



INVESTOR CONFERENCE

UNAUDITED RESULTS FOR 6 MONTHS
ENDING 30 JUNE 2021

20.08.2021

INDUSTRY AND SERVICES

**CONSUMER
LENDING**

**RETAIL
BUSINESS**

PAWN LOANS
CONSUMER LOANS
POS loans

RETAIL BUSINESS
OF PRE-OWNED
GOODS

Relevant UN Sustainable Development Goals:



Largest
financial
services
branch
network
in Latvia

* Based on DB TOP 500
| Largest enterprises in
Latvia (2020 issue)
2019. data

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

2.25 m€
(+9% Y-o-Y)

Profit before
tax

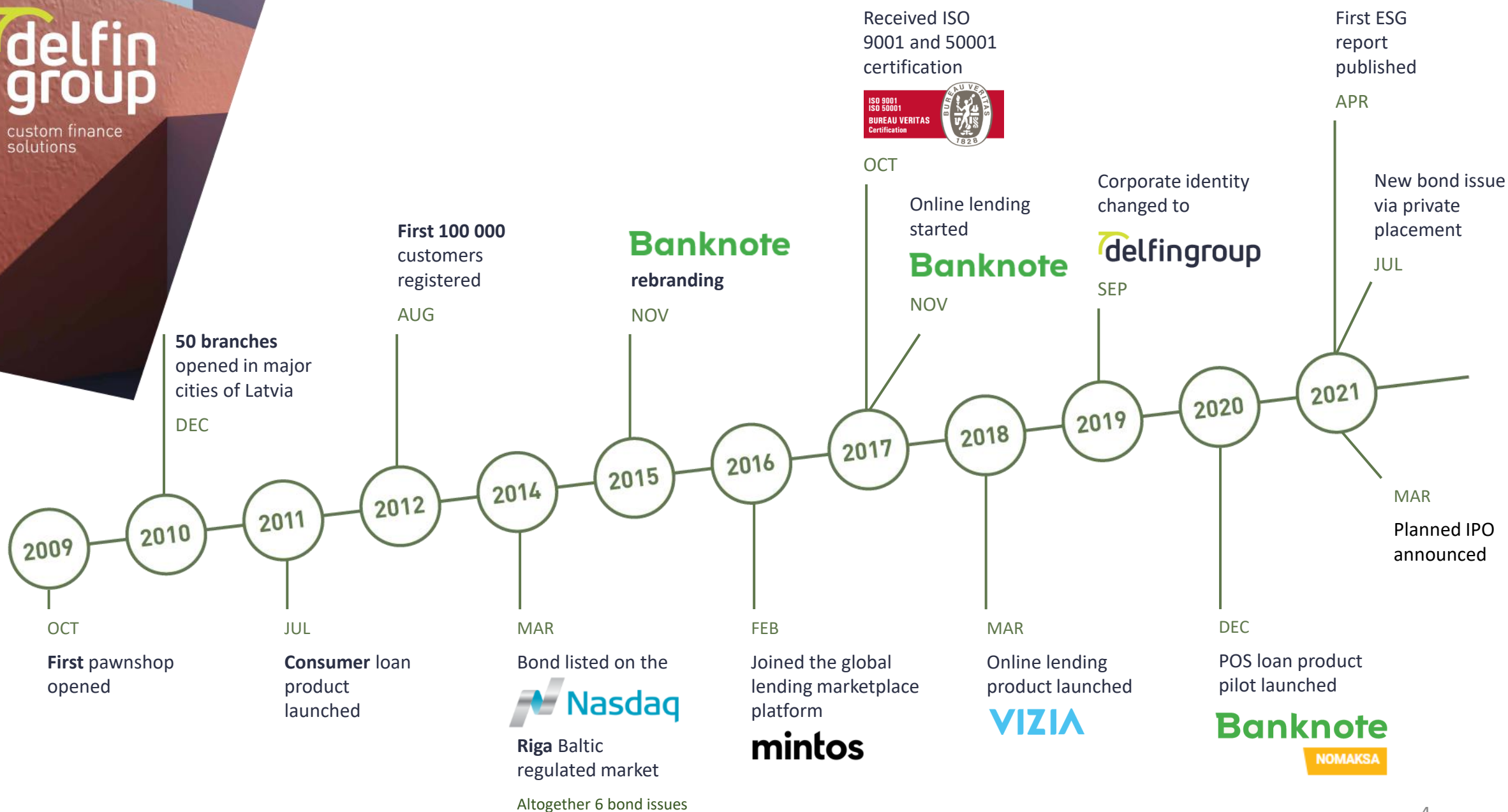
33.3 m€
(+3% Y-o-Y)

Net loan portfolio

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.



17:25 4G

Pieteikums

1000 €

20 € 1610 €

36 mēn.





12 mēn. 60 mēn.

Esošais aizdevums	416,10 €
Kopējā aizdevuma summa	1416,10 €
Mēneša maksājums	67,07 €
Pirmā maksājuma datums	20/06/2021 📅

Aizdevuma saņemšana

☒ Bankas pārskaitījums ☐ Skaidrā naudā

Pieteikties

 GALVENĀ  LĪGUMI  PROFILS  VAIRĀK

Services offered:

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

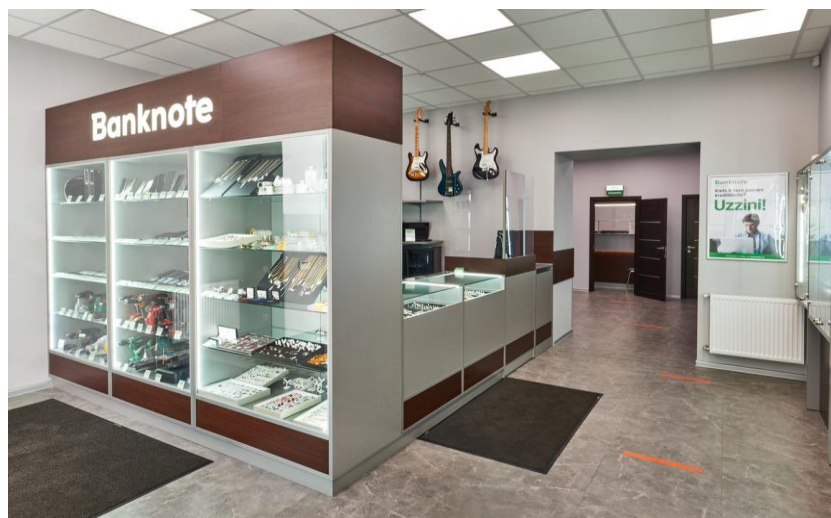
**Largest
Pawnbroker
in Latvia with
36% market
share***

