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AS “DelfinGroup”
Unaudited interim
condensed
consolidated
financial statements
for the nine-month
period ended
30 September 2022

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 (till 19.01.2021, Limited liability company)
Number, place and date of registration	40103252854 Commercial Registry Riga, 12 October 2009
Operations as classified by NACE classification code system	NACE2 64.92 Other credit granting NACE2 47.91 Retail sale via mail order houses or via Internet NACE2 47.79 Retail sale of second-hand goods in stores NACE 47.77 Retail sale of watches and jewellery in specialised stores
Address	50A Skanstes Street, Riga, LV-1013 Latvia
Names and addresses of shareholders	SIA L24 Finance (57.53%), 12 Juras Street, Liepaja, Latvia SIA AE Consulting (8.90%), 50A Skanstes Street, Riga, Latvia SIA EC finance (18.81%), 50A Skanstes Street, Riga, Latvia Other (14.76%)
Ultimate parent company	SIA L24 Finance Reg. No. 40103718685 12 Juras Street, Liepaja, Latvia
Names and positions of Board members	Didzis Ādmīdiņš – Chairman of the Board (from 19.01.2021) Aldis Umblejs – Member of the Board (from 15.12.2021) Sanita Zitmane – Member of the Board (from 01.03.2022) Agris Evertovskis – Chairman of the Board (from 12.10.2009 till 19.01.2021) Didzis Ādmīdiņš – Member of the Board (from 11.07.2014 till 19.01.2021) Kristaps Bergmanis – Member of the Board (from 11.07.2014 till 15.12.2021) Ivars Lamberts – Member of the Board (from 11.01.2018 till 28.02.2022)

**Names and positions of Supervisory Board
members**

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

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

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

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

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

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

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

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

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

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

Reporting period

1 January 2022 – 30 September 2022

Information on the Subsidiaries

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

Statement of management`s responsibility

The management of AS *DelfinGroup* (hereinafter – the Company) is responsible for the preparation of the Interim condensed consolidated financial statements for the nine-month period ended 30 September 2022 (hereinafter – interim condensed consolidated financial statements) of the Company and its subsidiaries (hereinafter – the Group).

The interim condensed consolidated financial statements set out on pages 10 to 22 are prepared in accordance with the source documents and present the financial position of the Group as of 30 September 2022 and the results of its operations, changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2022. The management report set out on pages 7 to 9 presents fairly the financial results of the reporting period and future prospects of the Group.

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

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

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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Management report

During the first nine months of 2022, Latvian financial services Group AS *DelfinGroup* reached revenues of EUR 25.7 million, a 39.5% increase compared to the same period in 2021. The Group has showed stable growth on the EBITDA level, which increased by 32.2% and reached EUR 9.3 million. During the reporting period, the Group continued to show robust growth in profitability. Accordingly, profit before taxes reached EUR 5.4 million, a 54.8% increase yearly, and net profit increased by 62%, reaching EUR 4.3 million. In the 3rd quarter, profit before taxes increased 48.7% year on year and reached EUR 1.8 million. Constant growth in all three quarters of 2022 continued in all the main segments of AS *DelfinGroup*, such as consumer lending, pawn lending, and retail of pre-owned goods.

In the 3rd quarter of 2022, demand for consumer and pawn loans remained stable; thus, by providing simple and innovative financial products, the Group was able to secure record-high loan issuance in Q3 and a nine-month period. During the first nine months of 2022, the Group issued EUR 43.7 million, a 70% increase year on year, in new consumer loans via various channels such as mobile app, web page, and branch network. Also, the lifting of Covid-19 restrictions in Latvia starting from 1 April has helped the pawn lending industry to recover and reach the pre-pandemic volumes. In AS *DelfinGroup* case, the Group has surpassed pre-pandemic volumes reaching EUR 14 million in new pawn loan issuance for nine months of 2022, which is a 50% increase compared to the same period last year. The third quarter of 2022 was the best quarter in the Group's history for new pawn loan issuance, during which EUR 5.4 million was issued in new pawn loans.

Consequently, outstanding new loan issuance resulted in a record-high net loan portfolio reaching EUR 59.7 million, an increase of 38.9% compared to the beginning of the year.

