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**AS “DelfinGroup”**  
Unaudited interim  
condensed  
consolidated  
financial statements  
for the twelve-month  
period ended  
31 December 2021

Prepared in accordance  
with International Accounting Standard 34  
“Interim Financial Reporting”  
Translation from Latvian

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# Information on the Company and Subsidiaries

<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>	L24 Finance, SIA (57.53%), 12 Juras Street, Liepaja, Latvia  AE Consulting, SIA (8.83%), 50A Skanstes Street, Riga, Latvia  EC finance, SIA (18.81%), 50A Skanstes Street, Riga, Latvia  Other (14.83%)
<b>Ultimate parent company</b>	L24 Finance, SIA Reg. No. 40103718685 12 Juras Street, Liepaja, Latvia
<b>Names and positions of Board members</b>	Didzis Ādmīdiņš – Chairman of the Board (from 19.01.2021)  Aldis Umblejs – Member of the Board (from 15.12.2021)  Ivars Lamberts – Member of the Board  Agris Evertovskis – Chairman of the Board (from 12.10.2009 till 19.01.2021)  Didzis Ādmīdiņš – Member of the Board (from 11.07.2014 till 19.01.2021)  Kristaps Bergmanis – Member of the Board (from 11.07.2014 till 15.12.2021)

**Names and positions of Supervisory Board members**

Agris Evertovskis – Chairperson of the Council (from 19.01.2021 till 12.04.2021, from 13.04.2021)

Gatis Kokins – Deputy Chairman of the Council (from 13.04.2021)

Mārtiņš Bičevskis – Member of the Council (from 13.04.2021)

Jānis Pizičs – Member of the Council (from 13.04.2021)

Edgars Voļskis – Member of the Council (from 13.04.2021)

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

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

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

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

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

**Financial year**

1 January 2021 - 31 December 2021

## Information on the Subsidiaries

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

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# Statement of management`s responsibility

The management of AS *DelfinGroup* group is responsible for the preparation of the Interim condensed consolidated financial statements for the twelve-month period ended 31 December 2021 (hereinafter – interim condensed consolidated financial statements).

Based on the information available to the Board of the parent company of the Group, the Interim condensed consolidated financial statements are prepared on the basis of the relevant primary documents and statements in accordance with IAS 34 Interim Financial Reporting and present a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2021 and its financial performance and cash flows for the twelve-month period ended 31 December 2021.

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

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

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

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**Didzis Ādmīdiņš**  
Chairman of the Board

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**Aldis Umblejs**  
Board Member

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**Ivars Lamberts**  
Board Member

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# Management report

According to the non-audited results of the year 2021 Latvian financial services company AS *DelfinGroup* has increased its revenue to EUR 25.5 million or by 7.7.% a year on year basis and 9.2% on a quarterly basis. In the 4<sup>th</sup> quarter of 2021 EBITDA increased by 33.3% compared to 3<sup>rd</sup> quarter of 2021 and for 12 months EBITDA increased by 7.4% and reached EUR 10.2 million. During the 4<sup>th</sup> quarter of 2021 profit before taxes increased by 41.7% compared to 3<sup>rd</sup> quarter of 2021 and was EUR 1.7 million and by 7.2% year on year and reached EUR 5.2 million. During the 4<sup>th</sup> quarter of 2021 the net profit has increased by 60% compared to 3<sup>rd</sup> quarter. The 4<sup>th</sup> quarter financial results mark the best results for a give quarter in the history of the Company. The increased revenue and profitability were mainly facilitated by stable growth of online consumer lending and retail of pre-owned goods.

During 2021 AS *DelfinGroup* issued EUR 52.5 million in new loans securing loan issuance growth of 9% year on year. Growth in loan issuance was mainly supported by the significant consumer lending increase which grew by 24% year on year and reached EUR 37 million. The positive trend of consumer loan issuance also reflected in AS *DelfinGroup* net loan portfolio which at the end of 2021 reached a record level – EUR 43 million, a 23.9% increase compared to previous year. Although, due to the restrictions placed on offline services in 2021 pawn loan issuance decreased by 15% year on year, nevertheless, in the 4<sup>th</sup> quarter of 2021 pawn loan segment has improved by having only a slight 5% decrease in the issuance compared to the same period in 2020.

In the 4<sup>th</sup> quarter of 2021 AS *DelfinGroup* successfully closed initial public offering (IPO) on *Nasdaq Riga* stock exchange in which a total of 5,927 investors participated. As a result AS *DelfinGroup* raised in total EUR 8.09 million of gross proceeds. The split of the new shareholders is as follows: 4.5 thousand investors from Estonia, 1.2 thousand from Latvia, 0.2 thousand from Lithuania and 44 investors from other countries. On 20 October 2021 AS *DelfinGroup* shares were listed for trading on the *Baltic Main List*. Funds attracted from the IPO substantially improved capital structure of the company as a result equity ratio reaching of 33.4% at the end of 2021.

