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FINANCIAL REPORT

UNAUDITED RESULTS FOR 6 MONTHS
ENDING 30 JUNE 2021

DISCLAIMER

This presentation is of a selective nature and is made to provide an overview of the Company's (AS DelfinGroup and its subsidiaries) business.

Unless stated otherwise, this presentation shows information from a consolidated perspective.

Facts and information used in this presentation might be subject to revision in the future. Any forward-looking information may be subject to change as well.

This presentation is not a legally binding document and the Company has no liability for any direct or indirect loss from the use of this presentation.

This presentation does not intend to contain all the information that investors may require in evaluating the Company. Investors should read publicly available information regarding the Company as well as the full prospectus describing a particular bond issue.

DELFINGROUP AT A GLANCE



2009

Company established



TOP 2

Second largest non-bank consumer lender in Latvia*

90+
branches 

38
cities 

250+
employees 

400,000+
registered customers

last **10 years**
profitable operations

BRANDS:

Banknote

VIZIA

BUSINESS SEGMENTS

-  Consumer loans
-  Pawn loans
-  POS loans
-  Retail of pre-owned goods

KEY FINANCIALS (2021 6M)

21.8 m€
(+9% Y-o-Y)

Value of issued loans

33.3 m€
(+3% Y-o-Y)

Net loan portfolio

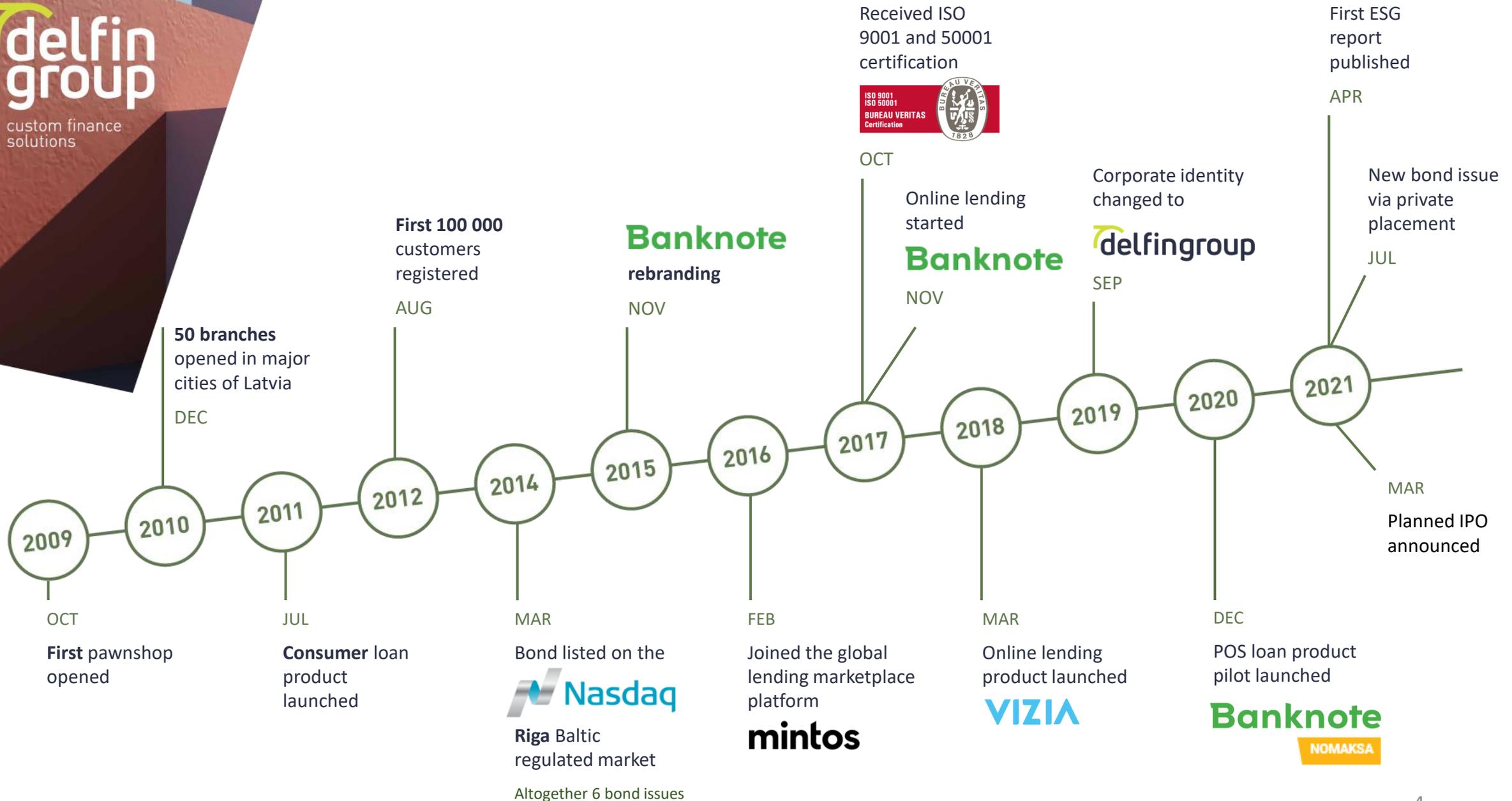
2.25 m€
(+9% Y-o-Y)

Profit before tax

4.6 m€
(+9% Y-o-Y)

EBITDA

Our vision for the future is based on building a sustainable society by empowering people and promoting financial inclusion.



DELFINGROUP MANAGEMENT BOARD COMMENT



DIDZIS ĀDMĪDIŅŠ

Chairman of the management board (CEO)

This quarter was marked by resilient growth. We had very good results in the consumer loan segment, as well as in the online trade of pre-owned goods. Moreover, during the second quarter we also experienced growth in the pawn loan segment. Generally, we see quite high level of economic activity in the entire country, which is also reflected by increased interest in financial and pawnshop services offered by DelfinGroup.

At the moment, there are drawbacks for offline consumer loan issuance and in store sales of pre-owned goods, as due to the current restrictions, no more than one customer can be present in the premises of most branches. As a result, we continue developing digital platforms and introducing new automated lending solutions that allow us to improve customer service and serve our customers in less time. This year, the automation of the customer income review process was completed, and the entire review process is now fully automated. Furthermore, in all digital channels of DelfinGroup, we have experienced a rapid increase in customer flows that more than compensates for offline service restrictions.

In March 2021, AS DelfinGroup announced its plans for the launch of an initial public offering (IPO) of its shares on the Nasdaq Riga exchange during the second half of 2021. LHV Bank and law firm Eversheds Sutherland Bitāns are acting as DelfinGroup planned IPO advisors. For more information about the planned IPO, sign up to news on our homepage: <https://www.delfingroup.lv/invest>.



KRISTAPS BERGMANIS

Member of the management board

During the first six months of 2021 the Latvian financial group AS DelfinGroup has increased its revenue to EUR 11.9 million or by 6.4% year on year. During the first six months, EBIDTA increased by 8.7% and reached EUR 4.6 million, while profit before taxes on dividends increased by 9% and reached EUR 2.3 million. AS DelfinGroup completed preparation for the issue of bonds via a private placement. The offering was successfully completed at the beginning of July 2021, with the demand exceeding supply 1.85 times. The bonds worth five million euros were issued with a total interest rate of 9.75%, while the overall demand for bonds exceeded 9.26 million euros.

In the first halfyear of 2021, in accordance with the adopted dividend policy, the company paid dividends in the amount of EUR 2,8 million.



