



financing and  
circular retail

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

Translation from Latvian

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# Information on the Company

<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 ALPPES Capital (29.29%), 12 Jūras Street, Liepaja, Latvia  SIA EC finance (14.93%), 50A Skanstes Street, Riga, Latvia  SIA Curiosity Capital (12.81%), 12 Jūras Street, Liepaja, Latvia  SIA AE Consulting (8.58%), 50A Skanstes Street, Riga, Latvia  Other (34.39%)
<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)  Nauris Bloks – Member of the Board (from 08.06.2023)

**Names and positions of Supervisory Board members**

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

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

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

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

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

**Reporting period**

1 January 2023 – 31 December 2023

# Statement of management`s responsibility

The management of AS *DelfinGroup* (hereinafter – the Company) is responsible for the preparation of the Consolidated interim report January – December 2023 (hereinafter – interim report) of the Company and its subsidiaries (hereinafter – the Group or DelfinGroup).

The interim report set out on pages 11 to 22 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 twelve-month period ended 31 December 2023. The management report set out on pages 6 to 10 presents fairly the financial results of the reporting period and future prospects of the Group.

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

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

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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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**Nauris Bloks**  
Board Member

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# Management report

According to the unaudited results of 2023, *DelfinGroup* has reached record-high income and profitability results in its history. During the 12-month period, income grew by 41%, reaching EUR 50.4 million compared to 2022. Income increase also continued during the fourth quarter when the Group achieved a revenue of 13,9 million euros, a 32% increase compared to 4th quarter of 2022. Also, on the EBITDA level, the Group showed increasing results, thus reaching an EBITDA of 18.2 million euros, a 39% growth compared to 2022. Furthermore, the Group's profits in 2023 grew alongside the income increase, such as profit before tax, which reached EUR 8.3 million and rose by 14%. As per *DelfinGroup* guidance for 2023, the EBITDA target of EUR 17 million and profit before tax target of EUR 8 million were exceeded.

Also, the net profit reached the historically highest amount of EUR 6.6 million a 11% increase compared to 2022. The main impact of the net profit was made by the changes in corporate income tax in Latvia for banks and non-bank lending companies that foresee a 20% income tax advance from company profits. As a result, the total 2023 tax amount had to be recognized in the 4th quarter results, which impacted the net profit in both the 4th quarter and the year. After the quarterly dividend distribution, *DelfinGroup* paid part of the tax in 2023 before the policy changes. Hence, the tax impact in the fourth quarter is relatively lower than it would have been if the Group hadn't paid any quarterly dividends. Although with these unexpected changes that came into force at the end of 2023, *DelfinGroup* worked with profit in the last quarter and with record net profit in 2023.

The record-high income of the company was facilitated by all the business segments, which showed strong results throughout 2023, including the 4th quarter of the year. During the 12 months, the Group issued a total of 92.3 million euros in loans, from which 23.1 million euros were issued in the last quarter, thus resulting in a yearly increase of 15% and 2% compared to the 4th quarter of 2022. The rise of loan issuance in 2023 resulted in an all-time high net loan portfolio, which at the end of the year amounted to EUR 89 million, a growth of 32%.

Segment-wise, improvements are observed in all the Group's business segments. In twelve months, *DelfinGroup* issued consumer loans for 68.9 million euros, a 13% increase compared to 2022, but in the 4th quarter, remaining at the same level as the previous year with a 1% increase, which is a result of the Group's focus on optimizing portfolio costs and ensuring a lower-risk client base. Also, the pawn lending segment showed positive results by issuing pawn loans for 23.4 million euros, a 20% increase compared to 2022 and a 4% increase in the last quarter, reaching 5.8 million euros.

In addition, the retail of pre-owned goods segment showed significantly improved results in 2023. In the 4th quarter, sales reached EUR 4 million, an increase of 25%, but on a 12-month basis, they amounted to 14.7 million euros, a 29% increase compared to 2022.

The most notable milestone reached in the 4th quarter was the start of operations in Lithuania, which is the first step of *DelfinGroup* outside the Latvian market. During the first internationalisation development phase, the company opened five branches of the circular economy concept shop *Banknote* in Vilnius and an online store. The Group will offer convenient and customer-oriented pawn services in Lithuania and strengthen the integration of circular economy principles into Lithuanian society by providing a complete cycle of services for the sale and purchase of pre-owned and slightly pre-owned goods. The Group plans to expand the branch network in Lithuania and offer even more services.

