delfin group

financing and circular retail

AS "DelfinGroup"

Annual accounts
for the year ended
31 December 2023
and
Consolidated
Annual accounts
for the year ended
31 December 2023

prepared in accordance with International Financial Reporting Standards as adopted by EU

Translation from Latvian

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Information on the Company and Subsidiaries

Name of the Company	DelfinGroup
Legal status of the Company	Joint stock 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 ALPPES Capital (29.29%), 12 Juras Street, Liepaja, Latvia SIA EC finance (14.93%), 50A Skanstes Street, Riga, Latvia SIA Curiosity Capital (12.81%) 12 Juras Street, Liepaja, Latvia SIA AE Consulting (8.58%), 50A Skanstes Street, Riga, Latvia Other (34.39%)
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 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)
Financial year	1 January 2023 - 31 December 2023
Name and address of the auditor	SIA KPMG Baltics Certified Auditors' Company license No. 55 Roberta Hirša street 1, Riga, LV-1045 Latvia Responsible Certified Auditor: Rainers Vilāns Certificate No. 200

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 b
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	UAB DelfinGroup LT (parent company interest in subsidiary – 100%)
Date of establishment of the subsidiary	28.09.2023
Number, place and date of registration of the subsidiary	306462155; Vilnius, 28 September 2023
Address of the subsidiary	25-701 Lvivo Street, Vilnius, Lithuania
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 financial statements of the Company and for the preparation of the consolidated financial statements of the Company and its subsidiaries (hereinafter – the Group or DelfinGroup).

The financial statements set out on pages 18 to 59 are prepared in accordance with the source documents and present the financial position of the Company and the Group as of 31 December 2023 and 31 December 2022 and the results of their operations, changes in shareholders' equity and cash flows for the years then ended. The management report set out on pages 7 to 17 presents fairly the financial results of the reporting period and future prospects of the Company and the Group.

The financial statements are prepared on a going concern basis in accordance with IFRS Accounting 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 Pudnika
Board Member

Nauris Bloks
Board Member

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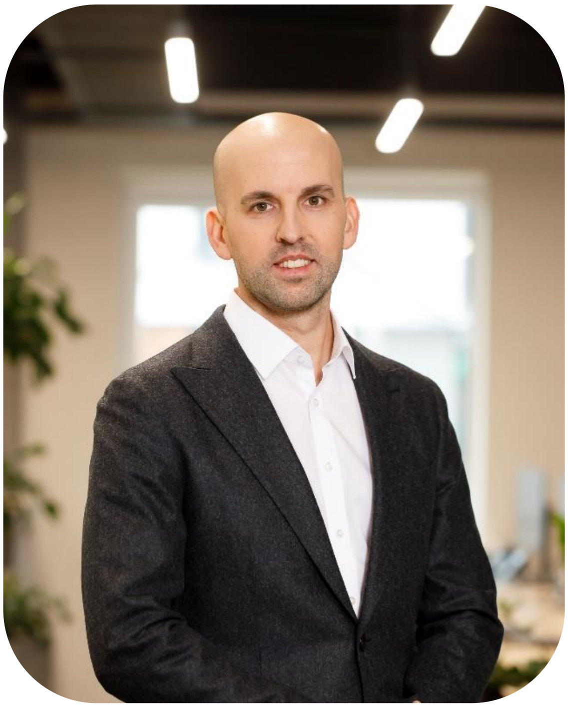
Management report

CEO statement



Dear reader,

As we reflect on the past year, it is evident that we remained committed to our strategy and mission at *DelfinGroup*. Our overarching goal is to foster financial inclusion and make sustainable consumption more available. Throughout the year, we diligently pursued our strategy, striving to be leaders in the industries in which we operate. The relentless focus on digitalising our products and system enhancements was central to our efforts. These initiatives were pivotal in ensuring that we remain agile and well-prepared for the scalable growth of our business and allowed us to grow our market share.

In line with our strategic objectives, *DelfinGroup* has embarked on an ambitious expansion journey with our entry into Lithuania. This marks a significant milestone for us as we extend our footprint beyond Latvia for the first time in our company's history. Our expansion into Lithuania is not merely a geographical diversification; it represents a strategic move towards broader market penetration and enhanced accessibility to our innovative financial and retail services. We are excited to introduce our unique circular economy concept shop, *Banknote*, to the Lithuanian market. With the opening of five branches in Vilnius and an online shop, we are poised to offer our Lithuanian customers a diverse range of competitive financial solutions and sustainable retail services. The decision to expand into Lithuania was guided by our accumulated experience and expertise gained over the past 15 years in Latvia.

Our commitment to digitalisation has been a driving force behind our business growth in 2023. We are proud of the launch of the new *Banknote* mobile app, featuring an enhanced design and user experience, providing our customers with seamless access to our services. Additionally, we introduced a virtual payment card with a credit line, now available within the *Banknote* mobile app. This strategic move aligns with our mission to broaden access to financial products and has enabled us to tap into new customer segments. Furthermore, our introduction of remote purchasing for pre-owned goods has not only simplified the process of reselling items but has also championed the principles of the circular economy. By allowing users to sell pre-owned yet functional items through our platform, we are fostering a circular economy while providing an opportunity for individuals to earn extra income. These digital initiatives have streamlined our operations and reinforced our commitment to innovation and customer-centricity.

In 2023, we significantly improved our branch network's development. We optimised our existing network and expanded our footprint by opening new branches. Notably, we opened *Banknote XL* in Riga, our largest circular economy store spanning over 300 square meters and offering more than 5,000 verified pre-owned items. Furthermore, our expansion efforts extended beyond Latvia with the opening of five branches in Vilnius, Lithuania, signalling our commitment to growth beyond borders. Additionally, we strategically relocated branches, such as the move of *Riga City Pawnshop* to new premises, which offers an expanded range of goods, including historical items and exclusive jewellery, to cater to diverse client preferences. Moreover, our entry into emerging areas like Mārupe in Latvia and the relocation of the Jēkabpils branch to larger premises with enhanced design exemplify our strategic focus on capturing new opportunities and improving customer experience.

DelfinGroup has achieved record-high results in 2023, surpassing our guidance for the year. Our income soared to EUR 50.4 million, marking a remarkable 41% increase compared to 2022. Similarly, our EBITDA surged by 39%, reaching EUR 18.2 million, representing our robust financial performance. Notably, our profits increased during the year, with profit before tax reaching EUR 8.3 million, a noteworthy 14% increase, while net profit grew by 11% to 6.6 million euros. Moreover, our net loan portfolio expanded to EUR 89 million, reflecting a substantial 32% increase.

The mentioned results allowed us to reach and even exceed our strategic targets for the year. The net loan portfolio amount fulfilled our guidance for 2023 by 116%. Additionally, EBITDA surpassed the target of EUR 17 million, reaching EUR 18.2 million, representing a 107% execution. Profit before tax exceeded expectations by surpassing our target by 104%. As we celebrate these remarkable accomplishments, we remain focused on further advancing our strategic objectives and delivering continued success in the years ahead.

Furthermore, in 2023, *DelfinGroup* demonstrated active engagement in the capital markets, becoming the most active issuer of bonds in the Baltics. We take pride in the trust and confidence that investors continue to place in our company, reflected in the success of our three new bond issues last year while successfully redeeming two bond issues at maturity for 15 million euros. Notably, we achieved a record-breaking milestone by raising over 32 million euros. At the end of the year, we maintained four active bond issues, with two listed on the *Nasdaq First North* market, further enhancing our visibility and accessibility to investors.

We are glad that, over 2023, our shareholder base has grown significantly. One of the drivers for the increase of shareholders was the share offerings from our largest shareholders at the time, SIA *L24 Finance* and SIA *EC finance*. Their public share offers garnered immense interest from investors across the Baltics, with 2,915 individuals subscribing to 5,242,209 shares, amounting to 7.1 million euros—an oversubscription of 112%. As a result, our shareholder base has experienced substantial growth, nearing the 9,000 mark. We are deeply encouraged by this demonstration of trust and support, which validates our strategic direction and vision for the future. Moving forward, we remain committed to fostering transparency, nurturing investor relations, and delivering sustainable value to our expanding shareholder community.

Also, in 2023, *DelfinGroup* remained committed to our dividend policy. For the second consecutive year, we maintained our unique practice in the Baltics of distributing quarterly dividends to our shareholders. We take pride in this distinctive approach, which underscores our dedication to providing consistent returns to our investors. Throughout the year, shareholders benefited from four dividend payments totalling 3.5 million euros, with a total yield of 5.9%.

Last year, our team members had the opportunity to convert their stock options for the first time. Our stock option program expanded our shareholder base and strengthened employee loyalty, aligning our collective efforts towards achieving our shared goals. As we look towards the future, we are committed to continuing our stock option program in 2024 and beyond. By becoming shareholders, employees can participate in shareholder's meetings and to decide on the future of the company. Employees also have the chance to benefit from share price changes and dividend distributions, we are fostering a culture of ownership and empowerment within our workforce.

We are exceptionally proud to be honored with several prestigious awards and certifications, which underline our commitment to excellence in sustainability and operational efficiency. One such recognition is the gold category in the *Sustainability Index 2023*, presented by the *Institute for Corporate Sustainability and Responsibility*. This recognition highlights the integral role that sustainability plays in our organisational processes, affirming our dedication to responsible business practices. Moreover, we are thrilled to have extended *ISO 9001* and *ISO 50001* certifications, a testament to our ongoing efforts to enhance both our business operations and environmental performance.

Regardless of the record-high results of 2023, *DelfinGroup* encountered several significant challenges that tested our resilience and adaptability. One such challenge arose from the increase in interest rates, which impacted our business operations as debt is utilised to finance our growth initiatives. Despite the additional burden on our profit margins arising from interest rates, we remained committed to driving sustainable growth. As we managed to increase our income substantially, we were able to achieve year-over-year profit growth. Additionally, towards the end of the year, we faced changes in corporate income tax regulations imposed by the Latvian government, specifically targeting the banking and non-bank lending industries. This included a 20% advance tax on profits generated within the respective year. While this presented an additional financial obligation, we delivered growing profitability results compared to the previous year.

Looking ahead to 2024, *DelfinGroup* is poised for continued growth and innovation as we embark on an ambitious journey to expand our presence in Lithuania. With plans to bolster our operations in pawn lending and retail segments, we are excited by the untapped potential we see in this market. Drawing upon our extensive experience and expertise, we are confident in our ability to revolutionise the Lithuanian pawn lending and retail markets and deliver unparalleled value to our customers. Additionally, we are committed to driving innovation across our products and services, as well as internal processes, to enhance efficiency and customer experience. We are looking to further introduce and promote our virtual payment card with a credit line in the Latvian market to access new customer segments. A key focus for us will be the implementation of our digital pawnshop, an initiative that will make financial services more accessible to customers while prioritising privacy, confidentiality, and convenience. As the first company in Latvia to introduce such a product, we are proud to lead the way in digital solutions for the industry. Moreover, we are dedicated to refining our internal processes to scale our business and apply best practices across different markets. By investing in innovation, we are confident that we will expand our market share and provide the best possible value for our customers and investors.

I want to express my sincere gratitude to our dedicated team members, loyal clients, and supportive investors for their unwavering trust and commitment to *DelfinGroup*. Through your collective efforts and unwavering support, we have achieved remarkable milestones and overcome challenges throughout the past year. As we look ahead to the future, I am confident that we will continue to navigate challenges, seize opportunities, and achieve our shared goals together.

Didzis Ādmīdiņš
Chairman of the Management Board of AS *DelfinGroup*

Management report (CONTINUED)

Financial indicators
By implementing the business strategy and all planned activities, the following financial results of the Group were achieved in 2023 as compares to 2022:

Position	EUR, million	Change, %
Net loan portfolio	89.0	+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 3 financial years:

Position	2021	2022	2023
Revenue, EUR million	25.5	35.8	50.4
EBITDA, EUR million	10.0	13.1	18.2
EBITDA margin, %	39.6%	36.6%	36.1%
EBIT, EUR million	8.8	11.9	16.9
EBIT margin, %	35.0%	33.3%	33.5%
Profit before taxes, EUR million	5.0	7.3	8.3
Net profit, EUR million	4.0	6.0	6.6
Net profit margin, %	16.0%	16.7%	13.1%
ROE, %	29.5%	33.5%	33.6%
ROA, %	8.1%	9.2%	7.3%
ROCE, %	23.2%	30.0%	23.5%
Current ratio	1.4	0.7	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.

EBITDA calculation, EUR million:

Item	2023	2022
Profit before tax	8.3	7.3
Interest expenses and similar expenses	8.6	4.7
Depreciation and amortisation	1.3	1.2
EBITDA, EUR million	**18.2**	**13.1**

As for compliance with the Issue Terms of notes ISIN LV0000850055, ISIN LV0000802718, ISIN LV0000802700 and ISIN LV0000860146:

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 basis	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

Management report (CONTINUED)

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.

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

Return on assets (ROA) = net profit / ((total assets as at start of the period + total assets as at period end) / 2) * 100.

Return on capital employed (ROCE) = EBIT / (total assets - short-term liabilities).

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

Capitalization ratio = (total equity + subordinated debt) / (non-current loans and receivables + current loans and receivables + inventories + other debtors) * 100.

Interest coverage ratio = EBITDA / 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.

Price to earnings (P/E) ratio = price of one share at the end of the period / diluted earnings per share.

Dividend payout ratio = dividends paid / net profit * 100.

Strategy
DelfinGroup aims to be a leader in the fast-growing, dynamic and changing fintech industry by attracting the strongest talent, offering widely used and modern financial and retail products, and maintaining efficient and transparent management processes.

By implementing and designing advanced technological solutions, *DelfinGroup* is able to develop and offer modern and relevant products and services with excellent user experience (UX), thus becoming a major player in the market. Through continued focused technology and product development, *DelfinGroup* aims to become the first choice for customers in the represented geographies and product lines.

DelfinGroup has already fundamentally changed the pawn industry by introducing a modern approach to providing pawn services. We want to strengthen our leadership position and further transform the industry in Latvia and Lithuania by developing the pawn product in a digital environment, thus offering pawn loans in a way that is relevant, innovative and convenient for our customers.

Considering the unique infrastructural advantages and global trends, *DelfinGroup* aims to become the main ambassador of the circular economy in the region by promoting the circulation of pre-owned and slightly pre-owned goods, introducing time-appropriate solutions in its online shop and branches, as well as promoting the rational use of resources and raising public awareness of environmentally friendly lifestyle.

Management report (CONTINUED)

To achieve our goals, we have set the following key priorities:

- To develop the retail and goods circulation segment while ensuring its sustainability, increase in turnover, and profitability growth.
- To develop convenient and innovative digital solutions, offering customers a personalized user experience (UX). To create new digital products and channels that provide customers with even broader online opportunities.
- To ensure the necessary volume and diversification of funding to implement the company's strategy and growth.
- To expand business beyond Latvia to boost business scale and company value. We have gained a significant market share in Latvia, so exploring new markets will foster company development.
- To develop the pawn lending segment by increasing loan portfolio and maintaining a convincing market leader position.
- To develop the consumer lending segment by introducing cutting-edge digital and BNPL products, promoting financial inclusion, providing portfolio growth, and increasing market share.

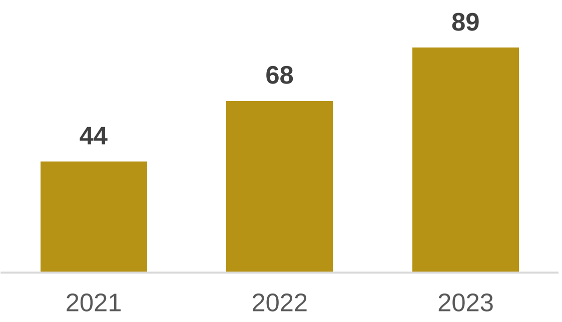
Targets

By following *DelfinGroup* vision of being the best place for everyday financial services and circular retail, we will be able to ensure *DelfinGroup* long-term growth in value. By creating innovative and custom solutions for customer needs, we have achieved rapid growth in recent years, which has allowed *DelfinGroup* to strengthen its position in the Latvian market in all three business segments and to grow in Lithuania.

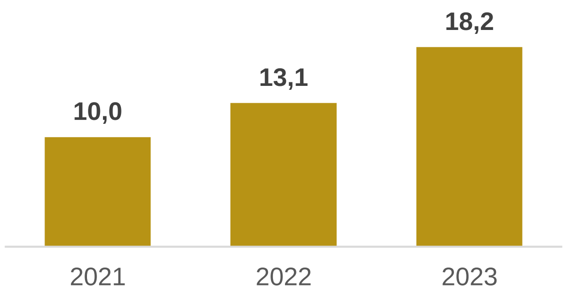
Position	Result 2023	Target 2023
Net loan portfolio, million EUR	89.0	77.0
EBITDA, million EUR	18.2	17.0
Profit before tax, million EUR	8.3	8.0
ROE	33.6%	>30%
Cost to income ratio	47.0%	<45%
Equity ratio	20.3%	>20%
Dividend payout ratio	53%	>50%

The results achieved in 2023 confirm that the Group is operating in the right direction, which ensures stable business results. By continuing to invest in the development, *DelfinGroup* expects to significantly improve business results and maintain the most important indicators at a sustainable level in the upcoming years.

