



financing and
circular retail

AS “DelfinGroup”
Unaudited
consolidated interim
report
January – March
2024

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 ALPPES Capital (29.00%), 12 Juras Street, Liepaja, Latvia SIA EC finance (14.93%), 50A Skanstes Street, Riga, Latvia SIA Curiosity Capital (12.81%) 12 Juras Street, Liepaja, Latvia SIA AE Consulting (8.58%), 50A Skanstes Street, Riga, Latvia Other (34.68%)
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 2024 – 31 March 2024

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
Subsidiary	UAB DelfinGroup LT (parent company interest in subsidiary – 100%)
Date of establishment of the subsidiary	28.09.2023
Number, place and date of registration of the subsidiary	306462155; Vilnius, 28 September 2023
Address of the subsidiary	25-701 Lvivo Street, Vilnius, Lithuania
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services

Statement of management`s responsibility

The management of AS *DelfinGroup* (hereinafter – the Company) is responsible for the preparation of the Consolidated interim report January – March 2024 (hereinafter – interim report) of the Company and its subsidiaries (hereinafter – the Group or DelfinGroup).

The interim report set out on pages 11 to 24 are prepared in accordance with the source documents and present the financial position of the Group as of 31 March 2024 and the results of its operations, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2024. The management report set out on pages 7 to 10 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

In the first three months of 2024, the Latvian financial services group AS *DelfinGroup* achieved revenues of EUR 14.3 million, 26% more than in 2023. The Group reported solid EBITDA growth, up 28% to EUR 5 million. In the first quarter of 2024, *DelfinGroup* continued to show solid profitability results, with profit before tax reaching EUR 2 million, up 12% on the first quarter of last year, while the Group's net profit remained at the previous year's level, at EUR 1.6 million. The most significant impact on net profit was the changes in corporate income tax adopted at the end of 2023, which resulted in tax being calculated on the entire profit for the period this year, as opposed to Q1 2023, when it was calculated on approved quarterly dividends.

In Q1 2024, demand for *DelfinGroup* consumer and pawn loans remained stable, resulting in a total loan issuance of EUR 25 million, or 4% more than a year earlier. In the consumer lending segment, loans amounting to EUR 18.7 million were disbursed, up 2% from last year, mainly due to the focus on servicing lower-risk customers, which allows to reduce the portfolio's servicing costs. The pawn lending segment originated loans of EUR 6.3 million, up 11% compared to Q1 2023. The increase in lending volumes was matched by an increase in the size of the loan portfolio, which reached an all-time high of EUR 95.6 million at the end of the first quarter, a rise of 7% in three months.

One of the Group's key objectives is to promote a circular economy supported by the sale of pre-owned goods. This extends the life cycle of goods and reduces CO2 emissions in producing new goods. *DelfinGroup* continued its solid development in this segment, with sales of pre-owned, slightly pre-owned, and new goods amounting to EUR 3.6 million in the first quarter of 2024, representing a 9% year-on-year increase.

One of the most significant achievements of Q1 2024 was introducing the digital pawn service by the *Banknote*, a circular economy shop owned by *DelfinGroup*. This is the first innovative solution in Latvia, enabling all steps of a pawn loan to be carried out remotely. The new service means people can obtain a secured loan by completing an online application. The contract is signed remotely, and the goods are sent to the branch via parcel service. The goods will also be returned to the customer after loan repayment. *Banknote* is currently the first pawnshop chain in the Baltics to offer this type of service, and the Group expects to introduce this solution to other countries in its operations in the future.

Also, emphasising the importance of digital solutions for the Group's business development, the *Banknote* brand launched an innovative solution in the consumer lending segment, offering a VISA virtual card with a credit line. The virtual card enables customers to access their *Banknote* credit line and make purchases or payments quickly, conveniently and at any time. The primary use of the card is the substantially updated *Banknote* mobile app, which ensures its ease of use and accessibility anytime, anywhere. For example, the app allows customers to view the available credit line amount and transactions, change card settings, manage the credit line contract and make monthly payments, making financial management more straightforward and transparent. The virtual card integrates easily with mobile payment solutions such as *Apple Pay* and *Google Wallet*, removing the need to manage and maintain physical cards and PINs.

