



custom finance
solutions

AS “DelfinGroup”
Unaudited
consolidated interim
report
January – June
2023

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 (47.84%), 12 Jūras Street, Liepaja, Latvia SIA AE Consulting (8.75%), 50A Skanstes Street, Riga, Latvia SIA EC finance (14.95%), 50A Skanstes Street, Riga, Latvia Other (28.46%) |
| Ultimate parent company | SIA L24 Finance Reg. No. 40103718685 12 Jūras 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 Pudnika – Member of the Board (from 01.03.2022) Nauris Bloks – Member of the Board (from 08.06.2023) |

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)

Reporting period

1 January 2023 – 30 June 2023

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 Consolidated interim report January – June 2023 (hereinafter – interim report) of the Company and its subsidiaries (hereinafter – the Group or DelfinGroup).

The interim report set out on pages 12 to 26 are prepared in accordance with the source documents and present the financial position of the Group as of 30 June 2023 and the results of its operations, changes in shareholders' equity and cash flows for the six-month period ended 30 June 2023. The management report set out on pages 7 to 11 presents fairly the financial results of the reporting period and future prospects of the Group.

The interim report 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 Pudnika
Board Member

Nauris Bloks
Board Member

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Management report

During the first half of 2023, Latvian financial services group AS *DelfinGroup* reached an income of 23.7 million euros which is 51% more compared to the same period in 2022. Moreover, EBITDA showed stable growth in the first six months of 2023, increasing by 46% yearly and reaching 8.3 million euros. The significant improvements in turnover also fostered profitability growth. Profit before taxes in 6 months of 2023 was EUR 3.8 million, an 11% increase, while net profit grew by 36%, reaching EUR 3.4 million.

Similar positive results were recorded in the 2nd quarter of 2023. Income grew by 52% compared to the corresponding period last year and reached 12.3 million euros. EBITDA in the 2nd quarter increased by 41% while profit before tax grew by 7% to 2.0 million euros. Net profit of the period was EUR 1.8 million, an increase of 61%.

Stable demand for *DelfinGroup* products continued throughout the first half of 2023. During the period, the Group issued a record high amount in loans – EUR 45.7 million, an increase of 29%, but in the 2nd quarter, the issuance grew by 7% compared to the last year. Although the demand from the client side remained stable, the Group purposefully limited the volume of loan issuance to ensure balanced growth and the fulfilment of financial covenants. Thus new consumer loan issuance grew by 2% in the second quarter reaching 15.7 million euros, but in 6 months grew by 27%. Meanwhile, the pawn lending business showed significant improvements by increasing loan issuance in a 6-month period by 36% to EUR 11.7 million and setting a historical record of quarterly issuance – 6.0 million euros in the second quarter of 2023. Consequently, increasing loan issuance during the first half of the year resulted in a record-high net loan portfolio amount - EUR 78.1 million, already surpassing the strategic aim to reach EUR 77 million net loan portfolio at the end of 2023. Since the beginning of the year, the net loan portfolio of the Group has grown by 16%.

In the segment of sale of pre-owned and new goods, the Group made significant improvements. Sales of the segment in a 6-month period was 6.8 million euros, a 39% increase compared to 2022, while the second quarter showed record-high sales of 3.5 million euros.

During this period, the Group focused on improving its circular economy business. As a result, several significant milestones were reached in the second quarter of 2023. In April, the Group opened its largest store of pre-owned goods, *Banknote XL*, in Imanta, Riga, with an area of 300 m². The store provides the opportunity to buy more than 4 500 new and pre-owned goods on-site and sell things that are no longer used in the household. The newly opened *Banknote XL* store offers a wide selection of tested goods – affordable prices on jewellery, smartphones, home appliances, laptops, work tools, audio and video equipment, sports equipment, watches, home furnishings and other goods. These goods can be bought and sold on-site, freeing up space in client's homes and earning them extra money. Consequently these actions have a great impact on the environment reducing CO₂ emissions made in producing new consumer goods.

In addition, to make it easier for people to re-sell pre-owned and slightly pre-owned goods and motivate people to follow the circular economy principles, *DelfinGroup* introduced the remote purchasing of goods. People can sell items that are no longer in use but still functioning remotely on the *Banknote* website pardod.banknote.lv, thus supporting circular economy principles and earning money. After the seller fills out an application form and receives an evaluation for the item online, the remote buying is organised through *DPD Pickup Stations* in cooperation with *DPD*. *Banknote* also covers the client's shipping costs.

During the 2nd quarter of 2023, the two largest shareholders of the Company – SIA *L24 Finance* and SIA *EC finance* organised a public offering of *DelfinGroup* shares. In total, they offered 4.7 million *DelfinGroup* shares which represented 10.3% of total *DelfinGroup* shares. The offer price was 1.35 euros per share. The public offer took place from 22 May until 2 June 2023. During the offer, 2 915 investors subscribed to 5 242 209 shares, equivalent to approximately 7.1 million euros, indicating that the offering was oversubscribed by 1.12 times. The highest interest in *DelfinGroup* shares came from Estonia, followed by Latvia and Lithuania. As a result, the free float of *DelfinGroup* stock has increased significantly, reaching 27.1% at the end of June 2023.

In June 2023, financial technology and innovation expert Nauris Bloks was appointed to the Management Board of the Company to strengthen innovation development as a strategic priority for the Group. The change in the Management Board is in line with *DelfinGroup* strategy to continue its growth by strengthening it with new innovative fintech solutions. For six years, Nauris had been working in the fintech industry company *TWINO*, where he managed the IT support, infrastructure, and development teams. For the last four years, he was Chief Technology Officer (CTO), responsible for IT in all countries of the company's operations, IT strategy, innovation, IT teams, and various development projects. Under the leadership of Nauris, new lending, AML, accounting, investment, and other systems were introduced, IT infrastructure was transferred to cloud services, IT management was optimized and streamlined, and several development projects were implemented.

In the 2nd quarter of 2023, the Group continued to adhere to the promise of regular dividend distribution. Consequently, shareholders of *DelfinGroup* during the quarter received two dividend payments. The first payment was from the profit of the 4th quarter of 2022, and the second was from the profit of the 1st quarter of 2023. Shareholders received EUR 1.6 million, namely 0.0362 euros per share.