As the loan portfolio this year has grown faster than predicted, in September 2022, the Group renewed its financial goals until 2024 and added estimates for 2023 as well. Since the Group already reached the initial goal of net loan portfolio amount during Q2 of 2022, the goal was raised to EUR 62 million instead of EUR 51 million. In addition, the Group plans to reach a net loan portfolio of EUR 95 million at the end of 2024 (previously EUR 70 million). Furthermore, AS *DelfinGroup* adjusted the EBITDA target for 2022 by increasing it to EUR 12.7 million (previously EUR 12 million) and for 2024 EUR 24.5 million (previously EUR 17.6 million). The profit before tax target was decreased by EUR 1.2 million for 2022 due to the situation in capital markets where interest rates of financing have increased while the Group's loan portfolio has grown more rapidly. However, the Group forecasts higher profit before tax in 2024 and increased the target to EUR 16 million (previously EUR 12.9 million).

In the 3rd quarter of 2022, the Group continued to adhere to the promise of regular dividend distribution. Consequently, shareholders of AS *DelfinGroup* during the 3rd quarter received two dividend payments: the second part of the annual dividend payment and dividends from the profit of the 2nd quarter of 2022. As a result, the Group paid 1.86 million euros in dividends in the third quarter, namely EUR 0.041 per share. Therefore, it is expected that it will be proposed for the Shareholders' meeting to approve dividend payment from the profits of the 3rd quarter of 2022.

In July, AS *DelfinGroup* registered new unsecured bond emission in the amount of EUR 10 million with an annual coupon rate of 8.75% + 3M EURIBOR. The maturity of the bonds is 25 September 2024. The bond issue is structured as private placement with a minimum subscription amount of EUR 100 000.

In August 2022, the Group renewed its online store to sell pre-owned verified goods – *veikals.banknote.lv*. It is the largest circular economy online store with verified pre-owned, slightly pre-owned, and new goods in Latvia and other Baltic countries. It already has more than 40,000 products available, and the range of products is updated and supplemented daily. In addition, the online store offers a wide selection of mobile phones, computers, smart watches, household items, and appliances.

During the third quarter of 2022, AS *DelfinGroup* continued strengthening its leading positions in the Latvian pawnshop market and completed the takeover of the loan portfolios of six pawnshop branches of the *Finace 360* pawnshop partnership. Among them were the loan portfolios of four branches in Riga and one in Liepāja and Rēzekne.

Management report (CONTINUED)

For the second year in a row, AS *DelfinGroup* participated in the *Best Trader of Latvia* customer service quality assessment competition organised by the *Latvian Traders Association* and the *Latvian Association of Local and Regional Governments*. The expert jury praised all four *Banknote* pawn shop chain branches that joined the competition. Each of them received a favourable rating from the jury, which awarded them the honorary title of Laureate.

By implementing the business strategy and all planned activities, the following financial results of the Group were achieved in the first nine months of 2022 (profit statement items are compared to the same period of the previous year, balance sheet items are compared to the data as at 31.12.2021):

Position	EUR, million	Change, %
Net loan portfolio	59.7	+38.9
Assets	71.9	+38.1
Revenue	25.7	+39.5
EBITDA	9.3	+32.2
Profit before taxes	5.4	+54.8
Net profit	4.3	+62.0

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

Position	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Total income, EUR million	6.5	7.1	7.5	8.6	9.6
EBITDA, EUR million	2.4	3.1	2.6	3.2	3.5
EBITDA margin, %	37%	44%	35%	37%	37%
EBIT, EUR million	2.1	2.8	2.3	2.9	3.2
EBIT margin, %	33%	39%	31%	34%	34%
Profit before taxes, EUR million	1.2	1.7	1.6	2.0	1.8
Net profit, EUR million	1.0	1.6	1.4	1.2	1.7
Net profit margin, %	16%	23%	19%	14%	18%
ROE (annualised), %	46%	47%	32%	29%	39%
Current ratio	1.4	1.5	1.4	1.3	1.3

EBITDA calculation, EUR million:

Item	2022 Q3	2021 Q3
Profit before tax	1.8	1.2
Interest expenses and similar expenses	1.4	0.9
Depreciation of fixed assets and amortisation	0.3	0.3
EBITDA, EUR million	3.5	2.4

Management report (CONTINUED)

As for compliance with the Issue Terms of notes issue ISIN LV0000850048, ISIN LV0000802536 and ISIN LV0000850055 the financial covenant computation is as follows:

Covenant	Value as of 30.09.2022	Compliance
to maintain a Capitalization Ratio at least 25%	29%	yes
to maintain consolidated ICR of at least 1.25 times, calculated on the trailing 12 month basis	2.7	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.	1.7	yes

Branches

As at 30 September 2022, the Group had 92 branches in 38 cities in Latvia (31.12.2021 - 93 branches in 38 cities).