To promote the principles of the circular economy and develop the *DelfinGroup* branch network, which includes more than 90 branches in Latvia and Lithuania, the Group plans to expand the *Banknote XL* concept by opening new *Banknote XL* branches in Daugavpils and Rezekne. The first *Banknote XL* branch was opened in Riga in 2023, which, in its first year of operation, has successfully proven to be a significant contributor to the circular economy, offering more than 5,000 pre-owned items in one place. The new *Banknote XL* branch is expected to open in Q2 2024 and will provide customers with all the services offered by *DelfinGroup*.

In line with the *DelfinGroup* dividend policy commitment to pay up to 50% of the company's quarterly profit in dividends, *DelfinGroup* shareholders approved the payment of dividends out of Q4 2023 profits at an extraordinary general meeting on 28 March 2024. As a result, a quarterly dividend totalling EUR 648,898 or 0.0143 euros per share was paid to shareholders on 16 April 2024.

With the maturity of the EUR 10 million bond (LV0000850055) approaching, *DelfinGroup* is working on a refinancing strategy and intends to initiate a new bond offering during Q3 2024. Also, in order to strengthen the capital structure, Company might issue new subordinated bond this year, subject to market conditions.

Management report (CONTINUED)

By implementing the business strategy and all planned activities, the following financial results of the Group were achieved in the first three months of 2024 (profit statement items are compared to the same period of the previous year, balance sheet items are compared to the data as at 31.12.2023):

Position	EUR, million	Change, %
Net loan portfolio	95.6	+7.3
Assets	108.5	+3.3
Revenue	14.3	+25.8
EBITDA	5.0	+28.1
Profit before taxes	2.0	+11.7
Net profit	1.6	+0.4

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

Position	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Revenue, EUR million	11.3	12.0	13.2	13.9	14.3
EBITDA, EUR million	3.9	4.3	4.8	5.1	5.0
EBITDA margin, %	37%	36%	36%	36%	36%
EBIT, EUR million	3.6	4.0	4.5	4.8	4.6
EBIT margin, %	34%	33%	33%	34%	34%
Profit before taxes, EUR million	1.8	2.0	2.2	2.3	2.0
Net profit, EUR million	1.6	1.8	1.9	1.3	1.6
Net profit margin, %	16%	16%	15%	13%	12%
ROE (annualised), %	35%	37%	40%	26%	30%
ROA (annualised), %	8%	8%	9%	6%	6%
ROCE (annualised), %	34%	36%	35%	34%	25%
Current ratio	0.7	0.7	0.9	1.0	0.9

In some cases, quantitative values have been rounded up to the nearest decimal place or whole number to avoid an excessive level of detail. As a result, certain values may not necessarily add up to the respective totals due to the effects of the approximation. 2023 Q1 are corrected by restatements in Note 1.

EBITDA calculation, EUR million:

Item	2024 Q1	2023 Q1
Profit before tax	2.0	1.8
Interest expenses and similar expenses	2.6	1.8
Depreciation of fixed assets and amortisation	0.4	0.3
EBITDA, EUR million	5.0	3.9

Management report (CONTINUED)

As for compliance with the Issue Terms of notes ISIN LV0000850055, ISIN LV0000802718, ISIN LV0000802700 and ISIN LV0000860146 the financial covenant computation is as follows:

Covenant	Value as of 31.03.2024	Compliance
to maintain a Capitalization Ratio at least 25%	27%	yes
to maintain consolidated Interest Coverage Ratio of at least 1.5 times, calculated on the trailing 12 month basis	2.1	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.	1.5	yes

Principles of alternative performance measures

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

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

Revenue = net sales + interest income and similar income.

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

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

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

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

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

Return on capital employed (ROCE) = EBIT / (((total assets as at start of the period + total assets as at period end) / 2) - ((short-term liabilities as at start of the period + short-term liabilities as at period end) / 2)) * 100.

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

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

Interest coverage ratio = EBITDA / interest expenses and similar expenses.

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.