For last year's performance in the area of corporate social responsibility, the Company received the *Institute for Corporate Sustainability and Responsibility's* award *Sustainability Index 2023* in the gold category, which confirms the Company's systematic and strategic approach to the work environment, the environment, good governance and other key aspects of sustainability.

Management report (CONTINUED)

By implementing the business strategy and all planned activities, the following financial results of the Group were achieved in the first six months of 2023 (profit statement items are compared to the same period of the previous year, balance sheet items are compared to the data as at 31.12.2022):

| Position | EUR, million | Change, % |
|---------------------|--------------|-----------|
| Net loan portfolio | 78.1 | +15.7 |
| Assets | 91.4 | +18.5 |
| Revenue | 23.7 | +51.0 |
| EBITDA | 8.3 | +46.3 |
| Profit before taxes | 3.8 | +11.0 |
| Net profit | 3.4 | +35.8 |

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

| Position | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 | 2023 Q2 |
|----------------------------------|---------|---------|---------|---------|---------|
| Revenue, EUR million | 8.1 | 9.6 | 10.5 | 11.4 | 12.3 |
| EBITDA, EUR million | 3.1 | 3.6 | 3.8 | 3.9 | 4.3 |
| EBITDA margin, % | 38% | 38% | 37% | 37% | 36% |
| EBIT, EUR million | 2.8 | 3.3 | 3.5 | 3.6 | 4.0 |
| EBIT margin, % | 35% | 35% | 34% | 32% | 33% |
| Profit before taxes, EUR million | 1.8 | 1.9 | 1.9 | 1.8 | 2.0 |
| Net profit, EUR million | 1.1 | 1.8 | 1.7 | 1.6 | 1.8 |
| Net profit margin, % | 14% | 19% | 16% | 14% | 14% |
| ROE (annualised), % | 26% | 41% | 38% | 35% | 37% |
| Current ratio | 1.3 | 1.3 | 0.7 | 0.7 | 0.7 |

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. 2022 Q2 are corrected by restatements in Note 1. 2022 Q4 and 2022 Q3 are corrected by restatements in Note 1 of Group's annual consolidated financial statements as at 31 December 2022.

EBITDA calculation, EUR million:

| Item | 2023 Q2 | 2022 Q2 |
|---|------------|------------|
| Profit before tax | 2.0 | 1.8 |
| Interest expenses and similar expenses | 2.1 | 1.0 |
| Depreciation of fixed assets and amortisation | 0.3 | 0.3 |
| EBITDA, EUR million | 4.3 | 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 30.06.2023 | Compliance |
|---|---------------------------|------------|
| to maintain a Capitalization Ratio at least 25% | 26% | yes |
| to maintain consolidated Interest Coverage Ratio of at least 1.25 times, calculated on the trailing 12 month basis | 2.3 | 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. | 1.6 | 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.

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

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

Capitalization ratio = total equity / (non-current loans and receivables + current loans and receivables) * 100.

Interest coverage ratio = (profit before tax + interest expenses and similar expenses) / interest expenses and similar expenses

Equity ratio = total equity / total assets * 100.

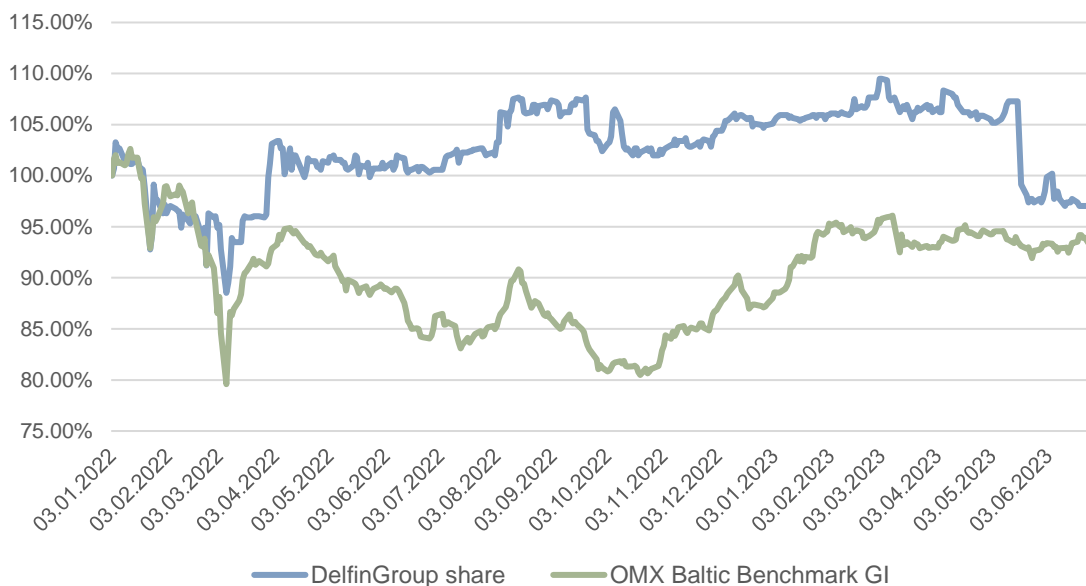
Cost to income ratio = (selling expenses + administrative expenses + other operating expenses – debt sale results) / (net sales – cost of sales + interest income and similar income – interest expenses and similar expenses + other operating income) * 100.

Investor information

DelfinGroup shares are listed on the Baltic Main List on the Nasdaq Riga stock exchange with the ISIN code LV0000101806. As of 30 June 2023, a total of 45,319,594 shares had been issued. The share price was EUR 1.365, making a total market capitalization of EUR 62 million. During the 6-month period of 2023, the trading of DelfinGroup shares reached EUR 2.5 million euros. In six months, the share price decreased by 7.89%. The lowest price at which the Company's shares were traded was 1.355 euros, and the highest was 1.55 euros.

Management report (CONTINUED)

Price changes since the beginning of 2022, %



Branches

As at 30 June 2023, the Group had 92 branches in 38 cities in Latvia (31.12.2022 - 91 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 Q2 2023 profit as dividends in accordance with the Company's dividend policy, which sets the target of up to 50% quarterly dividend pay out.