The Group has worked on branch improvements to continue promoting the *Banknote* circular economy retail network. The main improvements of the branch network during the 4th quarter of 2023 were the relocation of *Riga City Pawnshop* and the opening of a new branch in Mārupe. The oldest pawnshop in Latvia, *Riga City Pawnshop*, operating since 1802, was moved to new premises at Audēju Street 6. The new premises offer a more comprehensive range of goods, including historical items, exclusive jewellery and precious metals, thus attracting those looking for valuable items with unique stories. The oldest pawnshop in Riga offers paintings by well-known Latvian artists, various types of porcelain tableware and objects, antique literature, wristwatches, and unique jewellery with and without gemstones, the most popular category of goods. In addition to the opportunity to buy goods and precious metals, *Riga City Pawnshop* also offers pawn loans, consumer loans, gemologist services and purchases with split payments. Meanwhile, to ensure ever broader branch network coverage, the first *Banknote* branch in Mārupe was opened. The new store is in the centre of Mārupe, next to the municipality council building. As a result, *DelfinGroup* has more than 90 branches throughout Latvia.

In the 4th quarter of 2023, *DelfinGroup* carried out various activities in the bond market. On 3 October, *DelfinGroup* started listing 15 million euros bonds ISIN LV0000802718 on the *First North* alternative market of *Nasdaq Riga*. The bond's coupon rate is set at 9% + 3M EURIBOR. The par value of one bond is 1,000 euros with a maturity date of 25 February 2026. Also, during the last quarter, *DelfinGroup* successfully repaid the existing LV0000802536 bond at maturity. The bond's nominal value was EUR 10 million with a fixed coupon rate of 8%. To refinance the maturing bond, *DelfinGroup* issued a new unsecured bond, LV0000860146. The new bond is a private placement with a nominal value of EUR 15 million and a coupon rate of 9.00% + 3M EURIBOR. The new bond maturity is 25.11.2026. At the end of 2023, the subscription for the bond was still available.

Additionally, the Group continued to improve diversification of its funding structure by raising the largest bank funding in the Group's history. In December 2023 *DelfinGroup* signed a credit line agreement with *Multitude Bank* p.l.c. for 11 million euros with two-year maturity. The raised bank financing will help finance business expansion in the upcoming years, such as loan portfolio growth, product development, and branch network expansion.

In the 4th quarter of 2023, the Group continued to adhere to the promise of regular dividend distribution. Consequently, shareholders of AS *DelfinGroup* during the 4th quarter received another dividend payment of 0.0214 euros per share, resulting in a total payment of 967 thousand euros for AS *DelfinGroup*, the largest quarterly dividend payment since the company's IPO. *DelfinGroup* made four quarterly dividend payments to its shareholders last year. Company shareholders received 3.5 million euros in dividends in 2023, namely 0.0771 euros per share. Based on the *DelfinGroup* share price on 31.12.2023, the dividend yield for 2023 reached 5.9%.

## Management report (CONTINUED)

By implementing the business strategy and all planned activities, the following financial results of the Group were achieved in the first twelve 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	89.2	+31.9
Assets	105.1	+36.2
Revenue	50.4	+40.9
EBITDA	18.2	+38.7
Profit before taxes	8.3	+14.2
Net profit	6.6	+11.2

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

Position	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Revenue, EUR million	10.5	11.3	12.0	13.2	13.9
EBITDA, EUR million	3.8	3.9	4.3	4.8	5.1
EBITDA margin, %	37%	37%	36%	36%	36%
EBIT, EUR million	3.5	3.6	4.0	4.5	4.8
EBIT margin, %	34%	32%	34%	34%	34%
Profit before taxes, EUR million	1.9	1.8	2.0	2.2	2.3
Net profit, EUR million	1.7	1.6	1.8	1.9	1.3*
Net profit margin, %	16%	14%	15%	15%	9%*
ROE (annualised), %	38%	35%	37%	40%	26%*
Current ratio	0.7	0.7	0.7	0.9	1.0

*In some cases, quantitative values have been rounded up to the nearest decimal place or whole number to avoid an excessive level of detail. As a result, certain values may not necessarily add up to the respective totals due to the effects of the approximation. 2023 Q1, Q2 and Q3 revenues are adjusted for a reclassification of collateral sales as Net sales. The reclassification resulted in an overstatement of Net sales and Cost of sales and understatement of Interest income and similar income.*

*\*In relation to the changes in IJIN applied at the end of 2023 for banks and non-bank lenders, an advance of 20% of the 2023 profit was recognised in Q4 2023. If these changes had not come into effect, the net profit for Q4 2023 would have been 2.4 EUR million, net profit margin would have been 17%, and ROE (annualised) would have been 49%.*

### EBITDA calculation, EUR million:

Item	2023 Q4	2022 Q4
Profit before tax	2.3	1.9
Interest expenses and similar expenses	2.5	1.6
Depreciation of fixed assets and amortisation	0.4	0.3
<b>EBITDA, EUR million</b>	<b>5.1</b>	<b>3.8</b>



## Management report (CONTINUED)

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

Covenant	Value as of 31.12.2023	Compliance
to maintain a Capitalization Ratio at least 25%	28%	yes
to maintain consolidated Interest Coverage Ratio of at least 1.5 times, calculated on the trailing 12-month	2.1	yes
to maintain the Net Loan portfolio, plus Cash, net value of outstanding Mintos Debt Security and secured notes balance, at least 1.2 times the outstanding principal amount of all unsecured interest-bearing debt on a consolidated basis.	1.5	yes

### Principles of alternative performance measures

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

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

Revenue = net sales + interest income and similar income.

