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AS “DelfinGroup”

Interim condensed
consolidated financial
statements for the six-
month period ended 30
June 2021

Prepared in accordance
with International Accounting Standard 34
“Interim Financial Reporting”
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 64.91 Financial leasing NACE2 47.79 Retail sale of second-hand goods in stores NACE 69.20 Accounting and auditing services, tax consultancy
Address	50A Skanstes Street, Riga, LV-1013 Latvia
Names and addresses of shareholders	L24 Finance, SIA (65.18%), 50A Skanstes Street, Riga, Latvia AE Consulting, SIA (10.00%), 50A Skanstes Street, Riga, Latvia EC finance, SIA (21.32%), 50A Skanstes Street, Riga, Latvia Private individuals (3.5%)
Ultimate parent company	EA investments, AS Reg. No. 40103896106 50A Skanstes Street, Riga, Latvia
Names and positions of Board members	Didzis Ādmīdiņš – Chairman of the Board (from 19.01.2021) Kristaps Bergmanis – Member of the Board Ivars Lamberts – Member of the Board Agris Evertovskis – Chairman of the Board (from 12.10.2009 till 19.01.2021) Didzis Ādmīdiņš – Member of the Board (from 11.07.2014 till 19.01.2021)

Names and positions of Supervisory Board members	<p>Agris Evertovskis – Chairperson of the Council (from 19.01.2021)</p> <p>Gatis Kokins – Deputy Chairman of the Council (from 13.04.2021)</p> <p>Mārtiņš Bičevskis – Member of the Council (from 13.04.2021)</p> <p>Jānis Pizičs – Member of the Council (from 13.04.2021)</p> <p>Edgars Voļskis – Member of the Council (from 13.04.2021)</p> <p>Anete Ozoliņa – Deputy Chairman of the Council (from 19.01.2021 till 13.04.2021)</p> <p>Uldis Judinskis – Member of the Council (from 19.01.2021 till 13.04.2021)</p> <p>Uldis Judinskis – Chairperson of the Council (from 16.05.2019 till 19.01.2021)</p> <p>Ramona Miglāne – Deputy Chairman of the Council (from 16.05.2019 till 19.01.2021)</p> <p>Anete Ozoliņa – Member of the Council (from 16.05.2019 till 19.01.2021)</p>
Responsible person for accounting	Inta Pudāne – Chief accountant
Financial year	1 January 2021 - 30 June 2021
Name and address of the auditor	SIA BDO ASSURANCE Certified Auditors' Company licence No. 182 15-3B Kaļķu Street, Riga, LV-1050 Latvia
Responsible Certified Auditor:	Irita Cimdare Certificate No. 103

Information on the Subsidiaries

Subsidiary	SIA ExpressInkasso (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	22.10.2010
Number, place and date of registration of the subsidiary	40103211998; Riga, 27 January 2009
Address of the subsidiary	50A Skanstes Street, Riga, Latvia
Operations as classified by NACE classification code system of the subsidiary	66.19 Financial support services except insurance and pension accrual
<hr/>	
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
<hr/>	
Subsidiary	SIA REFIN (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	03.10.2018
Number, place and date of registration of the subsidiary	40203172517; Riga, 03 October 2018
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
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Statement of management`s responsibility

AS "DelfinGroup" Interim condensed consolidated financial statements for the six-month period ended 30 June 2021
(translation from Latvian)

The management of AS DelfinGroup group is responsible for the preparation of the Interim condensed consolidated financial statements for the six-month period ended 30 June 2021 (hereinafter – interim condensed consolidated financial statements).

Based on the information available to the Board of the parent company of the Group, the Interim condensed consolidated financial statements are prepared on the basis of the relevant primary documents and statements in accordance with IAS 34 Interim Financial Reporting and present a true and fair view of the Group's assets, liabilities and financial position as at 30 June 2021 and its financial performance and cash flows for the six-month period ended 30 June 2021.

The management of the parent company confirms that the accounting policies and management estimates have been applied consistently and appropriately. The management of the parent company confirms that the interim condensed consolidated financial statements have been prepared on the basis of the principles of prudence and going concern.

The management of the parent company confirms that it is responsible for maintaining proper accounting records and for monitoring, controlling and safeguarding the Group's assets. The management of the parent company is responsible for detecting and preventing errors, irregularities and/or deliberate data manipulation. The management of the parent company is responsible for ensuring that the Group operates in compliance with the laws of the Republic of Latvia.

The management report fairly presents the Group's business development and operational performance.

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

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Riga, 19th August 2021

Management report

According to the non-audited results, during the first six months of 2021, AS DelfinGroup has increased its revenue to EUR 11.9 million or by 6.4% year-on-year. During the first six months, EBIDTA increased by 8.7% and reached EUR 4.6 million, while profit before taxes on dividends increased by 9% and reached EUR 2.3 million. The increased revenue was mainly facilitated by the growth of activity in online segments of consumer lending, retail of preowned goods and pawn shop loans. Dynamic growth in offline retail was limited by restrictions imposed due to the COVID-19 pandemic.

On 19 January 2021, the Company completed the process of reorganisation by changing its legal status from a limited liability company to a joint-stock company. The share capital of AS DelfinGroup is EUR 4 million and consists of 40 million shares, the value of each share being EUR 0.10. In line with the reorganisation, AS DelfinGroup changed its vision of further development and growth. Now the group is committed to empowering more people via financial inclusion to foster the sustainable development of the community and wider economy and the Company compiled its first environmental, social, and corporate governance (ESG) report for 2020. On 23 March, AS DelfinGroup plans to launch its initial public offering (IPO) of shares on the Nasdaq Riga stock exchange during 2021. The amount and price of shares to be issued will be publicised before the initial public offering is officially announced according to an offering prospectus approved by the regulator. LHV Bank and law firm Eversheds Sutherland Bitāns are acting as AS DelfinGroup planned IPO advisors.

On 30 March 2021, the meeting of the shareholders of AS DelfinGroup has appointed new supervisory board members – financial, corporate governance and fintech experts Gatis Kokins, Edgars Voļskis, Mārtiņš Bičevskis and Jānis Pizičs. Current supervisory board chairman Agris Evertovskis will serve another five-year term. Gatis Kokins, Edgars Voļskis, Mārtiņš Bičevskis are independent supervisory members. On 9 August 2021, the shareholder meeting of AS DelfinGroup endorsed the decision to set up the Risk and Audit Committee. Independent members of the Supervisory Board of AS DelfinGroup: Edgars Voļskis, Gatis Kokins and Jānis Pizičs were elected to serve on the Committee for a period of three years.

During the second quarter, consumer loan issuance increased by 21.3% compared to the first quarter. The growth is even more considerable when comparing this year with 2020: during the first six months of 2021, consumer loan issuance has grown by close to 30.6%. However, due to the restrictions placed on offline servicing, during the first half of this year, pawn loan issuance decreased year-on-year (-18.7%). This did not have a lasting effect on overall growth, as the pawn loan segment is also gradually recovering and demonstrating a growing trend. Comparing pawn loan issuance during the first and second quarter of 2021, there is an increase of 11.9%.

