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**AS “DelfinGroup”**  
Unaudited  
consolidated interim  
report  
January – March  
2023

Translation from Latvian

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# Information on the Company and Subsidiaries

<b>Name of the Company</b>	DelfinGroup
<b>Legal status of the Company</b>	Joint stock company (till 19.01.2021, Limited liability company)
<b>Number, place and date of registration</b>	40103252854 Commercial Registry Riga, 12 October 2009
<b>Operations as classified by NACE classification code system</b>	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
<b>Address</b>	50A Skanstes Street, Riga, LV-1013 Latvia
<b>Names and addresses of shareholders</b>	SIA L24 Finance (55.54%), 12 Jūras Street, Liepaja, Latvia  SIA AE Consulting (8.75%), 50A Skanstes Street, Riga, Latvia  SIA EC finance (18.28%), 50A Skanstes Street, Riga, Latvia  Other (17.43%)
<b>Ultimate parent company</b>	SIA L24 Finance Reg. No. 40103718685 12 Jūras Street, Liepaja, Latvia
<b>Names and positions of Board members</b>	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)  Ivars Lamberts – Member of the Board (from 11.01.2018 till 28.02.2022)

**Names and positions of Supervisory Board members**

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

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

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

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

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

**Reporting period**

1 January 2023 – 31 March 2023

## Information on the Subsidiaries

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<b>Subsidiary</b>	SIA ViziaFinance (parent company interest in subsidiary – 100%)
<b>Date of acquisition of the subsidiary</b>	23.02.2015
<b>Number, place and date of registration of the subsidiary</b>	40003040217; Riga, 06 December 1991
<b>Address of the subsidiary</b>	50A Skanstes Street, Riga, Latvia
<b>Operations as classified by NACE classification code system of the subsidiary</b>	64.92 Other financing services

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

The interim report set out on pages 12 to 24 are prepared in accordance with the source documents and present the financial position of the Group as of 31 December 2023 and the results of its operations, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2023. The management report set out on pages 7 to 11 presents fairly the financial results of the reporting period and future prospects of the Group.

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

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

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**Didzis Ādmīdiņš**  
Chairman of the Board

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**Aldis Umblejs**  
Board Member

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**Sanita Pudnika**  
Board Member

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# Management report

In the first three months of 2023, the Latvian financial services group AS *DelfinGroup* reached 11.1 million euros in revenue, which is 46% more compared to the corresponding period of 2022. The Group showed stable EBITDA growth, which increased by 53% and reached 3.9 million euros. In the first quarter of 2023, *DelfinGroup* continued to deliver increasing profitability, with profit before taxes running EUR 1.8 million, which is a 16% increase compared to the first quarter of last year, while the Group's net profit increased by 16%, reaching EUR 1.6 million.

In the 1st quarter of 2023, demand for *DelfinGroup* consumer and pawn loans remained stable, resulting in record quarterly loan issuance figures. In the first three months of 2023, the Group issued new loans for 24 million euros, 59% more than in the corresponding period of the previous year. Among them, consumer loans were issued in the amount of 18.3 million euros, or 59% more than in the corresponding period of last year. Meanwhile, in the pawn lending segment, issuance has increased by 58%, reaching 5.7 million euros. As a result of the successful issuance of loans, the Group's net loan portfolio has reached the historically highest level – 73.5 million euros.

According to the Group's strategy, one of the main goals is promoting the circular economy, which is supported by the trade of pre-owned and slightly pre-owned goods, which extends the life cycle of items and reduces CO2 emissions during the production of new goods. In this segment as well, *DelfinGroup* continued its stable development, increasing both the number of sold goods that have been given a second life and the revenues of the segment. In the first quarter of 2023, the Group sold pre-owned and new goods for 3.3 million euros, which is a 43% increase compared to the corresponding period of the previous year.

Based on the current economic situation, business results, and development trends, *DelfinGroup* clarified the goals for 2023 and 2024 and set forecasts for 2025. It is planned that the net loan portfolio of the Group will reach 100 million euros in 2025. Also, by the end of 2025, it is planned to reach an EBITDA of 26 million euros and to double the profit before taxes to 15 million euros. According to *DelfinGroup* dividend policy, the company will continue to maintain an equity ratio of at least 20% to total assets, which is a prerequisite for a well-balanced capital structure. In addition, as before, the company plans to make quarterly dividend payments to shareholders of up to 50% of the net profit.

On 29 March 2023, an extraordinary meeting of shareholders of the Company took place, where the AS *DelfinGroup* unaudited interim condensed consolidated financial statements for the twelve-month period ended 31 December 2022 were approved. Also, the payment of dividends from the 4th quarter of 2022 profit of 838 thousand euros was approved in the amount of 0.0185 euros per share. The quarterly dividend payment to shareholders took place on 17 April 2023.

As part of *DelfinGroup* long-term motivation program, a staff option program was launched to promote the employees' sense of belonging to the company. 450 thousand company shares will be issued as part of the program. All employees of the Group who have worked in the Group for at least 12 months can participate in the staff option program, which will allow employees to earn along with the company's development in addition to their salary.

