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AS “DelfinGroup”
Unaudited interim
condensed
consolidated
financial statements
for the three-month
period ended
31 March 2022

Translation from Latvian

Table of Contents

Information on the Company and subsidiaries	3 – 5
Statement of management's responsibility	6
Management report	7 - 9
Interim condensed consolidated Statement of profit or loss	10
Interim condensed consolidated Balance sheet	11 – 12
Interim condensed consolidated Statement of changes in equity	13
Interim condensed consolidated Statement of cash flows	14
Notes	15 – 22

Information on the Company and Subsidiaries

Name of the Company	DelfinGroup
Legal status of the Company	Joint stock company (till 19.01.2021, Limited liability company)
Number, place and date of registration	40103252854 Commercial Registry Riga, 12 October 2009
Operations as classified by NACE classification code system	NACE2 64.92 Other credit granting NACE2 47.91 Retail sale via mail order houses or via Internet NACE2 47.79 Retail sale of second-hand goods in stores NACE 47.77 Retail sale of watches and jewellery in specialised stores
Address	50A Skanstes Street, Riga, LV-1013 Latvia
Names and addresses of shareholders	SIA L24 Finance (57.53%), 12 Juras Street, Liepaja, Latvia SIA AE Consulting (8.88%), 50A Skanstes Street, Riga, Latvia SIA EC finance (18.81%), 50A Skanstes Street, Riga, Latvia Other (14.78%)
Ultimate parent company	SIA L24 Finance Reg. No. 40103718685 12 Juras Street, Liepaja, Latvia
Names and positions of Board members	Didzis Ādmīdiņš – Chairman of the Board (from 19.01.2021) Aldis Umblejs – Member of the Board (from 15.12.2021) Sanita Zitmane – Member of the Board (from 01.03.2022) Agris Evertovskis – Chairman of the Board (from 12.10.2009 till 19.01.2021) Didzis Ādmīdiņš – Member of the Board (from 11.07.2014 till 19.01.2021) Kristaps Bergmanis – Member of the Board (from 11.07.2014 till 15.12.2021) 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
19.01.2021 till 12.04.2021, 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)

Anete Ozoliņa – Deputy Chairman of the Supervisory Board
(from 19.01.2021 till 13.04.2021)

Uldis Judinskis – Member of the Supervisory Board (from
19.01.2021 till 13.04.2021)

Uldis Judinskis – Chairperson of the Supervisory Board (from
16.05.2019 till 19.01.2021)

Ramona Miglāne – Deputy Chairman of the Supervisory Board
(from 16.05.2019 till 19.01.2021)

Anete Ozoliņa – Member of the Supervisory Board (from
16.05.2019 till 19.01.2021)

Reporting period

1 January 2022 - 31 March 2022

Information on the Subsidiaries

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

Statement of management`s responsibility

The management of AS DelfinGroup (hereinafter – the Company) is responsible for the preparation of the Interim condensed consolidated financial statements for the three-month period ended 31 March 2022 (hereinafter – interim condensed consolidated financial statements) of the Company and its subsidiaries (hereinafter – the Group).

The interim condensed consolidated financial statements set out on pages 10 to 22 are prepared in accordance with the source documents and present the financial position of the Group as of 31 March 2022 and the results of its operations, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2022. The management report set out on pages 7 to 9 presents fairly the financial results of the reporting period and future prospects of the Group.

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

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

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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Management report

During the 1st quarter of 2022 Latvian financial services company AS DelfinGroup has reached a turnover of EUR 7.5 million which is 24% more compared to the same period in 2021. Over the first three months of 2022 EBITDA also showed a stable growth increasing by 8% while the Group achieved significant profitability improvements. Profit before taxes during the first three months of 2022 increased by 42% year-on-year and reached EUR 1.6 million, at the same time net profit increased by 76% and reached EUR 1.4 million. The increased revenue was mainly facilitated by the growth of activity in consumer lending, pawn lending and retail of pre-owned goods segments, while profitability was significantly improved by reduced costs of interest-bearing liabilities.

In the first quarter of 2022 AS *DelfinGroup* issued EUR 15.1 million EUR in new loans securing loan issuance growth of 60% year on year. Growth in loan issuance was mainly supported by significant consumer lending increase that grew by 73%. In addition, easing of Covid-19 restrictions during the first quarter gave a positive impact on pawn loan issuance which increased by 30% compared to the same period in 2021. Consequently, strong loan issuance resulted in a record high net loan portfolio amount reaching EUR 47.1 million which is 46% increase year-on-year.

