

**SIA “DELFINGROUP”**

**UNAUDITES CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD 01.01.2020. - 30.06.2020.**

**PREPARED IN ACCORDANCE WITH THE INTERNATIONAL  
FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU**

*TRANSLATION FROM LATVIAN*

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FOR THE PERIOD 01.01.2020. - 30.06.2020.  
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**TABLE OF CONTENTS**

Information on the Company and subsidiaries	3 – 4
Statement of management's responsibility	5
Management report	6 - 7
Profit or loss account	8
Balance sheet	9 – 10
Statement of changes in equity	11
Cash flow statement	12 – 13
Notes	14

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**Information on the Company and Subsidiaries**

Name of the Company	DelfinGroup (till 04.02.2020. ExpressCredit)
Legal status of the Company	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 64.91 Financial leasing NACE2 47.79 Retail sale of second-hand goods in stores NACE 69.20 Accounting and auditing services, tax consultancy
Address	Skanstes street 50A (till 10.03.2020. Raunas street 44 k-1), Riga, LV-1013 Latvia
Names and addresses of shareholders	Lombards24.lv, SIA (65.99% till 07.12.2018., 65.18% from 07.12.2018.), Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas street 44k-1)  AE Consulting, SIA (10.00%), Skanstes street 50A, Riga, Latvia (till 10.03.2020. Posma street 2)  EC finance, SIA (21.51% till 07.12.2018., 21.32% from 07.12.2018.), Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas street 44k-1)  Private individuals (3.5%)
Ultimate parent company	EA investments, AS Reg. No. 40103896106 Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas street 44k-1)
Names and positions of Board members	Agris Evertovskis – Chairman of the Board Kristaps Bergmanis – Member of the Board Didzis Ādmīdiņš – Member of the Board Ivars Lamberts – Member of the Board
Names and positions of Council members	Uldis Judinskis – Chairperson of the Council Ramona Miglāne – Deputy Chairman of the Council Anete Ozoliņa – Member of the Council
Responsible person for accounting	Inta Pudāne - Chief accountant
Financial year	1 January 2020 - 30 June 2020

**Information on the Subsidiaries**

Subsidiary	<b>SIA ExpressInkasso</b> (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	22.10.2010.
Number, place and date of registration of the subsidiary	40103211998; Riga, 27 January 2009
Address of the subsidiary	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	66.19 Financial support services except insurance and pension accrual
Subsidiary	<b>SIA ViziaFinance</b> (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	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	<b>SIA REFIN</b> (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	03.10.2018.
Number, place and date of registration of the subsidiary	40203172517; Riga, 03 October 2018
Address of the subsidiary	Skanstes street 50A, Riga, Latvia (till 10.03.2020. Raunas Street 44 k-1)
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services

**Statement of management`s responsibility**

The management of SIA „DelfinGroup” group is responsible for the preparation of the financial statements.

Based on the information available to the Board of the parent company of the Group, the financial statements are prepared on the basis of the relevant primary documents and statements in accordance with International Financial Reporting Standards as adopted by the European Union and present a true and fair view of the Group's assets, liabilities and financial position as at 30 June 2020 and its profit and cash flows for first half of 2020.

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

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

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

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Agris Evertovskis  
Chairman of the Board

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Didzis Ādmīdiņš  
Board Member

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Kristaps Bergmanis  
Board Member

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Ivars Lamberts  
Board Member

Riga, 4<sup>th</sup> August 2020

## Management report

In the first half of year 2020, the company's turnover has increased by 7.3% compared to the corresponding period of year 2019, reaching EUR 10.9 million, while the profit reached EUR 2.03 million.

DelfinGroup's vision is to achieve the highest level of recognition based on the company's values - simplicity, accessibility, respect, progress, ambition, mastery and focus on the client.

In the 1st half of 2020, DelfinGroup operated in accordance with the company's values, strategy and set goals, as well as the operation was subordinated to the state of emergency declared on March 12, 2020 in connection with COVID-19. DelfinGroup successfully responded to the crisis caused by COVID-19. The company's focus was on securing cash reserves and reviewing cost structure according to needs. In addition, a stricter assessment of customers solvency was introduced, resulting in lower lending. Due to the crisis, there was also less natural demand for the company's services. With the lifting of emergency measures, DelfinGroup adjusted its strategy and returned to its previous growth rate.

Agris Evertovskis, Chairman of the Board: "It is a great satisfaction that thanks to good strategic planning and strategy execution in an unclear, very serious situation with many unknowns, the current performance has been achieved. In my opinion, this is a great indication for investors, employees and cooperation partners about the high professionalism of our team."