For DelfinGroup, this quarter was marked by resilient growth. There were good results in the consumer loan segment, as well as in the online trade of pre-owned goods. Moreover, during the second quarter we also experienced growth in the pawn loan segment. Generally, we see quite a high level of economic activity in the entire country, which is also reflected by increased interest in financial and pawnshop services offered by DelfinGroup. In many areas outside Riga, we are almost the only provider of accessible financial services. This year, we have also opened four new Banknote branches, increasing our branch network to 93 branches in Latvia. Industry organisations and local governments also appreciate the DelfinGroup services network. Three Banknote branches were awarded with prizes in the competition named "Best Latvian Trader 2020" organised by the Latvian Traders Association and the Latvian Association of Local and Regional Governments.

At the moment, there are drawbacks for offline consumer loan issuance and in store sales of pre-owned goods, as due to the current restrictions, no more than one customer can be present in the premises of most branches. As a result, we continue developing digital platforms and introducing new automated lending solutions that allow AS DelfinGroup to improve customer service and serve our customers in less time. This year, the automation of the customer income review process was completed, and the entire review process is now fully automated. Furthermore, in all digital channels of DelfinGroup, the Company has experienced a rapid increase in customer flows that more than compensates for offline service restrictions.

The good results confirm that the corporate strategy has allowed DelfinGroup to form a more sustainable foundation for future development, ensuring that the company is also able to deliver good results during crises and periods with high uncertainty.

Management report (CONTINUED)

This also supports the results of an annual evaluation performed by the Institute of Corporate Responsibility and Sustainability: even during the first year of participation, DelfinGroup was able to reach the highly rated nomination of silver category.

In the first half-year of 2021, in accordance with the adopted dividend policy, the company paid dividends in the amount of EUR 2.8 million.

By implementing the business strategy and all planned activities, the following financial results of the Group were achieved in the 1st half of 2021 (profit is compared to the same period of the previous year, balance sheet is compared to the data as at 31.12.2020):

Position	EUR, million	Change, %
Net loan portfolio	33.3	-4.1
Assets	39.7	-13.6
Revenue	11.9	+6.4
EBITDA	4.6	+8.7
Profit before taxes	2.3	+9.0
Net profit	1.6	-19.9

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

Position	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
Total income, EUR million	5.2	5.8	7.0	6.0	5.9
EBITDA, EUR million	2.2	2.7	2.3	2.5	2.1
EBITDA margin, %	42%	46%	33%	42%	35%
EBIT, EUR million	1.9	2.4	2.0	2.3	1.8
EBIT margin, %	36%	37%	29%	34%	34%
Profit before taxes, EUR million	1.0	1.6	1.0	1.1	1.2
Net profit, EUR million	1.0	1.1	0.7	0.8	0.8
Net profit margin, %	19%	19%	11%	13%	14%
ROE (annualised), %	43%	50%	34%	36%	38%
Current ratio	2.0	2.1	1.3	1.0	0.9

EBITDA calculation, EUR million:

Item	2021 Q2	2020 Q2
Profit before tax	1.1	1.0
Interest expenses and similar expenses	0.7	0.9
Depreciation of fixed assets and amortisation	0.3	0.3
EBITDA, EUR million	2.1	2.2

As for compliance with the Issue Terms of notes issue ISIN LV0000802213, ISIN LV0000802379, ISIN LV0000802429, and ISIN LV0000850048 the financial covenant computation is as follows:

Covenant	Value as of 30.06.2021	Compliance
dividend amount including any interim dividends shall not exceed 40% of the last audited net profit. If only the Net Debt/Net Equity indicator does not exceed 3.5 to 1, the dividend amount shall exceed 40%	3.18	yes
to maintain a Net Debt/Net Equity indicator not exceeding 4 to 1	3.18	yes
total consolidated value of inventories and loans and receivables, plus cash, shall exceed at least 1.15 times the sum of total consolidated secured liabilities	1.34	yes

Management report (CONTINUED)

Covenant	Value as of 30.06.2021	Compliance
total consolidated loan amount to shareholders, management and other Related Persons shall not exceed EUR 1,400,000	0 EUR	yes
to maintain consolidated ICR 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.	3.58	yes

Branches

During the period from 1 January 2021 to 30 June 2021, the company continued to work on branch network efficiency. As at 30 June 2021, the Group had 92 branches in 38 cities in Latvia (31.12.2020 - 89 branches in 38 cities).

Risk management

The Group is not exposed to significant foreign exchange rate risk because the basic transaction currency is the Euro. A significant amount of the funding of the Group consists of fixed coupon rate bonds, so that the Group is not significantly 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.

Post balance sheet events

As at the time of signing these financial statements, there is uncertainty in the country in relation to COVID-19. Even though the length and negative economic impact of the COVID-19 situation cannot be precisely estimated, the Company has made decisions, and will make such in the future, to ensure that the Company's liquidity, cost reduction and portfolio quality is ensured.

In February 2021, AS DelfinGroup decided on the reorganisation and redistribution of functions at three of its subsidiaries – SIA Banknote commercial properties, SIA Refin and SIA ExpressInkasso. The functions of reorganised Companies will be taken over by AS DelfinGroup. As at the time of signing these interim condensed consolidated financial statements, the reorganisation is completed for SIA Banknote commercial properties and reorganisation is in the finalisation process for SIA ExpressInkasso, and SIA Refin.

After the period end, AS DelfinGroup issued bonds worth five million euros with a total yearly interest rate of 9.75% via a private placement. The offering was successfully completed on 9 July 2021, with the demand exceeding supply 1.85 times.

Except for the aforementioned, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position and performance of the Company as at 30 June 2021.

Distribution of the profit proposed by the Company

The Company's board recommends the distribution of Q2 2021 profit as dividends in accordance with the Company's dividend policy, which sets the target of 50% quarterly dividend payout.

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

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Riga, 19th August 2021

Corporate governance statement

Due to the fact that AS DelfinGroup, Reg. No. 40103252854 (hereinafter - Company) bonds were listed on the Nasdaq Riga Stock Exchange, the Management of the Company chose to prepare Corporate Governance Statement for the six-month period ended 30 June 2021 in line with the third paragraph of Section 56.2 requirements of the third paragraph of the Financial Instruments Market Law.

Information on the key elements of the Company's internal control and risk management system applied in the preparation of financial statements.

Company's management, internal control and risk management are carried out in accordance with the principles of prudence and effectiveness with the aim of ensuring the Company's sustainable operation in accordance with the existing laws and regulations and the interests of the Company's shareholders and creditors.

The interim condensed consolidated financial statements are prepared in accordance with existing laws and regulations and in accordance with International Financial Reporting Standards on interim financial reporting as adopted by the EU. Statements are prepared by an accountant using licensed accounting software and supervised by the management. In 2014, the Company set up a council that also carries out the monitoring function of annual reporting. The reports are independently audited, within which the auditor provides an opinion on the compliance of the accounts with regulatory enactments and International Standards.

Basic business data, regardless of accounting, is accounted for in a specially tailored data processing system. This ensures double control of the underlying data and reduces the impact of human error factors on enterprise data records.

The Company's financial risks are monitored by the Company's management. The supervision of capital adequacy and liquidity is being managed conservatively and followed up so that the company can meet all its external obligations. The Company is not exposed to significant currency fluctuations because all assets and liabilities are denominated in EUR. The risk of fluctuations in interest rates is insignificant due to the fact that borrowings with variable interest rates are basically short term and non-substantial.