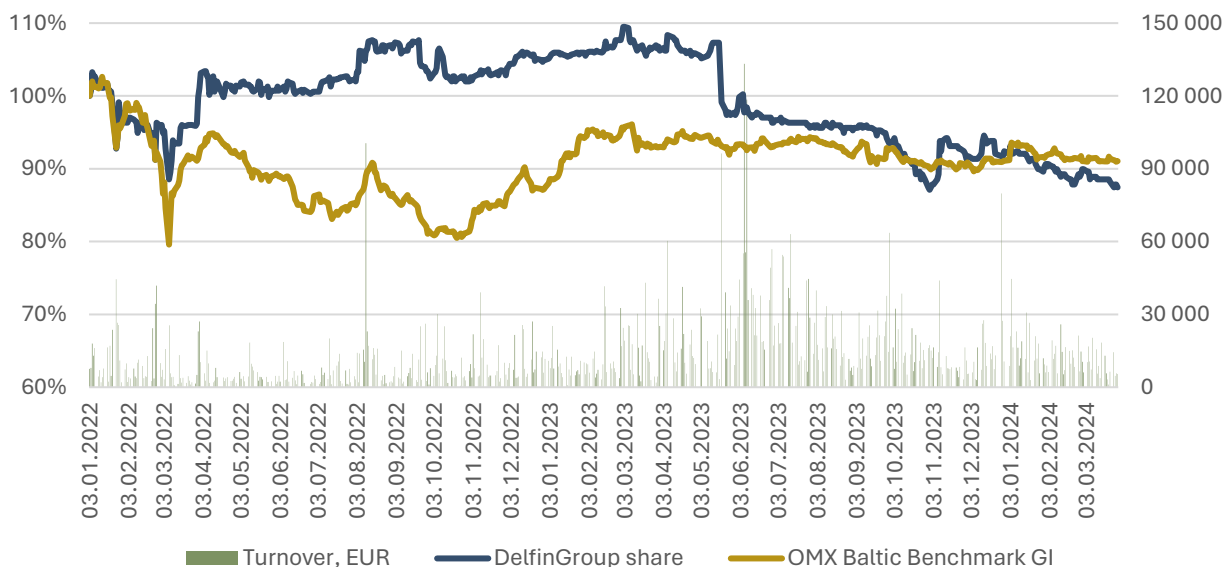
Management report (CONTINUED)

Investor information

DelfinGroup shares are listed on the *Baltic Main List* in *Nasdaq Riga* with ISIN code LV0000101806. Shareholders receive 1 vote per share. On 31 March, 2024, a total of 45 377 505 share were issued, the price of which was 1.235 euros, making the total market capitalization of 56 million euros.

Share trading information	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Opening price, EUR	1.482	1.51	1.365	1.33	1.305
High price, EUR	1.55	1.54	1.37	1.34	1.32
Low price, EUR	1.478	1.355	1.32	1.22	1.22
Last price, EUR	1.50	1.365	1.32	1.305	1.235
Turnover, mEUR	0.80	1.67	1.40	0.89	0.79
Capitalization, mEUR	67.98	61.86	59.82	59.22	56.04

Share price changes and turnover



Branches

As at 31 March 2024, the Group had 94 branches, 89 in Latvia and 5 in Lithuania (31.12.2023 - 96 branches, 91 in Latvia and 5 in Lithuania).

Risk management

The Group is not exposed to foreign exchange rate risk because the basic transaction currency is the Euro. 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 Q1 2024 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 – March 2024

	Notes	For 3 months ended 31 March	
		2024 EUR	2023 (restated, note 1) EUR
Net sales	(2)	2 328 152	2 098 564
Cost of sales		(1 504 920)	(1 372 223)
Interest income and similar income	(3)	11 931 754	9 234 057
Interest expenses and similar expenses	(4)	(2 560 660)	(1 791 960)
Credit loss expenses		(3 421 421)	(2 466 393)
Gross profit		6 772 905	5 702 045
Selling expenses	(5)	(2 588 158)	(2 062 572)
Administrative expenses	(6)	(2 067 797)	(1 764 851)
Other operating income		24 870	14 943
Other operating expenses		(102 518)	(64 249)
Profit before corporate income tax		2 039 302	1 825 316
Income tax expenses		(420 440)	(212 230)
Net profit		1 618 862	1 613 086
Basic earnings per share	(7)	0.036	0.036
Diluted earnings per share	(7)	0.036	0.036

Notes on pages from 16 to 24 are an integral part of these interim reports.