Dizdis Ādmīdiņš, Member of the Board of SIA DelfinGroup, Executive Director, who is responsible for the consumer lending segment: "The company's conservative credit policy has justified itself, as the share of bad loans was not significantly affected during the crisis. Even improvements have been observed in certain segments. We are actively working both during the crisis and now to introduce product improvements and be able to provide better customer service to our clients."

"As the time of the emergency proved, the pawnbroking product supports the company with a stable revenue base even in the times of economic downturn. At the beginning of the second quarter, the temporary decline in pawn loan interest income was successfully offset by the growth of income from the sales in pawn stores in 87 branches and on the internet <https://veikals.banknote.lv>", adds Ivars Lamberts, Member of the Board and Commercial Director.

"Despite all circumstances, a positive signal to our work is the very successful attraction of bond financing at the end of the 1st half 2020 and the full redemption of all available corporate bonds, which confirms the return of investor activity and evaluation of the company's performance," concludes Kristaps Bergmanis, a Member of the Board and Finance Director.

In the 2nd quarter of 2020, the company attracted additional financing in the amount of EUR 0.98 million for the bonds ISIN LV0000802379 issued on 15 November 2019, which have been redeemed as of 31 July 2020 in full amount of EUR 5,000,000. The risen funds were used to repay the existing liabilities to the Mintos marketplace and the principal amount of ISIN LV0000801322 bonds.

Following the impact of COVID-19 in Europe in the 1st half of 2020, investor activity in the Mintos peer-to-peer lending platform declined, resulting in increased funding costs, which returned to pre-crisis levels at the end of the period.

By implementing the business strategy and planned measures, as well as introducing emergency solutions in response to the impact of COVID-19, the following financial results of the Group were achieved in the 1st half of 2020:

Position	EUR, million	Change*, %
Net loan portfolio	32.25	+ 2.2
Assets	41.23	+ 7.7
Net profit	2.03	- 0.5

\* Net loan portfolio and assets compared to 31.12.2019.  
Net profit is compared to the corresponding period of 2019.

As to compliance with the Issue Terms of notes issue ISIN LV0000802213, ISIN LV0000802213, and ISIN LV0000802379 financial covenant computation are as follows:

Covenant	Value as of 30.06.2020.	Compliance
<i>dividend amount including any interim dividends shall not exceed 40% of the last audited net profit</i>	0%	yes
<i>to maintain Net Debt/Net Equity indicator not exceeding 4 to 1</i>	2.58	yes
<i>total consolidated value of inventories and loans and receivables, plus cash, shall exceed at least 1.15 times the sum of total consolidated secured liabilities</i>	1.38	yes
<i>total consolidated loan amount to shareholders, management and other Related Persons shall not exceed EUR 1,400,000</i>	1 382 019 EUR	yes

**Branches**

During the period from 1 January 2020 to 30 June 2020, the Group had 87 branches in 38 cities in Latvia (31.12.2019. - 87 branches in 38 cities).

**Risk management**

The Group is not exposed to significant foreign exchange rate risk because basic transaction currency is euro. Significant amount of funding of the Group consist of fixed coupon rate bonds, so that the Group is not significantly exposed to variable interest rate risk. Accurate application of the prudent strategies chosen has allowed the Group to successfully manage its financial risks, particularly the liquidity and credit risk.

**Post balance sheet events**

On March 12 2020, the Cabinet of Ministers of the Republic of Latvia decided to declare emergency situation in the country in relation to COVID-19. Even though the length and negative economic impact of the emergency situation cannot be precisely estimated, the Company has made, and will make in the future, decisions to ensure the Company's liquidity, cost reduction and portfolio quality until the COVID-19 situation is solved.

On 28 July 2020, the company's shareholders decided to increase the company's share capital to EUR 4 million, using the profits of previous periods for this purpose.

Except the aforementioned, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 30 June 2020.

\_\_\_\_\_  
Agris Evertovskis  
Chairman of the Board

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Didzis Ādmīdiņš  
Board Member

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Ivars Lamberts  
Board Member

Riga, 4<sup>th</sup> August 2020

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**Profit or loss account for the period 01.01.2020. - 30.06.2020.**

	<b>Group 01.01.2020- 30.06.2020. EUR</b>	<b>Group 01.01.2019.- 30.06.2019. EUR</b>
Net sales	3 109 453	2 423 464
Cost of sales	(2 176 734)	(1 612 497)
Interest income and similar income	7 817 923	7 754 791
Interest expenses and similar expenses	(2 223 514)	(1 820 118)
<b>Gross profit</b>	<b>6 527 128</b>	<b>6 745 640</b>
Selling expenses	(2 759 441)	(2 795 325)
Administrative expenses	(1 630 821)	(1 570 645)
Other operating income	28 803	57 152
Other operating expenses	(99 067)	(52 234)
<b>Profit before corporate income tax</b>	<b>2 066 602</b>	<b>2 384 588</b>
Income tax expense	(32 912)	(339 731)
<b>Profit for the reporting year</b>	<b>2 033 690</b>	<b>2 044 857</b>