With the help of funds raised from the IPO, during the 4<sup>th</sup> quarter 2021 AS *DelfinGroup* repaid and refinanced bonds in total amount of EUR 13.5 million. From those bonds EUR 5 million with 14% coupon rate were repaid according to schedule on 25.10.2021. With the aim to decrease financing costs EUR 5 million bonds with a 14% coupon rate and EUR 3.5 million bonds with 12% coupon rate were redeemed prematurely in November and December of 2021. All the transactions were made according to the IPO prospectus with the goal to decrease the cost of interest-bearing liabilities. As a result, during the 4<sup>th</sup> quarter the average cost of interest-bearing liabilities decreased from 10.7% to 7.5%. In addition, to support the growing loan portfolio during November 2021 AS *DelfinGroup* registered a new issue of unsecured bonds in the amount of EUR 10 million with an annual coupon rate of 8%. This is the lowest coupon rate in the history of AS *DelfinGroup* and marks a new milestone for the Group. At the end of the reporting period subscription of the bonds was still ongoing.

On December 15 December the composition of the Management Board was changed: Chief Financial Officer Aldis Umblejs was appointed as a Member of the Management Board. He replaced Kristaps Bergmanis who had decided to resign from his positions as Member of the Management Board and undertake other activities outside the Company.

On 14 October SIA *ExpressInkasso* and on 1 December SIA *REFIN* were liquidated and excluded from the Register of Enterprises. The activities of these companies will be carried out by the parent company AS *DelfinGroup*.

On 10<sup>th</sup> December 2021 AS *DelfinGroup* held its first shareholders' meeting as a public stock company. At the meeting AS *DelfinGroup* shareholders approved to pay out an extraordinary dividend in the amount of EUR 512 thousand, namely EUR 0.0113 per share, from the profit of the third quarter of 2021 of AS *DelfinGroup*. 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 the issue of new bonds up to EUR 10 million to fund further business development of the company.

In the twelve months of 2021, in accordance with the adopted dividend policy, the company paid dividends in the amount of EUR 3.7 million.

## Management report (CONTINUED)

By implementing the business strategy and all planned activities, the following financial results of the Group were achieved in 2021 as compares to 2020:

Position	EUR, million	Change, %
Net loan portfolio	43.0	+23.9
Assets	52.1	+12.8
Revenue	25.5	+7.7
EBITDA	10.2	+7.4
Profit before taxes	5.2	+7.2
Net profit	4.2	+3.0

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

Position	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Total income, EUR million	6.7	6.0	5.9	6.5	7.1
EBITDA, EUR million	2.5	2.5	2.1	2.4	3.2
EBITDA margin, %	37%	42%	35%	37%	45%
EBIT, EUR million	2.2	2.3	1.8	2.1	2.8
EBIT margin, %	33%	38%	31%	33%	39%
Profit before taxes, EUR million	1.2	1.1	1.1	1.2	1.7
Net profit, EUR million	0.9	0.8	0.8	1.0	1.6
Net profit margin, %	13%	13%	14%	16%	23%
ROE (annualised), %	42%	36%	38%	46%	47%
Current ratio	1.3	1.0	0.9	1.4	1.5

### EBITDA calculation, EUR million:

	2021	2020
<b>Item</b>		
Profit before tax	5.2	4.9
Interest expenses and similar expenses	3.9	3.5
Depreciation of fixed assets and amortisation	1.1	1.1
<b>EBITDA, EUR million</b>	<b>10.2</b>	<b>9.5</b>



## 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 31.12.2021	Compliance
to maintain a Capitalization Ratio at least 25%	40%	yes
to maintain consolidated ICR of at least 1.25 times, calculated on the trailing 12 month basis	2.3	yes
to maintain the Net Loan portfolio, plus Cash, net value of outstanding Mintos Debt Security and secured notes balance, at least 1.2 times the outstanding principal amount of all unsecured interest-bearing debt on a consolidated basis.	2.4	yes

### Branches

During the period from 1 January 2021 to 31 December 2021, the Group continued to work on branch network efficiency. As at 31 December 2021, the Group had 93 branches in 38 cities in Latvia (31.12.2020 - 89 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.

### Post balance sheet events

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

Beginning of February 2022 the Group finalized taking over the pawn shop business of *AS Moda Kapitāls*. The transaction was started in August 2021 and involved acquisition of *AS Moda Kapitāls* pawn loan portfolio.

Except for the aforementioned, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position and performance of the Company as at 31 December 2021.

### Distribution of the profit proposed by the Company

The Company's board recommends the distribution of Q4 2021 profit as dividends in accordance with the Company's dividend policy, which sets the target of 50% quarterly dividend payout.

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**Didzis Ādmīdiņš**  
Chairman of the Board

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**Aldis Umblejs**  
Board Member

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**Ivars Lamberts**  
Board Member

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## Interim condensed consolidated Statement of comprehensive income for the twelve-month period ended 31 December 2021