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

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

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

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.

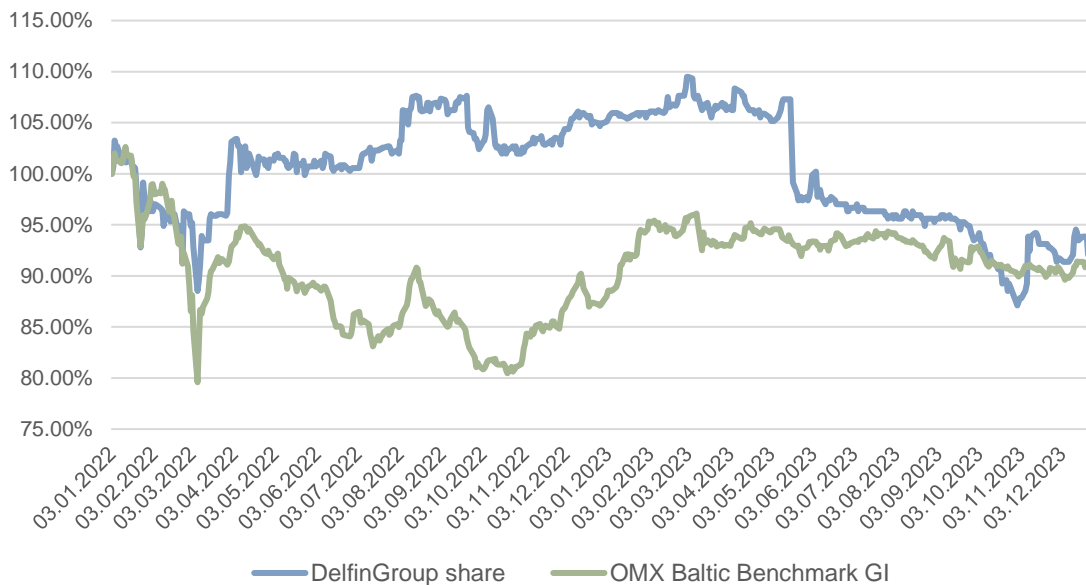
Cost to income ratio = (selling expenses + administrative expenses + other operating expenses – debt sale results) / (net sales – cost of sales + interest income and similar income – interest expenses and similar expenses + other operating income) \* 100.

### 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 December 2023, a total of 45,377,505 shares had been issued. The share price was EUR 1.305, making a total market capitalization of EUR 59.2 million. During the 12-month period of 2023, the trading of *DelfinGroup* shares reached EUR 4.8 million euros. In twelve months, the share price decreased by 12%. The lowest price at which the Company's shares were traded was 1.22 euros, and the highest was 1.55 euros.

## Management report (CONTINUED)

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



### Branches

As at 31 December 2023, the Group had 96 branches, 91 in Latvia and 5 in Lithuania (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. The funding of the Group consists of both fixed rate and floating rate borrowings, so the Group is 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 Q4 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

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Board Member

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**Nauris Bloks**  
Board Member

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

	Notes	For 12 months ended 31		For 3 months ended 31	
		2023	December 2022	2023	December 2022
		EUR	EUR	EUR	EUR
Net sales	(2)	9 215 700	6 472 567	2 834 023	1 806 911
Cost of sales		(6 086 190)	(4 203 640)	(1 977 343)	(1 164 461)
Interest income and similar income	(3)	41 207 451	29 303 319	11 078 375	8 700 276
Interest expenses and similar expenses	(4)	(8 578 969)	(4 669 485)	(2 449 624)	(1 632 278)
Credit loss expenses		(10 686 504)	(6 161 123)	(2 607 841)	(2 040 732)
<b>Gross profit</b>		<b>25 071 488</b>	<b>20 741 638</b>	<b>6 877 590</b>	<b>5 669 716</b>
Selling expenses	(5)	(8 746 836)	(7 500 225)	(2 387 506)	(2 118 484)
Administrative expenses	(6)	(7 727 436)	(5 773 267)	(2 063 290)	(1 670 780)
Other operating income		75 251	104 064	37 300	36 569
Other operating expenses		(382 832)	(314 649)	(144 750)	(15 717)
<b>Profit before corporate income tax</b>		<b>8 289 635</b>	<b>7 257 561</b>	<b>2 319 344</b>	<b>1 901 304</b>
Income tax expenses		(1 661 664)	(1 296 108)	(1 021 234)	(212 413)
<b>Net profit</b>		<b>6 627 971</b>	<b>5 961 453</b>	<b>1 298 110</b>	<b>1 688 891</b>
<b>Basic earnings per share</b>	(7)	0.146	0.132	0.029	0.037
<b>Diluted earnings per share</b>	(7)	0.146	0.132	0.029	0.037

Notes on pages from 16 to 22 are an integral part of these interim reports.

