



COMPANY PRESENTATION 2019

April, 2020

Until 03/02/2020:



DISCLAIMER

- This presentation is of selective nature and is made to provide an overview of the Company's (SIA 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.

DEFINITIONS FOR ALTERNATIVE PERFORMANCE MEASURES*

EBITDA

Earnings before interest, taxes, depreciation and amortization calculated as Net Income + Interest + Taxes + Depreciation + Amortization. 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 sale of foreclosed items). Used as a profitability measure that is factoring out the effects of decisions related to financing and accounting.

NET Profit Margin

How much net profit is generated as a percentage of revenue, calculated as Net Profit / Revenue. Used as an indicator of a company's financial health.

Net Debt

How well a company can pay all of its debts if they were due immediately calculated as Short-term Debt + Long-term Debt - Cash and Cash Equivalents. Used as a liquidity measure to assess if a company will need additional funding.

Interest-Bearing Debt

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

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



KEY TO SUCESS



WISE ASSESSMENT OF
MARKET SITUATION



SMART
POSITIONING



PROACTIVITY

WHO WE ARE

Our **vision** is to always strive for the **highest recognition**.

WE SERVE PEOPLE

Our mission is to create and provide innovative and custom finance solutions to our clients.

WE PROVIDE

Consumer loans

Pawnbroking services

Money transfer

REPRESENTED BANDS

Banknote

VIZIA

WESTERN
UNION WU

WE VALUE

 **SIMPLICITY**

Our services are always simple and easy to understand.

 **ACCESSIBILITY**

We are accessible to everyone and everywhere.

 **RESPECT**

We treat everyone with respect, and we are honest and open.

 **PROGRESS**

We seek and find ways how to improve our performance.

 **MASTERY**

We are professional and hold ourselves to a higher standard.

 **FOCUS ON CLIENT**

We listen to our clients carefully and offer custom solutions.

 **AMBITION**

We are driven to grow constantly and become the best lender in the region in long-term.



JOURNEY TO EXCELLENCE

Values and ambitions have
driven us to a decade of success.



2009

First pawn shop
opened



2010

50 branches
opened in less
than a year

Alternative
Financial Services
Association of
Latvia was
established



2011

Consumer lending
launched



2013

Secured bonds
issued and listed
on **Nasdaq Riga**
stock exchange



2015

Started money
transfer with
Western Union

Rebranding of
Banknote

Acquisition of Riga
City Pawnshop



2016

Joined global loan
marketplace
Mintos



2017

ISO certification
Online Lending
launched through
new Banknote
website

Received
Customer Service
Award for
excellence in
providing of
financial services



2018

Launch of a new
online lending
brand **VIZIA**



2019

Rebranding of
corporate
identity



96.5% of shares are
controlled by the co-founder
Agris Evertovskis.

SHAREHOLDER STRUCTURE

SHAREHOLDERS	SHARES	%
SIA Lombards24.lv	EUR 977 700	65.18
SIA AE Consulting	EUR 150 000	10.00
SIA EC Finance	EUR 319 800	21.32
Management	EUR 52 500	3.50
TOTAL PAID IN CAPITAL	EUR 1 500 000	100.00

Agris Evertovskis exercises control over SIA DelfinGroup as the beneficiary of parent companies SIA Lombards24.lv, SIA EC finance, and SIA AE Consulting.



**Experienced, professional
and ambitious** management
board represents a set of
diverse and mutually
complementing
competencies.

MANAGEMENT BOARD



AGRIS EVERTOVSKIS

Chairman of the Board

(co-founded company in 2009)

Agris Evertovskis, Chairman of the Board, Co-Founder;

BSc in Economics and Business Administration from the Stockholm School of Economics in Riga;

Previous experience in leading several commercial real estate development projects and companies (2006-2009).



KRISTAPS BERGMANIS

CFO

(joined company in 2012)

Kristaps Bergmanis, Member of the Board, Chief Financial Officer;

Bachelor's degree in Economics and Business Administration from the Stockholm School of Economics in Riga; ACCA candidate (passed 12 of 14 examinations);

Previous experience as Member of the Board and Chief Financial Officer at Vision Express Baltija (2005-2012); Business Controller at Rimi Latvija (2003-2005).



DIDZIS ADMIDINS

CEO

(joined company in 2010)

Didzis Ādmīdiņš, Member of the Board, Chief Executive Officer;

Master's degree in Economics and Business Administration from the Riga Technical University;

Previous experience as Chief Operating Officer at several real estate companies (2008-2010); Retail credit specialist at Swedbank (2007-2008).



IVARS LAMBERTS

COO

(joined company in 2014)

Ivars Lamberts, Member of the Board, Chief Operational Officer, Head of Pawn Lending;

Master's degree in Economics and bachelor's degree in Finance Management from BA School of Business and Finance;

Previous experience in leading global loyalty program Lyonesse Latvia (2012-2015); Member of board at Lafiko.lv payday lender (2010-2012), Deputy director at Riga State Technical College (2009-2010).



TRUSTWORTHY AND STATE REGULATED BUSINESS

REQUIREMENTS AND RESTRICTIONS	VALUE	APPLIES TO CONSUMER LOANS	APPLIES TO PAWN LOANS
Minimum capital requirement	EUR 300 000	✓	✓
Initial licensing fee	EUR 250 000	✓	✓
Annual licensing fee	EUR 55 000		
Restriction for advertising on state financed radio and television channels		✓	✓
Legal income check		✓	
AML and sanction list check		✓	✓
Cap on loan costs	0.07%/day (~42% effective annual rate)	✓	



ACTIVE AND SOCIALLY RESPONSIBLE PARTNER

Alternative Financial Services Association of Latvia



Founding member since 2013

Didzis Admidins is a member of the
Supervisory Board

Latvian Chamber of Commerce and Industry



Member since 2015

State Revenue Service



DelfinGroup is the only non-bank lender
included in the Gold level of the State
Revenue Service for In-Depth Cooperation
Programme (qualified on March 2019).

Consumer Rights Protection Centre



Non-bank lending business is monitored by
Consumer Rights Protection Centre

Alternative financial services providers have **significant development opportunities** in Latvia.

NEED-DRIVEN BUSINESS

Latvia's strategic goal for 2017-2019 was to activate lending. The goal was not fully achieved and is expected to stay in force until new development plan is published for a period starting from 2021.

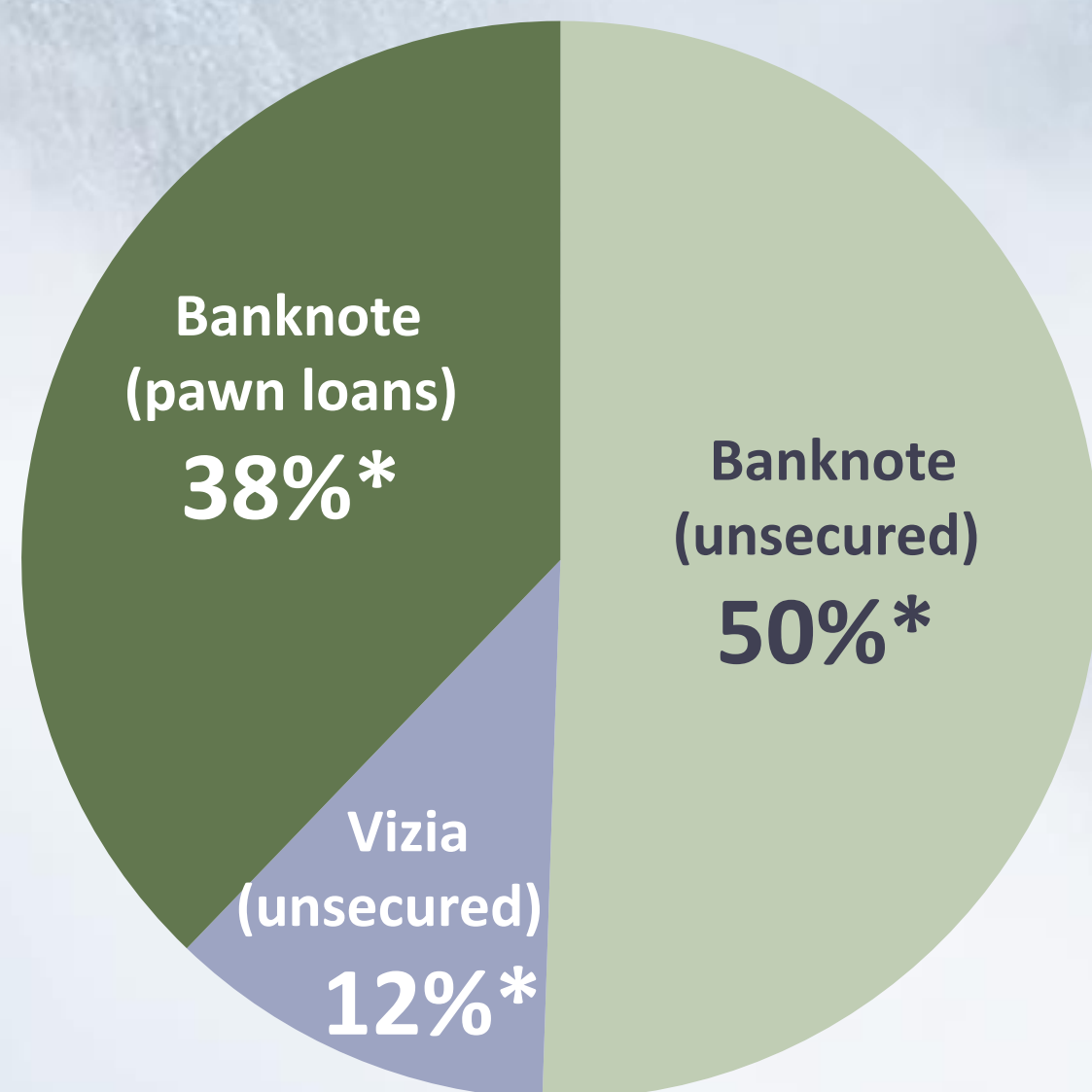
Alternative financial services providers ensure the accessibility of funding for specific people groups and fill-in the gap in regions where traditional market players leave.