	Notes	For 12 months ended 31 December		For 3 months ended 31 December	
		2021	2020 (restated, Note 1)	2021	2020 (restated, Note 1)
		EUR	EUR	EUR	EUR
Net sales	(2)	5 667 337	6 164 231	1 607 786	1 478 468
Cost of sales	(3)	(3 668 010)	(4 224 332)	(1 056 604)	(1 054 752)
Interest income and similar income	(4)	19 821 198	17 499 755	5 481 604	5 181 303
Interest expenses and similar expenses		(3 854 869)	(3 546 475)	(1 108 946)	(1 028 751)
Credit loss expenses		(2 175 775)	(1 591 793)	(292 615)	(596 871)
<b>Gross profit</b>		<b>15 789 881</b>	<b>14 301 386</b>	<b>4 631 225</b>	<b>3 979 397</b>
Selling expenses	(5)	(6 158 217)	(5 446 243)	(1 865 920)	(1 701 977)
Administrative expenses	(6)	(4 212 808)	(3 261 026)	(1 127 236)	(765 624)
Other operating income		85 033	72 395	28 733	27 800
Other operating expenses		(300 865)	(812 259)	56 072	(339 868)
<b>Profit before corporate income tax</b>		<b>5 203 024</b>	<b>4 854 253</b>	<b>1 722 874</b>	<b>1 199 728</b>
Income tax expenses	(7)	(979 191)	(754 536)	(155 091)	(259 237)
<b>Net profit</b>		<b>4 223 833</b>	<b>4 099 717</b>	<b>1 567 783</b>	<b>940 491</b>
<b>Earnings per share</b>		0.103	0.102*	0.036	0.024*

\* Earnings per shares for 12 months ended 2020 and for 3 months ended 31 December 2020 have been adjusted retrospectively to account for the share split performed in 2021.

Notes on pages from 15 to 25 are an integral part of these interim condensed consolidated financial statements.

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Chairman of the Board

**Aldis Umblejs**  
Board Member

**Ivars Lamberts**  
Board Member

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## Interim condensed consolidated Balance sheet as at 31 December 2021

		Group 31 December 2021	Group 31 December 2020 (restated, Note 1)
<b>Assets</b>			
<b>Non-current assets:</b>	<b>Notes</b>	<b>EUR</b>	<b>EUR</b>
<b>Intangible assets:</b>			
Patents, licences, trademarks and similar rights		64 037	124 256
Other intangible assets		427 485	256 324
Goodwill		127 616	127 616
Advances on intangible assets		18 834	-
<b>Total intangible assets:</b>	(8)	<b>637 972</b>	<b>508 196</b>
<b>Property, plant and equipment:</b>			
Land, buildings, structures and perennials		169 906	85 385
Investments in property, plant and equipment		186 681	196 607
Right-of-use assets		2 972 570	3 194 412
Other fixtures and fittings, tools and equipment		206 604	248 214
<b>Total property, plant and equipment</b>		<b>3 535 761</b>	<b>3 724 618</b>
<b>Non-current financial assets:</b>			
Loans and receivables	(10)	28 569 431	17 711 758
Loans to shareholders and management	(9)	-	474 484
<b>Total non-current financial assets:</b>		<b>28 569 431</b>	<b>18 186 242</b>
<b>Total non-current assets:</b>		<b>32 743 164</b>	<b>22 419 056</b>
<b>Current assets:</b>			
<b>Inventories:</b>			
Finished goods and goods for sale		1 949 490	1 534 007
<b>Total inventories:</b>		<b>1 949 490</b>	<b>1 534 007</b>
<b>Receivables:</b>			
Loans and receivables	(10)	14 392 319	16 962 096
Other debtors		352 269	374 756
Deferred expenses		167 436	279 523
<b>Total receivables:</b>		<b>14 912 024</b>	<b>17 616 375</b>
Cash and cash equivalents		2 459 862	4 591 954
<b>Total current assets:</b>		<b>19 321 376</b>	<b>23 742 336</b>
<b>Total assets</b>		<b>52 064 540</b>	<b>46 161 392</b>

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Chairman of the Board

**Aldis Umblejs**  
Board Member

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Board Member

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## Interim condensed consolidated Balance sheet as at 31 December 2021

		Group 31 December 2021	Group 31 December 2020 (restated, Note 1)
<b>Liabilities and equity</b>			
<b>Equity:</b>	<b>Notes</b>	<b>EUR</b>	<b>EUR</b>
Share capital	(11)	4 531 959	4 000 000
Share premium		6 890 958	-
Retained earnings:			
- brought forward		1 730 571	1 353 992
- for the reporting period		4 223 833	4 099 717
<b>Total equity:</b>		<b>17 377 321</b>	<b>9 453 709</b>
<b>Liabilities:</b>			
<b>Long-term liabilities:</b>			
Bonds issued	(12)	10 825 162	8 441 717
Other borrowings	(13)	8 086 468	6 816 925
Lease liabilities for right-of-use assets		2 652 498	2 732 136
<b>Total long-term liabilities:</b>		<b>21 564 128</b>	<b>17 990 778</b>
<b>Short-term liabilities:</b>			
Bonds issued	(12)	13 003	5 022 652
Other borrowings	(13)	10 487 168	10 869 932
Lease liabilities for right-of-use assets		652 699	703 715
Trade payables		805 784	702 933
Taxes and social insurance		398 268	815 952
Accrued liabilities		766 169	601 721
<b>Total short-term liabilities:</b>		<b>13 123 091</b>	<b>18 716 905</b>
<b>Total liabilities</b>		<b>34 687 219</b>	<b>36 707 683</b>
<b>Total liabilities and equity</b>		<b>52 064 540</b>	<b>46 161 392</b>

Notes on pages from 15 to 25 are an integral part of these interim condensed consolidated financial statements.