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## Interim consolidated Balance sheet as at 31 December 2023

<b>Assets</b>		<b>Group</b> <b>31 December 2023</b>	<b>Group</b> <b>31 December 2022</b>
	<b>Notes</b>	<b>EUR</b>	<b>EUR</b>
<b>Non-current assets:</b>			
<b>Intangible assets:</b>			
Patents, licences, trademarks and similar rights		141 562	26 906
Internally developed software		946 241	575 458
Other intangible assets		495 216	121 162
Goodwill		127 616	127 616
Work in progress internally developed software		31 678	-
Advances for intangible assets		125 044	43 801
<b>Total intangible assets:</b>		<b>1 867 357</b>	<b>894 943</b>
<b>Property, plant and equipment:</b>			
Land, buildings and structures		174 597	182 378
Leasehold improvements		315 442	189 340
Right-of-use assets		2 887 270	2 636 223
Other fixtures and fittings, tools and equipment		322 104	203 192
<b>Total property, plant and equipment</b>		<b>3 699 413</b>	<b>3 211 133</b>
<b>Non-current financial assets:</b>			
Loans and receivables	(8)	66 686 257	46 150 128
<b>Total non-current financial assets:</b>		<b>66 686 257</b>	<b>46 150 128</b>
<b>Total non-current assets:</b>		<b>72 253 027</b>	<b>50 256 204</b>
<b>Current assets:</b>			
<b>Inventories:</b>			
Finished goods and goods for sale		3 390 882	2 289 780
<b>Total inventories:</b>		<b>3 390 882</b>	<b>2 289 780</b>
<b>Receivables:</b>			
Loans and receivables	(8)	22 339 708	21 367 679
Other debtors		913 637	574 646
Deferred expenses		235 250	300 670
<b>Total receivables:</b>		<b>23 488 595</b>	<b>22 242 995</b>
Cash and cash equivalents		5 928 570	2 369 029
<b>Total current assets:</b>		<b>32 808 047</b>	<b>26 901 804</b>
<b>Total assets</b>		<b>105 061 074</b>	<b>77 158 008</b>

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## Interim consolidated Balance sheet as at 31 December 2023

<b>Liabilities and equity</b>		<b>Group</b>	<b>Group</b>
		<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Equity:</b>	<b>Notes</b>	<b>EUR</b>	<b>EUR</b>
Share capital		4 537 751	4 531 959
Share premium		6 890 958	6 890 958
Other capital reserves		169 812	93 058
Retained earnings	(9)	9 723 592	6 589 761
<b>Total equity:</b>		<b>21 322 113</b>	<b>18 105 736</b>
<b>Liabilities:</b>			
<b>Long-term liabilities:</b>			
Bonds issued	(10)	26 862 004	4 330 630
Loans from credit institutions		6 406 925	-
Other borrowings	(11)	14 904 405	15 004 505
Lease liabilities for right-of-use assets		2 337 138	2 353 309
<b>Total long-term liabilities:</b>		<b>50 510 472</b>	<b>21 688 444</b>
<b>Short-term liabilities:</b>			
Bonds issued	(10)	13 404 540	14 783 110
Loans from credit institutions		887 067	-
Other borrowings	(11)	14 505 929	19 856 253
Lease liabilities for right-of-use assets		831 318	565 131
Trade payables		1 011 347	856 429
Taxes and social insurance		1 390 268	560 492
Accrued liabilities		1 198 020	742 413
<b>Total short-term liabilities:</b>		<b>33 228 489</b>	<b>37 363 828</b>
<b>Total liabilities</b>		<b>83 738 961</b>	<b>59 052 272</b>
<b>Total liabilities and equity</b>		<b>105 061 074</b>	<b>77 158 008</b>