To compensate for credit risks arising from the Company's operating activities - lending, the Company adheres to the following principles: (1) all credit granting decisions are made on the basis of an approach approved by management and based on statistical analysis; (2) the principle of diversification - without concentrating loans towards one or a few clients; (3) calculates provisions for doubtful debts according to the developed methodology; (4) attracts and trains professional staff who work with problem debtors; (5) problematic debtors that qualify for certain criteria are assigned to debt collection companies via cession.

The Company's legal risks are supervised and managed by the members of the management Board in line with the responsibilities, by attracting professional legal service providers.

The management board of the Company is responsible for ensuring the functioning of the multilateral and appropriate internal control and risk management system.

The Company's Interim Report and Corporate Governance Report for the six-month period ended 2021 is available on the website of AS Nasdaq Riga www.nasdaqbaltic.com and on the Company's website www.delfingroup.lv.

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

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Riga, 19th August 2021

Interim condensed consolidated Statement of comprehensive income for the six-month period ended 30 June 2021

	Notes	For 6 months ended 30 June		For 3 months ended 30 June	
		2021 EUR (unreviewed)	2020 EUR (unreviewed)	2021 EUR	2020 EUR (unreviewed)
Net sales	(1)	2 691 195	3 109 453	1 485 264	1 399 294
Cost of sales	(2)	(1 762 614)	(2 176 734)	(1 014 595)	(961 295)
Interest income and similar income	(3)	9 245 032	8 106 294	4 433 054	3 795 499
Interest expenses and similar expenses	(4)	(1 861 126)	(1 710 275)	(842 862)	(887 070)
Credit loss expenses		(950 497)	(779 267)	(208 749)	(271 931)
Gross profit		7 361 990	6 549 471	3 852 112	3 074 497
Selling expenses	(5)	(2 768 017)	(2 496 914)	(1 442 331)	(1 154 988)
Administrative expenses	(6)	(2 034 469)	(1 630 821)	(1 069 958)	(776 311)
Other operating income		27 263	28 803	10 966	24 546
Other operating expenses	(7)	(333 690)	(383 937)	(189 383)	(165 681)
Profit before corporate income tax		2 253 077	2 066 602	1 161 406	1 002 063
Income tax expenses	(8)	(623 009)	(32 912)	(299 353)	(6 819)
Net profit		1 630 068	2 033 690	862 053	995 244
Earnings per share		0.041	0.051*	0.022	0.025*

*Earnings per shares for 6 months ended 2020 and for 3 months ended 30 June 2020 have been adjusted retrospectively to account for the share split performed in 2021.

Notes on pages from 16 to 29 are an integral part of these interim condensed consolidated financial statements.

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Chairman of the Board

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

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Riga, 19th August 2021

Interim condensed consolidated Balance sheet as at 30 June 2021

Assets	Notes	Group 30 June 2021	Group 31 December 2020
Non-current assets:		EUR	EUR
Intangible assets:			
Concessions, patents, licences, trademarks and similar rights		94 011	124 256
Other intangible assets		57 571	54 077
Goodwill		127 616	127 616
Advances on intangible assets		-	-
Total intangible assets:	(9)	279 198	305 949
Property, plant and equipment:			
Land, buildings, structures and perennials		82 217	85 385
Investments in property, plant and equipment		194 726	196 607
Right-of-use assets		3 144 615	3 194 412
Other fixtures and fittings, tools and equipment		258 443	248 214
Total property, plant and equipment	(10;11)	3 680 001	3 724 618
Non-current financial assets:			
Loans and receivables	(13)	20 717 878	17 711 758
Loans to shareholders and management	(12)	-	474 484
Total long-term investments:		20 717 878	18 186 242
Total non-current assets:		24 677 077	22 216 809
Current assets:			
Inventories:			
Finished goods and goods for sale		1 533 019	1 534 007
Total inventories:		1 533 019	1 534 007
Receivables:			
Loans and receivables	(13)	12 547 582	16 962 096
Other debtors		162 363	374 756
Deferred expenses		171 871	279 523
Total receivables:		12 881 816	17 616 375
Cash and cash equivalents		593 694	4 591 954
Total current assets:		15 008 529	23 742 336
Total assets		39 685 606	45 959 145

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Riga, 19th August 2021

Interim condensed consolidated Balance sheet as at 30 June 2021

Liabilities and equity	Notes	Group 30 June 2021	Group 31 December 2020
Equity:		EUR	EUR
Share capital	(14)	4 000 000	4 000 000
Retained earnings		2 478 498	1 353 992
Profit for the reporting period		1 630 068	3 897 470
Total equity:		8 108 566	9 251 462
Creditors:			
Long-term creditors:			
Bonds issued	(15)	8 475 291	8 441 717
Other borrowings	(16)	4 103 358	6 816 925
Lease liabilities for right-of-use assets	(11)	2 762 390	2 732 136
Total long-term creditors:		15 341 039	17 990 778
Short-term creditors:			
Bonds issued	(15)	4 891 883	5 022 652
Other borrowings	(16)	8 889 524	10 869 932
Lease liabilities for right-of-use assets	(11)	690 499	703 715
Trade payables		628 618	702 933
Taxes and social insurance		538 912	815 952
Accrued liabilities		596 565	601 721
Total short-term creditors:		16 236 001	18 716 905
Total creditors		31 577 040	36 707 683
Total liabilities and equity		39 685 606	45 959 145

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Riga, 19th August 2021

Interim condensed consolidated Statement of changes in equity for the six-month period ended 30 June

	Share capital EUR	Retained earnings EUR	Profit for the reporting period EUR	Total EUR
As at 01 January 2020	1 500 000	2 954 156	3 913 336	8 367 492
Profit transfer	-	3 913 336	(3 913 336)	-
Profit for the reporting period	-	-	2 033 690	2 033 690
As at 30 June 2020 (unreviewed)	4 000 000	6 867 492	2 033 690	10 401 182
As at 01 January 2021	4 000 000	1 367 492	3 883 970	9 251 462
Dividends paid	-	(2 780 000)	-	(2 780 000)
Liquidation of subsidiary	-	13 500	(6 464)	7 036
Profit transfer	-	3 897 470	(3 897 470)	-
Profit for the reporting period	-	-	1 630 068	1 630 068
As at 30 June 2021	4 000 000	2 498 462	1 610 104	8 108 566

Notes on pages from 16 to 29 are an integral part of these interim condensed consolidated financial statements.