In the 1st quarter of 2023, *DelfinGroup* signed an agreement with *BA School of Business and Finance* (BASBF) and *Riga Technical University* (RTU) on cooperation in the fields of studies and research. As a result, the fintech company and these higher education institutions have arranged to work together as part of the *Financial Management Information Systems* joint vocational bachelor study programme taught by BASBF and RTU. In close cooperation with industry professionals, the study programme prepares financial system software developers. It thus provides the financial and fintech industries with the highly skilled specialists that the job market demands. The agreement aims to create broader opportunities for cooperation in scientific, academic, and administrative work for *DelfinGroup* employees and the students and teaching staff of the *Financial Management Information Systems* vocational bachelor study programme. Furthermore, it will result in the students gaining the ability to consolidate their knowledge in practice and get advice from industry professionals throughout their studies.

## 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 2023 (profit statement items are compared to the same period of the previous year, balance sheet items are compared to the data as at 31.12.2022):

Position	EUR, million	Change, %
Net loan portfolio	73.5	+8.8
Assets	85.1	+10.3
Revenue	11.1	+46.1
EBITDA	3.9	+53.3
Profit before taxes	1.8	+15.6
Net profit	1.6	+15.9

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

Position	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Revenue, EUR million	7.6	8.4	9.4	10.3	11.1
EBITDA, EUR million	2.6	3.2	3.5	3.8	3.9
EBITDA margin, %	34%	38%	37%	37%	35%
EBIT, EUR million	2.3	2.9	3.2	3.5	3.6
EBIT margin, %	30%	35%	34%	34%	33%
Profit before taxes, EUR million	1.6	2.0	1.8	1.9	1.8
Net profit, EUR million	1.4	1.2	1.7	1.7	1.6
Net profit margin, %	18%	14%	18%	16%	15%
ROE (annualised), %	31%	29%	39%	38%	35%
Current ratio	1.4	1.3	1.3	0.7	0.7

*In some cases, quantitative values have been rounded up to the nearest decimal place or whole number to avoid an excessive level of detail. As a result, certain values may not necessarily add up to the respective totals due to the effects of the approximation. 2022 Q1 are corrected by restatements in Note 1. 2022 Q4 are corrected by restatements in Note 1 of Group's annual consolidated financial statements as at 31 December 2022.*

### EBITDA calculation, EUR million:

Item	2023 Q1	2022 Q1
Profit before tax	1.8	1.6
Interest expenses and similar expenses	1.8	0.7
Depreciation of fixed assets and amortisation	0.3	0.3
<b>EBITDA, EUR million</b>	<b>3.9</b>	<b>2.6</b>



## Management report (CONTINUED)

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

Covenant	Value as of 31.03.2023	Compliance
to maintain a Capitalization Ratio at least 25%	26%	yes
to maintain consolidated Interest Coverage Ratio of at least 1.25 times, calculated on the trailing 12 month basis	2.5	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.	1.7	yes

### Principles of alternative performance measures

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

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

Revenue = net sales + interest income and similar income.

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

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

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

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

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

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

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

Equity ratio = total equity / total assets \* 100.

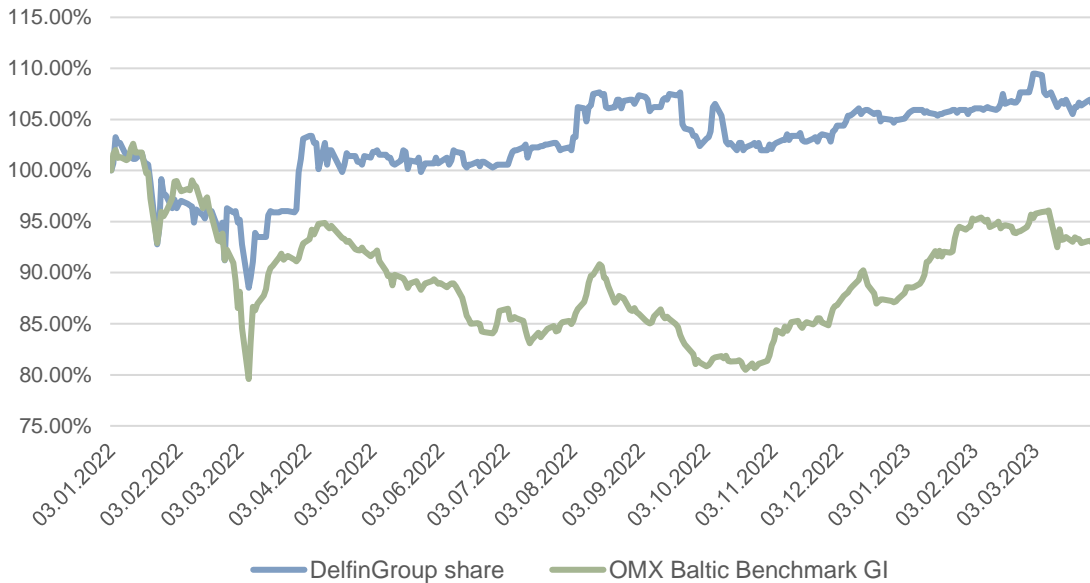
Cost to income ratio = (selling expenses + administrative expenses + other operating expenses – debt sale results) / (net sales – cost of sales + interest income and similar income – interest expenses and similar expenses + other operating income) \* 100.