On 1 March the composition of the Management Board of AS *DelfinGroup* was changed: Sanita Zitmane was appointed as a Member of the Management board. She replaced Chief Operations Officer Ivars Lamberts who decided to resign from his position as a Member of the Management Board and to undertake other activities outside the Group.

During the first three months of 2022 AS *DelfinGroup* completed the acquisition of the AS *Moda Kapitāls* pawn shop business, which was started in August 2021. AS *Moda Kapitāls* owned the fourth largest pawn shop network in Latvia and the acquisition of its business will strengthen the leading position of AS *DelfinGroup* in regions. After the conclusion of the deal, a new branch was opened in Daugavpils, while Banknote branches in Ludza and Preiļi was moved to better and larger premises.

Another major improvement during the last quarter was increasing the maximum available loan amount for VIZIA clients from EUR 7 000 up to EUR 10 000. Such step will allow VIZIA brand to adapt the growing customer demand for larger loan transactions that have been observed over the last periods.

Following the aggression of Russia in Ukraine, during the 1st quarter of 2022 AS *DelfinGroup* actively supported the war-affected people of Ukraine and donated in total EUR 100 000 to two initiatives: EUR 70 000 for the Entrepreneurs for Peace (*Uzņēmēji mieram*) movement and EUR 30 000 for the Ziedot.lv *Stand With Ukraine* initiative.

On 28 March AS *DelfinGroup* held an Extraordinary Meeting of Shareholders during which shareholders of AS *DelfinGroup* approved dividend distribution in the amount of EUR 780 thousand, namely EUR 0.0172 per share, from the profit of 4th quarter of 2021. Dividends were paid according to AS *DelfinGroup* dividend policy which anticipate quarterly dividend payments up to 50% from previous quarters' net profit. In addition, shareholders approved amendments to the Employee Stock Options Program allowing the company to grant up to 100 000 shares within the period of 4 years to strategic employees.

On 30 March AS *DelfinGroup* published its audited annual report and Corporate Governance Report for 2021. Reports are available at AS *DelfinGroup* webpage www.delfingroup.lv or on *Nasdaq Riga* stock exchange.

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 2022 (profit statement items are compared to the same period of the previous year, balance sheet items are compared to the data as at 31.12.2021):

Position	EUR, million	Change, %
Net loan portfolio	47.0	+9.6
Assets	55.7	+7.0
Revenue	7.5	+24.2
EBITDA	2.6	+8.3
Profit before taxes	1.6	+42.0
Net profit	1.4	+75.8

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

Position	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1
Total income, EUR million	6.0	5.9	6.5	7.1	7.5
EBITDA, EUR million	2.4	2.2	2.4	3.1	2.6
EBITDA margin, %	40%	37%	37%	44%	35%
EBIT, EUR million	2.1	2.0	2.1	2.8	2.3
EBIT margin, %	35%	34%	33%	39%	31%
Profit before taxes, EUR million	1.1	1.1	1.2	1.7	1.6
Net profit, EUR million	0.8	0.8	1.0	1.6	1.4
Net profit margin, %	13%	14%	16%	23%	19%
ROE (annualised), %	36%	38%	46%	47%	32%
Current ratio	1.0	0.9	1.4	1.5	1.4

EBITDA calculation, EUR million:

Item	2022 Q1	2021 Q1
Profit before tax	1.6	1.1
Interest expenses and similar expenses	0.7	1.0
Depreciation of fixed assets and amortisation	0.3	0.3
EBITDA, EUR million	2.6	2.4

Management report (CONTINUED)

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

Covenant	Value as of 31.03.2022	Compliance
to maintain a Capitalization Ratio at least 25%	38%	yes
to maintain consolidated ICR of at least 1.25 times, calculated on the trailing 12 month basis	2.6	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.	2.4	yes

Branches

As at 31 March 2022, the Group had 93 branches in 38 cities in Latvia (31.12.2021 - 93 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 bonds and loans, 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 2022 profit as dividends in accordance with the Company's dividend policy, which sets the target of 50% quarterly dividend payout.