IVARS LAMBERTS

Member of the management board (COO)

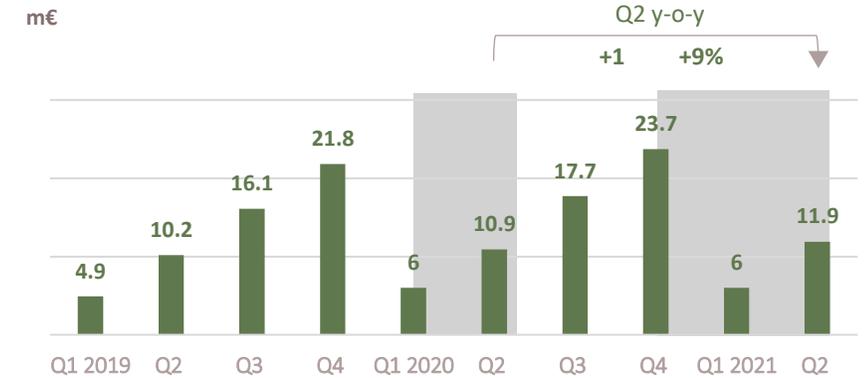
Due to the restrictions placed on offline servicing, during the first half of this year, pawn loan issuance decreased year on year (-18.7%). However, this did not have a lasting effect on overall growth, as pawn loan segment is also gradually recovering and demonstrating a growing trend. Comparing pawn loan issuance during the first and second quarter of 2021, there is an increased by 11.9%. We have increased our branch network to 93 branches in Latvia. In many areas outside Riga, we are almost the only provider of accessible financial services. Industry organisations and local governments also appreciate the DelfinGroup services network. Including three Banknote branches, which were awarded with the prizes in the competition named “Best Latvian Trader 2020” organised by the Latvian Traders Association and the Latvian Association of Local and Regional Governments.

SELECTED FINANCIALS

Total loans issued



Total revenue, quarterly cumulative



EBITDA



Profit before tax



1st and 2nd wave of COVID-19 restrictions in Latvia

CONSUMER LOANS

Consumer net loan portfolio



Average loan*



Weighted average term of loans issued



Non-performing loan ratio



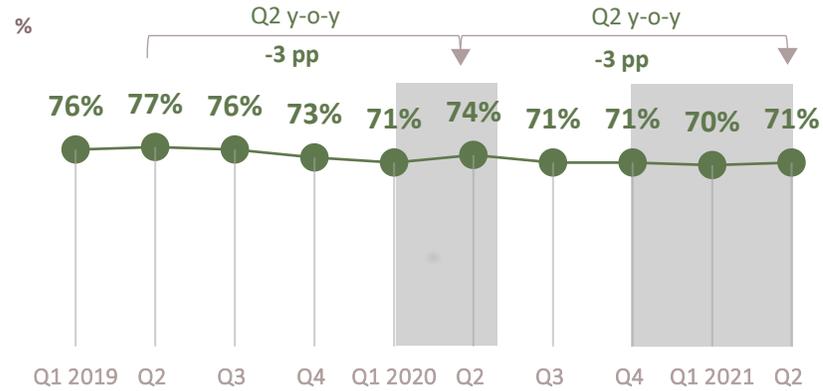
* Average consumer loan balance for one client at the end of the period.

1st and 2nd wave of COVID-19 restrictions in Latvia



PAWN LOANS

Redemption rate*



Average loan



Pawn net loan portfolio

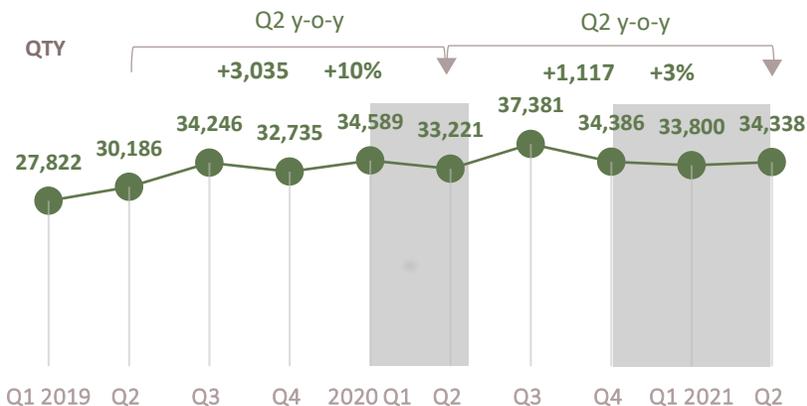


* Items redeemed or extended within 3 months from issuance.

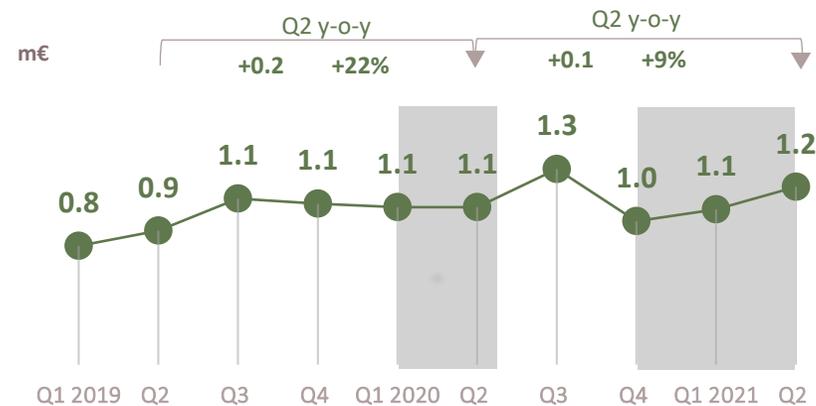
1st and 2nd wave of COVID-19 restrictions in Latvia

