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**Banknote  
VIZIA**

**IPO Presentation**

Subscription period  
28 September – 11 October 2021

# ADVERTISEMENT

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An approved prospectus is published and available at [\[https://www.delfingroup.lv/invest\]](https://www.delfingroup.lv/invest). The approval of the prospectus should not be regarded as an endorsement of the Offer Shares. Please read the prospectus carefully before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the Offer Shares.

# INDUSTRY AND SERVICES

**CONSUMER  
LENDING**

PAWN LOANS  
CONSUMER LOANS  
POS loans

**RETAIL  
BUSINESS**

RETAIL BUSINESS  
OF PRE-OWNED  
GOODS

Relevant UN Sustainable Development Goals:







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Largest  
financial  
services  
branch  
network in  
Latvia

## DELFINGROUP AT A GLANCE



**2009**

Company  
established



**TOP 2**

Second largest non-bank  
consumer lender in Latvia\*

## BUSINESS SEGMENTS

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

**90+**  
branches



**38**  
cities



**250+**  
employees



**400,000+**  
registered customers

last **10 years**  
profitable operations

## KEY FINANCIALS (2020)

**23.7 m€**  
(+9% Y-o-Y)  
Revenue

**4.7 m€**  
(+9% Y-o-Y)  
Profit before tax

**34.6 m€**  
(+10% Y-o-Y)  
Net loan portfolio

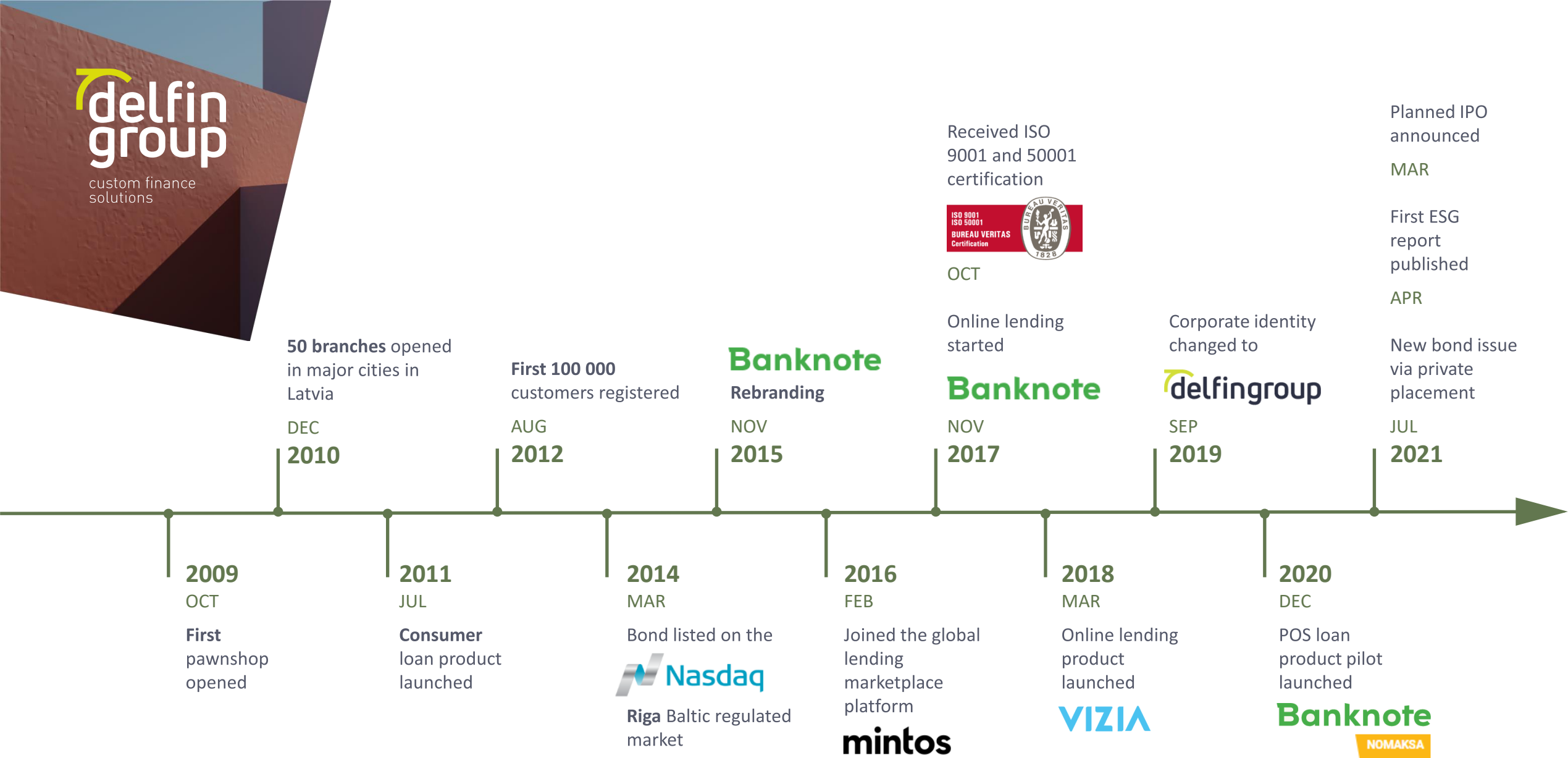
**9.3 m€**  
(+13% Y-o-Y)  
EBITDA

**BRANDS:** **Banknote** **VIZIA**

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

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

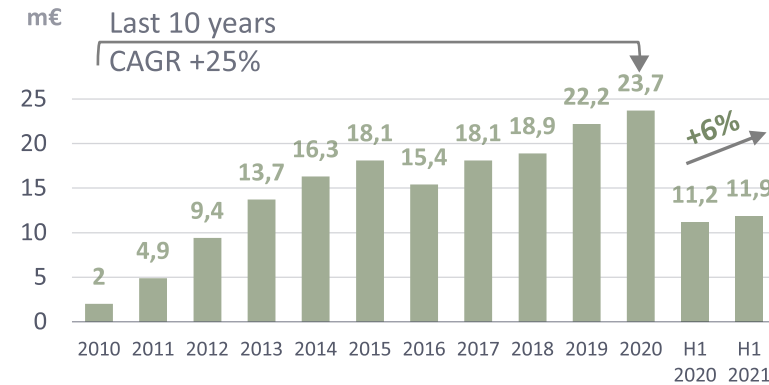




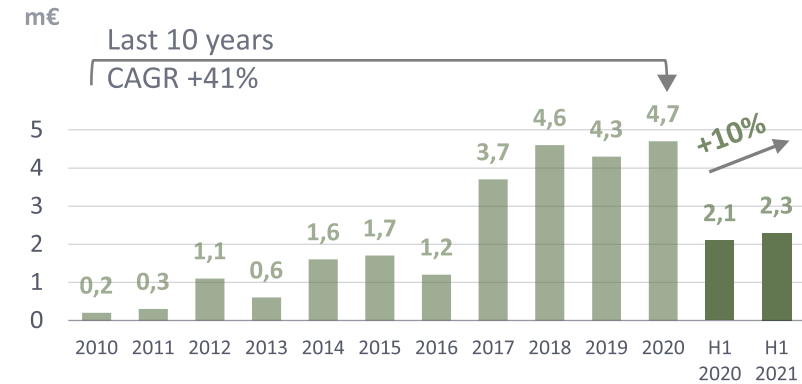
Profitable and  
resilient growth  
for the last  
10 years

## SELECTED FINANCIALS

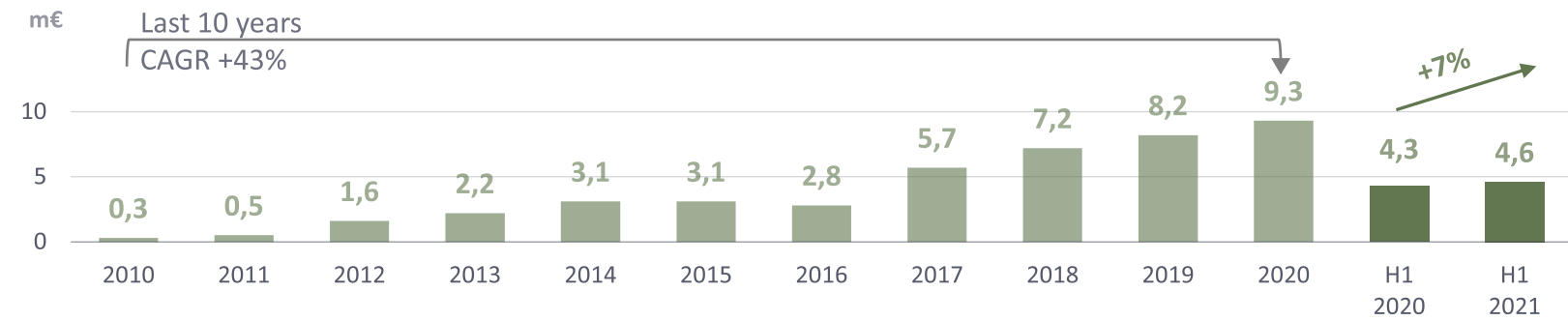
### Total revenue



### Profit Before tax



### EBITDA



## Services offered:

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

Largest pawnbroker  
in Latvia with 36% market  
share\*

[www.banknote.lv](http://www.banknote.lv)