**Didzis Ādmīdiņš**  
Chairman of the Board

**Aldis Umblejs**  
Board Member

**Ivars Lamberts**  
Board Member

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## Interim condensed consolidated Statement of changes in equity for the twelve-month period ended 31 December

	Share capital	Share premium	Retained earnings (restated, Note 1)	Total
	EUR	EUR	EUR	EUR
<b>As at 31 December 2019</b>	<b>1 500 000</b>	<b>-</b>	<b>6 867 492</b>	<b>8 367 492</b>
Dividends paid	-	-	(3 000 000)	(3 000 000)
Share capital transfer	2 500 000	-	(2 500 000)	-
Retained earnings subsidiary inclusion	-	-	(13 500)	(13 500)
Profit for the reporting period	-	-	4 099 717	4 099 717
<b>As at 31 December 2020</b>	<b>4 000 000</b>	<b>-</b>	<b>5 453 709</b>	<b>9 453 709</b>
Dividends paid	-	-	(3 723 138)	(3 723 138)
Share capital increase	531 959	7 553 823	-	8 085 782
Share issue costs	-	(662 865)	-	(662 865)
Profit for the reporting period	-	-	4 223 833	4 223 833
<b>As at 31 December 2021</b>	<b>4 531 959</b>	<b>6 890 958</b>	<b>5 954 404</b>	<b>17 377 321</b>

Notes on pages from 15 to 25 are an integral part of these interim condensed consolidated financial statements.

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Chairman of the Board

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Board Member

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## Interim condensed consolidated statement of cash flows for the twelve-month period ended 31 December 2021

	For 12 months ended 31 December 2021 EUR	For 12 months ended 31 December 2020 (restated, Note 1) EUR
<b>Cash flow from operating activities</b>		
<b>Profit before corporate income tax</b>	<b>5 203 024</b>	<b>4 854 253</b>
<u>Adjustments for:</u>		
a) depreciation of fixed assets and amortisation of intangible assets	362 325	302 364
b) depreciation of right-of-use assets	775 932	762 806
c) accruals and provisions (except for bad debts)	2 175 775	1 591 793
d) cessation results	160 423	620 101
e) accrued interest income	(130 318)	(548 686)
f) accrued interest expenses	(444 139)	(627 630)
g) other adjustments	-	(13 500)
<b>Profit before adjustments of working capital and short-term liabilities</b>	<b>8 103 022</b>	<b>6 941 501</b>
<u>Adjustments for:</u>		
a) Decrease / (increase) on loans and receivables and other debtors	(10 175 261)	(4 518 333)
b) Decrease / (increase) on inventories	(415 483)	(378 655)
c) (Decrease) / increase on trade payable and accrued liabilities	(1 592 886)	(331)
<b>Gross cash flow from operating activities</b>	<b>(4 080 608)</b>	<b>2 044 182</b>
Corporate income tax payments	(754 536)	(349 957)
<b>Net cash flow from operating activities</b>	<b>(4 835 144)</b>	<b>1 694 225</b>
<b>Cash flow from investing activities</b>		
Acquisition of fixed assets, intangibles	(548 605)	(571 018)
Loans issued (other than core business of the Company)	(92 850)	(438 669)
Loans repaid (other than core business of the Company)	567 334	1 271 868
<b>Net cash flow from investing activities</b>	<b>(74 121)</b>	<b>262 181</b>
<b>Cash flow from financing activities</b>		
Share capital increase	8 085 782	-
Loans received	20 633 934	10 415 870
Loans repaid	(19 849 406)	(11 546 966)
Bonds issued	11 111 000	8 606 000
Redemption of bonds	(13 481 000)	(2 975 000)
Dividends paid	(3 723 137)	(3 000 000)
<b>Net cash flow from financing activities</b>	<b>2 777 173</b>	<b>1 499 904</b>
Net cash flow of the reporting period	(2 132 092)	3 456 310
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>4 591 954</b>	<b>1 135 644</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2 459 862</b>	<b>4 591 954</b>

Notes on pages from 15 to 25 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 twelve months ended 31 December 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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

These interim condensed consolidated financial statements are prepared and disclosed on a consolidated basis. The following subsidiaries are included in the consolidation: SIA *ViziaFinance* (100%) for the period ended 31 December 2021.

The former subsidiary SIA *Banknote* commercial properties (100%) has been liquidated on 21 June 2021. The assets of the SIA *Banknote* commercial properties were transferred to AS *DelfinGroup* as liquidation quota. The former subsidiary SIA *ExpressInkasso* (100%) has been liquidated on 09 September 2021 (excluded from the Enterprise register on 14 October 2021). The assets of the SIA *ExpressInkasso* were transferred to AS *DelfinGroup* as liquidation quota. The former subsidiary SIA *REFIN* (100%) has been liquidated on 01 December 2021. The assets of the SIA *REFIN* were transferred to AS *DelfinGroup* as liquidation quota.