### Investor information

DelfinGroup shares are listed on the Baltic Main List on the Nasdaq Riga stock exchange with the ISIN code LV0000101806. As of 31 March 2023, a total of 45,319,594 shares had been issued. The share price was EUR 1.5, making a total market capitalization of EUR 68 million. During the reporting period, the trading of DelfinGroup shares reached 803 thousand euros. During the first three months of 2023, the share price increased by 1.21%. The lowest price at which the Company's shares were traded was 1.478 euros, and the highest was 1.55 euros.

## Management report (CONTINUED)

### Price changes from the beginning of 2022, %



### Branches

As at 31 December 2022, the Group had 92 branches in 38 cities in Latvia (31.12.2022 - 91 branches in 38 cities).

### Risk management

The Group is not exposed to foreign exchange rate risk because the basic transaction currency is the Euro. Majority of the funding of the Group consists of fixed coupon rate borrowings, so that the Group is not exposed to variable interest rate risk. Accurate application of the prudent strategies chosen has allowed the Group to successfully manage its financial risks, particularly the liquidity and credit risk. All Group transactions are performed in Latvia, the Group has no counterparties in Russia and Belarus thus the impact of the war in Ukraine and the associated sanctions has insignificant effect on the company's operations.

### Distribution of the profit proposed by the Company

The Company's board recommends the distribution of Q1 2023 profit as dividends in accordance with the Company's dividend policy, which sets the target of up to 50% quarterly dividend pay out.

**Didzis Ādmīdiņš**  
Chairman of the Board

**Aldis Umblejs**  
Board Member

**Sanita Pudnika**  
Board Member

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## Interim consolidated Statement of profit or loss January – March 2023

	Notes	For 3 months ended 31 March	
		2023	2022 (restated, note 1)
		EUR	EUR
Net sales	(2)	2 302 806	1 245 761
Cost of sales		(1 443 337)	(779 723)
Interest income and similar income	(3)	8 779 121	6 340 294
Interest expenses and similar expenses	(4)	(1 791 960)	(688 911)
Credit loss expenses		(2 144 585)	(1 410 285)
<b>Gross profit</b>		<b>5 702 045</b>	<b>4 707 136</b>
Selling expenses	(5)	(2 062 572)	(1 757 066)
Administrative expenses	(6)	(1 764 851)	(1 279 404)
Other operating income		14 943	24 275
Other operating expenses		(64 249)	(115 917)
<b>Profit before corporate income tax</b>		<b>1 825 316</b>	<b>1 579 024</b>
Income tax expenses		(212 230)	(187 656)
<b>Net profit</b>		<b>1 613 086</b>	<b>1 391 368</b>
<b>Basic earnings per share</b>	(7)	0.036	0.031
<b>Diluted earnings per share</b>	(7)	0.036	0.031

Notes on pages from 17 to 24 are an integral part of these interim reports.

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## Interim consolidated Balance sheet as at 31 March 2023

<b>Assets</b>		<b>Group</b> <b>31 March 2023</b>	<b>Group</b> <b>31 December 2022</b>
<b>Non-current assets:</b>	<b>Notes</b>	<b>EUR</b>	<b>EUR</b>
<b>Intangible assets:</b>			
Patents, licences, trademarks and similar rights		17 429	26 906
Internally developed software		523 649	575 458
Other intangible assets		134 755	121 162
Goodwill		127 616	127 616
Advances for intangible assets		175 100	43 801
<b>Total intangible assets:</b>		<b>978 549</b>	<b>894 943</b>
<b>Property, plant and equipment:</b>			
Land, buildings and structures		180 433	182 378
Leasehold improvements		201 946	189 340
Right-of-use assets		2 697 743	2 636 223
Other fixtures and fittings, tools and equipment		233 683	203 192
<b>Total property, plant and equipment</b>		<b>3 313 805</b>	<b>3 211 133</b>
<b>Non-current financial assets:</b>			
Loans and receivables	(8)	52 729 351	46 150 128
<b>Total non-current financial assets:</b>		<b>52 729 351</b>	<b>46 150 128</b>
<b>Total non-current assets:</b>		<b>57 021 705</b>	<b>50 256 204</b>
<b>Current assets:</b>			
<b>Inventories:</b>			
Finished goods and goods for sale		3 909 483	2 289 780
<b>Total inventories:</b>		<b>3 909 483</b>	<b>2 289 780</b>
<b>Receivables:</b>			
Loans and receivables	(8)	20 723 690	21 367 679
Other debtors		633 317	574 646
Deferred expenses		408 764	300 670
<b>Total receivables:</b>		<b>21 765 771</b>	<b>22 242 995</b>
Cash and cash equivalents		2 398 179	2 369 029
<b>Total current assets:</b>		<b>28 073 433</b>	<b>26 901 804</b>
<b>Total assets</b>		<b>85 095 138</b>	<b>77 158 008</b>