\*Source: Consumer  
Rights Protection Centre

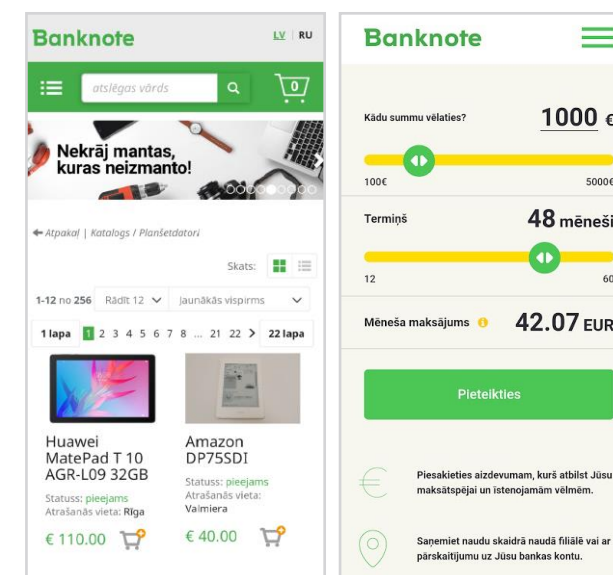
## Largest branch network

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 a circular economy



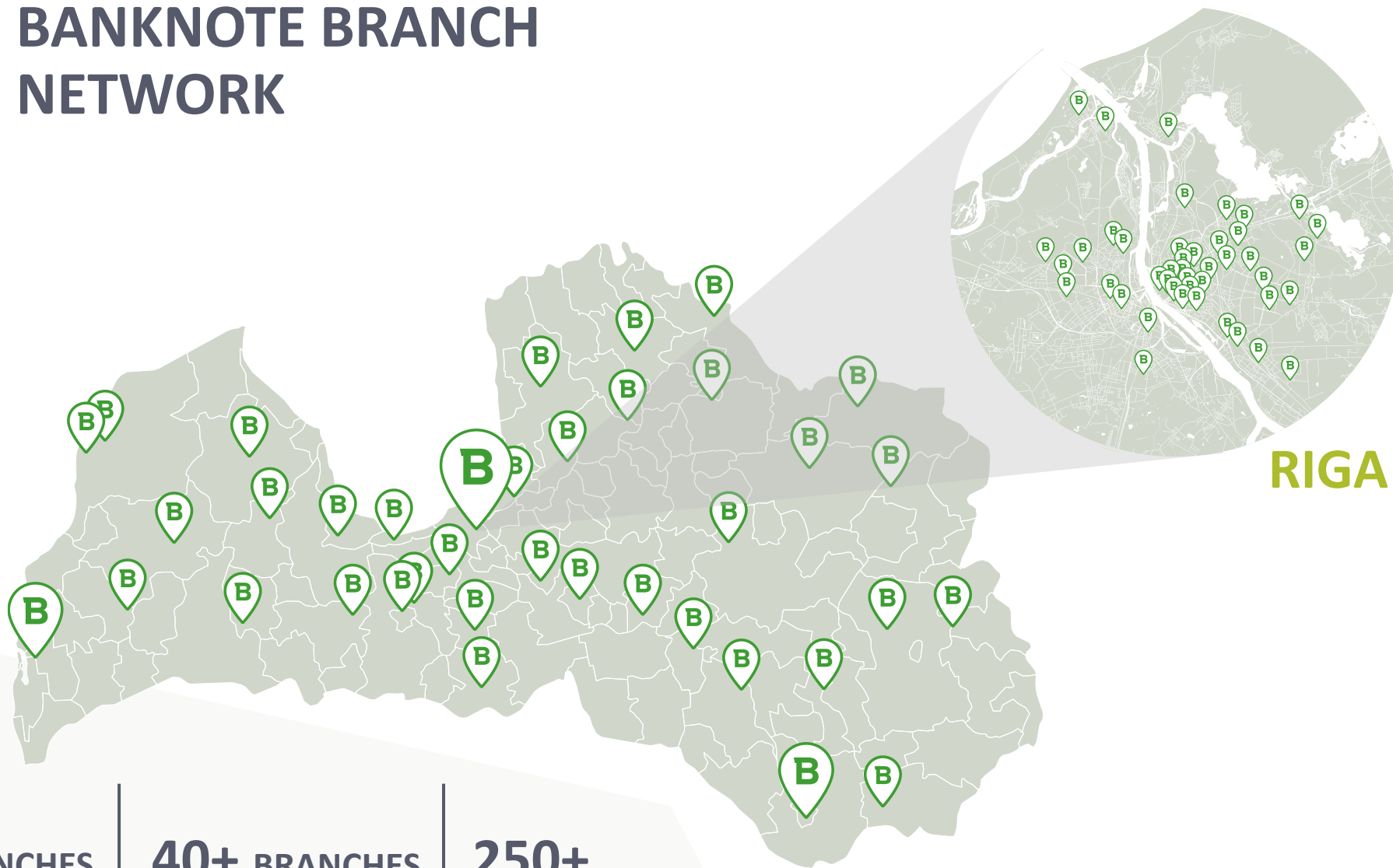






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# BANKNOTE BRANCH NETWORK



PRESENCE IN  
**38** CITIES

**90+** BRANCHES  
IN LATVIA

**40+** BRANCHES  
IN RIGA

**250+**  
employees

## Customer solvency assessment is based on:

- Proprietary credit scoring
- Information from external databases and credit bureaus
- Customer's official income data