RETAIL OF PRE-OWNED GOODS*

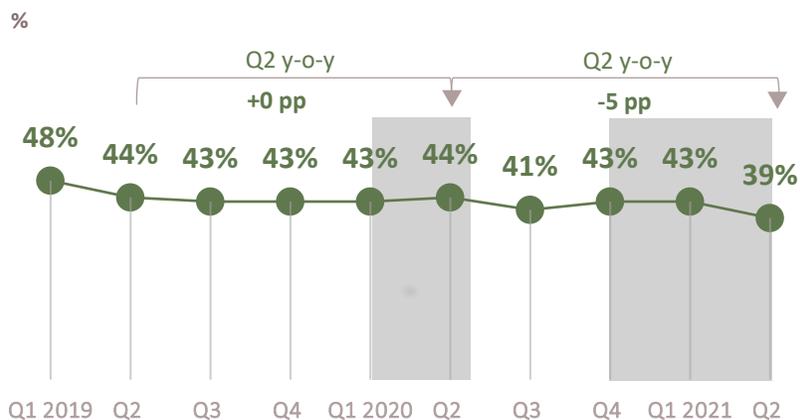
Number of items sold



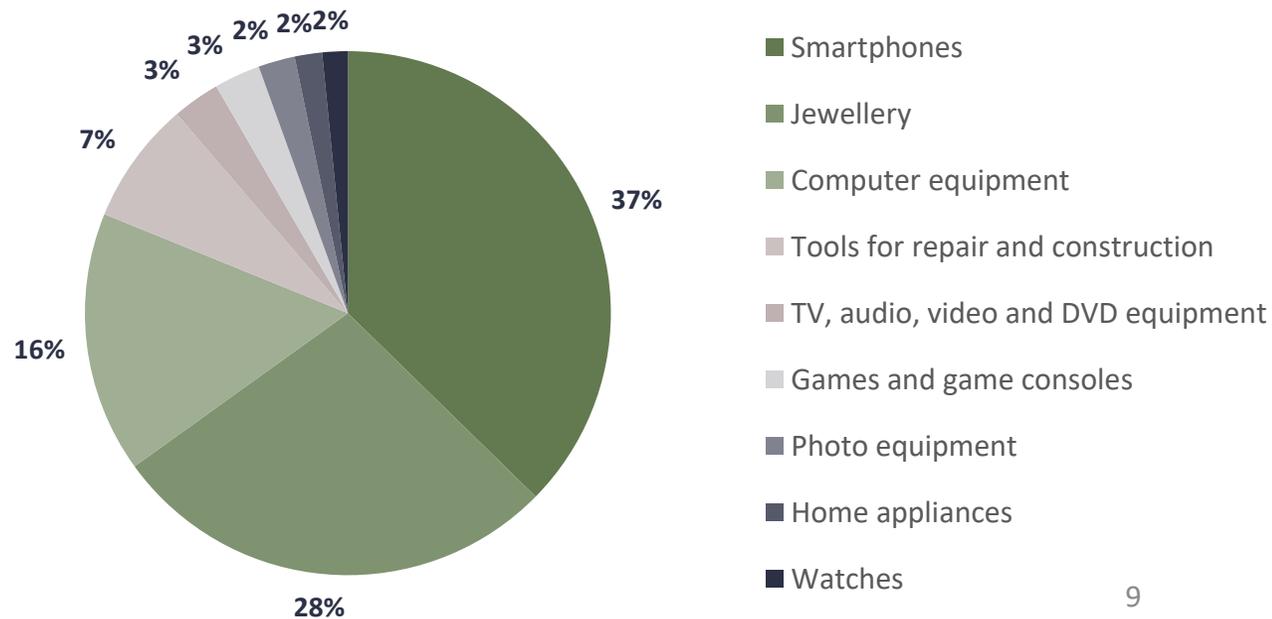
Total sales revenue



Gross margin



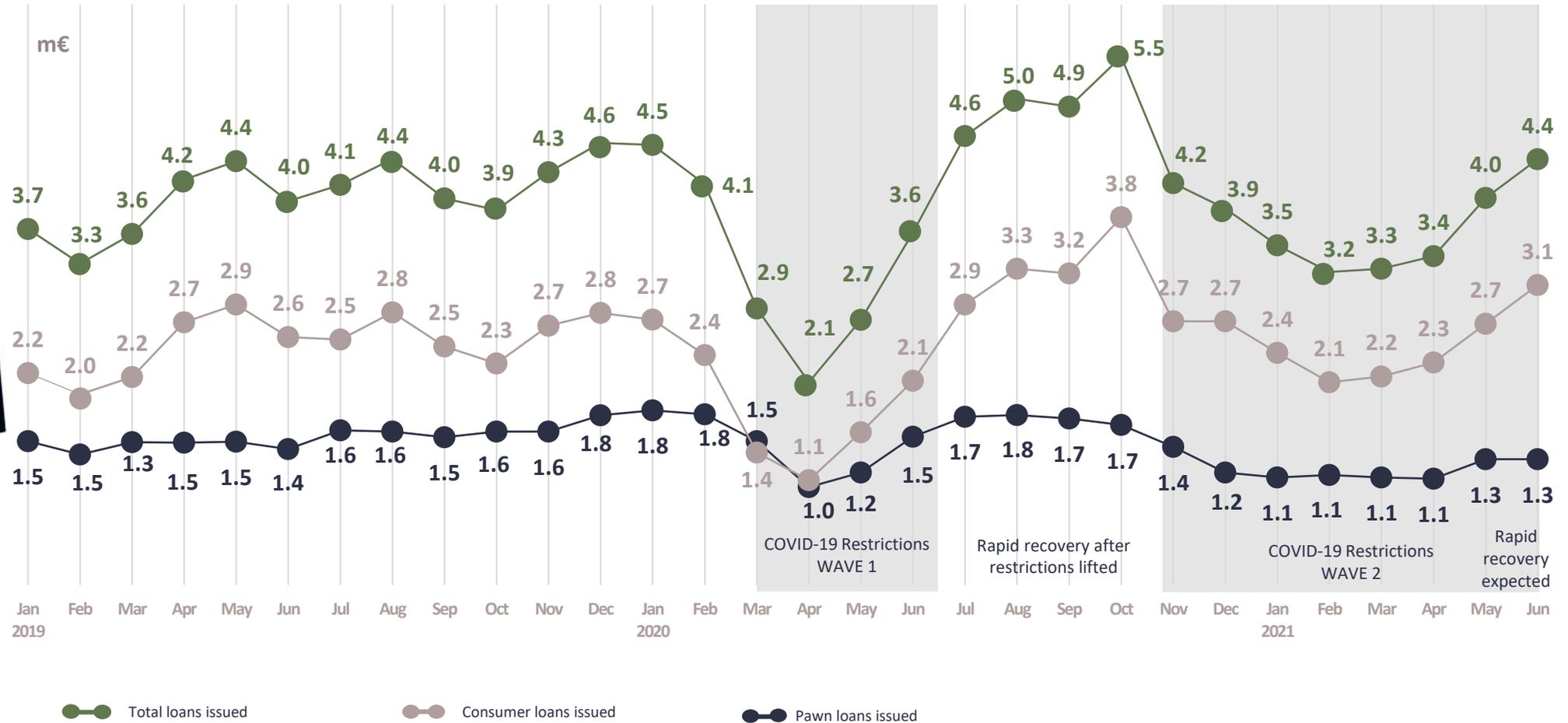
Sales split by product category (2021 6M), %



* Excluding wholesale of precious metals (scrap)

1st and 2nd wave of COVID-19 restrictions in Latvia

CONSUMER AND PAWN LOANS



Decrease of consumption and various restrictions during COVID-19 lockdowns resulted in a temporary drop of loan issuance. Lifting of lockdowns resulted in rapid loan issuance recovery.

Consolidated income statement

Income Statement, EUR'000	2019*				2020				2021		2020	2021
	Q1	Q2	Q3	Q4	Q1*	Q2*	Q3	Q4	Q1	Q2	6M	6M
Total revenue	4,936	5,429	5,951	5,861	6,020	5,195	5,500	6,948	6,018	5,918	11,215	11,936
Cost of sales	-756	-856	-1,009	-982	-1,215	-961	-993	-1,055	-748	-1,015	-2,176	-1,763
Credit loss expense**	-408	-643	-695	-893	-725	-438	301	-1,542	-714	-570	-1,163	-1,284
Interest expenses and similar expenses	-536	-664	-739	-914	-823	-887	-1,146	-633	-1,155	-706	-1,710	-1,861
Gross profit	3,236	3,266	3,508	3,072	3,257	2,909	3,662	3,718	3,401	3,627	6,166	7,028
Selling expenses	-1,185	-1,420	-1,325	-1,496	-1,342	-1,155	-1,226	-1,704	-1,325	-1,443	-2,497	-2,768
Administrative expenses	-707	-863	-876	-1,042	-855	-776	-865	-1,044	-964	-1,070	-1,631	-2,034
Other operating income	6	52	16	21	4	25	16	28	16	11	29	27
Profit before tax	1,350	1,035	1,323	555	1,064	1,003	1,587	997	1,128	1,125	2,067	2,253
Income tax expense	-338	-2	-3	-7	-26	-7	-462	-259	-324	-299	-33	-623
Net profit	1,012	1,033	1,320	548	1,038	996	1,125	738	804	826	2,034	1,630
EBITDA	1,915	1,784	2,112	2,376	2,110	2,156	2,984	2,023	2,543	2,095	4,266	4,638

* Data reflected according to restated comparatives in newest FS's.

** For the purpose of comparison, other operating expenses are reclassified to credit loss expense as a major part of other operating expenses are losses from cession of non-performing loans (debt sales).

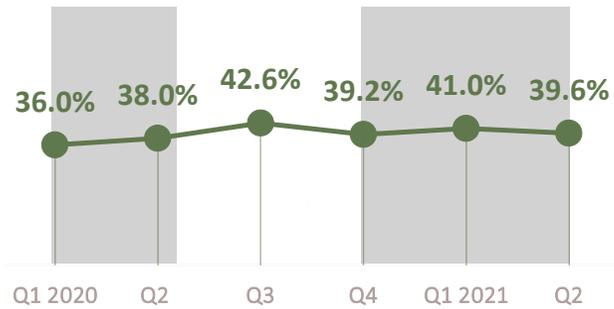
Consolidated Balance sheet

BALANCE SHEET, EUR'000	2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Fixed and intangible assets	652	621	775	691	748	860	927	836	864	818
Loans to related parties	1,295	1,389	1,397	1,308	1,376	1,381	376	474	445	-
Net loan portfolio	20,761	26,609	29,474	31,547	32,493	32,256	34,040	34,674	32,220	33,265
Inventory and scrap	1,111	1,173	1,231	1,155	1,224	1,186	1,545	1,534	1,693	1,533
Other assets	339	256	231	384	503	536	365	655	495	331
Cash	2,686	469	1,296	1,136	2,037	1,958	2,434	4,592	1,907	594
Right-of-use assets*				2,049	1,950	3,056	2,928	3,194	3,281	3,145
TOTAL ASSETS	26,844	30,517	34,404	38,270	40,331	41,233	42,615	45,959	40,905	39,686
EQUITY	5,466	6,499	7,819	8,367	9,405	10,401	9,513	9,251	8,639	8,109
Share capital and reserves	1,500	1,500	1,500	1,500	1,500	1,500	4,000	4,000	4,000	4,000
Retained earnings	2,954	2,954	2,954	2,954	6,867	6,867	2,354	1,354	3,835	2,478
Profit/loss for the current year	1,012	2,045	3,365	3,913	1,038	2,034	3,159	3,897	804	1,630
LIABILITIES	21,378	24,018	26,585	29,903	30,926	30,832	33,102	36,708	32,266	31,577
Interest-bearing debt	20,023	22,832	25,311	26,438	27,316	25,586	27,575	31,151	26,894	26,360
Trade payables and other liabilities	1,355	1,186	1,274	1,337	1,596	2,047	2,418	2,121	1,798	1,764
Lease liabilities for right-of-use assets*				2,128	2,014	3,199	3,109	3,436	3,574	3,453
TOTAL EQUITY AND LIABILITIES	26,844	30,517	34,404	38,270	40,331	41,233	42,615	45,959	40,905	39,686