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Pudnika
Board Member

Nauris Bloks
Board Member

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Interim consolidated Statement of profit or loss January – June 2023

| | Notes | For 6 months ended 30 June | | For 3 months ended 30 June | |
|---|-------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | | 2023 | 2022 (restated, note 1) | 2023 | 2022 (restated, note 1) |
| | | EUR | EUR | EUR | EUR |
| Net sales | (2) | 4 549 764 | 2 863 481 | 2 246 958 | 1 617 720 |
| Cost of sales | | (2 844 605) | (1 859 699) | (1 401 268) | (1 079 976) |
| Interest income and similar income | (3) | 19 129 192 | 12 818 050 | 10 028 263 | 6 477 756 |
| Interest expenses and similar expenses | (4) | (3 844 283) | (1 647 163) | (2 052 323) | (958 252) |
| Credit loss expenses | | (5 235 588) | (2 492 286) | (2 769 195) | (1 082 001) |
| Gross profit | | 11 754 480 | 9 682 383 | 6 052 435 | 4 975 247 |
| Selling expenses | (5) | (4 115 790) | (3 443 038) | (2 053 218) | (1 685 972) |
| Administrative expenses | (6) | (3 722 602) | (2 625 706) | (1 957 751) | (1 346 302) |
| Other operating income | | 26 911 | 46 651 | 11 968 | 22 376 |
| Other operating expenses | | (146 333) | (239 408) | (82 084) | (123 491) |
| Profit before corporate income tax | | 3 796 666 | 3 420 882 | 1 971 350 | 1 841 858 |
| Income tax expenses | | (414 428) | (930 074) | (202 198) | (742 418) |
| Net profit | | 3 382 238 | 2 490 808 | 1 769 152 | 1 099 440 |
| Basic earnings per share | (7) | 0.075 | 0.055 | 0.039 | 0.024 |
| Diluted earnings per share | (7) | 0.075 | 0.055 | 0.039 | 0.024 |

Notes on pages from 17 to 26 are an integral part of these interim reports.

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Chairman of the Board

Aldis Umblejs
Board Member

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Interim consolidated Balance sheet as at 30 June 2023

| Assets | | Group 30 June 2023 | Group 31 December 2022 |
|--|--------------|-------------------------------------|---|
| Non-current assets: | | | |
| Intangible assets: | Notes | EUR | EUR |
| Patents, licences, trademarks and similar rights | | 16 268 | 26 906 |
| Internally developed software | | 509 486 | 575 458 |
| Other intangible assets | | 218 197 | 121 162 |
| Goodwill | | 127 616 | 127 616 |
| Advances for intangible assets | | 331 516 | 43 801 |
| Total intangible assets: | | 1 203 083 | 894 943 |
| Property, plant and equipment: | | | |
| Land, buildings and structures | | 178 487 | 182 378 |
| Leasehold improvements | | 205 696 | 189 340 |
| Right-of-use assets | | 2 712 208 | 2 636 223 |
| Other fixtures and fittings, tools and equipment | | 236 014 | 203 192 |
| Total property, plant and equipment | | 3 332 405 | 3 211 133 |
| Non-current financial assets: | | | |
| Loans and receivables | (8) | 57 077 951 | 46 150 128 |
| Total non-current financial assets: | | 57 077 951 | 46 150 128 |
| Total non-current assets: | | 61 613 439 | 50 256 204 |
| Current assets: | | | |
| Inventories: | | | |
| Finished goods and goods for sale | | 4 662 310 | 2 289 780 |
| Total inventories: | | 4 662 310 | 2 289 780 |
| Receivables: | | | |
| Loans and receivables | (8) | 21 020 767 | 21 367 679 |
| Other debtors | | 763 011 | 574 646 |
| Deferred expenses | | 342 446 | 300 670 |
| Total receivables: | | 22 126 224 | 22 242 995 |
| Cash and cash equivalents | | 3 012 605 | 2 369 029 |
| Total current assets: | | 29 801 139 | 26 901 804 |
| Total assets | | 91 414 578 | 77 158 008 |

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Interim consolidated Balance sheet as at 30 June 2023

| Liabilities and equity | | Group | |
|---|--------------|-------------------|-------------------|
| | | 30 June 2023 | 31 December 2022 |
| Equity: | Notes | EUR | EUR |
| Share capital | | 4 531 959 | 4 531 959 |
| Share premium | | 6 890 958 | 6 890 958 |
| Other capital reserves | | 163 060 | 93 058 |
| Retained earnings | (9) | 8 331 431 | 6 589 761 |
| Total equity: | | 19 917 408 | 18 105 736 |
| Liabilities: | | | |
| Long-term liabilities: | | | |
| Bonds issued | (10) | 8 600 639 | 4 330 630 |
| Loans from credit institutions | | 876 453 | - |
| Other borrowings | (11) | 19 023 499 | 15 004 505 |
| Lease liabilities for right-of-use assets | | 2 189 255 | 2 353 309 |
| Total long-term liabilities: | | 30 689 846 | 21 688 444 |
| Short-term liabilities: | | | |
| Bonds issued | (10) | 15 960 854 | 14 783 110 |
| Loans from credit institutions | | 123 547 | - |
| Other borrowings | (11) | 21 286 617 | 19 856 253 |
| Lease liabilities for right-of-use assets | | 807 543 | 565 131 |
| Trade payables | | 781 433 | 856 429 |
| Taxes and social insurance | | 567 503 | 560 492 |
| Accrued liabilities | | 1 279 827 | 742 413 |
| Total short-term liabilities: | | 40 807 324 | 37 363 828 |
| Total liabilities | | 71 497 170 | 59 052 272 |
| Total liabilities and equity | | 91 414 578 | 77 158 008 |