Risk management

The Group is not exposed to foreign exchange rate risk because the basic transaction currency is the Euro. Majority of the funding of the Group consists of fixed coupon rate borrowings, so that the Group is not exposed to variable interest rate risk. Accurate application of the prudent strategies chosen has allowed the Group to successfully manage its financial risks, particularly the liquidity and credit risk. All Group transactions are performed in Latvia, the Group has no counterparties in Russia and Belarus thus the impact of the war in Ukraine and the associated sanctions has insignificant effect on the company's operations.

Distribution of the profit proposed by the Company

The Company's board recommends the distribution of Q3 2022 profit as dividends in accordance with the Company's dividend policy, which sets the target of 50% quarterly dividend payout.

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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Interim condensed consolidated Statement of profit or loss for the nine-month period ended 30 September 2022

	Notes	For 9 months ended 30 September		For 3 months ended 30 September	
		2022	2021	2022	2021
		EUR	EUR	EUR	EUR
Net sales	(2)	5 455 012	4 059 551	2 059 897	1 368 356
Cost of sales		(3 465 276)	(2 611 406)	(1 311 680)	(848 792)
Interest income and similar income	(3)	20 204 187	14 339 594	7 504 133	5 094 562
Interest expenses and similar expenses	(4)	(3 037 207)	(2 781 810)	(1 390 044)	(918 315)
Credit loss expenses		(4 010 512)	(1 919 570)	(1 672 601)	(931 754)
Gross profit		15 146 204	11 086 359	5 189 705	3 764 057
Selling expenses	(5)	(5 381 741)	(4 292 297)	(1 938 703)	(1 524 280)
Administrative expenses	(6)	(4 102 487)	(3 013 275)	(1 476 781)	(1 018 494)
Other operating income		67 495	56 300	20 844	29 037
Other operating expenses		(343 384)	(356 937)	29 527	(23 247)
Profit before corporate income tax		5 386 087	3 480 150	1 824 592	1 227 073
Corporate income tax expenses		(1 083 695)	(824 100)	(153 621)	(201 091)
Net profit for the reporting period		4 302 392	2 656 050	1 670 971	1 025 982
Earnings per share	(7)	0.095	0.066	0.037	0.026

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

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Interim condensed consolidated Balance sheet as at 30 September 2022

Assets		Group 30 September 2022	Group 31 December 2021
	Notes	EUR	EUR
Non-current assets:			
Intangible assets:			
Patents, licences, trademarks and similar rights		159 233	64 037
Internally developed software		390 972	376 816
Other intangible assets		95 573	50 669
Goodwill		127 616	127 616
Advances on intangible assets		54 828	18 834
Total intangible assets:		828 222	637 972
Property, plant and equipment:			
Land, buildings, structures and perennials		184 323	169 906
Investments in property, plant and equipment		184 595	186 681
Right-of-use assets		2 783 336	2 972 570
Other fixtures and fittings, tools and equipment		189 411	206 604
Total property, plant and equipment		3 341 665	3 535 761
Non-current financial assets:			
Loans and receivables	(8)	39 927 274	28 569 431
Total non-current financial assets:		39 927 274	28 569 431
Total non-current assets:		44 097 161	32 743 164
Current assets:			
Inventories:			
Finished goods and goods for sale		2 698 988	1 949 490
Total inventories:		2 698 988	1 949 490
Receivables:			
Loans and receivables	(8)	19 748 859	14 392 319
Other debtors		949 964	352 269
Deferred expenses		383 136	167 436
Total receivables:		21 081 959	14 912 024
Cash and cash equivalents		4 009 909	2 459 862
Total current assets:		27 790 856	19 321 376
Total assets		71 888 017	52 064 540

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Chairman of the Board

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Board Member

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Interim condensed consolidated Balance sheet as at 30 September 2022