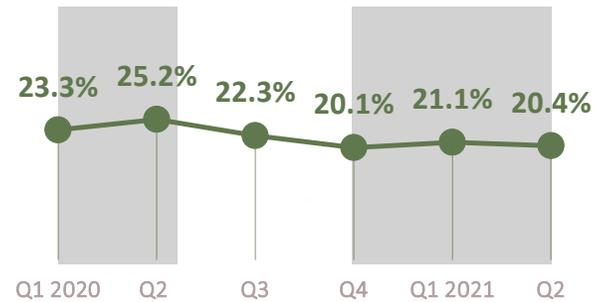
* Adoption of IFRS16.

FINANCIAL RATIOS

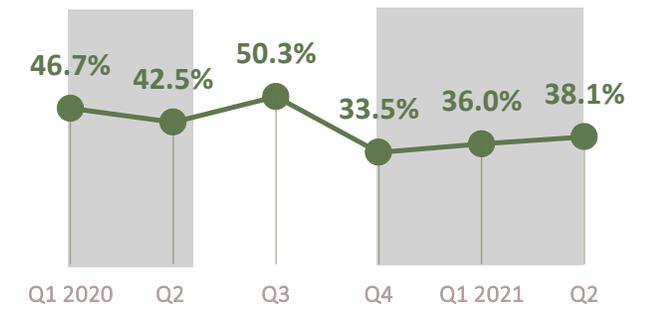
EBITDA margin*



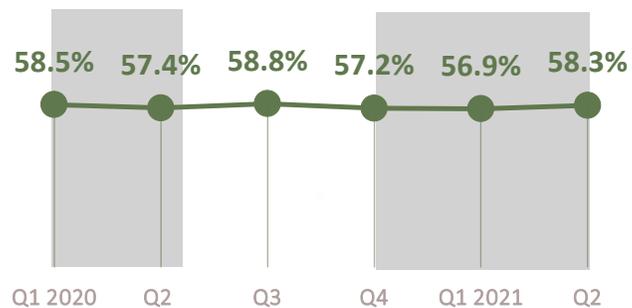
Equity ratio



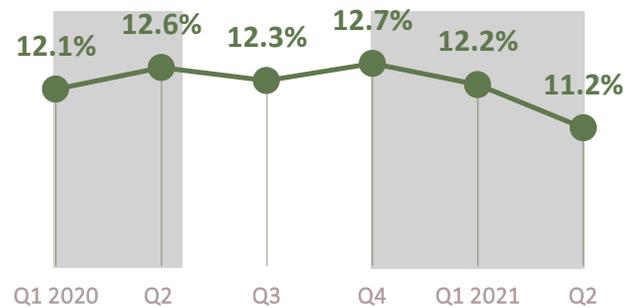
ROE**



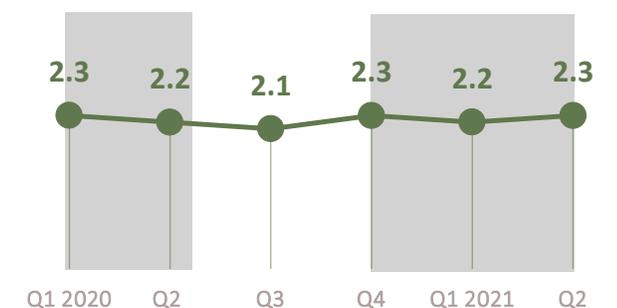
Cost-to-income ratio*



Cost of interest-bearing liabilities



Interest coverage ratio*



* Last 12 months' figures
** Annualised

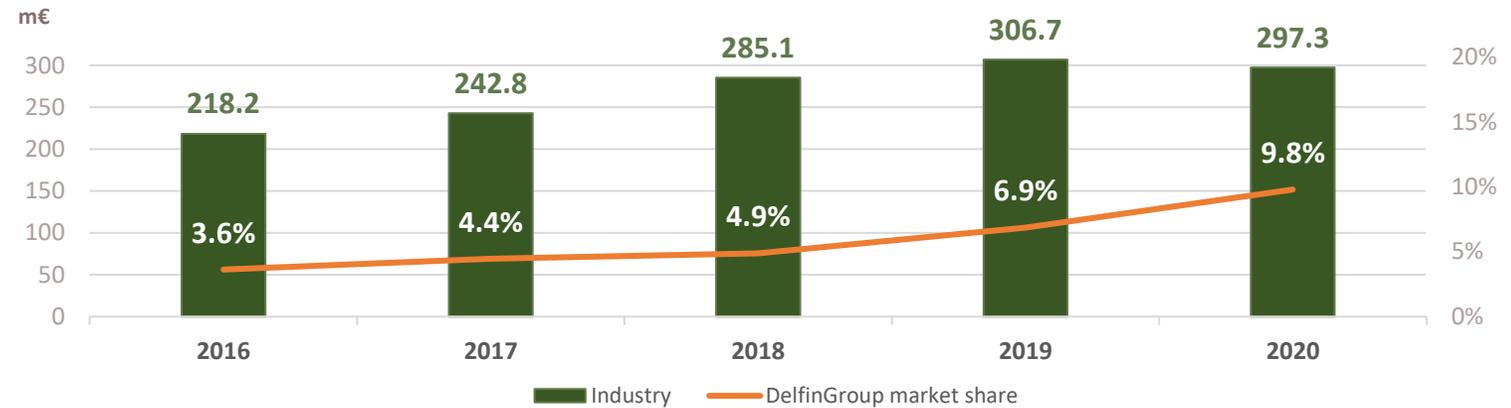
1st and 2nd wave of COVID-19 restrictions in Latvia