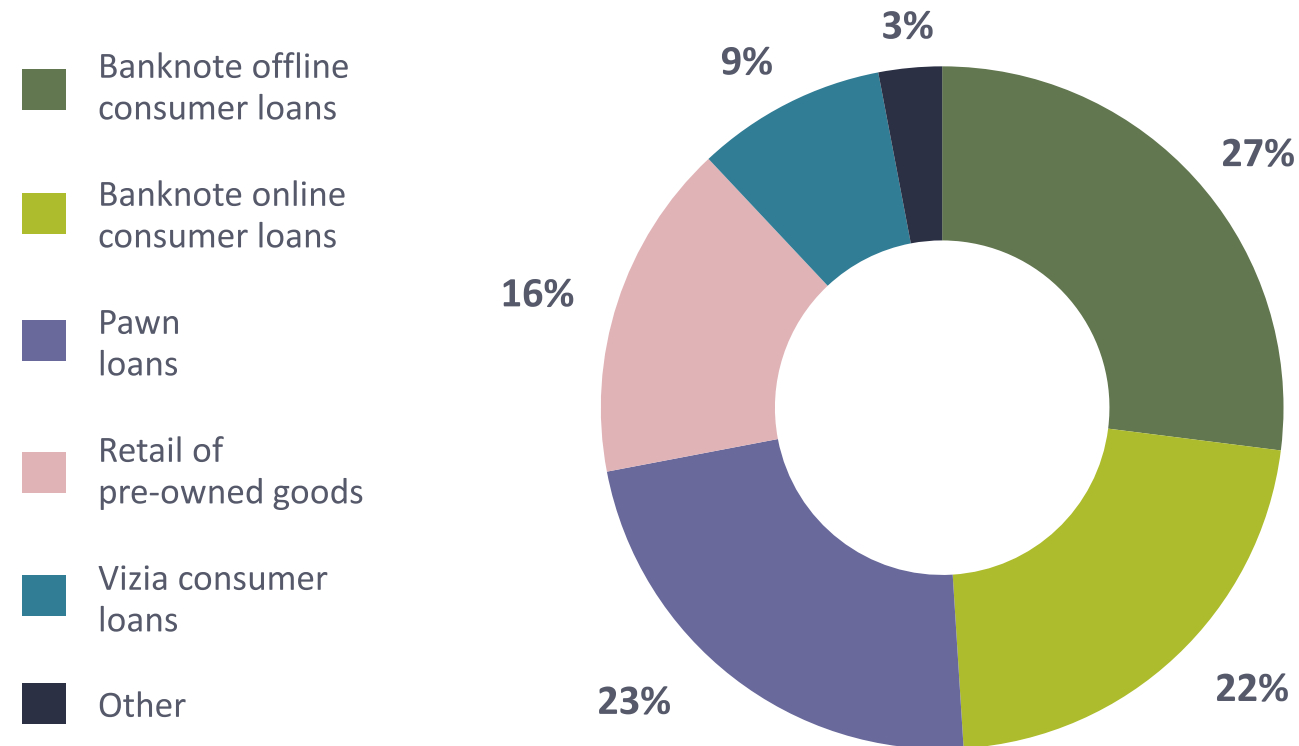
# PRODUCT OFFERING

	Banknote Consumer loans	VIZIA Consumer loans	Banknote Pawn loans	Banknote POS loans
<b>Ticket size</b>	EUR 50 – 5,000	EUR 100 – 5,000	Depends on pledge	EUR 50 – 1,400
<b>Loan tenure</b>	Up to 60 months	Up to 60 months	Up to 24 months	Up to 36 months
<b>Interest rate per month</b>	Up to 3.7%	Up to 3.7%	2-28%	Up to 2.95%
<b>Application and issuance</b>	Via branches, Online	Online	Via branches, Online (valuation)	Via branches, Online
<b>Average loan size, 2021 Q2</b>	EUR 1,030	EUR 889	EUR 63	EUR 227



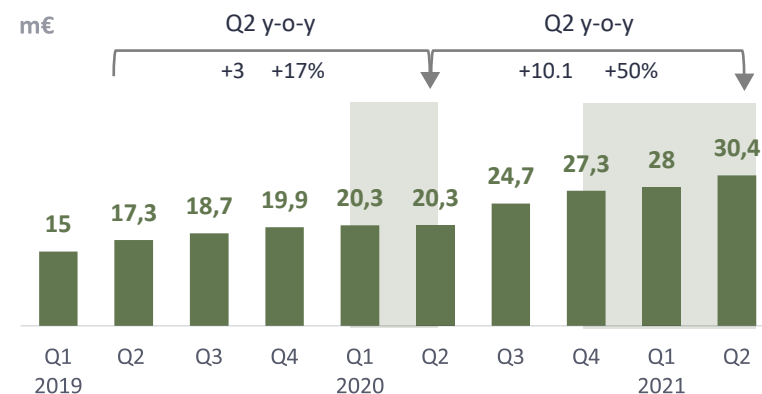
## DIVERSIFIED REVENUE STREAMS

Revenue by business segments, 2020

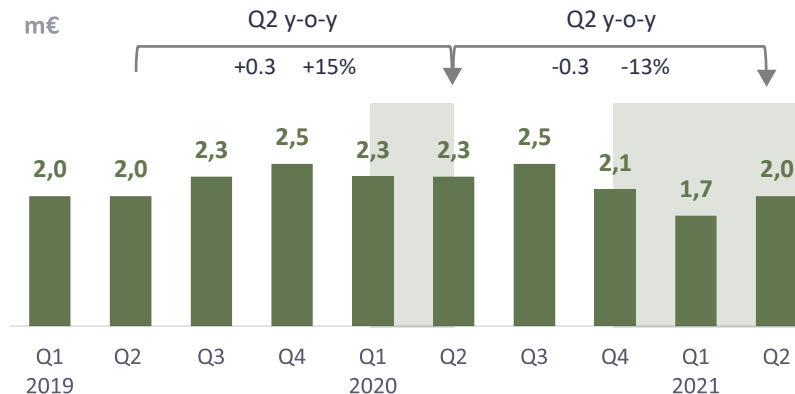


# SELECTED FINANCIALS

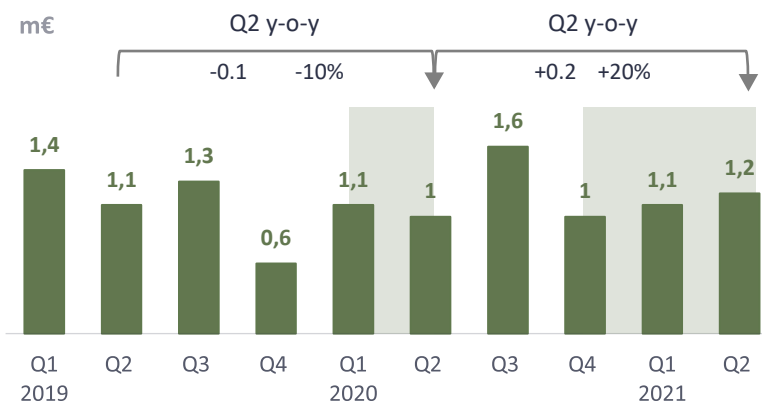
## Consumer net loan portfolio



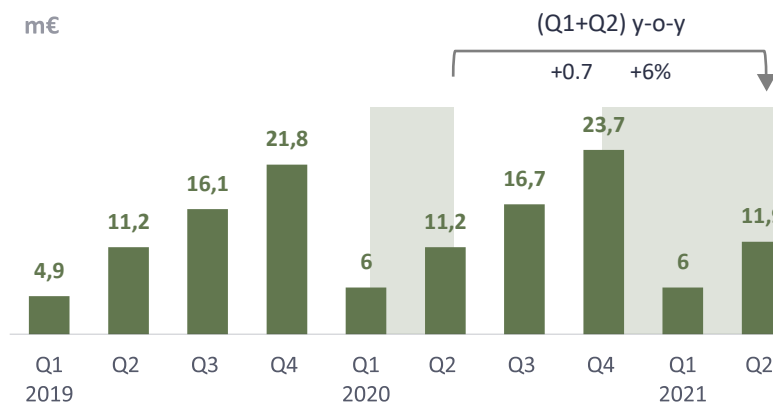
## Pawn net loan portfolio



## Profit before tax



## Total revenue, quarterly cumulative



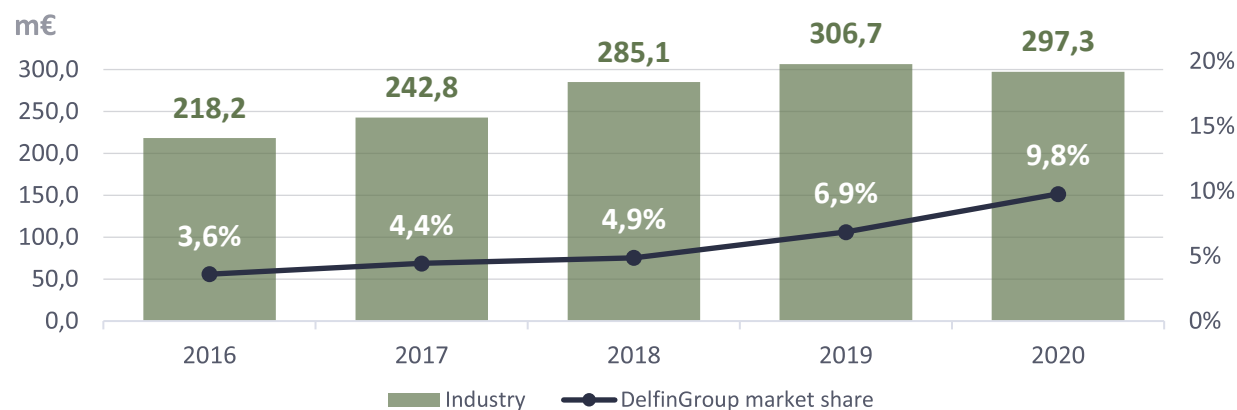
1<sup>st</sup> and 2<sup>nd</sup> wave of COVID-19 restrictions  
in Latvia