#### Changes in significant accounting policies, reclassification and correction of errors

##### New standards, interpretations and amendments adopted by the Group

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

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

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

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

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

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

##### Restatement in comparative figures

- (a) In these interim condensed consolidated financial statements, the Group has adopted changes in accounting policy in respect of recognition of internally generated intangible assets. The change relates to development of software, mainly consisting of internally capitalised salary expenses.
- (b) The Management has also identified a classification error while preparing 2021 Group financial statements. The error relates to incorrectly classifying bond issuance commissions as bank commissions under Administrative costs. The error resulted in overstated amount of bank commission expenses and understatement of interest expenses.

Notes (continued)

(1) Accounting policies (continued)  
Restatement of comparative figures\_(continued)

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

**Balance sheet**

	As at 31 December 2020 before restatement	Restatement	As at 31 December 2020 after restatement
<b>Assets</b>			
Non-current assets	22 216 809	202 247	22 419 056
Current assets	23 742 336	-	23 742 336
<b>Total assets</b>	<b>45 959 145</b>	<b>202 247</b>	<b>46 161 392</b>
<b>Liabilities and equity</b>			
Total equity	9 251 462	202 247	9 453 709
Long-term liabilities	17 990 778	-	17 990 778
Short-term liabilities	18 716 905	-	18 716 905
<b>Total liabilities and equity</b>	<b>45 959 145</b>	<b>202 247</b>	<b>46 161 392</b>

**Statement of comprehensive income**

	2020 before restatement	Restatement	2020 after restatement
Net sales	6 164 231	-	6 164 231
Cost of sales	(4 224 332)	-	(4 224 332)
Interest income and similar income	17 499 755	-	17 499 755
Interest expenses and similar expenses	(3 490 389)	(56 086)	(3 546 475)
Credit loss expense	(1 591 793)	-	(1 591 793)
<b>Gross profit</b>	<b>14 357 472</b>	<b>-</b>	<b>14 357 472</b>
Selling expenses	(5 425 844)	(20 399)	(5 446 243)
Administrative expenses	(3 539 758)	278 732	(3 261 026)
Other operating income	72 395	-	72 395
Other operating expenses	(812 259)	-	(812 259)
<b>Profit before income tax</b>	<b>4 652 006</b>	<b>202 247</b>	<b>4 854 253</b>
Income tax expenses	(754 536)	-	(754 536)
<b>Net profit</b>	<b>3 897 470</b>	<b>202 247</b>	<b>4 099 717</b>



Notes (continued)

(2) Net sales

Net revenue by type of revenue

	For 12 months ended 31 December		For 3 months ended 31 December	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Income from sales of goods	4 210 715	3 686 567	1 103 377	912 958
Income from sales of precious metals	841 360	1 714 530	333 193	421 485
Other income, loan and mortgage realisation and storage commission	615 262	763 134	171 216	144 025
	<b>5 667 337</b>	<b>6 164 231</b>	<b>1 607 786</b>	<b>1 478 468</b>

All net sales are generated in Latvia.

(3) Cost of sales

	For 12 months ended 31 December		For 3 months ended 31 December	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Cost of sales of goods	2 830 483	2 544 053	727 244	633 450
Cost of sales of precious metals	837 527	1 680 279	329 360	421 302
	<b>3 668 010</b>	<b>4 224 332</b>	<b>1 056 604</b>	<b>1 054 752</b>

(4) Interest income and similar income

	For 12 months ended 31 December		For 3 months ended 31 December	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
<b>Interest revenue calculated using effective interest rate:</b>				
Interest income on unsecured loans	15 692 832	12 825 482	4 759 974	3 974 678
Interest income on secured loans	4 123 605	4 669 988	721 376	1 204 712
Other interest income	4 761	4 285	254	1 913
	<b>19 821 198</b>	<b>17 499 755</b>	<b>5 481 604</b>	<b>5 181 303</b>

(5) Selling expenses

	For 12 months ended 31 December		For 3 months ended 31 December	
	2021	2020 (restated, Note 1)	2021	2020 (restated, Note 1)
	EUR	EUR	EUR	EUR
Salary expenses	2 515 879	2 352 184	648 729	618 297
Advertising	739 462	548 490	256 036	243 921
Depreciation of right-of-use assets - premises	643 179	640 604	155 354	143 623
Social insurance	590 774	563 848	152 594	148 272
Depreciation of fixed assets	362 325	302 363	172 219	98 525
Other expenses	322 016	232 351	230 136	139 976
Non-deductible VAT	334 859	238 414	87 451	79 470
Maintenance expenses	278 573	272 925	83 645	126 614
Utilities expenses	222 161	191 457	22 738	40 454
Transportation expenses	93 050	73 764	26 311	19 776
Depreciation of right-of-use assets - motor vehicles	29 312	38 394	6 057	32 833
Provisions for unused annual leave	26 627	(8 551)	24 650	10 216
	<b>6 158 217</b>	<b>5 446 243</b>	<b>1 865 920</b>	<b>1 701 977</b>

Notes (continued)