Net loan portfolio, mEUR

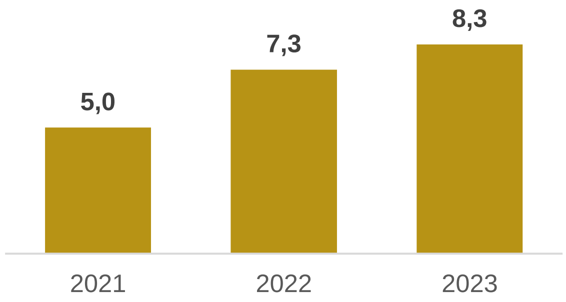


EBITDA, mEUR

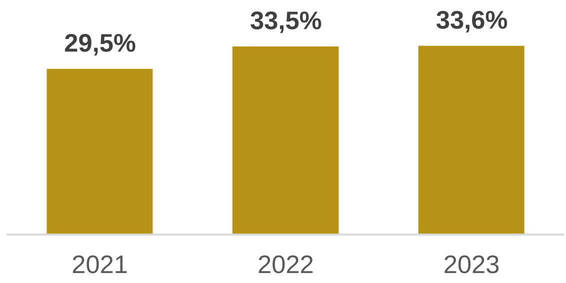


Management report (CONTINUED)

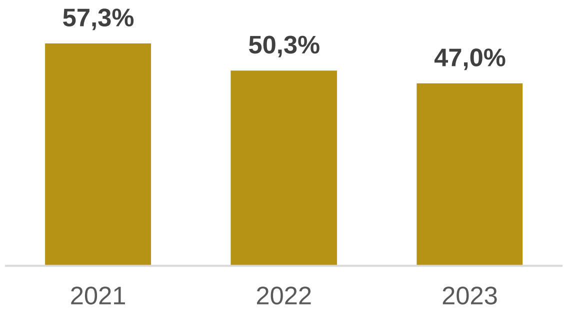
Profit before tax, mEUR



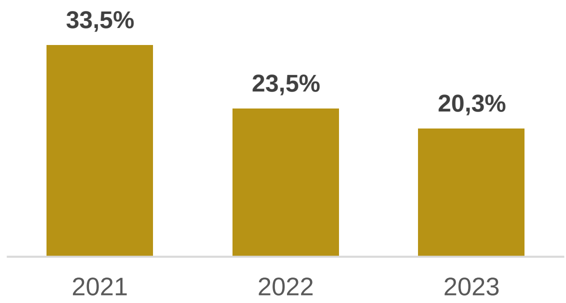
Return on equity (ROE)



Cost to income ratio



Equity ratio



Consumer lending segment
In 2023, the consumer lending segment continued to show stable results. Last year, *DelfinGroup* issued consumer loans totalling 68.9 million euros, a 13% increase compared to 2022, while the consumer loan portfolio grew by 33% to 81.6 million euros. The increase in issuance and portfolio facilitated the segment income, which increased by 47% and reached 34.2 million euros. Overall, the segment's issuance, portfolio, and income were the highest in the Group's history.

During the year, the Group observed a strong demand from the client side. Although in the first part of the year, the Group issued relatively more loans, in the second part of the year, the issuance of consumer loans was lower since the lending portfolio grew faster than expected. The Group surpassed the year-end loan portfolio target in the middle of the year. Therefore, the Group focused on portfolio quality and cost reduction for higher rentability. Also, in 2023, client payment discipline remained stable due to an increase in average salaries in Latvia and prudent customer evaluation done by *DelfinGroup*.

It is also evident from the market data that the industry is growing. According to the latest available information from the *Consumer Rights Protection Center of Latvia* on 30 June 2023, the non-bank consumer lending market portfolio grew by 27% over a twelve-month period, reaching 489.6 million euros. Overall, the increase in the industry is facilitated by the fact that the clients in Latvia are relatively underbanked compared to other EU countries, which leaves room for growth. Also, due to inflation pressure, average loan transactions were growing. Nevertheless, *DelfinGroup* has been able to grow faster than the market in recent years. At the end of the first half of 2023, *DelfinGroup* secured a market share of 15.4% in the non-bank consumer lending segment in Latvia, compared to last year, which was 13.3%.

Various reasons and company incentives facilitated the growth of *DelfinGroup* market share. The main focus of the consumer lending segment development was digital improvements and innovation. Last year, *DelfinGroup* launched a new *Banknote* mobile app, which allows clients to apply for loans, overview existing loan agreements, find the nearest branch and perform other significant actions. In 2023, the Group did the groundwork for consumer lending segment expansion by working on implementing a virtual payment card with a credit line accessible on the new *Banknote* mobile app. *DelfinGroup* launched the payment card product at the beginning of 2024, and it is expected that *DelfinGroup* will be able to approach new customer segments, such as the younger generation of clients. Not only with the introduction of new products, the Group plans also to scale its consumer lending geographically as it is planned to launch consumer lending in Lithuania in 2024.

Management report (CONTINUED)

Pawn lending segment

The pawn lending segment in 2023 showed positive performance by issuing 23.4 million euros, a 19.7% increase compared to 2022. Also, the active pawn loan portfolio, excluding pledges available for sale grew by 4%, reaching 4.1 million euros, the highest in company history. Moreover, the segment income, including sold pawn pledges and pledge storage commissions, grew by 21%, reaching 8.1 million euros. Although the average pawn loan amount last year was 95 euros, a noticeable increase from customers was on larger loans, starting from 300 euros; thus, clients are willing to operate with more valuable pledges, showing reliability to *DelfinGroup* services. Also, due to inflationary pressure, clients can receive larger loan amounts due to increased collateral value.

Also, growth has been observed at the industry level. According to the latest available information from the *Consumer Rights Protection Center of Latvia* on 30 June 2023, the pawn lending portfolio in Latvia, over twelve months, grew by 15%, reaching a total portfolio of 7.1 million euros, almost reaching the pre-pandemic level. The *COVID-19* pandemic was a significant burden for the industry since the pawn lending operations only occur on-site. Still, over the last two years, we have seen recovery after lifting the restrictions in Latvia. Furthermore, in 2023, *DelfinGroup* kept its leading position in the pawn lending market by having a 53% market share at the end of the first half of 2023. The pawn lending market still goes through consolidation, meaning that more minor market participants are exiting the business, due to higher licensing requirements.

In 2023, the Group focused on user experience improvements in the pawn lending segment. A client profile was introduced on the *Banknote* web page where clients can conveniently repay pawn loans. Also, the website was re-designed to a more user-friendly approach. However, the main focus was on the development of a digital pawnshop product that is market-disruptive since, so far, pawn lending transactions are happening only on-site. The Group worked on the product in 2023 and launched it in 2024. As a result, clients can pawn their items entirely remotely. *DelfinGroup* has developed processes allowing the company to evaluate goods after the client sends the item via parcel machine services and signs the agreement online. The company foresees that this breakthrough will enable an increase in user experience and increase the company's competitiveness.

Moreover, Lithuania will be a big focus in 2024 in the pawn lending segment since this is the first market where the company started operations outside Latvia. At the end of 2023, *DelfinGroup* opened five *Banknote* branches in Lithuania, where clients could receive pawn loans. Over 2024, the Group plans to expand its branch network in Vilnius and other largest Lithuanian cities, thus expanding the company presence in the market and growing the pawn lending market share in Lithuania.

Retail of pre-owned goods segment

Considering the growing public interest in the circular economy model and extending the life of goods, the retail of pre-owned and slightly pre-owned goods segment experienced significant growth in 2023. The sales of goods, including the sale of pledges taken over at the pawnshop, reached 14.7 million euros, a 29% increase compared to 2022. As the Group has been focusing significantly on digitalising the business, the online store sales have grown by 117% compared to 2022, reaching 2.8 million euros.

Also, in the retail of pre-owned goods segment, similar to other segments, a large focus in 2023 was made on digitalisation. In 2023, *DelfinGroup* launched a remote purchase product that allows clients to remotely sell their pre-owned goods to *Banknote* to increase the retail store item portfolio. On the website *pardod.banknote.lv*, clients can send photos and a description of the item and receive an indicative valuation. If the client agrees with the indicative valuation, the client can send the item to *DelfinGroup* via parcel machine services throughout Latvia. Once *Banknote* evaluation specialists have inspected the item and given the final value of it, money can be transferred to the client's bank account. The process for clients can take only a few days and is a convenient way to sell items and receive additional income.

The primary sources of acquisition of pre-owned and slightly pre-owned goods for *DelfinGroup* are the purchase of goods directly from the customer and the realisation of unredeemed pawn loan pledges. Also, a growing portion of the item portfolio comes from cooperation with various partners (business-to-business), from which the Group buys slightly used and sometimes even new products that customers returned to them within the fourteen-day return period, or demo products displayed in dealer stores for testing. The expansion of this type of cooperation ensures that the quantity of high-quality and relatively new goods at Banknote branches and the online store increases at more favourable prices than if customers bought them new.

In the context of business expansion in Lithuania, the retail business segment plays a significant role because it is one of two business segments introduced at the beginning of the expansion. Clients in Lithuania have had access to buy verified pre-owned goods in five stores in Vilnius and an online store designated for the Lithuanian market since December 2023.

Management report (CONTINUED)

As for 2024, the Group expects continued interest from society in fostering a circular economy, thus extending the life cycle of consumer goods. With the Group's focus on promoting these principles and customer experience, *DelfinGroup* sees great potential in further growth of this segment and has set it as a strategic priority to develop it.

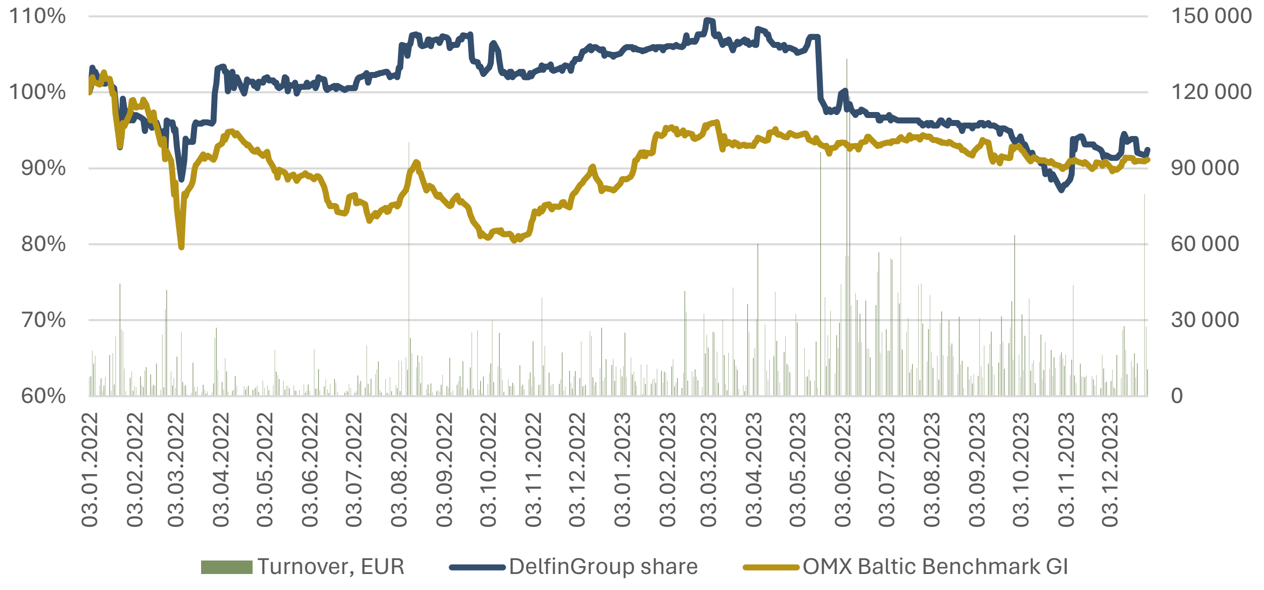
Investor information

DelfinGroup shares are listed on the *Baltic Main List* in *Nasdaq Riga* with ISIN code LV0000101806. Shareholders receive 1 vote per share. On December 31, 2023, a total of 45 377 505 shares were issued, the price of which was 1.305 euros, making the total market capitalization of 59.2 million euros.

Share trading information	2023	2022
Open price, EUR	1.482	1.40
High price, EUR	1.55	1.526
Low price, EUR	1.22	1.20
Last price, EUR	1.305	1.482
Turnover, mEUR	4.76	2.10
Capitalization mEUR	59.2	67.2
P/E ratio	8.9	11.2

In 2023, the share price of *DelfinGroup* decreased by 11.9%, while the *OMX Baltic Benchmark GI* index increased by 4.2%. The share price was mainly affected by the geopolitical and economic environment and the public share offering, where the two largest shareholders sold part of their stake at a discount. In addition, *DelfinGroup* shareholders received dividends with a total yield of 5.9%. Furthermore, share turnover in 2023 grew significantly by 126% compared to 2022. The below chart represents *DelfinGroup* and *OMX Baltic Benchmark GI* index price changes, as well as *DelfinGroup* share turnover.

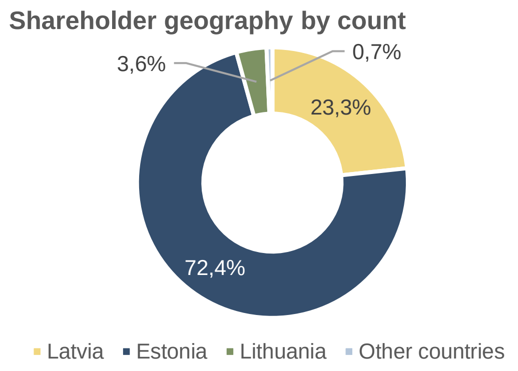
Share price changes and turnover

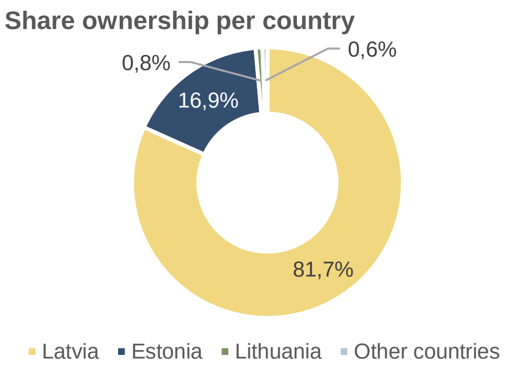


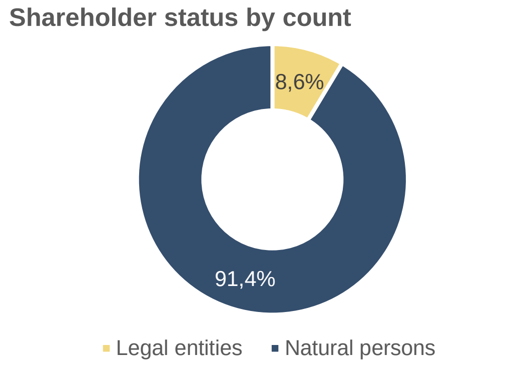
To ensure increased number of shares in a free public circulation, from 22 May to 2 June 2023, the largest *DelfinGroup* shareholders SIA *L24 Finance* and SIA *EC finance*, held public share offers for *DelfinGroup* shares. As a result, 2,915 investors from all over Baltics subscribed to 5,242,209 shares for 7.1 million euros which was an oversubscription of 112%. As a result of the offering the largest shareholders sold 4.66 million *DelfinGroup* shares. Similar as in previous share offering and the initial public offering, the highest interest came from Estonian investors, followed by Latvia and Lithuania. The share price of one share in the offering was EUR 1.35.

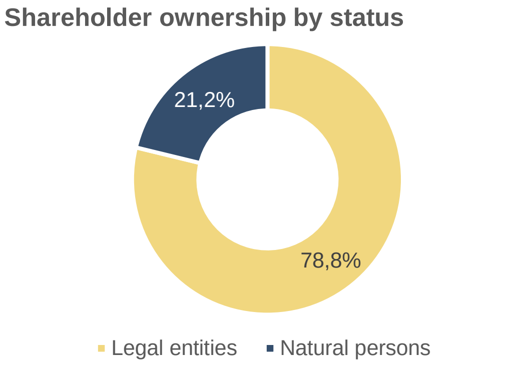
Management report (CONTINUED)

As of 31 December 2023, *DelfinGroup* had 8 864 registered shareholders. Majority of *DelfinGroup* are from the Baltic states and are private individuals.









In 2023, *DelfinGroup* continued to pay dividends following the dividend policy approved by shareholders. As a result, shareholders received quarterly dividends of up to 50% of the net profit of the previous quarter. In total, shareholders received four quarterly dividend payments in 2023.

Dividend data	2023	2022
Dividends paid to shareholders, mEUR	3.5	5.4
Dividends per share paid to shareholders, EUR	0.0771	0.1197
Earnings per share, EUR	0.146	0.132
Dividend yield	5.9%	8.1%

Last year, *DelfinGroup* continued to actively pursue various bond transaction such as new issuances and bond listing on stock-exchange.

On 3 July 2023 *DelfinGroup* listed EUR 10 million, two-year, unsecured bond on the *Nasdaq Riga* alternative market *Nasdaq First North*.

Furthermore, in July 2023, *DelfinGroup* registered new subordinated unsecured bonds with nominal issue size of EUR 5 million, interest rate of 11.50% + 3M EURIBOR and five-year maturity. At the end of 2023 the bond was subscribed in the amount of 4.8 million euros.

Management report (CONTINUED)

On 25 August 2023, *DelfinGroup* redeemed bonds ISIN LV0000850048. The bonds were issued in 2021 with an initial value of EUR 5 million and a fixed coupon rate of 9.75%. To refinance the existing bonds, *DelfinGroup* issued new bonds ISIN LV0000802718 with a nominal issue size of EUR 15 million, annual coupon rate of 9.00% + 3M EURIBOR, a maturity date of 25 February 2026. The new bond issue was completed within one month after the start of subscription and the bond was listed on *Nasdaq First North* market on 3 October 2023.

On 25 November 2023, *DelfinGroup* redeemed bonds ISIN LV0000802536. The bonds were issued in 2021 with an initial value of EUR 10 million and fixed coupon rate of 8%. To refinance the existing bonds, *DelfinGroup* issued new bonds ISIN LV0000860146 with a nominal issue size of EUR 15 million, annual coupon rate of 9.00% + 3M EURIBOR, a maturity date of 25 November 2026. At the end of 2023 the bond was subscribed in the amount of 11.7 million euros.