www.banknote.lv

*Source: Consumer
Rights Protection
Centre

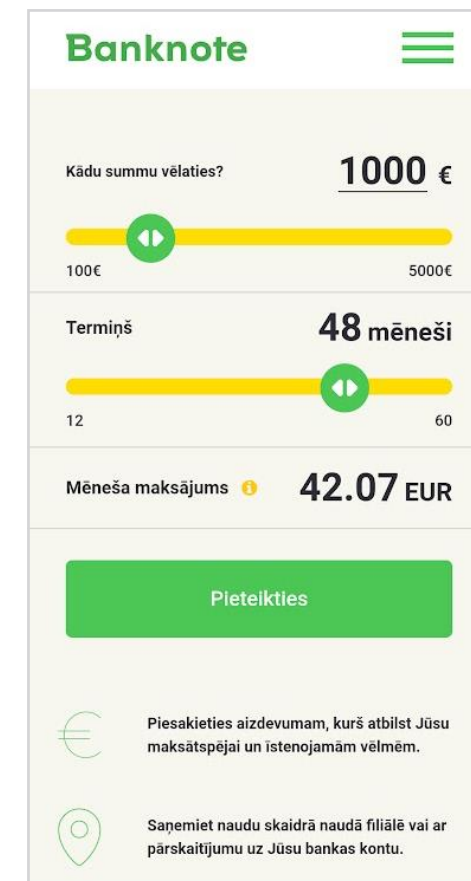
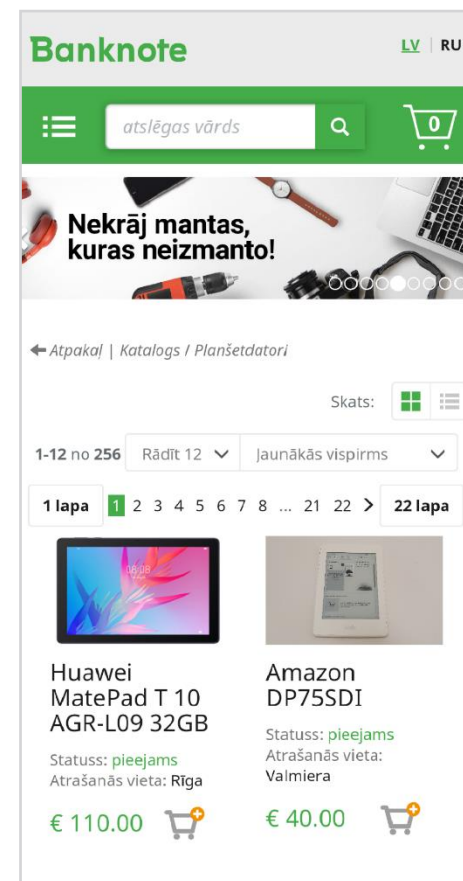
Largest branch network

90+ branches in 38 cities and towns



Strong online presence

- Online consumer loans
- Online pledge valuation
- Online store
30,000 items available for sale



**Pawn shop as part of
circular economy**



BANKNOTE BRANCH NETWORK



Presence in
38 cities

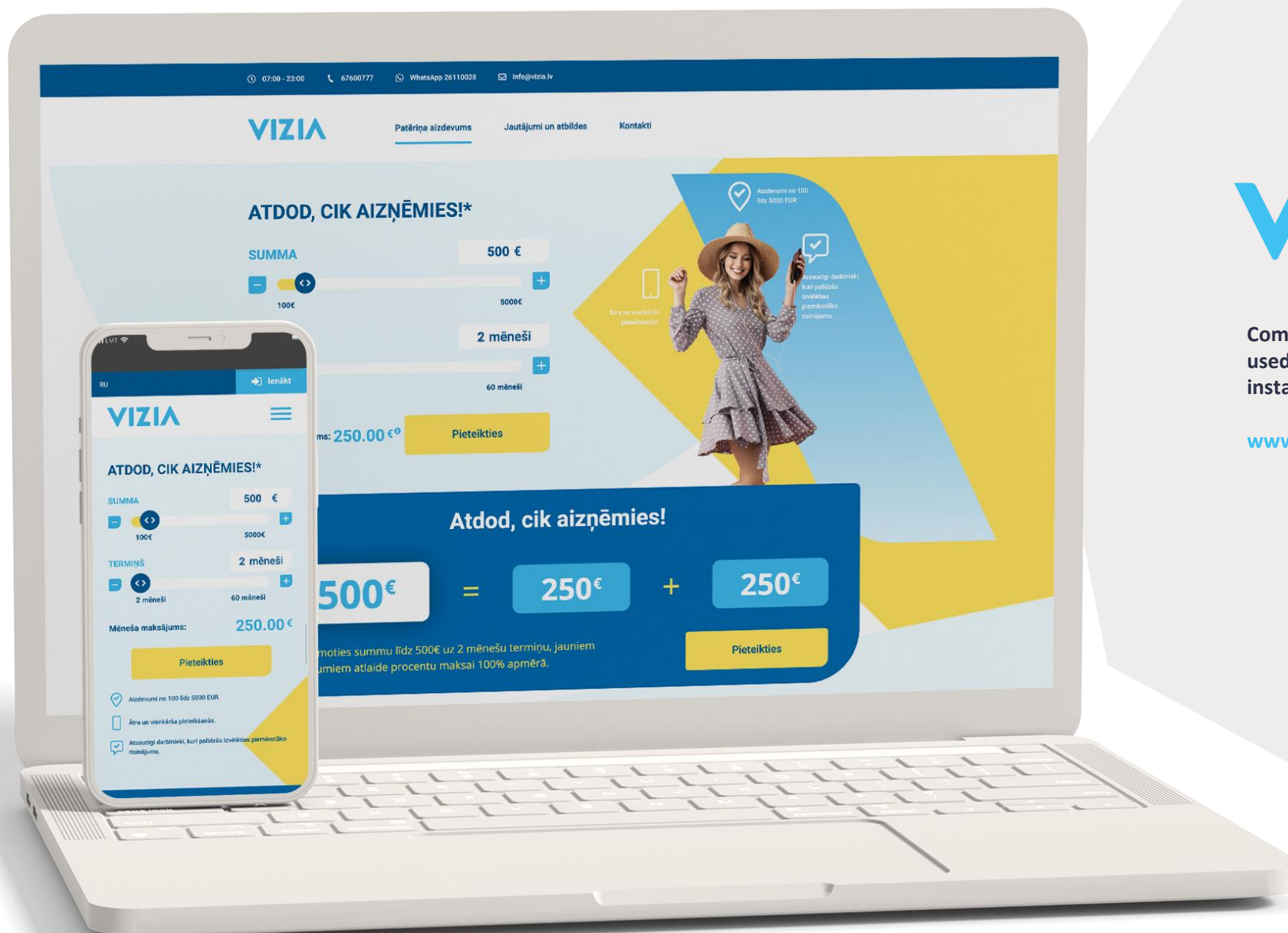


90+ branches
in Latvia



40+ branches
in Riga





VIZIA

Company's know-how and infrastructure
used to successfully launch online
instalment loan product VIZIA

www.vizia.lv

Organisational chart

GENERAL MEETING

Supervisory board

Audit and risk committee

Remuneration and nomination committee

Business development committee

Internal auditor

Management board

Chairman of the management board

Member of the management board

Member of the management board

MANAGEMENT BOARD



DIDZIS ĀDMĪDIŅŠ

Chairman of the management board (CEO)