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Interim consolidated Balance sheet as at 31 March 2024

Assets		Group 31 March 2024	Group 31 December 2023
Non-current assets:	Notes	EUR	EUR
Intangible assets:			
Patents, licences, trademarks and similar rights		12 785	13 946
Internally developed software		764 101	799 156
Other intangible assets		916 310	769 917
Goodwill		127 616	127 616
Work in progress internally developed software		115 158	31 678
Advances for intangible assets		86 638	125 044
Total intangible assets:		2 022 608	1 867 357
Property, plant and equipment:			
Land, buildings and structures		179 090	174 597
Leasehold improvements		294 790	315 442
Right-of-use assets		2 700 702	2 887 270
Other fixtures and fittings, tools and equipment		317 947	322 104
Total property, plant and equipment		3 492 529	3 699 413
Non-current financial assets:			
Loans and receivables	(8)	73 326 333	66 686 257
Total non-current financial assets:		73 326 333	66 686 257
Total non-current assets:		78 841 470	72 253 027
Current assets:			
Inventories:			
Finished goods and goods for sale		3 557 868	3 390 882
Total inventories:		3 557 868	3 390 882
Receivables:			
Loans and receivables	(8)	22 227 694	22 339 708
Other debtors		410 249	913 637
Total receivables:		22 637 943	23 253 345
Deferred expenses		482 363	235 250
Cash and cash equivalents		2 995 004	5 928 570
Total current assets:		29 673 178	32 808 047
Total assets		108 514 648	105 061 074

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Interim consolidated Balance sheet as at 31 March 2024

Liabilities and equity	Notes	Group	Group
		31 March 2024	31 December 2023
Equity:		EUR	EUR
Share capital		4 537 751	4 537 751
Share premium		6 890 958	6 890 958
Other capital reserves		209 811	169 812
Retained earnings	(9)	10 693 556	9 723 592
Total equity:		22 332 076	21 322 113
Liabilities:			
Long-term liabilities:			
Bonds issued	(10)	29 021 905	26 862 004
Loans from credit institutions	(11)	8 161 537	6 406 925
Other borrowings	(12)	13 132 212	14 904 405
Lease liabilities for right-of-use assets		2 172 696	2 337 138
Total long-term liabilities:		52 488 350	50 510 472
Short-term liabilities:			
Bonds issued	(10)	13 873 020	13 404 540
Loans from credit institutions	(11)	1 126 698	887 067
Other borrowings	(12)	12 836 467	14 505 929
Lease liabilities for right-of-use assets		812 880	831 318
Trade payables		870 441	1 011 347
Taxes and social insurance		1 995 186	393 498
Unpaid dividends		648 898	996 770
Accrued liabilities		1 530 632	1 198 020
Total short-term liabilities:		33 694 222	33 228 489
Total liabilities		86 182 572	83 738 961
Total liabilities and equity		108 514 648	105 061 074

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Interim consolidated Statement of changes in equity January - March 2024

	Share capital EUR	Share premium EUR	Other capital reserves EUR	Retained earnings EUR	Total EUR
As at 01 January 2023	4 531 959	6 890 958	93 058	6 589 761	18 105 736
Profit for the reporting period	-	-	-	1 613 086	1 613 086
Dividends paid	-	-	-	(838 412)	(838 412)
Share-based payments	-	-	35 001	-	35 001
As at 31 March 2023	4 531 959	6 890 958	128 059	7 364 435	18 915 411
As at 01 January 2024	4 537 751	6 890 958	169 812	9 723 592	21 322 113
Profit for the reporting period	-	-	-	1 618 862	1 618 862
Dividends paid	-	-	-	(648 898)	(648 898)
Share-based payments	-	-	39 999	-	39 999
As at 31 March 2024	4 537 751	6 890 958	209 811	10 693 556	22 332 076

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Interim consolidated statement of cash flows January - March 2024