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

	Notes	Share capital EUR	Share premium EUR	Other capital reserves EUR	Retained earnings EUR	Total EUR
<b>As at 31 December 2021</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		-	-	-	5 961 453	5 961 453
Dividends paid	(9)	-	-	-	(5 424 757)	(5 424 757)
Share-based payments		-	-	93 058	-	93 058
<b>As at 31 December 2022</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		-	-	-	6 627 971	6 627 971
Dividends paid	(9)	-	-	-	(3 494 140)	(3 494 140)
Share-based payments		5 792	-	76 754	-	82 546
<b>As at 31 December 2023</b>		<b>4 537 751</b>	<b>6 890 958</b>	<b>169 812</b>	<b>9 723 592</b>	<b>21 322 113</b>

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

Notes	For 12 months ended 31 December 2023 EUR	For 12 months ended 31 December 2022 EUR
<b><u>Cash flow from operating activities</u></b>		
<b>Profit before corporate income tax</b>	<b>8 289 635</b>	<b>7 257 561</b>
<b>Adjustments for non-cash items:</b>		
a) depreciation and amortisation	515 193	433 466
b) depreciation of right-of-use assets	806 872	750 699
c) credit loss expenses	10 686 504	6 161 123
d) share-based payment expense	82 546	93 058
e) interest income and similar income	(3) (41 207 451)	(29 303 319)
f) interest expenses and similar expenses	(4) 8 578 969	4 669 485
<b>Profit before adjustments of working capital and short-term liabilities</b>	<b>(12 247 732)</b>	<b>(9 937 927)</b>
<b>Change in operating assets/liabilities:</b>		
a) (Increase) on loans and receivables and other debtors	(34 742 335)	(29 872 009)
b) (Increase)/ decrease on inventories	(1 101 102)	(1 035 082)
c) (Decrease)/ increase on trade payable and accrued liabilities	1 228 048	1 476
<b>Gross cash flow from operating activities</b>	<b>(46 863 121)</b>	<b>(40 843 542)</b>
Interest received	42 973 812	28 897 519
Interest paid	(9 750 889)	(5 041 149)
Corporate income tax payments	(1 296 108)	(979 191)
<b>Net cash flow from operating activities</b>	<b>(14 936 306)</b>	<b>(17 966 363)</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(457 344)	(204 091)
Acquisition of intangible assets	(759 755)	(499 594)
<b>Net cash flow from investing activities</b>	<b>(1 217 099)</b>	<b>(703 685)</b>
<b><u>Cash flow from financing activities</u></b>		
Loans received	26 078 953	35 565 757
Loans repaid	(23 921 661)	(18 782 851)
Bonds issued	36 954 000	8 651 455
Redemption of bonds	(14 943 000)	(500 000)
Repayment of lease liabilities	(961 206)	(930 389)
Dividends paid	(3 494 140)	(5 424 757)
<b>Net cash flow from financing activities</b>	<b>19 712 946</b>	<b>18 579 215</b>
Net cash flow of the reporting period	3 559 541	(90 833)
<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>5 928 570</b>	<b>2 369 029</b>

Notes on pages from 16 to 22 are an integral part of these interim reports.

**Didzis Ādmīdiņš**  
Chairman of the Board

**Aldis Umblejs**  
Board Member

**Sanita Pudnika**  
Board Member

**Nauris Bloks**  
Board Member

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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 nine-months ended 31 December 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%), UAB *DelfinGroup LT* (100%) for the period ended 31 December 2023.

### (2) Net sales

#### Net revenue by type of revenue

	For 12 months ended 31 December		For 3 months ended 31 December	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
Income from sales of goods	6 608 742	4 878 377	1 799 991	1 394 357
Income from sales of precious metals	1 504 352	857 399	733 419	210 584
Other income, loan and mortgage realisation and storage commission	1 102 606	736 791	300 613	201 970
	<b>9 215 700</b>	<b>6 472 567</b>	<b>2 834 023</b>	<b>1 806 911</b>

All net sales are generated in Latvia.

### (3) Interest income and similar income

	For 12 months ended 31 December		For 3 months ended 31 December	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
Interest income on unsecured loans according to effective interest rate method	34 203 127	23 338 504	9 337 034	7 011 336
Interest income on pawn loans	7 001 427	5 963 753	1 741 279	1 688 177
Other interest income according to effective interest rate method	2 897	1 062	62	763
	<b>41 207 451</b>	<b>29 303 319</b>	<b>11 078 375</b>	<b>8 700 276</b>

### (4) Interest expenses and similar expenses

	For 12 months ended 31 December		For 3 months ended 31 December	
	2023	2022	2023	2022
	EUR	EUR	EUR	EUR
Interest expense on other borrowings	4 714 235	3 099 242	1 054 238	1 302 072
Bonds' interest expense	3 468 695	1 393 521	1 211 160	287 641
Interest expense on loans from credit institutions	203 528	-	131 982	-
Interest expense on lease liabilities for leased premises	189 659	174 795	51 488	42 023
Interest expense lease liabilities for leased vehicles	2 769	1 429	691	375
Net loss on foreign exchange	83	498	65	167
	<b>8 578 969</b>	<b>4 669 485</b>	<b>2 449 624</b>	<b>1 632 278</b>