HOUSEHOLDS VALUE ALTERNATIVE FINANCIAL SERVICES AS THEY ARE:

- convenient;
- discreet;
- fast;
- reasonable.

BRAND HIGHLIGHTS

2 strong brands cover secured and unsecured lending.



* Calculated against total issuance in 2019.

	Banknote	VIZIA
BRAND CREATED	2017	2018
ACCESS CHANNELS	ONLINE OFFLINE	ONLINE
BRAND FOCUSS	Conservative, reliable.	Dynamic and flexible.
ADVERTISING CHANNELS	<ul style="list-style-type: none"> • Online; • Search marketing; • Commercial TV and radio; • Offline via branch network. 	<ul style="list-style-type: none"> • Online; • Search marketing; • Affiliate networks; • E-mail marketing.

Banknote

ESSENTIAL SERVICES

Consumer loans;
Pawn loans;
Pawnshop services;
Online shop;
International money transfer Western Union.

TARGET AUDIENCE

Customers with low/stable income;
People who need to cover unplanned expenses;
Seniors (an underserved market segment).

BRAND VISION

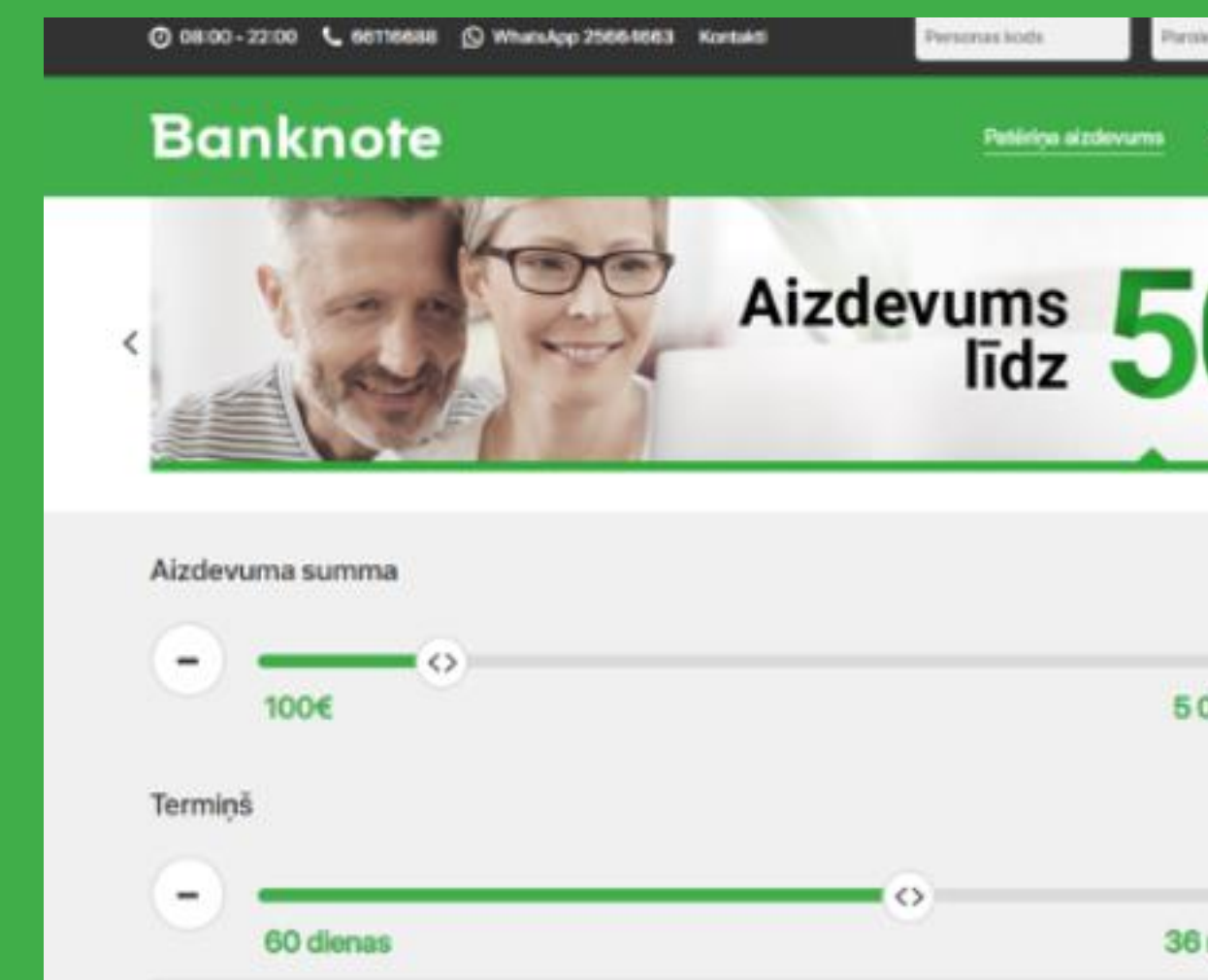
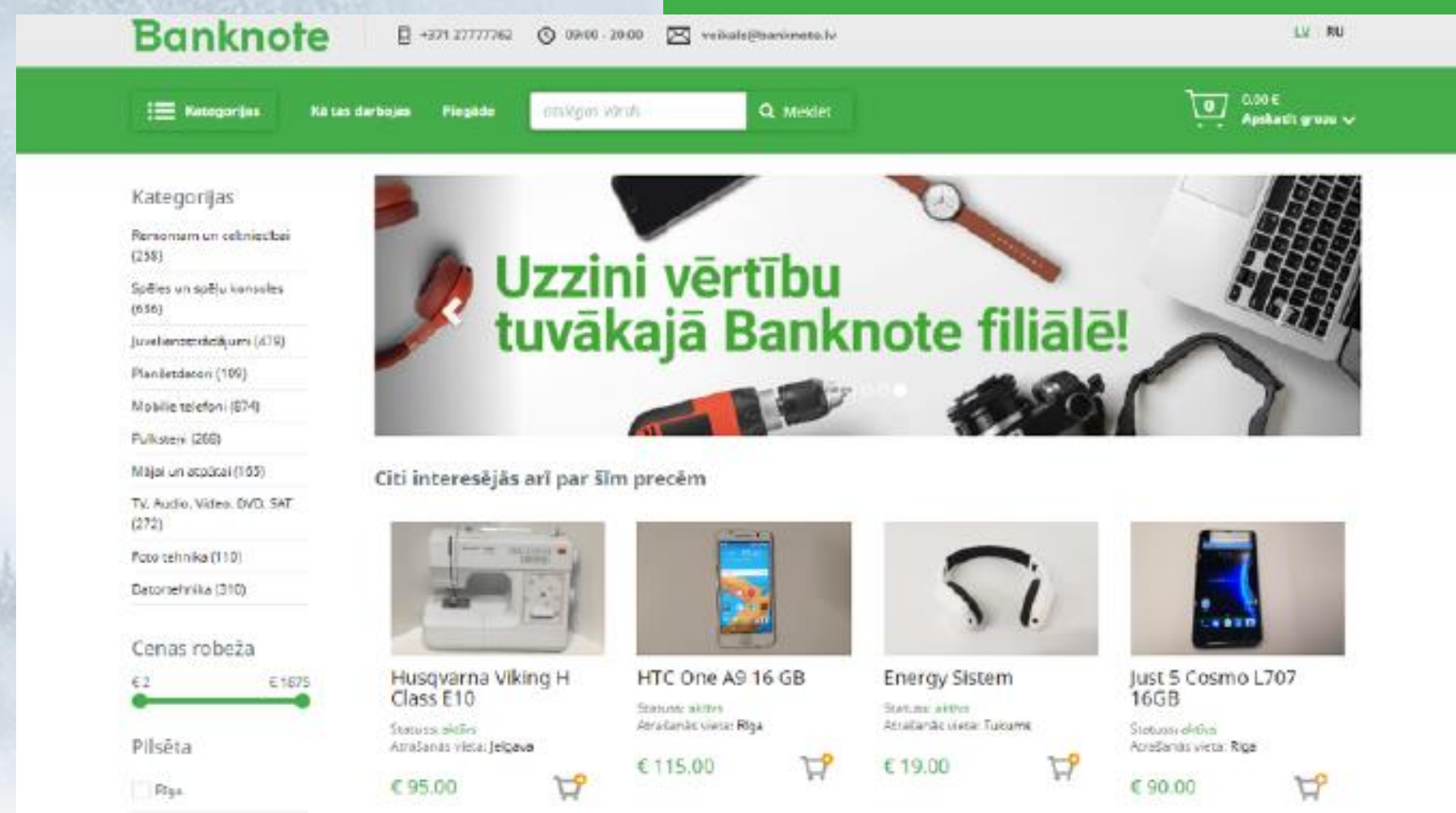
High brand awareness all across the country;
Common branch concept;
The largest branch network among financial service providers.



LEADING PLAYER



No. 1 player in pawn
loan segment in Latvia.



VIZIA

VIZIA provides **online** financial services only.