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Interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2021

Notes	For 6 months ended 30 June 2021 EUR	For 6 months ended 30 June 2020 EUR (unreviewed)
Cash flow from operating activities		
Profit before corporate income tax	2 253 077	2 066 602
<u>Adjustments for:</u>		
a) depreciation of fixed assets and amortisation of intangible assets	(9;10) 130 940	124 677
b) depreciation of right-of-use assets	(10) 392 908	363 194
c) accruals and provisions (except for bad debts)	950 497	779 267
d) cessation results	(7) 270 274	284 870
e) accrued interest income	(85 024)	14 851
f) accrued interest expenses	(273 033)	(317 946)
g) other adjustments	7 036	-
Profit before adjustments of working capital and short-term liabilities	3 646 675	3 315 515
<u>Adjustments for:</u>		
a) Decrease / (increase) on loans and receivables and other debtors	865 735	(3 035 596)
b) Decrease / (increase) on inventories	988	(30 527)
c) (Decrease) / increase on trade payable and accrued liabilities	(421 294)	945 889
Gross cash flow from operating activities	4 092 104	1 195 281
Corporate income tax payments	(754 536)	(349 957)
Net cash flow from operating activities	3 337 568	845 324
Cash flow from investing activities		
Acquisition of fixed assets, intangibles	(9;10) (112 138)	(224 967)
Proceeds from sales of fixed assets and intangibles	-	-
Loans issued (other than core business of the Company)	(98 880)	(84 300)
Loans repaid (other than core business of the Company)	573 364	1 391 983
Net cash flow from investing activities	362 346	1 082 716
Cash flow from financing activities		
Loans received	5 655 976	4 028 591
Loans repaid	(10 463 150)	(7 659 495)
Bonds issued	19 000	3 750 000
Redemption of bonds	(130 000)	(1 225 000)
Dividends paid	(2 780 000)	-
Net cash flow from financing activities	(7 698 174)	(1 105 904)
Net cash flow of the reporting period	(3 998 260)	822 136
Cash and cash equivalents at the beginning of the reporting period	4 591 954	1 135 644
Cash and cash equivalents at the end of the reporting period	593 694	1 957 780

Notes on pages from 16 to 29 are an integral part of these interim condensed consolidated financial statements.

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Riga, 19th August 2021

Notes

Accounting policies

Basis of preparation

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

The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

These interim condensed consolidated financial statements are prepared and disclosed on a consolidated basis. The following subsidiaries are included in the consolidation: SIA ExpressInkasso (100%), of the subsidiary SIA ViziaFinance (100%), of the subsidiary SIA REFIN (100%) for the period ended 30 June 2021.

The former subsidiary SIA Banknote commercial properties (100%) has been liquidated on 21 June 2021. The assets of the SIA Banknote commercial properties were transferred to AS DelfinGroup as liquidation quota. The subsidiary SIA REFIN (100%) and SIA ExpressInkasso (100%) have been in the process of liquidation since 23 Feb 2021.

Changes in significant accounting policies, reclassification and correction of errors

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

These Standards do not have a material effect on the Group's financial statements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs, which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Reclassifications and correction of errors

- (a) In these interim condensed consolidated financial statements, the Group have changed the presentation of Credit loss expenses. For the 6 months ended 30 June credit losses expenses were presented within Selling expenses. For the 6 months ended 30 June, for the better presentation of financial information, the Group reclassified Credit loss expenses from selling expenses to the separate item in the Statement of profit or loss.
- (b) For the 6 months ended 30 June, the Group have changed the presentation of Losses on cessions. For the 6 months ended 30 June, it was presented within Interest expenses and similar expenses. Moreover, the effect from the reversal of the allowance on expected credit losses (ECL) for cessioned loans was presented under Selling expenses. For the 6 months ended 30 June, for the better presentation of financial information, the Group reclassified Losses on cessions to Other operating expenses, including the effect from the reversal of the ECL allowance.
- (c) For the 6 months ended 30 June, the part of credit loss expenses was included within Interest income. To comply with the presentation requirements of IFRS 9, the Group reclassified the abovementioned amount from Interest income and similar income to Credit loss expenses.

Notes (continued)

Reclassification and correction of errors_(continued)

The effect of changes on the interim condensed consolidated statement of comprehensive income of the Group for 6 months ended 30 June is provided below.

	Reference	Previously recorded amounts	Effect of reclassification	Adjusted data
Interest income and similar income	(c)	7 817 923	288 371	8 106 294
Interest expenses and similar expenses	(b)	(2 223 514)	513 239	(1 710 275)
Credit loss expenses	(a), (b), (c)	-	(779 267)	(779 267)
Selling expenses	(a)	(2 759 441)	262 527	(2 496 914)
Other operating expenses	(b)	(99 067)	(284 870)	(383 937)
Total in Statement of profit or loss		2 735 901	-	2 735 901

The effect of changes on the interim condensed consolidated statement of comprehensive income of the Group for 3 months ended 30 June is provided below.

	Reference	Previously recorded amounts	Effect of reclassification	Adjusted data
Interest income and similar income	(c)	3 507 128	288 371	3 795 499
Interest expenses and similar expenses	(b)	(1 103 695)	216 625	(887 070)
Credit loss expenses	(a), (b), (c)	-	(271 931)	(271 931)
Selling expenses	(a)	(1 039 126)	(115 862)	(1 154 988)
Other operating expenses	(b)	(48 478)	(117 203)	(165 681)
Total in Statement of profit or loss		1 315 829	-	1 315 829

Notes (continued)

(1) Net sales

Net revenue by type of revenue

	For 6 months ended 30 June		For 3 months ended 30 June	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Income from sales of goods	1 975 631	1 734 886	1 079 778	847 784
Income from sales of precious metals	425 542	996 500	275 780	357 724
Other income, loan and mortgage realisation and storage commission	290 022	378 067	129 706	193 786
	2 691 195	3 109 453	1 485 264	1 399 294

All net sales are generated in Latvia.

(2) Cost of sales

	For 6 months ended 30 June		For 3 months ended 30 June	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Cost of sales of goods	1 337 073	1 210 242	738 817	596 568
Cost of sales of precious metals	425 541	966 492	275 778	364 727
	1 762 614	2 176 734	1 014 595	961 295

(3) Interest income and similar income

	For 6 months ended 30 June		For 3 months ended 30 June	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Interest revenue calculated using effective interest rate:				
Interest income on unsecured loans	7 294 901	5 798 730	3 558 315	2 774 773
Interest income on secured loans	1 945 970	2 306 208	872 350	1 019 774
Interest income on loans to vehicle pledges	4 161	1 356	2 389	952
	9 245 032	8 106 294	4 433 054	3 795 499

(4) Interest expenses and similar expenses

	For 6 months ended 30 June		For 3 months ended 30 June	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Bonds' coupon expenses	911 306	708 409	456 120	367 741
Interest expenses on other borrowings	844 779	922 575	335 242	474 218
Interest expenses on lease liabilities (lease of premises)	103 546	77 187	50 787	44 040
Interest expenses on lease	792	1 323	379	621
Interest expenses on lease liabilities (lease of vehicles)	589	712	276	418
Net loss on foreign exchange	114	69	58	32
	1 861 126	1 710 275	842 862	887 070

Notes (continued)

(5) Selling expenses

	For 6 months ended 30 June		For 3 months ended 30 June	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Salary expenses	1 184 188	1 113 948	606 922	519 673
Depreciation of right-of-use assets - premises	325 043	336 765	161 961	167 509
Advertising	320 551	172 411	188 189	69 719
Social insurance	277 831	266 977	142 318	124 539
Non-deductible VAT	149 984	98 715	83 269	37 560
Depreciation of fixed assets	130 940	124 677	75 952	83 623
Maintenance expenses	130 171	134 221	66 047	71 294
Utilities expenses	117 591	150 479	46 797	96 851
Other expenses	51 060	47 518	33 671	(32 755)
Transportation expenses	40 740	42 539	21 202	20 440
Provisions for unused annual leave	23 774	4 540	8 366	(6 152)
Depreciation of right-of-use assets - motor vehicles	16 144	4 124	7 637	2 687
	2 768 017	2 496 914	1 442 331	1 154 988

(6) Administrative expenses

	For 6 months ended 30 June		For 3 months ended 30 June	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Salary expenses	1 160 520	992 871	595 300	466 022
Social insurance	272 854	238 846	139 964	112 431
Bank commission	228 329	211 605	126 754	115 948
Other administrative expenses	108 721	108 628	53 034	57 848
State fees and duties, licence expenses	58 158	16 378	28 161	7 112
Legal advice	53 100	24 492	25 678	13 777
Communication expenses	50 895	12 691	35 101	6 085
Depreciation of right-of-use assets - premises	46 957	19 923	23 478	11 518
Provisions for unused annual leave	33 921	3 005	23 856	(15 561)
Audit expenses*	16 250	-	16 250	-
Depreciation of right-of-use assets - motor vehicles	4 764	2 382	2 382	1 131
	2 034 469	1 630 821	1 069 958	776 311

* During the reporting year the Company has not received any other services from the auditors.