Notes (continued)

(5) Selling expenses

	For 12 months ended 31 December		For 3 months ended 31 December	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Salary expenses	3 481 209	2 981 967	912 652	805 528
Advertising	1 155 392	844 156	402 457	273 657
Social insurance	812 466	699 897	209 270	188 836
Depreciation of right-of-use assets - premises	701 764	638 960	178 967	162 824
Depreciation of property, plant and equipment and amortisation of intangible assets	515 193	433 466	162 199	111 784
Maintenance expenses	496 219	395 724	144 164	118 553
Non-deductible VAT	478 725	487 146	79 340	141 494
Utilities expenses	303 745	290 952	80 366	83 767
Transportation expenses	84 898	115 374	23 176	31 366
Provisions for unused annual leave	24 992	37 532	543	7 608
Depreciation of right-of-use assets - motor vehicles	10 521	15 900	2 787	898
Other expenses	681 712	559 151	191 585	192 169
	<b>8 746 836</b>	<b>7 500 225</b>	<b>2 387 506</b>	<b>2 118 484</b>

(6) Administrative expenses

	For 12 months ended 31 December		For 3 months ended 31 December	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Salary expenses	4 210 138	3 445 128	1 067 875	993 730
Social insurance	1 059 299	772 734	260 905	212 306
Bank commission	1 037 471	720 995	290 517	234 233
Communication expenses	601 020	217 054	180 499	94 742
Legal advice	194 194	83 097	98 997	(22 523)
State fees and duties, licence expenses	137 419	136 981	36 656	34 535
Depreciation of right-of-use assets - premises	94 196	93 914	23 760	23 478
Audit expenses	66 570	68 397	14 060	47 477
Provisions for unused annual leave	42 228	52 632	10 057	1 582
Depreciation of right-of-use assets - motor vehicles	391	1 925	391	-
Other administrative expenses	284 510	180 410	79 573	51 220
	<b>7 727 436</b>	<b>5 773 267</b>	<b>2 063 290</b>	<b>1 670 780</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 and on 30 June and 30 December 2023 to employees of the Group. The table below presents the income and share data used in the computations of basic earnings and Diluted earnings per share for the Group:

	For 12 months ended 31 December		For 3 months ended 31 December	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Net profit attributed to shareholders	6 627 971	5 961 453	1 298 110	1 688 891
Weighted average number of shares	45 319 911	45 319 594	45 20 853	45 319 594
<b>Earnings per share</b>	<b>0.146</b>	<b>0.132</b>	<b>0.029</b>	<b>0.037</b>
Weighted average number of shares used for calculating the diluted earnings per shares	45 404 905	45 331 135	45 404 905	45 331 135
<b>Diluted earnings per share</b>	<b>0.146</b>	<b>0.132</b>	<b>0.029</b>	<b>0.037</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
<b>2022</b>		
Number of shares at the beginning of the period		45 319 594
Number of shares at the end of the period		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 January - December 2022		11 541
<b>Weighted average potential number of shares</b>		<b>45 331 135</b>
<b>2023</b>		
Number of shares at the beginning of the period		45 319 594
Number of shares exercised at 29 December 2023	57 911	45 377 505
Number of shares at the end of the period		45 377 505
<b>Weighted average number of shares:</b>		<b>45 319 911</b>
Weighted average number of share options for DelfinGroup AS employees granted in 2023*		27 400
<b>Weighted average potential number of shares</b>		<b>45 404 905</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. 29 December 2023 57 911 of these shares were exercised and registered to Commercial Register.

Number of shares granted on 30 June 2023 40 196 with FV at grant date 1.168 EUR and option exercise price 0.100 EUR.

Number of shares granted on 31 December 2023 44 806 with FV at grant date 1.116 EUR and option exercise price 0.100 EUR.

(8) Loans and receivables

a) Loans and receivables by loan type

	Group 31 December 2023 EUR	Group 31 December 2022 EUR
<b>Pawn loans measured at fair value</b>		
Long-term pawn loans	198 079	220 216
Short-term pawn loans	6 982 259	5 880 246
Interest accrued for pawn loans	261 743	221 906
<b>Pawn loans measured at fair value, total</b>	<b>7 442 081</b>	<b>6 322 368</b>
<b>Debtors for loans issued without pledge</b>		
Long-term debtors for loans issued without pledge	66 488 178	45 929 912
Short-term debtors for loans issued without pledge	18 974 396	17 487 363
Interest accrued for loans issued without pledge	2 989 733	2 189 607
<b>Debtors for loans issued without pledge, total</b>	<b>88 452 307</b>	<b>65 606 882</b>
<b>Loans and receivables before allowance, total</b>	<b>95 894 388</b>	<b>71 929 250</b>
<b>ECL allowance on loans issued without pledge</b>	<b>(6 868 423)</b>	<b>(4 411 443)</b>
<b>Loans and receivables</b>	<b>89 025 965</b>	<b>67 517 807</b>

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

The Group signed a contract with a third party for the receivable amounts regular debt sale to assign debtors for loans issued which are outstanding for more than 60 days. Losses from these transactions were recognised in the current period.