ESSENTIAL SERVICES

Consumer loans.

TARGET AUDIENCE

Customers 25-50 years old with stable income;
People who need to finance medium sized purchases;
Tech savvy millennials.

BRAND VISION

A modern financial services provider specializing in
simple and fast consumer loans for both small
purchases and large planned expenses;
Transparent and agile financial services built for
advanced online users.

08:00 - 22:00

67 60 07 77

WhatsApp 26110028

LV

RU

VIZIA

Personas kods

Parole

Ienākt kontā

PIRMAIS AIZDEVUMS
LĪDZ 3000 €

Aizdevuma summa

1200€

50

1000

2000

3000

Mēneša maksājums

4 mēneši
325.48 €

6 mēneši
225.48 €

12 mēneši
125.48 €

18 mēneši
92.15 €

24 mēneši
75.47 €

36 mēneši
58.81 €

60 mēneši
45.48 €

Aizdevuma informācija

Pirmā maksājuma datums

11/01/2020

Aizdevuma kopējā summa

1200.00 €

Aizdevuma ikmēneša maksājums

75.47 €

Uzzināt vairāk

Standartinformācija

Līguma noteikumi

Līguma atmaksas grafiks



CLIENT SERVICE

In 2019, online brand **Vizia** has Google Review **rating of 4.9/5** from clients for **exceptional service**.

INVEST IN PEOPLE TO ENHANCE EXCELLENCE

Employee competence development program over decade has been continuously improved.

Each employee in client service area has full-profile skills to deliver service excellence and financial expertise.

DelfinGroup objectives and values are shared across all organization and management levels.

BROAD AND DEVELOPED BRANCH NETWORK

Branches are located in main cities and most populated areas of Latvia providing access to broad customer base.

QUALITY CONTROL ADVANCES SERVICE

There are continuous skill based follow-ups for branch employees.

Distant and face-to-face customer service monitoring smoothens even the tiniest inconsistencies of service standards.

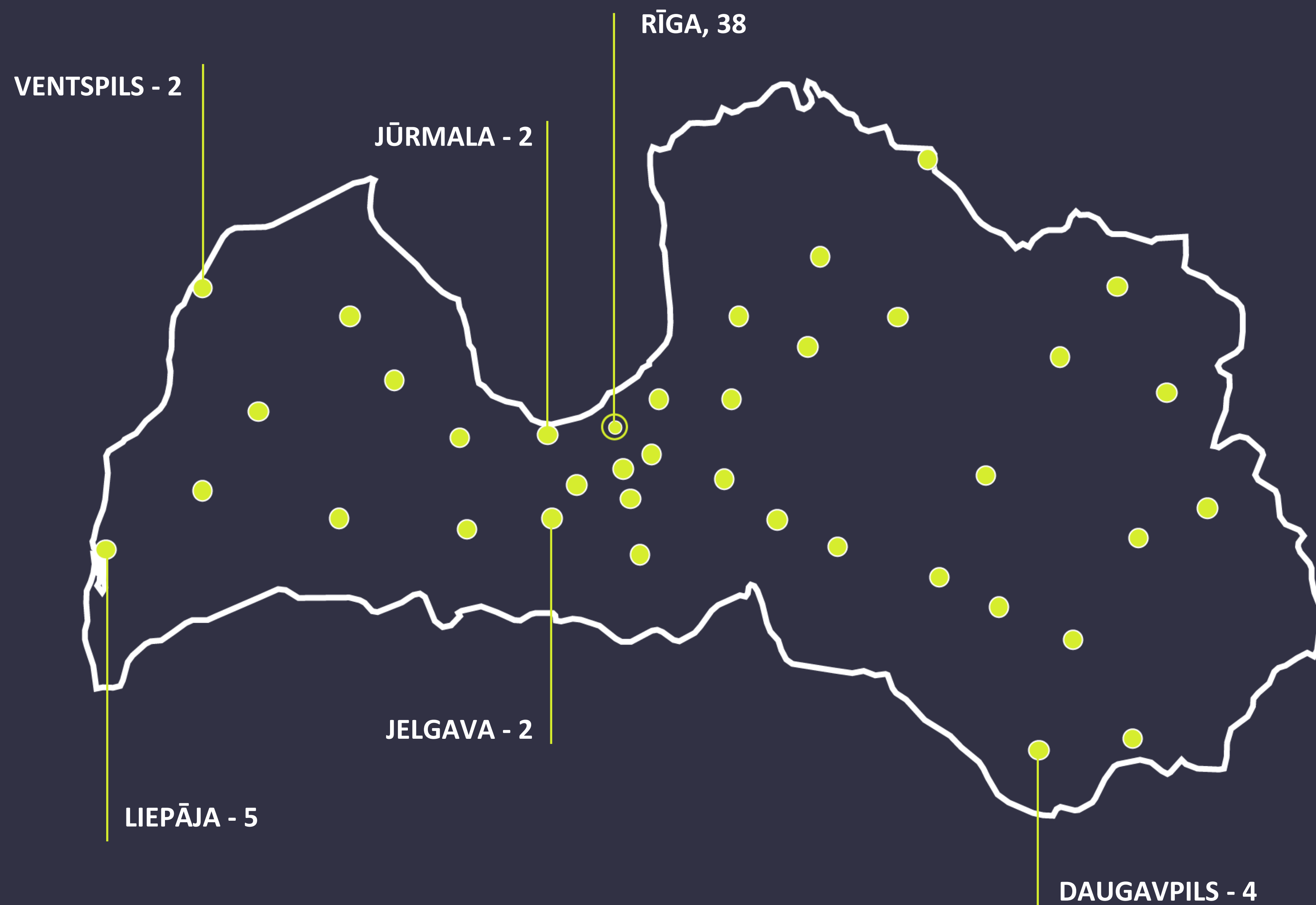
Management processes are certified according to ISO 9001:2015 and ISO 50001:2015 standards.

SERVICE NETWORK

87 branches

38 towns

Presence in **every** single
populated area of Latvia
having at least **4 000**
inhabitants.



SERVICE AREA

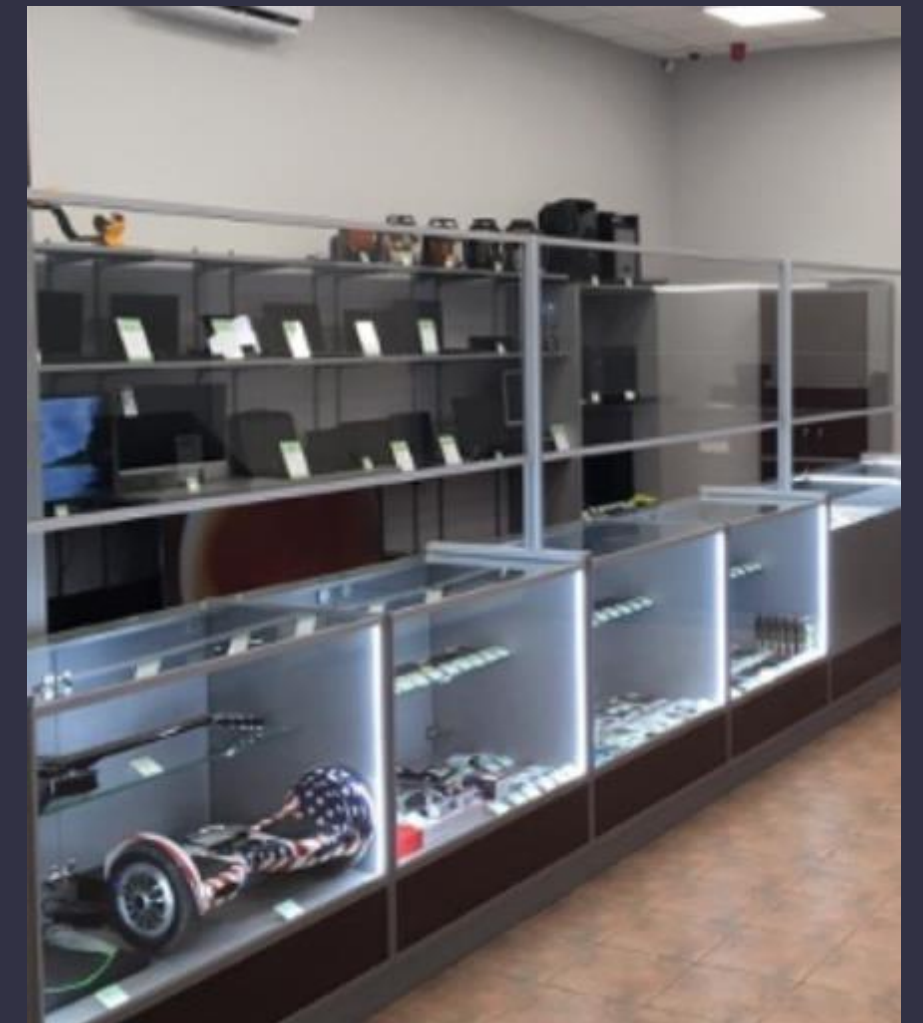
Shopping experience and item placement are **similar** to those of **consumer electronics stores**. This **attracts customers**

- interested in pawn loans;
- looking for inexpensive pre-owned (used) goods.

Banknote pawn shop interior and storefront design **differs** significantly **from competitors**.

