

SIA “DELFINGROUP”

**UNAUDITES CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2020. - 31.03.2020.**

**PREPARED IN ACCORDANCE WITH THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU**

TRANSLATION FROM LATVIAN

SIA "DELFINGROUP" UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2020. - 31.03.2020.
(TRANSLATION FROM LATVIAN)

TABLE OF CONTENTS

Information on the Company and subsidiaries	3 – 4
Statement of management's responsibility	5
Management report	6 - 7
Profit or loss account	8
Comprehensive income statement	8
Balance sheet	9 – 10
Notes	11

SIA "DELFINGROUP" UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2020. - 31.03.2020.
(TRANSLATION FROM LATVIAN)

Information on the Company and Subsidiaries

Name of the Company	DelfinGroup (till 04.02.2020. ExpressCredit)
Legal status of the Company	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	Skanstes street 50A (till 10.03.2020. Raunas street 44 k-1), Riga, LV-1013 Latvia
Names and addresses of shareholders	Lombards24.lv, SIA (65.99% till 07.12.2018., 65.18% from 07.12.2018.), Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas street 44k-1) AE Consulting, SIA (10.00%), Skanstes street 50A, Riga, Latvia (till 10.03.2020. Posma street 2) EC finance, SIA (21.51% till 07.12.2018., 21.32% from 07.12.2018.), Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas street 44k-1) Private individuals (3.5%)
Ultimate parent company	EA investments, AS Reg. No. 40103896106 Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas street 44k-1)
Names and positions of Board members	Agris Evertovskis – Chairman of the Board Kristaps Bergmanis – Member of the Board Didzis Ādmīdiņš – Member of the Board Ivars Lamberts – Member of the Board
Names and positions of Council members	Uldis Judinskis – Chairperson of the Council Ramona Miglāne – Deputy Chairman of the Council Anete Ozoliņa – Member of the Council
Responsible person for accounting	Inta Pudāne - Chief accountant
Financial year	1 January 2020 - 31 March 2020

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	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	66.19 Financial support services except insurance and pension accrual
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	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
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	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services

Statement of management`s responsibility

The management of SIA „DelfinGroup” (hereinafter – Company) and its subsidiaries (hereinafter – Group) is responsible for the preparation of the financial statements.

Based on the information available to the Board of the parent company of the Group, the financial statements are prepared on the basis of the relevant primary documents and statements in accordance with International Financial Reporting Standards as adopted by the European Union and present a true and fair view of the Group's assets, liabilities and financial position as at 31 March 2020 and its profit and cash flows for the 1st quarter of 2020.

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 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 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 presents fairly the Company's and the Group's business development and operational performance.

Agris Evertovskis
Chairman of the Board

Didzis Ādmīdiņš
Board Member

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

Riga, 5th May 2020

Management report

The Group's turnover in the 1st quarter of 2020 compared to the same period of the year 2019 has increased by 17.5%, reaching EUR 4.81 million, while comparable profit amounted to EUR 1.04 million.

On February 4, 2020, the Enterprise Register of the Republic of Latvia registered changes in the name of the company. The change of the corporate identity was necessary to better reflect what the company is doing and is planning to do moving forward. The Group already offers a diverse mix of non-bank consumer lending services and is in the process of creating new custom finance solutions. The new name is future-oriented to facilitate the Group's growth through the development of new finance products and solutions.

DelfinGroup's vision is to achieve the highest recognition level on the basis of its existing values: simplicity, accessibility, respect, and progress. The company has also defined three new values that are already an integral part of its development: ambition, mastery and major focus on the client.

In the first months of 2020, DelfinGroup operated in accordance with the company's values, strategy and goals set. On March 12, 2020, a state of emergency was declared in the country in response to COVID-19, and consequently the company's focus was quickly changed from development to adjustment to the emergency situation. DelfinGroup focused on providing sufficient cash reserves, reduced sales and administration costs. In line with the economic situation, a stricter assessment of borrowers' solvency was introduced, resulting in fewer but better-quality loans. The decisions made are oriented towards risk reduction and the speed of the company's growth was reduced accordingly.