Joined the Company in 2010

CEO since 2018 and member of the management board since 2014

Directly owns 600 000 shares of the Company (1.5%)



KRISTAPS BERGMANIS

Member of the management board

Joined the Company in 2012

CFO from 2012 until 2021 and member of the management board since 2014

Directly owns 400,000 shares of the Company (1%)



IVARS LAMBERTS

Member of the management board (COO)

Joined the Company in 2015

COO since 2015 and member of the management board since 2018

Directly owns 400,000 shares of the Company (1%)

SUPERVISORY BOARD



GATIS KOKINS

Deputy chairman of the supervisory board
Independent supervisory board member

2009 – 2021

TET (prev. Lattelecom), chair of the supervisory board

1997 – 2009

Parex bank, head of corporate banking and leasing in Baltic states



JĀNIS PIZIČS

Member of the supervisory board

2019 – present

Monio group, Monio insurance, member of the management board

2017 – 2019

Finko group, CEO



MĀRTIŅŠ BIČEVSKIS

Member of the supervisory board
Independent supervisory board member

2020 – present

Baltic Institute of Corporate Governance, member of policy group in Latvia

2016 – 2019

Latvenergo, member of the supervisory board

2011 – 2016

Association of Commercial banks of Latvia, president

2008 – 2011

Ministry of Finance of Latvia, state secretary



AGRIS EVERTOVSKIS

Chairman of the supervisory board
Founded the Company in 2009

Previous experience as chairman of the management board of DelfinGroup since 2009



Dr EDGARS VOĻSKIS

Member of the supervisory board
Independent supervisory board member

2020 – present

Baltic International Bank SE, CFO and member of the management board

2017 – 2019

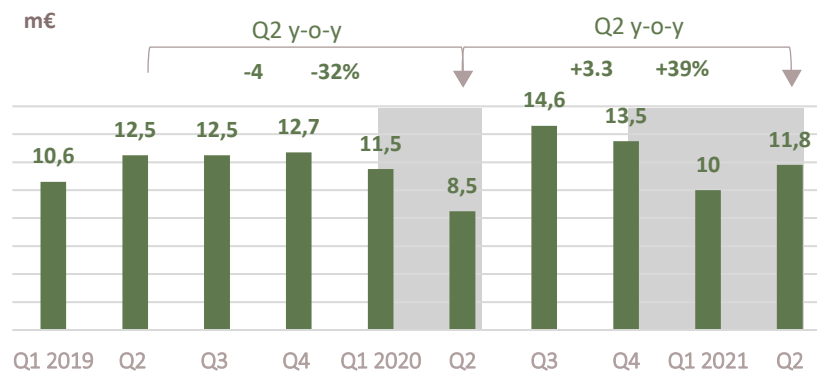
KPMG CIS (Belarus), partner

2003 – 2006

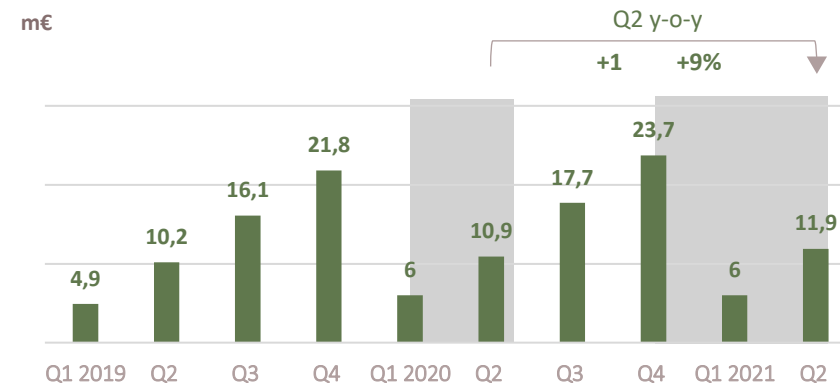
Deloitte & Touche Adriatics, risk services manager