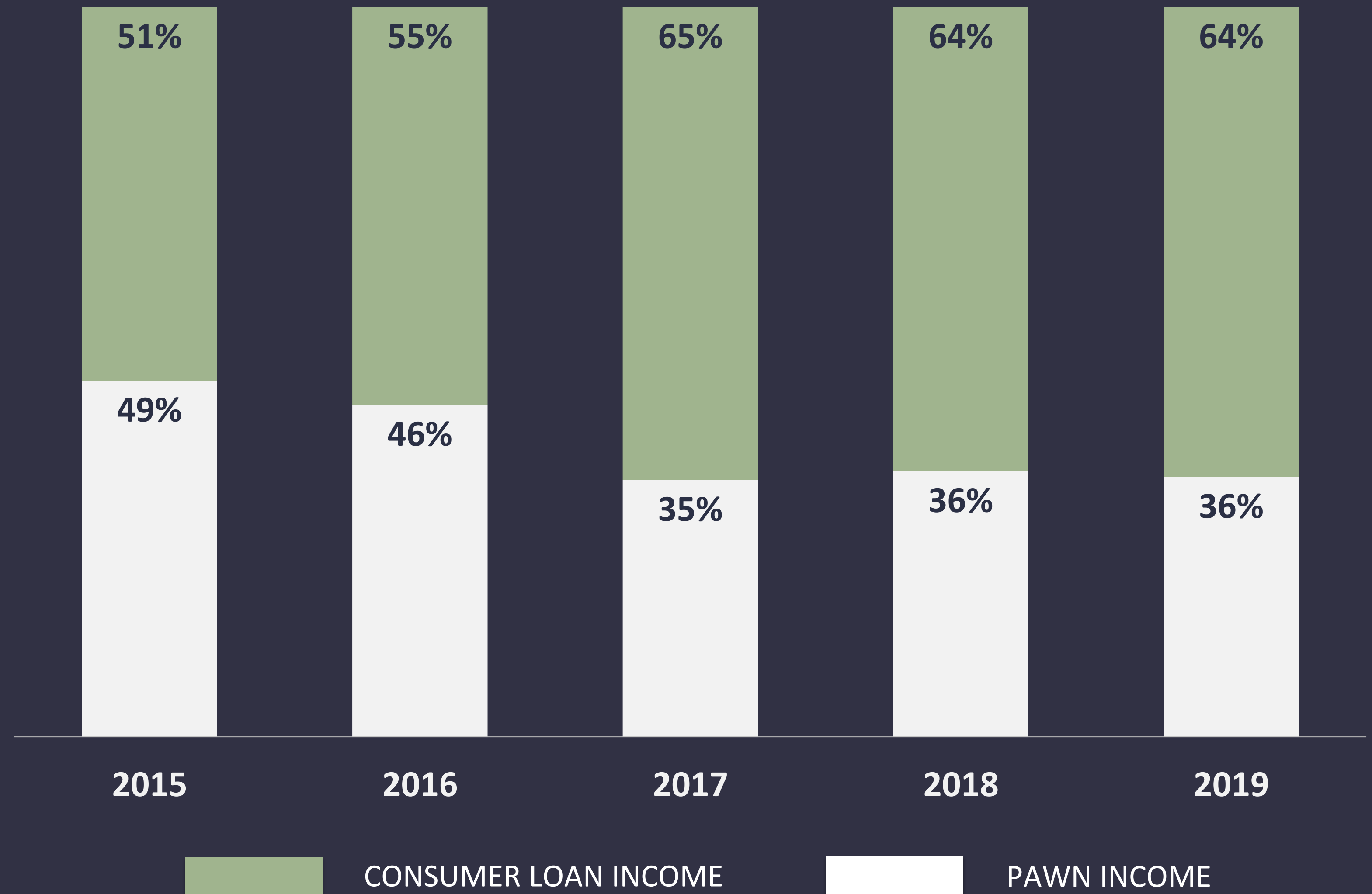
All locations are **welcoming** with focus on

- **transparency,**
- **friendliness,** and
- **superb client service.**



PAWN vs CONSUMER LOANS

Comparatively small **pawn**
loan portfolio generates **36%**
of **total** group's **income**.



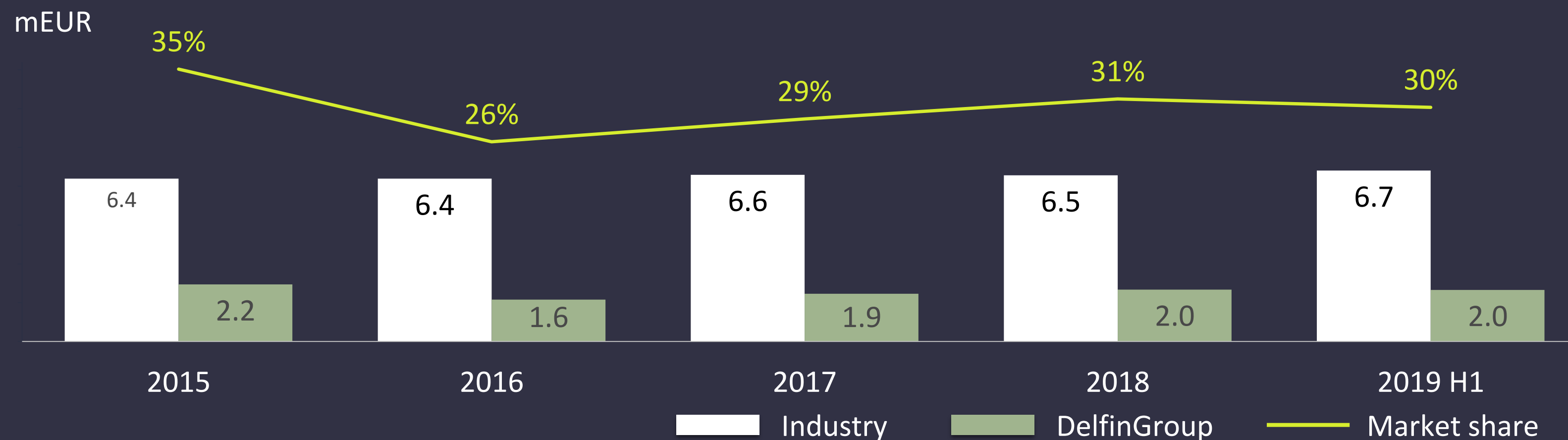
MARKET OVERVIEW

In 2019 H1, **41%** of all pawn loans issued in **Latvia** were issued **by DelfinGroup**.

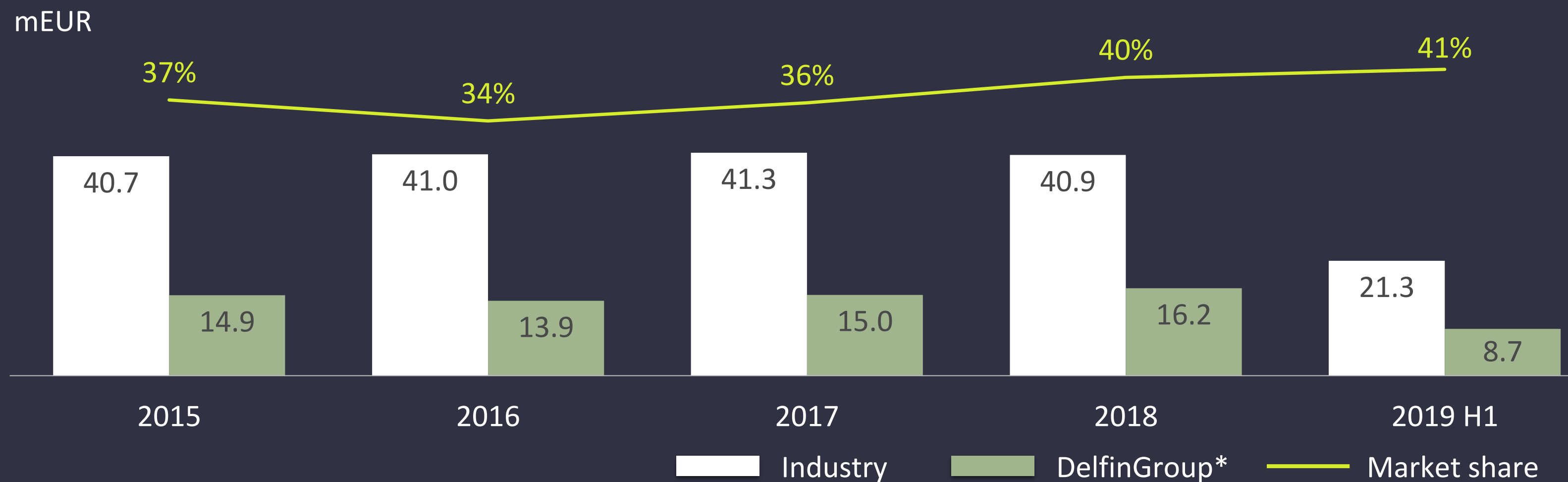
The **market share** of issued loans is **growing** every year.