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## Interim consolidated Balance sheet as at 31 March 2023

Liabilities and equity	Notes	Group	Group
		31 March 2023	31 December 2022
<b>Equity:</b>		<b>EUR</b>	<b>EUR</b>
Share capital		4 531 959	4 531 959
Share premium		6 890 958	6 890 958
Other capital reserves		128 059	93 058
Retained earnings	(9)	7 364 435	6 589 761
<b>Total equity:</b>		<b>18 915 411</b>	<b>18 105 736</b>
<b>Liabilities:</b>			
<b>Long-term liabilities:</b>			
Bonds issued	(10)	7 406 149	4 330 630
Other borrowings	(11)	16 325 516	15 004 505
Lease liabilities for right-of-use assets		2 224 973	2 353 309
<b>Total long-term liabilities:</b>		<b>25 956 638</b>	<b>21 688 444</b>
<b>Short-term liabilities:</b>			
Bonds issued	(10)	15 548 252	14 783 110
Other borrowings	(11)	20 560 236	19 856 253
Lease liabilities for right-of-use assets		749 345	565 131
Trade payables		695 027	856 429
Taxes and social insurance		586 298	560 492
Unpaid dividends		838 412	-
Accrued liabilities		1 245 519	742 413
<b>Total short-term liabilities:</b>		<b>40 223 089</b>	<b>37 363 828</b>
<b>Total liabilities</b>		<b>66 179 727</b>	<b>59 052 272</b>
<b>Total liabilities and equity</b>		<b>85 095 138</b>	<b>77 158 008</b>

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## Interim consolidated Statement of changes in equity January - March 2023

	Share capital EUR	Share premium EUR	Other capital reserves EUR	Retained earnings EUR	Total EUR
<b>As at 01 January 2022, as previously</b>	<b>4 531 959</b>	<b>6 890 958</b>	<b>-</b>	<b>5 954 404</b>	<b>17 377 321</b>
Impact of correction of errors (Note 1)	-	-	-	98 661	98 661
<b>Restated as at 01 January 2022</b>	<b>4 531 959</b>	<b>6 890 958</b>	<b>-</b>	<b>6 053 065</b>	<b>17 475 982</b>
Profit for the reporting period (Note 1)	-	-	-	1 391 368	1 391 368
Dividends paid	-	-	-	(779 497)	(779 497)
<b>As at 31 March 2022</b>	<b>4 531 959</b>	<b>6 890 958</b>	<b>-</b>	<b>6 664 936</b>	<b>18 087 853</b>
<b>As at 01 January 2023</b>	<b>4 531 959</b>	<b>6 890 958</b>	<b>93 058</b>	<b>6 589 761</b>	<b>18 105 736</b>
Profit for the reporting period	-	-	-	1 613 086	1 613 086
Dividends paid	-	-	-	(838 412)	(838 412)
Share-based payments	-	-	35 001	-	35 001
<b>As at 31 March 2023</b>	<b>4 531 959</b>	<b>6 890 958</b>	<b>128 059</b>	<b>7 364 435</b>	<b>18 915 411</b>

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\_\_\_\_\_  
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Chairman of the Board

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## Interim consolidated statement of cash flows January - March 2023

	For 3 months ended 31 March 2023 EUR	For 3 months ended 31 March 2022 EUR
<b>Notes</b>		
<b><u>Cash flow from operating activities</u></b>		
<b>Profit before corporate income tax</b>	<b>1 825 316</b>	<b>1 579 024</b>
<b>Adjustments for non-cash items:</b>		
a) depreciation and amortisation	118 151	103 344
b) depreciation of right-of-use assets	187 925	187 596
c) credit loss expenses	2 144 585	1 410 285
d) share-based payment expense	35 001	-
e) interest income and similar income	(3) (8 779 121)	(6 340 294)
f) interest expenses and similar expenses	(4) 1 791 960	688 911
<b>Profit before adjustments of working capital and short-term liabilities</b>	<b>(2 676 183)</b>	<b>(2 371 134)</b>
<b>Change in operating assets/liabilities:</b>		
a) (Increase) on loans and receivables and other debtors	(7 499 551)	(4 756 972)
b) (Increase)/ decrease on inventories	(1 619 703)	(883 541)
c) (Decrease)/ increase on trade payable and accrued liabilities	1 485 594	871 707
<b>Gross cash flow from operating activities</b>	<b>(10 309 843)</b>	<b>(7 139 940)</b>
Interest received	8 032 088	6 254 224
Interest paid	(2 223 687)	(946 388)
Corporate income tax payments	(1 296 108)	(979 191)
<b>Net cash flow from operating activities</b>	<b>(5 797 550)</b>	<b>(2 811 295)</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(87 022)	(44 984)
Acquisition of intangible assets	(155 887)	(158 204)
<b>Net cash flow from investing activities</b>	<b>(242 909)</b>	<b>(203 188)</b>
<b><u>Cash flow from financing activities</u></b>		
Loans received	6 438 383	3 394 579
Loans repaid	(3 979 001)	(2 044 977)
Bonds issued	3 838 000	1 142 347
Redemption of bonds	-	(2 347)
Repayment of lease liabilities	(227 773)	(230 817)
<b>Net cash flow from financing activities</b>	<b>6 069 609</b>	<b>2 258 785</b>
Net cash flow of the reporting period	29 150	(755 698)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>2 369 029</b>	<b>2 459 862</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2 398 179</b>	<b>1 704 164</b>