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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Interim condensed consolidated Statement of profit or loss for the three-month period ended 31 March 2022

	Notes	For 3 months ended 31 March	
		2022 EUR	2021 EUR
Net sales	(2)	1 465 757	1 205 931
Cost of sales		(894 488)	(748 019)
Interest income and similar income	(3)	6 010 037	4 811 978
Interest expenses and similar expenses	(4)	(688 911)	(1 011 277)
Credit loss expenses		(1 083 489)	(732 371)
Gross profit		4 808 906	3 526 242
Selling expenses	(5)	(1 757 066)	(1 325 686)
Administrative expenses	(6)	(1 279 404)	(944 680)
Other operating income		24 275	16 297
Other operating expenses		(195 386)	(144 307)
Profit before corporate income tax		1 601 325	1 127 866
Income tax expenses		(187 656)	(323 656)
Net profit for the reporting period		1 413 669	804 210
Earnings per share	(7)	0.031	0.020

Notes on pages from 15 to 22 are an integral part of these interim condensed consolidated financial statements.

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Interim condensed consolidated Balance sheet as at 31 March 2022

Assets		Group 31 March 2022	Group 31 December 2021
Non-current assets:	Notes	EUR	EUR
Intangible assets:			
Patents, licences, trademarks and similar rights		62 336	64 037
Internally developed software		420 530	376 816
Other intangible assets		112 074	50 669
Goodwill		127 616	127 616
Advances on intangible assets		21 365	18 834
Total intangible assets:		743 921	637 972
Property, plant and equipment:			
Land, buildings, structures and perennials		181 755	169 906
Investments in property, plant and equipment		183 074	186 681
Right-of-use assets		2 914 786	2 972 570
Other fixtures and fittings, tools and equipment		192 000	206 604
Total property, plant and equipment		3 471 615	3 535 761
Non-current financial assets:			
Loans and receivables	(8)	31 940 900	28 569 431
Total non-current financial assets:		31 940 900	28 569 431
Total non-current assets:		36 156 436	32 743 164
Current assets:			
Inventories:			
Finished goods and goods for sale		2 138 239	1 949 490
Total inventories:		2 138 239	1 949 490
Receivables:			
Loans and receivables	(8)	15 150 021	14 392 319
Other debtors		389 213	352 269
Deferred expenses		151 427	167 436
Total receivables:		15 690 661	14 912 024
Cash and cash equivalents		1 704 164	2 459 862
Total current assets:		19 533 064	19 321 376
Total assets		55 689 500	52 064 540

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Interim condensed consolidated Balance sheet as at 31 March 2022

		Group 31 March 2022	Group 31 December 2021
Liabilities and equity			
Equity:	Notes	EUR	EUR
Share capital		4 531 959	4 531 959
Share premium		6 890 958	6 890 958
Retained earnings:			
- brought forward		5 174 907	1 730 571
- for the reporting period		1 413 669	4 223 833
Total equity:		18 011 493	17 377 321
Liabilities:			
Long-term liabilities:			
Bonds issued	(9)	11 974 796	10 825 162
Other borrowings	(10)	9 158 404	8 086 468
Lease liabilities for right-of-use assets		2 558 331	2 652 498
Total long-term liabilities:		23 691 531	21 564 128
Short-term liabilities:			
Bonds issued	(9)	15 865	13 003
Other borrowings	(10)	10 494 861	10 487 168
Lease liabilities for right-of-use assets		687 659	652 699
Trade payables		782 049	805 784
Taxes and social insurance		490 665	398 268
Unpaid dividends	(11)	779 497	-
Accrued liabilities		735 880	766 169
Total short-term liabilities:		13 986 476	13 123 091
Total liabilities		37 678 007	34 687 219
Total liabilities and equity		55 689 500	52 064 540

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Interim condensed consolidated Statement of changes in equity for the three-month period ended 31 March

	Share capital	Share premium	Retained earnings	Total
	EUR	EUR	EUR	EUR
As at 01 January 2021	4 000 000	-	5 453 709	9 453 709
Dividends paid	-	-	(1 280 000)	(1 280 000)
Profit for the reporting period	-	-	804 210	804 210
As at 31 March 2021	4 000 000	-	4 977 919	8 977 919
As at 01 January 2022	4 531 959	6 890 958	5 954 404	17 377 321
Dividends paid (11)	-	-	(779 497)	(779 497)
Profit for the reporting period	-	-	1 413 669	1 413 669
As at 31 March 2022	4 531 959	6 890 958	6 588 576	18 011 493