PAWN LOANS

PAWN LOAN PORTFOLIO, DELFINGROUP VS INDUSTRY*



AMOUNT OF PAWN LOANS ISSUED, DELFINGROUP VS INDUSTRY*

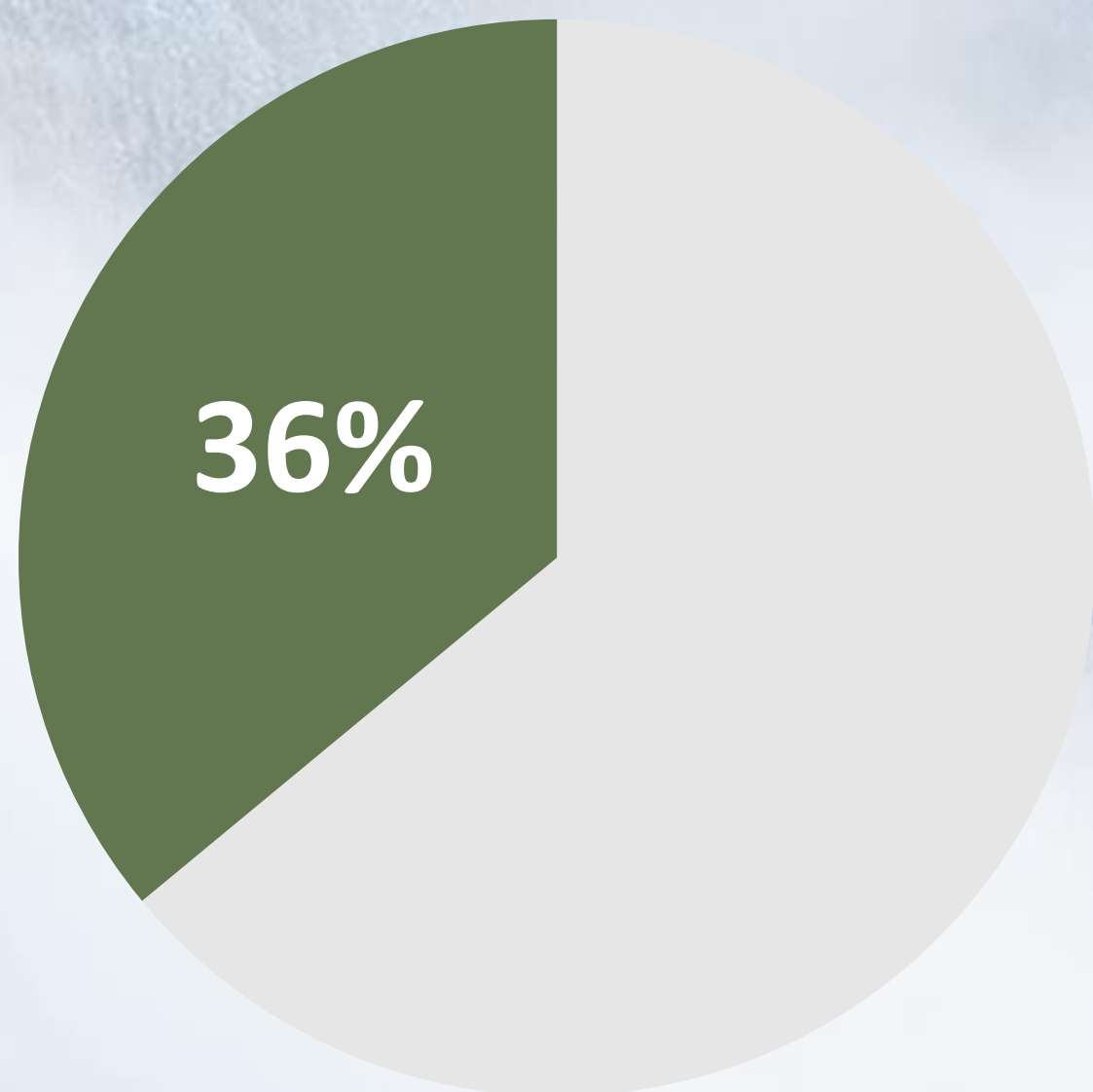


*Source: Consumer Rights Protection Centre.