(7) Other operating expenses

	For 6 months ended 30 June		For 3 months ended 30 June	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Losses from cession	270 274	284 870	136 693	117 559
Fines	15 986	9 657	15 650	7 491
Loss on settlement of liabilities	15 271	23 583	15 245	11 744
Other expenses	15 033	13 849	7 669	6 739
Donations	13 581	50 054	10 581	22 054
Staff sustainability costs	3 545	1 924	3 545	94
	333 690	383 937	189 383	165 681

Notes (continued)

(8) Corporate income tax for the reporting year

	For 6 months ended 30 June		For 3 months ended 30 June	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Corporate income tax charge for the current year	623 009	32 912	299 353	6 819
	623 009	32 912	299 353	6 819

This tax is mainly concerned with the dividends paid out of the previous year's profits.

(9) Intangibles of the Group

	Concessions, patents, trademarks and similar rights	Other intangible assets	Advances	Company's Goodwill	Total
	EUR	EUR	EUR	EUR	EUR
Cost					
31.12.2019	354 773	60 822	6 748	127 616	549 959
Additions	1 387	47 912	-	-	49 299
Transfers	-	6 748	(6 748)	-	-
Disposals	(35)	(35 164)	-	-	(35 199)
31.12.2020	356 125	80 318	-	127 616	564 059
Additions	-	15 155	-	-	15 155
Transfers	-	-	-	-	-
Disposals	(1 396)	(1 500)	-	-	(2 896)
30.06.2021	354 729	93 973	-	127 616	576 318
Amortisation					
31.12.2019	170 572	25 089	-	-	195 661
Charge for 2020	61 331	25 661	-	-	86 992
Disposals	(34)	(24 509)	-	-	(24 543)
31.12.2020	231 869	26 241	-	-	258 110
Charge for 6 months 2021	30 246	11 660	-	-	41 906
Disposals	(1 397)	(1 499)	-	-	(2 896)
30.06.2021	260 718	36 402	-	-	297 120
Net book value 30.06.2021	94 011	57 571	-	127 616	279 198
Net book value 31.12.2020	124 256	54 077	-	127 616	305 949

Notes (continued)

(10) Fixed assets of the Group

	Land, buildings, structures and perennials EUR	Other fixed assets and inventory EUR	Leasehold improvements EUR	Right-of-use premises EUR	Right-of-use vehicles EUR	Right-of-use assets, total EUR	Total EUR
Cost							
31.12.2019	-	934 448	422 008	2 675 766	287 369	2 963 135	4 319 591
Additions	-	109 625	189 448	1 171 129	22 614	1 193 743	1 492 816
Remeasurement	-	-	-	716 006	-	716 006	716 006
Disposals	-	(51 549)	-	(2 864)	(17 832)	(20 696)	(72 245)
Acquired in business combination	130 069	-	-	-	-	-	130 069
31.12.2020	130 069	992 524	611 456	4 560 037	292 151	4 852 188	6 586 237
Additions	-	81 811	15 172	206 783	-	206 783	303 766
Remeasurement	-	-	-	203 085	-	203 085	203 085
Disposals	-	(33 983)	-	(108 671)	-	(108 671)	(142 654)
30.06.2021	130 069	1 040 352	626 628	4 861 234	292 151	5 153 385	6 950 434
Depreciation							
31.12.2019	-	651 770	367 493	722 707	191 447	914 154	1 933 417
Charge for 2020	6 530	141 086	47 356	716 017	46 789	762 806	957 778
Disposals	-	(48 546)	-	(1 718)	(17 466)	(19 184)	(67 730)
Acquired in business combination	38 154	-	-	-	-	-	38 154
31.12.2020	44 684	744 310	414 849	1 437 006	220 770	1 657 776	2 861 619
Charge for 6 months 2021	1 082	70 899	17 053	372 000	20 908	392 908	481 942
Disposals	2 086	(33 300)	-	(41 914)	-	(41 914)	(73 128)
30.06.2021	47 852	781 909	431 902	1 767 092	241 678	2 008 770	3 270 433
Net book value 30.06.2021	82 217	258 443	194 726	3 094 142	50 473	3 144 615	3 680 001
Net book value 31.12.2020	85 385	248 214	196 607	3 123 031	71 381	3 194 412	3 639 233

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

The Group adopted IFRS 16 with an initial application date of 1 January 2019. The entity applied the modified retrospective transition method. The amounts disclosed in the extracts are expressed in euros. The entity provided quantitative disclosures in its interim condensed consolidated statement financial statements in a tabular format based on the nature of the disclosure item (i.e., asset, equity and liability and income statement). Right-of-use assets and other liabilities for rights to use assets are shown as follows in the interim condensed consolidated statement of financial position and statement of comprehensive income:

	30 June 2021 EUR	31 December 2020 EUR
Non-current assets		
Right-of-use assets - premises	3 094 142	3 123 031
Right-of-use assets - motor vehicles	50 473	71 381
Assets, total	3 144 615	3 194 412
Non-current liabilities		
Lease liabilities	2 762 390	2 732 136
Current liabilities		
Lease liabilities	690 499	703 715
Lease liabilities, total	3 452 889	3 435 851

Premises lease agreements are signed for a period of one year to eighteen years and six months. Car rental agreements are signed for a period of three years to three years and eleven months.

The weighted-average incremental borrowing rate for premises lease to 30.06.2021 was 4.07% (2020 was 5.25%), the weighted-average incremental borrowing rate for motor vehicles was 3.20% (2020 was 3.20%) per year.

Notes (continued)

(12) Loans to shareholders and management

	Loans to members EUR
31.12.2019	1 022 423
Loans issued	438 669
Loans repaid	(1 036 932)
Interest of loans	56 450
Interest repaid	(6 126)
31.12.2020	474 484
Loans issued	98 880
Loans repaid	(375 453)
Interest of loans	3 969
Interest repaid	(201 880)
30.06.2021	-
Net book value as at 30.06.2021	-
Net book value as at 31.12.2020	474 484

Interest on borrowing is in the range of 3.01% - 4% per annum. The loan maturity - 31 December 2025 (including the loan principal amount and accrued interest). Loans are denominated in euros. Loans were repaid early.