ISIN	Nominal value of bonds issued, EUR	Maturity	Coupon	List
LV0000850055	10 000 000	25.09.2024	8.75% + 3M EURIBOR	*Nasdaq Riga First North*
LV0000802718	15 000 000	25.02.2026	9.00% + 3M EURIBOR	*Nasdaq Riga First North*
LV0000860146	11 700 000	25.11.2026	9.00% + 3M EURIBOR	Private placement
LV0000802700	4 800 000	25.07.2028	11.50% + 3M EURIBOR	Private placement

To provide financing for the development of the loan portfolio, *DelfinGroup* continued to use the *Mintos* investment platform, with the help of which investors from more than a hundred countries invested in the loans issued by the Group. *DelfinGroup* has been attracting financing with the help of *Mintos* since 2016, and during this time, *DelfinGroup* has managed to attract investments of more than 400 million euros. As a result, the balance of *DelfinGroup* liabilities on the *Mintos* platform as of December 31, 2023, amounted to 29.4 million euros.

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. For more details regarding risk management refer to Note 2 Material accounting Policies section s financial risk management.

Distribution of the profit proposed by the Company
In accordance with the Dividend Policy *AS DelfinGroup* has distributed 50% of the Group's 2023 profit. The Management Board will make a proposal on remaining profit allocation when convening for the annual shareholders' meeting.

The Corporate Governance Report and the Remuneration Report for 2023 has also been submitted to *AS Nasdaq Riga* together with this separate and consolidated Annual Financial Report for year ended 31 December 2023 by *AS DelfinGroup*.

Didzis Ādmīdiņš Chairman of the Board	**Aldis Umblejs** Board Member	**Sanita Pudnika** Board Member	**Nauris Bloks** Board Member

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Statement of profit or loss for the year ended 31 December 2023

	Notes	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Net sales	(3)	9 215 700	6 472 567	9 272 982	6 472 567
Cost of sales	(4)	(6 086 190)	(4 203 640)	(6 144 670)	(4 203 640)
Interest income and similar income	(5)	41 207 451	29 303 319	32 007 780	22 999 450
Interest expenses and similar expenses	(6)	(8 578 969)	(4 669 485)	(7 072 152)	(3 905 910)
Credit loss expenses	(16)	(10 686 504)	(6 161 123)	(6 489 985)	(3 508 317)
Gross profit		**25 071 488**	**20 741 638**	**21 573 955**	**17 854 150**
Selling expenses	(7)	(8 746 836)	(7 500 225)	(8 344 665)	(7 111 623)
Administrative expenses	(8)	(7 727 436)	(5 773 267)	(7 301 263)	(5 491 593)
Other operating income		75 251	104 064	75 549	111 924
Other operating expenses		(382 832)	(314 649)	(381 853)	(314 332)
Profit before corporate income tax		**8 289 635**	**7 257 561**	**5 621 723**	**5 048 526**
Income tax expenses	(9)	(1 661 664)	(1 296 108)	(1 114 306)	(1 296 054)
Net profit		**6 627 971**	**5 961 453**	**4 507 417**	**3 752 472**
Basic earnings per share	(10)	0.146	0.132	0.099	0.083
Diluted earnings per share	(10)	0.146	0.132	0.099	0.083

Notes on pages from 23 to 59 are an integral part of these financial statements.

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Chairman of the Board

Aldis Umblejs
Board Member

Sanita Pudnika
Board Member

Nauris Bloks
Board Member

Inta Pudāne
Chief accountant

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Balance sheet as at 31 December 2023

Assets		Group 31.12.2023	Group 31.12.2022	Company 31.12.2023	Company 31.12.2022
Non-current assets:	Notes	EUR	EUR	EUR	EUR
Intangible assets:					
Patents, licences, trademarks and similar rights		13 946	26 906	13 946	26 906
Internally developed software		799 156	575 458	799 156	575 458
Other intangible assets		769 917	121 162	766 531	116 322
Goodwill		127 616	127 616	-	-
Work in progress internally developed software		31 678	-	31 678	-
Advances for intangible assets		125 044	43 801	125 044	43 801
Total intangible assets	(11)	**1 867 357**	**894 943**	**1 736 355**	**762 487**
Property, plant and equipment:					
Land, buildings and structures		174 597	182 378	174 597	182 378
Leasehold improvements		315 442	189 340	277 454	189 340
Right-of-use assets		2 887 270	2 636 223	2 618 070	2 636 223
Other fixtures and fittings, tools and equipment		322 104	203 192	258 834	202 634
Total property, plant and equipment	(12;13)	**3 699 413**	**3 211 133**	**3 328 955**	**3 210 575**
Non-current financial assets:					
Investments in related companies	(14)	-	-	980 000	880 000
Loans to related companies	(28)	-	-	1 577 116	4 193 265
Loans and receivables	(16)	66 686 257	46 150 128	47 590 888	30 827 871
Total non-current financial assets		**66 686 257**	**46 150 128**	**50 148 004**	**35 901 136**
Total non-current assets		**72 253 027**	**50 256 204**	**55 213 314**	**39 874 198**
Current assets:					
Inventories:					
Finished goods and goods for sale		3 390 882	2 289 780	3 199 603	2 289 780
Total inventories	(15)	**3 390 882**	**2 289 780**	**3 199 603**	**2 289 780**
Receivables:					
Loans and receivables	(16)	22 339 708	21 367 679	20 180 739	18 615 313
Loans to related companies	(28)	-	-	398 971	77 454
Other receivables		913 637	574 646	572 419	393 459
Total receivables		**23 253 345**	**21 942 325**	**21 152 129**	**19 086 226**
Deferred expenses		235 250	300 670	163 424	163 935
Cash and cash equivalents	(17)	5 928 570	2 369 029	4 914 794	2 000 924
Total current assets		**32 808 047**	**26 901 804**	**29 429 950**	**23 540 865**
Total assets		**105 061 074**	**77 158 008**	**84 643 264**	**63 415 063**

Notes on pages from 23 to 59 are an integral part of these financial statements.

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Pudnika
Board Member

Nauris Bloks
Board Member

Inta Pudāne
Chief accountant

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Balance sheet as at 31 December 2023

Liabilities and equity	Notes	Group 31.12.2023	Group 31.12.2022	Company 31.12.2023	Company 31.12.2022
Equity:		EUR	EUR	EUR	EUR
Share capital	(18)	4 537 751	4 531 959	4 537 751	4 531 959
Share premium	(18)	6 890 958	6 890 958	6 890 958	6 890 958
Other capital reserves	(20)	169 812	93 058	169 812	93 058
Retained earnings:	(19)	9 723 592	6 589 761	3 341 395	2 328 118
Total equity		**21 322 113**	**18 105 736**	**14 939 916**	**13 844 093**
Liabilities:					
Long-term liabilities:					
Bonds issued	(21)	26 862 004	4 330 630	26 862 004	4 330 630
Loans from credit institutions	(22)	6 406 925	-	6 406 925	-
Other borrowings	(23)	14 904 405	15 004 505	5 652 280	9 641 200
Lease liabilities for right-of-use assets	(13)	2 337 138	2 353 309	2 115 875	2 353 309
Total long-term liabilities		**50 510 472**	**21 688 444**	**41 037 084**	**16 325 139**
Short-term liabilities:					
Bonds issued	(21)	13 404 540	14 783 110	13 404 540	14 783 110
Loans from credit institutions	(22)	887 067	-	887 067	-
Other borrowings	(23)	14 505 929	19 856 253	10 715 028	15 841 891
Lease liabilities for right-of-use assets	(13)	831 318	565 131	784 992	565 131
Trade payables		1 011 347	856 429	933 489	795 123
Taxes and social insurance	(24)	393 498	349 696	381 528	349 553
Income tax liabilities	(24)	996 770	210 796	437 643	210 796
Accrued liabilities		1 198 020	742 413	1 121 977	700 227
Total short-term liabilities		**33 228 489**	**37 363 828**	**28 666 264**	**33 245 831**
Total liabilities		**83 738 961**	**59 052 272**	**69 703 348**	**49 570 970**
Total liabilities and equity		**105 061 074**	**77 158 008**	**84 643 264**	**63 415 063**

Notes on pages from 23 to 59 are an integral part of these financial statements.

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Statement of changes in equity of the Group for the year ended 31 December 2023

	Notes	Share capital EUR	Share premium EUR	Other capital reserves EUR	Retained earnings EUR	Total EUR
As at 31 December 2021		**4 531 959**	**6 890 958**	**-**	**6 053 065**	**17 475 982**
Profit for the reporting period		-	-	-	5 961 453	5 961 453
Dividends paid	(19)	-	-	-	(5 424 757)	(5 424 757)
Share-based payments	(18)	-	-	93 058	-	93 058
As at 31 December 2022		**4 531 959**	**6 890 958**	**93 058**	**6 589 761**	**18 105 736**
Profit for the reporting period		-	-	-	6 627 971	6 627 971
Dividends paid	(19)	-	-	-	(3 494 140)	(3 494 140)
Share-based payments	(18)	-	-	76 754	-	76 754
Exercise of share options	(18)	5 792	-	-	-	5 792
As at 31 December 2023		**4 537 751**	**6 890 958**	**169 812**	**9 723 592**	**21 322 113**

Statement of changes in equity of the Company's for the year ended 31 December 2023

	Notes	Share capital EUR	Share premium EUR	Other capital reserves EUR	Retained earnings EUR	Total EUR
As at 31 December 2021		**4 531 959**	**6 890 958**	**-**	**4 000 403**	**15 423 320**
Profit for the reporting period		-	-	-	3 752 472	3 752 472
Dividends paid	(19)	-	-	-	(5 424 757)	(5 424 757)
Share-based payments	(18)	-	-	93 058	-	93 058
As at 31 December 2022		**4 531 959**	**6 890 958**	**93 058**	**2 328 118**	**13 844 093**
Profit for the reporting period		-	-	-	4 507 417	4 507 417
Dividends paid	(19)	-	-	-	(3 494 140)	(3 494 140)
Share-based payments	(18)	-	-	76 754	-	76 754
Exercise of share options	(18)	5 792	-	-	-	5 792
As at 31 December 2023		**4 537 751**	**6 890 958**	**169 812**	**3 341 395**	**14 939 916**

Notes on pages from 23 to 59 are an integral part of these financial statements.

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Chief accountant

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Cash flows statement for the year ended 31 December 2023

	Notes	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Cash flow from operating activities					
Profit before corporate income tax		**8 289 635**	**7 257 561**	**5 621 723**	**5 048 526**
Adjustments for non-cash items:					
a) depreciation and amortisation	(11;12)	515 193	433 466	512 913	429 659
b) depreciation of right-of-use assets	(12)	806 872	750 699	804 964	750 699
c) credit loss expenses		10 686 504	6 161 123	6 489 985	3 508 317
d) share-based payment expense		76 754	93 058	76 754	93 058
e) interest income and similar income	(5)	(41 207 451)	(29 303 319)	(32 007 780)	(22 999 450)
f) interest expenses and similar expenses	(6)	8 578 969	4 669 485	7 072 152	3 905 910
Profit before adjustments of working capital and short-term liabilities		**(12 253 524)**	**(9 937 927)**	**(11 429 289)**	**(9 263 281)**
Change in operating assets/liabilities:					
a) (Increase) on loans and receivables and other debtors		(31 043 519)	(29 872 009)	(23 624 095)	(18 762 023)
b) (Increase)/ decrease on inventories		(1 101 102)	(1 035 082)	(909 823)	(1 035 082)
c) (Decrease)/ increase on trade payable and accrued liabilities		1 164 431	1 476	1 093 800	(132 290)
Gross cash flow from operating activities		**(43 233 714)**	**(40 843 542)**	**(34 869 407)**	**(29 192 676)**
Interest received		39 784 160	28 897 519	30 636 421	22 981 575
Interest paid		(9 750 889)	(5 041 149)	(8 244 072)	(4 277 574)
Corporate income tax payments		(777 991)	(979 191)	(777 846)	(873 080)
Net cash flow from operating activities		**(13 978 434)**	**(17 966 363)**	**(13 254 904)**	**(11 361 755)**
Cash flow from investing activities					
Acquisition of property, plant and equipment	(12)	(441 148)	(204 091)	(340 222)	(203 500)
Acquisition of intangible assets	(11)	(1 285 115)	(499 594)	(1 284 515)	(499 594)
Loans issued (related companies)		-	-	(4 708 216)	(3 404 580)
Loans repaid (related companies)		-	-	6 902 848	940 136
Net cash flow from investing activities		**(1 726 263)**	**(703 685)**	**569 895**	**(3 167 538)**
Cash flow from financing activities					
Proceeds of exercise of share options		5 792	-	5 792	-
Term deposits		(454 500)	-	(454 500)	-
Loans received	(27)	26 078 953	35 565 757	15 997 114	23 718 321
Loans repaid		(23 921 661)	(18 782 851)	(17 505 181)	(11 209 948)
Bonds issued	(27)	36 954 000	8 651 455	36 954 000	8 651 455
Redemption of bonds		(14 943 000)	(500 000)	(14 943 000)	(500 000)
Repayment of lease liabilities		(961 206)	(930 389)	(961 206)	(930 389)
Dividends paid		(3 494 140)	(5 424 757)	(3 494 140)	(5 424 757)
Net cash flow from financing activities		**19 264 238**	**18 579 215**	**15 598 879**	**14 304 682**
Net cash flow of the reporting period		3 559 541	(90 833)	2 913 870	(224 611)
Cash and cash equivalents at the beginning of the reporting period		**2 369 029**	**2 459 862**	**2 000 924**	**2 225 535**
Cash and cash equivalents at the end of the reporting period	**(17)**	**5 928 570**	**2 369 029**	**4 914 794**	**2 000 924**

Notes on pages from 23 to 59 are an integral part of these financial statements.

Didzis Ādmīdiņš Chairman of the Board	**Aldis Umblejs** Board Member	**Sanita Pudnika** Board Member	**Nauris Bloks** Board Member	**Inta Pudāne** Chief accountant

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Notes

(1) Changes in material accounting policies

The Group has adopted Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of “material”, rather then “significant”, accounting policies. The amendments also provide guidance of the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Accounting policies) in certain instances in line with the amendments.

(2) Material accounting policies

(a) Basis of preparation

These financial statements have been prepared based on the accounting policies and measurement principles as set out below.

These financial statements have been prepared in accordance with the IFRS Accounting Standards (IFRS) as adopted by the European Union (EU). The financial statements have been prepared on a historical cost basis, except for pawn loans that have been measured at fair value.

The preparation of financial statements in accordance with IFRS requires the use of significant estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the information on contingent assets and liabilities at the balance sheet date and the revenues and costs for the reporting period. Although these estimates are based on the information available to the management regarding the current events and actions, the actual results may differ from the estimates used. Critical assumptions and judgements are described in the relevant sections of the Notes to the financial statements.

These annual financial statements are prepared and disclosed on a consolidated basis and on a standalone basis. The following subsidiaries are included in the consolidation: SIA *ViziaFinance* (100%) and UAB *DelfinGroup LT* (100%) for the period ended 31 December 2023.

The Executive Board approved these separate and consolidated financial statements for issue on 30 April 2024. Shareholders of the Company have the power to amend the financial statements after their issue, if necessary.

Standards issued but not yet effective

A number of new standards or amendments to standards are effective (some of which are not yet been endorsed by EU) for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new standards or amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Group’s consolidated financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Non-current Liabilities with Covenants (Amendments to IAS 1).
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- Lack of Exchangeability (amendments to IAS 21).

Notes (continued)

(2) Material accounting policies (continued)

(b) Consolidation principles

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(c) Recognition of revenue and expenses

- Net sales

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control is based mainly on transferring risks and rewards according to the delivery terms. The Group principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant. When, or as, a performance obligation is satisfied, the Group recognizes as revenue the amount of the transaction price that is allocated to that performance obligation.
The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.
Revenue is presented net of indirect sales taxes such as value added tax, penalties and discounts.

Income from sale of goods and precious metals contains sale of non-durable goods and precious metals at Group's branch network and on-line shop. For sales of goods and precious metals to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet or when the goods have been shipped in case of on-line sales. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Other income includes revenue from the provision of pawnshop services – commission income on storage and sale of non-performing pawn loan collateral. The performance obligation is satisfied over-time and payment is generally due when repaying the pawn loan for performing loans or upon sale of collateral for non-performing loans.

- Interest income and similar income

The Group calculates interest revenue on debt financial assets measured at amortized cost by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense.

When a financial asset becomes credit-impaired, the Group calculates interest revenue by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest revenue on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest revenue by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

The Group calculates interest income on pawn loans by applying the nominal interest rate to the gross carrying amount of pawn loan asset. Interest income is calculated for the performing pawn loan portfolio and is stopped at the moment when pawn loan becomes non-performing.

\- ***Interest expenses and similar expenses***

The effective interest rate of a financial liability is calculated on initial recognition of financial liability. In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

- Other income

Other income is recognised based on accruals principle and when the services have been rendered.

- Expenses

Expenses are recognised based on accruals principle in the period of origination, irrespective of the moment of payment.

Notes (continued)

(2) Material accounting policies (continued)

(d) Foreign currency

All transactions in foreign currencies are translated into the functional currency using the exchange rates at the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement of the respective period. At the balance sheet date the rates set by the Bank of Latvia were:

	31.12.2023	31.12.2022
	1 EUR	1 EUR
USD	1.10	1.07

(e) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Where, in the opinion of the Management, the fair values of financial assets and liabilities differ materially from their book values such fair values are separately disclosed in the notes to the accounts. See also note 32.

(f) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(g) Employee benefits

- Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment (SBP) arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes (continued)

(2) Material accounting policies (continued)

(h) Intangible assets (including goodwill)
All intangible assets are initially measured at cost. Intangible assets are recorded at historic cost net of amortization and permanent diminution in value. The Group has a detailed intangible assets capitalisation policy covering accounting for development projects. The Group incurs costs for development of software and similar items, which may be capitalized. Capitalized expenditure can be either purchased or internally developed. Only those assets are capitalised that are separately identifiable, they are controlled by the Group, for which probable future economic benefits associated with the item will flow to the Group, and cost exceeds the minimum threshold (150 EUR) set by the Group shall be recognized. No intangible asset costs arising from the research phase of a project are capitalized. Expenditure on research is expensed when incurred.