**DelfinGroup  
market share is  
growing year on  
year**

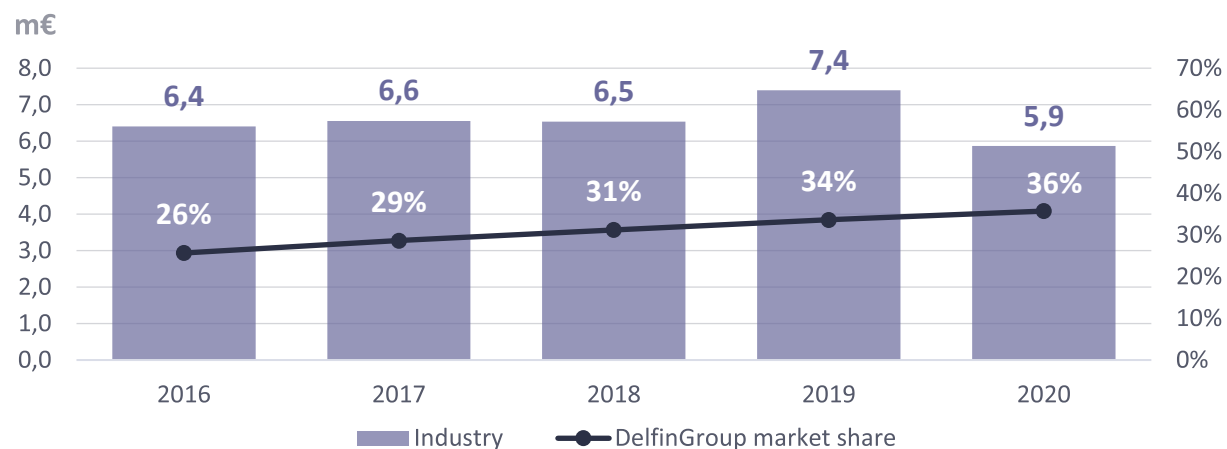
Sources:  
Consumer Rights Protection Centre [CRPC](#);;  
DelfinGroup internal calculations

# MARKET OVERVIEW

## Consumer loan portfolio, DelfinGroup vs Industry



## Pawn loan portfolio, DelfinGroup vs Industry





## 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 in 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 in 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 in the company (1%)

## SUPERVISORY BOARD



### **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)

#### **2020 – present**

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

#### **2017 – 2019**

KPMG CIS (Belarus), partner

#### **2006 – 2017**

KPMG Baltics and Belarus, director



### **GATIS KOKINS**

Deputy chairman of the supervisory board  
(Independent)

#### **2009 – 2021**

TET (prev. Lattelecom), chairman 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)

#### **2021 – present**

LatRailNet, deputy chair of the supervisory board

#### **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

## Dividend policy

Regular cash distribution  
to shareholders

# DIVIDEND POLICY

## QUARTERLY DIVIDENDS

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

&

## ANNUAL DIVIDENDS

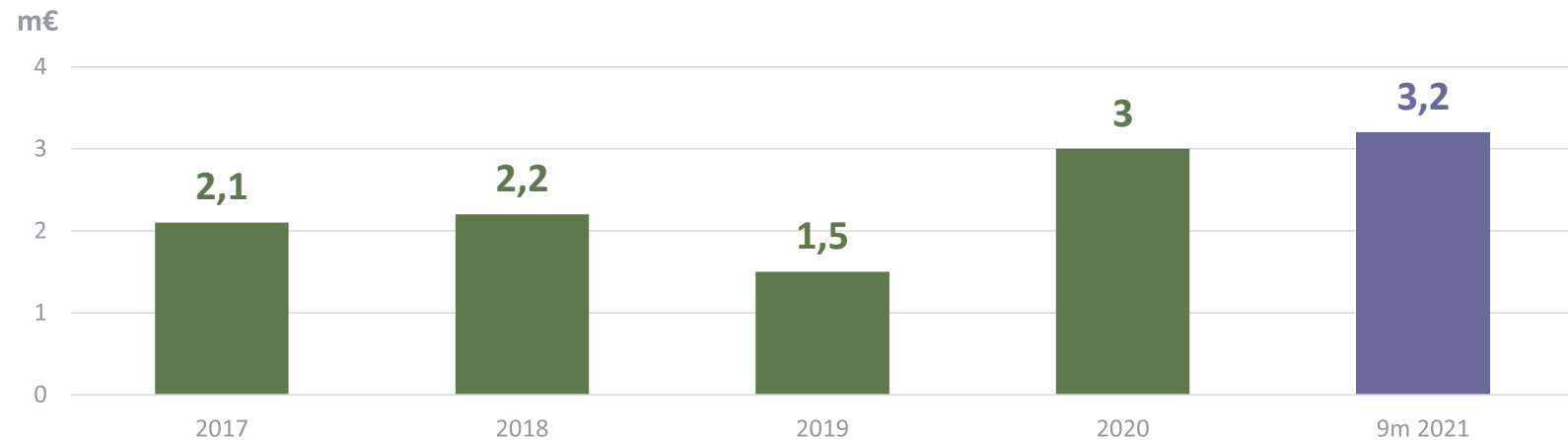
An amount ensuring an  
optimal capital structure

=

## TOTAL DIVIDENDS

At least 50% from the  
company's consolidated  
profit

## Dividends paid out



The full DelfinGroup dividend policy  
is available on the website [here](#)



# COMPANY'S MID-TERM AND LONG-TERM FINANCIAL TARGETS

Indicator	2020 audited results	2022 targets	2024 targets
Net loan portfolio	34.6 m EUR	51 m EUR	70 m EUR
Cost-to-income ratio	57%	<52%	<45%
Cost of interest-bearing liabilities	12.7%	8%	<8%
Return on Equity (ROE)	44%	>30%	>30%
Equity ratio	20.10%	>27%	>27%
EBITDA	9.3 m EUR	12.0 m EUR	17.6 m EUR
Profit before tax	4.65 m EUR	8.7 m EUR	12.9 m EUR
Dividend payout ratio*	77%	>50%	>50%

**Main assumptions:**

- The company's financial targets for 2024 are based upon and valid for the assumption of EUR 10 – 15 million raised in the IPO.
- Assuming EUR 10 – 15 million EUR IPO proceeds, repayment of the most expensive debt first (on a waterfall basis) and, after refinancing the remaining debt at 8% per annum, expected instant interest expense savings almost 2 m EUR per annum (run rate) which will instantly increase profits.
- 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 annually over the 2020-2024 period.

\*Calculated as: dividends paid out in last 12 months divided by Company's profit over the last 12 month period.

## WHY IPO?

DelfinGroup will raise new equity to facilitate further growth of its loan portfolio and market share in the consumer lending segment in Latvia



The increase in equity will allow DelfinGroup to decrease its cost of financing



Expected outcomes:

↑ **PROFITS**

↑ **DIVIDENDS**

↑ **SHAREHOLDER VALUE**

## Use of IPO proceeds

Decrease the cost of funds and materially strengthen the balance sheet which will serve as the backbone for further profitable growth

# STRATEGIC OBJECTIVES OF THE IPO

1. After the IPO, the company plans to reduce debt and materially increase the equity ratio
2. Expected interest savings of almost 2 m EUR per annum (run rate basis) shortly after the IPO from a change in capital structure
3. Refinance part of remaining interest-bearing liabilities at single digit interest rates (target 8% and lower)
4. Further bond issuance in the bond market, supported by a strong equity ratio and profitability to ensure the company's long-term competitiveness

## IPO use of proceeds: immediate improvement on the company bottom line

12.8 m EUR gross proceeds assumed							
Outstanding amount, EUR as of 31 July 2021	Amount, EUR	Interest	Cumulative debt amount, EUR	Weighted average interest rate for cumulative debt amount	Instant annual savings on interest expense, EUR	Remaining interest bearing liabilities, EUR	Interest savings from refinancing remaining liabilities at 8%
Bond (25.10.2021)	5,000,000	14%	5,000,000	14%	700,000	-	-
Bond (25.11.2022)	5,000,000	14%	10,000,000	14%	700,000	-	-
Bond (25.11.2022)	3,500,000	12%	13,500,000	13.48%	-	3,500,000	140,000
Bond (25.08.2023)	5,000,000	9.75%	18,500,000	12.47%	-	5,000,000	87,500
P2P Consumer portfolio	7,882,411	8.01%	26,382,411	11.14%	168,210	5,782,411	578
P2P Pawn portfolio	1,619,949	6.09%	28,002,360	10.85%	-	1,619,949	-
Total savings by source, EUR					1,568,210		228,078
Planned Interest expense savings per year (run rate) shortly after IPO, EUR					1,796,288		

**Summary:** assuming 12.8 m EUR of IPO proceeds (around 12.1 m EUR net proceeds), repayment of the most expensive debt first (on a waterfall basis) and, after refinancing the remaining debt at 8% per annum, expected instant interest expense savings almost 2 mEUR per annum (run rate) which will instantly contribute to the bottom line.