PAWN LOANS

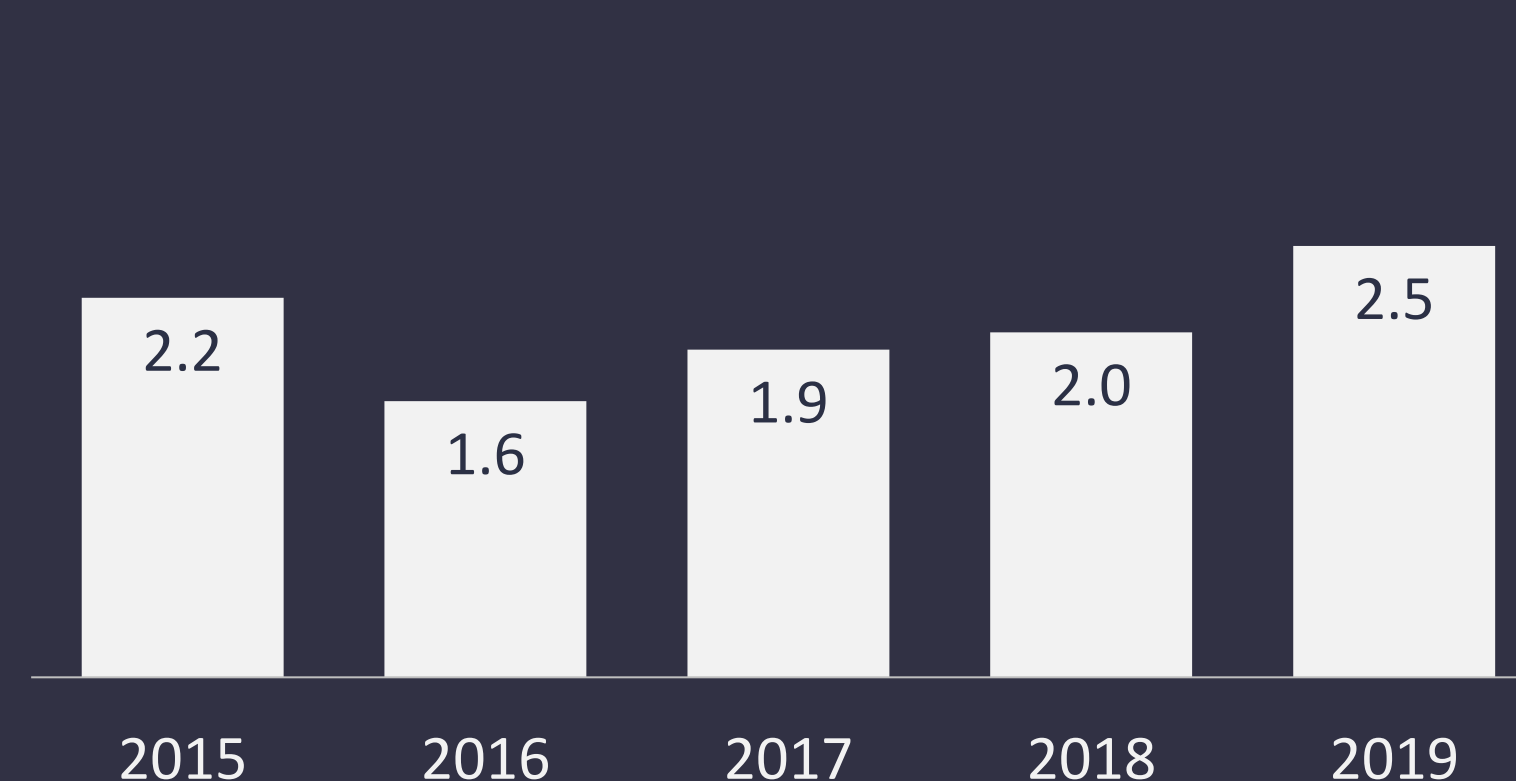
PAWN LOANS ISSUED IN 2019



STABLE GROWTH PATTERN FOR PORTFOLIO AND INTEREST INCOME

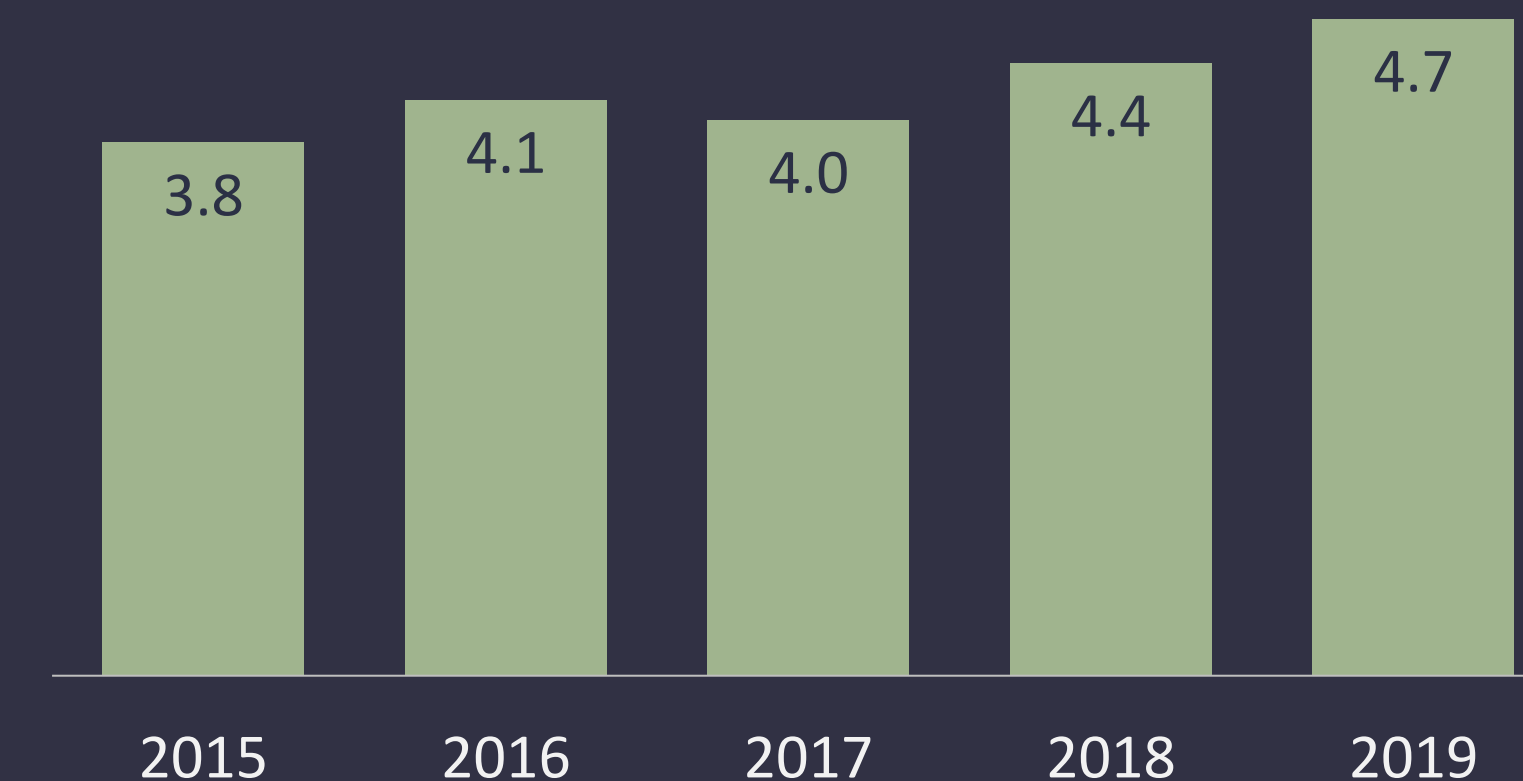
NET LOAN PORTFOLIO

mEUR



INTEREST INCOME

mEUR



PAWN LOANS IN SPOTLIGHT

LOAN TO VALUE

65%, average issued loan 64 EUR in 2019

TERMS

- up to 31 days (single payment loans);
- 2 – 24 months (installment loans).

INTEREST RATE PER MONTH

5% - 28%

APPLICATION AND ISSUANCE PROCESS

Only in Banknote branches

MOST COMMON PAWN ITEMS

Jewellery, mobile, audio, video and photo devices, office equipment and hardware, antique items, etc.

SELLING OF INVENTORY

- within 3 months;
- 43% mark-up on goods.

MARKET OVERVIEW

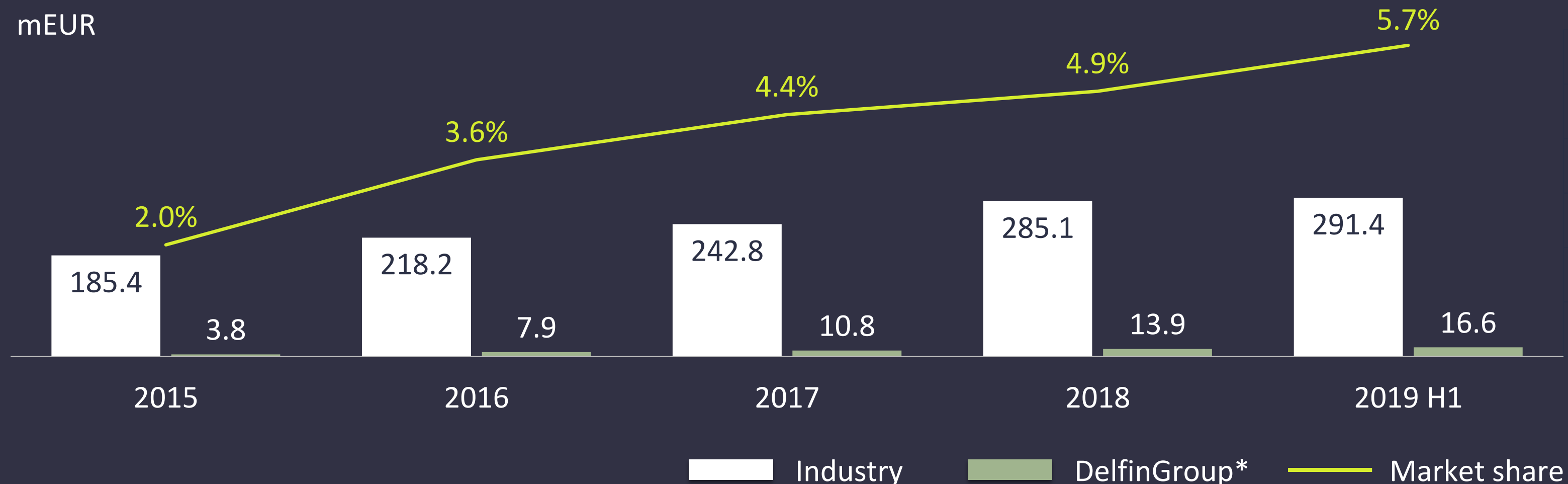
DelfinGroup* grows faster than the industry, having **~6%** market share**.

* Loan portfolio data based on DelfinGroup net consumer loan portfolio excl. accrued interest.

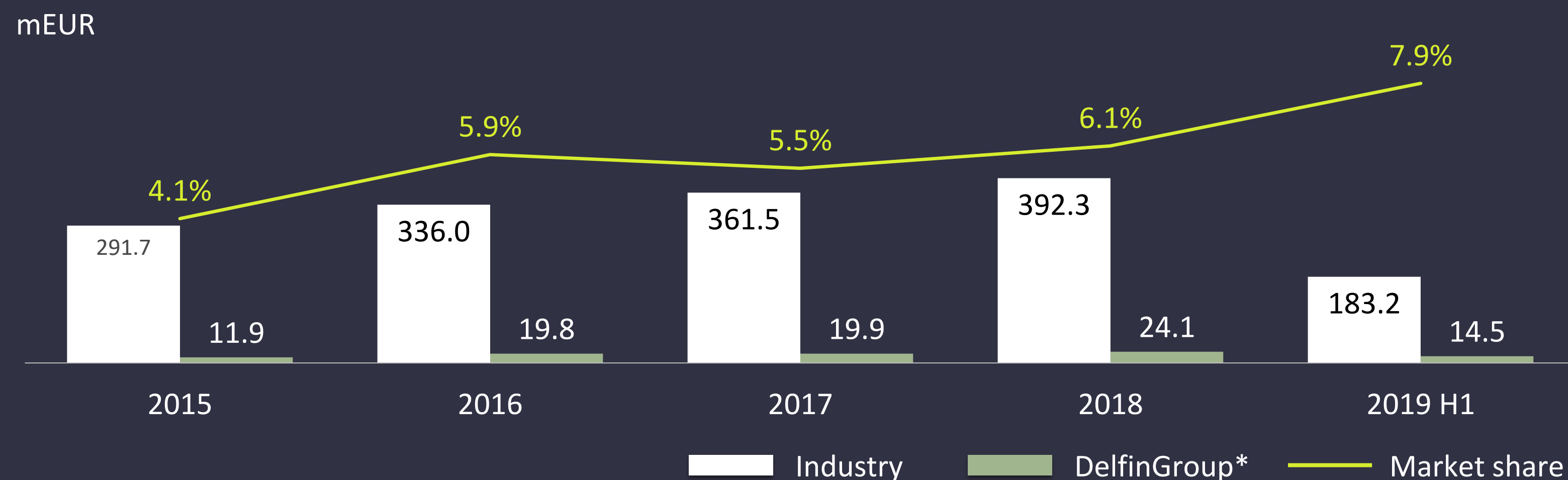
** Based on consumer loan portfolio as at the end of 2019 H1.