Amortisation commences once the item is in the location and conditions necessary for it to be capable of operating in the manner intended by management and has been accepted by the business owner. Amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	years
Patents, trademarks and similar rights	3 – 5
Other intangible assets (including software)	3 – 5
Internally developed software	4

Goodwill is initially measured at cost and arising on the acquisition of subsidiaries being the excess of the fair value of the aggregate consideration transferred and the amount recognised for non-controlling interests, over the net fair value of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain is recognised in profit or loss statement immediately. The recognised goodwill is allocated to cash-generating units and carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Any impairment expense is recognised immediately as an expense in profit or loss statement. If subsidiaries are disposed, gains or losses on the disposal include the carrying amount of goodwill relating to the subsidiary sold.

The residual values, remaining useful lives and methods of amortisation are reviewed and, if required, adjusted annually.

(i) Property, plant and equipment
All property, plant and equipment are initially measured at cost. Property, plant and equipment are recorded at historic cost net of depreciation and permanent diminution in value. Depreciation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	years
Buildings and structures	20
Other fixed assets	3 – 5
Leasehold improvements	1 – 19
Right-of-use premises	1 – 19
Right-of-use vehicles	3 – 4

The residual values, remaining useful lives and methods of depreciation are reviewed and, if required, adjusted annually. Property, plant and equipment recognition is terminated in case of its liquidation or when no future benefits are expected in connection with the utilisation of the respective asset. Any profit or loss connected with the termination of recognition (calculated as difference between the disposal gains and net book value as at the moment of derecognition), is recognised in the profit or loss account in the period when derecognition occurs. Leasehold improvements are written down on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease. Current repairs and maintenance costs are charged to profit and loss account in the period when the respective costs are incurred.

(j) Investments in the subsidiaries companies in the separate financial statements
In the financial statements the investments in subsidiaries companies (SIA *ViziaFinance* and UAB *DelfinGroup LT* as at 31 December 2023*)* are carried at cost less impairment. Cost represents consideration paid for acquisition of subsidiaries as well as additional contributions to share capital of subsidiaries. Impairment is defined as the difference between the cost and recoverable amount. Recoverable amount is the higher of the respective asset's fair value less the costs to sell and the value in use.

(l) Inventories
Inventories are stated at the lower of cost or net realisable value. Inventories are measured using the actual cost method. The Group assesses at each balance sheet date whether there is objective evidence that inventories are impaired and makes provisions for slow-moving or damaged inventories. Inventories loss is recognised in the period such loss is identified, writing off the relevant inventory values to the period profit and loss account. Inventories are measured at the lower of cost or net realisable value.

Notes (continued)

(2) Material accounting policies (continued)

(m) Trade and other receivables

Unsecured loans

Accounts receivable comprise loans and other receivables (other debtors, advances and deposits) that are non-derivative financial assets with fixed or determinable payments. All loans and receivables are recognised when cash is advanced to borrowers and derecognised on repayments. Loans are initially measured at their fair value**.** The Group subsequently measures consumer loans at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Group is using a model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The expected credit loss is calculated as a function of PD, the exposure at default EAD and the loss given default LGD.

- PD ratio is calculated as proportion of historic loan portfolio amount of loans that reaches the number of past due more than 90 days or have been sold in debt sales.

- LGD calculation is based on recovered funds for loans over 90 days or loans that have been sold in debt sales. Recovered funds are discounted using the monthly effective interest rate.

The IFRS 9 impairment model uses a three-stage approach depending on whether the claim is performing or not and if the claim is performing, whether a significant increase in credit risk has occurred.

1. Stage 1 – 12-month ECL applies to all existing claims, which have no signs of significant increase in credit risk. ECL will be computed using 12-month PD that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 month, a PD is used that corresponds to remaining maturity.
2. Stage 2 – applies to claims, which have sign/(s) of a significant increase in credit risk (delay days > 30 days but less than or equal to 90 days). The standard requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
3. Stage 3 – Financial assets are recognized in Stage 3 when there is objective evidence that the loan is impaired (delay days > 90 days). Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

A settlement delay of 30 or more days is assessed based on their actual occurrence. The rest of the signs of increased risk and their impact have to be analysed case by case and the change in a customer`s risk level has to be made based on management`s judgement. This assessment is symmetrical in nature, allowing the credit risk of financial assets to move back to Stage 1 if the increase in credit risk has decreased since origination and is no longer deemed to be significant.

Notes (continued)

(2) Material accounting policies (continued)

(m) Trade and other receivables (continued)

Default or the possibility of it occurring in the future and can be divided into the following events:

- Improbability of receiving payments. Based on objective evidence, it may be presumed that the client will be unable to settle all of the financial obligations and the situation cannot be solved satisfactorily.
- Payment delay. The contract is deemed to be non-performing if the client is no longer able or willing to fulfil payment obligations, e.g. upon any of the following events: (a) payments are past due for more than 90 days; (b) the client does not respond to the payment reminders and the desire to contact; (c) the client is bankrupt or deceased; (d) identity theft has been identified, i.e. misuse of the credit receiver`s identity.

The Group continuously monitors all assets subject to ECLs in order to identify if there has been significant increase in credit risk. If there is an increase, relevant adjustments to ECL are made.

When loans cannot be recovered, they are written off and charged against allowances for loan impairment losses. They are not written off until all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The Group signed a contract with a third party for the receivable amounts regular debt sale to assign debtors for loans issued. Losses from these transactions were recognised in the current period under other operating expenses.

The recoverability of other debtors, advances and deposits paid is valued on individual basis if there are any indications of net book value of the asset exceeding its recoverable amount.

Any ECL on financial assets other than loan portfolio and loans to related companies is not significant.

Pawn loans

Pawn loans are non-recourse loans secured against a collateral (the pledge). If the customer does not redeem the collateral by repaying the secured loan before the end of the contract, the Group is entitled to dispose of the goods to cover the outstanding balance of the loan. Pawn loans are recognised when cash is advanced to borrowers and derecognised on the repayment for performing loans or sale of the collateral for non-performing loans. Considering that that pawnshop loans do not meet the SPPI criteria, they are initially recognised and subsequently measured at fair value.

The pawn loan portfolio is divided in two categories: performing and non-performing loan portfolios. The performing loan portfolio comprises of loans that are not yet due or loans that have been extended. The non-performing loan portfolio contains loans that have not been repaid on maturity and the payment of which depends on the realization of the collateral.

Notes (continued)

(2) Material accounting policies (continued)

(n) Leases

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in in-substance fixed lease payments or a change in the assessment of the option to purchase the underlying asset.

The Group does not apply IASB practical expedient on COVID-19-Related Rent Concessions and adjusts both right-of-use assets and lease liabilities when modifications of lease contracts occur.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered of low value (i.e., below EUR 4.5 thousand). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(o) Taxes

The Group's tax for the period consists of current and deferred tax. Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to tax authorities using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.
Current tax is calculated on the basis of distributed profit or in case of expenses treated as deemed profit distribution (20/80 of the net amount payable to shareholders).

In 2023 new tax provisions relating to non-bank financial institutions were enacted determining that starting from year 2024 tax surcharge of 20 per cent from the profit after taxes for previous year shall be calculated and paid after submission of annual report. Therefore, in addition to tax related to profit distribution starting from year 2023 expenses for tax surcharge are recognized that is calculated as 20 per cent from gained net profit for the reporting period.

Current tax arising from distributed profit is recognized when the shareholder makes a decision on profit distribution, while tax on deemed profit distribution and tax surcharge is recognized in income statement in the period for which it is assessed.

Deferred tax in consolidated financial statements arises from undistributed profits of subsidiary, since it is expected that the earnings of subsidiary will be distributed in the foreseeable future. To the extent that subsidiary's profit distribution is assumed, the deferred tax liability is recognized in consolidated financial statements by using 20 per cent rate that is applicable to profit distributions.

Notes (continued)

(2) Material accounting policies (continued)

(p) Borrowings

Initially borrowings are recognised at fair value amounting to the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost which is determined using the effective interest method. The difference between the proceeds received, net of transaction costs and the redemption value of the borrowing is gradually recognized in the profit or loss over the term of the borrowing.

(q) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, balances of current accounts with banks and short-term deposits with a maturity term of up to 90 days.

(r) Payment of dividends

Dividends due to the shareholders are recognized in the financial statements as a liability in the period in which the shareholders approve the disbursement of dividends.

(s) Financial risk management

(s1) Financial risk factors

The activities of the Group expose it to different financial risks:
(s1.1) foreign currency risk;
(s1.2) credit risk;
(s1.3) operational risk;
(s1.4) market risk;
(s1.5) liquidity risk.

The Group's overall risk management is focused on the uncertainty of financial markets and aims to reduce its adverse effects on the Company's financial indicators. The Chief Financial Officer (CFO) is responsible for financial risk management. CFO identifies, assesses and seeks to find solutions to avoid financial risks acting in close cooperation with other structural units of the Group.

(s1.1) Foreign exchange risk

The Group operates mainly in the local market and its exposure to foreign exchange risk is not significant.

(s1.2) Credit risk

The Group has a credit risk concentration based on its operational specifics – issuance of non-secured loans that is connected with an increased risk of asset recoverability. The Group’s policies are developed in order to ensure maximum control procedures in the process of loan issuance, timely identification of bad and doubtful debts and adequate provisioning for potential loss.

Regarding loan unsecured loan issuance, the Group has three methods of customer identification: (i) obtaining data that accredits the identity of a natural person from a credit institution, (ii) verifying the customer's income, (iii) verifying the past and current obligations of the borrower. The Group compares the information from the application form with the information received from external sources. The Group performs an automated credit check for those customers who have successfully completed the first four phases of the credit risk underwriting process. Its Risk and Data team has considerable experience in adding the optimal combination of alternative and traditional data sources, and knowledge of how to use the data collected for high-quality credit risk underwriting. The Group’s credit check involves a collection of traditional credit bureau data and income information. The Group collects data from 4-5 external sources to check the borrower’s creditworthiness and calculate the debt-to-income rate.

The Group has developed a linear rule strategy to evaluate each loan application using an automated credit risk underwriting process. The Group’s credit risk underwriting models are developed by a centralized data science team. The Group develops its credit risk underwriting models based on information gathered during the customer registration, loan application, customer identification, fraud screening and credit screening phases. The Groups risk team closely monitors the quality of the data collected, validates, and verifies the completeness of the required data points. The team ensures that the credit check strategy is aligned with the settings of the credit check model, sets data requirements for each decision step, and ensures efficient data management. For pawn loans, the evaluation of the collaterals is performed by trained appraisers. The Group has established an efficient and effective debt collection process and has a dedicated team that adheres to debt collection practices that are fully compliant with local regulations.

The Group have regular monthly debt sale process developed and signed a contract with a third party for unsecured loans issued which are outstanding between 30 to 90 days and there are timely identified indications that loans sold could default. For loans that are outstanding more than 90 days separate debt sale agreements are signed. In the case of pawn loans, the collateral is sold in their branches or e-shop (the average realization period of the collateral is 3 months).

The table below shows the maximum exposure to credit risk for the components of the Balance Sheet. Exposures are based on net carrying amounts as reported in the Balance Sheet. The Group’s maximum credit exposures are shown gross, i.e. without taking into account any collateral or other credit enhancements.

Notes (continued)

(2) Material accounting policies (continued)

(s1.2) Credit risk (continued)

	Maximum exposure			
	Group	**Group**	**Company**	**Company**
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	EUR	**EUR**	**EUR**	**EUR**
Loans and receivables	89 025 965	67 517 807	67 771 627	49 443 184
Other debtors	913 637	574 646	572 419	393 459
Cash and cash equivalents	5 928 570	2 369 029	4 914 794	2 000 924

(s1.3) Operational risk

Operational risk is a loss risk due to external factors namely (natural disasters, crimes, etc.) or internal ones (IT system crash, fraud, violation of laws or internal regulations, insufficient internal control). Operation of the Group carries a certain operational risk which can be managed using several methods including methods to identify, analyse, report and reduce the operational risk. Also, self-assessment of the operational risk is carried out as well as systematic approval of new products is provided to ensure the compliance of the products and processes with the risk environment of the activity.

(s1.4) Market risk

The Group is exposed to market risks, basically related to the fluctuations of interest rates between the loans granted and funding received, as well as demand for the Group's services fluctuations. The Group's cash flows related to financing costs to some extent depend on the changes in market rates of interest. The Group attempts to limit market risks, adequately planning the expected cash flows, diversifying the product range, and fixing funding resource interest rates. The Group issues loans at fixed rate and has borrowings with a fixed and variable rates. As at 31 December 2023 all bond emissions, loans from credit institutions and lease contracts amounting to 147 thousand EUR with contracts concluded in EUR currency are with variable part denominate as 3 month EURIBOR rate, all other interest bearing liabilities are with a fixed interest rate. The interest rate market risk is considered to be low.

The following table represents the effect in the Group's and the Company's profit before tax (over 12-month period) on change in interest rates in by 100 basis points.

	Group	**Group**	**Company**	**Company**
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
Profit before corporate income tax				
+100 basis points scenario	447 055	158 055	440 921	148 940
-100 basis points scenario	(447 055)	(158 055)	(440 921)	(148 940)

(s1.5) Liquidity risk

The Group complies with the prudence principle in the management of its liquidity risk and maintains sufficient funds. The management of the Group has an oversight responsibility of the liquidity reserves and make current forecasts based on anticipated cash flows. The management of the Group performs liquidity analysis on a regular basis and ensures adequate gap between short-term liabilities and assets. Most of the Group's liabilities are long-term liabilities. Based on performed procedures the management is of the opinion that the Group will be able to secure sufficient liquidity by its operating activities. For analysis of financial liabilities by remaining contractual maturities please see note 33.

Notes (continued)

(2) Material accounting policies (continued)

(s2) Management of the capital structure

In order to ensure the continuation of the Group's activities, while maximizing the return to stakeholders' capital management, optimization of the debt and equity balance is performed. The Group's capital structure consists of bonds issued, third party loans and finance lease liabilities, cash and equity, comprising issued share capital, retained earnings and share premium. At year-end the ratios were as follows:

	Group	Group	Company	Company
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	EUR	EUR	EUR	EUR
Bonds issued	40 266 544	19 113 740	40 266 544	19 113 740
Loans from credit institutions	7 293 992	-	7 293 992	-
Other borrowings	29 410 334	34 860 758	16 367 308	25 483 091
Lease liabilities	3 168 456	2 918 440	2 900 867	2 918 440
Trade payables and accrued liabilities	2 209 367	1 598 842	2 055 466	1 495 350
Taxes and social insurance	1 390 268	560 492	819 171	560 349
Gross debts	**83 738 961**	**59 052 272**	**69 703 348**	**49 570 970**
Cash and cash equivalents	(5 928 570)	(2 369 029)	(4 914 794)	(2 000 924)
Net debts	**77 810 391**	**56 683 243**	**64 788 554**	**47 570 046**
Equity	21 322 113	18 105 736	14 939 916	13 844 093
Gross debt / equity ratio	**3.93**	**3.26**	**4.67**	**3.58**
Net debt / equity ratio	**3.65**	**3.13**	**4.34**	**3.44**

(t) Significant assumptions and estimates

The preparation of the financial statements requires management to make professional judgments, assumptions and estimates which affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Assumptions and estimates based on those assumptions are analysed regularly to identify if changes are required. The changes in accounting estimates are recognized in the reporting period when the estimates were changed and in all periods that follow.

<u>Impairment losses on loans to customers</u>

The measurement of impairment losses on loans to customers requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and allocation of loans to Stage 1 or 2;
- identification of unlikeliness to pay criteria and assignment of loans to Stage 3;
- development of ECL models, including the various formulae and the choice of inputs;
- forward-looking macroeconomic information incorporation in the ECL models;
- ECL adjustment due to decrease in debt sales;
- the modelling and calculation of key parameters of the ECL models, including probability of default (PD), loss given default (LGD), and exposure at default (EAD**).**

To enhance ECL models the Group uses forward-looking macroeconomic information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. As the Group's major operations are in Latvia all data of macroeconomic indicators published on monthly basis by Central Statistical Bureau Republic of Latvia was obtained, equalized, and compared with the Group's year on year 1–30-day delay to non-delay portfolio. This was used as a proxy for probability of default. Indicators with highest correlation are salary and number of employed persons aged 15-74. Based on obtained data a regression model was created, which offers significance of the coefficient of each macroeconomic indicator. To use macroeconomic factor as forward-looking macroeconomic information adjustment three economic scenarios with distinct economic consequences were used: a base case scenario which comprises most likely future economic development, a less likely adverse scenario and less likely optimistic scenario. The key variables are summarized below.

Notes (continued)

(2) Material accounting policies (continued)

(t) Significant assumptions and estimates (continued)

	Base case scenario	Adverse scenario	Optimistic scenario
2022			
Nominal gross salary (yearly changes)	9.20%	8.28%	10.12%
Number of employed persons aged 15-74 (yearly changes)	861.5	818.4	904.6
2023			
Nominal gross salary (yearly changes)	8.00%	5.20%	10.80%
Number of employed persons aged 15-74	877.7	868.2	887.2

The current implementation, based on an expert judgement, weights base case scenario with 60% likelihood, the adverse scenario at 25% likelihood and the optimistic scenario at 15% likelihood. If the weighting of the adverse scenario was to increase to 45%, the expected credit loss allowance of the Group would increase by EUR 43 782 (EUR 48 397 as of 31 December 2022) and for the Company by EUR 25 646 as of 31 December 2023 (EUR 28 283 as of 31 December 2022). If the weighting of the base case scenario was to increase to 100%, the expected credit loss allowance of the Group would decrease by EUR 39 304 (EUR 40 331 as of 31 December 2022) and for the Company by EUR 23 023 as of 31 December 2023 (EUR 23 569 as of 31 December 2022).