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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 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim reports do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

These interim reports are prepared and disclosed on a consolidated basis. The following subsidiaries are included in the consolidation: SIA *ViziaFinance* (100%) for the period ended 31 March 2023.

#### Restatement in comparative figures due to correction of errors

- (a) The Management has identified a classification error on pawn loans while preparing Group's financial statements. The error relates to incorrect classification of collateral as Net sales. The error resulted in overstatement of the Group's Net sales by EUR 330 940, Cost of sales by EUR 225 709 in statement of profit or loss for the prior 3 months ended 31 March 2022 and understatement of Interest income and similar income by EUR 105 231 in statement of profit and loss for the prior 3 months ended 31 March 2022.
- (b) In these financial statements, the Group has improved ECL calculation model. The Group have included defaults from debt sale before payments are past due for more than 90 days in probability of default calculation. Model improvement resulted in an identified understatement of Credit loss expenses by EUR 247 327 in statement of profit or loss for the prior 3 months ended 31 March 2022.
- (c) The Management has reconsidered the judgment in respect of pawn loan accounting and come to conclusion that pawn loans do not meet solely payment of principal and interest (SPPI) requirements, thus prior period pawn loan measurement according to amortized cost were erroneous. The Group recognizes and subsequently measures pawn loans at fair value. There is no difference in comparative figures of Loans and receivables, and Interest income and similar income due to this error.
- (d) The Management has identified an error on interest revenue calculation on debt financial assets by applying effective interest rate method while preparing Group's financial statements. The error resulted in understatement of Interest income and similar income by EUR 225 026 in statement of profit and for the prior 3 months ended 31 March 2022. To comply with requirements of IFRS 9, the Group have recalculated interest income and similar income.
- (e) The Management has identified a classification error on accounting of e-shop sales while preparing Group's financial statements. The error relates to incorrect recognition of e-shop markup in net sales. The error resulted in understatement of the Group's Net sales by EUR 110 944, Cost of sales by EUR 110 944 in statement of profit or loss for the prior 3 months ended 31 March 2022.
- (f) In these financial statements, the Group have changed the presentation of losses from debt sales. In statement of profit or loss for the prior 3 months ended 31 March 2022 losses from debt sales was presented under Other operating expenses. In these financial statements, for better presentation of financial information, losses from debt sales were reclassified to Credit loss expenses. The reclassification resulted in understatement of Credit loss expenses and overstatement of Other operating expenses by EUR 79 469 in statement of profit and loss for the prior 3 months ended 31 March 2022.
- (g) Abovementioned corrections resulted in understatement of retained earnings by EUR 98 661 as at 31 March 2022.



Notes (continued)

(1) Accounting policies (continued)

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

Statement of profit or loss

	Reference	Before restatement for 3 months ended 31 March 2022	Restatement	After restatement for 3 months ended 31 March 2022
Net sales	(a), (e)	1 465 757	(219 996)	1 245 761
Cost of sales	(a), (e)	(894 488)	114 765	(779 723)
Interest income and similar income	(a), (d)	6 010 037	330 257	6 340 294
Interest expenses and similar expenses		(688 911)	-	(688 911)
Credit loss expense	(b), (f)	(1 083 489)	(326 796)	(1 410 285)
<b>Gross profit</b>		<b>4 808 906</b>	<b>(101 770)</b>	<b>4 707 136</b>
Selling expenses		(1 757 066)	-	(1 757 066)
Administrative expenses		(1 279 404)	-	(1 279 404)
Other operating income		24 275	-	24 275
Other operating expenses	(f)	(195 386)	79 469	(115 917)
<b>Profit before corporate income tax</b>		<b>1 601 325</b>	<b>(22 301)</b>	<b>1 579 024</b>
Income tax expenses		(187 656)	-	(187 656)
<b>Net profit</b>		<b>1 413 669</b>	<b>(22 301)</b>	<b>1 391 368</b>

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 changes in equity

	Share capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
<b>As at 01 January 2022, as previously</b>	<b>4 531 959</b>	<b>6 890 958</b>	<b>5 954 404</b>	<b>17 377 321</b>
Restatement, reference (g)	-	-	98 661	98 661
<b>Restated as at 01 January 2022</b>	<b>4 531 959</b>	<b>6 890 958</b>	<b>6 053 065</b>	<b>17 475 982</b>
Profit for the reporting period, reference (a), (b), (d), (e), (f)	-	-	1 391 368	1 391 368
Dividends paid	-	-	(779 497)	(779 497)
<b>As at 31 March 2022</b>	<b>4 531 959</b>	<b>6 890 958</b>	<b>6 664 936</b>	<b>18 087 853</b>

Notes (continued)

(2) Net sales

Net revenue by type of revenue

	For 3 months ended 31 March	
	2023	2022 (restated, Note 1)
	EUR	EUR
Income from sales of goods	1 909 815	948 214
Income from sales of precious metals	140 936	142 283
Other income, loan and mortgage realisation and storage commission	252 055	155 264
	<b>2 302 806</b>	<b>1 245 761</b>

All net sales are generated in Latvia.