## SHARE OFFERING

UP TO **8,395,000** NEW SHARES

**1.52 EUR** PER SHARE

UP TO **12.76 MILLION EUR**

GROSS PROCEEDS AS A RESULT OF THE IPO

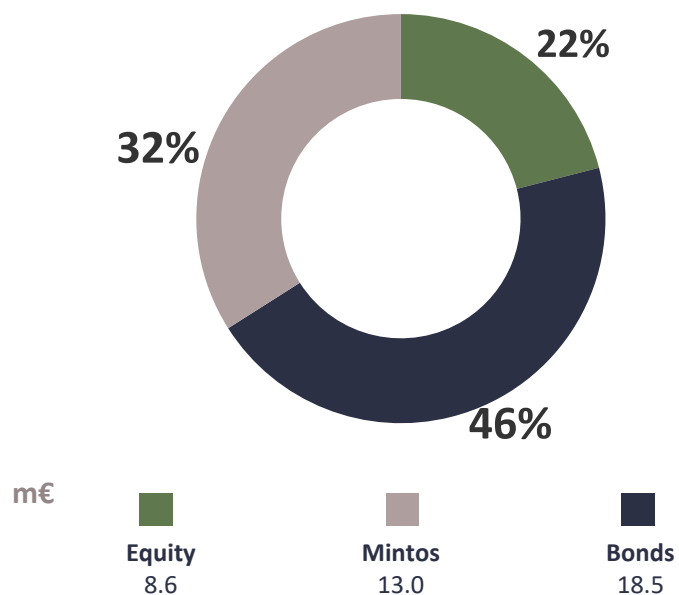


# Appendix



## DIVERSIFIED AND SUSTAINABLE CAPITAL STRUCTURE

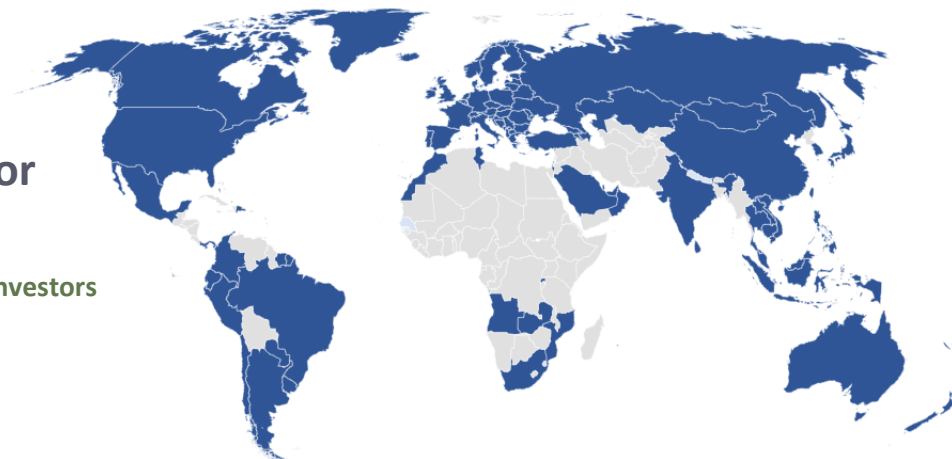
Capital structure, Q2 2021



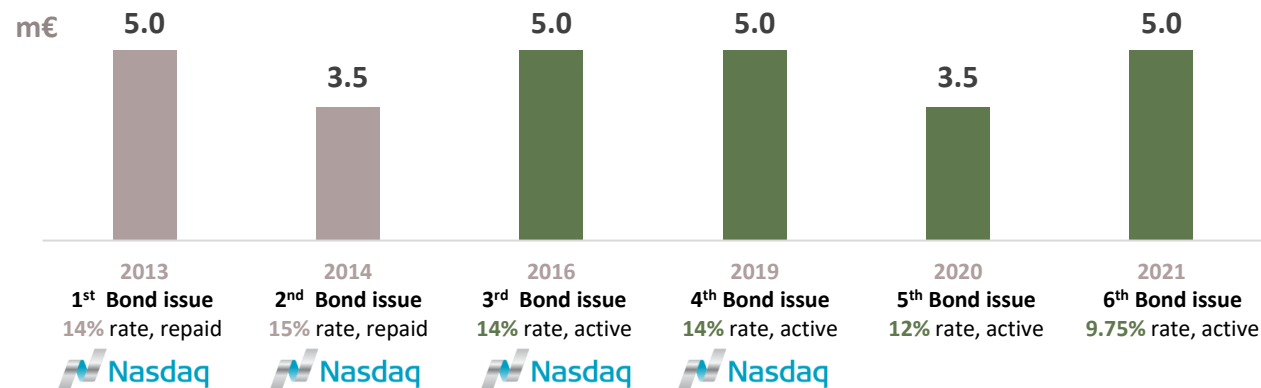
### Active MINTOS investor map, Q2 2021

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

**mintos**



### Bond financing track record



Currently there are **EUR 18.5 million** outstanding in active bond issues, with an average **EUR 115 000** invested per bondholder in DelfinGroup bonds. In total, more than 160 investors from more than 20 countries have invested in AS DelfinGroup bonds. Investments by persons related to the company's shareholders account for less than **1%** of total outstanding bonds financing.



## Consolidated income statement

The company has been increasingly profitable every year since its first full year of operations (2010)

Full financial reports  
are available on Nasdaq  
Baltic webpage [here](#).

Income Statement, EUR'000	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	6M 2020	6M 2021
Total revenue	2,017	4,892	9,438	13,700	16,628	18,100	15,424	18,027	18,850	22,177	23,664	11,215	11,936
Cost of sales	-937	-2,796	-3,722	-4,679	-5,882	-6,040	-3,449	-2,750	-2,659	-3,603	-4,224	-2,176	-1,763
Credit loss expense*	-7	-83	-1,291	-1,501	-1,377	-1,050	-2,156	-1,963	-732	-2,639	-2,404	-1,163	-1,284
Interest expenses and similar expenses	-88	-154	-411	-1,425	-1,216	-1,162	-1,396	-1,823	-2,298	-2,853	-3,490	-1,710	-1,861
<b>Gross profit</b>	<b>985</b>	<b>1,859</b>	<b>4,014</b>	<b>6,095</b>	<b>8,153</b>	<b>9,848</b>	<b>8,423</b>	<b>11,491</b>	<b>13,161</b>	<b>13,082</b>	<b>13,546</b>	<b>6,166</b>	<b>7,028</b>
Selling expenses	-754	-1,204	-2,276	-4,217	-4,729	-5,464	-5,250	-5,592	-5,845	-5,426	-5,426	-2,497	-2,768
Administrative expenses	-126	-339	-665	-1,332	-1,883	-2,738	-2,006	-2,290	-2,771	-3,488	-3,540	-1,631	-2,034
Other operating income	47	9	11	33	56	61	37	44	80	95	72	29	27
<b>Profit before corporate income tax</b>	<b>151</b>	<b>325</b>	<b>1,084</b>	<b>579</b>	<b>1,597</b>	<b>1,707</b>	<b>1,204</b>	<b>3,653</b>	<b>4,625</b>	<b>4,263</b>	<b>4,652</b>	<b>2,067</b>	<b>2,253</b>
Income tax expense	-14	-75	-263	-226	-286	-221	-245	-555	-79	-350	-755	-33	-623
Deferred income tax			-	27	91	26	2	-145	-	-	-	-	-
Net profit	137	250	821	379	1,402	1,512	961	2,953	4,546	3,913	3,897	2,034	1,630
<b>EBITDA</b>	<b>263</b>	<b>540</b>	<b>1,584</b>	<b>2,217</b>	<b>3,062</b>	<b>3,114</b>	<b>2,795</b>	<b>5,685</b>	<b>7,173</b>	<b>8,187</b>	<b>9,274</b>	<b>4,266</b>	<b>4,638</b>

\* For the purpose of comparison, other operating expenses are reclassified to credit loss expense as a major part of other operating expenses that are losses from cession.

## Consolidated Balance sheet

A growing company  
with a strong balance  
sheet

Full financial reports  
are available on Nasdaq  
Baltic webpage [here](#).