	Year of issue	Interest rate	Maturity	30 June 2021	31 December 2020	
AE Consulting SIA	EUR	2019	4%	2023	-	381 796
L24 Finance SIA	EUR	2016	3.01%	2025	-	83 688
EA investments AS	EUR	2020	4%	2025	-	9 000
Loans to shareholders and management					-	474 484

(13) Loans and receivables

a) Loans and receivables by loan type

	Group 30 June 2021 EUR	Group 31 December 2020 EUR
Debtors for loans issued against pledge		
Long-term debtors for loans issued against pledge	79 613	85 492
Short-term debtors for loans issued against pledge	2 677 101	2 945 052
Interest accrued for loans issued against pledge	130 079	139 425
Debtors for loans issued against pledge, total	2 886 793	3 169 969
Debtors for loans issued without pledge		
Long-term debtors for loans issued without pledge	20 638 265	17 626 266
Short-term debtors for loans issued without pledge	12 224 750	16 025 664
Interest accrued for loans issued without pledge	1 185 189	1 470 419
Debtors for loans issued without pledge, total	34 048 204	35 122 349
Loans and receivables before allowance, total	36 934 997	38 292 318
ECL allowance on loans to customers	(3 669 537)	(3 618 464)
Loans and receivables	33 265 460	34 673 854

Notes (continued)

Loans and receivables (continued)

Loans and receivables by loan type (continued)

All loans are issued in euros. Long-term receivables for the loans issued do not exceed 5 years.

Parent company signed a contract with a third party for the receivable amounts regular cession to assign debtors for loans issued which are outstanding for more than 90 days. Losses from these transactions were recognised in the current period.

The claims in the amount of EUR 2 886 793 (31.12.2020: EUR 3 169 969) are secured by the value of the collateral. Claims against debtors for loans issued against pledge are secured by pledges, whose fair value is higher than the carrying value, therefore provisions for secured overdue loans are not made.

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

An analysis of changes in the gross carrying value for loans issued and corresponding ECL in relation to corporate lending during the first half of the year 2021 is as follows:

Group	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2021	34 973 852	1 056 260	2 226 012	36 195	38 292 319
New assets originated or purchased	21 842 178	-	-	-	21 842 178
Assets settled or partly settled	(21 470 806)	(46 612)	(116 486)	-	(21 633 904)
Assets written off	(75 927)	(487 614)	(1 106 377)	(36 195)	(1 706 113)
Effect of interest accruals	48 756	(3 066)	94 827	-	140 517
Transfers to Stage 1	431 538	(269 655)	(161 883)	-	-
Transfers to Stage 2	(841 916)	847 527	(5 611)	-	-
Transfers to Stage 3	(1 173 580)	(263 565)	1 437 145	-	-
At 30 June 2021	33 734 095	833 275	2 367 627	-	36 934 997

Group	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2021	1 894 525	369 159	1 354 780	-	3 618 464
New assets originated or purchased	811 643	-	-	-	811 643
Assets settled or partly settled	(1 519 267)	(15 438)	(97 397)	-	(1 632 102)
Assets written off	(5 616)	(57 492)	(617 271)	-	(680 379)
Effect of interest accruals	519	5 069	94 885	-	100 473
Transfers to Stage 1	242 031	(72 528)	(169 503)	-	-
Transfers to Stage 2	(53 812)	57 436	(3 624)	-	-
Transfers to Stage 3	(42 306)	(59 631)	101 937	-	-
Impact on period end ECL due to transfers between stages and due to changes in inputs used for ECL calculations	254 368	272 031	925 039	-	1 451 438
At 30 June 2021	1 582 085	498 606	1 588 846	-	3 669 537

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

	Group 30 June 2021 EUR	Group 31 December 2020 EUR
Receivables not yet due	30 659 431	32 473 188
Outstanding 1-30 days	3 074 664	2 508 354
Outstanding 31-90 days	833 275	1 056 261
Outstanding 91-180 days	654 788	989 467
Outstanding for 181-360 days	1 009 589	428 390
Outstanding for more than 360 days	703 250	836 658
Total claims against debtors for loans issued	36 934 997	38 292 318

Notes (continued)

Loans and receivables (continued)

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

	Group 30 June 2021 EUR	Group 31 December 2020 EUR
For trade debtors not yet due	1 373 673	1 769 822
Outstanding 1-30 days	153 621	123 306
Outstanding 31-90 days	498 606	369 159
Outstanding 91-180 days	383 670	554 341
Outstanding for 181-360 days	777 900	244 996
Outstanding for more than 360 days	482 067	556 840
Total provisions for bad and doubtful trade debtors	3 669 537	3 618 464

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

(14) Share capital

As at 30 June 2021, the Parent Company's share capital is EUR 4 000 000, which consists of 40 000 000 ordinary shares, each of them with a nominal value of EUR 0.10. All shares are fully paid.

(15) Bonds issued

	Group 30 June 2021 EUR	Group 31 December 2020 EUR
Bonds issued	8 500 000	8 481 000
Bonds commission	(24 709)	(39 283)
Total long-term part of bonds issued	8 475 291	8 441 717
Bonds issued	4 870 000	5 000 000
Bonds commission	(2 068)	(1 232)
Interest accrued	23 951	23 884
Total short-term part of bonds issued	4 891 883	5 022 652
Bonds issued, total	13 370 000	13 481 000
Interest accrued, total	23 951	23 884
Bonds commission, total	(26 777)	(40 515)
Bonds issued net	13 367 174	13 464 369

As of 30 June 2021, the Parent company of the Group has outstanding bonds (ISIN LV0000802213) in the amount of EUR 5 000 000, registered in the Latvia Central Depository on the following terms – number of securities issued: 5 000, nominal value 1 000 euros per each security, coupon rate - 14%, coupon is paid once a month on the 25th date. The principal amount (EUR 1000 per each bond) is to be repaid on 25 October 2021. The bonds issue in full amount was traded on NASDAQ Baltic First North Alternative market as of 19.03.2018. The bond is secured by a commercial pledge on the property and claims of the Company and all its subsidiaries.

As of 30 June 2021, the Parent company of the Group has outstanding bonds (ISIN LV0000802379) in the amount of EUR 5 000 000, registered in the Latvia Central Depository on the following terms – amount of emissions recorded 5 000, amount of emissions recorded with nominal value 1 000 euro per each bond, coupon rate - 14%, coupon is paid once a month on the 25th date. The principal amount (EUR 1000 per each bond) is to be repaid by 25 November 2022. The bonds issue was traded on NASDAQ Baltic First North Alternative market as of 11.08.2020. The bonds are secured by a commercial pledge on the property and claims of the Company and all its subsidiaries.

As of 30 June 2021, the Parent company of the Group has outstanding bonds (ISIN LV0000802429) in the amount of EUR 3 500 000, registered with the Latvia Central Depository and issued in a closed offer on 30 September 2020 on the following terms – amount of emissions recorded 3 500, amount of emissions recorded with nominal value 1 000 euro per each bond, coupon rate - 12%, coupon is paid once a month on the 25th date. The principal amount (EUR 1000 per each bond) is to be repaid by 25 November 2022. The bonds are not secured.

As of 30 June 2021, AS DelfinGroup owns its own bonds (ISIN LV0000802213) in the amount of EUR 130 000. The bonds asset is deducted in the financial statements from bonds liabilities.