SELECTED FINANCIALS

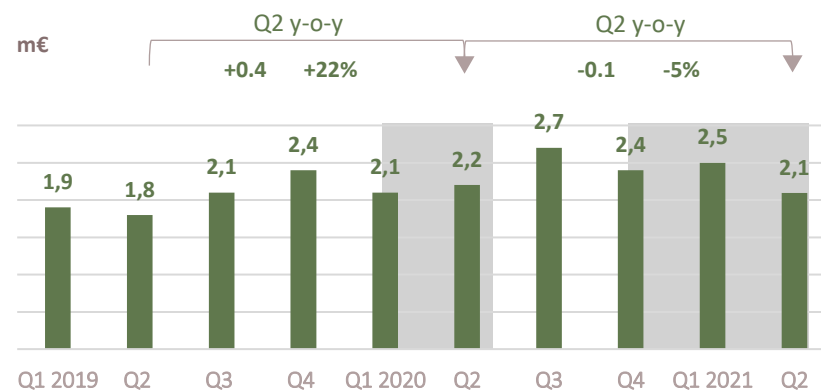
Total loans issued



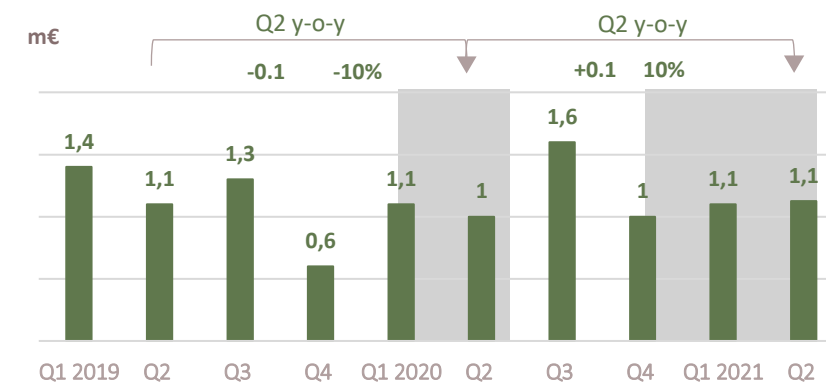
Total revenue, quarterly cumulative



EBITDA

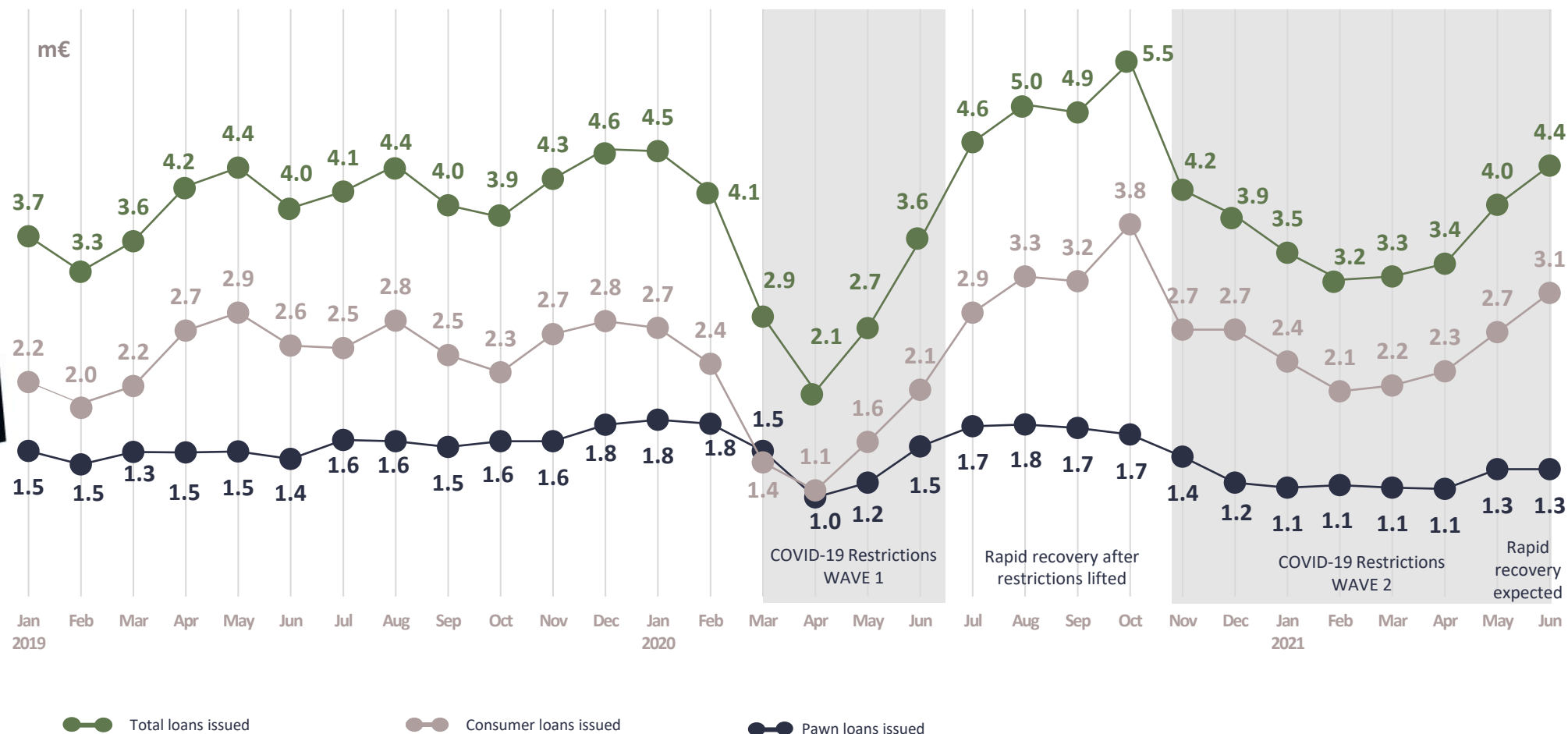


Profit before tax



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

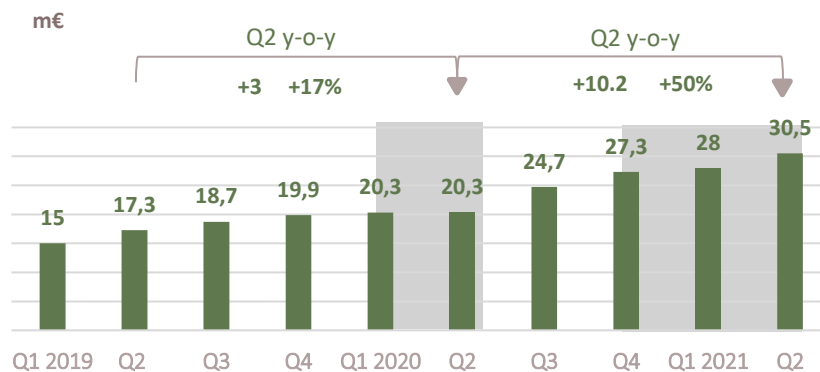
CONSUMER AND PAWN LOANS



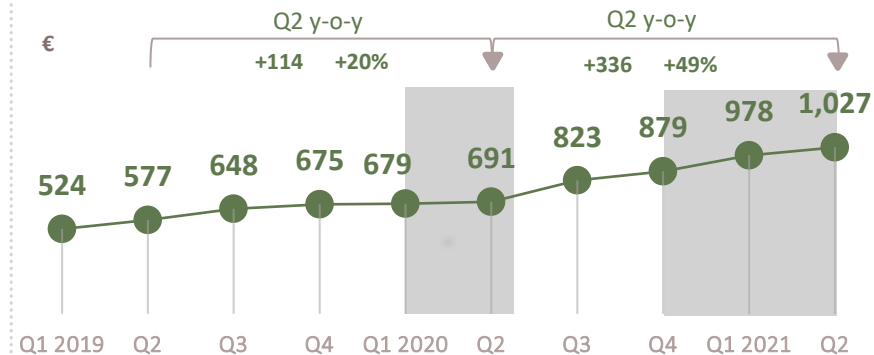
Decrease of consumption and various restrictions during COVID-19 lockdowns resulted in a temporary drop of loan issuance. Lifting of lockdowns resulted in a rapid loan issuance recovery.