Notes	For 3 months ended 31 March 2024 EUR	For 3 months ended 31 March 2023 EUR
<u>Cash flow from operating activities</u>		
Profit before corporate income tax	2 039 302	1 825 316
Adjustments for non-cash items:		
a) depreciation and amortisation	212 197	118 151
b) depreciation of right-of-use assets	215 890	187 925
c) credit loss expenses	3 421 421	2 466 393
d) share-based payment expense	39 999	35 001
e) interest income and similar income	(3) (11 931 754)	(9 234 057)
f) interest expenses and similar expenses	(4) 2 560 660	1 791 960
Profit before adjustments of working capital and short-term liabilities	(3 442 285)	(2 809 311)
Change in operating assets/liabilities:		
a) (Increase) on loans and receivables and other debtors	(9 275 869)	(7 821 359)
b) (Increase)/ decrease on inventories	(166 986)	(1 619 703)
c) (Decrease)/ increase on trade payable and accrued liabilities	595 314	1 485 594
Gross cash flow from operating activities	(12 289 826)	(10 764 779)
Interest received	11 514 415	8 487 024
Interest paid	(3 435 398)	(2 223 687)
Corporate income tax payments	(191 471)	(1 296 108)
Net cash flow from operating activities	(4 402 280)	(5 797 550)
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(49 572)	(87 022)
Acquisition of intangible assets	(297 560)	(155 887)
Net cash flow from investing activities	(347 132)	(242 909)
<u>Cash flow from financing activities</u>		
Loans received	5 332 434	6 438 383
Loans repaid	(5 561 727)	(3 979 001)
Bonds issued	2 785 000	3 838 000
Redemption of bonds	(500 000)	-
Repayment of lease liabilities	(239 861)	(227 773)
Net cash flow from financing activities	1 815 846	6 069 609
Net cash flow of the reporting period	(2 933 566)	29 150
Cash and cash equivalents at the beginning of the reporting period	5 928 570	2 369 029
Cash and cash equivalents at the end of the reporting period	2 995 004	2 398 179

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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 three-months ended 31 March 2024 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 2023.

These interim reports are prepared and disclosed on a consolidated basis. The following subsidiaries are included in the consolidation: SIA *ViziaFinance* (100%) and UAB *DelfinGroup LT* (100%) for the period ended 31 March 2024.

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 204 242, Cost of sales by EUR 71 114 and understatement of Interest income and similar income by EUR 133 128 in statement of profit and loss for the prior 3 months ended 31 March 2023.
- (b) The Management has identified a classification error on debt sales while preparing Group's financial statements. The error relates to incorrect classification of written off interest in debt sales as Interest income and similar income. The error resulted in understatement of Credit loss expenses by EUR 321 808 and understatement of interest income and similar income by EUR 321 808 in statement of profit and loss for the prior 3 months ended 31 March 2023.

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

Statement of profit or loss

	Reference	Before restatement for 3 months ended 31 March 2023	Restatement	After restatement for 3 months ended 31 March 2023
Net sales	(a)	2 302 806	(204 242)	2 098 564
Cost of sales	(a)	(1 443 337)	71 114	(1 372 223)
Interest income and similar income	(a,b)	8 779 121	454 936	9 234 057
Interest expenses and similar expenses		(1 791 960)	-	(1 791 960)
Credit loss expense	(b)	(2 144 585)	(321 808)	(2 466 393)
Gross profit		5 702 045	-	5 702 045
Selling expenses		(2 062 572)	-	(2 062 572)
Administrative expenses		(1 764 851)	-	(1 764 851)
Other operating income		14 943	-	14 943
Other operating expenses		(64 249)	-	(64 249)
Profit before corporate income tax		1 825 316	-	1 825 316
Income tax expenses		(212 230)	-	(212 230)
Net profit		1 613 086	-	1 613 086

Notes (continued)

(2) Net sales

Net revenue by type of revenue

	For 3 months ended 31 March	
	2024	2023 (restated, note 1)
	EUR	EUR
Income from sales of goods	1 669 931	1 705 573
Income from sales of precious metals	378 466	140 936
Other income (loan and storage commission) for financial instruments measured as FVTPL	279 755	252 055
	2 328 152	2 098 564

(3) Interest income and similar income

	For 3 months ended 31 March	
	2024	2023 (restated, note 1)
	EUR	EUR
Interest income on unsecured loans according to effective interest rate method	10 039 263	7 578 836
Interest income on pawn loans	1 892 592	1 654 544
Other interest income according to effective interest rate method	(101)	677
	11 931 754	9 234 057