**Comprehensive income statement**

	<b>01.01.2020- 30.06.2020. EUR</b>	<b>01.01.2019.- 30.06.2019. EUR</b>
<b>Profit for the reporting year</b>	<b>2 033 690</b>	<b>2 044 857</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>2 033 690</b>	<b>2 044 857</b>

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Inta Pudāne  
Chief accountant

Riga, 4<sup>th</sup> August 2020



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**Balance sheet as at 30 June 2020**

	<b>Group</b>	<b>Group</b>
<b>Assets</b>	<b>30.06.2020.</b>	<b>31.12.2019.</b>
<b>Non-current assets:</b>	<b>EUR</b>	<b>EUR</b>
<b>Intangible assets:</b>		
Concessions, patents, licenses, trademarks and similar rights	154 534	184 201
Other intangible assets	38 584	35 733
Goodwill	127 616	127 616
Advances on intangible assets	2 108	6 748
<b>Total intangible assets:</b>	<b>322 842</b>	<b>354 298</b>
<b>Property, plant and equipment:</b>		
Investments in property, plant and equipment	224 809	54 515
Right-of-use assets	3 056 137	1 980 106
Other fixtures and fittings, tools and equipment	311 181	351 553
<b>Total property, plants and equipment</b>	<b>3 592 127</b>	<b>2 386 174</b>
<b>Non-current financial assets:</b>		
Loans to related companies	130 420	117 620
Loans and receivables	8 062 037	8 859 789
Loans to shareholders and management	1 080 869	1 022 423
<b>Total long-term investments:</b>	<b>9 273 326</b>	<b>9 999 832</b>
<b>Total non-current assets:</b>	<b>13 188 295</b>	<b>12 740 304</b>
<b>Current assets:</b>		
<b>Inventories:</b>		
Finished goods and goods for sale	1 185 879	1 155 352
<b>Total inventories:</b>	<b>1 185 879</b>	<b>1 155 352</b>
<b>Receivables:</b>		
Loans and receivables	24 193 687	22 687 085
Receivables from members and board	161 439	165 112
Debt to related companies	9 291	2 528
Other debtors	451 953	275 751
Deferred expenses	84 770	108 539
<b>Total receivables:</b>	<b>24 901 140</b>	<b>23 239 015</b>
<b>Cash and bank</b>	1 957 780	1 135 644
<b>Total current assets:</b>	<b>28 044 799</b>	<b>25 530 011</b>
<b>Total assets</b>	<b>41 233 094</b>	<b>38 270 315</b>

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Riga, 4<sup>th</sup> August 2020

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Balance sheet as at 30 June 2020	Group	Group
<u>Liabilities and equity</u>	<b>30.06.2020.</b>	<b>31.12.2019.</b>
Equity:	EUR	EUR
Share capital	1 500 000	1 500 000
Retained earnings	6 867 492	2 954 156
Profit for the reporting year	2 033 690	3 913 336
<b>Total equity:</b>	<b>10 401 182</b>	<b>8 367 492</b>
<b>Creditors:</b>		
<b>Long-term creditors:</b>		
Bonds issued	9 005 193	6 059 853
Other borrowings	4 986 222	5 637 790
		1 475 350
Lease liabilities for right-of-use assets	2 577 432	
<b>Total long-term creditors:</b>	<b>16 568 847</b>	<b>13 172 993</b>
<b>Short-term creditors:</b>		
Bonds issued	1 329 116	1 764 767
Other borrowings	10 266 344	13 078 131
Lease liabilities for right-of-use assets	622 105	549 585
Trade payables	587 513	501 355
Accounts payable to affiliated companies	488	179
Taxes and social insurance	970 503	243 989
Accrued liabilities	486 996	591 824
<b>Total short-term creditors:</b>	<b>14 263 065</b>	<b>16 729 830</b>
<b>Total creditors</b>	<b>30 831 912</b>	<b>29 902 823</b>
<b><u>Total liabilities and equity</u></b>	<b>41 233 094</b>	<b>38 270 315</b>

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Riga, 4<sup>th</sup> August 2020

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**Statement of changes in equity of the Group for the half year ended 30 June 2020**