Pawn loans in the amount of EUR 7 442 081 (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 December 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	68 807 588	-	-	68 807 588
Assets settled or partly settled	(33 364 953)	(5 001 246)	(1 461 828)	(39 828 027)
Assets derecognised due to debt sales	-	(5 230 282)	(1 190 305)	(6 420 587)
Assets written off	-	-	(513 676)	(513 676)
Effect of interest accruals	822 976	(101 000)	78 151	800 127
Transfers to Stage 1	210 214	(198 814)	(11 400)	-
Transfers to Stage 2	(11 574 042)	11 575 422	(1 380)	-
Transfers to Stage 3	(856 841)	(3 004 873)	3 861 714	-
<b>At 31 December 2023</b>	<b>84 350 989</b>	<b>2 199 712</b>	<b>1 901 606</b>	<b>88 452 307</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	3 813 984	-	-	3 813 984
Assets settled or partly settled	(1 849 409)	(1 782 885)	(682 174)	(4 314 468)
Assets derecognised due to debt sales	-	(1 864 534)	(555 466)	(2 420 000)
Assets written off	-	-	(239 711)	(239 711)
Effect of interest accruals	45 616	(36 006)	36 470	46 080
Transfers to Stage 1	76 195	(70 875)	(5 320)	-
Transfers to Stage 2	(641 546)	642 190	(644)	-
Transfers to Stage 3	(47 494)	(1 071 202)	1 118 696	-
Impact on period end ECL changes in credit risk and inputs used for ECL calculation	32 051	4 205 981	1 333 063	5 571 095
<b>At 31 December 2023</b>	<b>4 223 558</b>	<b>856 908</b>	<b>1 787 957</b>	<b>6 868 423</b>

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

	Group 31 December 2023 EUR	Group 31 December 2022 EUR
Receivables not yet due	79 123 798	57 445 337
Outstanding 1-30 days	5 227 191	4 555 603
Outstanding 31-90 days	2 199 712	2 465 106
Outstanding 91-180 days	494 068	328 818
Outstanding for 181-360 days	514 729	383 242
Outstanding for more than 360 days	892 809	428 776
<b>Total claims against debtors for loans issued</b>	<b>88 452 307</b>	<b>65 606 882</b>

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

	Group 31 December 2023 EUR	Group 31 December 2022 EUR
For trade debtors not yet due	3 360 278	2 252 622
Outstanding 1-30 days	914 567	661 969
Outstanding 31-90 days	932 071	789 067
Outstanding 91-180 days	350 916	184 076
Outstanding for 181-360 days	477 348	245 456
Outstanding for more than 360 days	833 243	278 253
<b>Total provisions for bad and doubtful trade debtors</b>	<b>6 868 423</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

	2023 EUR	2022 EUR
<b>Balance as at 1 January</b>	<b>6 589 761</b>	<b>6 053 065</b>
Net profit for the period	6 627 971	5 961 453
<b>Dividends declared and paid:</b>		
Interim dividends of 0.0771 EUR (2022: 0.0645 EUR) per share	(3 494 140)	(2 923 114)
Annual dividend of 0.0552 EUR per share declared in 2022	-	(2 501 643)
<b>Balance as at 31 December</b>	<b>9 723 592</b>	<b>6 589 761</b>

(10) Bonds issued

	Group 31 December 2023 EUR	Group 31 December 2022 EUR
<b>Total long-term part of bonds issued</b>	<b>26 862 004</b>	<b>4 330 630</b>
Bonds issued	13 330 155	14 758 261
Interest accrued	74 385	24 849
<b>Total short-term part of bonds issued</b>	<b>13 404 540</b>	<b>14 783 110</b>
<b>Bonds issued, total</b>	<b>40 192 159</b>	<b>19 088 891</b>
<b>Interest accrued, total</b>	<b>74 385</b>	<b>24 849</b>
<b>Bonds issued net</b>	<b>40 266 544</b>	<b>19 113 740</b>

The Company of the Group as of 31 December 2022 had 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 was paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) was repaid by 25 August 2023. The bonds were not secured.