CONSUMER LOANS

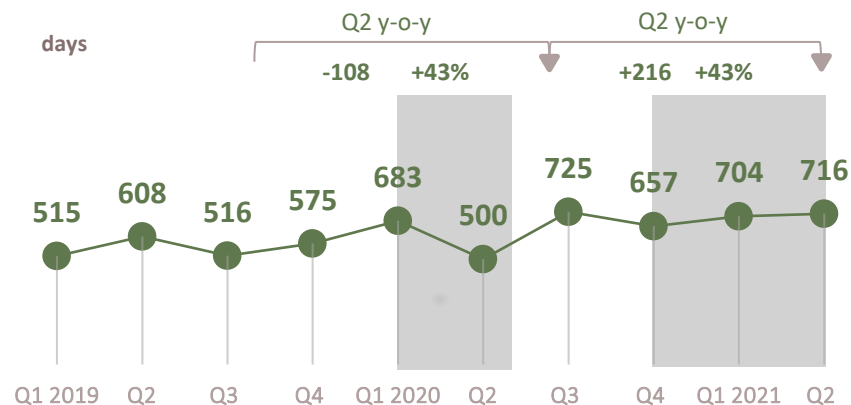
Consumer net loan portfolio



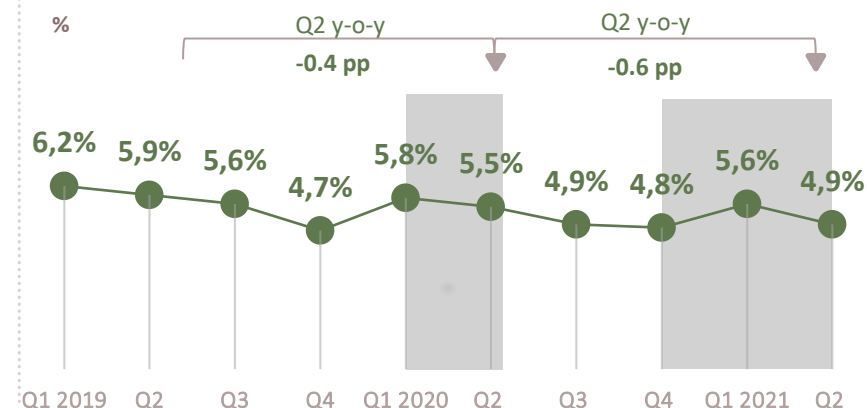
Average loan*



Weighted average term of loans issued



Non-performing loan ratio



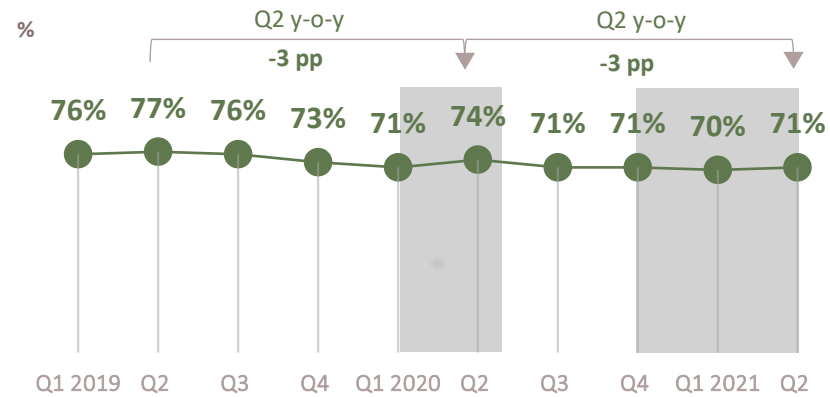
* Average consumer loan balance for one client at the end of period.