Liabilities and equity		Group 30 September 2022	Group 31 December 2021
Equity:	Notes	EUR	EUR
Share capital		4 531 959	4 531 959
Share premium		6 890 958	6 890 958
Retained earnings	(9)	5 665 919	5 954 404
Total equity:		17 088 836	17 377 321
Liabilities:			
Long-term liabilities:			
Bonds issued	(10)	18 326 429	10 825 162
Other borrowings	(11)	13 353 718	8 086 468
Lease liabilities for right-of-use assets		2 488 592	2 652 498
Total long-term liabilities:		34 168 739	21 564 128
Short-term liabilities:			
Bonds issued	(10)	21 856	13 003
Other borrowings	(11)	18 001 673	10 487 168
Lease liabilities for right-of-use assets		608 025	652 699
Trade payables		721 356	805 784
Taxes and social insurance		465 367	398 268
Accrued liabilities		812 165	766 169
Total short-term liabilities:		20 630 442	13 123 091
Total liabilities		54 799 181	34 687 219
Total liabilities and equity		71 888 017	52 064 540

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

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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Interim condensed consolidated Statement of changes in equity for the nine-month period ended 30 September

	Notes	Share capital EUR	Share premium EUR	Retained earnings EUR	Total EUR
As at 01 January 2021		4 000 000	-	5 453 709	9 453 709
Dividends paid	(9)	-	-	(3 211 026)	(3 211 026)
Profit for the reporting period		-	-	2 656 050	2 656 050
As at 30 September 2021		4 000 000	-	4 898 733	8 898 733
As at 01 January 2022		4 531 959	6 890 958	5 954 404	17 377 321
Dividends paid	(9)	-	-	(4 590 877)	(4 590 877)
Profit for the reporting period		-	-	4 302 392	4 302 392
As at 30 September 2022		4 531 959	6 890 958	5 665 919	17 088 836

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

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Interim condensed consolidated statement of cash flows for the nine-month period ended 30 September 2022

Notes	For 9 months ended 30 September 2022 EUR	For 9 months ended 30 September 2021 EUR
<u>Cash flow from operating activities</u>		
Profit before corporate income tax	5 386 087	3 480 150
Adjustments for non-cash items:		
a) depreciation of fixed assets and amortisation of intangible assets	321 682	190 106
b) depreciation of right-of-use assets	563 499	588 661
c) credit loss expenses	4 010 512	1 919 570
d) cessation results	44 452	237 384
e) interest income and similar income	(20 204 187)	(14 339 594)
f) interest expenses and similar expenses	(3) 3 037 207	(4) 2 781 810
Profit before adjustments of working capital and short-term liabilities	(6 840 748)	(5 141 913)
Change in operating assets/liabilities:		
a) (Increase) on loans and receivables and other debtors	(21 398 927)	(5 348 472)
b) (Increase) on inventories	(749 498)	(263 297)
c) (Decrease)/increase on trade payable and accrued liabilities	40 409	(172 522)
Gross cash flow from operating activities	(28 948 764)	(10 926 204)
Interest received	20 065 175	14 167 147
Interest paid	(3 531 521)	(3 001 248)
Corporate income tax payments	(979 191)	(754 536)
Net cash flow from operating activities	(13 394 301)	(514 841)
<u>Cash flow from investing activities</u>		
Acquisition of fixed assets, intangibles	(507 421)	(142 372)
Loans issued (other than core business of the Company)	-	(98 880)
Loans repaid (other than core business of the Company)	-	573 364
Net cash flow from investing activities	(507 421)	332 112
<u>Cash flow from financing activities</u>		
Loans received	26 969 610	13 081 355
Loans repaid	(13 689 078)	(15 974 758)
Bonds issued	7 561 205	5 114 000
Repurchase of bonds	(100 000)	(230 000)
Repayment of lease liabilities	(699 091)	(648 250)
Dividends paid	(4 590 877)	(3 211 026)
Net cash flow from financing activities	15 451 769	(1 868 679)
Net cash flow of the reporting period	1 550 047	(2 051 408)
Cash and cash equivalents at the beginning of the reporting period	2 459 862	4 591 954
Cash and cash equivalents at the end of the reporting period	4 009 909	2 540 546

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

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Chairman of the Board

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Notes

(1) Accounting policies

Basis of preparation

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

The interim condensed consolidated financial statements for the nine-months ended 30 September 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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

These interim condensed consolidated financial statements are prepared and disclosed on a consolidated basis. The following subsidiaries are included in the consolidation: SIA *ViziaFinance* (100%) for the period ended 30 September 2022.