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Interim condensed consolidated statement of cash flows for the three-month period ended 31 March 2022

Notes	For 3 months ended 31 March 2022 EUR	For 3 months ended 31 March 2021 EUR
Cash flow from operating activities		
Profit before corporate income tax	1 601 325	1 127 866
<u>Adjustments for non-cash items:</u>		
a) depreciation of fixed assets and amortisation of intangible assets	103 344	54 988
b) depreciation of right-of-use assets	187 596	197 449
c) credit loss expenses	1 083 489	732 371
d) cessation results	79 469	133 353
e) interest income and similar income (3)	(6 010 037)	(4 811 978)
f) interest expenses and similar expenses (4)	688 911	1 011 277
Profit before adjustments of working capital and short-term liabilities	(2 265 903)	(1 554 674)
<u>Change in operating assets/liabilities:</u>		
a) (Increase) on loans and receivables and other debtors	(5 147 269)	1 880 860
b) (Increase) on inventories	(188 749)	(159 298)
c) (Decrease)/increase on trade payable and accrued liabilities	871 707	285 512
Gross cash flow from operating activities	(6 730 214)	452 400
Interest received	5 923 967	4 677 555
Interest paid	(1 025 857)	(1 152 737)
Corporate income tax payments	(979 191)	(754 536)
Net cash flow from operating activities	(2 811 295)	3 222 682
Cash flow from investing activities		
Acquisition of fixed assets, intangibles	(203 188)	(83 990)
Loans repaid (other than core business of the Company)	-	29 941
Net cash flow from investing activities	(203 188)	(54 049)
Cash flow from financing activities		
Loans received	3 394 579	2 246 431
Loans repaid	(2 044 977)	(6 644 224)
Bonds issued	1 142 347	19 000
Redemption of bonds	(2 347)	-
Repayment of lease liabilities	(230 817)	(194 493)
Dividends paid	-	(1 280 000)
Net cash flow from financing activities	2 258 785	(5 853 286)
Net cash flow of the reporting period	(755 698)	(2 684 653)
Cash and cash equivalents at the beginning of the reporting period	2 459 862	4 591 954
Cash and cash equivalents at the end of the reporting period	1 704 164	1 907 301

Notes on pages from 15 to 22 are an integral part of these interim condensed consolidated financial statements.

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Chairman of the Board

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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 condensed consolidated financial statements for the three months ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

These interim condensed consolidated financial statements 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 2022.

Restatement in comparative figures

- (a) The Management has identified a classification error on bond issuance commissions while preparing Group's financial statements. The error relates to incorrect classification of bond issuance commissions as bank commissions under Administrative costs. The error resulted in overstatement of amount of bank commission expenses and understatement of interest expenses;
- (b) The Management has identified a classification error on accrued interest expenses. The error relates to incorrect classification of accrued interest expenses for other borrowings under Credit loss expense and resulted in understated amount of credit loss expenses and overstatement of interest expenses. To comply with presentation requirements of IFRS 9, the Group reclassified mentioned amount from Credit loss expense to Interest expenses and similar expenses;
- (c) The Management has also identified a classification error on debt sale result. The error relates to incorrect classification of debt sale result under interest expenses and resulted in unstrstatement of Other operating expenses and overstatement of Interest expenses and similar expenses.

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

Statement of profit or loss

	Reference	Before restatement for 3 months ended 31 March 2021	Restatement	After restatement for 3 months ended 31 March 2021
Net sales		1 205 931	-	1 205 931
Cost of sales		(748 019)	-	(748 019)
Interest income and similar income		4 811 978	-	4 811 978
Interest expenses and similar expenses	(a), (b), (c)	(1 154 902)	143 625	(1 011 277)
Credit loss expense	(b)	(705 553)	(26 818)	(732 371)
Gross profit		3 409 435	116 807	3 526 242
Selling expenses		(1 325 686)	-	(1 325 686)
Administrative expenses	(a)	(964 511)	19 831	(944 680)
Other operating income		16 297	-	16 297
Other operating expenses	(c)	(7 669)	(136 638)	(144 307)
Profit before income tax		1 127 866	-	1 127 866
Income tax expenses		(323 656)	-	(323 656)
Net profit for the reporting period		804 210	-	804 210

Notes (continued)

(2) Net sales

Net revenue by type of revenue

	For 3 months ended 31 March	
	2022	2021
	EUR	EUR
Income from sales of goods	1 168 210	895 853
Income from sales of precious metals	142 283	149 762
Other income, loan and mortgage realisation and storage commission	155 264	160 316
	1 465 757	1 205 931

All net sales are generated in Latvia.