In the 1st quarter of 2020, the company attracted additional financing in the amount of EUR 2.5 million for ISIN LV0000802379 bonds issued on 15 November 2019, which have been redeemed for the total amount of EUR 3,569,000 or 71% as of 31 March 2020. The raised funds were used to repay existing liabilities to the Mintos peer-to-peer lending platform and to repay the principal amount of ISIN LV0000801322 bonds.

Following the impact of COVID-19 in Europe in March 2020, investor activity on the Mintos peer-to-peer lending platform declined and interest rates rose. At the end of the first quarter of 2020, the effective rate of the company's liabilities on the Mintos platform increased to 11.36%, followed by a stabilization of the rate and an increase in investor activity in April 2020.

By implementing business strategy and all planned activities, as well as by introduction of emergency solutions in response to the effects of COVID-19, the following financial results of the Group were achieved in the 1st quarter of 2020:

Position	EUR, million	Change, %
Net loan portfolio	32.49	+3.0
Assets	40.33	+5.4
Net profit	1.04	+2.6

As to compliance with the Issue Terms of notes issue ISIN LV0000802213, ISIN LV0000802213, and ISIN LV0000802379 financial covenant computation are as follows:

Covenant	Value as of 31.03.2020.	Compliance
<i>dividend amount including any interim dividends shall not exceed 40% of the last audited net profit</i>	0%	yes
<i>to maintain Net Debt/Net Equity indicator not exceeding 4 to 1</i>	3.15	yes
<i>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</i>	1.31	yes
<i>total consolidated loan amount to shareholders, management and other Related Persons shall not exceed EUR 1,400,000</i>	1 377 053 EUR	yes

Branches

As at 31 March 2020, the Group had 87 branches in 38 cities in Latvia.

Post balance sheet events

On March 12 2020, the Cabinet of Ministers of the Republic of Latvia decided to declare emergency situation in the country in relation to COVID-19. Even though the length and negative economic impact of the emergency situation cannot be precisely estimated, the Company has made, and will make in the future, decisions to ensure the Company's liquidity, cost reduction and portfolio quality until the COVID-19 situation is solved.

Except the aforementioned, there are no subsequent events since the last date of the reporting period, which would have a significant effect on the financial position of the Company as at 31 March 2020.

SIA "DELFINGROUP" UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2020. - 31.03.2020.
(TRANSLATION FROM LATVIAN)

Agris Evertovskis
Chairman of the Board
Riga, 5th May 2020

Didzis Ādmīdiņš
Board Member

Kristaps Bergmanis
Board Member

Ivars Lamberts
Board Member

SIA "DELFINGROUP" UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2020. - 31.03.2020.
(TRANSLATION FROM LATVIAN)

Profit or loss account for the period 01.01.2020. - 31.03.2020.

	Group 01.01.2020- 31.03.2020. EUR	Group 01.01.2019.- 31.03.2019. EUR
Net sales	1 710 159	1 156 410
Cost of sales	(1 215 439)	(756 360)
Interest income and similar income	4 310 795	3 690 400
Interest expenses and similar expenses	(1 119 819)	(880 708)
Gross profit	3 685 696	3 209 742
Selling expenses	(1 720 315)	(1 130 958)
Administrative expenses	(854 510)	(707 336)
Other operating income	4 257	5 563
Other operating expenses	(50 589)	(27 120)
Profit before corporate income tax	1 064 539	1 349 891
Income tax expense	(26 093)	(337 900)
Profit for the reporting year	1 038 446	1 011 991

Comprehensive income statement

	01.01.2020- 31.03.2020. EUR	01.01.2019.- 31.03.2019. EUR
Profit for the reporting year	1 038 446	1 011 991
Other comprehensive income	-	-
Total comprehensive income	1 038 446	1 011 991

Agris Evertovskis
Chairman of the Board

Kristaps Bergmanis
Board Member

Didzis Ādmīdiņš
Board Member

Ivars Lamberts
Board Member

Inta Pudāne
Chief accountant

Rīga, 5th May 2020

SIA "DELFINGROUP" UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2020. - 31.03.2020.
(TRANSLATION FROM LATVIAN)