Restatement in comparative figures

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

The aforementioned corrections were performed by restating each of the affected financial statements line items for the prior 9 months ended 30 September period, as follows:

Statement of profit or loss

	Reference	Before restatement for 9 months ended 30 September 2021	Restatement	After restatement for 9 months ended 30 September 2021
Net sales		4 059 551	-	4 059 551
Cost of sales		(2 611 406)	-	(2 611 406)
Interest income and similar income		14 339 594	-	14 339 594
Interest expenses and similar expenses	(a), (b)	(2 745 923)	(35 887)	(2 781 810)
Credit loss expense	(b)	(1 883 160)	(36 410)	(1 919 570)
Gross profit		11 158 656	(72 297)	11 086 359
Selling expenses		(4 292 297)	-	(4 292 297)
Administrative expenses	(a)	(3 085 572)	72 297	(3 013 275)
Other operating income		56 300	-	56 300
Other operating expenses		(356 937)	-	(356 937)
Profit before corporate income tax		3 480 150	-	3 480 150
Corporate income tax expenses		(824 100)	-	(824 100)
Net profit for the reporting period		2 656 050	-	2 656 050

Notes (continued)

(1) Accounting policies (continued)

The aforementioned corrections were performed by restating each of the affected financial statements line items for the prior 3 months ended 30 September period, as follows:

Statement of profit or loss

	Reference	Before restatement for 3 months ended 30 September 2021	Restatement	After restatement for 3 months ended 30 September 2021
Net sales		1 368 356	-	1 368 356
Cost of sales		(848 792)	-	(848 792)
Interest income and similar income		5 094 562	-	5 094 562
Interest expenses and similar expenses	(a), (b)	(884 797)	(33 518)	(918 315)
Credit loss expense	(b)	(932 663)	909	(931 754)
Gross profit		3 796 666	(32 609)	3 764 057
Selling expenses		(1 524 280)	-	(1 524 280)
Administrative expenses	(a)	(1 051 103)	32 609	(1 018 494)
Other operating income		29 037	-	29 037
Other operating expenses		(23 247)	-	(23 247)
Profit before corporate income tax		1 227 073	-	1 227 073
Corporate income tax expenses		(201 091)	-	(201 091)
Net profit for the reporting period		1 025 982	-	1 025 982

Notes (continued)

(2) Net sales

Net revenue by type of revenue

	For 9 months ended 30 September		For 3 months ended 30 September	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Income from sales of goods	4 273 376	3 107 338	1 657 932	1 131 707
Income from sales of precious metals	646 815	508 167	186 054	82 625
Other income, loan and collateral realisation and storage commission	534 821	444 046	215 911	154 024
	5 455 012	4 059 551	2 059 897	1 368 356

All net sales are generated in Latvia.

(3) Interest income and similar income

	For 9 months ended 30 September		For 3 months ended 30 September	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Interest revenue calculated using effective interest rate:				
Interest income on unsecured loans	16 291 572	10 932 858	5 997 486	3 637 957
Interest income on secured loans	3 912 316	3 402 229	1 506 555	1 456 259
Interest income on loans to vehicle pledges	299	4 507	92	346
	20 204 187	14 339 594	7 504 133	5 094 562

(4) Interest expenses and similar expenses

	For 9 months ended 30 September		For 3 months ended 30 September	
	2022	2021	2022	2021
	EUR	EUR	EUR	(restated, Note 1) EUR
Interest expense on other borrowings	1 797 170	1 041 982	910 816	234 522
Bonds' coupon expense	1 105 880	1 582 624	435 880	631 630
Interest expense on lease liabilities for leased premises	132 772	155 062	42 962	51 516
Interest expense lease liabilities for leased vehicles	1 054	1 964	277	1 375
Net loss on foreign exchange	331	178	109	(728)
	3 037 207	2 781 810	1 390 044	918 315