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Interim consolidated Statement of changes in equity January - June 2023

| | Notes | Share capital EUR | Share premium EUR | Other capital reserves EUR | Retained earnings EUR | Total EUR |
|---|-------|----------------------|----------------------|----------------------------------|-----------------------------|-------------------|
| As at 01 January 2022, as previously | | 4 531 959 | 6 890 958 | - | 5 954 404 | 17 377 321 |
| Impact of correction of errors (Note 1) | | - | - | - | 98 661 | 98 661 |
| Restated as at 01 January 2022 | | 4 531 959 | 6 890 958 | - | 6 053 065 | 17 475 982 |
| Profit for the reporting period (Note 1) | | - | - | - | 2 490 808 | 2 490 808 |
| Dividends paid | (9) | - | - | - | (3 983 594) | (3 983 594) |
| As at 30 June 2022 | | 4 531 959 | 6 890 958 | - | 4 560 279 | 15 983 196 |
| As at 01 January 2023 | | 4 531 959 | 6 890 958 | 93 058 | 6 589 761 | 18 105 736 |
| Profit for the reporting period | | - | - | - | 3 382 238 | 3 382 238 |
| Dividends paid | (9) | - | - | - | (1 640 568) | (1 640 568) |
| Share-based payments | | - | - | 70 002 | - | 70 002 |
| As at 30 June 2023 | | 4 531 959 | 6 890 958 | 163 060 | 8 331 431 | 19 917 408 |

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Interim consolidated statement of cash flows January - June 2023

| | Notes | For 6 months ended 30 June 2023 EUR | For 6 months ended 30 June 2022 EUR |
|--|-------|---|---|
| <u>Cash flow from operating activities</u> | | | |
| Profit before corporate income tax | | 3 796 666 | 3 420 882 |
| <u>Adjustments for non-cash items:</u> | | | |
| a) depreciation and amortisation | | 230 462 | 209 115 |
| b) depreciation of right-of-use assets | | 349 676 | 324 200 |
| c) credit loss expenses | | 5 235 588 | 2 492 286 |
| d) share-based payment expense | | 70 002 | - |
| e) interest income and similar income | (3) | (19 129 192) | (12 818 050) |
| f) interest expenses and similar expenses | (4) | 3 844 283 | 1 647 163 |
| Profit before adjustments of working capital and short-term liabilities | | (5 602 515) | (4 724 404) |
| <u>Change in operating assets/liabilities:</u> | | | |
| a) (Increase) on loans and receivables and other debtors | | (14 966 783) | (12 178 790) |
| b) (Increase)/ decrease on inventories | | (2 372 530) | (1 074 090) |
| c) (Decrease)/ increase on trade payable and accrued liabilities | | 1 472 552 | 265 346 |
| Gross cash flow from operating activities | | (21 469 276) | (17 711 938) |
| Interest received | | 18 049 304 | 12 665 166 |
| Interest paid | | (4 218 186) | (1 993 747) |
| Corporate income tax payments | | (1 296 108) | (979 191) |
| Net cash flow from operating activities | | (8 934 266) | (8 019 710) |
| <u>Cash flow from investing activities</u> | | | |
| Acquisition of property, plant and equipment | | (139 284) | (82 750) |
| Acquisition of intangible assets | | (444 574) | (258 662) |
| Net cash flow from investing activities | | (583 858) | (341 412) |
| <u>Cash flow from financing activities</u> | | | |
| Loans received | | 10 609 891 | 13 605 328 |
| Loans repaid | | (3 804 877) | (5 954 901) |
| Bonds issued | | 5 466 000 | 3 763 780 |
| Redemption of bonds | | - | (2 347) |
| Repayment of lease liabilities | | (468 746) | (463 459) |
| Dividends paid | | (1 640 568) | (2 732 772) |
| Net cash flow from financing activities | | 10 161 700 | 8 215 629 |
| Net cash flow of the reporting period | | 643 576 | (145 493) |
| Cash and cash equivalents at the beginning of the reporting period | | 2 369 029 | 2 459 862 |
| Cash and cash equivalents at the end of the reporting period | | 3 012 605 | 2 314 369 |

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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 reports for the six-months ended 30 June 2023 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 reports 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 2022.

These interim reports are prepared and disclosed on a consolidated basis. The following subsidiaries are included in the consolidation: SIA *ViziaFinance* (100%) for the period ended 30 June 2023.

Restatement in comparative figures due to correction of errors

- (a) The Management has identified a classification error on pawn loans while preparing Group's financial statements. The error relates to incorrect classification of collateral as Net sales. The error resulted in overstatement of the Group's Net sales by EUR 765 025, Cost of sales by EUR 527 288 in statement of profit or loss for the prior 6 months ended 30 June 2022 and understatement of Interest income and similar income by EUR 237 737 in statement of profit and loss for the prior 6 months ended 30 June 2022.
The Management has identified a classification error on pawn loans while preparing Group's financial statements. The error relates to incorrect classification of collateral as Net sales. The error resulted in overstatement of the Group's Net sales by EUR 434 085, Cost of sales by EUR 301 579 in statement of profit or loss for the prior 3 months ended 30 June 2022 and understatement of Interest income and similar income by EUR 132 506 in statement of profit and loss for the prior 3 months ended 30 June 2022.
- (b) In these financial statements, the Group has improved ECL calculation model. The Group have included defaults from debt sale before payments are past due for more than 90 days in probability of default calculation. Model improvement resulted in an identified understatement of Credit loss expenses by EUR 20 872 in statement of profit or loss for the prior 6 months ended 30 June 2022.
In these financial statements, the Group has improved ECL calculation model. The Group have included defaults from debt sale before payments are past due for more than 90 days in probability of default calculation. Model improvement resulted in an identified overstatement of Credit loss expenses by EUR 226 455 in statement of profit or loss for the prior 3 months ended 30 June 2022.
- (c) The Management has reconsidered the judgment in respect of pawn loan accounting and come to conclusion that pawn loans do not meet solely payment of principal and interest (SPPI) requirements, thus prior period pawn loan measurement according to amortized cost were erroneous. The Group recognizes and subsequently measures pawn loans at fair value. There is no difference in comparative figures of Loans and receivables, and Interest income and similar income due to this error.
- (d) The Management has identified an error on interest revenue calculation on debt financial assets by applying effective interest rate method while preparing Group's financial statements. The error resulted in overstatement of Interest income and similar income by EUR 119 741 in statement of profit and for the prior 6 months ended 30 June 2022. To comply with requirements of IFRS 9, the Group have recalculated interest income and similar income.
The Management has identified an error on interest revenue calculation on debt financial assets by applying effective interest rate method while preparing Group's financial statements. The error resulted in overstatement of Interest income and similar income by EUR 344 767 in statement of profit and for the prior 3 months ended 30 June 2022. To comply with requirements of IFRS 9, the Group have recalculated interest income and similar income.
- (e) The Management has identified a classification error on accounting of e-shop sales while preparing Group's financial statements. The error relates to incorrect recognition of e-shop markup in net sales. The error resulted in understatement of the Group's Net sales by EUR 233 391, Cost of sales by EUR 233 391 in statement of profit or loss for the prior 6 months ended 30 June 2022.
The Management has identified a classification error on accounting of e-shop sales while preparing Group's financial statements. The error relates to incorrect recognition of e-shop markup in net sales. The error resulted in understatement of the Group's Net sales by EUR 122 447, Cost of sales by EUR 122 447 in statement of profit or loss for the prior 3 months ended 30 June 2022
- (f) In these financial statements, the Group have changed the presentation of losses from debt sales. In statement of profit or loss for the prior 6 months ended 30 June 2022 losses from debt sales was presented under Other operating expenses. In these financial statements, for better presentation of financial information, losses from debt sales were reclassified to Credit loss expenses. The reclassification resulted in understatement of Credit loss expenses and overstatement of Other operating expenses by EUR 133 503 in statement of profit and loss for the prior 6 months ended 30 June 2022.
In these financial statements, the Group have changed the presentation of losses from debt sales. In statement of profit or loss for the prior 3 months ended 30 June 2022 losses from debt sales was presented under Other operating expenses. In these financial statements, for better presentation of financial information, losses from debt sales were reclassified to Credit loss expenses. The reclassification resulted in understatement of Credit loss expenses and overstatement of Other operating expenses by EUR 54 034 in statement of profit and loss for the prior 3 months ended 30 June 2022.
- (g) Abovementioned corrections resulted in understatement of retained earnings by EUR 98 661 as at 30 June 2022.