Sensitivity analysis of changes in the Group's ECL key parameters LGD and PD - a 500 basis points increase in the LGD ratio would increase expected credit loss allowance by EUR 473 461 (EUR 344 105 as of 31 December 2022) of the Group and for the Company by EUR 328 430 (EUR 196 974 as of 31 December 2022). A 500 basis points decrease would lead to decrease by EUR 473 461 (EUR 344 105 as of 31 December 2022) of the Group and for the Company by EUR 328 430 (EUR 196 974 as of 31 December 2022). A 1000 basis points increase of PD for loans not yet due would increase expected credit loss allowance by EUR 325 545 (EUR 220 442 as of 31 December 2022) of the Group and for the Company by EUR 180 282 (EUR 123 922 as of 31 December 2022). A 1000 basis points decrease would lead to decrease by EUR 325 545 (EUR 220 442 as of 31 December 2022) of the Group and for the Company by EUR 180 282 (EUR 123 922 as of 31 December 2022). The ECL model inputs and parameters were reviewed and where necessary updated. For more detailed qualitative and quantitative information on the impairment of financial assets, refer to Note 2 Material accounting Policies section l Trade and other receivables and Note 16 Loans and receivables.

ECL arising from trade receivables or contract assets is assessed as not significant due to the nature.

SPPI for pawn loans

The SPPI assessment for pawn loans is highly judgmental. The focus in determining whether SPPI criteria are met focused on the non-recourse aspect of the loans in combination with an relatively high risk of non-fulfillment of the loans and the pricing structure of the loans. In light of the returns from pawn loans in case of default being closely linked to the sale of collateral it was concluded that pawn loans do not meet SPPI criteria and therefore are required to be carried at fair value through profit or loss. The procedures for assessing and managing this risk are to some extent limited due to the collateral used to secure the loan.

Fair value of pawn loans

The measurement of fair value of pawn loans requires judgement in the estimation of the amount and timing of future cash flows when determining the fair value of the performing pawn loans and the amount and timing of future cash flows when realizing collateral for non-performing loans.

The elements for the fair value model for the performing loans are driven by the portfolio's effective interest rate and portfolio's free cash flows. The non-performing loan portfolio fair value calculations are dependent on the expected time of realization of the pledge, its market price, associated sales costs, and relevant discount rate. The fair value model inputs and parameters are periodically reviewed and where necessary updated, refer to Note 32 Fair value of financial assets and financial liabilities

Net realisable value of inventories

The cost of the Group's inventory may have to be reduced to its net realisable value if the inventory has become damaged, is wholly or partly obsolete, or if its selling price has declined. The costs of inventory may not be recovered from sale because of increases in the costs to complete, or the estimated selling costs. Writing inventory down to net realisable value is carried out on an item-by-item basis. The Group's estimates of net realisable value are based on the most reliable evidence available and take into account fluctuations of price or cost after the end of the period if this is evidence of conditions existing at the end of the period.

Notes (continued)

(2) Material accounting policies (continued)

(t) Significant assumptions and estimates (continued)

Leases – estimating the incremental borrowing rate

In case the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.
Leases are accounted based on contractual term, no significant judgment here.

(u) Related parties
Related parties include the shareholders, members of the Board and Supervisory Board of the Group, Supervisory Board their close family members and companies in which the said persons have control or significant influence. Term "Related parties" agrees to Commission Regulation (EC) 1126/2008 of 3 November 2018 which took in force various IAS according to European Parliament and Council Regulation (EC) 1606/2002 mentioned in Annex of IAS 24 "Related Party Disclosures".

(v) Subsequent events
Post-period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

(w) Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless an outflow of resources embodying economic benefits is possible. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(x) Earnings per share
Earnings per share (EPS) are calculated by dividing the net profit or loss for the year attributable to the shareholders with the weighted-average number of shares outstanding during the year.
Diluted EPS is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(y) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker – the Group's Board, which allocates resources to and assesses the performance of the operating segments of the Group. For management purposes, the Group is organised into three operating segments based on products and services. Group's segments are Pawn loan segment, Consumer loans segment, Retail segment and Other operating segment. Under Other operating segment there are accounted general Group administrative operations, services provided to related entities and real estates project development financing activities.

Notes (continued)

(3) Net sales

Net revenue by type of revenue

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Income from sales of goods	6 608 742	4 878 377	6 666 024	4 878 377
Income from sales of precious metals	1 504 352	857 399	1 504 352	857 399
Other income (loan and storage commission) for financial instruments measured as FVTPL	1 102 606	736 791	1 102 606	736 791
	9 215 700	**6 472 567**	**9 272 982**	**6 472 567**

(4) Cost of sales

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Cost of sales of goods	4 627 420	3 384 400	4 685 900	3 384 400
Cost of sales of precious metals	1 458 770	819 240	1 458 770	819 240
	6 086 190	**4 203 640**	**6 144 670**	**4 203 640**

(5) Interest income and similar income

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Interest income on unsecured loans according to effective interest rate method	34 203 127	23 338 504	25 003 472	17 034 635
Interest income on pawn loans	7 001 427	5 963 753	7 001 411	5 963 753
Other interest income according to effective interest rate method	2 897	1 062	2 897	1 062
	41 207 451	**29 303 319**	**32 007 780**	**22 999 450**

(6) Interest expenses and similar expenses

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Interest expense on other borrowings	4 714 235	3 099 242	3 209 660	2 335 667
Bonds' interest expense	3 468 695	1 393 521	3 468 695	1 393 521
Interest expense on loans from credit institutions	203 528	-	203 528	-
Interest expense on lease liabilities for leased premises	189 659	174 795	187 417	174 795
Interest expense lease liabilities for leased vehicles	2 769	1 429	2 769	1 429
Net loss on foreign exchange	83	498	83	498
	8 578 969	**4 669 485**	**7 072 152**	**3 905 910**

Notes (continued)

(7) Selling expenses

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Salary expenses	3 481 209	2 981 967	3 458 627	2 981 967
Advertising	1 155 392	844 156	900 096	557 233
Social insurance	812 466	699 897	812 068	699 897
Depreciation of right-of-use assets - premises	701 764	638 960	700 984	638 960
Depreciation of property, plant and equipment and amortisation of intangible assets	515 193	433 466	512 913	429 659
Maintenance expenses	496 219	395 724	470 229	389 858
Non-deductible VAT	478 725	487 146	435 358	417 052
Utilities expenses	303 745	290 952	302 473	290 903
Transportation expenses	84 898	115 374	84 714	115 374
Provisions for unused annual leave	24 992	37 532	23 153	37 532
Depreciation of right-of-use assets - motor vehicles	10 521	15 900	10 521	15 900
Other expenses	681 712	559 151	633 529	537 288
	8 746 836	**7 500 225**	**8 344 665**	**7 111 623**

(8) Administrative expenses

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Salary expenses	4 303 052	3 445 128	4 292 832	3 444 978
Social insurance	966 385	772 734	965 790	772 722
Bank commission	1 037 471	720 995	754 072	555 081
Communication expenses	447 600	162 754	399 715	130 437
Legal and professional services	222 914	83 097	219 108	76 459
State fees and duties, licence expenses	137 419	136 981	82 319	81 776
Depreciation of right-of-use assets - premises	94 196	93 914	93 068	93 914
Public relations expenses	76 511	54 300	76 511	54 300
Audit expenses*	66 570	68 397	54 210	54 792
Provisions for unused annual leave	42 228	52 632	41 375	52 620
Depreciation of right-of-use assets - motor vehicles	391	1 925	391	1 925
Other administrative expenses	332 699	180 410	321 872	172 589
	7 727 436	**5 773 267**	**7 301 263**	**5 491 593**

* The Group has received the statutory audit of annual report and translation of financial statements services.

(9) Corporate income tax for the reporting year

This tax mainly relates to the dividends paid out of the previous and current year's profits.

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Corporate income tax charge for the current year	1 661 664	1 296 108	1 114 306	1 296 054
	1 661 664	**1 296 108**	**1 114 306**	**1 296 054**

Notes (continued)

(9) Corporate income tax for the reporting year (continued)

In Q4 2023 a change in corporate income tax (CIT) legislation was introduced in Latvia stipulating an advance CIT payable at 20% rate on unadjusted accounting profits of the Latvian lending operations, with the advance paid being eligible to fully offset dividend distribution tax with no expiry date. As a result of this change, a higher tax expense was recognised fully in year 2023.
Previously in Latvia corporate income tax (CIT) was payable when the profits were distributed, not when the profits were earned. The recent changes in the tax legislation require advance payment of CIT based on profits earned in Latvia in 2023 and future periods.
These CIT advance payments may be offset only against future profit distribution tax due. Thus, the amount of the CIT advance paid, amount of which is calculated based on 2023 profits, despite generally being eligible for offsetting against future profit distribution tax, is expensed in the reporting period as profits are generated. Incremental CIT expense will not arise on the Group's dividend distribution from retained earnings generated under the old tax regime (before 2018).
For distributions of 2023 and later period profits a theoretical 20% CIT rate would apply and would be calculated as 0.2/0.8 from net distributed dividend (effectively 25%), but the profit distribution tax payment would be decreased by the CIT advance already paid in 2023 and later period profits. This incremental profit distribution tax expense on 2023 and later period profits would arise only if the profit distribution tax exceeded the CIT advance paid.

Reconciliation of effective tax rate.
Current corporate income tax expenses for the years ending on 31 December 2023 and 31 December 2022 is different from the theoretical tax amount that the Group would incur if profit before tax was taxed at the statutory rate of 20%:

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Profit before corporate income tax	**8 289 635**	**7 257 561**	**5 621 723**	**5 048 526**
Theoretical tax at 20%	1 657 927	1 451 512	1 124 345	1 009 705
Undistributed earnings taxable on distribution	-	(763 567)	-	(321 771)
Distribution of profits of previous periods	210 796	719 135	210 796	719 135
Corporate income tax correction for 2022	(210 104)		(210 104)	
Flow-through dividends	-	(65 730)	-	(65 730)
Other corporate income tax difference	3 045	(45 242)	(10 731)	(45 285)
Corporate income tax	**1 661 664**	**1 296 108**	**1 114 306**	**1 296 054**

(10) 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, 30 Juna 2023 and 31 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:

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Net profit attributed to shareholders	6 627 971	5 961 453	4 507 417	3 752 472
Weighted average number of shares	45 319 911	45 319 594	45 319 911	45 319 594
Earnings per share	**0.146**	**0.132**	**0.099**	**0.083**
Weighted average number of shares used for calculating the diluted earnings per shares	45 404 790	45 331 135	45 404 790	45 331 135
Diluted earnings per share	**0.146**	**0.132**	**0.099**	**0.083**

Notes (continued)

(10) 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	Actual number of shares after transaction
	EUR	**EUR**
2022		
Number of shares at the beginning of the year		45 319 594
Number of shares at the end of the year		45 319 594
Weighted average number of shares:		**45 319 594**
Weighted average number of share options for DelfinGroup AS employees granted in 2022*		11 541
Weighted average potential number of shares		**45 331 135**
2023		
Number of shares at the beginning of the year		45 319 594
Number of shares exercised at 29 December 2023	57 911	45 377 505
Number of shares at the end of the year		45 377 505
Weighted average number of shares:		**45 319 911**
Weighted average number of share options for DelfinGroup AS employees granted in 2023**		27 285
Weighted average potential number of shares		**45 404 790**

*.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.

Notes (continued)

(11) Intangible assets
Group

	Patents, trademarks and similar rights	Internally developed software	Other intangible assets	Advances for intangible assets	Work in progress internally developed software	Goodwill	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost							
31.12.2021	**341 449**	**474 442**	**99 401**	**18 834**	**-**	**127 616**	**1 061 742**
Additions	6 442	-	77 765	66 702	348 685	-	499 594
Transfers	12 915	348 685	28 820	(41 735)	(348 685)	-	-
Disposals	(11 500)	-	(1 660)	-	-	-	(13 160)
31.12.2022	**349 306**	**823 127**	**204 326**	**43 801**	**-**	**127 616**	**1 548 176**
Additions	-	489	459 852	337 990	486 784	-	1 285 115
Transfers	-	455 106	256 747	(256 747)	(455 106)	-	-
Disposals	(181)	-	-	-	-	-	(181)
31.12.2023	**349 125**	**1 278 722**	**920 925**	**125 044**	**31 678**	**127 616**	**2 833 110**
Amortisation							
31.12.2021	**277 412**	**97 626**	**48 732**	**-**	**-**	**-**	**423 770**
Charge for 2022	56 488	150 043	36 093	-	-	-	242 624
Disposals	(11 500)	-	(1 661)	-	-	-	(13 161)
31.12.2022	**322 400**	**247 669**	**83 164**	**-**	**-**	**-**	**653 233**
Charge for 2023	12 960	231 897	67 844	-	-	-	312 701
Disposals	(181)	-	-	-	-	-	(181)
31.12.2023	**335 179**	**479 566**	**151 008**	**-**	**-**	**-**	**965 753**
Net book value 31.12.2023	**13 946**	**799 156**	**769 917**	**125 044**	**31 678**	**127 616**	**1 867 357**
Net book value 31.12.2022	**26 906**	**575 458**	**121 162**	**43 801**	**-**	**127 616**	**894 943**

Company

	Patents, trademarks and similar rights	Internally developed software	Other intangible assets	Advances for intangible assets	Work in progress internally developed software	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost						
31.12.2021	**341 449**	**474 442**	**78 481**	**18 834**	**-**	**913 206**
Additions	6 442	-	77 765	66 702	348 685	499 594
Transfers	12 915	348 685	28 820	(41 735)	(348 685)	-
Disposals	(11 500)	-	(1 660)	-	-	(13 160)
31.12.2022	**349 306**	**823 127**	**183 406**	**43 801**	**-**	**1 399 640**
Additions	-	489	459 252	337 990	486 784	1 284 515
Transfers	-	455 106	256 747	(256 747)	(455 106)	-
Disposals	(181)	-	-	-	-	(181)
31.12.2023	**349 125**	**1 278 722**	**899 405**	**125 044**	**31 678**	**2 683 974**
Amortisation						
31.12.2021	**277 412**	**97 626**	**36 425**	-	-	**411 463**
Charge for 2022	56 488	150 043	32 319	-	-	238 850
Disposals	(11 500)	-	(1 660)	-	-	(13 160)
31.12.2022	**322 400**	**247 669**	**67 084**	-	-	**637 153**
Charge for 2023	12 960	231 897	65 790	-	-	310 647
Disposals	(181)	-	-	-	-	(181)
31.12.2023	**335 179**	**479 566**	**132 874**	**-**	**-**	**947 619**
Net book value 31.12.2023	**13 946**	**799 156**	**766 531**	**125 044**	**31 678**	**1 736 355**
Net book value 31.12.2022	**26 906**	**575 458**	**116 322**	**43 801**	**-**	**762 487**

Notes (continued)

(11) Intangible assets (continued)

Part of the IT employees are involved in building technical solutions for the operation of AS *DelfinGroup*. These systems are constantly built to meet both external and internal needs, and these are constantly being developed. As the systems are fully developed internally by IT department, related payroll and tax payments are capitalized for those IT employees who were involved in the development of the systems. The list of capitalized salaries is reviewed every month and capitalized amount is determined based on the works performed. Following initial recognition of the development expenditure as an asset, the asset is carried a cost less any accumulated amortisation and impairment.
During 2023 capitalised salary and related taxes for such systems amounted to EUR 486 830 (2022 - EUR 348 685). The systems are constantly being developed and support the issuance of loans, growth of the portfolio and sale of goods and as such ensure that the future economic benefits will flow to the company over a long period, thus justifying capitalization.
Other intangible assets consist of outsourced IT programming services involved in building and developing technical solutions for the operations of the Group and future economic benefits will flow to the Group over a long period related to these outsourced services, thus justifying capitalization.

(12) Property, plant and equipment

Group

	Land	Buildings and structures	Other equipment assets	Leasehold improve-ments	Right-of-use premises	Right-of-use vehicles	Right-of-use assets, total	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost								
31.12.2021	**99 000**	**74 124**	**1 045 989**	**633 547**	**5 062 806**	**292 151**	**5 354 957**	**7 207 617**
Additions	-	19 865	141 746	42 480	33 718	10 913	44 631	248 722
Remeasurement	-	-	-	-	514 171	-	514 171	514 171
Disposals	-	-	(50 087)	-	(331 890)	(42 214)	(374 104)	(424 191)
31.12.2022	**99 000**	**93 989**	**1 137 648**	**676 027**	**5 278 805**	**260 850**	**5 539 655**	**7 546 319**
Additions	-	-	261 451	179 697	800 174	46 027	846 201	1 287 349
Remeasurement	-	-	-	-	332 786	-	332 786	332 786
Disposals	-	-	(24 331)	-	(380 368)	-	(380 368)	(404 699)
31.12.2023	**99 000**	**93 989**	**1 374 768**	**855 724**	**6 031 397**	**306 877**	**6 338 274**	**8 761 755**
Depreciation								
31.12.2021	**-**	**3 218**	**839 385**	**446 866**	**2 122 778**	**259 609**	**2 382 387**	**3 671 856**
Charge for 2022	-	7 393	143 628	39 821	732 874	17 825	750 699	941 541
Disposals	-	-	(48 557)	-	(204 801)	(24 853)	(229 654)	(278 211)
31.12.2022	**-**	**10 611**	**934 456**	**486 687**	**2 650 851**	**252 581**	**2 903 432**	**4 335 186**
Charge for 2023	-	7 781	141 116	53 595	795 960	10 912	806 872	1 009 364
Disposals	-	-	(22 908)	-	(259 300)	-	(259 300)	(282 208)
31.12.2023	**-**	**18 392**	**1 052 664**	**540 282**	**3 187 511**	**263 493**	**3 451 004**	**5 062 342**
Net book value 31.12.2023	**99 000**	**75 597**	**322 104**	**315 442**	**2 843 886**	**43 384**	**2 887 270**	**3 699 413**
Net book value 31.12.2022	**99 000**	**83 378**	**203 192**	**189 340**	**2 627 954**	**8 269**	**2 636 223**	**3 211 133**

Notes (continued)

(12) Property, plant and equipment (continued)

Company

	Land	Buildings and structures	Other equipment assets	Leasehold improve-ments	Right-of-use premises	Right-of-use vehicles	Right-of-use assets, total	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost								
31.12.2021	**99 000**	**74 124**	**1 045 989**	**633 547**	**5 062 806**	**292 151**	**5 354 957**	**7 207 617**
Additions	-	19 865	141 155	42 480	33 718	10 913	44 631	248 131
Remeasurement	-	-	-	-	514 171	-	514 171	514 171
Disposals	-	-	(50 087)	-	(331 890)	(42 214)	(374 104)	(424 191)
31.12.2022	**99 000**	**93 989**	**1 137 057**	**676 027**	**5 278 805**	**260 850**	**5 539 655**	**7 545 728**
Additions	-	-	198 513	141 709	529 066	46 027	575 093	915 315
Remeasurement	-	-	-	-	332 786	-	332 786	332 786
Disposals	-	-	(24 331)	-	(378 459)	-	(378 459)	(402 790)
31.12.2023	**99 000**	**93 989**	**1 311 239**	**817 736**	**5 762 198**	**306 877**	**6 069 075**	**8 391 039**
Depreciation								
31.12.2021	**-**	**3 218**	**839 385**	**446 866**	**2 122 778**	**259 609**	**2 382 387**	**3 671 856**
Charge for 2022	-	7 393	143 595	39 821	732 874	17 825	750 699	941 508
Disposals	-	-	(48 557)	-	(204 801)	(24 853)	(229 654)	(278 211)
31.12.2022	**-**	**10 611**	**934 423**	**486 687**	**2 650 851**	**252 581**	**2 903 432**	**4 335 153**
Charge for 2023	-	7 781	140 890	53 595	794 052	10 912	804 964	1 007 230
Disposals	-	-	(22 908)	-	(257 391)	-	(257 391)	(280 299)
31.12.2023	**-**	**18 392**	**1 052 405**	**540 282**	**3 187 512**	**263 493**	**3 451 005**	**5 062 084**
Net book value 31.12.2023	**99 000**	**75 597**	**258 834**	**277 454**	**2 574 686**	**43 384**	**2 618 070**	**3 328 955**
Net book value 31.12.2022	**99 000**	**83 378**	**202 634**	**189 340**	**2 627 954**	**8 269**	**2 636 223**	**3 210 575**

Disposal of right-of-use assets relate to early termination of lease contracts.