(3) Interest income and similar income

	For 3 months ended 31 March	
	2022	2021
	EUR	EUR
Interest revenue calculated using effective interest rate:		
Interest income on unsecured loans	4 886 211	3 736 586
Interest income on secured loans	1 123 619	1 073 620
Other interest income	207	1 772
	6 010 037	4 811 978

(4) Interest expenses and similar expenses

	For 3 months ended 31 March	
	2022	2021
	EUR	(restated, Note 1) EUR
Interest expense on other borrowings	339 292	502 850
Bonds' coupon expense	303 176	454 886
Interest expense on lease liabilities for leased premises	45 880	52 759
Interest expense lease liabilities for leased vehicles	422	726
Net loss on foreign exchange	141	56
	688 911	1 011 277

(5) Selling expenses

	For 3 months ended 31 March	
	2022	2021
	EUR	EUR
Salary expenses	680 082	577 266
Advertising	206 037	132 362
Social insurance	159 828	135 513
Depreciation of right-of-use assets - premises	156 992	163 082
Non-deductible VAT	114 069	66 715
Depreciation of fixed assets and amortisation of intangible assets	103 344	54 988
Maintenance expenses	79 600	56 604
Utilities expenses	74 607	47 264
Provisions for unused annual leave	28 359	15 408
Transportation expenses	26 388	20 975
Depreciation of right-of-use assets - motor vehicles	5 577	8 506
Other expenses	122 183	47 003
	1 757 066	1 325 686

Notes (continued)

(6) Administrative expenses

	For 3 months ended 31 March	
	2022	2021 (restated, Note 1)
	EUR	EUR
Salary expenses	764 421	564 466
Social insurance	179 772	132 712
Bank commission	133 930	81 027
Provisions for unused annual leave	40 216	11 000
Communication expenses	38 092	36 110
State fees and duties, licence expenses	34 289	41 553
Depreciation of right-of-use assets - premises	23 479	23 479
Legal advice	21 749	28 005
Depreciation of right-of-use assets - motor vehicles	1 548	2 382
Other administrative expenses	41 908	23 946
	1 279 404	944 680

(7) 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 table below presents the income and share data used in the computations of basic earnings per share for the Group:

	For 3 months ended 31 March	
	2022 EUR	2021 EUR
Net profit attributed to shareholders	1 413 669	804 210
Weighted average number of share	45 319 594	40 000 000
Earnings per share	0.031	0.020

There is no dilution effect on weighted average number of shares for three months period ended 31 March 2022 and 2021.

Notes (continued)

(8) Loans and receivables

a) Loans and receivables by loan type

	Group 31 March 2022 EUR	Group 31 December 2021 EUR
Debtors for loans issued against pledge		
Long-term debtors for loans issued against pledge	122 593	95 058
Short-term debtors for loans issued against pledge	3 264 813	3 112 513
Interest accrued for loans issued against pledge	158 640	164 698
Debtors for loans issued against pledge, total	3 546 046	3 372 269
Debtors for loans issued without pledge		
Long-term debtors for loans issued without pledge	31 818 307	28 474 373
Short-term debtors for loans issued without pledge	13 788 262	13 078 077
Interest accrued for loans issued without pledge	1 287 990	1 195 863
Debtors for loans issued without pledge, total	46 894 559	42 748 313
Loans and receivables before allowance, total	50 440 605	46 120 582
ECL allowance on loans to customers	(3 349 684)	(3 158 832)
Loans and receivables	47 090 921	42 961 750

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 has signed a debt sale agreement that provides assigning of loans over 90 days in delay. Losses from these transactions were recognised in the current reporting period.

The claims in the amount of EUR 3 546 894 (31.12.2021: EUR 3 372 269) are secured by the value of the collateral. Claims against debtors for loans issued against pledge are secured by pledges, whose fair value is higher than the carrying value, therefore provisions for secured overdue loans are not made.