(3) Interest income and similar income

	For 3 months ended 31 March	
	2023	2022 (restated, Note 1)
	EUR	EUR
Interest income on unsecured loans according to effective interest rate method	7 257 028	5 219 687
Interest income on pawn loans	1 521 416	1 120 400
Other interest income according to effective interest rate method	677	207
	<b>8 779 121</b>	<b>6 340 294</b>

(4) Interest expenses and similar expenses

	For 3 months ended 31 March	
	2023	2022
	EUR	EUR
Interest expense on other borrowings	1 143 711	339 292
Bonds' interest expense	607 908	303 176
Interest expense on lease liabilities for leased premises	39 691	45 880
Interest expense lease liabilities for leased vehicles	614	422
Net loss on foreign exchange	36	141
	<b>1 791 960</b>	<b>688 911</b>

Notes (continued)

(5) Selling expenses

	For 3 months ended 31 March	
	2023	2022
	EUR	EUR
Salary expenses	794 264	680 082
Advertising	230 595	206 037
Social insurance	186 714	159 828
Depreciation of right-of-use assets - premises	162 286	156 992
Non-deductible VAT	156 011	114 069
Depreciation of property, plant and equipment and amortisation of intangible assets	118 151	103 344
Maintenance expenses	113 834	79 600
Utilities expenses	105 419	74 607
Provisions for unused annual leave	33 817	28 359
Transportation expenses	17 805	26 388
Depreciation of right-of-use assets - motor vehicles	2 160	5 577
Other expenses	141 516	122 183
	<b>2 062 572</b>	<b>1 757 066</b>

(6) Administrative expenses

	For 3 months ended 31 March	
	2023	2022
	EUR	EUR
Salary expenses	983 304	764 421
Social insurance	250 844	179 772
Bank commission	212 416	133 930
Communication expenses	148 939	38 092
Provisions for unused annual leave	39 011	40 216
State fees and duties, licence expenses	33 817	34 289
Depreciation of right-of-use assets - premises	23 479	23 479
Legal advice	11 561	21 749
Depreciation of right-of-use assets - motor vehicles	-	1 548
Other administrative expenses	61 480	41 908
	<b>1 764 851</b>	<b>1 279 404</b>

(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	
	2023	2022
	EUR	EUR
Net profit attributed to shareholders	1 613 086	1 391 368
Weighted average number of shares	45 319 594	45 319 594
<b>Earnings per share</b>	<b>0.036</b>	<b>0.031</b>
Weighted average number of shares used for calculating the diluted earnings per shares	45 367 691	45 319 594
<b>Diluted earnings per share</b>	<b>0.036</b>	<b>0.031</b>

Notes (continued)

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

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

	Change EUR	Actual number of shares after transaction EUR	Actual number of shares after transaction EUR
<b>For 3 months ended 31 March 2022</b>			
Number of shares at the beginning of the period		45 319 594	45 319 594
Number of shares at the end of the period		45 319 594	45 319 594
<b>Weighted average number of shares:</b>			<b>45 319 594</b>
Weighted average number of share options for DelfinGroup AS employees granted in Q1 2022			-
<b>Weighted average potential number of shares</b>			<b>45 319 594</b>
<b>For 3 months ended 31 March 2023</b>			
Number of shares at the beginning of the period		45 319 594	45 319 594
Number of shares at the end of the period		45 319 594	45 319 594
<b>Weighted average number of shares:</b>			<b>45 319 594</b>
Weighted average number of share options for DelfinGroup AS employees granted in Q1 2023*			48 097
<b>Weighted average potential number of shares</b>			<b>45 367 691</b>

\*.Number of shares granted on 1 December 2022 73 968 with FV at grant date 1.258 EUR and option exercise price 0.100 EUR.

(8) Loans and receivables

a) Loans and receivables by loan type

	Group 31 March 2023 EUR	Group 31 December 2022 EUR
<b>Pawn loans measured at fair value</b>		
Long-term pawn loans	268 543	220 216
Short-term pawn loans	5 261 125	5 880 246
Interest accrued for pawn loans	211 587	221 906
<b>Pawn loans measured at fair value, total</b>	<b>5 741 255</b>	<b>6 322 368</b>
<b>Debtors for loans issued without pledge</b>		
Long-term debtors for loans issued without pledge	52 460 808	45 929 912
Short-term debtors for loans issued without pledge	17 938 505	17 487 363
Interest accrued for loans issued without pledge	2 364 291	2 189 607
<b>Debtors for loans issued without pledge, total</b>	<b>72 763 604</b>	<b>65 606 882</b>
<b>Loans and receivables before allowance, total</b>	<b>78 504 859</b>	<b>71 929 250</b>
<b>ECL allowance on loans issued without pledge</b>	<b>(5 051 818)</b>	<b>(4 411 443)</b>
<b>Loans and receivables</b>	<b>73 453 041</b>	<b>67 517 807</b>

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 5 741 255 (31.12.2022: EUR 6 322 368) are secured by the value of the collateral and measured at fair value.