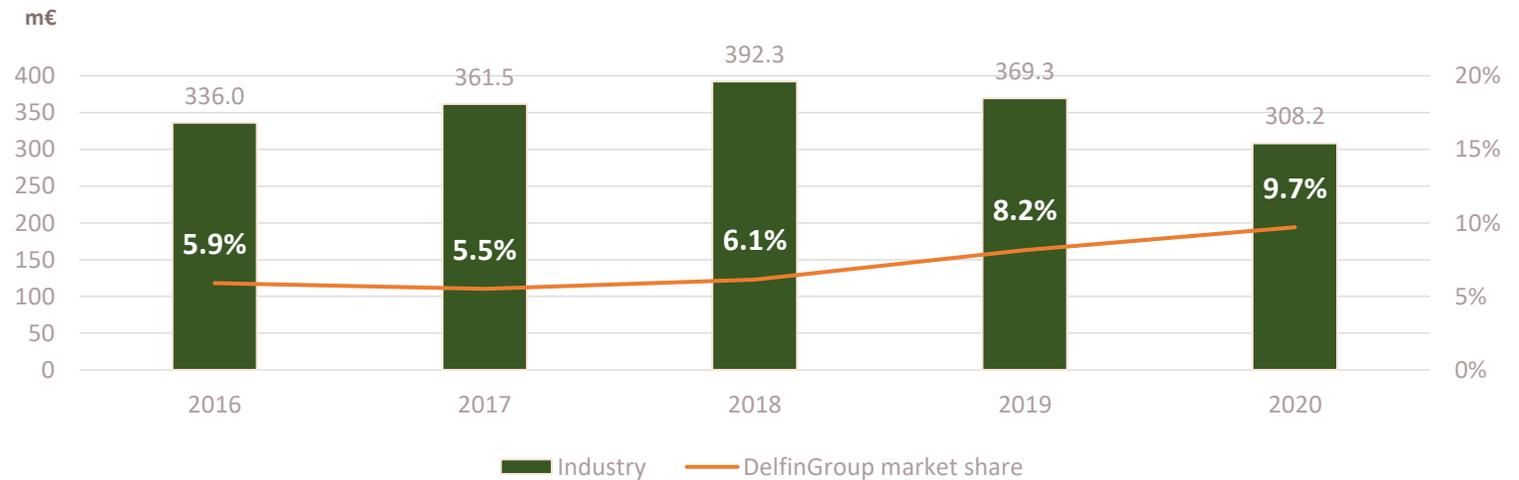
Appendix

MARKET OVERVIEW

Consumer loan portfolio, DelfinGroup vs Industry



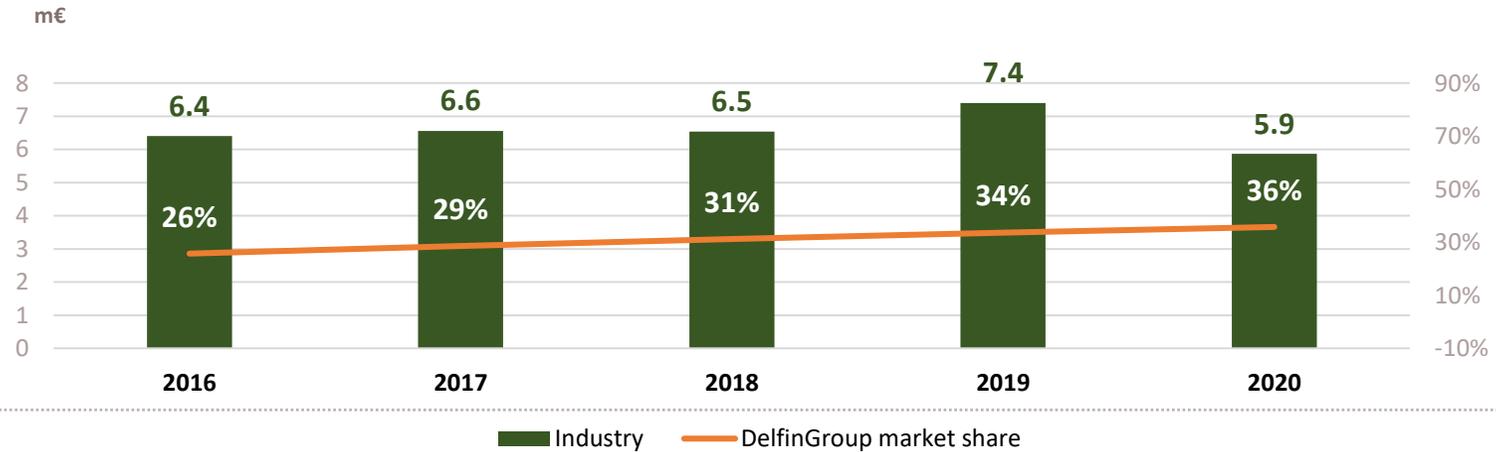
Consumer loans issued, DelfinGroup vs Industry