(4) Interest expenses and similar expenses

	For 3 months ended 31 March	
	2024	2023
	EUR	EUR
Bonds' interest expense	1 558 035	607 908
Interest expense on other borrowings	664 980	1 143 711
Interest expense on loans from credit institutions	286 009	-
Interest expense on lease liabilities for leased premises	51 028	39 691
Interest expense lease liabilities for leased vehicles	608	614
Net loss on foreign exchange	-	36
	2 560 660	1 791 960

Notes (continued)

(5) Selling expenses

	For 3 months ended 31 March	
	2024	2023
	EUR	EUR
Salary expenses	944 825	794 264
Advertising	415 945	230 595
Depreciation of property, plant and equipment and amortisation of intangible assets	212 197	118 151
Social insurance	207 217	186 714
Depreciation of right-of-use assets - premises	185 899	162 286
Non-deductible VAT	151 017	156 011
Maintenance expenses	137 544	113 834
Utilities expenses	109 684	105 419
Provisions for unused annual leave	31 723	33 817
Transportation expenses	22 390	17 805
Depreciation of right-of-use assets - motor vehicles	2 787	2 160
Other expenses	166 930	141 516
	2 588 158	2 062 572

(6) Administrative expenses

	For 3 months ended 31 March	
	2024	2023
	EUR	EUR
Salary expenses	1 154 297	983 304
Social insurance	278 576	250 844
Bank commission	246 456	212 416
Communication expenses	141 676	127 661
Provisions for unused annual leave	43 417	39 011
State fees and duties, licence expenses	34 306	33 817
Legal and professional services	30 961	11 561
Depreciation of right-of-use assets - premises	26 031	23 479
Public relations expenses	15 110	12 406
Depreciation of right-of-use assets - motor vehicles	1 173	-
Other administrative expenses	95 794	70 352
	2 067 797	1 764 851

(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 3 months ended 31 March	
	2024	2023
	EUR	EUR
Net profit attributed to shareholders	1 618 862	1 613 086
Weighted average number of shares	45 377 505	45 319 594
Earnings per share	0.036	0.036
Weighted average number of shares used for calculating the diluted earnings per shares	45 419 370	45 367 691
Diluted earnings per share	0.036	0.036

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
For 3 months ended 31 March 2023		
Number of shares at the beginning of the period		45 319 594
Number of shares at the end of the period		45 319 594
Weighted average number of shares:		45 319 594
Weighted average number of share options for DelfinGroup AS employees granted in Q12023*		48 097
Weighted average potential number of shares		45 367 691
For 3 months ended 31 March 2024		
Number of shares at the beginning of the period		45 377 505
Number of shares at the end of the period		45 377 505
Weighted average number of shares:		45 377 505
Weighted average number of share options for DelfinGroup AS employees granted in Q12024**		41 865
Weighted average potential number of shares		45 419 370

*Number of shares granted on 1 December 2022 73 968 with FV at grant date 1.258 EUR and option exercise price 0.10 EUR.

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

(8) Loans and receivables

a) Loans and receivables by loan type

	Group 31 March 2024 EUR	Group 31 December 2023 EUR
Pawn loans measured at fair value		
Long-term pawn loans	201 749	198 079
Short-term pawn loans	7 741 033	6 982 259
Interest accrued for pawn loans	292 729	261 743
Pawn loans measured at fair value, total	8 235 511	7 442 081
Debtors for loans issued without pledge		
Long-term debtors for loans issued without pledge	73 124 584	66 488 178
Short-term debtors for loans issued without pledge	19 413 959	18 909 730
Interest accrued for loans issued without pledge	3 314 262	2 989 733
Debtors for loans issued without pledge, total	95 852 805	88 387 641
Loans and receivables before allowance, total	104 088 316	95 829 722
ECL allowance on loans issued without pledge	(8 534 289)	(6 803 757)
Loans and receivables	95 554 027	89 025 965

All loans are issued in euros. Weighted average term for consumer loans is 2.5 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 8 235 511 (31.12.2023: EUR 7 442 081) 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 31 March 2024 is as follows:

Group	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2024	84 286 323	2 199 712	1 901 606	88 387 641
New assets originated or purchased	18 701 259	-	-	18 701 259
Assets settled or partly settled	(8 937 337)	(1 198 905)	(48 374)	(10 184 616)
Assets derecognised due to debt sales	-	(1 282 005)	-	(1 282 005)
Assets written off	-	-	(110 063)	(110 063)
Effect of interest accruals	199 644	74 050	66 895	340 589
Transfers to Stage 1	371 155	(335 285)	(35 870)	-
Transfers to Stage 2	(4 009 589)	4 013 953	(4 364)	-
Transfers to Stage 3	(197 502)	(553 989)	751 491	-
At 31 March 2024	90 413 953	2 917 531	2 521 321	95 852 805

Group	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	4 161 063	855 126	1 787 568	6 803 757
New assets originated or purchased	1 453 749	-	-	1 453 749
Assets settled or partly settled	(681 410)	(537 530)	(26 163)	(1 245 103)
Assets derecognised due to debt sales	-	(1 069 670)	-	(1 069 670)
Assets written off	-	-	(108 077)	(108 077)
Effect of interest accruals	26 701	44 190	66 895	137 784
Transfers to Stage 1	29 127	(151 129)	(19 444)	(141 444)
Transfers to Stage 2	(326 639)	1 805 698	(2 377)	1 476 682
Transfers to Stage 3	(15 460)	(249 550)	407 728	142 718
Impact on period end ECL changes in credit risk and inputs used for ECL calculation	365 769	592 095	126 029	1 083 893
At 31 March 2024	5 012 900	1 289 230	2 232 159	8 534 289

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

	Group 31 March 2024 EUR	Group 31 December 2023 EUR
Receivables not yet due	84 160 121	79 059 132
Outstanding 1-30 days	6 253 832	5 227 191
Outstanding 31-90 days	2 917 531	2 199 712
Outstanding 91-180 days	845 188	494 068
Outstanding for 181-360 days	685 491	514 729
Outstanding for more than 360 days	990 642	892 809
Total claims against debtors for loans issued	95 852 805	88 387 641

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

	Group 31 March 2024 EUR	Group 31 December 2023 EUR
For trade debtors not yet due	3 886 853	3 299 618
Outstanding 1-30 days	1 215 307	912 746
Outstanding 31-90 days	1 369 258	930 393
Outstanding 91-180 days	586 302	350 619
Outstanding for 181-360 days	558 149	477 273
Outstanding for more than 360 days	918 420	833 108
Total provisions for bad and doubtful trade debtors	8 534 289	6 803 757

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 3 months ended 31 March	
	2024	2023
	EUR	EUR
Balance as at 1 January	9 723 592	6 589 761
Net profit for the period	1 618 862	1 613 086
Dividends declared:		
Interim dividends of 0.0143 EUR (2023: 0.0185 EUR) per share	(648 898)	(838 412)
Balance as at 31 March	10 693 556	7 364 435

(10) Bonds issued

	Group 31 March 2024	Group 31 December 2023
	EUR	EUR
Total long-term part of bonds issued	29 021 905	26 862 004
Bonds issued	13 795 298	13 330 155
Interest accrued	77 722	74 385
Total short-term part of bonds issued	13 873 020	13 404 540
Bonds issued, total	42 817 203	40 192 159
Interest accrued, total	77 722	74 385
Bonds issued net	42 894 925	40 266 544

As of 31 March 2024, 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 of 31 March 2024, the Company of the Group has outstanding bonds (ISIN LV0000802718) in the amount of EUR 15 000 000, registered with the Latvia Central Depository and issued in a closed offer on 1 August 2023 on the following terms – number of financial instruments is 15 000, with a nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 9.00%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 February 2026. The bond issue in full amount is traded on NASDAQ Baltic First North Alternative market as of 3.10.2023. The bonds are not secured.

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

As of 31 March 2024, the Company of the Group has outstanding bonds (ISIN LV0000860146) in the amount of EUR 15 000 000, registered with the Latvia Central Depository and issued in a closed offer on 03 October 2023 on the following terms – number of financial instruments is 5 000, with a nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 9.00%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 July 2028. The bonds are not secured.