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

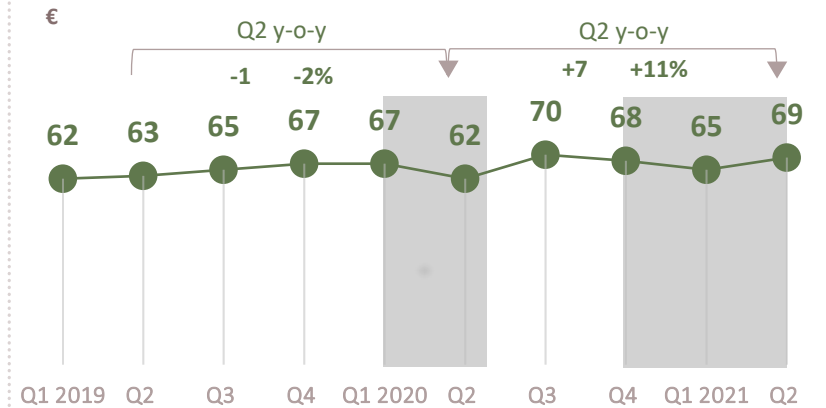


PAWN LOANS

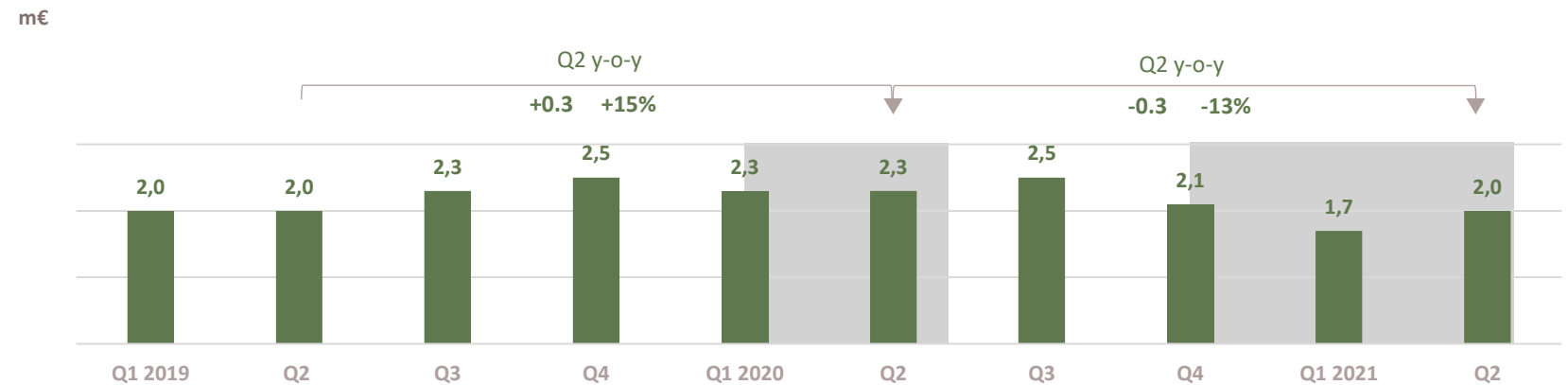
Redemption rate*



Average loan



Pawn net loan portfolio

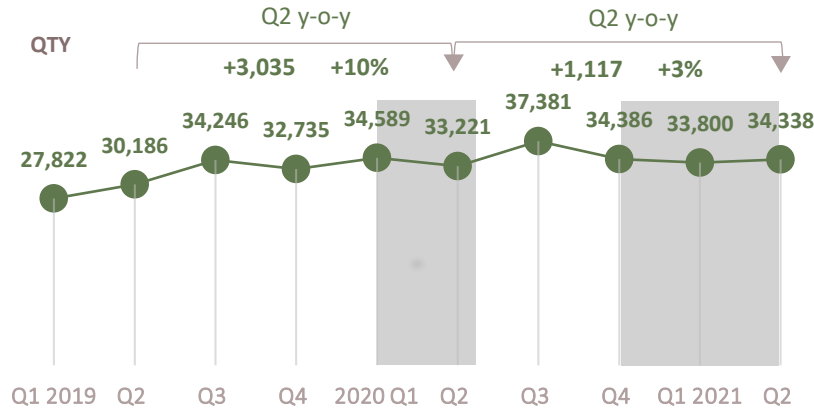


* Items redeemed or extended within 3 months since issuance.

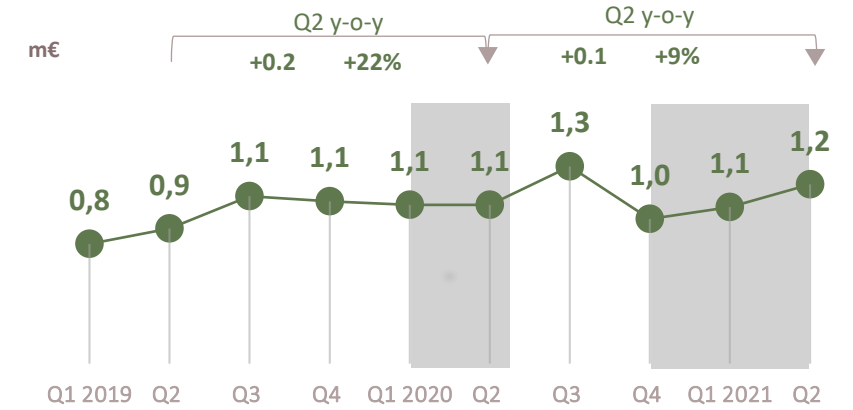
1st and 2nd wave of COVID-19 restrictions in Latvia

RETAIL OF PRE-OWNED GOODS*

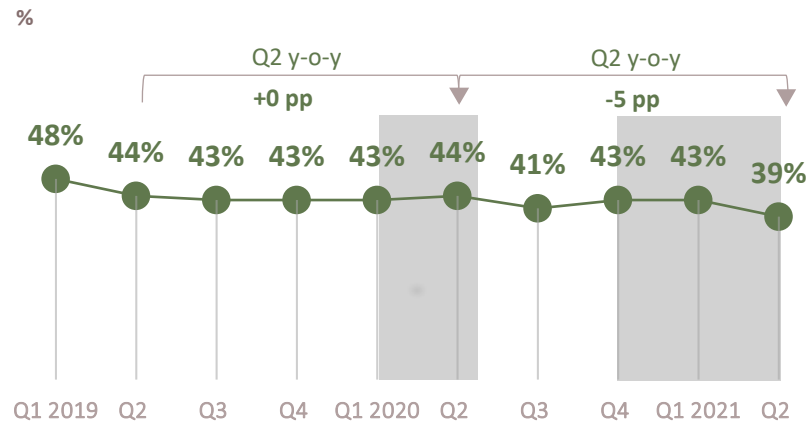
Number of items sold



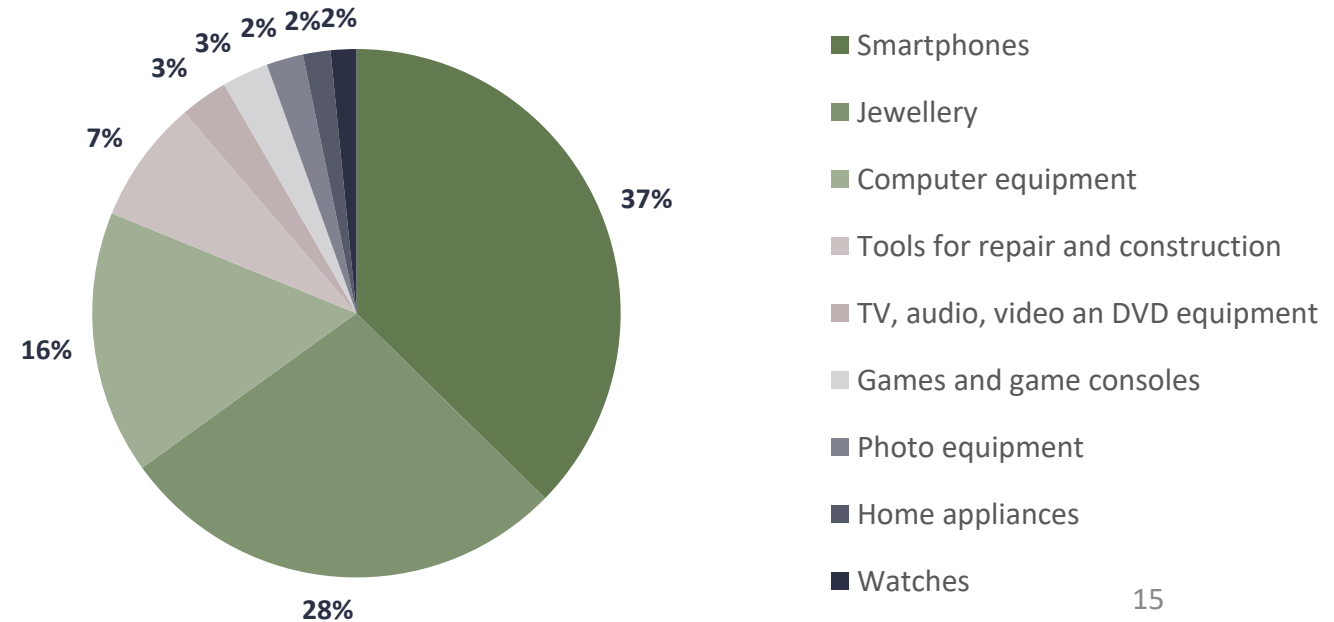
Total sales revenue



Gross margin



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

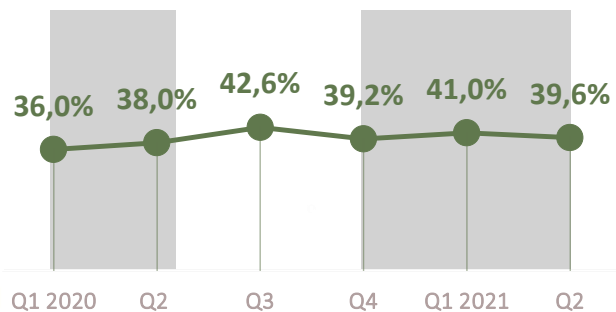


* Excluding wholesale of precious metals (scrap)