CONSUMER LOANS

CONSUMER LOAN PORTFOLIO, DELFINGROUP VS. INDUSTRY*



AMOUNT OF CONSUMER LOANS ISSUED, DELFINGROUP VS. INDUSTRY*

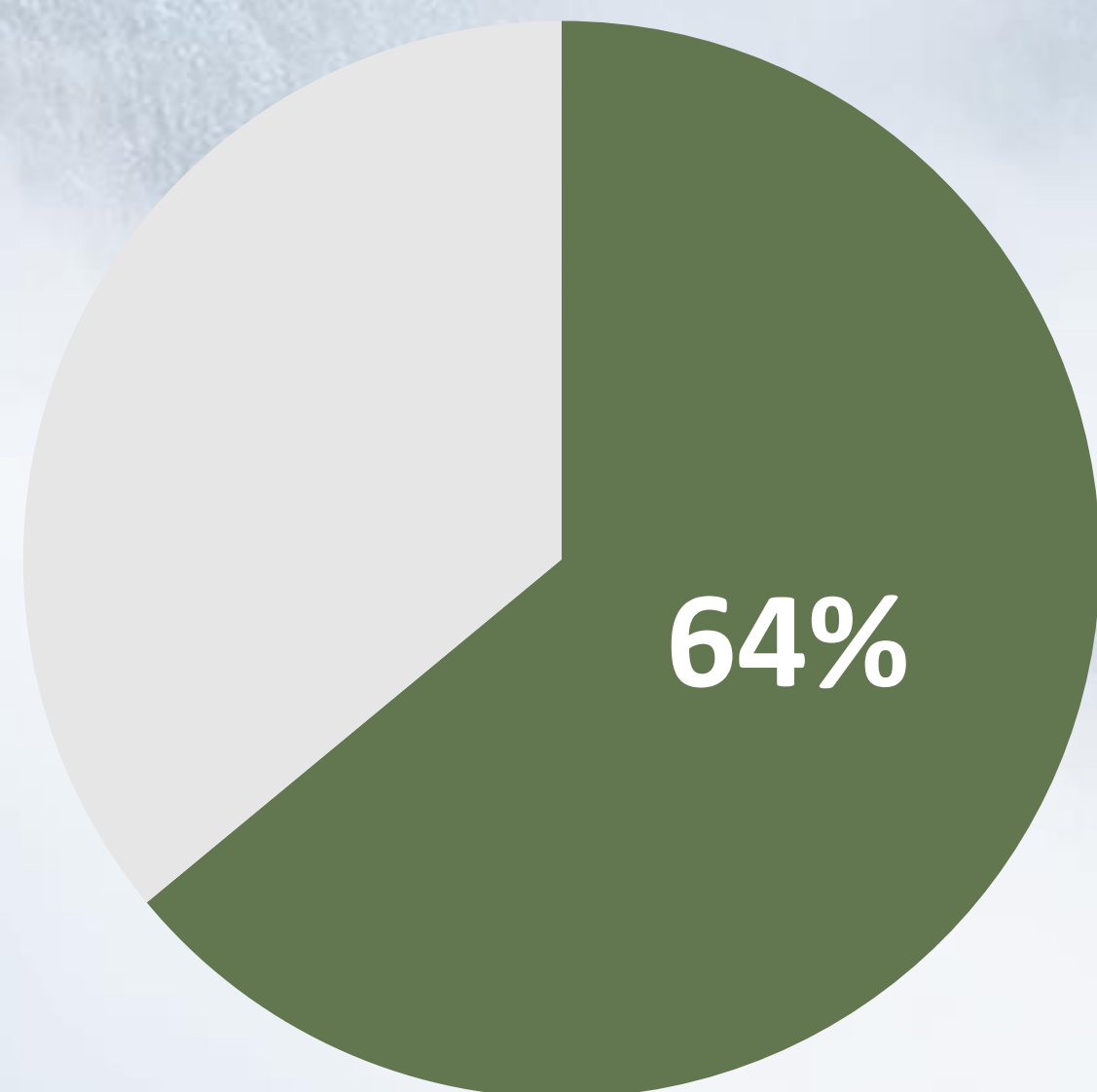


*Source: Consumer Rights Protection Centre.



CONSUMER LOANS

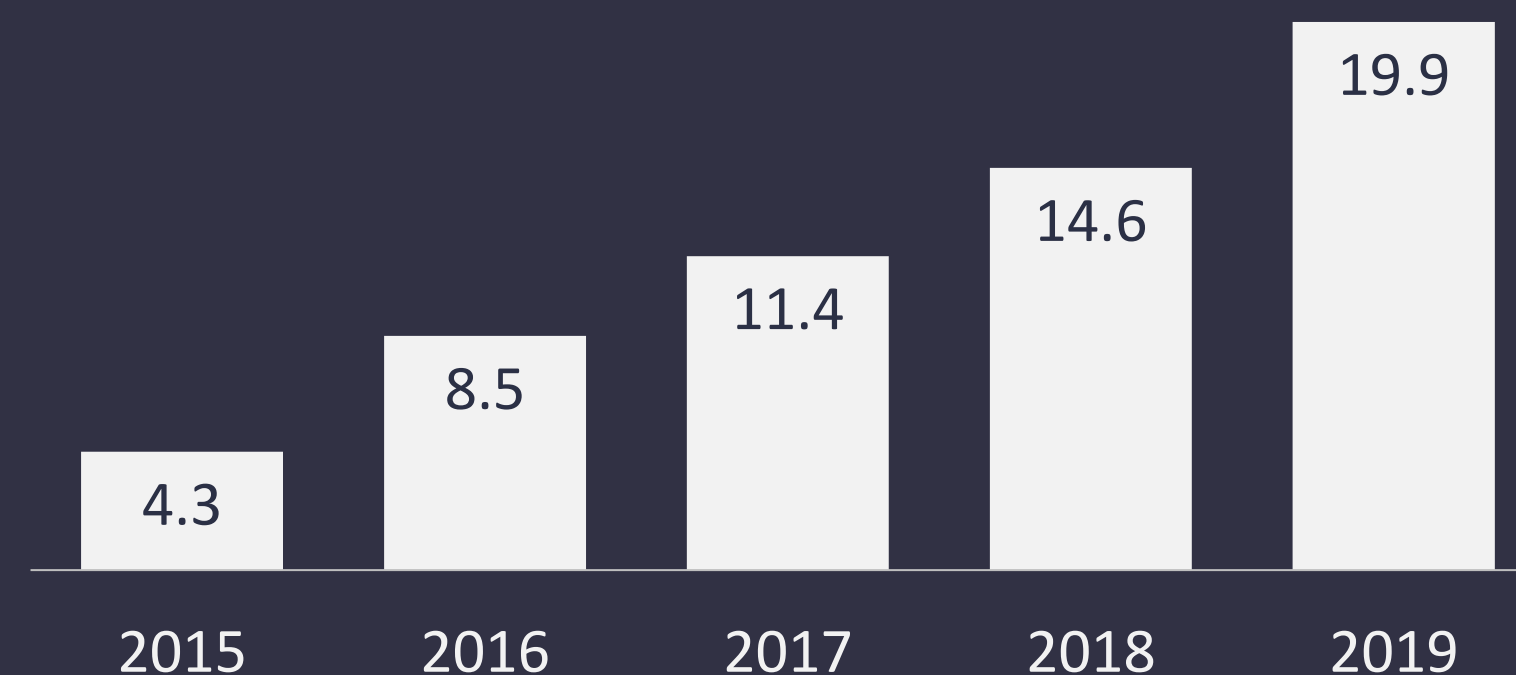
CONSUMER LOANS ISSUED IN 2019



CONSISTENT TENDENCY OF CONSUMER LOANS PORTFOLIO AND INTEREST INCOME

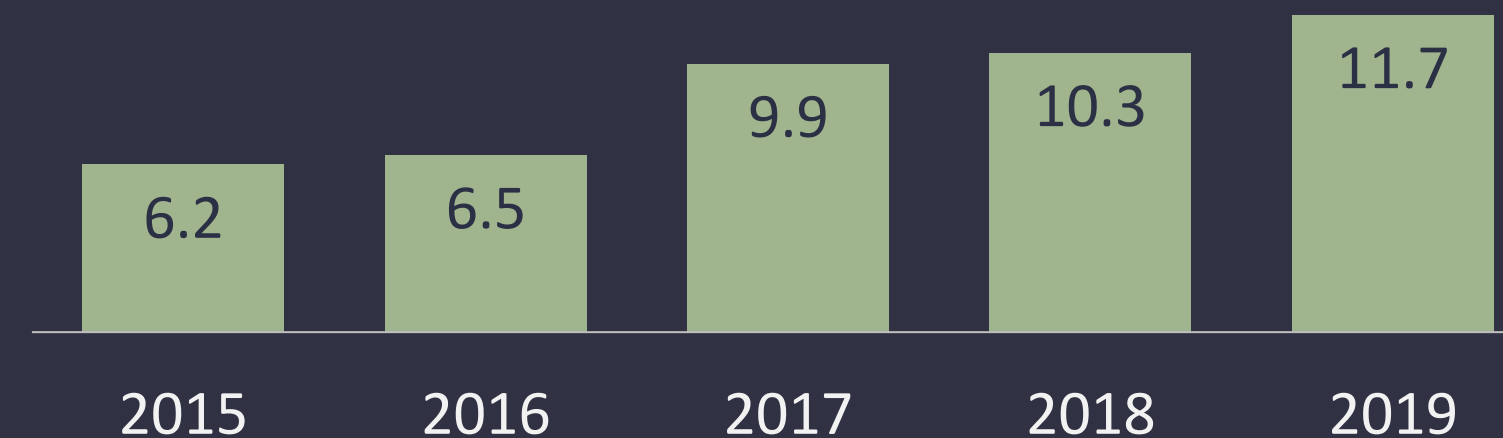
NET LOAN PORTFOLIO

incl. accr. %, mEUR



INTEREST INCOME

mEUR



CONSUMER LOANS IN SPOTLIGHT

LOAN SIZE

- EUR 50 – 5000;
- weighted average loan size – 672 EUR in 2019;
- Banknote and VIZIA offers differ.

TERMS

instalment loans 2 – 60 months

LENDING RATE PER ANNUM

33.4% - 43.7% (excluding other service fees)

APPLICATION AND ISSUANCE PROCESS

In branches and online

ACTIVE CLIENTS

18 000 (on average in 2019)

PAYMENT DISCIPLINE

Only 5.6% of loans in active portfolio having more than 90 days overdue payments.

PROFITABILITY BASED ON THOROUGH PROCESSES

2019 was challenging,
yet fruitful.

NEW TECHNOLOGIES AND PROCESSES

Online services increases customer base which values high-quality financial services.

Customer-oriented loan evaluation, issuance and monitoring processes contributes to profitability.

Operations are data driven with extensive IT development.

Process ownership, key performance indicators and reporting system helps to track every aspect of business.

Core processes undergo constant efficiency scrutiny.

SPOT-ON MARKETING STRATEGY

Customers are approached with resonating messages through targeted segmentation and diverse pricing policy.

Brand recognition is boosted by extensive branch network which is used as instrumental outdoor advertising.