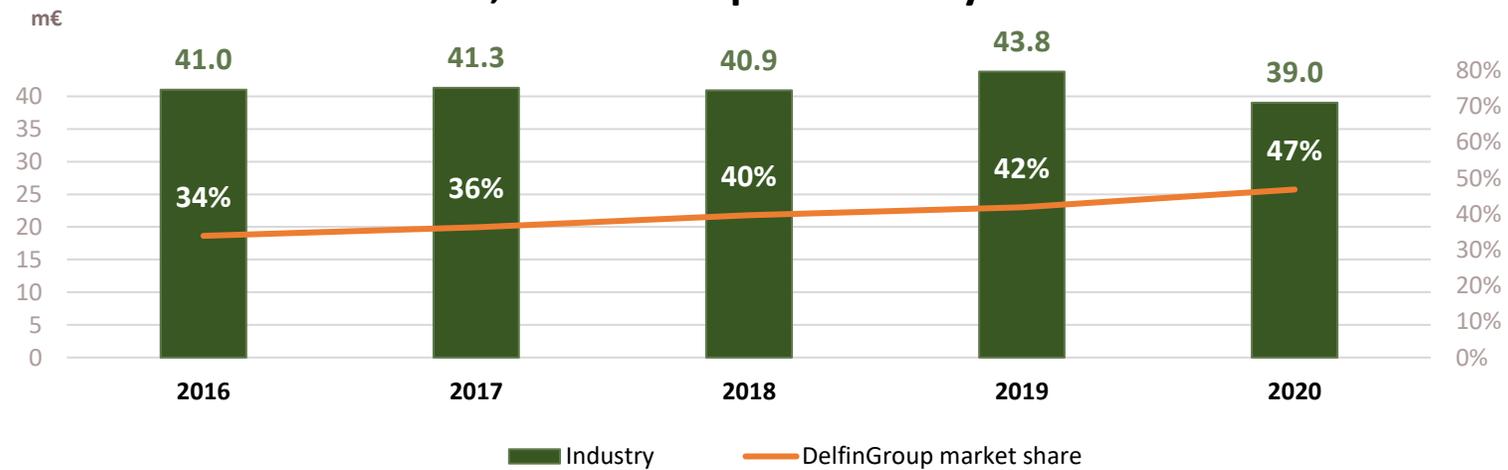
Pawn loans

MARKET OVERVIEW

Pawn loan portfolio, DelfinGroup vs Industry



Pawn loans issued, DelfinGroup vs Industry



Sources:
Consumer Rights Protection Centre;
DelfinGroup internal calculations

BANKNOTE BRANCH NETWORK



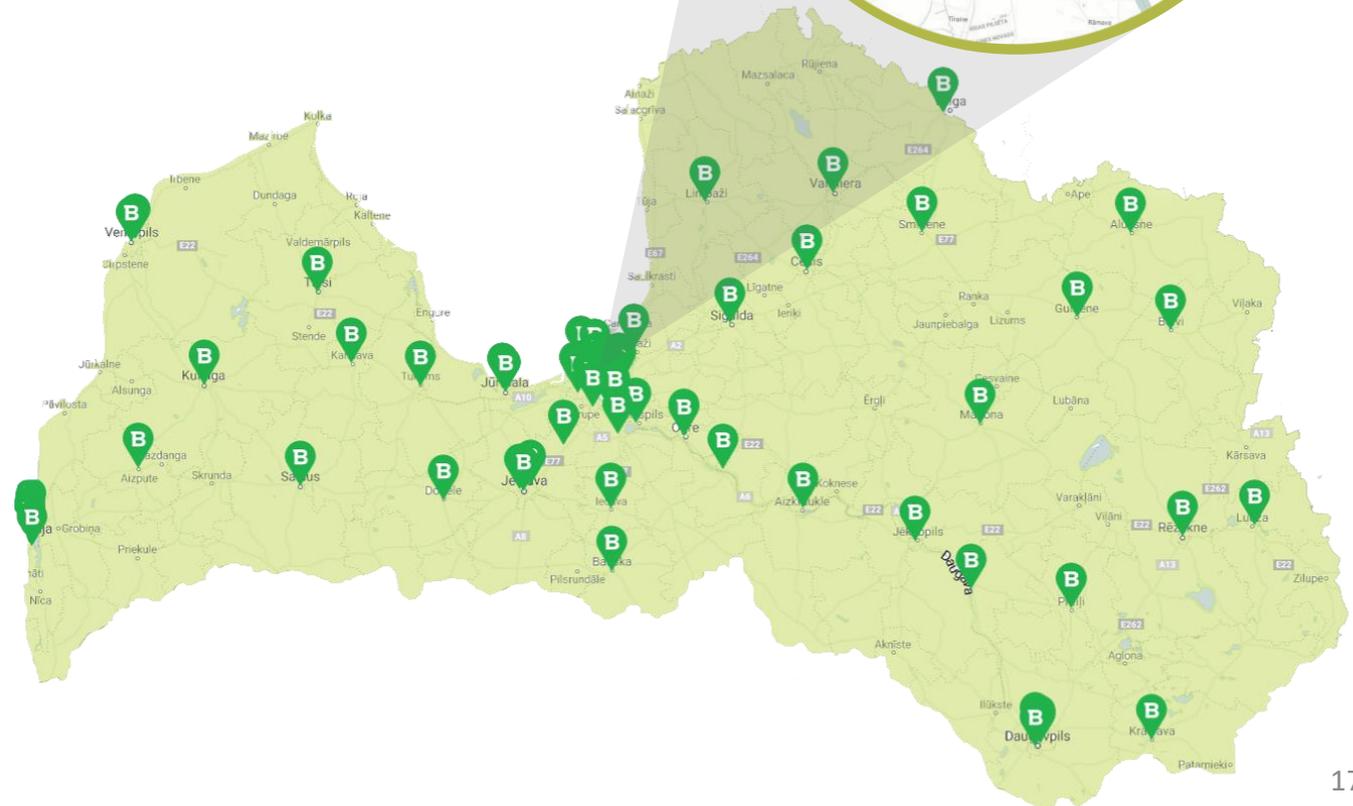
Presence in
38 cities



90+ branches
in Latvia

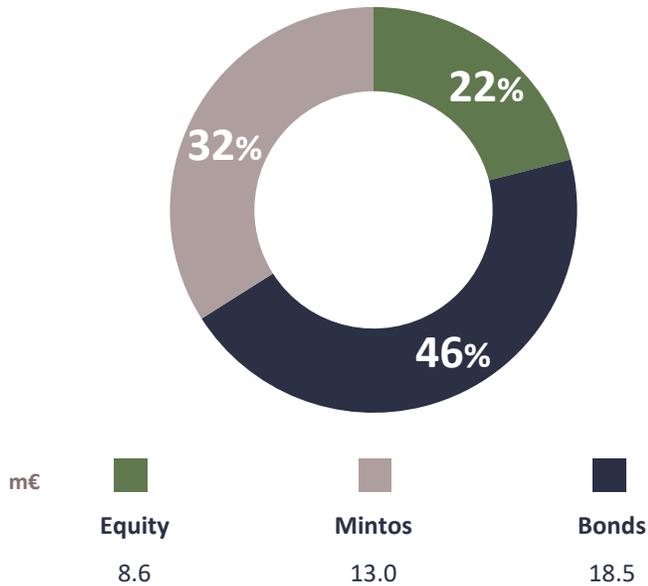


40+ branches
in Riga



DIVERSIFIED AND SUSTAINABLE CAPITAL STRUCTURE

Capital structure, Q2 2021



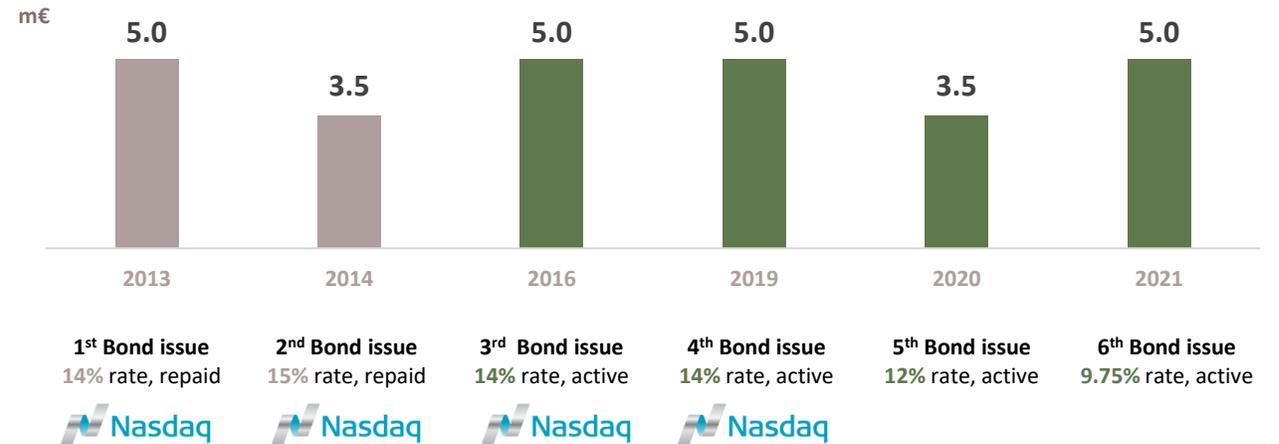
Active MINTOS investor map, Q2 2021

DelfinGroup has more than **70,000 investors** in Mintos from **108 countries**



mintos

Bond financing track record



Dividends
Regular cash distribution to shareholders

DIVIDEND POLICY

Quarterly dividends

Up to 50% of the company's consolidated quarterly profit



Annual dividends

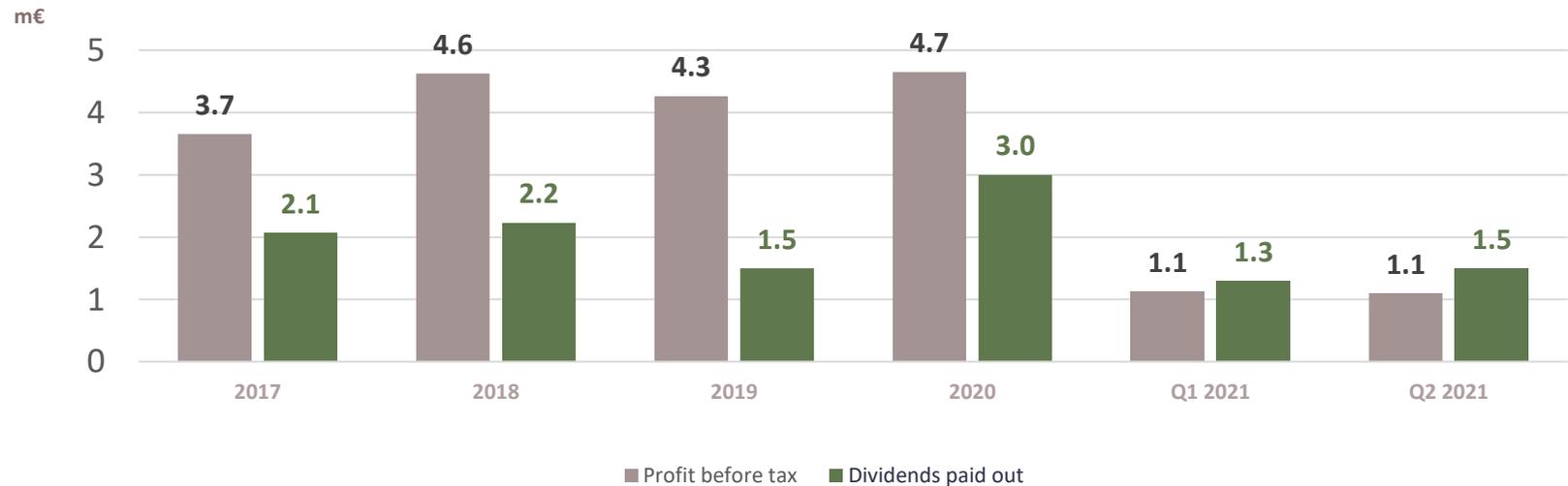
In an amount ensuring an optimal capital structure



Dividends

At least 50% of the company's consolidated profit

Dividends paid out by DelfinGroup



The full DelfinGroup dividend policy is available on the website <https://www.delfingroup.lv/governance>



Environmentally responsible workplace

DelfinGroup has received quality and energy management certification under ISO 9001:2015 and ISO 50001:2015 standards