Balance Sheet, EUR'000	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	6M 2020	6M 2021
Fixed and intangible assets	133	257	393	450	394	644	582	601	603	691	837	859	814
Loans to related parties	658	1,019	2,049	2,455	1,504	981	1,386	1,303	1,277	1,308	474	1,381	-
Net loan portfolio	647	1,920	3,635	4,900	6,293	7,001	11,555	15,844	20,151	31,547	34,674	32,256	33,266
Inventory	275	501	971	1,012	1,345	1,138	701	683	848	1,155	1,534	1,186	1,533
Other assets	454	434	176	811	227	476	489	667	298	384	655	537	334
Cash	45	163	143	791	1,198	494	1,279	2,220	3,489	1,136	4,592	1,958	594
Right-of-use assets*										2,049	3,194	3,056	3,145
<b>Total assets</b>	<b>2,212</b>	<b>4,294</b>	<b>7,367</b>	<b>10,419</b>	<b>10,961</b>	<b>10,734</b>	<b>15,992</b>	<b>21,318</b>	<b>26,666</b>	<b>38,270</b>	<b>45,959</b>	<b>41,233</b>	<b>39,686</b>
<b>Equity</b>	<b>380</b>	<b>772</b>	<b>1,527</b>	<b>1,823</b>	<b>2,125</b>	<b>2,327</b>	<b>2,806</b>	<b>3,690</b>	<b>5,954</b>	<b>8,367</b>	<b>9,251</b>	<b>10,401</b>	<b>8,109</b>
Share capital	284	427	427	427	427	427	1,500	1,500	1,500	1,500	4,000	1,500	4,000
Retained earnings	-41	95	278	1,017	296	388	345	233	398	2,954	1,354	6,867	2,478
Profit/loss for the current year	137	250	822	379	1,402	1,512	961	1,957	4,056	3,913	3,897	2,034	1,630
<b>Liabilities</b>	<b>1,832</b>	<b>3,522</b>	<b>5,840</b>	<b>8,596</b>	<b>8,836</b>	<b>8,407</b>	<b>13,186</b>	<b>17,628</b>	<b>20,712</b>	<b>29,903</b>	<b>36,708</b>	<b>30,832</b>	<b>31,577</b>
Interest-bearing debt	411	1,243	3,169	5,740	8,090	7,558	12,372	16,346	19,556	26,438	31,151	25,586	26,360
Trade payables and other liabilities	1,421	2,279	2,671	2,856	746	849	814	1,282	1,156	1,337	2,121	2,047	1,765
Lease liabilities for right-of-use assets*										2,128	3,436	3,199	3,452
<b>Total equity and liabilities</b>	<b>2,212</b>	<b>4,294</b>	<b>7,367</b>	<b>10,419</b>	<b>10,961</b>	<b>10,734</b>	<b>15,992</b>	<b>21,318</b>	<b>26,666</b>	<b>38,270</b>	<b>45,959</b>	<b>41,233</b>	<b>39,686</b>

\* Adoption of IFRS16.

## Consolidated cash flow

Cash generative  
business with strong  
dividend track record

Full financial reports  
are available on Nasdaq  
Baltic webpage [here](#).

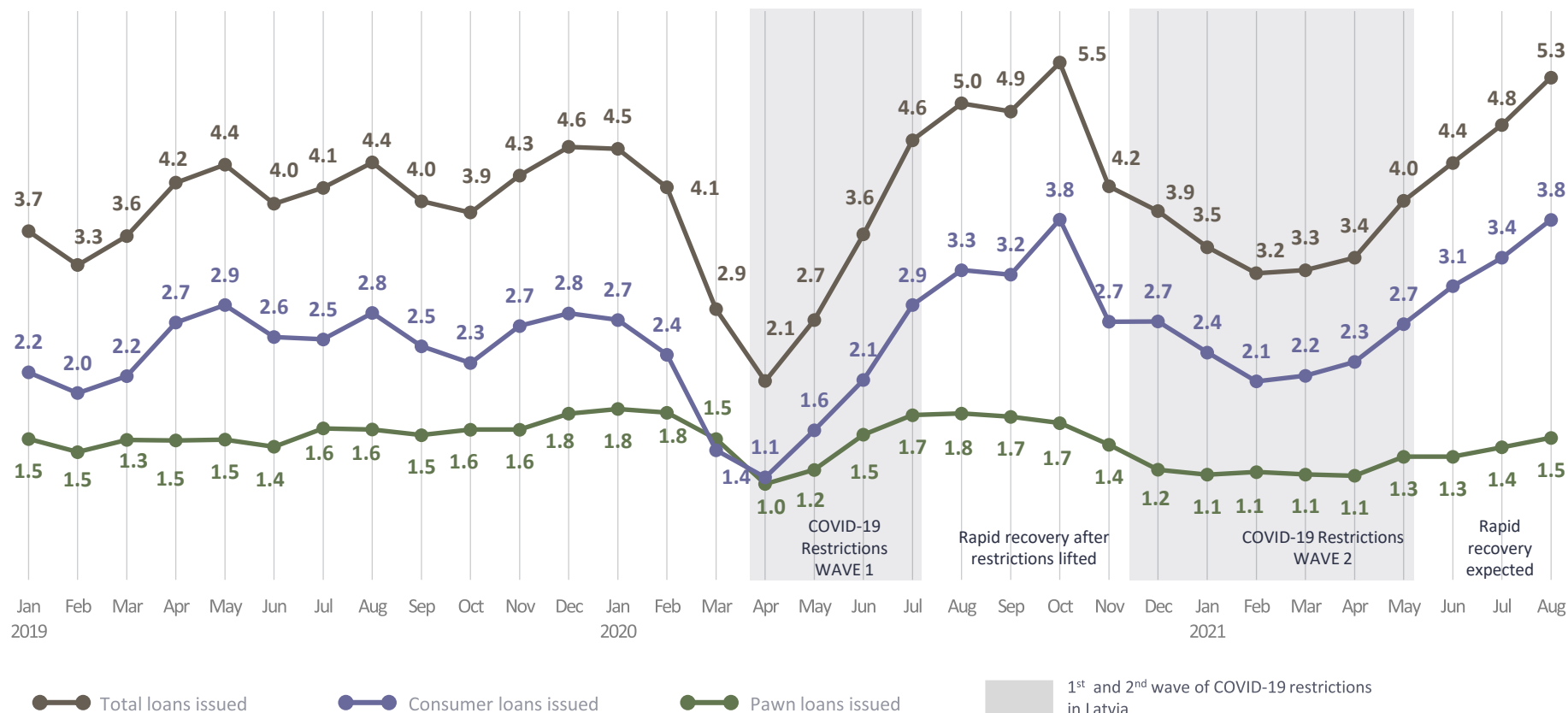
Cash Flow Statement, EUR'000	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	6M 2020	6M 2021
Cash flows from operating activities													
Profit before corporate income tax	151	326	1,084	578	1,597	1,707	1,204	3,653	4,625	4,263	4,652	2,067	2,253
Profit before adjustments of working capital and short-term liabilities*	180	363	1,827	1,750	1,764	3,400	3,313	5,586	5,657	6,984	5,231	3,316	3,647
Gross cash flow from operating activities*	-327	-856	127	81	719	2,228	-3,174	-691	967	-6,120	2,258	1,195	4,092
<b>Net cash from operating activities</b>	<b>-415</b>	<b>-882</b>	<b>-7</b>	<b>-309</b>	<b>471</b>	<b>1,831</b>	<b>-3,391</b>	<b>-943</b>	<b>601</b>	<b>-6,199</b>	<b>1,908</b>	<b>845</b>	<b>3,338</b>
<b>Net cash flow from investing activities</b>	<b>-1,078</b>	<b>-441</b>	<b>-1,709</b>	<b>-2,259</b>	<b>891</b>	<b>-828</b>	<b>-60</b>	<b>-3</b>	<b>-177</b>	<b>-778</b>	<b>-698</b>	<b>1,083</b>	<b>362</b>
Cash flows from financing activities													
Loans received and bonds issued	1,373	1,302	1,783	3,316	4,340	3,885	10,530	14,063	8,560	14,280	19,021	7,779	5,675
Redemption/ purchase of bonds	-	-	-	-	-1,000	-1,000	-1,250	-2,851	-1,106	-1,750	-2,975	-1,225	-130
Loans repaid	-	-3	-16	-17	-3,195	-3,283	-4,542	-7,256	-4,378	-7,235	-11,547	-7,659	-10,463
Dividends paid	-	-	-75	-83	-1,100	-1,310	-700	-2,070	-2,230	-1,500	-3,000	-	-2,780
Proceeds of the capital share investment	142	142	-	-	-	-	200	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	828	747	-	-
<b>Net cash flow from financing activities</b>	<b>1,514</b>	<b>1,441</b>	<b>1,692</b>	<b>3,216</b>	<b>-955</b>	<b>-1,708</b>	<b>4,238</b>	<b>1,886</b>	<b>846</b>	<b>4,623</b>	<b>2,246</b>	<b>-1,106</b>	<b>-7,698</b>
<b>Net cash flow</b>	<b>21</b>	<b>118</b>	<b>-24</b>	<b>648</b>	<b>407</b>	<b>-704</b>	<b>786</b>	<b>940</b>	<b>1,269</b>	<b>-2,354</b>	<b>3,456</b>	<b>822</b>	<b>-3,998</b>
Cash and cash equivalents at the beginning of year	25	46	166	143	791	1,198	494	1,279	2,220	3,489	1,136	1,136	4,592
Cash and cash equivalents at the end of year	45	164	143	791	1,198	494	1,279	2,220	3,489	1,136	4,592	1,958	594