(5) Selling expenses

	For 9 months ended 30 September		For 3 months ended 30 September	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Salary expenses	2 176 439	1 867 150	791 535	682 962
Advertising	570 499	483 426	201 480	162 875
Social insurance	511 061	438 180	185 726	160 349
Depreciation of right-of-use assets - premises	476 136	487 825	162 985	162 782
Non-deductible VAT	345 652	247 408	138 918	97 424
Depreciation of fixed assets	321 682	190 106	112 567	59 166
Maintenance expenses	277 171	194 928	108 728	64 757
Utilities expenses	207 185	199 423	76 094	81 832
Transportation expenses	84 008	66 739	29 811	25 999
Provisions for unused annual leave	29 924	1 977	(14 066)	(21 797)
Depreciation of right-of-use assets - motor vehicles	15 002	23 255	3 953	7 111
Other expenses	366 982	91 880	140 972	40 820
	5 381 741	4 292 297	1 938 703	1 524 280

Notes (continued)

(6) Administrative expenses

	For 9 months ended 30 September		For 3 months ended 30 September	
	2022	2021	2022	2021 (restated, Note 1)
	EUR	EUR	EUR	EUR
Salary expenses	2 451 398	1 825 477	893 548	664 957
Social insurance	560 428	429 300	193 764	156 446
Bank commission	486 762	298 169	185 622	109 528
Communication expenses	122 312	68 888	38 849	17 993
Legal advice	105 620	51 543	35 892	(1 557)
State fees and duties, licence expenses	102 446	110 991	34 651	52 833
Depreciation of right-of-use assets - premises	70 436	70 436	23 479	23 479
Provisions for unused annual leave	51 050	15 246	8 244	(18 675)
Audit expenses	20 920	19 552	13 920	3 302
Depreciation of right-of-use assets - motor vehicles	1 925	7 145	-	2 381
Other administrative expenses	129 190	116 528	48 812	7 807
	4 102 487	3 013 275	1 476 781	1 018 494

(7) Earnings per share

Earnings per share are calculated by dividing the net result for the year after taxation attributable to shareholders by the weighted average number of shares in issue during the year. The table below presents the income and share data used in the computations of basic earnings per share for the Group:

	For 9 months ended 30 September		For 3 months ended 30 September	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
Net profit attributed to shareholders	4 302 392	2 656 050	1 670 971	1 025 982
Weighted average number of shares	45 319 594	40 000 000	45 319 594	40 000 000
Earnings per share	0.095	0.066	0.037	0.026

There is no dilution effect on weighted average number of shares for nine-months period ended 30 September 2022 and 2021.

(8) Loans and receivables

a) Loans and receivables by loan type

	Group	Group
	30 September 2022 EUR	31 December 2021 EUR
Debtors for loans issued against pledge		
Long-term debtors for loans issued against pledge	196 813	95 058
Short-term debtors for loans issued against pledge	4 444 527	3 112 513
Interest accrued for loans issued against pledge	183 479	164 698
Debtors for loans issued against pledge, total	4 824 819	3 372 269
Debtors for loans issued without pledge		
Long-term debtors for loans issued without pledge	39 730 461	28 474 373
Short-term debtors for loans issued without pledge	16 996 553	13 078 077
Interest accrued for loans issued without pledge	1 316 094	1 195 863
Debtors for loans issued without pledge, total	58 043 108	42 748 313
Loans and receivables before allowance, total	62 867 927	46 120 582
ECL allowance on loans to customers	(3 191 794)	(3 158 832)
Loans and receivables	59 676 133	42 961 750

Notes (continued)

(8) Loans and receivables

Loans and receivables by loan type (continued)

All loans are issued in euros. Weighted average term for consumer loans is 3.0 years and for pawn loans is one month.

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

The claims in the amount of EUR 4 824 819 (31.12.2021: EUR 3 372 269) are secured by the value of the collateral. Claims against debtors for loans issued against pledge are secured by pledges, whose fair value is higher than the carrying value, therefore provisions for secured overdue loans are not made.