ISO 9001
ISO 50001

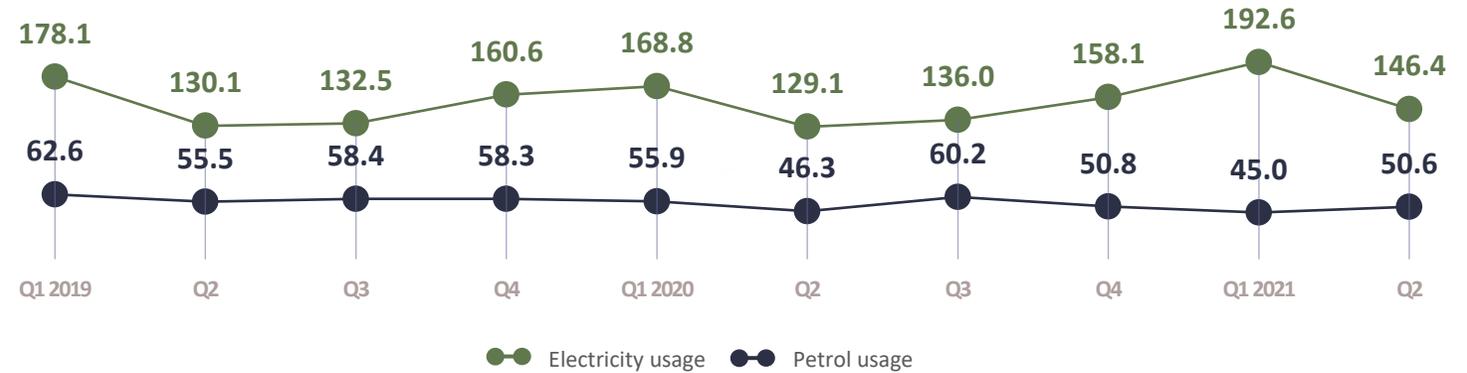
BUREAU VERITAS
Certification



ENVIRONMENTAL SUSTAINABILITY

Electricity and petrol usage

MWh



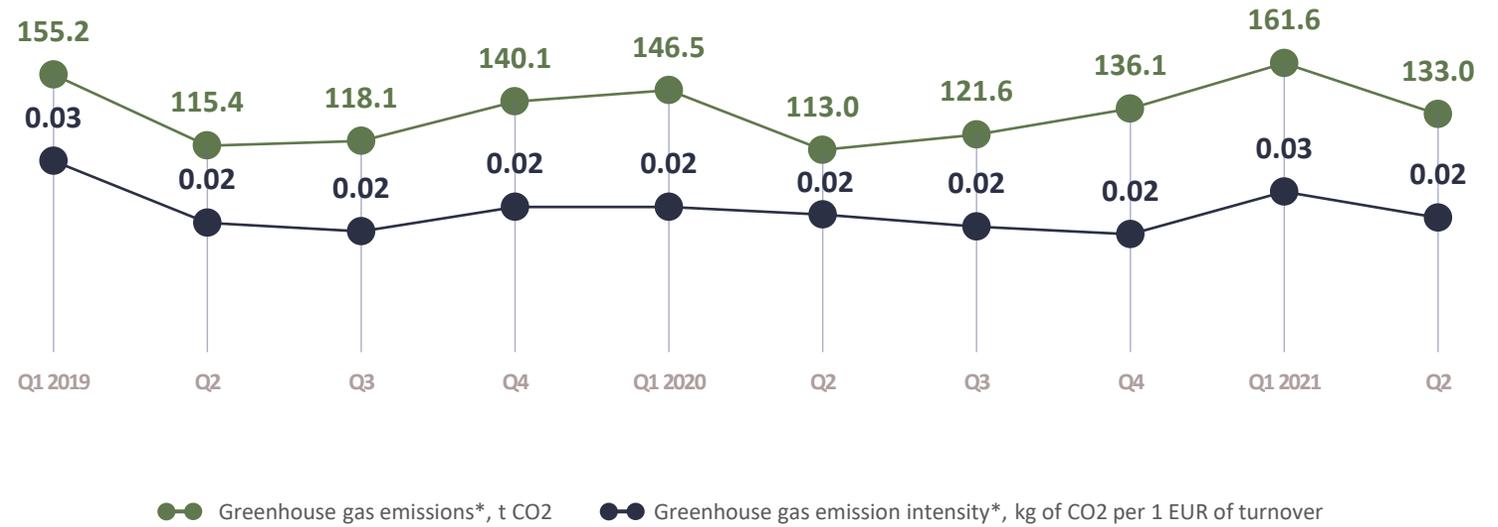
Energy intensity*



* Energy intensity is calculated based on quarterly electricity and petrol consumption per employee

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

Greenhouse gas emissions and greenhouse gas emission intensity

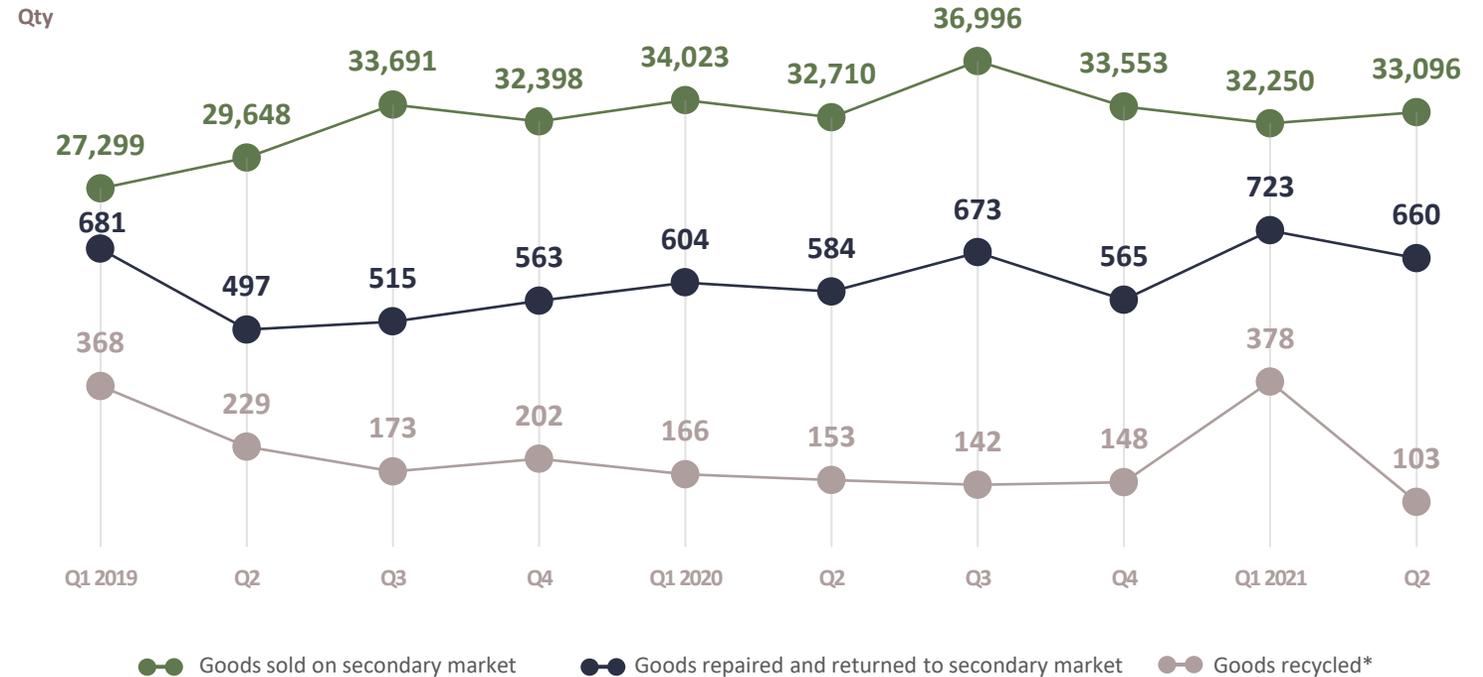


* Greenhouse gas emissions as a result of consumed electricity and petrol

DelfinGroup promotes the efficient use of resources by returning pre-owned goods to the secondary market