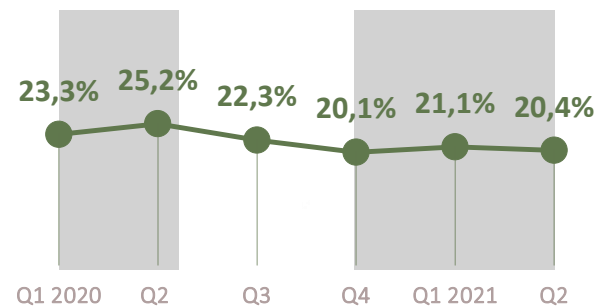
1st and 2nd wave of COVID-19
restrictions in Latvia

FINANCIAL RATIOS

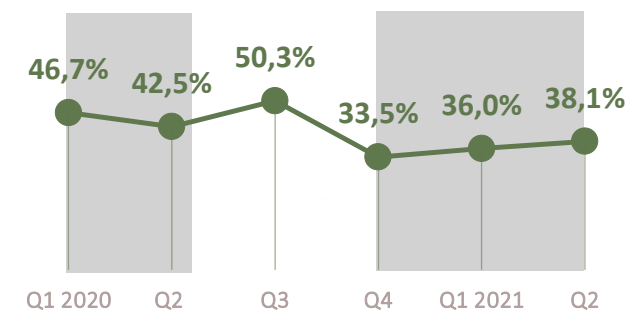
EBITDA margin*



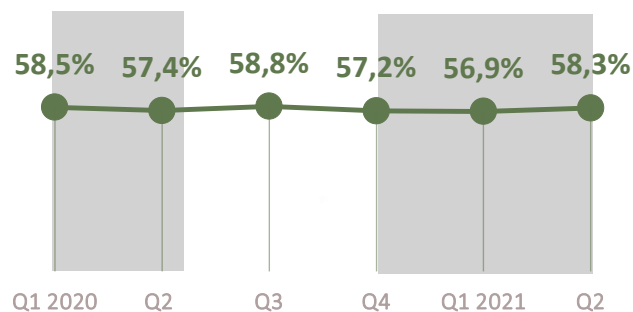
Equity ratio



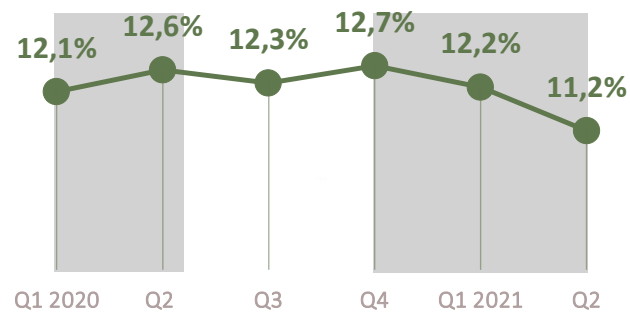
ROE**



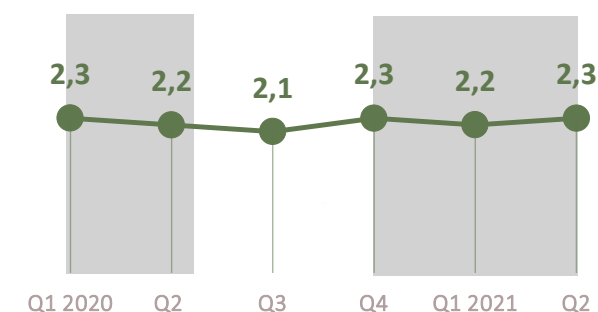
Cost-to-income ratio*



Cost of interest-bearing liabilities



Interest coverage ratio*



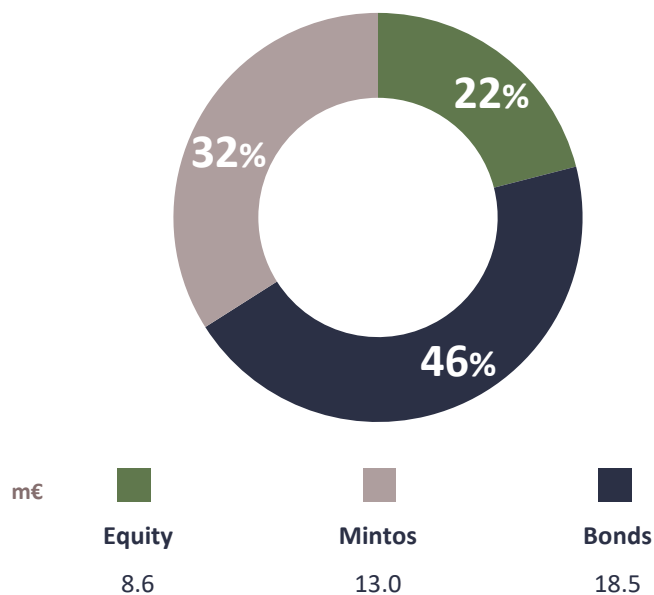
* Last 12 months figures

** Annualized

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

DIVERSIFIED AND SUSTAINABLE CAPITAL STRUCTURE

Capital structure, Q2 2021



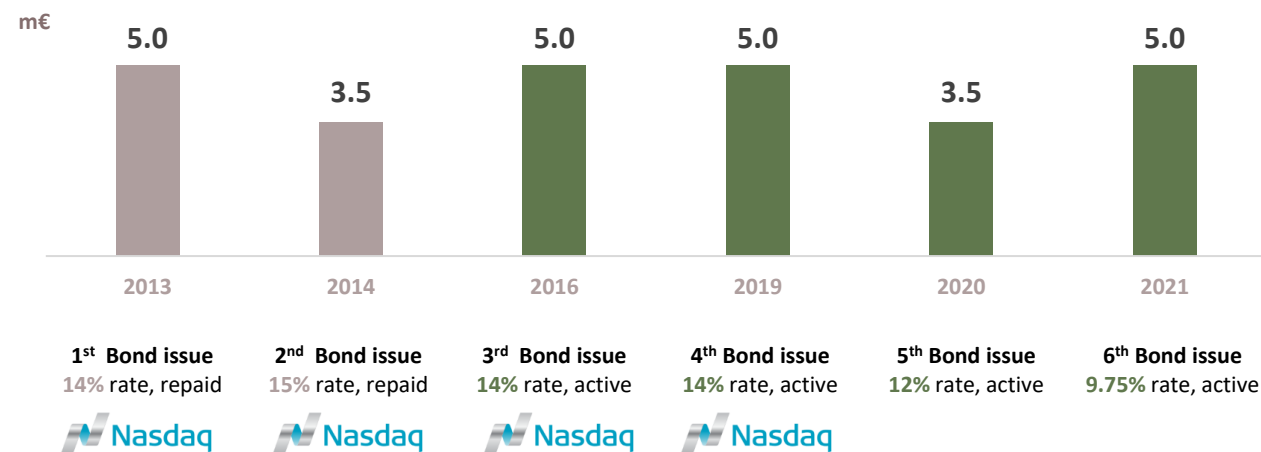
Active MINTOS investor map, Q2 2021

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% from the company's
consolidated quarterly profit