(13) Right-of-use assets and lease liabilities

	Group 31.12.2023	Group 31.12.2022	Company 31.12.2023	Company 31.12.2022
	EUR	EUR	EUR	EUR
Non-current assets				
Right-of-use assets - premises	2 866 965	2 627 954	2 597 765	2 627 954
Right-of-use assets - motor vehicles	20 305	8 269	20 305	8 269
Assets, total	**2 887 270**	**2 636 223**	**2 618 070**	**2 636 223**
Non-current liabilities				
Lease liabilities	2 337 138	2 353 309	2 115 875	2 353 309
Current liabilities				
Lease liabilities	831 318	565 131	784 992	565 131
Lease liabilities, total	**3 168 456**	**2 918 440**	**2 900 867**	**2 918 440**

Notes (continued)

(13) Right-of-use assets and lease liabilities (continued)

Leases in the statement of profit or loss

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Interest expenses and similar expenses				
Interest expense on lease liabilities for leased premises	(189 659)	(174 795)	(187 417)	(174 795)
Interest expense on lease liabilities for leased vehicles	(2 769)	(1 429)	(2 769)	(1 429)
Selling expense				
Depreciation of right-of-use assets - premises	(701 764)	(638 960)	(700 984)	(638 960)
Depreciation of right-of-use assets - motor vehicles	(10 521)	(15 900)	(10 521)	(15 900)
Administrative expenses				
Depreciation of right-of-use assets - premises	(94 196)	(93 914)	(93 068)	(93 914)
Depreciation of right-of-use assets - motor vehicles	(391)	(1 925)	(391)	(1 925)
Leases in the statement of profit or loss, total	**(999 300)**	**(926 923)**	**(995 150)**	**(926 923)**

Leases liabilities

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Long term lease liabilities - premises	2 317 562	2 335 493	2 096 299	2 335 493
Long term lease liabilities - vehicles	19 576	17 816	19 576	17 816
Total long-term lease liabilities	**2 337 138**	**2 353 309**	**2 115 875**	**2 353 309**
Short term lease liabilities - premises	809 670	548 848	763 344	548 848
Short term lease liabilities - vehicles	21 648	16 283	21 648	16 283
Total short-term lease liabilities	**831 318**	**565 131**	**784 992**	**565 131**
Lease liabilities, total	**3 168 456**	**2 918 440**	**2 900 867**	**2 918 440**

Lease agreements for premises are signed for a period of one year to fifteen years and six months. Car rental agreements are signed for a period of three years to three years and three months.
The weighted-average incremental borrowing rate for premises leased in 2023 comprised 8.16% (2022: 4.82%), the weighted-average incremental borrowing rate for motor vehicles was 6.85% (2022: 3.20%).
The total amount of lease payments on short-term leases and leases of low-value assets recognized as expense in statement of profit or loss for the year end 31 December 2023 is EUR 3 438 and EUR 5 019 for the year end 31 December 2022.
The total cash outflow for leases is EUR 961 206 and EUR 930 389 for the year end 31 December 2022. There are no variable lease payments included in the measurement of lease liabilities. Right-of-use assets are not subleased.

The following table sets out a maturity analysis of lease payables, showing the undiscounted lease payments to be paid after the reporting date.

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Less than one year	1 090 023	733 682	1 023 563	733 682
One to two years	819 377	643 918	750 857	643 918
Two to three years	508 449	464 713	438 635	464 713
Three to four years	391 778	229 793	321 964	229 793
Four to five years	290 536	178 245	241 233	178 245
More than five years	1 169 306	976 426	886 674	976 426
Total undiscounted lease payable	**4 269 468**	**3 226 777**	**3 662 926**	**3 226 777**

Notes (continued)

(14) Company's investments in subsidiaries
Company is the sole shareholder of the subsidiaries SIA *ViziaFinance* (100%) and UAB *DelfinGroup LT* (100%) as of 31 December 2023.

a) participating interest in subsidiaries

Name	Investments in share capital of subsidiaries		Participating interest in share capital of subsidiaries	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	EUR	EUR	%	%
ViziaFinance SIA	880 000	880 000	100	100
DelfinGroup LT UAB	100 000	-	100	-
	980 000	**880 000**		

b) information on subsidiaries

Name	Address	Total equity 31.12.2023	31.12.2022
		EUR	EUR
ViziaFinance SIA	Skanstes street 50A, LV-1013 Riga, Latvia	7 180 385	4 903 239
DelfinGroup LT UAB	Lvivo g. 25-701, LT-09320 Vilnius, Lithuania	31 608	-

Basic operation of *ViziaFinance* SIA is providing consumer lending services, dealing with unsecured loans. The company has a Consumer Rights Protection Center's license in the field of consumer lending.
Basic operation of *UAB DelfinGroup LT* is providing pawn loan services and retail of pre-owned goods.

(15) Goods for sale of the Company and the Group

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Goods for sale	1 252 773	1 640 946	1 061 494	1 640 946
Inventory made of gold	2 138 109	648 834	2 138 109	648 834
	3 390 882	**2 289 780**	**3 199 603**	**2 289 780**

In 2023, write-off to net realizable value of inventories amounted to EUR 143 515 (in 2022: EUR 157 872). Accrual for inventories to net realizable value as at 31 December 2023 is EUR 330 471 (as at 31 December 2022 EUR 200 381).

(16) Loans and receivables

a) Loans and receivables by loan type

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Pawn loans measured at fair value				
Long-term pawn loans	198 079	220 216	198 079	220 216
Short-term pawn loans	6 982 259	5 880 246	6 977 462	5 880 246
Interest accrued for pawn loans	261 743	221 906	261 743	221 906
Pawn loans measured at fair value, total	**7 442 081**	**6 322 368**	**7 437 284**	**6 322 368**
Debtors for loans issued without pledge				
Long-term debtors for loans issued without pledge	66 488 178	45 929 912	47 590 888	30 607 655
Short-term debtors for loans issued without pledge	18 909 730	17 487 363	14 817 381	13 629 332
Interest accrued for loans issued without pledge	2 989 733	2 189 607	2 154 372	1 517 281
Debtors for loans issued without pledge, total	**88 387 641**	**65 606 882**	**64 562 641**	**45 754 268**
Loans and receivables before allowance, total	**95 829 722**	**71 929 250**	**71 999 925**	**52 076 636**
ECL allowance on loans issued without pledge	**(6 803 757)**	**(4 411 443)**	**(4 228 298)**	**(2 633 452)**
Loans and receivables	**89 025 965**	**67 517 807**	**67 771 627**	**49 443 184**

Notes (continued)

(16) Loans and receivables (continued)

All loans are issued in euros. Weighted average term of consumer loans is 2.5 years (2.5 years in 2022) and pawn loans is one month (one month in 2022).
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.

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 in relation to retail lending during the year ended 31 December 2023 is as follows:

Group	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2022	**38 789 243**	**3 201 299**	**1 243 722**	**43 234 264**
New assets originated or purchased	61 081 197	-	-	61 081 197
Assets settled or partly settled	(28 240 431)	(5 283 563)	(1 005 898)	(34 529 892)
Assets derecognised due to debt sales	(14 321)	(3 091 035)	(845 492)	(3 950 848)
Assets written off	-	-	(732 645)	(732 645)
Effect of interest accruals	432 612	102 592	(30 398)	504 806
Transfers to Stage 1	81 425	(69 036)	(12 389)	-
Transfers to Stage 2	(11 447 758)	11 545 084	(97 326)	-
Transfers to Stage 3	(375 920)	(2 244 836)	2 620 756	-
At 31 December 2022	**60 306 047**	**4 160 505**	**1 140 330**	**65 606 882**
New assets originated or purchased	68 807 588	-	-	68 807 588
Assets settled or partly settled	(34 169 339)	(5 706 973)	(1 098 474)	(40 974 786)
Assets derecognised due to debt sales	-	(5 194 977)	(1 286 317)	(6 481 294)
Assets written off	-	-	(373 851)	(373 851)
Effect of interest accruals	1 620 222	(106 676)	289 556	1 803 102
Transfers to Stage 1	432 625	(365 987)	(66 638)	-
Transfers to Stage 2	(10 680 294)	10 682 814	(2 520)	-
Transfers to Stage 3	(2 030 526)	(1 268 994)	3 299 520	-
At 31 December 2023	**84 286 323**	**2 199 712**	**1 901 606**	**88 387 641**

Group	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2022	**2 088 636**	**724 392**	**733 094**	**3 546 122**
New assets originated or purchased	4 976 832	-	-	4 976 832
Assets settled or partly settled	(2 140 296)	(1 825 569)	(449 555)	(4 415 420)
Assets derecognised due to debt sales	(1 319)	(1 057 207)	(1 886 513)	(2 945 039)
Assets written off	-	-	(306 962)	(306 962)
Effect of interest accruals	16 673	9 883	(145 314)	(118 758)
Transfers to Stage 1	32 754	(50 148)	(5 157)	(22 551)
Transfers to Stage 2	(1 024 261)	3 967 651	(38 957)	2 904 433
Transfers to Stage 3	(26 442)	(757 929)	1 092 176	307 805
Impact on period end ECL due to changes in credit risk and inputs used for ECL calculations	(1 128 416)	(176 834)	1 790 231	484 981
At 31 December 2022	**2 794 161**	**834 239**	**783 043**	**4 411 443**
New assets originated or purchased	4 661 553	-	-	4 661 553
Assets settled or partly settled	(2 288 048)	(2 271 960)	(549 398)	(5 109 406)
Assets derecognised due to debt sales	-	(4 587 126)	(1 298 384)	(5 885 510)
Assets written off	-	-	(339 502)	(339 502)
Effect of interest accruals	79 092	16 558	461 996	557 646
Transfers to Stage 1	30 859	(144 712)	(33 205)	(147 058)
Transfers to Stage 2	(804 730)	4 250 090	(1 258)	3 444 102
Transfers to Stage 3	(145 103)	(506 258)	1 648 829	997 468
Impact on period end ECL due to changes in credit risk and inputs used for ECL calculations	(166 721)	3 264 295	1 115 447	4 213 021
At 31 December 2023	**4 161 063**	**855 126**	**1 787 568**	**6 803 757**

Notes (continued)

(16) Loans and receivables (continued)

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

Company	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2022	**29 369 969**	**2 223 686**	**1 032 258**	**32 625 913**
New assets originated or purchased	40 411 187	-	-	40 411 187
Assets settled or partly settled	(21 296 803)	(2 474 313)	(766 217)	(24 537 333)
Assets derecognised due to debt sales	(7 008)	(1 793 503)	(621 348)	(2 421 859)
Assets written off	-	-	(609 838)	(609 838)
Effect of interest accruals	330 104	36 874	(80 780)	286 198
Transfers to Stage 1	72 651	(63 738)	(8 913)	-
Transfers to Stage 2	(6 087 596)	6 091 617	(4 021)	-
Transfers to Stage 3	(316 228)	(1 618 339)	1 934 567	-
At 31 December 2022	**42 476 276**	**2 402 284**	**875 708**	**45 754 268**
New assets originated or purchased	51 298 230	-	-	51 298 230
Assets settled or partly settled	(26 082 049)	(3 231 847)	(618 896)	(29 932 792)
Assets derecognised due to debt sales	-	(2 939 223)	(761 345)	(3 700 568)
Assets written off	-	-	(338 543)	(338 543)
Effect of interest accruals	1 217 149	(24 653)	289 550	1 482 046
Transfers to Stage 1	287 452	(234 790)	(52 662)	-
Transfers to Stage 2	(6 124 976)	6 126 666	(1 690)	-
Transfers to Stage 3	(1 343 135)	(688 853)	2 031 988	-
At 31 December 2023	**61 728 947**	**1 409 584**	**1 424 110**	**64 562 641**

Company	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2022	**1 290 581**	**462 435**	**612 154**	**2 365 170**
New assets originated or purchased	2 450 934	-	-	2 450 934
Assets settled or partly settled	(1 291 777)	(813 841)	(324 086)	(2 429 704)
Assets derecognised due to debt sales	(425)	(589 912)	(1 797 043)	(2 387 380)
Assets written off	-	-	(257 941)	(257 941)
Effect of interest accruals	3 630	(9 295)	(130 894)	(136 559)
Transfers to Stage 1	4 406	(20 965)	(3 769)	(20 328)
Transfers to Stage 2	(369 181)	2 003 632	(1 915)	1 632 536
Transfers to Stage 3	(19 209)	(532 298)	818 472	266 965
Impact on period end ECL due to changes in credit risk and inputs used for ECL calculations	(495 172)	(69 993)	1 714 924	1 149 759
At 31 December 2022	**1 573 787**	**429 763**	**629 902**	**2 633 452**
New assets originated or purchased	2 898 737	-	-	2 898 737
Assets settled or partly settled	(1 473 832)	(1 236 309)	(307 332)	(3 017 473)
Assets derecognised due to debt sales	-	(2 293 563)	(649 192)	(2 942 755)
Assets written off	-	-	(309 029)	(309 029)
Effect of interest accruals	45 890	17 786	375 771	439 447
Transfers to Stage 1	16 243	(89 816)	(26 151)	(99 724)
Transfers to Stage 2	(346 107)	2 343 691	(839)	1 996 745
Transfers to Stage 3	(75 897)	(263 513)	1 009 047	669 637
Impact on period end ECL due to changes in credit risk and inputs used for ECL calculations	(299 805)	1 620 475	638 591	1 959 261
At 31 December 2023	**2 339 016**	**528 514**	**1 360 768**	**4 228 298**

Notes (continued)

(16) Loans and receivables (continued)

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

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
For trade debtors not yet due	79 059 132	57 445 337	58 325 247	40 749 698
Outstanding 1-30 days	5 227 191	4 555 603	3 403 701	2 785 838
Outstanding 31-90 days	2 199 712	2 465 106	1 409 584	1 342 521
Outstanding 91-180 days	494 068	328 818	344 233	268 809
Outstanding for 181-360 days	514 729	383 242	384 570	301 238
Outstanding for more than 360 days	892 809	428 776	695 306	306 164
Total debtors for loans issued	**88 387 641**	**65 606 882**	**64 562 641**	**45 754 268**

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

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
For trade debtors not yet due	3 299 618	2 252 622	1 861 128	1 266 314
Outstanding 1-30 days	912 746	661 969	518 502	375 769
Outstanding 31-90 days	930 393	789 067	597 708	413 839
Outstanding 91-180 days	350 619	184 076	249 690	155 795
Outstanding for 181-360 days	477 273	245 456	357 015	200 580
Outstanding for more than 360 days	833 108	278 253	644 255	221 155
ECL allowance on loans issued without pledge	**6 803 757**	**4 411 443**	**4 228 298**	**2 633 452**

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.

e) Credit loss expenses

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Credit losses on loans issued without pledge	9 183 958	3 552 334	5 593 866	2 458 179
Net result from debt sales	1 468 198	2 072 857	866 605	616 634
Net result from loans written-off	34 348	535 932	29 514	433 504
Credit loss expenses	**10 686 504**	**6 161 123**	**6 489 985**	**3 508 317**

(17) Cash and cash equivalents

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Cash at banks	5 010 406	2 041 788	3 996 630	1 673 683
Term deposits	454 500	-	454 500	-
Cash on hand	463 664	327 241	463 664	327 241
	5 928 570	**2 369 029**	**4 914 794**	**2 000 924**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Term deposits are up to a period of two years. At December 31.12.2023 the Group had available EUR 6 000 000 (31.12.2022: EUR 0) of undrawn borrowing facility.
The Group has pledged its term deposits to fulfil collateral requirements. Refer to note 31 for further details.