Notes (continued)

(1) Accounting policies (continued)

The aforementioned corrections were performed by restating each of the affected financial statements line items for the prior 6 months ended 30 June period, as follows:

Statement of profit or loss

| | Reference | Before restatement for 6 months ended 30 June 2022 | Restatement | After restatement for 6 months ended 30 June 2022 |
|---|-----------|---|------------------|--|
| Net sales | (a), (e) | 3 395 115 | (531 634) | 2 863 481 |
| Cost of sales | (a), (e) | (2 153 596) | 293 897 | (1 859 699) |
| Interest income and similar income | (a), (d) | 12 700 054 | 117 996 | 12 818 050 |
| Interest expenses and similar expenses | | (1 647 163) | - | (1 647 163) |
| Credit loss expense | (b); (f) | (2 337 911) | (154 375) | (2 492 286) |
| Gross profit | | 9 956 499 | (274 116) | 9 682 383 |
| Selling expenses | | (3 443 038) | - | (3 443 038) |
| Administrative expenses | | (2 625 706) | - | (2 625 706) |
| Other operating income | | 46 651 | - | 46 651 |
| Other operating expenses | (f) | (372 911) | 133 503 | (239 408) |
| Profit before corporate income tax | | 3 561 495 | (140 613) | 3 420 882 |
| Income tax expenses | | (930 074) | - | (930 074) |
| Net profit | | 2 631 421 | (140 613) | 2 490 808 |
| Basic earnings per share | | 0.058 | (0.003) | 0.055 |

The aforementioned corrections were performed by restating each of the affected financial statements line items for the prior 3 months ended 30 June period, as follows:

Statement of profit or loss

| | Reference | Before restatement for 3 months ended 30 June 2022 | Restatement | After restatement for 3 months ended 30 June 2022 |
|---|-----------|---|------------------|--|
| Net sales | (a), (e) | 1 929 358 | (311 638) | 1 617 720 |
| Cost of sales | (a), (e) | (1 259 108) | 179 132 | (1 079 976) |
| Interest income and similar income | (a), (d) | 6 690 017 | (212 261) | 6 477 756 |
| Interest expenses and similar expenses | | (958 252) | - | (958 252) |
| Credit loss expense | (b); (f) | (1 254 422) | 172 421 | (1 082 001) |
| Gross profit | | 5 147 593 | (172 346) | 4 975 247 |
| Selling expenses | | (1 685 972) | - | (1 685 972) |
| Administrative expenses | | (1 346 302) | - | (1 346 302) |
| Other operating income | | 22 376 | - | 22 376 |
| Other operating expenses | (f) | (177 525) | 54 034 | (123 491) |
| Profit before corporate income tax | | 1 960 170 | (118 312) | 1 841 858 |
| Income tax expenses | | (742 418) | - | (742 418) |
| Net profit | | 1 217 752 | (118 312) | 1 099 440 |
| Basic earnings per share | | 0.027 | (0.003) | 0.024 |

The aforementioned corrections were performed by restating each of the affected financial statements line items for the prior months ended 30 June period, as follows:

Statement of changes in equity

| | Share capital EUR | Share premium EUR | Retained earnings EUR | Total EUR |
|--|-------------------------|----------------------|-----------------------------|-------------------|
| As at 01 January 2022, as previously | 4 531 959 | 6 890 958 | 5 954 404 | 17 377 321 |
| Restatement, reference (g) | - | - | 98 661 | 98 661 |
| Restated as at 01 January 2022 | 4 531 959 | 6 890 958 | 6 053 065 | 17 475 982 |
| Profit for the reporting period, reference (a), (b), (d), (e), (f) | - | - | 2 490 808 | 2 490 808 |
| Dividends paid | - | - | (3 983 594) | (3 983 594) |
| As at 30 June 2022 | 4 531 959 | 6 890 958 | 4 560 279 | 15 983 196 |

Notes (continued)

(2) Net sales

Net revenue by type of revenue

| | For 6 months ended 30 June | | For 3 months ended 30 June | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 2023 | 2022 (restated, Note 1) | 2023 | 2022 (restated, Note 1) |
| | EUR | EUR | EUR | EUR |
| Income from sales of goods | 3901214 | 2 083 810 | 1 991 399 | 1 135 596 |
| Income from sales of precious metals | 140 936 | 460 761 | - | 318 478 |
| Other income, loan and mortgage realisation and storage commission | 507 614 | 318 910 | 255 559 | 163 646 |
| | 4 549 764 | 2 863 481 | 2 246 958 | 1 617 720 |

All net sales are generated in Latvia.