&

Annual dividends

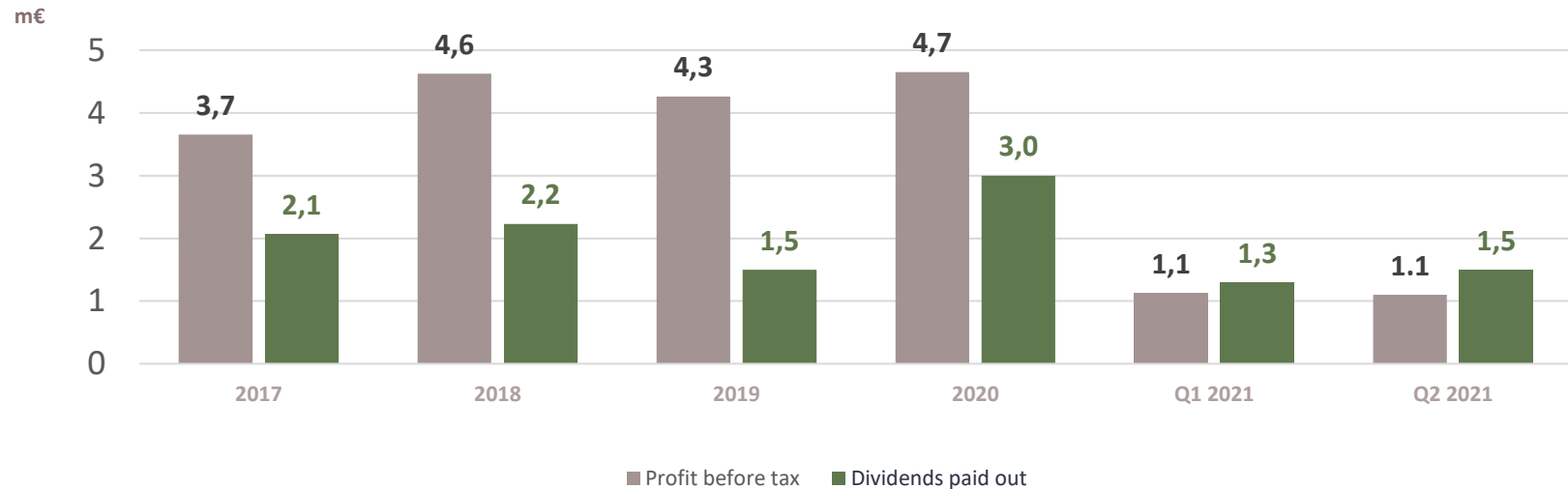
In an amount ensuring an
optimal capital structure

=

Dividends

At least 50% from the
company's consolidated profit

Dividends paid out by DelfinGroup



COMPANY'S FINANCIAL TARGETS FOR 2024

Indicator	2020 audited results	2022 targets	2024 targets
Net loan portfolio	34.6 mEUR	51 mEUR	70 mEUR
Cost-to-income ratio	57%	<52%	<45%
Cost of interest-bearing liabilities	12.70%	8%	<8%
Return on Equity (ROE)	44%	>30%	>30%
Equity ratio	20.10%	>27%	>27%
EBITDA	9.3 mEUR	12.0 mEUR	17.6 mEUR
Profit before tax	4.65 mEUR	8.7 mEUR	12.9 mEUR
Dividend payout ratio	55%	>50%	>50%

*Main assumptions:

- Company's financial targets for 2024 are based and valid for the assumption of EUR 10 million to EUR 15 million raised in the planned IPO process.
- In the coming years, AS DelfinGroup plans to grow faster compared to the market of non-bank consumer lending, reaching a 17% market share in 2024. According to AS DelfinGroup estimates and available information, in 2020 the Company's market share in the segment was 10%. The Company expects 8% annual growth in the overall non-bank consumer lending market in Latvia during the coming years. AS DelfinGroup plans to strengthen its market position in the pawnshop services segment and reach 42% of the total pawnshop loan market portfolio by 2024. According to the information available to the company, AS DelfinGroup's market share in the pawnshop loan segment in Latvia reached 36% in 2020.
- As the Company net loan portfolio is projected to increase over time, the Company expects the cost-to-income ratio to fall to 45% or lower. This is because of the nature of the Company's cost structure, which has a relatively high fixed cost share in its overall cost structure and, as income will continue to gradually increase, the cost base is expected to increase by less than the proportionate amount.
- Based on the planned IPO and presence in capital markets, our target is to reduce the cost of interest-bearing liabilities to below 8% per year in 2024.
- The IPO proceeds will provide sufficient additional equity to the Company and will allow the Company to pay out as dividends 50% or more from annual profits each year.
- All factors listed above will constitute EBITDA growth of 18% and Profit before tax growth of 29% on average yearly over the 2020-2024 period.

Q&A

20.08.2021

Definitions for Alternative Performance Measures*

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

DISCLAIMER

This presentation is of 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 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 bonds issue.

EBITDA

Earnings before interest, taxes, depreciation and amortization = (Profit before tax) + (Interest expenses and similar expenses) + (Rights of used assets depreciation) + (Depreciation of fixed assets) + (Amortization).

EBITDA Margin

Operating profitability as a percentage of its total revenue, calculated as EBITDA / (Interest income + Gross profit from sale of foreclosed items).

Interest Coverage Ratio

Profitability and debt ratio, calculated as ((Profit before corporate income tax) + (Interest expenses and similar expenses)) / (Interest expenses and similar expenses).

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 start of the period) + (Equity as at period end)) / 2).

Total revenue

Net sales + Interest income and similar income. Represents income generated by 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 a 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).

Equity ratio

Equity/Total assets



AS DelfinGroup

Skanstes street 50A, Riga

Latvia, LV-1013

info@delfingroup.lv

(+371) 66 15 50 06

www.delfingroup.lv/invest