\* Years 2011-2018 adjusted to match the same accounting policies



# CONSUMER AND PAWN LOANS

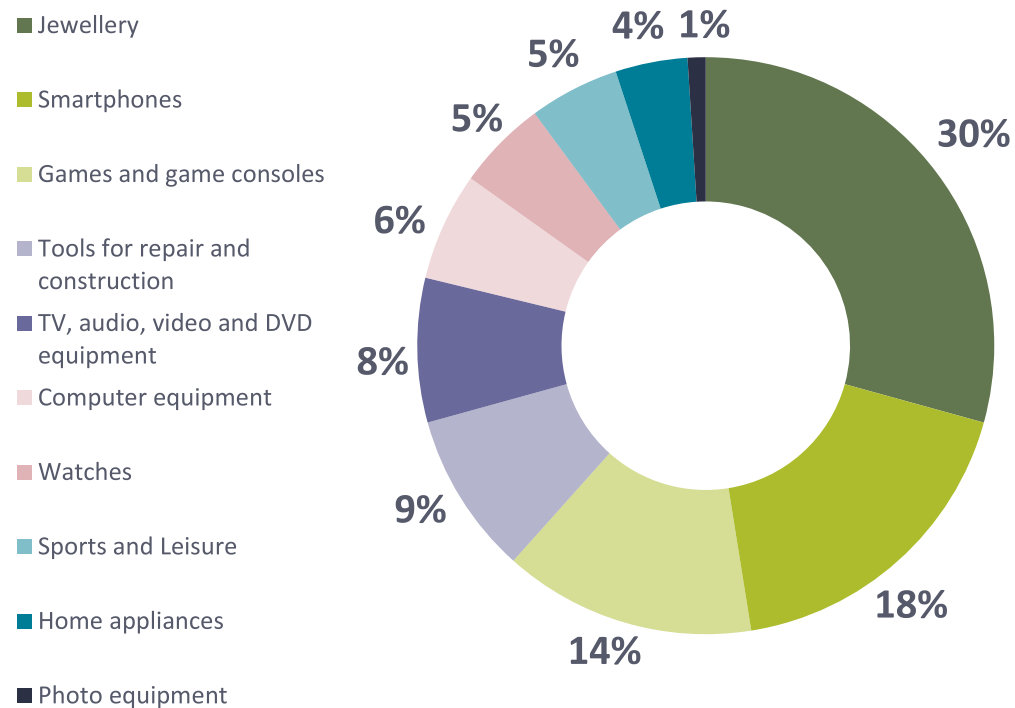
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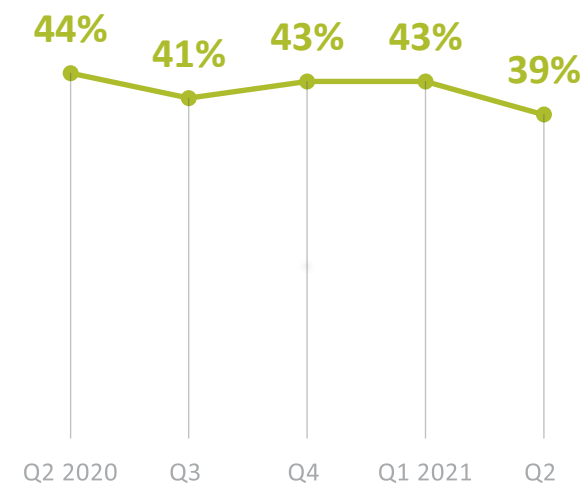
Decrease of consumption and various restrictions during COVID-19 lockdowns resulted in a temporary drop in loan issuance. Lifting of lockdowns resulted in a rapid loan issuance recovery.

## RETAIL OF PRE-OWNED GOODS\*

Sales split by product category  
in 2020, %



Retail gross margin



\* Excluding wholesale of precious metals

The sole shareholder of SIA “AE Consulting” and SIA “EC finance” is DelfinGroup Chairman of the Supervisory Board and co-founder – Agris Evertovskis.

Indirect shareholders of SIA “L24 Finance” are the following – Linda Kesenfelde (38%), Aigars Kesenfelds (38%), Ivars Kesenfelds (24%).

Full information available [here](#)

## LIST OF COMPANY SHAREHOLDERS

	As of the date of Prospectus		After IPO (not including Over- Allotment Shares)		After IPO (including Over- Allotment Shares)	
Shareholder	Number of shares	% of votes	Number of shares	% of votes	Number of shares	% of votes
SIA L24 Finance	26,074,130	65.19%	26,074,130	55.12%	26,074,130	53.88%
SIA EC Finance	8,525,870	21.31%	8,525,870	18.02%	8,525,870	17.62%
SIA AE Consulting	4,000,000	10.00%	4,000,000	8.46%	4,000,000	8.27%
Didzis Ādmīdiņš (CEO)	600,000	1.50%	600,000	1.27%	600,000	1.24%
Kristaps Bergmanis	400,000	1.00%	400,000	0.85%	400,000	0.82%
Ivars Lamberts (COO)	400,000	1.00%	400,000	0.85%	400,000	0.82%
<b>Existing Shareholder Shares</b>	<b>40,000,000</b>	<b>100%</b>	<b>40,000,000</b>	<b>84.57%</b>	<b>40,000,000</b>	<b>82.65%</b>
<b>New Shareholder Shares</b>	<b>-</b>	<b>-</b>	<b>7,300,000</b>	<b>15.43%</b>	<b>8,395,000</b>	<b>17.35%</b>
<b>TOTAL SHARES</b>	<b>40,000,000</b>	<b>100%</b>	<b>47,300,000</b>	<b>100%</b>	<b>48,395,000</b>	<b>100%</b>



## 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

### 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).

### Interest Coverage Ratio

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

### Cost-to-income Ratio

$((\text{Sales expenses}) + (\text{Administrative expenses}) + (\text{Other expenses (excluding Loss from cession of non-performing loans)})) / ((\text{Net sales}) - (\text{Cost of sales}) + (\text{Interest income and similar income}) + (\text{Other operating income}) - (\text{Interest expenses and similar expenses}))$ .

### Dividend payout Ratio

(TTM (trailing twelve months) dividends paid to shareholders) / (Earnings for the previous 4 quarters).

Paid dividends = where the supervisory board, annual general meeting or extraordinary general meeting of shareholders (whichever is relevant) have announced agreement on a payment to be made.

Earnings = consolidated net profit less minority interest (if applicable), in almost all cases will be unaudited. Refers to previous 4 full quarters and not the current calendar quarter. Valid as of 01.01.2021.

### EBITDA Margin

Operating profitability as a percentage of its total revenue, calculated as:  $\text{EBITDA} / ((\text{Net sales}) + (\text{Interest income and similar income}))$ .

### Return on Equity (ROE)

$(\text{Net profit for the period}) / ((\text{Equity as at start of the year}) + (\text{Equity as of year end})) / 2$ .

### Cost of interest-bearing liabilities

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

### Net Profit Margin

How much net profit is generated as a percentage of revenue, calculated as  $(\text{Net Profit}) / (\text{Revenue})$ .

### Interest-Bearing liabilities

Financial liabilities (bonds, other loans, leasing liabilities etc.) that require the payment of interest.