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

An analysis of changes in the gross carrying value for loans issued and corresponding ECL during the three month period ended 31 March 2022 is as follows:

Group	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2022	42 897 818	1 673 709	1 524 577	24 478	46 120 582
New assets originated or purchased	15 922 619	-	-	-	15 922 619
Assets settled or partly settled	(8 727 056)	(725 010)	(229 581)	(24 478)	(9 706 125)
Assets written off	(21 116)	(1 283 110)	(608 017)	-	(1 912 243)
Effect of interest accruals	77 489	1 732	(63 449)	-	15 772
Transfers to Stage 1	223 105	(208 353)	(14 752)	-	-
Transfers to Stage 2	(3 006 396)	3 007 104	(708)	-	-
Transfers to Stage 3	(591 312)	(447 238)	1 038 550	-	-
At 31 March 2022	46 775 151	2 018 834	1 646 620	-	50 440 605
Group	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2022	1 763 526	625 066	770 240	-	3 158 832
New assets originated or purchased	684 641	-	-	-	684 641
Assets settled or partly settled	(256 297)	(116 462)	(134 553)	-	(507 312)
Assets written off	(1 306)	(307 583)	(306 065)	-	(614 954)
Effect of interest accruals	(950)	(125 818)	(5 493)	-	(132 261)
Transfers to Stage 1	86 054	(77 401)	(8 653)	-	-
Transfers to Stage 2	(179 957)	180 382	(425)	-	-
Transfers to Stage 3	(43 934)	(153 012)	196 946	-	-
Impact on period end ECL due to transfers between stages and due to changes in inputs used for ECL calculations	(309 084)	680 034	389 788	-	760 738
At 31 March 2022	1 742 693	705 206	901 785	-	3 349 684

Notes (continued)

(8) Loans and receivables (continued)
Loans and receivables by loan type (continued)

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

	Group 31 March 2022 EUR	Group 31 December 2021 EUR
Receivables not yet due	43 083 234	39 713 633
Outstanding 1-30 days	3 691 916	3 338 771
Outstanding 31-90 days	2 018 834	1 673 709
Outstanding 91-180 days	506 751	315 061
Outstanding for 181-360 days	398 867	361 973
Outstanding for more than 360 days	741 003	717 435
Total claims against debtors for loans issued	50 440 605	46 120 582

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

	Group 31 March 2022 EUR	Group 31 December 2021 EUR
For trade debtors not yet due	1 239 107	1 271 700
Outstanding 1-30 days	449 347	437 588
Outstanding 31-90 days	705 208	625 066
Outstanding 91-180 days	264 877	150 816
Outstanding for 181-360 days	208 334	193 681
Outstanding for more than 360 days	482 811	479 981
Total provisions for bad and doubtful trade debtors	3 349 684	3 158 832

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

(9) Bonds issued

	Group 31 March 2022 EUR	Group 31 December 2021 EUR
Total long-term part of bonds issued	11 974 796	10 825 162
Bonds issued	-	-
Interest accrued	15 865	13 003
Total short-term part of bonds issued	15 865	13 003
Bonds issued, total	11 974 796	10 825 162
Interest accrued, total	15 865	13 003
Bonds issued net	11 990 661	10 838 165

As of 31 March 2022, 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 – amount of emissions 5 000, amount of emissions recorded with nominal value 1 000 euro 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.

On 26 November 2021 the Parent company of the Group has started a closed bond offering (ISIN LV0000802536) in the amount of EUR 10 000 000. The offering has been registered with the Latvia Central Depository on the following terms – amount of emissions 10 000, amount of emissions recorded with nominal value 1 000 euro per each bond, coupon rate – 8.00%, 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 2022 bonds in total of EUR 7 251 000 have been subscribed. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 November 2023. The bonds are not secured.

Notes (continued)

(10) Other borrowings

	Group 31 March 2022 EUR	Group 31 December 2021 EUR
Other long-term loans	9 158 404	8 086 468
Total other long-term loans	9 158 404	8 086 468
Other short-term loans	10 494 861	10 487 168
Total other short-term loans	10 494 861	10 487 168
Total other loans	19 653 265	18 573 636

The remaining amount on other borrowings is represented by loans received from crowdfunding platform SIA *Mintos Finance*, a company registered in the European Union. The weighted average annual interest rate as of 31 March 2022 is 9.5%. According to the loan agreement with SIA *Mintos finance* the loan matures according to the particular loan agreement terms concluded by the Company with its customers.

The Group has registered a commercial pledge by pledging its property and receivables, with a maximum claim amount of EUR 25 million as collateral in favour of SIA *Mintos Finance*.