	Share capital	Retained earnings	Profit for the reporting year	Total
	EUR	EUR	EUR	EUR
<b>As at 31 December 2018</b>	<b>1 500 000</b>	<b>397 834</b>	<b>4 056 322</b>	<b>5 954 156</b>
Dividends paid	-	(1 500 000)	-	(1 500 000)
Profit transfer	-	4 056 322	(4 056 322)	-
Profit for the reporting year	-	-	3 913 336	3 913 336
<b>As at 31 December 2019</b>	<b>1 500 000</b>	<b>2 954 156</b>	<b>3 913 336</b>	<b>8 367 492</b>
Dividends paid	-	-	-	-
Profit transfer	-	3 913 336	(3 913 336)	-
Profit for the reporting year	-	-	2 033 690	2 033 690
<b>As at 30 June 2020</b>	<b>1 500 000</b>	<b>6 867 492</b>	<b>2 033 690</b>	<b>10 401 182</b>

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Riga, 4<sup>th</sup> August 2020

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**Cash flow statement for the half year ended 30 June 2020**

	<b>Group</b> <b>01.01.2020.-</b> <b>30.06.2020.</b> <b>EUR</b>	<b>Group</b> <b>01.01.2019.-</b> <b>30.06.2019.</b> <b>EUR</b>
<b><u>Cash flow from operating activities</u></b>		
<b>Profit before extraordinary items and taxes</b>	<b>2 066 602</b>	<b>2 384 588</b>
<u>Adjustments for:</u>		
a) fixed assets and intangible assets depreciation	130 577	114 031
b) right-of-use assets depreciation	363 963	-
c) accruals and provisions (except for bad debts)	637 091	190 586
d) write-off of provisions	-	-
e) cessation results	516 273	619 662
f) interest income	(7 817 923)	(7 754 791)
g) interest and similar expense	1 707 241	1 200 456
h) impairment of non-current and current financial assets	(8 865)	(19 153)
i) other adjustments	1 144	-
<b>Loss before adjustments of working capital and short-term liabilities</b>	<b>(2 403 897)</b>	<b>(3 264 621)</b>
<u>Adjustments for:</u>		
a) increase in consumer loans issued (core business) and other debtors	(890 985)	(7 234 980)
b) stock (increase)/ decrease	(30 527)	(325 284)
c) trade creditors increase	1 858 534	(296 686)
d) Acquisition of right-of-use assets	(1 441 138)	-
<b>Gross cash flow from operating activities</b>	<b>(2 908 013)</b>	<b>(11 121 571)</b>
Corporate income tax payments	(349 957)	64 045
Interest income	7 832 774	7 763 751
Interest paid	(2 241 739)	(1 185 498)
<b>Net cash flow from operating activities</b>	<b>2 333 065</b>	<b>(4 479 273)</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of affiliated, associated or other companies shares or parts	-	-
Earnings from the disposal of shares in subsidiaries	-	-
Acquisition of fixed assets and intangibles	(230 867)	(159 349)
Proceeds from sales of fixed assets and intangibles	10 689	45 882
Loans issued/repaid (other than core business of the Company) (net)	(74 336)	(112 708)
<b>Net cash flow from investing activities</b>	<b>(294 514)</b>	<b>(226 175)</b>

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**Cash flow statement for the half year ended 30 June 2020 (continued)**

**Cash flow from financing activities**

Loans received and bonds issued (net)	10 778 591	5 819 276
Redemption/purchase of bonds	(1 225 000)	(875 000)
Loans repaid	(11 130 671)	(1 681 993)
Finance lease payments	19 399	(77 059)
Lease liabilities for right-of-use assets payments	341 266	-
Dividends paid	-	(1 500 000)
<b>Net cash flow from financing activities</b>	<b>(1 216 415)</b>	<b>1 685 224</b>
<b>Net cash flow of the reporting year</b>	<b>822 136</b>	<b>(3 020 224)</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>	<b>1 135 644</b>	<b>3 489 176</b>
<b>Cash and cash equivalents at the end of reporting year</b>	<b>1 957 780</b>	<b>468 952</b>

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Chief accountant

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**Notes**

**Age analysis of claims against debtors for loans issued:**

	<b>Group 30.06.2020. EUR</b>	<b>Group 31.12.2019. EUR</b>
Receivables not yet due	31 507 652	30 599 448
Outstanding 1-30 days	2 343 190	1 975 902
Outstanding 31-90 days	717 489	957 883
Outstanding 91-180 days	589 544	482 098
Outstanding for 181-360 days	566 587	364 104
Outstanding for more than 360 days	604 451	603 538
<b>Total gross claims against debtors for loans issued</b>	<b>36 328 913</b>	<b>34 982 973</b>
Provisions for bad and doubtful trade debtors	(4 073 189)	(3 436 099)
<b>Total net claims against debtors for loans issued</b>	<b>32 255 724</b>	<b>31 546 874</b>

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Riga, 4<sup>th</sup> August 2020