		
Goods sold	-	1 702
Interest paid	-	19 830
Other related companies		
Services delivered		
EL Capital, SIA	-	6 527
EuroLombard Ltd.	-	1 545
Services received		
MB Family trust AS	3 900	-

Notes (continued)

(11) Related party transactions (continued)

	Balances 31 December 2022 EUR	Balances 31 December 2021 EUR
Group's balances with:		
Owners of the parent company		
Bonds issued		
AE Consulting SIA	507 000	-

(12) Segment information

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

Pawn loan segment	Handling pawn loan issuance.
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 loan cessions to external debt collection companies.
Other operations segment	Providing loans for real estate development (only for twelve months period ending 31 December 2021. These loans are no longer issued and are fully recovered), general administrative services to the companies of the Group, transactions with related parties, dividends payable.

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 differently from profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. 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.

The following table presents income, profit, asset, and liability information regarding the Group's operating segments. 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Assets	65 853 544	44 047 262	8 349 454	5 796 920	3 068 995	2 195 542	1 677	24 816	77 273 670	52 064 540
Liabilities of the segment	49 679 363	28 196 358	7 092 289	4 286 975	2 473 893	2 182 444	991	21 442	59 246 536	34 687 219
Income	23 171 613	15 597 476	5 963 753	4 458 355	5 927 898	4 527 306	1 062	100 117	35 064 326	24 683 254
Net performance of the segment	9 298 003	7 229 308	1 924 880	1 321 515	695 820	386 230	28 403	93 284	11 947 106	9 030 337
Financial (expenses)	(4 005 856)	(3 255 827)	(484 689)	(414 824)	(178 940)	(135 130)	-	(21 532)	(4 669 485)	(3 827 313)
Profit/(loss) before taxes	5 292 147	3 973 481	1 440 191	906 691	516 880	251 100	28 402	71 752	7 277 620	5 203 024
Corporate income tax	(942 505)	(759 224)	(267 499)	(171 812)	(81 046)	(47 619)	(5 058)	(536)	(1 296 108)	(979 191)

Notes (continued)

(13) Guarantees issued, pledges

The Group has registered four groups of commercial pledges by pledging its assets and claim rights for a maximum amount of EUR 33 million as collateral registered to collateral agent SIA *Eversheds Sutherland Bītāns* (in favour of SIA *Mintos Finance*) and to SIA *Mintos Finance No.20* and AS *Mintos Marketplace*.

As of 31 December 2022, the amount of secured liabilities constitutes EUR 35 055 022 (As of 31 December 2021 EUR 18 573 636).

(14) Subsequent events

After end of reporting period there were no significant events which would have impact to these interim condensed financial statements.

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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