(6) Administrative expenses

	For 12 months ended 31 December		For 3 months ended 31 December	
	2021	2020 (restated, Note 1)	2021	2020 (restated, Note 1)
	EUR	EUR	EUR	EUR
Salary expenses	2 311 503	1 887 638	486 026	375 879
Social insurance	531 106	447 465	101 806	90 025
Bank commission	463 168	440 993	92 702	103 629
Communication expenses	338 716	106 961	269 828	43 519
State fees and duties, licence expenses	148 616	52 013	37 625	10 131
Other administrative expenses	116 935	127 098	407	(2 046)
Legal advice	114 556	75 826	63 013	45 384
Depreciation of right-of-use assets - premises	93 914	75 412	23 478	34 205
Audit expenses*	57 250	37 903	37 698	37 903
Provisions for unused annual leave	27 517	1 321	12 271	23 292
Depreciation of right-of-use assets - motor vehicles	9 527	8 396	2 382	3 703
	<b>4 212 808</b>	<b>3 261 026</b>	<b>1 127 236</b>	<b>765 624</b>

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

(7) Corporate income tax for the reporting year

	For 12 months ended 31 December		For 3 months ended 31 December	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
Corporate income tax charge for the current year	979 191	754 536	155 091	259 237
	<b>979 191</b>	<b>754 536</b>	<b>155 091</b>	<b>259 237</b>

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

(8) Intangible assets

	Patents, trademarks and similar rights	Other intangible assets (restated)	Advances on intangible assets	Goodwill	Total
	EUR	EUR	EUR	EUR	EUR
<b>Cost</b>					
31.12.2019.	354 773	60 822	6 748	127 616	549 959
Additions	1 387	270 558	-	-	271 945
Transfers	-	6 748	(6 748)	-	-
Disposals	(35)	(35 164)	-	-	(35 199)
31.12.2020.	356 125	302 964	-	127 616	786 705
Additions	-	270 880	18 834	-	289 714
Disposals	(14 676)	-	-	-	(14 676)
31.12.2021.	341 449	573 844	18 834	127 616	1 061 743
<b>Amortisation</b>					
31.12.2019.	170 572	25 089	-	-	195 661
Charge for 2020	61 331	46 061	-	-	107 392
Disposals	(35)	(24 509)	-	-	(24 544)
31.12.2020.	231 868	46 641	-	-	278 509
Charge for 2021	60 221	99 717	-	-	159 938
Disposals	(14 676)	-	-	-	(14 676)
31.12.2021.	277 413	146 358	-	-	423 771
<b>Net book value 31.12.2021.</b>	<b>64 036</b>	<b>427 486</b>	<b>18 834</b>	<b>127 616</b>	<b>637 972</b>
<b>Net book value 31.12.2020.</b>	<b>124 257</b>	<b>256 323</b>	<b>-</b>	<b>127 616</b>	<b>508 196</b>

Notes (continued)

(9) Loans to shareholders and management

	Loans to members EUR
<b>31.12.2019</b>	<b>1 022 423</b>
Loans issued	438 669
Loans repaid	(1 036 932)
Interest of loans	56 450
Interest repaid	(6 126)
<b>31.12.2020</b>	<b>474 484</b>
Loans issued	92 850
Loans repaid	(375 453)
Interest of loans	6 865
Interest repaid	(198 746)
<b>31.12.2021</b>	<b>-</b>
<b>Net book value as at 31.12.2021</b>	<b>-</b>
<b>Net book value as at 31.12.2020</b>	<b>474 484</b>

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

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

(10) Loans and receivables

a) Loans and receivables by loan type

	Group 31 December 2021 EUR	Group 31 December 2020 EUR
<b>Debtors for loans issued against pledge</b>		
Long-term debtors for loans issued against pledge	95 058	85 492
Short-term debtors for loans issued against pledge	3 112 513	2 945 052
Interest accrued for loans issued against pledge	164 698	139 425
<b>Debtors for loans issued against pledge, total</b>	<b>3 372 269</b>	<b>3 169 969</b>
<b>Debtors for loans issued without pledge</b>		
Long-term debtors for loans issued without pledge	28 474 373	17 626 266
Short-term debtors for loans issued without pledge	13 078 084	16 025 664
Interest accrued for loans issued without pledge	1 195 863	1 470 419
<b>Debtors for loans issued without pledge, total</b>	<b>42 748 313</b>	<b>35 122 349</b>
<b>Loans and receivables before allowance, total</b>	<b>46 120 582</b>	<b>38 292 318</b>
<b>ECL allowance on loans to customers</b>	<b>(3 158 832)</b>	<b>(3 618 464)</b>
<b>Loans and receivables</b>	<b>42 961 750</b>	<b>34 673 854</b>

Notes (continued)

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

All loans are issued in euros. Long-term receivables for the loans issued do not exceed 7 years.

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

The claims in the amount of EUR 3 372 269 (31.12.2020: EUR 3 169 969) are secured by the value of the collateral. Claims against debtors for loans issued against pledge are secured by pledges, whose fair value is higher than the carrying value, therefore provisions for secured overdue loans are not made.

