

The Supervisory Board's Report

2023 for DelfinGroup (DG) can be characterized as a period of technological ambitions and challenges, culminating in the introduction of new or significantly improved products to DG clients not only in Latvia but also in Lithuania, thus becoming a regional player in the retail and pawn loan industry.

- Nauris Bloks, the company's Chief Innovations Officer, was elected to serve on the Management Board, overseeing the technological execution and support of DG's development plans, as well as the design and implementation of innovative solutions and products.
- Quite a few technological projects were successfully implemented in 2023 (mobile application, virtual payment card, modernized online store and procurement platform, IT support for DG expansion in the Lithuanian market), improving the existing customer experience and targeting a customer segment preferring modern and flexible solutions on mobile devices.
- In 2023, the Supervisory Board and its Committees followed the established practice. They worked according to a previously approved work calendar for the Supervisory Board and Committees, facilitating successful collaboration between the Management Board, Committees, and Supervisory Board. Careful planning ensured the timely addressing of both strategic issues and matters requiring in-depth review.
- Supervisory Board and Committee members regularly improved their knowledge in various areas (application of artificial intelligence, changes in EU regulations regarding sustainability issues, corporate governance matters) to improve the collective skills and knowledge of the Supervisory Board members.
- Two out of three Supervisory Board committees (Risk and Audit Committee and Remuneration and Nomination Committee) have established an annual self-evaluation regarding the execution of tasks outlined in their regulations providing the Supervisory Board with assurance that Committee work is regular and meaningful. Committee regulations are reviewed annually and updated as needed.
- Regular dividend payouts to DG shareholders continued in 2023, and for the first time, company employees were able to buy company shares, as per the Employee Stock Option Program approved in September 2021.
- In 2023, the corporate governance structure of DG was solidified by approving several crucial policies - the renewed Corporate Governance Policy, Policy for Prevention and Management of Conflict of Interest, Equality, Diversity, and Inclusion Policy, and IT Security Policy.
- Based on decisions made during DG's strategic session, DG's geographic expansion was initiated, and at the end of 2023, DG opened its first Banknote branches in Lithuania and launched the Lithuanian online store.
- To secure the proper functioning of the internal audit and the execution of the DG Internal Audit plan of 2023, the Risk and Audit Committee outsourced internal audit services to conduct several internal audits (audit of the pawn loan process, audit of the online store process, etc.).
- For the second year in a row, the Supervisory Board developed short-term goals (KPIs) for the DG Management Board as per the process introduced in 2022 and evaluated the Management Board's performance of the goals thereof in 2022. This practice allowed both the Supervisory Board and the Management Board to objectively assess the achievements, strengths, and areas of improvement in the future.

- In 2023, the Supervisory Board actively monitored the budgeting process for 2024, setting ambitious goals for 2024 hence encouraging the Management Board to seek new opportunities for company growth and enhance the sustainability of the business model. In addition, the Supervisory Board actively monitored the implementation of goals set in the 2023 budget.
- The Supervisory Board steered strategic discussions on defining the company's mission, vision, and values, as well as reviewed and approved the DG strategy for 2023-2025.
- Alongside budget performance monitoring, the Supervisory and Management Boards maintained an active dialogue regarding the improvement of DG's organizational structure, the objectivity of reports and statements, implementation of succession planning, and the company's risk management culture, as well as ensuring diversification of funding sources.

Chair of the Supervisory Board
Agris Evertovskis