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

Pawn shop as part of circular economy



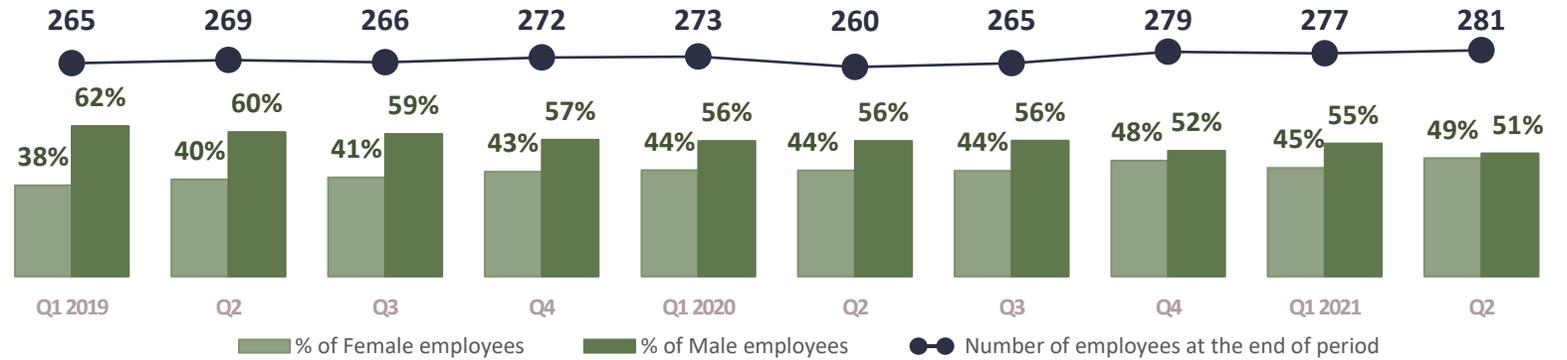
* Goods properly recycled or used as spare parts

Employees

DelfinGroup is committed to being an inclusive and supportive workplace. Company's gender pay gap in Q2 2021 is 11%. According to the Central Statistical Bureau of Latvia the pay gap in the financial sector was 35%* in 2020.

SOCIAL RESPONSIBILITY

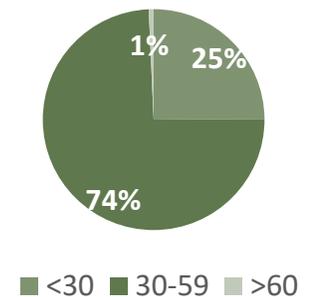
Dynamics of the number of employees and gender diversity



Gender pay gap



Age diversity (Q2 2021)



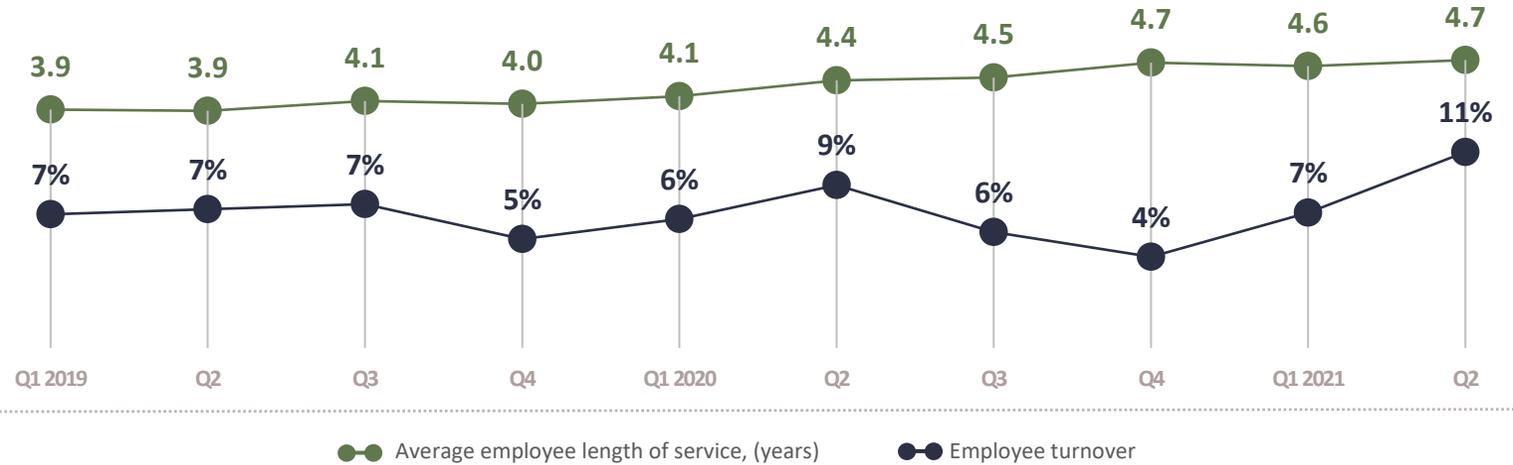
* Source: Dzimumlīdztiesība: Nodarbinātība un darba samaksa | Oficiālās statistikas portāls

Employees

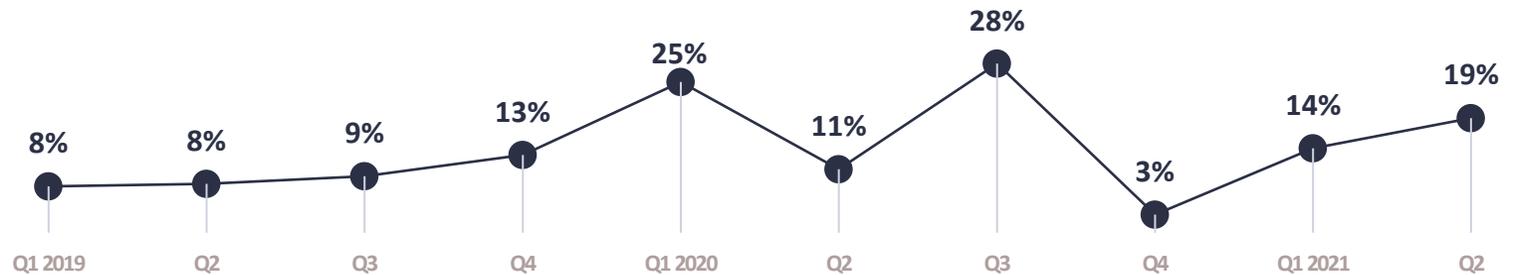
Stable average employee length of service indicates satisfaction among employees

SOCIAL RESPONSIBILITY (CONTINUED)

Employee turnover and average employee length of service



Percentage of employees released during probationary period



Definitions for Alternative Performance Measures*

EBITDA

Earnings before interest, taxes, depreciation and amortisation = (Profit before tax) + (Interest expenses and similar expenses) + (Rights of used assets depreciation) + (Depreciation of fixed assets) + (Amortisation). Used as a measure of corporate performance as it shows earnings before the influence of accounting and financial deductions.

EBITDA Margin

Operating profitability as a percentage of its total revenue, calculated as EBITDA / (Interest income + Gross profit from the sale of foreclosed items). Used as a profitability measure that is factoring out the effects of decisions related to financing and accounting.

Interest Coverage Ratio

Profitability and debt ratio, calculated as ((Profit before corporate income tax) + (Interest expenses and similar expenses) / (Interest expenses and similar expenses). Used to determine how easily a company can pay interest on its outstanding debt.

Cost-to-income Ratio

((Sales expenses) + (Administrative expenses) + (Other expenses (excluding Loss from cession (debt sales) of non-performing loans)) / ((Net sales) – (Cost of sales) + (Interest income and similar income) + (Other operating income) – (Interest expenses and similar expenses)).

Return on Equity (ROE)

Net profit for the period/months in the period*12 / (((Equity as at the start of the period) + (Equity as at period end)) / 2).

Total revenue

Net sales + Interest income and similar income. Represents income generated by the Company's business segments.

Interest-Bearing Debt

Liabilities that require the payment of interest, including bonds, other loans, leasing liabilities etc. Interest-Bearing Debt has priority over other debts.

Cost of interest-bearing liabilities

Weighted average nominal interest rate calculated by amount of interest bearing liabilities as at period end.

Dividends paid out

(Dividends paid during the period)/(Net Profit for the period). Shows what percentage of profit is distributed to shareholders in the form of dividends.

Equity ratio

Equity/Total assets.

The goal of alternative performance measures is to provide investors with performance measures that are widely used when making investment decisions and comparing the performance of different companies.

* As stipulated by FCMC Regulations on Alternative Performance Measures



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