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

An analysis of changes in the gross carrying value for loans issued and corresponding ECL in relation to corporate lending during the year ended 31 December 2021 is as follows:

Group	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying value as at 1 January 2021</b>	<b>34 973 852</b>	<b>1 056 260</b>	<b>2 226 012</b>	<b>36 195</b>	<b>38 292 318</b>
New assets originated or purchased	52 537 591	-	-	-	52 537 591
Assets settled or partly settled	(36 926 551)	(890 252)	(4 340 287)	-	(42 157 090)
Assets written off	(162 805)	(1 127 626)	(1 432 283)	(36 195)	(2 758 909)
Effect of interest accruals	80 394	86 429	39 847	-	206 670
Transfers to Stage 1	371 814	(197 814)	(174 000)	-	-
Transfers to Stage 2	(2 724 457)	2 817 216	(92 759)	-	-
Transfers to Stage 3	(5 097 434)	(70 504)	5 167 938	-	-
<b>At 31 December 2021</b>	<b>43 052 404</b>	<b>1 673 709</b>	<b>1 394 468</b>	<b>-</b>	<b>46 120 582</b>

Group	Stage 1	Stage 2	Stage 3	POCI	Total
<b>ECL as at 1 January 2021</b>	<b>1 894 525</b>	<b>369 159</b>	<b>1 354 780</b>	<b>-</b>	<b>3 618 464</b>
New assets originated or purchased	2 081 031	-	-	-	2 081 031
Assets settled or partly settled	(1 429 535)	(274 762)	(2 560 567)	-	(4 264 864)
Assets written off	(8 942)	(182 955)	(745 698)	-	(937 595)
Effect of interest accruals	8 387	49 325	39 905	-	97 617
Transfers to Stage 1	160 432	(55 583)	(104 849)	-	-
Transfers to Stage 2	(161 470)	216 167	(54 697)	-	-
Transfers to Stage 3	(272 394)	(19 394)	291 788	-	-
Impact on period end ECL due to transfers between stages and due to changes in inputs used for ECL calculations	(508 507)	523 109	2 549 578	-	2 564 180
<b>At 31 December 2021</b>	<b>1 763 527</b>	<b>625 066</b>	<b>770 240</b>	<b>-</b>	<b>3 158 832</b>

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

	Group 31 December 2021 EUR	Group 31 December 2020 EUR
Receivables not yet due	39 713 633	32 473 188
Outstanding 1-30 days	3 338 771	2 508 354
Outstanding 31-90 days	1 673 709	1 056 261
Outstanding 91-180 days	315 061	989 467
Outstanding for 181-360 days	361 973	428 390
Outstanding for more than 360 days	717 435	836 658
<b>Total claims against debtors for loans issued</b>	<b>46 120 582</b>	<b>38 292 318</b>

Notes (continued)

(10) Loans and receivables (continued)

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

	Group 31 December 2021 EUR	Group 31 December 2020 EUR
For trade debtors not yet due	1 271 700	1 769 822
Outstanding 1-30 days	437 588	123 306
Outstanding 31-90 days	625 066	369 159
Outstanding 91-180 days	150 816	554 341
Outstanding for 181-360 days	193 681	244 996
Outstanding for more than 360 days	479 981	556 840
<b>Total provisions for bad and doubtful trade debtors</b>	<b>3 158 832</b>	<b>3 618 464</b>

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

(11) Share capital

As at 31 December 2021, the Parent Company's share capital is EUR 4 531 959,40, which consists of 45 319 594 ordinary shares, each of them with a nominal value of EUR 0.10. All shares are fully paid.

(12) Bonds issued

	Group 31 December 2021 EUR	Group 31 December 2020 EUR
Bonds issued	11 111 000	8 481 000
Bonds commission	(285 838)	(39 283)
<b>Total long-term part of bonds issued</b>	<b>10 825 162</b>	<b>8 441 717</b>
Bonds issued	-	5 000 000
Bonds commission	-	(1 232)
Interest accrued	13 003	23 884
<b>Total short-term part of bonds issued</b>	<b>13 003</b>	<b>5 022 652</b>
<b>Bonds issued, total</b>	<b>11 111 000</b>	<b>13 481 000</b>
<b>Interest accrued, total</b>	<b>13 003</b>	<b>23 884</b>
<b>Bonds commission, total</b>	<b>(285 838)</b>	<b>(40 515)</b>
<b>Bonds issued net</b>	<b>10 838 165</b>	<b>13 464 369</b>

As of 31 December 2021, 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 December 2021 bonds in total of EUR 6 111 000 have been issued. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 November 2023. The bonds are not secured.

Notes (continued)

(13) Other borrowings

	Group 31 December 2021 EUR	Group 31 December 2020 EUR
Other long-term loans	8 086 468	6 816 925
<b>Total other long-term loans</b>	<b>8 086 468</b>	<b>6 816 925</b>
Other short-term loans	10 487 168	10 869 932
<b>Total other short-term loans</b>	<b>10 487 168</b>	<b>10 869 932</b>
<b>Total other loans</b>	<b>18 573 636</b>	<b>17 686 857</b>

The remaining amount on other borrowings is represented by loans received from a crowdfunding platform SIA *Mintos Finance*, a company registered in the European Union. The weighted average annual interest rate as of 31 December 2021 is 8.3%. 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*.