Notes (continued)

(18) Share capital

On 14 October 2021, AS *DelfinGroup* successfully closed the initial public offering (IPO) and shares of Company has become traded in Nasdaq Riga Baltic Main list from 20 October 2021. During IPO, the Company issued 5 319 594 new shares with par value of EUR 0.10 each. Proceeds from shares issued were EUR 8 085 782, the par value of new shares were EUR 531 959 and costs related to IPO were EUR 662 865 resulting in share premium of EUR 6 890 958. Share premium cannot be used for distributing dividends.
As at 31 December 2023, the Parent Company's share capital is EUR 4 537 750,50 (EUR 4 531 959,40 as at 31 December 2022), which consists of 45 377 505 (45 319 594 as at 31 December 2022) ordinary shares, each of them with a nominal value of EUR 0.10. All shares are fully paid.

(19) Retained earnings

	Group 2023 EUR	Group 2022 EUR	Company 2023 EUR	Company 2022 EUR
Balance as at 1 January	**6 589 761**	**6 053 065**	**2 328 118**	**4 000 403**
Net profit for the period	6 627 971	5 961 453	4 507 417	3 752 472
Dividends declared and paid:				
Interim dividends of 0.0771 EUR (2022: 0.0645 EUR) per share	(3 494 140)	(2 923 115)	(3 494 140)	(2 923 115)
Annual dividend of 0.0552 EUR per share in 2022	-	(2 501 642)	-	(2 501 642)
Balance as at 31 December	**9 723 592**	**6 589 761**	**3 341 395**	**2 328 118**

(20) Share-based payments

<u>Share option plan</u>

In September 2021 shareholders approved an employee share option plan for employees and Management of the Group. Under the programme a total of 450 000 new shares can be issued. In December 2022 employees were granted first stock options under the employee share option plan. According to the Company's share option plan, share options of the parent are granted to all employees of the Company. The right to receive employee options belongs to those employees of the company who meet the following conditions:

- Employee has been with the company for at least 12 months;
- Employee has achieved the individual goals set for him by the Management and has contributed to achieving the common business goals.

To exercise the share options the option holder has to be employed with the Group. Upon exercising their personnel options, option holders are entitled to receive the Company's newly issued shares for a fee. The price of one share of the Company's new issue is EUR 0.10 (10 cents). The minimum term of holding employee options from their allocation to the day the option holder is entitled to exercise the option rights is 12 months. The options have to be exercised within a month after their vesting date and there are no cash settlement alternatives.
The Group recognized expenses in amount of EUR 96 955 during the reporting year (EUR 93 058 in 2022) in relation to the respective share option plan and reversed expenses in amount of EUR 20 201 during reporting year (EUR 0 in 2022) as not all employees that held options exercised them and others left the Company during 12 months after options were granted and were not able to exercise them. The remaining 307 087 options of the plan whilst approved for use in future SBP schemes, have not been included in SBP contracts yet, hence no expense recognised in the year.

Movement during the year in number of options:

Outstanding at 1 January 2022	-
Granted	73 968
Exercised	-
Forfeited	-
Outstanding at 31 December 2022	73 968
Exercisable as of 31 December 2022	-
Granted	85 002
Exercised	(57 911)
Forfeited	(16 057)
Outstanding at 31 December 2023	85 002
Exercisable as of 31 December 2023	-

Notes (continued)

(20) Share-based payments (continued)

Fair value calculations

The fair value of share options is estimated at the grant date by using a Black-Scholes option pricing model. When estimating the fair value of options, the terms and conditions on which the share options were granted are considered, as well as making estimates on some of the assumptions to adjust for the BlackScholes model's calculations. The inputs used in the model are market observable whenever possible including the share price, expected dividend yield and risk-free rate. The weighted average fair value of options granted at the measurement date was EUR 1.1161 to 1.1680 (EUR 1.2581 in 2022).

The following table lists the key inputs used for calculating of fair value:

	2023	2022
Weighted average fair value of share price	1.305 - 1.365	1.468
Weighted average exercise price	0.10	0.10
Expected life of share options (years)	1	1
Expected volatility (%)	23.26% - 24.59%	20.00%
Dividend yield (%)	7.30% - 7.66%	8.00%
Risk-free interest rate (%)	3.00% - 3.75%	3.00%

(21) Bonds issued

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Total long-term part of bonds issued	**26 862 004**	**4 330 630**	**26 862 004**	**4 330 630**
Bonds issued	13 330 155	14 758 261	13 330 155	14 758 261
Interest accrued	74 385	24 849	74 385	24 849
Total short-term part of bonds issued	**13 404 540**	**14 783 110**	**13 404 540**	**14 783 110**
Bonds issued, total	**40 192 159**	**19 088 891**	**40 192 159**	**19 088 891**
Interest accrued, total	74 385	24 849	74 385	24 849
Bonds issued net	**40 266 544**	**19 113 740**	**40 266 544**	**19 113 740**

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.

Notes (continued)

(21) Bonds issued (continued)

As at 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.
The group has devised a strategic plan to issue new bonds with the aim of refinancing its existing maturing liabilities as well as continue placing loans on the Mintos P2P platform. This approach will enable the group to settle its outstanding debt by utilizing the proceeds generated from the sale of these newly issued bonds and funding attracted on Mintos.

(22) Loans from credit institutions

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Long-term loans from credit institutions	6 406 925	-	6 406 925	-
Total long-term loans from credit institutions	**6 406 925**	**-**	**6 406 925**	**-**
Short-term loans from credit institutions	887 067	-	887 067	-
Total short-term loans from credit institutions	**887 067**	**-**	**887 067**	**-**
Loans from credit institutions, total	**7 293 992**	**-**	**7 293 992**	**-**

At 31 December 2023 the Company of the Group have loans from credit institutions with floating interest rates (the base interest rate of 3M EURIBOR plus fixed rate) and maturities in 2025 and 2026.
To ensure fulfilment of liabilities the Group has registered commercial pledge, see note 31. As at 31 December 2023 the Group is in compliance with covenants.

(23) Other borrowings

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Other long-term loans	14 904 405	15 004 505	5 652 280	9 641 200
Total other long-term loans	**14 904 405**	**15 004 505**	**5 652 280**	**9 641 200**
Other short-term loans	14 505 929	19 856 253	10 715 028	15 841 891
Total other short-term loans	**14 505 929**	**19 856 253**	**10 715 028**	**15 841 891**
Other loans, total	**29 410 334**	**34 860 758**	**16 367 308**	**25 483 091**

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% (31.12.2022: is 12,5%). According to the loan agreement with SIA Mintos Finance the loans matures according to the particular loan agreement terms concluded by the Group with its customers.
To ensure fulfilment of liabilities the Group has registered commercial pledge, see note 31. As at 31 December 2023 the Group is in compliance with covenants.

(24) Taxes and social insurance payments

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Value Added Tax	22 950	58 835	21 681	58 748
Income tax	996 770	210 796	437 643	210 796
Business risk charge	132	126	131	125
Social insurance	222 129	204 192	215 864	204 158
Payroll tax	142 643	115 557	138 208	115 536
Vehicles tax	4 800	4 031	4 800	4 031
Natural resource tax	665	4 887	665	4 887
Property tax	179	-	179	-
Prepayment	-	(37 932)	-	(37 932)
Total taxes and social insurance payments	**1 390 268**	**560 492**	**819 171**	**560 349**

Notes (continued)

(25) Average number of employees

	2023	2022
Average number of employees during the reporting year of the Group	**366**	**329**
Average number of employees during the reporting year of the Company	**361**	**324**

(26) Management remuneration

	31.12.2023 EUR	31.12.2022 EUR
Supervisory Board members' remuneration:		
· salary expenses	207 900	134 440
· social insurance	49 044	31 705
	256 944	**166 145**
Board members' remuneration:		
· salary expenses	414 579	372 681
· social insurance	97 799	87 916
	512 378	**460 597**

(27) Changes in liabilities arising from financing activities

Group's changes in liabilities arising from financing activities

The Group	Bonds issued EUR	Other borrowings EUR	Loans from credit institutions EUR	Lease liabilities EUR	Share capital and Share premium EUR	Total liabilities from financing activities EUR
Carrying amount at 31 December 2021	**10 838 165**	**18 573 636**	**-**	**3 305 197**	**11 422 917**	**44 139 915**
Proceeds	8 651 455	35 565 757	-	-	-	44 217 212
Settlement	(500 000)	(18 782 851)	-	(930 389)	-	(20 213 240)
New lease contracts	-	-	-	44 631	-	44 631
Lease disposal	-	-	-	(190 124)	-	(190 124)
Modification of lease contracts	-	-	-	514 171	-	514 171
Interest expense	1 393 521	3 099 242	-	174 954	-	4 667 717
Interest settlement	(885 891)	(3 649 408)	-		-	(4 535 299)
Commission accrued	(408 359)	(194 264)	-	-	-	(602 623)
Interest accrued	24 849	248 646	-	-	-	273 495
Carrying amount at 31 December 2022	**19 113 740**	**34 860 758**	**-**	**2 918 440**	**11 422 917**	**68 315 855**
Proceeds	36 954 000	18 733 953	7 345 000	-	5 792	63 038 745
Settlement	(14 943 000)	(23 921 661)	-	(961 206)	-	(39 825 867)
New lease contracts	-	-	-	846 201	-	846 201
Lease disposal	-	-	-	(157 424)	-	(157 424)
Modification of lease contracts	-	-	-	332 786	-	332 786
Interest expense	3 468 695	4 714 235	203 528	189 659	-	8 576 117
Interest settlement	(3 105 434)	(4 919 757)	(203 528)	-	-	(8 228 719)
Commission accrued	(1 295 842)	(203 245)	(51 008)	-	-	(1 550 095)
Interest accrued	74 385	146 051	-	-	-	220 436
Carrying amount at 31 December 2023	**40 266 544**	**29 410 334**	**7 293 992**	**3 168 456**	**11 428 709**	**91 568 035**

Notes (continued)

(27) Changes in liabilities arising from financing activities (continued)

Company changes in liabilities arising from financing activities

The Company	Bonds issued EUR	Other borrowings EUR	Loans from credit institutions EUR	Lease liabilities EUR	Share capital and Share premium EUR	Total liabilities from financing activities EUR
Carrying amount at 31 December 2021	**10 838 165**	**13 470 502**	**-**	**3 305 197**	**11 422 917**	**39 036 781**
Proceeds	8 651 455	23 718 321	-	-	-	32 369 776
Settlement	(500 000)	(11 209 948)	-	(930 389)	-	(12 640 337)
New lease contracts	-	-	-	44 631	-	44 631
Lease disposal	-	-	-	(190 124)	-	(190 124)
Modification of lease contracts	-	-	-	514 171	-	514 171
Interest expense	1 393 521	2 335 667	-	174 954	-	3 904 142
Interest settlement	(885 891)	(2 880 498)	-		-	(3 766 389)
Commission accrued	(408 359)	(131 809)	-	-	-	(540 168)
Interest accrued	24 849	180 856	-	-	-	205 705
Carrying amount at 31 December 2022	**19 113 740**	**25 483 091**	**-**	**2 918 440**	**11 422 917**	**58 938 188**
Proceeds	36 954 000	8 652 114	7 345 000	-	5 792	52 956 906
Settlement	(14 943 000)	(17 505 181)	-	(961 206)	-	(33 409 387)
New lease contracts	-	-	-	575 093	-	575 093
Lease disposal	-	-	-	(151 663)	-	(151 663)
Modification of lease contracts	-	-	-	332 786	-	332 786
Interest expense	3 468 695	3 209 660	203 528	187 417	-	7 069 300
Interest settlement	(3 105 434)	(3 466 504)	(203 528)	-	-	(6 775 466)
Commission accrued	(1 295 842)	(81 567)	(51 008)	-	-	(1 428 417)
Interest accrued	74 385	75 695	-	-	-	150 080
Carrying amount at 31 December 2023	**40 266 544**	**16 367 308**	**7 293 992**	**2 900 867**	**11 428 709**	**78 257 420**

Modification of lease contracts mostly relates to extension of lease term.

(28) Related party transactions

In the annual report there are presented only those related parties with whom have been transactions the reporting year or in the comparative period

Group's transactions

	Transactions in 2023 EUR	Transactions in 2022 EUR
Shareholders		
Interest paid	51 556	24 235
Key management personnel		
Interest paid	683	-
Other related companies		
Services received	4 250	3 900

Notes (continued)

(28) Related party transactions (continued)

Parent company transactions

	Transactions in 2023 EUR	Transactions in 2022 EUR
Shareholders		
Interest paid	51 556	24 235
Key management personnel		
Interest paid	683	-
Subsidiaries		
Interest received	484 438	131 324
Services delivered	6 780	12 107
Goods sold	186 427	591
Other related companies		
Services received	4 250	3 900

Loans granted to subsidiaries

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
ViziaFinance SIA	-	-	1 299 876	4 262 780
DelfinGroup UAB			298 216	-
ECL allowance for loans granted to subsidiaries			(20 976)	(69 515)
Long-term loans to related companies, total	**-**	**-**	**1 577 116**	**4 193 265**
ViziaFinance SIA	-	-	397 876	77 454
DelfinGroup UAB			1 095	-
Short-term loans to related companies, total	**-**	**-**	**398 971**	**77 454**
Loans to related companies, total	**-**	**-**	**1 976 087**	**4 270 719**

The interest rate on loans to related companies 13.5%. All loans and other claims denominated in euro. The Company has no debt overdue.

Bonds issued to shareholders of the related companies

	Group 31.12.2023 EUR	Group 31.12.2022 EUR	Company 31.12.2023 EUR	Company 31.12.2022 EUR
Key management personnel	20 000	-	20 000	-
Shareholders	300 000	200 000	300 000	200 000
Long-term part of bonds issued to shareholders of the related companies, total	**320 000**	**200 000**	**320 000**	**200 000**
Shareholders	307 000	307 000	307 000	307 000
Short-term part of bonds issued to shareholders of the related companies, total	**307 000**	**307 000**	**307 000**	**307 000**
Bonds issued to related companies, total	**627 000**	**507 000**	**627 000**	**507 000**

Notes (continued)

(29) Shares held by members of Management Board and Supervisory Board

a) Shares held by members of Management Board

	31 December 2023 Shares	31 December 2022 Shares
Didzis Ādmīdiņš	605 000	600 000
Aldis Umblejs	11 650	4 910
Sanita Pudnika	5 050	50
Nauris Bloks	-	n/a

* Member of the Board since 08.06.2023

b) Shares held by members of Supervisory Board

	31 December 2023 Shares	31 December 2022 Shares
Agris Evertovskis (through ownership of LLC *EC finance* and LLC *AE Consulting*)	10 667 984	12 317 974
Jānis Pizičs	7 916	6 666
Mārtiņš Bičevskis	2 750	-
Gatis Kokins	1 250	500
Edgars Voļskis	1 250	-

(30) Segment information

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

Pawn loan segment	Handling pawn loan issuance, sale of pawn shop items in the branches and online.
Retail of pre-owned goods	Sale of pre-owned goods in the branches and online purchased from customers.
Consumer loan segment	Handling consumer loans to customers, debt collection activities and debt sales to external debt collection companies.
Other operations segment	Providing loans for real estate development, general administrative services to the companies of the Group, transactions with related parties.

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:

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)

Notes (continued)

(31) 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 2nd 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 2nd 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.
On 14 December 2023, the Company signed an agreement for the pledge of bank accounts and balances in the amount of EUR 454 500 as part of the collateral with 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).

(32) Fair value of financial assets and financial liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and option pricing models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, other premiums used in estimating discount rates, and expected price volatilities.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Examples of instruments involving significant unobservable inputs include the valuation of pawn loan portfolio. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Also set out below is a comparison by class of the carrying amounts and fair values of the Company's and the Group's financial instruments that are not carried at fair value in the Consolidated balance sheet. The table does not include the fair values of non-financial assets and non-financial liabilities.

Notes (continued)

(32) Fair value of financial assets and financial liabilities (continued)

The Group

At 31 December 2023		Fair value hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total fair value**	**Carrying value**
Assets for which fair values are disclosed					
Cash and cash equivalents	5 928 570	-	-	**5 928 570**	**5 928 570**
Loans and receivables					
Unsecured loans	-	-	87 747 749	**87 747 749**	**84 040 864**
Other financial assets	-	-	1 148 887	**1 148 887**	**1 148 887**
Assets which are accounted at fair value					
Loans and receivables					
Pawn loans	-	-	7 442 081	**7 442 081**	**7 442 081**
Liabilities for which fair values are disclosed					
Bonds issued	-	-	41 827 132	**41 827 132**	**40 266 544**
Loans from credit institutions	-	-	7 357 318	**7 357 318**	**7 293 992**
Other borrowings	-	-	30 545 665	**30 545 665**	**29 410 334**
Trade payables	-	-	1 011 347	**1 011 347**	**1 011 347**

At 31 December 2022		Fair value hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total fair value**	**Carrying value**
Assets for which fair values are disclosed					
Cash and cash equivalents	2 369 029	-	-	**2 369 029**	**2 369 029**
Loans and receivables					
Unsecured loans	-	-	60 976 977	**60 976 977**	**61 195 440**
Other financial assets	-	-	875 316	**875 316**	**875 316**
Assets which are accounted at fair value					
Loans and receivables					
Pawn loans	-	-	6 322 367	**6 322 367**	**6 322 367**
Liabilities for which fair values are disclosed					
Bonds issued	-	-	19 411 077	**19 411 077**	**19 113 740**
Other borrowings	-	-	33 486 167	**33 486 167**	**34 860 758**
Trade payables	-	-	856 429	**856 429**	**856 429**

Notes (continued)

(32) Fair value of financial assets and financial liabilities (continued)

The Company

At 31 December 2023			Fair value hierarchy		
	Level 1	Level 2	Level 3	Total fair value	Carrying value
Assets for which fair values are disclosed					
Cash and cash equivalents	4 914 794	-	-	**4 914 794**	**4 914 794**
Loans and receivables					
Unsecured loans	-	-	64 226 604	**64 226 604**	**64 554 950**
Other financial assets	-	-	735 843	**735 843**	**735 843**
Assets which are accounted at fair value					
Loans and receivables					
Pawn loans	-	-	7 437 284	**7 437 284**	**7 437 284**
Liabilities for which fair values are disclosed					
Bonds issued	-	-	41 827 132	**41 827 132**	**40 266 544**
Loans from credit institutions	-	-	7 357 318	**7 357 318**	**7 293 992**
Other borrowings	-	-	16 674 923	**16 674 923**	**16 367 308**
Trade payables	-	-	933 489	**933 489**	**933 489**

At 31 December 2022			Fair value hierarchy		
	Level 1	Level 2	Level 3	Total fair value	Carrying value
Assets for which fair values are disclosed					
Cash and cash equivalents	2 000 924	-	-	**2 000 924**	**2 000 924**
Loans and receivables					
Unsecured loans	-	-	42 065 686	42 065 686	**43 120 817**
Other financial assets	-	-	557 394	557 394	**557 394**
Assets which are accounted at fair value					
Loans and receivables					
Pawn loans	-	-	6 322 367	6 322 367	**6 322 367**
Liabilities for which fair values are disclosed					
Bonds issued	-	-	19 411 077	**19 411 077**	**19 113 740**
Other borrowings	-	-	24 930 902	**24 930 902**	**25 483 091**
Trade payables	-	-	795 123	**795 123**	**795 123**

Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for assets accounted at fair value in Level 3 of the fair value hierarchy.