(11) Unpaid dividends

On 28 March 2022 shareholders of the Group have approved distribution of the profit for the three-month period ended 31 December 2021 and to pay out extraordinary dividends of EUR 779 497.02 or EUR 0.0172 per share. Dividend payment date was 12 April 2022.

(12) Related party transactions

Unaudited interim condensed consolidated financial statements only show those related parties with whom there have been transactions during the reporting period or during the comparative period. All transactions with related parties are carried out in accordance with general market conditions.

	Transactions for 3 months 2022 EUR	Transactions in 2021 EUR
Group's transactions with:		
Owners of the parent company		
Interest received		
AE Consulting SIA	-	9 090
L24 Finance SIA	-	775
Services delivered		
AE Consulting SIA	-	75
Goods sold		
AE Consulting SIA	-	59
Board members	-	1 702
Companies and individuals under common control or significant influence		
Services delivered		
EA investments AS	-	153
Other related companies		
Services delivered		
EL Capital, SIA	-	6 527
EuroLombard Ltd.	-	1 545

Notes (continued)

(13) Segment information

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

Pawn loan segment	Handling pawn loan issuance.
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 loan cessions to external debt collection companies.
Other operations segment	Providing loans for real estate development (only for three months period ending 31 March 2021. These loans are no longer issued and are fully recovered), 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 differently from profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. For the costs, for which direct allocation to a particular segment is not attributable, the judgement of the management is used to allocate general costs by segments, based on the following cost allocation drivers – loan issuance, segment income, segment employee count, segment employee costs, the amount of segment assets.

The following table presents income, profit, asset and liability information regarding the Group's operating segments. Based on the nature of the services, the Group's operations can be divided as follows (statement of profit or loss provisions are compared for the same period of the previous year, balance sheet positions are compared to the data as at 31.12.2021):

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Assets	47 345 457	44 047 262	5 282 521	5 102 128	3 060 744	2 890 334	778	24 816	55 689 500	52 064 540
Liabilities of the segment	30 274 955	28 196 358	4 365 871	4 286 975	2 257 036	2 182 444	780 145	21 442	37 678 007	34 687 219
Income	4 886 211	3 698 928	1 123 618	1 073 620	1 465 757	1 205 931	208	39 430	7 475 794	6 017 909
Net performance of the segment	1 849 763	1 529 561	290 540	401 372	146 054	168 968	3 879	39 981	2 290 236	2 139 882
Financial (expenses)	(586 308)	(809 575)	(64 903)	(96 183)	(37 700)	(57 601)	-	(47 918)	(688 911)	(1 011 277)
Profit/(loss) before taxes	1 263 455	719 247	225 637	305 189	108 354	111 367	3 879	(7 937)	1 601 325	1 127 866
Corporate income tax	(148 062)	(206 652)	(26 442)	(87 618)	(12 698)	(31 979)	(454)	2 593	(187 656)	(323 656)

(14) Guarantees issued, pledges

The Group has registered a commercial pledge by pledging its property and receivables, with the maximum claim amount of EUR 25 million as collateral in favour of SIA *Mintos Finance*. As of 31 March 2022, the amount of secured liabilities constitutes EUR 19 653 265 for AS *Mintos Finance* (As of 31 December 2021 EUR 18 573 636).

Notes (continued)

(15) Subsequent events

On 24 February 2022, Russian Federation has started a war at Ukraine. Countries round the world support Ukraine by announcing financial and economic sanctions against Russian Federation and its ally Republic of Belarus. The management of the Group has evaluated current situation and has concluded that the aforementioned sanctions have no direct impact on the Group's operations since all sales for the Group are generated in Latvia and the Group has no direct exposure to Russian, Belarusian and Ukrainian market. In addition, the management performed an overview and analysis of its counterparties and confirms that the Group does not have any relations with the sanctioned companies and sanctioned private individuals. There is still uncertainty related to final outcome of the situation, but the management regularly follows on the further developments, analyses a possible impact on the Group's business and is properly prepared to assess and implement any changes into business operations, risk management practices, policies and accounting estimates.

On 1 April 2022 most of the epidemiological safety measures related to COVID-19 pandemic were lifted, for instance, there are no more limited number of customers allowed in branches. Before and now all services provided by the Group are available to customers in full.

On 29 April 2022 shareholders of the Group have approved distribution of the profit for 2021 and previous periods and to pay out dividends of EUR 2 501 641.59 or EUR 0.0552 per share.

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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