(14) 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 in 2021 EUR	Transactions in 2020 EUR
<b>Group's transactions with:</b>		
<b>Owners of the parent company</b>		
Interest received		
AE Consulting SIA	9 090	26 804
L24 Finance SIA	775	1 575
EC finance SIA	-	11
Services received		
AE Consulting SIA	-	(1 698)
Services delivered		
AE Consulting SIA	75	2 965
L24 Finance SIA	-	360
EC finance SIA	-	300
Goods sold		
AE Consulting SIA	59	1 090
Board members	1 702	992
Investment in shares		
L24 Finance SIA	-	(1 921)
<b>Companies and individuals under common control or significant influence</b>		
Interest paid		
Board members	-	(1 598)
Services delivered		
EA investments AS	153	300

Notes (continued)

(14) Related party transactions (continued)

	Transactions in 2021	Transactions in 2020
	EUR	EUR
<b>Other related companies</b>		
Interest received		
Banknote commercial properties SIA	-	1 661
EuroLombard Ltd	-	1 570
Services received		
Banknote commercial properties SIA	-	(15 569)
Services delivered		
Banknote commercial properties SIA	-	938
EL Capital, SIA	6 527	447
EuroLombard Ltd.	1 545	6 139
OBDO Gin, SIA	-	8 418
KALPAKS, SIA	-	321
Goods received		
OBDO Gin, SIA	-	(43)
Fixed assets sold		
OBDO Gin, SIA	-	160

Loan debts to shareholders and management

	Group 31 December 2021 EUR	Group 31 December 2020 EUR
AE Consulting SIA	-	381 796
L24 Finance SIA	-	83 688
EA investments AS	-	9 000
	<u>-</u>	<u>474 484</u>

(15) Segment information

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

Pawn loan segment	Handling pawn loan issuance, sale of pawn shop items in the branches and online.
Consumer loan segment	Handling consumer loans to customers, debt collection activities and loan cessions to external debt collection companies.
Other operations segment	Providing loans for real estate development, general administrative services to the companies of the Group, transactions with related parties. Loans for real estate development are no longer issued and are fully recovered.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. For the costs, for which direct allocation to a particular segment is not attributable, the judgement of the management is used to allocate general costs by segments, based on the following cost allocation drivers – loan issuance, segment income, segment employee count, segment employee costs, the amount of segment assets.

Notes (continued)

(15) Segment information (continued)

The following table presents income and profit and certain asset and liability information regarding the Group's operating segments. Based on the nature of the services, the Group's operations can be divided as follows:

EUR	Pawn loans		Consumer loans		Other activities		Total	
	2021	2020 (restated, Note 1)	2021	2020 (restated, Note 1)	2021	2020 (restated, Note 1)	2021	2020 (restated, Note 1)
Assets	8 509 255	8 401 792	43 555 285	32 544 339	-	5 215 261	52 064 540	46 161 392
Liabilities of the segment	7 088 327	7 984 453	27 598 892	24 584 009	-	4 139 221	34 687 219	36 707 683
Income	9 795 703	10 838 504	15 623 398	12 383 072	69 434	442 410	25 488 535	23 663 986
Net performance of the segment	1 164 725	2 146 818	7 743 255	5 575 413	149 913	678 497	9 057 893	8 400 728
Financial (expenses)	(621 709)	(612 298)	(3 220 377)	(2529 158)	(12 783)	(405 019)	(3 854 869)	(3 546 475)
Profit/(loss) before taxes	543 016	1 534 520	4 522 878	3 046 256	137 130	273 477	5 203 024	4 854 253
Corporate income tax	(102 194)	(238 523)	(851 190)	(473 504)	(25 807)	(42 509)	(979 191)	(754 536)
<i>Other information</i>								
Fixed assets and intangible assets (NBV)	2 816 042	2 888 720	1 357 691	983 211	-	360 883	4 173 733	4 232 814
Depreciation and amortisation during the reporting period	(767 989)	(704 654)	(370 268)	(239 837)	-	(88 031)	(1 138 257)	(1 032 522)
Loans issued	15 528 104	18 230 191	37 009 487	29 894 481	-	26 000	52 537 591	48 150 672
Loans received	15 875 167	18 008 376	19 812 199	20 819 042	4 806 601	2 850 292	40 493 967	41 677 710

(16) 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 favor of SIA *Mintos Finance*. As of 31 December 2021, the amount of secured liabilities constitutes EUR 18 573 636 for AS *Mintos Finance*. As of 31 December 2020 the maximum claim amount was EUR 40.5 million as collateral on the pari passu principle among bondholders of notes issues ISIN LV0000802213 (EUR 5 000 000) and ISIN LV0000802379 (EUR 5 000 000), and EUR 17 268 857 in favor of SIA *Mintos Finance*.

(17) Subsequent events

On August 2021 the Group started acquisition of AS *Moda Kapitāls* pawn shop business and has completed the acquisition at the beginning of February 2022. AS *Moda Kapitāls* owned the fourth largest pawn shop network in Latvia and the acquisition of the business will strengthen the leading position of the Group in the regions.

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



**Notes** (continued)

**(18) Impact of COVID-19**

As Global COVID-19 pandemic is still causing uncertain economic environment management continues to regularly follow the further developments of the COVID-19 pandemic and analyses the potential of its impacts, and is properly prepared to assess and implement any further changes to accounting policies, estimates and risk management policies, as well as review the respective risk grading when necessary to ensure the sustainable growth of the Company as well as the proper and safe provision of services to clients.

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**Didzis Ādmīdiņš**

Chairman of the Board

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**Aldis Umblejs**

Board of Member

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**Ivars Lamberts**

Board Member

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