The Group and the Company

2023	**Group**	**Company**
Balance at 1 January	6 322 367	6 322 367
Total gains or losses:		
Interest income	7 001 427	7 001 411
Other income	1 102 606	1 102 606
Issues	23 380 209	23 385 006
Settlements	(30 364 528)	(30 374 106)
Balance at 31 December	7 442 081	7 437 284

2022	**Group**	**Company**
Balance at 1 January	4 059 372	4 059 372
Total gains or losses:		
Interest income	5 963 753	5 963 753
Other income	736 791	736 791
Issues	19 566 870	19 566 870
Settlements	(24 004 419)	(24 004 419)
Balance at 31 December	6 322 367	6 322 367

Notes (continued)

(32) Fair value of financial assets and financial liabilities (continued)

Unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used at 31 December 2023 and 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of financial instrument	**Fair values at 31 December**	**Valuation technique**	**Significant unobservable input**	**Range of estimates for unobservable input**	**Fair value measurement sensitivity to unobservable inputs**
Pawn loans	2023: 7 442 081 (2022: 6 322 368)	Discounted cash flow	Sales costs Discount rate Expected return for cash-flows Sales margin cap	2023: 8% - 28% (2022: 12%-32%) 2023: 9%-190% (2022: 6%-190%) 2023: (28%-33%) (2022: 21%-34%) 2023: (65%-85%) (2022: 5%-85%)	Significant increases in any of these inputs in isolation would result in lower fair values.

Significant unobservable inputs are developed as follows:

- Sales costs and sale margins are derived from historical trends. Sales costs reflect the costs associated with the sale of the collateral taken over and include salaries, branch expenses, marketing and others. Sales margin cap sets the limits to the amounts of margin that are collected on sales.
- Expected cash flows are derived from the entity's business plan and from historical comparison between plans and actual results.

The effect of unobservable inputs on fair value measurement

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects.

	Effect on profit or loss	
	Favorable	**(Unfavorable)**
31 December 2023		
Pawn loans	636 273	(721 024)
31 December 2022		
Pawn loans	563 382	(609 604)

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation of pawn loans have been calculated by recalibrating the model values using unobservable inputs – sales costs, discount rate, expected return and sales margin cap.
Key inputs and assumptions used in the models at 31 December 2023 included:
- the average monthly discount rate of 15.1% (with reasonably possible alternative assumptions of 14.1% and 16.1%) (2022: 15.9%, 14.9% and 16.9% respectively)
- cumulative average expected return of 30.4% (with reasonably possible alternative assumptions of 28.5% and 32.4%) (2022: 32%, 30% and 34% respectively)
- average sales margin cap of 85% (with reasonably possible alternative assumptions of 65% and 105%) (2022: 85%, 65% and 105% respectively)
- average sales costs of 18% (with reasonably possible alternative assumptions of 8% and 28%) (2022: 22%, 12% and 32% respectively)

Collateral for pawn loans

Pawn loans made by the Group are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The following table sets out the principal types of collateral held against pawn loans:

	2023	**2022**
Goods	3 301 862	2 983 697
Gold	4 140 219	3 338 670
TOTAL	**7 442 081**	**6 322 367**

Notes (continued)

(32) Fair value of financial assets and financial liabilities (continued)

The following tables stratify credit exposures for pawn loans by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for goods is determined on the collateral value at origination.

LTV ratio	2023	2022
Goods		
Less than 50%	154 428	126 633
51–70%	1 442 159	1 557 218
71–90%	1 282 233	1 208 955
91–100%	303 328	60 295
More than 100%	119 714	30 596
Total	**3 301 862**	**2 983 697**

The value of the collateral for gold is determined based on the market price of gold at the date of origination of loans and can be up to 95% of market price of gold.

(33) Analysis of financial liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Company's and the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

The Group

As at 31 December 2023	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	Carrying value
Financial liabilities						
Bonds issued	909 416	14 212 652	39 239 108	-	**54 361 176**	**40 266 544**
Loans from credit institutions	162 521	812 606	8 396 202	-	**9 371 329**	**7 293 992**
Other borrowings	4 193 304	9 754 429	21 430 370	-	**35 378 103**	**29 410 334**
Lease liabilities	281 241	808 782	2 010 139	886 674	**3 986 836**	**3 168 456**
Trade payables	1 011 347	-	-	-	**1 011 347**	**1 011 347**
Total undiscounted financial liabilities	**6 557 829**	**25 588 469**	**71 075 819**	**886 674**	**104 108 791**	**81 150 673**

As at 31 December 2022	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	Carrying value
Financial liabilities						
Bonds issued	311 087	16 775 016	5 401 476	-	**22 487 579**	**19 113 740**
Other borrowings	4 906 939	13 104 928	20 943 662	44 378	**38 999 907**	**34 860 758**
Lease liabilities	199 570	534 112	1 696 267	796 828	**3 226 777**	**2 918 440**
Trade payables	856 429	-	-	-	**856 429**	**856 429**
Total undiscounted financial liabilities	**6 274 025**	**30 414 056**	**28 041 405**	**841 206**	**65 570 692**	**57 749 367**

Notes (continued)

(33) Analysis of financial liabilities by remaining contractual maturities (continued)

The Company

As at 31 December 2023	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**	**Carrying value**
Financial liabilities						
Bonds issued	909 416	14 212 652	39 239 108	-	**54 361 176**	**40 266 544**
Loans from credit institutions	162 521	812 606	8 396 202	-	**9 371 329**	**7 293 992**
Other borrowings	2 355 404	5 479 120	12 037 565	-	**19 872 088**	**16 367 308**
Lease liabilities	264 670	758 892	1 752 690	886 674	**3 662 926**	**2 900 867**
Trade payables	933 489	-	-	-	**933 489**	**933 489**
Total undiscounted financial liabilities	**4 625 500**	**21 263 270**	**61 425 565**	**886 674**	**88 201 008**	**67 762 200**

As at 31 December 2022	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**	**Carrying value**
Financial liabilities						
Bonds issued	311 087	16 775 016	5 401 476	-	**22 487 579**	**19 113 740**
Other borrowings	3 640 638	9 723 026	15 538 870	32 926	**28 935 460**	**25 483 091**
Lease liabilities	199 570	534 112	1 696 267	796 828	**3 226 777**	**2 918 440**
Trade payables	795 123	-	-	-	**795 123**	**795 123**
Total undiscounted financial liabilities	**4 946 418**	**27 032 154**	**22 636 613**	**829 754**	**55 444 939**	**48 310 394**

(34) Subsequent events

Management has evaluated subsequent events up to the date of issuance of these financial statements and has determined that there have been no significant subsequent events that would require recognition or disclosure in these financial statements.

Didzis Ādmīdiņš Chairman of the Board	**Aldis Umblejs** Board Member	**Sanita Pudnika** Board Member	**Nauris Bloks** Board Member	**Inta Pudāne** Chief accountant

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

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Independent Auditors' Report

To the shareholders of DelfinGroup AS

Report on the Audit of the Separate and Consolidated Financial Statements

Our Opinion on the Separate and Consolidated Financial Statements

We have audited the accompanying separate financial statements of DelfinGroup AS ("the Company") and accompanying consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 18 to 59 of the accompanying separate and consolidated Annual Report, which comprise:

- the separate and consolidated balance sheet as at 31 December 2023,
- the separate and consolidated statement of profit or loss for the year then ended,
- the separate and consolidated statement of changes in equity for the year then ended,
- the separate and consolidated cash flows statement for the year then ended, and
- the notes to the separate and consolidated financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and the Group, respectively as at 31 December 2023, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Separate and Consolidated Financial Statements* section of our report.

We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code) and the independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Impairment allowances for Loans and receivables issued without pledge (separate and consolidated financial statements)</td></tr>
<tr><td colspan="2">Group's consolidated financial statements

The gross amount of Loans and receivables issued without pledge as at 31 December 2023: EUR 88 388 thousand (31 December 2022: EUR 65 607 thousand); impairment losses on Loans and receivables recognised in 2023: EUR 10 687 thousand (in 2022: EUR 6 161 thousand); total impairment allowance as at 31 December 2023: EUR 6 804 thousand (31 December 2022: EUR 4 411 thousand).

Company's separate financial statements

The gross amount of Loans and receivables as at 31 December 2023: EUR 64 563 thousand (31 December 2022: EUR 45 754 thousand); impairment losses on Loans and receivables recognised in 2023: EUR 6 490 thousand (in 2022: EUR 3 508 thousand); total impairment allowance as at 31 December 2023: EUR 4 228 thousand (31 December 2022: EUR 2 633 thousand).

We refer to the separate and consolidated financial statements: Note 2 (m) (Material accounting policies), (s1.2) (Financial risk management), (t) (Significant assumptions and estimates), Note 16.</td></tr>
<tr><td>Key audit matter</td><td>How we addressed the key audit matter</td></tr>
<tr><td>Loans and receivables issued without pledge, collectively represent approximately 78% of the Group's assets as at 31 December 2023 (31 December 2022: approximately 79%) and approximately 71% of the Company's assets as at 31 December 2023 (31 December 2022: approximately 68%). The Group offers unsecured loan products issued to private individuals.

In accordance with IFRS 9, the Company and the Group calculates impairment allowance based on expected credit losses ("ECLs"). ECLs are estimated mainly based on the historical pattern of losses and changes in loan risk characteristics based on qualitative and quantitative indicators such as the probability of default ("PD") and loss given default ("LGD"). The Company and the Group incorporates forward looking information into modelling techniques applied.

Impairment allowance represents the Management's best estimate of the</td><td>Our procedures in the area performed in coordination with our own financial risk modelling specialists and information technology (IT) specialists included, among others:

• inspecting the Group's expected credit loss ("ECL") methodology and assessing its compliance with the relevant requirements of IFRS 9;

• testing selected key controls over the approval and recording and monitoring of loans;

• assisted by our own IT specialists, testing the application and general IT controls related to the ECL estimation process including calculation of days past due and the scripts used in determining ECL;

• assessing the definition of default and the staging criteria and their consistent application by evaluating these against the requirements of IFRS 9;</td></tr>
</table>

expected credit losses related the Loans and receivables issued without pledge as at the reporting date and requires significant judgments. Due to the above factors, we consider the area to be associated with a significant risk of material misstatement, which requires our increased attention in the audit. As such, we determined it to be a key audit matter.	• independently assessing and challenging the forward-looking information used in the ECL model, by means of corroborating inquiries of the Management and inspection of publicly available information; • challenging LGD and PD parameters, by assessing historical default levels and by reference to historical realized losses on defaults and loan sales; • assessing the adequacy of the Company's and the Group's disclosures on the loss allowances, credit risk management in the notes to the separate and consolidated financial statements.

Fair value measurement of pawn loans (separate and consolidated financial statements)

Group's consolidated financial statements

The carrying amount of pawn loans as at 31 December 2023: EUR 7 442 thousand (31 December 2022: EUR 6 322 thousand). Income recognised from pawn loans in 2023: EUR 8 104 thousand (in 2022: EUR 6 701 thousand).

Company's separate financial statements

The carrying amount of pawn loans as at 31 December 2023: EUR 7 437 thousand (31 December 2022: EUR 6 322 thousand). Income recognised from pawn loans in 2023: EUR 8 104 thousand (in 2022: EUR 6 701 thousand).

We refer to the separate and consolidated financial statements: Note 2 (e) and (m) (Material accounting policies), (t) (Significant assumptions and estimates), Note 16 and Note 32.

Key audit matter	***How we addressed the key audit matter***
The Company and the Group have a significant balance of pawn loans. The Company and the Group measures pawn loans at fair value, with all changes therein recorded in profit or loss as a consequence of significant management judgment applied relating to these loans not meeting the solely payments of principal and interest (SPPI) criteria set out in IFRS 9. The valuation of the Company's and Group's pawn loans measured at fair value involves significant judgements and estimates made by the management using the input from internal valuation of collaterals, particularly in relation to sensitivity of assumptions	Our procedures included, among others: • assessing the management judgment made in relation to assessment of compliance with solely payments of principal and interest criteria for pawn loans by inspecting the general terms and conditions applied to pawn loans, inspecting statistic relating to past outcomes for defaulted pawn loans in relation to realisation of collateral; • based on our understanding of the Company's and Group's approach to valuation of pawn loans, assessing the applied valuation methodology against

regarding selling costs of collateral, discount rates and cash flow projections. Due to the above factors, we consider the area to be associated with a significant risk of material misstatement, which requires our increased attention in the audit. As such, we determined it to be a key audit matter.	the requirements of IFRS 13 Fair Value Measurement; • using our own internal valuation specialists, challenging the valuation methods and key assumptions applied by the Company's and Group's management, including those in respect of selling costs of collateral, discount rates and cash flow projections, and performing a sensitivity analysis in respect of the above key assumptions to evaluate the effects of their potential changes on the fair values; • assessing the adequacy of the Company's and the Group's disclosures on pawn loans and the valuation techniques and significant unobservable inputs disclosed in the notes to the separate and consolidated financial statements.

Reporting on Other Information

The Company's and Group's management is responsible for the other information. The other information comprises:

— Information on the Company and subsidiaries, as set out on pages 3 to 5 of the accompanying separate and consolidated Annual Report,

— the Statement on management's responsibility, as set out on page 6 of the accompanying separate and consolidated Annual Report,

— the Management Report, as set out on pages 7 to 17 of the accompanying separate and consolidated Annual Report,

— the Statement of Corporate Governance prepared by the management as a stand-alone statement which at the date of the auditor's report s publicly available on the Group's website https://delfingroup.lv/reports,

— Remuneration Report prepared by the management as a stand-alone statement which at the date of the auditor's report s publicly available on the Group's website https://delfingroup.lv/reports.

Our opinion on the separate and consolidated financial statements does not cover the other information included in the separate and consolidated Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company, Group and their environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

— the information given in the Management report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and

— the Management report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

In accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section 56.1, first paragraph, clause 3, 4, 6, 8 and 9, as well as section 56.2, second paragraph, clause 5, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia and if it includes the information stipulated in section 56.2 second paragraph, clause 1, 2, 3, 4, 7 and 8 of the 'Financial Instruments Market Law' of the Republic of Latvia.

In our opinion, the Statement of Corporate Governance includes the information required in section 56.1, first paragraph, clause 3, 4, 6, 8 and 9, as well as section 56.2, second paragraph, clause 5, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia and it includes the information stipulated in section 56.2 second paragraph, clause 1, 2, 3, 4, 7 and 8 of the 'Financial Instruments Market Law' of the Republic of Latvia.

Furthermore, in accordance with the 'Law on Audit Services' of the Republic of Latvia our responsibility is to consider whether the Remuneration Report includes the information required in section 59.4 of the 'Financial Instruments Market Law' of the Republic of Latvia, and whether material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the Annual Report.

In our opinion, the Remuneration Report includes the information required in section 59.4 of the 'Financial Instruments Market Law' of the Republic of Latvia, and no material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the separate and consolidated Annual Report.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditors' Responsibility for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion the effectiveness of the Company's and Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities

We were appointed by shareholders on 10 June 2022 to audit the separate and consolidated financial statements of DelfinGroup AS for the year ended 31 December 2023. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2022 to 31 December 2023.

We confirm that:

— our audit opinion is consistent with the additional report presented to the Audit Committee of the Company and Group;

— as referred to in the paragraph 37.6 of the 'Law on Audit Services' of the Republic of Latvia we have not provided to the Company and Group the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity and group in conducting the audit.

For the period to which our statutory audit relates, we have not provided any services to the Company and Group in addition to the audit, which have not been disclosed in the Management report or in the separate and consolidated financial statements of the Company and the Group.

The responsible certified auditor on the audit resulting in this independent auditors' report is Rainers Vilāns.

Report on the Auditors' Examination of the European Single Electronic Format (ESEF) Report

In addition to our audit of the accompanying separate and consolidated financial statements, as included in the separate and consolidated Annual Report, we have also been engaged by the management of the Group to express an opinion on compliance of the separate and consolidated financial statements prepared in a format that enables uniform electronic reporting ("the ESEF Report") with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European

Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “RTS on ESEF”).

Responsibilities of Management and Those Charged with Governance for the ESEF Report

Management is responsible for the preparation of the separate and consolidated financial statements in a format that enables uniform electronic reporting that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the separate and consolidated financial statements in the applicable xHTML format;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

Those charged with governance are responsible for overseeing the financial reporting process.

Auditors’ Responsibility for the Examination of the ESEF Report

Our responsibility is to express an opinion on whether the ESEF report complies, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)* issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor’s judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;
- evaluating the completeness of the Group’s tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group’s use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements; and
- evaluating the appropriateness of the format of the separate and consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the ESEF Report of the Company and Group as at and for the year ended 31 December 2023 has been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

KPMG Baltics SIA
Licence No. 55

Rainers Vilāns
Member of the Board
Latvian Sworn Auditor
Certificate No. 200
Riga, Latvia
30 April 2024

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND IT HAS A TIME-STAMP