(3) Interest income and similar income

| | For 6 months ended 30 June | | For 3 months ended 30 June | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 2023 | 2022 (restated, Note 1) | 2023 | 2022 (restated, Note 1) |
| | EUR | EUR | EUR | EUR |
| Interest income on unsecured loans according to effective interest rate method | 15 962 767 | 10 306 851 | 8 383 931 | 5 087 164 |
| Interest income on pawn loans | 3 163 807 | 2 510 992 | 1 642 391 | 1 390 592 |
| Other interest income according to effective interest rate method | 2 618 | 207 | 1 941 | - |
| | 19 129 192 | 12 818 050 | 10 028 263 | 6 477 756 |

(4) Interest expenses and similar expenses

| | For 6 months ended 30 June | | For 3 months ended 30 June | |
|---|----------------------------|------------------|----------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | EUR | EUR | EUR | EUR |
| Interest expense on other borrowings | 2 447 811 | 886 354 | 1 304 100 | 547 062 |
| Bonds' interest expense | 1 326 879 | 670 000 | 718 971 | 366 824 |
| Interest expense on lease liabilities for leased premises | 46 957 | 89 810 | 7 266 | 43 930 |
| Interest expense on loans from credit institutions | 21 269 | - | 21 269 | - |
| Interest expense lease liabilities for leased vehicles | 1 349 | 777 | 735 | 355 |
| Net loss on foreign exchange | 18 | 222 | (18) | 81 |
| | 3 844 283 | 1 647 163 | 2 052 323 | 958 252 |

Notes (continued)

(5) Selling expenses

| | For 6 months ended 30 June | | For 3 months ended 30 June | |
|---|----------------------------|------------------|----------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | EUR | EUR | EUR | EUR |
| Salary expenses | 1 653 394 | 1 384 904 | 859 130 | 704 822 |
| Advertising | 448 403 | 369 019 | 217 808 | 162 982 |
| Social insurance | 390 358 | 325 335 | 203 644 | 165 507 |
| Depreciation of right-of-use assets - premises | 344 729 | 313 151 | 182 443 | 156 159 |
| Non-deductible VAT | 258 761 | 206 734 | 102 750 | 92 665 |
| Depreciation of property, plant and equipment and amortisation of intangible assets | 230 462 | 209 115 | 112 311 | 105 771 |
| Maintenance expenses | 227 525 | 168 443 | 113 691 | 88 843 |
| Utilities expenses | 175 583 | 131 091 | 70 164 | 56 484 |
| Provisions for unused annual leave | 53 530 | 43 990 | 19 713 | 15 631 |
| Transportation expenses | 39 753 | 54 197 | 21 948 | 27 809 |
| Depreciation of right-of-use assets - motor vehicles | 4 947 | 11 049 | 2 787 | 5 472 |
| Other expenses | 288 345 | 226 010 | 146 829 | 103 827 |
| | 4 115 790 | 3 443 038 | 2 053 218 | 1 685 972 |

(6) Administrative expenses

| | For 6 months ended 30 June | | For 3 months ended 30 June | |
|--|----------------------------|------------------|----------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | EUR | EUR | EUR | EUR |
| Salary expenses | 2 060 558 | 1 557 850 | 1 077 254 | 793 429 |
| Social insurance | 523 166 | 366 664 | 272 322 | 186 892 |
| Bank commission | 484 130 | 301 140 | 271 714 | 167 210 |
| Communication expenses | 284 063 | 83 463 | 135 124 | 45 371 |
| Provisions for unused annual leave | 75 895 | 42 806 | 36 884 | 2 590 |
| State fees and duties, licence expenses | 67 447 | 67 795 | 33 630 | 33 506 |
| Depreciation of right-of-use assets - premises | 46 957 | 46 957 | 23 478 | 23 478 |
| Legal advice | 36 930 | 69 728 | 25 369 | 47 979 |
| Audit expenses | 7 510 | 7 000 | 7 510 | 7 000 |
| Depreciation of right-of-use assets - motor vehicles | - | 1 925 | - | 377 |
| Other administrative expenses | 135 946 | 80 378 | 74 466 | 38 470 |
| | 3 722 602 | 2 625 706 | 1 957 751 | 1 346 302 |

(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 and on 30 June 2023 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 6 months ended 30 June | | For 3 months ended 30 June | |
|--|----------------------------|--------------|----------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | EUR | EUR | EUR | EUR |
| Net profit attributed to shareholders | 3 382 238 | 2 490 808 | 1 769 152 | 1 099 440 |
| Weighted average number of shares | 45 319 594 | 45 319 594 | 45 319 594 | 45 319 594 |
| Earnings per share | 0.075 | 0.055 | 0.039 | 0.024 |
| Weighted average number of shares used for calculating the diluted earnings per shares | 45 363 687 | 45 319 594 | 45 363 687 | 45 319 594 |
| Diluted earnings per share | 0.075 | 0.055 | 0.039 | 0.024 |

Notes (continued)

(7) 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 EUR | Actual number of shares after transaction EUR | Actual number of shares after transaction EUR |
|--|---------------|---|---|
| For 6 months ended 30 June 2022 | | | |
| Number of shares at the beginning of the period | | 45 319 594 | 45 319 594 |
| Number of shares at the end of the period | | 45 319 594 | 45 319 594 |
| Weighted average number of shares: | | | 45 319 594 |
| Weighted average number of share options for DelfinGroup AS employees granted in January -June 2022 | | | - |
| Weighted average potential number of shares | | | 45 319 594 |
| For 6 months ended 30 June 2023 | | | |
| Number of shares at the beginning of the period | | 45 319 594 | 45 319 594 |
| Number of shares at the end of the period | | 45 319 594 | 45 319 594 |
| Weighted average number of shares: | | | 45 319 594 |
| Weighted average number of share options for DelfinGroup AS employees granted in January -June 2023* | | | 52 033 |
| Weighted average potential number of shares | | | 45 363 687 |

*.Number of shares granted on 1 December 2022 73 968 with FV at grant date 1.258 EUR and option exercise price 0.100 EUR. 7 006 of these shares were cancelled because employees to whom the shares were granted left the Group before the term of share options could be exercised. Number of shares granted on 30 June 2022 39 916 with FV at grant date 1.177 EUR and option exercise price 0.100 EUR.