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

An analysis of changes in the gross carrying value for loans issued and corresponding ECL during the nine-month period ended 30 September 2022 is as follows:

Group	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2022	42 897 818	1 673 709	1 524 577	24 478	46 120 582
New assets originated or purchased	57 707 331	-	-	-	57 707 331
Assets settled or partly settled	(32 712 369)	(3 610 944)	(993 269)	(24 478)	(37 341 060)
Assets written off	(14 321)	(2 203 956)	(1 603 166)	-	(3 821 443)
Effect of interest accruals	399 723	22 444	(219 650)	-	202 517
Transfers to Stage 1	638 784	(574 866)	(63 918)	-	-
Transfers to Stage 2	(9 091 051)	9 097 166	(6 115)	-	-
Transfers to Stage 3	(722 478)	(1 879 273)	2 601 751	-	-
At 30 September 2022	59 103 437	2 524 280	1 240 210	-	62 867 927

Group	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2022	1 763 526	625 066	770 240	-	3 158 832
New assets originated or purchased	2 374 649	-	-	-	2 374 649
Assets settled or partly settled	(1 040 294)	(688 934)	(616 113)	-	(2 345 341)
Assets written off	(836)	(450 569)	(822 694)	-	(1 274 099)
Effect of interest accruals	2 413	(9 114)	(219 650)	-	(226 351)
Transfers to Stage 1	237 176	(199 253)	(37 923)	-	-
Transfers to Stage 2	(480 249)	483 889	(3 640)	-	-
Transfers to Stage 3	(53 791)	(496 300)	550 091	-	-
Impact on period end ECL due to transfers between stages and due to changes in inputs used for ECL calculations	(754 454)	1 432 721	825 837	-	1 504 104
At 30 September 2022	2 048 140	697 506	446 148	-	3 191 794

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

	Group 30 September 2022 EUR	Group 31 December 2021 EUR
Receivables not yet due	54 619 448	39 713 633
Outstanding 1-30 days	4 483 989	3 338 771
Outstanding 31-90 days	2 524 280	1 673 709
Outstanding 91-180 days	496 961	315 061
Outstanding for 181-360 days	380 461	361 973
Outstanding for more than 360 days	362 788	717 435
Total claims against debtors for loans issued	62 867 927	46 120 582

Notes (continued)

(8) Loans and receivables (continued)

d) Age analysis of ECL allowance on loans to customers:

	Group 30 September 2022 EUR	Group 31 December 2021 EUR
For trade debtors not yet due	1 561 589	1 271 700
Outstanding 1-30 days	478 681	437 588
Outstanding 31-90 days	697 506	625 066
Outstanding 91-180 days	129 567	150 816
Outstanding for 181-360 days	129 020	193 681
Outstanding for more than 360 days	195 431	479 981
Total provisions for bad and doubtful trade debtors	3 191 794	3 158 832

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

(9) Retained earnings

	For 9 months ended 30 September	
	2022 EUR	2021 EUR
Balance as at 1 January	5 954 404	5 453 709
Net profit for the period	4 302 392	2 656 050
Dividends declared and paid:		
Interim dividends of 0.0461 EUR (2021: 0.0428 EUR) per share	(2 089 235)	(1 711 026)
Annual dividend of 0.0552 EUR (2021: 0.0375 EUR) per share	(2 501 642)	(1 500 000)
Balance as at 30 September	5 665 919	4 898 733

(10) Bonds issued

	Group 30 September 2022 EUR	Group 31 December 2021 EUR
Total long-term part of bonds issued	18 326 429	10 825 162
Bonds issued	-	-
Interest accrued	21 856	13 003
Total short-term part of bonds issued	21 856	13 003
Bonds issued, total	18 326 429	10 825 162
Interest accrued, total	21 856	13 003
Bonds issued net	18 348 285	10 838 165

As of 30 September 2022, the Parent company of the Group has outstanding bonds (ISIN LV0000850048) in the amount of EUR 4 930 000, registered with the Latvia Central Depository and issued in a closed offer on 9 July 2021 on the following terms – number of financial instruments 5 000, with a nominal value 1 000 euro per each bond, coupon rate – 9.75%, coupon is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 August 2023. The bonds are not secured.

As of On September 2022, the Parent company of the Group has outstanding bonds (ISIN LV0000802536) in the amount of EUR 10 000 000, registered with the Latvia Central Depository 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 is paid once a month on the 25th date. The principal amount (EUR 1 000 per each bond) is to be repaid by 25 November 2023. The bond issue in full amount is traded on NASDAQ Baltic North Alternative market as of 21.06.2022. The bonds are not secured.