### Equity ratio

$(\text{Equity}) / (\text{Total assets})$

### Total revenue

$(\text{Net sales}) + (\text{Interest income and similar income})$

# RESPONSIBLE CONSUMER LENDING

## Solvency check

- Customer solvency check is based on official income only (data sources: State Revenue Service data base and/or bank statements);
- Customer credit history check with other credit institutions;
- Credit checks from other third party sources:  
Credit bureaus - external liabilities;  
Debtors' registers - overdue loans.

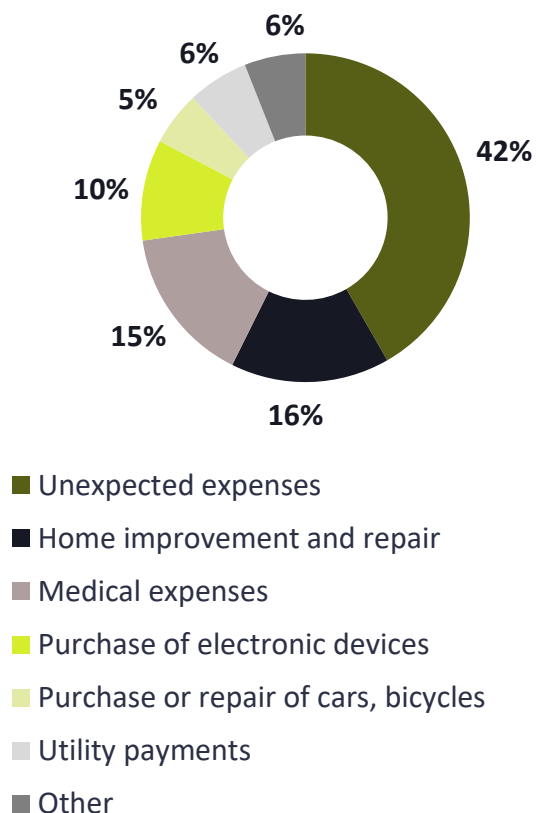
## Risk scoring

- Analysis of internal data base and transaction history;
- Use of in-house scoring system to determine:  
maximum credit risk for each customer;  
maximum loan limit for each application.

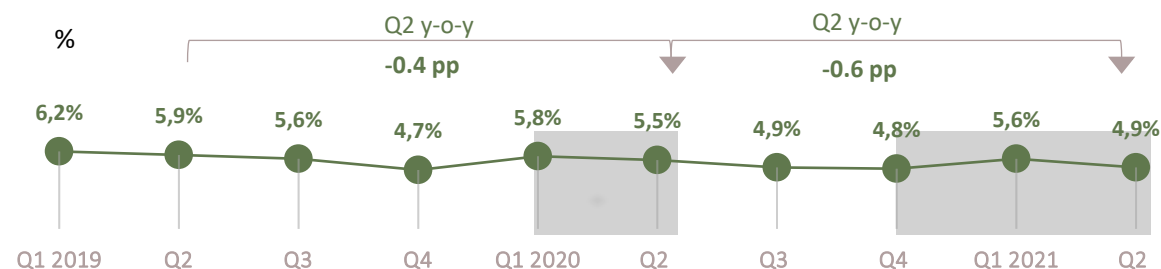
## Safe and balanced loans

- Not more than 40% of monthly income may be used to settle the customer's total loan obligations
- DelfinGroup does not offer short term pay day loans. Average loan maturity is 24 months.

## Top reasons for borrowing DelfinGroup consumer loans, 2020



## Non-performing loan ratio\*

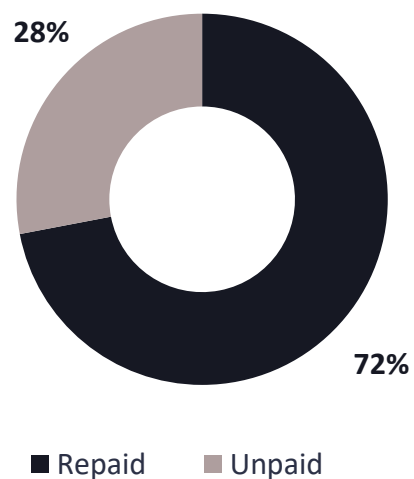


1<sup>st</sup> and 2<sup>nd</sup> wave of COVID-19 restrictions in Latvia

\*90+ days overdue portfolio share in total total loan portfolio

# RESPONSIBLE PAWN LENDING

## The repayment of pawn loans, 2020



### Low-risk and simple service

- The customer's liability is limited only to the pawn collateral. Credit score of the customer are not affected if the loan is not repaid. Pawnshop service is the simplest and most understandable financial service for a large group of people.

### Detailed pledge examination procedure

- Each customer is identified and registered (passport or ID card is required).
- Employees are trained to determine the origin of the collateral. Ownership of the collateral is checked by (for example):  
the state vehicle registry (for bicycles);  
by IMEI codes for mobile phones and tablets.

### Transparency

- Almost all items for sale are available in the online store.





**DelfinGroup has published its first Environmental, Social and Corporate Governance (ESG) report for 2020**

available [here](#).

## DELFINGROUP ESG

### DelfinGroup ESG

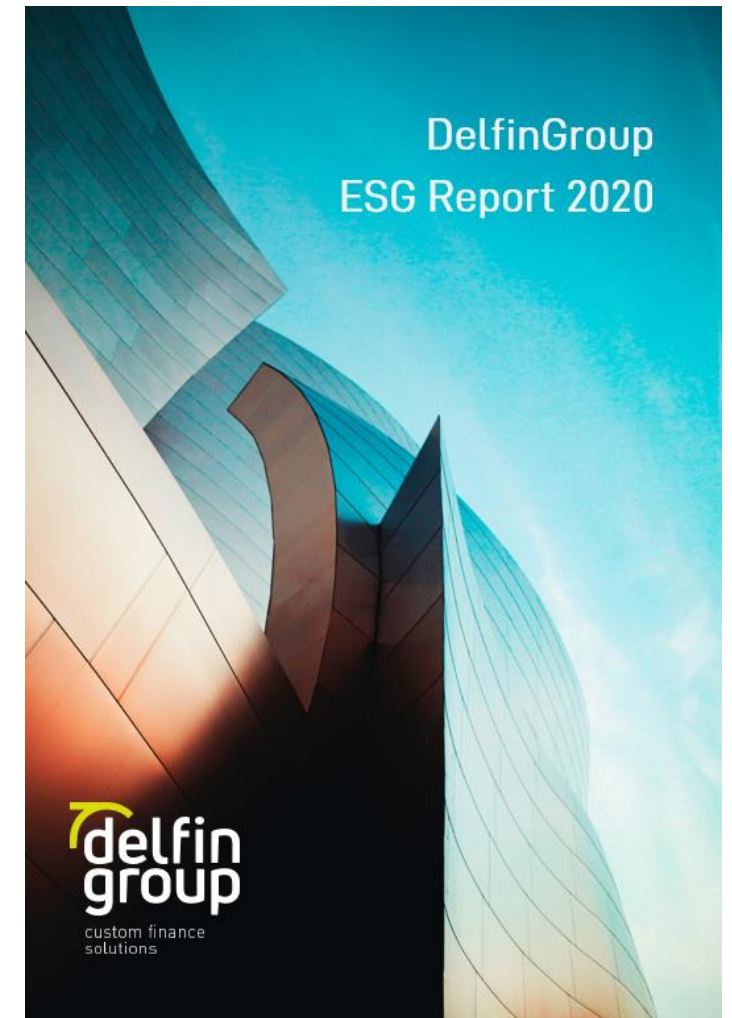
- Environmentally friendly business model
- Providing a circular economy example
- Ensuring an environmentally responsible workplace

### Social inclusion

- Serving the underserved customer segments
- Being an inclusive workplace – gender diversity 48%/52%

### Social strengthening of corporate governance

- With three independent members of the Supervisory Board



Become a DelfinGroup shareholder!

**[www.delfingroup.lv](http://www.delfingroup.lv)**

Subscription period

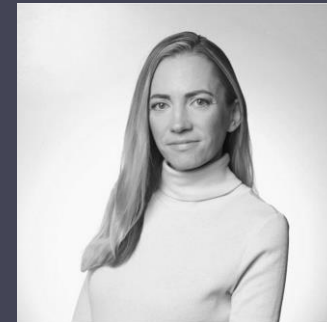
28 September – 11 October 2021



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