The Group has registered a commercial pledge by pledging its property and receivables, with a maximum claim amount of EUR 40.5 million as collateral on the pari passu principle among bondholders of notes issues ISIN LV0000802213, and ISIN LV0000802379, as well as for SIA Mintos Finance. As of 30 June 2021, the amount of secured liabilities constitutes EUR 4 870 000 for bonds ISIN LV0000802213, EUR 5 000 000 for bonds ISIN LV0000802379 and EUR 12 979 044 (31.12.2020: 17 286 857) for AS Mintos Finance.

Notes (continued)

(16) Other borrowings

	Group 30 June 2021 EUR	Group 31 December 2020 EUR
Other long-term loans	4 103 358	6 816 925
Total other long-term loans	4 103 358	6 816 925
Other short-term loans	8 889 524	10 869 932
Total other short-term loans	8 889 524	10 869 932
Total other loans	12 992 882	17 686 857

The remaining amount on other borrowings is represented by loans received from a crowdfunding platform SIA Mintos Finance, a company registered in the European Union. The weighted average annual interest rate as of 30 June 2021 is 10.18%. According to the loan agreement with SIA Mintos finance the loan matures according to the particular loan agreement terms concluded by the Company with its customers.

(17) Management remuneration

	For 6 months ended 30 June		For 3 months ended 30 June	
	2021 EUR	2020 EUR	2021 EUR	2020 EUR
Boards member salary expenses	149 834	129 431	54 700	65 941
Boards member social insurance	35 346	31 180	12 904	15 885
Boards member remuneration	185 180	160 610	67 604	81 826
Supervisory board member salary expenses	33 961	-	33 600	-
Supervisory board member social insurance	8 012	-	7 926	-
Supervisory board member remuneration	41 973	-	41 526	-
Management remuneration, total	227 153	-	109 130	-

As at 30 June 2021, the management of the Group has no outstanding loans.

(18) Related party transactions

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

Related party	Transactions for 6 months 2021	Transactions in 2020
Parent company's owners		
L24 Finance SIA, reg. No. 40103718685	✓	✓
AE Consulting SIA, reg. No. 40003870736	✓	✓
EC finance SIA, reg. No. 40103950614	-	✓
Didzis Ādmidiņš, p.c. 051084-11569	-	✓
Kristaps Bergmanis, p.c. 040578-13052	-	✓
Ivars Lamberts, p.c. 030481-10684	-	✓
Companies and individuals under common control or significant influence		
Agris Evertovskis, p.c. 081084 -10631	-	✓
EA investments AS, reg. No. 40103896106	✓	✓
Subsidiary		
ExpressInkasso SIA, reg. No. 40103211998	✓	✓
ViziaFinance SIA, reg. No. 40003040217	✓	✓
REFIN SIA, reg. No. 40203172517	✓	✓
Banknote commercial properties SIA, reg. No. 40103501494 (from 30.09.2020-21.06.2021)	✓	✓
Other related companies		
Banknote commercial properties SIA, reg. No. 40103501494 (till 30.09.2020)	-	✓
KALPAKS SIA, reg. No. 40203037474	-	✓
EL Capital SIA, reg. No. 40203035929	✓	✓
EuroLombard Ltd, reg. No. 382902595000	✓	✓
OBDO Gin SIA, reģ. No. 50103451231	-	✓

All transactions with related parties are carried out in accordance with general market conditions.

Notes (continued)

Related party transactions (continued)

	Transactions for 6 months 2021 EUR	Transactions in 2020 EUR
Group's transactions with:		
Owners of the parent company		
Interest received		
AE Consulting SIA	9 090	26 804
L24 Finance SIA	775	1 575
EC finance SIA	-	11
Services received		
AE Consulting SIA	-	(1 698)
Services delivered		
AE Consulting SIA	75	2 965
L24 Finance SIA	-	360
EC finance SIA	-	300
Goods sold		
AE Consulting SIA	59	1 090
Board members	-	992
Investment in shares		
L24 Finance SIA	-	(1 921)
Companies and individuals under common control or significant influence		
Interest paid		
Board members	-	(1 598)
Services delivered		
EA investments AS	153	300
Other related companies		
Interest received		
Banknote commercial properties SIA	-	1 661
EuroLombard Ltd	-	1 570
Services received		
Banknote commercial properties SIA	-	(15 569)
Services delivered		
Banknote commercial properties SIA	-	938
EL Capital, SIA	1 307	447
EuroLombard Ltd.	1 545	6 139
OBDO Gin, SIA	-	8 418
KALPAKS, SIA	-	321
Goods received		
OBDO Gin, SIA	-	(43)
Fixed assets sold		
OBDO Gin, SIA	-	160

Loan debts to shareholders and management

	Group 30 June 2021 EUR	Group 31 December 2020 EUR
AE Consulting SIA	-	381 796
L24 Finance SIA	-	83 688
EA investments AS	-	9 000
	-	474 484

Notes (continued)

(19) Segment information

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

Pawn loan segment	Handling pawn loan issuance, sale of pawn shop items in the branches and online.
Consumer loan segment	Handling consumer loans to customers, debt collection activities and loan cessions to external debt collection companies.
Other operations segment	Providing loans for real estate development, general administrative services to the companies of the Group, transactions with related parties. 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 differently from profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. For the costs, for which direct allocation to a particular segment is not attributable, the judgement of the management is used to allocate general costs by segments, based on the following cost allocation drivers – loan issuance, segment income, segment employee count, segment employee costs, the amount of segment assets.

The following table presents income and profit and certain asset and liability information regarding the Group's operating segments. Based on the nature of the services, the Group's operations can be divided as follows (statement of profit or loss positions and other information is compared for the same period of the previous year, balance sheet positions are compared to the data as at 31.12.2020):

EUR	Pawn loans		Consumer loans		Other activities		Total	
	For 6 months ended 30 June		For 6 months ended 30 June		For 6 months ended 30 June		For 6 months ended 30 June	
	2021	2020	2021	2020	2021	2020	2021	2020
Assets	7 430 229	8 081 189	32 255 377	32 229 638	-	5 184 436	39 685 606	45 959 145
Liabilities of the segment	7 086 729	7 338 606	24 490 311	24 520 090	-	4 146 054	31 577 040	36 004 750
Income	4 641 326	5 417 017	7 225 467	5 578 565	69 434	220 165	11 936 227	11 215 747
Net performance of the segment	605 303	1 135 803	3 244 455	2 586 666	264 444	54 407	4 114 203	3 776 877
Financial (expenses)	(323 777)	(286 088)	(1 524 160)	(1 227 733)	(13 189)	(196 454)	(1 861 126)	(1 710 275)
Profit/(loss) before taxes	281 526	849 715	1 720 295	1 358 933	251 255	(142 047)	2 253 077	2 066 602
Corporate income tax	(77 846)	(13 532)	(475 687)	(21 642)	(69 476)	2 262	(623 009)	(32 912)
<i>Other information</i>								
Fixed assets and intangible assets (NBV)	2 757 574	2 787 597	1 201 625	883 881	-	359 090	3 959 199	4 030 567
Depreciation and amortisation during the reporting period	(364 859)	(352 845)	(158 989)	(111 879)	-	(45 452)	(523 848)	(510 176)
Loans issued	7 126 001	8 766 064	14 716 177	11 264 040	-	26 000	21 842 178	20 056 104
Loans received	7 447 863	9 050 617	9 609 853	9 535 699	4 806 601	275 065	21 894 317	18 861 380

Notes (continued)

(20) Guarantees issued, pledges

The Group has registered a commercial pledge by pledging its property and receivables, with the maximum claim amount of EUR 40.5 million as collateral on the pari passu principle among bondholders of notes issues ISIN LV0000802213, and ISIN LV0000802379, as well as for SIA Mintos Finance. As of 30 June 2021, the amount of secured liabilities constitutes EUR 4 870 000 for bonds ISIN LV0000802213, EUR 5 000 000 for bonds ISIN LV0000802379 and EUR 12 979 044 (31.12.2020: 17 286 857) for AS Mintos Finance.