Notes (continued)

(8) Loans and receivables (continued)

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

An analysis of changes in the gross carrying value for loans issued and corresponding ECL during the three-month period ended 31 March 2023 is as follows:

Group	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying value as at 1 January 2023</b>	<b>60 306 047</b>	<b>4 160 505</b>	<b>1 140 330</b>	<b>65 606 882</b>
New assets originated or purchased	18 337 456	-	-	18 337 456
Assets settled or partly settled	(8 025 941)	(1 582 681)	(116 612)	(9 725 234)
Assets derecognised due to debt sales	-	(1 381 953)	(137 191)	(1 519 144)
Assets written off	-	-	(77 728)	(77 728)
Effect of interest accruals	230 303	(92 718)	3 787	141 372
Transfers to Stage 1	260 772	(249 290)	(11 482)	-
Transfers to Stage 2	(3 273 192)	3 278 870	(5 678)	-
Transfers to Stage 3	(181 711)	(432 174)	613 885	-
<b>At 31 March 2023</b>	<b>67 653 734</b>	<b>3 700 559</b>	<b>1 409 311</b>	<b>72 763 604</b>

Group	Stage 1	Stage 2	Stage 3	Total
<b>ECL as at 1 January 2023</b>	<b>2 794 161</b>	<b>834 239</b>	<b>783 043</b>	<b>4 411 443</b>
New assets originated or purchased	1 159 194	-	-	1 159 194
Assets settled or partly settled	(502 258)	(446 048)	(44 518)	(992 824)
Assets derecognised due to debt sales	-	(415 302)	(52 367)	(467 669)
Assets written off	-	-	(29 381)	(29 381)
Effect of interest accruals	19 912	(407)	85 040	104 545
Transfers to Stage 1	78 515	(74 836)	(3 679)	-
Transfers to Stage 2	(224 732)	226 879	(2 147)	-
Transfers to Stage 3	(3 492)	(129 091)	132 583	-
Impact on period end ECL changes in credit risk and inputs used for ECL calculation	(143 971)	701 071	309 410	866 510
<b>At 31 March 2023</b>	<b>3 177 329</b>	<b>696 505</b>	<b>1 177 984</b>	<b>5 051 818</b>

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

	Group 31 March 2023 EUR	Group 31 December 2022 EUR
Receivables not yet due	64 679 795	57 445 337
Outstanding 1-30 days	4 641 632	4 555 603
Outstanding 31-90 days	2 032 864	2 465 106
Outstanding 91-180 days	449 516	328 818
Outstanding for 181-360 days	471 348	383 242
Outstanding for more than 360 days	488 449	428 776
<b>Total claims against debtors for loans issued</b>	<b>72 763 604</b>	<b>65 606 882</b>

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

	Group 31 March 2023 EUR	Group 31 December 2022 EUR
For trade debtors not yet due	2 615 055	2 252 622
Outstanding 1-30 days	745 417	661 969
Outstanding 31-90 days	734 054	789 067
Outstanding 91-180 days	280 074	184 076
Outstanding for 181-360 days	309 705	245 456
Outstanding for more than 360 days	367 513	278 253
<b>Total provisions for bad and doubtful trade debtors</b>	<b>5 051 818</b>	<b>4 411 443</b>

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	
	2023	2022
	EUR	EUR
<b>Balance as at 1 January</b>	<b>6 589 761</b>	<b>5 954 404</b>
Impact of correction of errors (Note 1)	-	98 661
Net profit for the period	1 613 086	1 391 368
<b>Dividends declared:</b>		
Interim dividends of 0.0185 EUR (2022: 0.0172 EUR) per share	(838 412)	(779 497)
<b>Balance as at 31 March</b>	<b>7 364 435</b>	<b>6 664 936</b>

(10) Bonds issued

	Group 31 March 2023	Group 31 December 2022
	EUR	EUR
<b>Total long-term part of bonds issued</b>	<b>7 406 149</b>	<b>4 330 630</b>
Bonds issued	15 519 532	14 758 261
Interest accrued	28 720	24 849
<b>Total short-term part of bonds issued</b>	<b>15 548 252</b>	<b>14 783 110</b>
<b>Bonds issued, total</b>	<b>22 925 681</b>	<b>19 088 891</b>
<b>Interest accrued, total</b>	<b>28 720</b>	<b>24 849</b>
<b>Bonds issued net</b>	<b>22 954 401</b>	<b>19 113 740</b>

As of 31 March 2023, the Parent company of the Group has outstanding bonds (ISIN LV0000850048) in the amount of EUR 5 000 000, registered with the Latvia Central Depository and issued in a closed offer on 9 July 2021 on the following terms: number of bonds issued - 5 000, nominal value - EUR 1 000 per each bond, coupon rate – 9.75%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 August 2023. The bonds are not secured.