The Company of the Group as of 31 December 2022 had outstanding bonds (ISIN LV0000802536) in the amount of EUR 10 000 000, registered with the Latvia Central Depository and issued in a closed offer on 24 November 2021 on the following terms – number of financial instruments 10 000, with a nominal value 1 000 euro per each bond, coupon rate – 8.00%, coupon was paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) was repaid by 25 November 2023. The bonds were not secured.

As of 31 December 2023, the Company of the Group has outstanding bonds (ISIN LV0000850055) in the amount of EUR 10 000 000, registered with the Latvia Central Depository and issued in a closed offer on 7 July 2022 on the following terms – number of financial instruments is 10 000, with a nominal value 1 000 euro per each bond, coupon rate – 3M EURIBOR + 8.75%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 September 2024. The bond issue in full amount is traded on NASDAQ Baltic First North Alternative market as of 3.07.2023. The bonds are not secured.

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

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

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

As of 31 December 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 December 2023 EUR	Group 31 December 2022 EUR
Other long-term loans	14 904 405	15 004 505
<b>Total other long-term loans</b>	<b>14 904 405</b>	<b>15 004 505</b>
Other short-term loans	14 505 929	19 856 253
<b>Total other short-term loans</b>	<b>14 505 929</b>	<b>19 856 253</b>
<b>Other loans, total</b>	<b>29 410 334</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 December 2023 is 10.7%. The loan matures according to the particular loan agreement terms concluded by the Group with its customers.

To ensure fulfilment of liabilities the Group has registered commercial pledge, see note 14. As at 31 December 2023 the Group is in compliance with covenants.

(12) Related party transactions

Group's transactions

	Transactions in 2023 EUR	Transactions in 2022 EUR
<b>Shareholders</b>		
Interest received	-	-
Services delivered	-	-
Goods sold	-	-
Interest paid	51 556	24 235
<b>Key management personnel</b>		
Goods sold	-	-
Interest paid	683	-
<b>Other related companies</b>		
Services delivered	-	-
Services received	4 250	3 900

Bonds issued to related parties

	Group 31 December 2023 EUR	Group 31 December 2022 EUR
Key management personnel	20 000	-
Shareholders	300 000	200 000
<b>Long-term part of bonds issued to related parties, total</b>	<b>320 000</b>	<b>200 000</b>
Shareholders	307 000	307 000
<b>Short-term part of bonds issued to related parties, total</b>	<b>307 000</b>	<b>307 000</b>
<b>Bonds issued to related companies, total</b>	<b>627 000</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	General administrative services to the companies of the Group, transactions with related parties, dividends payable.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured on consolidation basis. Management mainly focuses on net sales, interest income and similar income and profit before taxes of the segment. For the costs, for which direct allocation to a particular segment is not attributable, the judgement of the management is used to allocate general costs by segments, based on the following cost allocation drivers – loan issuance, segment income, segment employee count, segment employee costs, the amount of segment assets.

Based on the nature of the services, the Group's operations can be divided as follows (statement of profit or loss is compared for the same period of the previous year, balance sheet positions are compared to the data as at 31.12.2022):

EUR	Consumer loans		Pawn loans		Retail of pre-owned goods		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assets	90 623 040	65 716 677	9 802 525	8 385 899	4 632 912	3 053 982	2 597	1 450	105 061 074	77 158 008
Liabilities of the segment	71 448 313	49 484 402	8 518 974	7 101 708	3 770 088	2 465 174	1 586	988	83 738 961	59 052 272
Net sales	-	-	-	-	9 215 700	6 472 567	-	-	9 215 700	6 472 567
Interest income and similar income	34 203 127	23 338 504	7 001 427	5 963 753	-	-	2 897	1 062	41 207 451	29 303 319
Net performance of the segment	13 447 417	9 269 254	2 462 467	1 931 082	920 370	698 270	38 350	28 440	16 868 604	11 927 046
Financial (expenses)	(7 498 505)	(4 003 708)	(734 858)	(487 003)	(345 606)	(178 774)	-	-	(8 578 969)	(4 669 485)
Profit/(loss) before taxes	5 948 912	5 265 546	1 727 609	1 444 079	574 764	519 496	38 350	28 440	8 289 635	7 257 561
Corporate income tax	(1 192 464)	(939 970)	(346 300)	(258 314)	(115 212)	(92 745)	(7 688)	(5 079)	(1 661 664)	(1 296 108)

(14) Guarantees issued, pledges

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

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

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

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

As of 31 December 2023, the amount of secured liabilities constitutes EUR 36 704 326 (As of 31 December 2022 EUR 34 860 758).

(15) Subsequent events

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

**Didzis Ādmīdiņš**  
Chairman of the Board

**Aldis Umblejs**  
Board Member

**Sanita Pudnika**  
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