(21) Fair value measurements

a) Fair value hierarchy

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

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

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

At 30 June 2021

	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Assets for which fair values are disclosed				
Cash and cash equivalents	593 694	-	-	593 694
Loans and receivables	-	-	33 265 460	33 265 460
Other financial assets	-	-	330 734	330 734
Liabilities for which fair values are disclosed				
Bonds issued	-	13 367 174	-	13 367 174
Other borrowings	-	-	12 992 882	12 992 882
Lease liabilities	-	-	3 452 889	3 452 889
Trade payables	-	-	628 618	628 618

b) Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the Consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying value 30.06.2021	Fair value 30.06.2021	Unrecognised gain/(loss) 30.06.2021	Carrying value 2020	Fair value 2020	Unrecognised gain/(loss) 2020
Financial assets						
Cash and cash equivalents	593 694	593 694	-	4 591 954	4 591 954	-
Loans and receivables	33 265 460	33 405 577	140 117	34 673 854	34 261 871	411 983
Loans to shareholders and management	-	-	-	474 484	484 650	(10 166)
Other financial assets	330 734	330 734	-	654 279	654 279	-
Financial liabilities						
Bonds issued	13 367 174	13 299 993	(67 181)	13 464 369	13 463 004	(1 365)
Other borrowings	12 992 882	15 670 859	2 677 977	17 686 857	18 414 469	727 612
Lease liabilities	3 452 889	3 655 109	202 220	3 435 851	3 504 097	68 246
Trade payables	628 618	628 618	-	702 933	702 933	-
Total unrecognised change in fair value			2 953 143			1 196 310

Notes (continued)

(22) Subsequent events

In January 2021, AS DelfinGroup decided on the reorganisation and redistribution of functions at three of its subsidiaries – SIA Banknote commercial properties, SIA Refin and SIA ExpressInkasso. The functions of the reorganised Companies will be taken over by AS DelfinGroup. As at the time of signing these interim condensed consolidated financial statements, the reorganisation is completed for SIA Banknote commercial properties, SIA ExpressInkasso, and reorganisation is in the finalisation process for SIA Refin.

On 23 March 2021, the Company announced its intention to go public with the intention to list shares on the Main Market of Nasdaq Riga Stock Exchange during 2021. After the period end, the Company is in the preparation process for the planned IPO in the 2nd half-year of 2021.

After the period ended, the Parent company of the Group issued 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 – amount of emissions 5 000, amount of emissions recorded with the nominal value of 1 000 euros per each bond, coupon rate – 9.75%, coupon is paid once a month on the 25th date. The principal amount (EUR 1000 per each bond) is to be repaid by 25 August 2023. The bonds are not secured.

During the period from the last day of the reporting period to the date of signing these interim consolidated financial statements, no events have occurred, which would entail the necessity of making adjustments to these consolidated financial statements or that ought to be explained in these consolidated financial statements.

(23) Impact of COVID-19

In March 2020, the Republic of Latvia and many other countries introduced restrictions in relation to the coronavirus pandemic. The restrictions have affected the economic activity in the country and in the world.

The Company's management is continuously assessing the situation and currently the Company's operations are regarded as stable with a positive outlook. Company's management have assessed the going concern assumption and the management works, and complies with the set strategy of further developing the pawn loan segment, consumer loan segment and the segment of pre-owned goods retail and meeting its financial obligations.

During Q2 2021, consumer loan issuance increased by 21.3% compared to Q1 2021. The growth is even more considerable when comparing this year with 2020: during the first six months of 2021, consumer loan issuance has grown by close to 30.6%. However, due to the restrictions placed on offline servicing, during the first half of this year 2021, pawn loan issuance decreased year-on-year (-18.7%). This did not have a lasting effect on overall growth, as the pawn loan segment is also gradually recovering and demonstrating a growing trend. Comparing pawn loan issuance during Q1 2021 and Q2 2021, there is an increase of 11.9%.

The Company's management have the experience necessary to address the risks of the COVID-19 pandemic by arranging remote work for the administration utilising already present technological solutions and incurring a small transition to remote work costs. The Company also has experience of the actions to be taken to accumulate cash reserves for the purpose of risk management during times of uncertainty. The measures include the renegotiation of rent, reduction in salaries and agreement on the deferral of tax payments. In addition, the Company has experience in relation to fluctuations in the availability of financing sources on the Mintos marketplace and issuing new bonds.

The management continuously evaluates the quality of loan portfolio. The management has concluded that the COVID-19 pandemic did not have a significant impact on the quality of the loan portfolio of the company. The management will continue to prudently monitor the quality of the loan portfolio and effect of the COVID-19 pandemic and related restrictions.

Except for as provided in the previous paragraph, for the purpose of preparing these interim condensed consolidated financial statements the management assessed the overall risk impact of COVID-19 for the Company as moderate and accordingly did not make any further significant changes to any other estimates or credit or market risk management policies as at 30 June 2021.

Nevertheless, with consideration of the continuance of the COVID-19 pandemic, the management still regularly follows the further developments and analyses the potential of its impacts in 2021, and is properly prepared to assess and implement any further changes to accounting policies, estimates and risk management policies, as well as review the respective risk grading when necessary to ensure the sustainable growth of the Company as well as the proper and safe provision of services to clients.

Didzis Ādmīdiņš
Chairman of the Board

Kristaps Bergmanis
Board of Member

Ivars Lamberts
Board Member

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

Riga, 19th August 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of AS DelfinGroup

Review Report on the Condensed Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of AS DelfinGroup (the "Group"), as set out on pages 11 to 29, which comprise the condensed consolidated balance sheet as at June 30, 2021, and condensed consolidated statement of comprehensive income for the six-month and three-month period both ended June 30, 2021, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information ("the interim financial information").

Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying interim financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this interim financial information does not give a true and fair view of the consolidated financial position of AS DelfinGroup as at June 30, 2021, and of its consolidated financial performance and consolidated cash flows for the six-month period then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Other Matter

The corresponding figures for the six-month period ended June 30, 2020, were not reviewed or audited. On 23th of April, 2021 we issued unmodified audit report on 2020 IFRS consolidated and separate financial statements of AS DelfinGroup.

Report on Other Legal and Regulatory Requirements

In addition, our responsibility is to assess whether the accounting information included in the Management Report, as set out on pages 7 to 9, the preparation of which is the responsibility of management, is consistent with the interim financial information. Our work with respect to the Management Report was limited to the aforementioned scope and did not include a review of any information other than drawn from the interim financial information of the Group. Nothing has

come to our attention that causes us to believe that there are material inconsistencies between the Management Report and the interim financial information.

SIA BDO ASSURANCE
Licence Nr. 182

Irita Cimdare
Board Member
Sworn auditor
Certificate Nr. 103
Rīga, Latvia
19 August 2021