(8) Loans and receivables

a) Loans and receivables by loan type

| | Group 30 June 2023 EUR | Group 31 December 2022 EUR |
|---|------------------------------|----------------------------------|
| Pawn loans measured at fair value | | |
| Long-term pawn loans | 260 473 | 220 216 |
| Short-term pawn loans | 5 931 672 | 5 880 246 |
| Interest accrued for pawn loans | 247 061 | 221 906 |
| Pawn loans measured at fair value, total | 6 439 206 | 6 322 368 |
| Debtors for loans issued without pledge | | |
| Long-term debtors for loans issued without pledge | 56 817 478 | 45 929 912 |
| Short-term debtors for loans issued without pledge | 18 372 440 | 17 487 363 |
| Interest accrued for loans issued without pledge | 2 669 203 | 2 189 607 |
| Debtors for loans issued without pledge, total | 77 859 121 | 65 606 882 |
| Loans and receivables before allowance, total | 84 298 327 | 71 929 250 |
| ECL allowance on loans issued without pledge | (6 199 609) | (4 411 443) |
| Loans and receivables | 78 098 718 | 67 517 807 |

All loans are issued in euros. Weighted average term for consumer loans is 2.9 years and for pawn loans is one month.

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 6 439 206 (31.12.2022: EUR 6 322 368) are secured by the value of the collateral and measured at fair value.

Notes (continued)

(8) Loans and receivables (continued)

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 during the three-month period ended 30 June 2023 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 | 34 011 569 | - | - | 34 011 569 |
| Assets settled or partly settled | (15 996 271) | (2 860 574) | (438 537) | (19 295 382) |
| Assets derecognised due to debt sales | - | (2 490 053) | (332 634) | (2 822 687) |
| Assets written off | - | - | (112 667) | (112 667) |
| Effect of interest accruals | 515 320 | (102 065) | 58 151 | 471 406 |
| Transfers to Stage 1 | 206 510 | (192 357) | (14 153) | - |
| Transfers to Stage 2 | (6 870 030) | 6 876 937 | (6 907) | - |
| Transfers to Stage 3 | (531 176) | (963 327) | 1 494 503 | - |
| At 30 June 2023 | 71 641 969 | 4 429 066 | 1 788 086 | 77 859 121 |

| 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 | 2 393 648 | - | - | 2 393 648 |
| Assets settled or partly settled | (1 208 201) | (1 014 355) | (195 558) | (2 418 114) |
| Assets derecognised due to debt sales | - | (907 592) | (147 605) | (1 055 197) |
| Assets written off | - | - | (49 687) | (49 687) |
| Effect of interest accruals | 66 506 | 11 901 | 210 663 | 289 070 |
| Transfers to Stage 1 | 75 641 | (70 124) | (5 517) | - |
| Transfers to Stage 2 | (530 219) | 533 270 | (3 051) | - |
| Transfers to Stage 3 | (15 301) | (351 855) | 367 156 | - |
| Impact on period end ECL changes in credit risk and inputs used for ECL calculation | (13 277) | 1 975 202 | 666 521 | 2 628 446 |
| At 30 June 2023 | 3 562 958 | 1 010 686 | 1 625 965 | 6 199 609 |

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

| | Group 30 June 2023 EUR | Group 31 December 2022 EUR |
|--|------------------------------|----------------------------------|
| Receivables not yet due | 67 518 004 | 57 445 337 |
| Outstanding 1-30 days | 6 158 108 | 4 555 603 |
| Outstanding 31-90 days | 2 394 921 | 2 465 106 |
| Outstanding 91-180 days | 495 012 | 328 818 |
| Outstanding for 181-360 days | 597 614 | 383 242 |
| Outstanding for more than 360 days | 695 462 | 428 776 |
| Total claims against debtors for loans issued | 77 859 121 | 65 606 882 |

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

| | Group 30 June 2023 EUR | Group 31 December 2022 EUR |
|--|------------------------------|----------------------------------|
| For trade debtors not yet due | 2 747 024 | 2 252 622 |
| Outstanding 1-30 days | 974 622 | 661 969 |
| Outstanding 31-90 days | 879 952 | 789 067 |
| Outstanding 91-180 days | 377 260 | 184 076 |
| Outstanding for 181-360 days | 535 048 | 245 456 |
| Outstanding for more than 360 days | 685 703 | 278 253 |
| Total provisions for bad and doubtful trade debtors | 6 199 609 | 4 411 443 |

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 and VIZIA.

Notes (continued)

(9) Retained earnings

| | For 6 months ended 30 June | |
|--|----------------------------|--------------------|
| | 2023 | 2022 |
| | EUR | EUR |
| | | (restated, Note 1) |
| Balance as at 1 January | 6 589 761 | 5 954 404 |
| Impact of correction of errors (Note 1) | - | 98 661 |
| Net profit for the period | 3 382 238 | 2 490 808 |
| Dividends declared and paid: | | |
| Interim dividends of 0.0362 EUR (2022: 0.0327 EUR) per share | (1 640 568) | (1 481 951) |
| Annual dividend of 0.0276 EUR per share declared in 2022 | - | (1 250 821) |
| Dividends declared: | | |
| Annual dividend of 0.0276 EUR per share declared in 2022 | - | (1 250 821) |
| Balance as at 30 June | 8 331 431 | 4 560 279 |

(10) Bonds issued

| | Group | Group |
|--|-------------------|-------------------|
| | 30 June 2023 | 31 December 2022 |
| | EUR | EUR |
| Total long-term part of bonds issued | 8 600 639 | 4 330 630 |
| Bonds issued | 15 928 401 | 14 758 261 |
| Interest accrued | 32 453 | 24 849 |
| Total short-term part of bonds issued | 15 960 854 | 14 783 110 |
| Bonds issued, total | 24 529 040 | 19 088 891 |
| Interest accrued, total | 32 453 | 24 849 |
| Bonds issued net | 24 561 493 | 19 113 740 |

As of 30 June 2023, the Company of the Group has outstanding bonds (ISIN LV0000850048) in the amount of EUR 5 000 000, registered with the Latvia Central Depository and issued in a closed offer on 9 July 2021 on the following terms: number of bonds issued - 5 000, nominal value - EUR 1 000 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 30 June 2023, the Company of the Group has outstanding bonds (ISIN LV0000802536) in the amount of EUR 10 000 000, registered with the Latvia Central Depository and issued in a closed offer on 24 November 2021 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 First North Alternative market as of 21.06.2022. The bonds are not secured.