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

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

Notes (continued)

(11) Loans from credit institutions

	Group 31 March 2024 EUR	Group 31 December 2023 EUR
Long-term loans from credit institutions	8 161 537	6 406 925
Total long-term loans from credit institutions	8 161 537	6 406 925
Short-term loans from credit institutions	1 126 698	887 067
Total short-term loans from credit institutions	1 126 698	887 067
Loans from credit institutions, total	9 288 235	7 293 992

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

To ensure fulfilment of liabilities the Group has registered commercial pledge, see note 15. As at 31 March 2024 the Group is in compliance with covenants.

(12) Other borrowings

	Group 31 March 2024 EUR	Group 31 December 2023 EUR
Other long-term loans	13 132 212	14 904 405
Total other long-term loans	13 132 212	14 904 405
Other short-term loans	12 836 467	14 505 929
Total other short-term loans	12 836 467	14 505 929
Other loans, total	25 968 679	29 410 334

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 March 2024 is 8.6%. According to the loan agreement with SIA Mintos Finance the loans matures according to the particular loan agreement terms concluded by the Group with its customers.

To ensure fulfilment of liabilities the Group has registered commercial pledge, see note 15. As at 31 March 2024 the Group is in compliance with covenants.

(13) Related party transactions

Group's transactions

	Transactions for 3 months 2024 EUR	Transactions in 2023 EUR
Shareholders		
Interest paid	21 294	51 556
Key management personnel		
Interest paid	646	683
Other related companies		
Services received	-	4 250

Bonds issued to the related companies

	Group 31 March 2024 EUR	Group 31 December 2023 EUR
Key management personnel	20 000	20 000
Shareholders	300 000	300 000
Long-term part of bonds issued to the related companies, total	320 000	320 000
Shareholders	307 000	307 000
Short-term part of bonds issued to the related companies, total	307 000	307 000
Bonds issued to the related companies, total	627 000	627 000

Notes (continued)

(14) Segment information

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

Pawn loan segment	Handling pawn loan issuance, sale of pawn shop items in the branches and online.
Retail of pre-owned goods	Sale of pre-owned goods in the branches and online purchased from customers.
Consumer loan segment	Handling consumer loans to customers, debt collection activities and debt sales to external debt collection companies.
Other operations segment	Providing loans for real estate development, general administrative services to the companies of the Group, transactions with related parties, dividends payable. Loans for real estate development are no longer issued and are fully recovered.

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 31.12.2023):

EUR	Consumer loans		Pawn loans		Retail of pre-owned goods		Other		Total	
	For 3 months period ended 31 March		For 3 months period ended 31 March		For 3 months period ended 31 March		For 3 months period ended 31 March		For 3 months period ended 31 March	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Assets	93 287 594	90 623 040	10 581 793	9 802 525	4 641 705	4 632 912	3 556	2 597	108 514 648	105 061 074
Liabilities of the segment	72 869 642	71 448 313	8 987 813	8 518 974	3 673 128	3 770 088	651 989	1 586	86 182 572	83 738 961
Net sales	-	-	-	-	2 328 152	2 098 564	-	-	2 328 152	2 098 564
Interest income and similar income	10 039 263	7 578 836	1 892 491	1 654 544	-	-	-	677	11 931 754	9 234 057
Net performance of the segment	3 751 386	2 827 503	650 142	649 721	183 058	135 506	15 376	4 546	4 599 962	3 617 276
Financial (expenses)	(2 230 227)	(1 523 433)	(230 646)	(141 344)	(99 787)	(127 183)	-	-	(2 560 660)	(1 791 960)
Profit/(loss) before taxes	1 521 159	1 304 070	419 496	508 377	83 271	8 323	15 376	4 546	2 039 302	1 825 316
Corporate income tax	(313 610)	(153 096)	(86 491)	(44 035)	(17 169)	(14 571)	(3 170)	(528)	(420 440)	(212 230)

(15) Guarantees issued, pledges

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

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

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

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

On 14 December 2023 and on 13 February 2024, the Company signed an agreement for the pledge of bank accounts and balances in the amount of EUR 636 300 as part of the collateral with MULTITUDE BANK P.L.C.

As of 31 March 2024, the amount of secured liabilities constitutes EUR 35 256 914 (As of 31 December 2023 EUR 36 704 326).

Notes (continued)

(16) Subsequent events

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

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Pudnika
Board Member

Nauris Bloks
Board Member

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