On 7 July 2022 the Parent company of the Group has started a closed bond offering (ISIN LV0000850055) in the amount of EUR 10 000 000. The offering has been registered with the Latvia Central Depository on the following terms – number of financial instruments 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 bonds are not secured.

Notes (continued)

(11) Other borrowings

	Group 30 September 2022 EUR	Group 31 December 2021 EUR
Other long-term loans	13 353 718	8 086 468
Total other long-term loans	13 353 718	8 086 468
Other short-term loans	18 001 673	10 487 168
Total other short-term loans	18 001 673	10 487 168
Total other loans	31 355 391	18 573 636

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 30 September 2022 is 12.1%. According to the loan agreement with SIA *Mintos Finance* the loan matures according to the particular loan agreement terms concluded by the Company with its customers. To ensure fulfilment of liabilities the Group has registered commercial pledge, see note 14.

(12) Related party transactions

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

	Transactions for 9 months 2022 EUR	Transactions in 2021 EUR
Group's transactions with:		
Owners of the parent company		
Interest received		
AE Consulting SIA	-	9 090
L24 Finance SIA	-	775
Services delivered		
EA investments AS	-	153
AE Consulting SIA	-	75
Goods sold		
AE Consulting SIA	-	59
Interest paid		
AE Consulting SIA	12 661	-
Key management personnel		
Goods sold	-	1 702
Interest paid	-	19 830
Other related companies		
Services delivered		
EL Capital, SIA	-	6 527
EuroLombard Ltd.	-	1 545
Services received		
MB Family trust AS	2 400	-
	Balances	Balances
	30 September 2022	31 December 2021
	EUR	EUR
Group's balances with:		
Owners of the parent company		
Bonds issued		
AE Consulting SIA	507 000	-

Notes (continued)

(13) Segment information

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

Pawn loan segment	Handling pawn loan issuance.
Retail of pre-owned goods	Sale of pre-owned goods in the branches and online purchased from customers.
Consumer loan segment	Handling consumer loans to customers, debt collection activities and loan cessions to external debt collection companies.
Other operations segment	Providing loans for real estate development (only for nine months period ending 30 September 2021. These loans are no longer issued and are fully recovered), general administrative services to the companies of the Group, transactions with related parties, dividends payable.

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

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

EUR	Consumer loans		Pawn loans		Retail of pre-owned goods		Other		Total	
	For 9 months period ended 30 September		For 9 months period ended 30 September		For 9 months period ended 30 September		For 9 months period ended 30 September		For 9 months period ended 30 September	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Assets	61 319 742	44 047 262	6 811 665	5 102 128	3 755 455	2 890 334	1 155	24 816	71 888 017	52 064 540
Liabilities of the segment	45 812 560	28 196 358	5 953 861	4 286 975	3 031 948	2 182 444	812	21 442	54 799 181	34 687 219
Income	16 291 572	10 846 924	3 912 316	3 402 229	5 455 012	4 059 551	299	90 441	25 659 199	18 399 145
Net performance of the segment	6 560 247	4 605 778	1 231 366	1 150 182	618 297	431 516	13 384	74 484	8 423 294	6 261 960
Financial (expenses)	(2 603 617)	(2 285 895)	(279 137)	(276 261)	(154 453)	(144 010)	-	(75 644)	(3 037 207)	(2 781 810)
Profit/(loss) before taxes	3 956 630	2 319 883	952 229	873 921	463 844	287 506	13 384	(1 160)	5 386 087	3 480 150
Corporate income tax	(882 198)	(548 566)	(133 539)	(207 534)	(65 265)	(68 276)	(2 693)	276	(1 083 695)	(824 100)

(14) Guarantees issued, pledges

The Group has registered four groups of commercial pledges by pledging its assets and claim rights for a maximum amount of EUR 33 million as collateral registered to collateral agent SIA *Eversheds Sutherland Bitāns* (in favour of SIA *Mintos Finance*) and to SIA *Mintos Finance No.20* and AS *Mintos Marketplace*.

As of 30 September 2022, the amount of secured liabilities constitutes EUR 31 355 391 (As of 31 December 2021 EUR 18 573 636).

(15) Subsequent events

After end of reporting period there were no significant events which would have impact to these interim condensed financial statements.

Didzis Ādmīdiņš
Chairman of the Board

Aldis Umblejs
Board Member

Sanita Zitmane
Board Member

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