As of 30 June 2023, the Company of the Group 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) is to be repaid by 25 September 2024. The bond issue in full amount is traded on NASDAQ Baltic First North Alternative market as of 3.07.2023. The bonds are not secured.

As at 30 June 2023 the Group is in compliance with covenants stated in all Terms of the Notes Issue. Please see covenants disclosed in Management report.

Notes (continued)

(11) Other borrowings

| | Group 30 June 2023 EUR | Group 31 December 2022 EUR |
|-------------------------------------|------------------------------|----------------------------------|
| Other long-term loans | 19 023 499 | 15 004 505 |
| Total other long-term loans | 19 023 499 | 15 004 505 |
| Other short-term loans | 21 286 617 | 19 856 253 |
| Total other short-term loans | 21 286 617 | 19 856 253 |
| Other loans, total | 40 310 116 | 34 860 758 |

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 30 June 2023 is 12.6%. The loan 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 14. As at 30 June 2023 the Group is in compliance with covenants.

(12) Related party transactions

Group's transactions

| | Transactions for 6 months 2023 EUR | Transactions in 2022 EUR |
|---------------------------------|--|--------------------------------|
| Shareholders | | |
| Interest received | - | - |
| Services delivered | - | - |
| Goods sold | - | - |
| Interest paid | 25 332 | 24 235 |
| Key management personnel | | |
| Goods sold | - | - |
| Interest paid | - | - |
| Other related companies | | |
| Services delivered | - | - |
| Services received | 1 500 | 3 900 |

Bonds issued to shareholders of the related companies

| | Group 30 June 2023 EUR | Group 31 December 2022 EUR |
|--|------------------------------|----------------------------------|
| Shareholders | 307 000 | 200 000 |
| Long-term part of bonds issued to shareholders of the related companies, total | 307 000 | 200 000 |
| Shareholders | 200 000 | 307 000 |
| Short-term part of bonds issued to shareholders of the related companies, total | 200 000 | 307 000 |
| Bonds issued to related companies, total | 507 000 | 507 000 |

Notes (continued)

(13) 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 | 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 on consolidation basis. Management mainly focuses on net sales, interest income and similar income 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 (statement of profit or loss is compared for the same period of the previous year, balance sheet positions are compared to the data as at 31.12.2022):

| EUR | Consumer loans | | Pawn loans | | Retail of pre-owned goods | | Other | | Total | |
|------------------------------------|-----------------------------------|-------------|-----------------------------------|-----------|-----------------------------------|-----------|-----------------------------------|---------|-----------------------------------|-------------|
| | For 6 months period ended 30 June | | For 6 months period ended 30 June | | For 6 months period ended 30 June | | For 6 months period ended 30 June | | For 6 months period ended 30 June | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets | 79 856 743 | 65 716 677 | 5 805 974 | 8 385 899 | 5 750 767 | 3 053 982 | 1 094 | 1 450 | 91 414 578 | 77 158 008 |
| Liabilities of the segment | 61 650 085 | 49 484 402 | 5 223 048 | 7 101 708 | 4 623 256 | 2 465 174 | 781 | 988 | 71 497 170 | 59 052 272 |
| Net sales | - | - | - | - | 4 549 764 | 2 863 481 | - | - | 4 549 764 | 2 863 481 |
| Interest income and similar income | 15 962 767 | 10 174 345 | 3 163 807 | 2 643 498 | - | - | 2 618 | 207 | 19 129 192 | 12 818 050 |
| Net performance of the segment | 5 995 690 | 4 053 181 | 1 104 081 | 773 812 | 531 097 | 378 151 | 10 081 | 6 996 | 7 640 949 | 5 212 140 |
| Financial (expenses) | (3 404 246) | (1 400 919) | (209 706) | (162 501) | (230 331) | (83 742) | - | - | (3 844 283) | (1 647 162) |
| Profit/(loss) before taxes | 2 591 444 | 2 652 262 | 894 375 | 611 311 | 300 766 | 294 409 | 10 081 | 6 996 | 3 796 666 | 3 564 978 |
| Corporate income tax | (282 859) | (699 853) | (97 628) | (154 195) | (32 831) | (74 261) | (1 110) | (1 765) | (414 428) | (930 074) |

(14) 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 44.4 million as collateral registered to collateral agent SIA *Eversheds Sutherland Bīfāns* (in favour of SIA *Mintos Finance*) and 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*.

As of 30 June 2023, the amount of secured liabilities constitutes EUR 41 310 116 (As of 31 December 2022 EUR 34 860 758).

Notes (continued)

(15) Subsequent events

On 24 July 2023 the Company of the Group has registered new subordinated unsecured bonds issue (ISIN LV0000802700) in the amount of EUR 5 000 000. The offering has been registered with the Latvia Central Depository and issued in a closed offer on the following terms – amount of emissions 5 000, amount of emissions recorded with nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 11.5%, 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.

On 3 August 2023 the Company of the Group has registered new unsecured bonds issue (ISIN LV0000802718) in the amount of EUR 15 000 000 and offers ISIN LV0000850048 bondholders to exchange to new bonds. The offering has been registered with the Latvia Central Depository and issued in a closed offer on the following terms – amount of emissions 15 000, amount of emissions recorded with nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 9%, 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.

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Pudnika
Board Member

Nauris Bloks
Board Member

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