Balance sheet as at 31 March 2020

	Group	Group
Assets	31.03.2020.	31.12.2019.
Non-current assets:	EUR	EUR
Intangible assets:		
Concessions, patents, licenses, trademarks and similar rights	174 939	184 201
Other intangible assets	42 933	35 733
Goodwill	127 616	127 616
Advances on intangible assets	2 108	6 748
Total intangible assets:	347 596	354 298
Property, plant and equipment:		
Investments in property, plant and equipment	62 459	54 515
Right-of-use assets	1 950 374	1 980 106
Other fixtures and fittings, tools and equipment	337 945	351 553
Total property, plants and equipment	2 350 778	2 386 174
Non-current financial assets:		
Loans to related companies	111 420	117 620
Loans and receivables	11 236 323	8 859 789
Loans to shareholders and management	1 062 423	1 022 423
Total long-term investments:	12 410 166	9 999 832
Total non-current assets:	15 108 540	12 740 304
Current assets:		
Inventories:		
Finished goods and goods for sale	1 223 883	1 155 352
Total inventories:	1 223 883	1 155 352
Receivables:		
Loans and receivables	21 256 899	22 687 085
Receivables from members and board	200 039	165 112
Debt to related companies	3 171	2 528
Other debtors	409 736	275 751
Deferred expenses	92 756	108 539
Total receivables:	21 962 601	23 239 015
Cash and bank	2 037 160	1 135 644
Total current assets:	25 223 644	25 530 011
Total assets	40 332 184	38 270 315

Agris Evertovskis
Chairman of the Board

Kristaps Bergmanis
Board Member

Didzis Ādmīdiņš
Board Member

Ivars Lamberts
Board Member

Inta Pudāne
Chief accountant

Riga, 5th May 2020

SIA "DELFINGROUP" UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 01.01.2020. - 31.03.2020.
(TRANSLATION FROM LATVIAN)

Balance sheet as at 31 March 2020	Group	Group
<u>Liabilities and equity</u>	31.03.2020.	31.12.2019.
Equity:	EUR	EUR
Share capital	1 500 000	1 500 000
Retained earnings	6 867 492	2 954 156
Profit for the reporting year	1 038 446	3 913 336
Total equity:	9 405 938	8 367 492
Creditors:		
Long-term creditors:		
Bonds issued	8 454 405	6 059 853
Other borrowings	5 666 273	5 637 790
Lease liabilities for right-of-use assets	1 486 743	1 475 350
Total long-term creditors:	15 607 421	13 172 993
Short-term creditors:		
Bonds issued	1 328 153	1 764 767
Other borrowings	11 868 033	13 078 131
Lease liabilities for right-of-use assets	526 832	549 585
Trade payables	504 079	501 355
Accounts payable to affiliated companies	2 155	179
Taxes and social insurance	458 200	243 989
Accrued liabilities	631 373	591 824
Total short-term creditors:	15 318 825	16 729 830
Total creditors	30 926 246	29 902 823
<u>Total liabilities and equity</u>	<u>40 332 184</u>	<u>38 270 315</u>

Agris Evertovskis
Chairman of the Board

Kristaps Bergmanis
Board Member

Didzis Ādmīdiņš
Board Member

Ivars Lamberts
Board Member

Inta Pudāne
Chief accountant

Riga, 5th May 2020

Notes

Age analysis of claims against debtors for loans issued:

	Group 31.12.2019. EUR	Group 31.12.2018 EUR
Receivables not yet due	31 293 962	30 599 448
Outstanding 1-30 days	2 357 503	1 975 902
Outstanding 31-90 days	1 047 635	957 883
Outstanding 91-180 days	684 625	482 098
Outstanding for 181-360 days	437 136	364 104
Outstanding for more than 360 days	643 809	603 538
Total gross claims against debtors for loans issued	36 464 670	34 982 973
Provisions for bad and doubtful trade debtors	(3 971 448)	(3 436 099)
Total net claims against debtors for loans issued	32 493 222	31 546 874

 Agris Evertovskis
 Chairman of the Board

 Kristaps Bergmanis
 Board Member

 Didzis Ādmīdiņš
 Board Member

 Ivars Lamberts
 Board Member

 Inta Pudāne
 Chief accountant

Riga, 5th May 2020