As of 31 March 2023, the Parent company of the Group has outstanding bonds (ISIN LV0000802536) in the amount of EUR 10 000 000, registered with the Latvia Central Depository on the following terms – number of financial instruments 10 000, with a nominal value 1 000 euro per each bond, coupon rate – 8.00%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 November 2023. The bond issue in full amount is traded on NASDAQ Baltic North Alternative market as of 21.06.2022. The bonds are not secured.

On 7 July 2022 the Parent company of the Group has started a closed bond offering (ISIN LV0000850055) in the amount of EUR 10 000 000. The offering has been registered with the Latvia Central Depository on the following terms – number of financial instruments 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. New bonds are issued periodically taking into account the need for financing. As of 31 March 2023, bonds in total of EUR 8 517 000 have been issued. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 September 2024. The bonds are not secured.

As at 31 March 2023 the Group is in compliance with covenants stated in all Terms of the Notes Issue. Please see covenants disclosed in Management report.

Notes (continued)

(11) Other borrowings

	Group 31 March 2023 EUR	Group 31 December 2022 EUR
Other long-term loans	16 325 516	15 004 505
<b>Total other long-term loans</b>	<b>16 325 516</b>	<b>15 004 505</b>
Other short-term loans	20 560 236	19 856 253
<b>Total other short-term loans</b>	<b>20 560 236</b>	<b>19 856 253</b>
<b>Other loans, total</b>	<b>36 885 752</b>	<b>34 860 758</b>

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 2023 is 12.5%. 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 14. As at 31 March 2023 the Group is in compliance with covenants.

(12) Related party transactions

Group's transactions

	Transactions for 3 months 2023 EUR	Transactions in 2022 EUR
<b>Shareholders</b>		
Interest received	-	-
Services delivered	-	-
Goods sold	-	-
Interest paid	14 521	24 235
<b>Key management personnel</b>		
Goods sold	-	-
Interest paid	-	-
<b>Other related companies</b>		
Services delivered	-	-
Services received	-	3 900

Bonds issued to shareholders of the related companies

	Group 31 March 2023 EUR	Group 31 December 2022 EUR
Shareholders	200 000	200 000
<b>Long-term part of bonds issued to shareholders of the related companies, total</b>	<b>200 000</b>	<b>200 000</b>
Shareholders	307 000	307 000
<b>Short-term part of bonds issued to shareholders of the related companies, total</b>	<b>307 000</b>	<b>307 000</b>
<b>Bonds issued to related companies, total</b>	<b>507 000</b>	<b>507 000</b>

Notes (continued)

(13) Segment information

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

Pawn loan segment	Handling pawn loan issuance, sale of pawn shop items in the branches and online.
Retail of pre-owned goods	Sale of pre-owned goods in the branches and online purchased from customers.
Consumer loan segment	Handling consumer loans to customers, debt collection activities and debt sales to external debt collection companies.
Other operations segment	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 31.12.2022):

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assets	72 656 035	65 716 677	7 444 352	8 385 899	4 993 907	3 053 982	844	1 450	85 095 138	77 158 008
Liabilities of the segment	54 030 970	49 484 402	6 353 454	7 101 708	4 956 109	2 465 174	839 194	988	66 179 727	59 052 272
Net sales	-	-	-	-	2 302 806	1 245 761	-	-	2 302 806	1 245 761
Interest income and similar income	7 257 028	5 111 237	1 521 416	1 228 849	-	-	677	208	8 779 121	6 340 294
Net performance of the segment	2 840 157	1 815 115	520 072	328 443	252 502	120 462	4 545	3 915	3 617 276	2 267 935
Financial (expenses)	(1 523 433)	(586 308)	(141 344)	(66 644)	(127 183)	(35 959)	-	-	(1 791 960)	(688 911)
Profit/(loss) before taxes	1 316 724	1 228 807	378 728	261 799	125 319	84 503	4 545	3 915	1 825 316	1 579 024
Corporate income tax	(153 096)	(146 035)	(44 035)	(31 113)	(14 571)	(10 043)	(528)	(465)	(212 230)	(187 656)

(14) Guarantees issued, pledges

The Group has registered four groups of commercial pledges by pledging its assets and claim rights for a maximum amount of EUR 37.8 million as collateral registered to collateral agent SIA *Eversheds Sutherland Bitāns* (in favour of SIA *Mintos Finance*) and to SIA *Mintos Finance* No.20 and AS *Mintos Marketplace* to provide collateral for loans placed on the Mintos P2P platform.

As of 31 March 2023, the amount of secured liabilities constitutes EUR 36 885 752 (As of 31 December 2022 EUR 34 860 758).

(15) 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

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