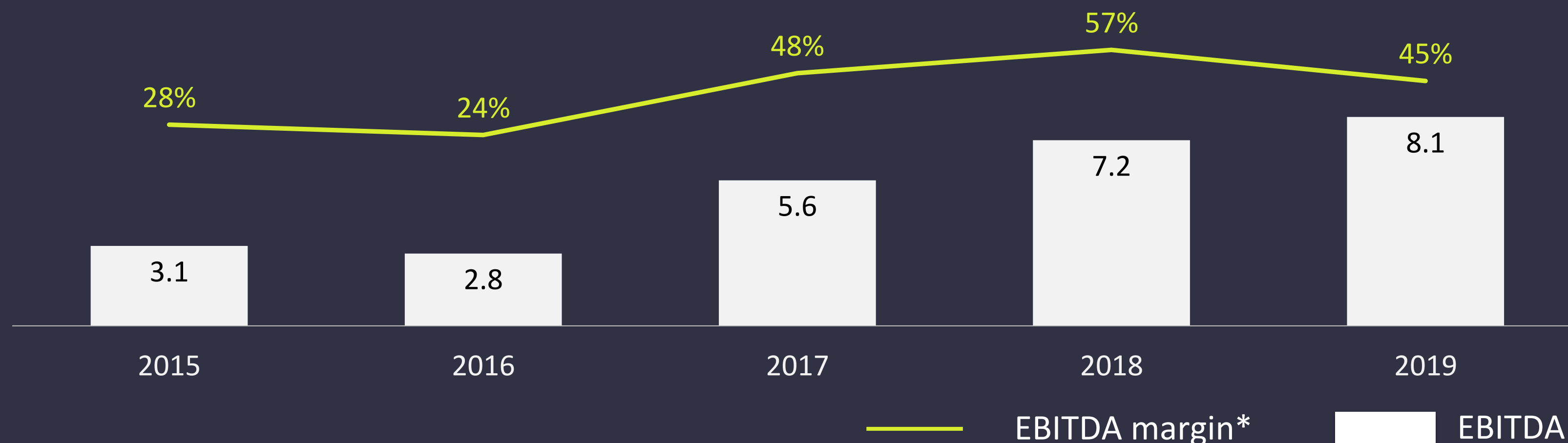
Broad range of sales channels contributes to efficient marketing.

Marketing focus is devoted to building long term customer loyalty.

SOLID FINANCIAL PERFORMANCE

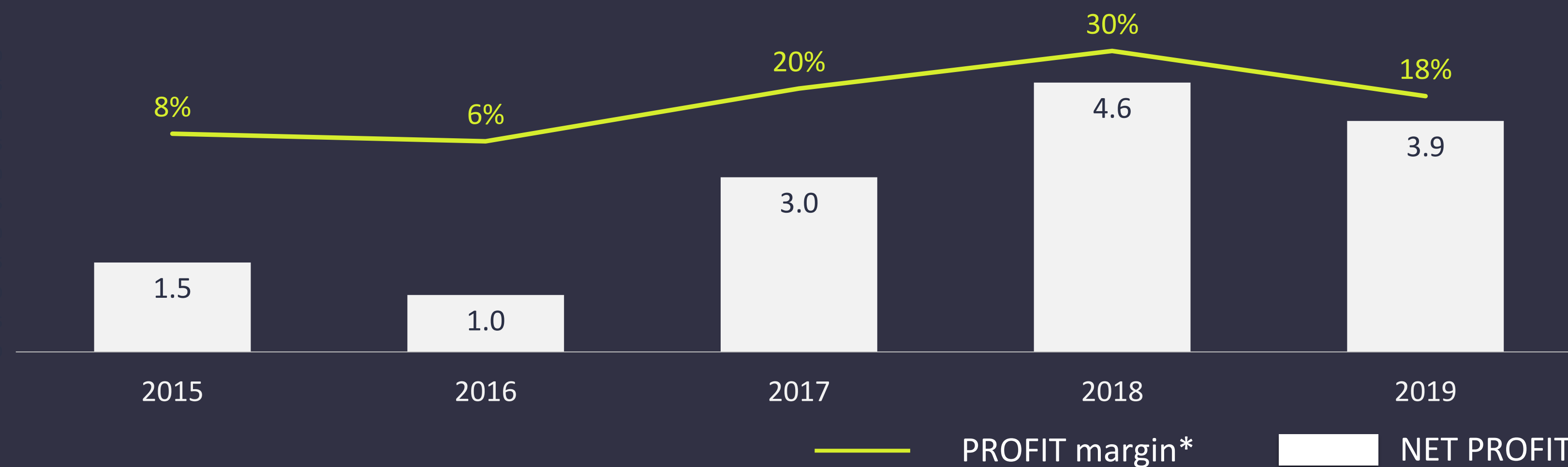
2019 has been **successful** in terms of maintaining **high profitability** after the new interest rate cap.

EBITDA, mEUR



* Calculated as EBITDA / (Interest income + Gross profit from sale of foreclosed items)

NET PROFIT, mEUR

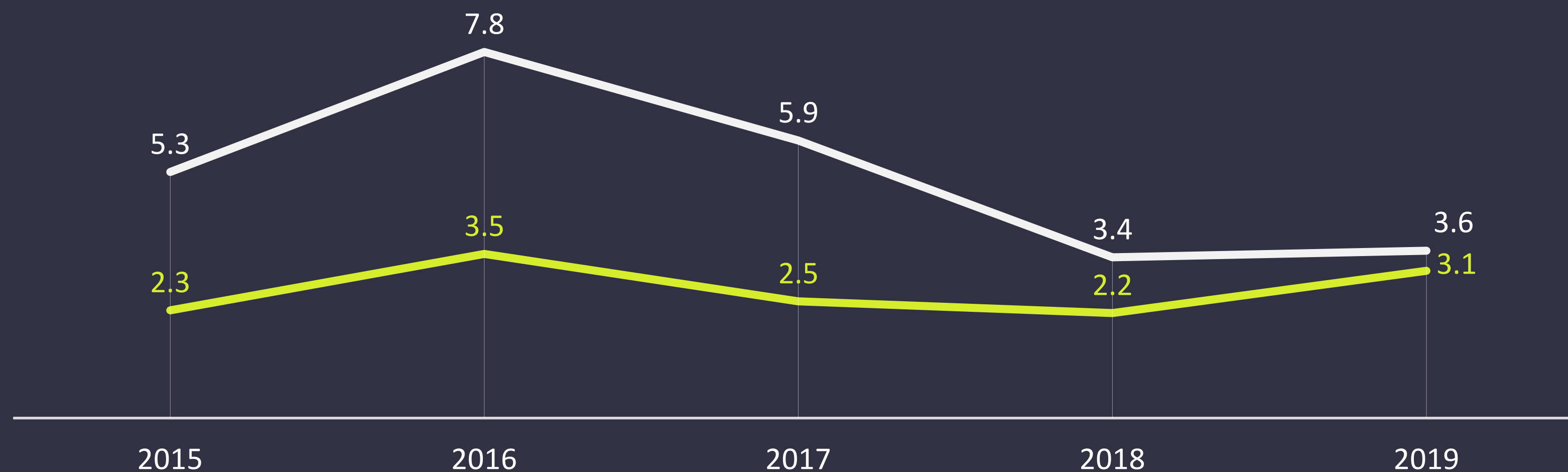


* Calculated as NET PROFIT / (Interest income + Revenue from sale of foreclosed items).



FINANCIAL RATIOS

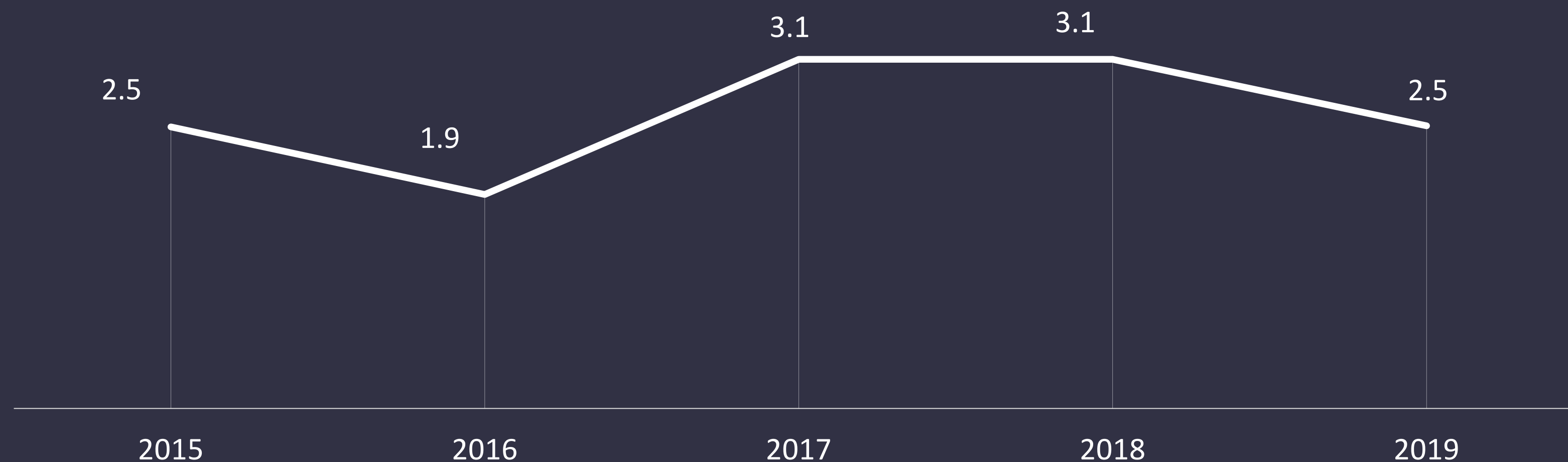
Sustainable financial
performance.



Net Debt / Net Equity ratio

Net Debt / EBITDA ratio

Net Debt / EBITDA ratio



Interest coverage ratio

KEY FINANCIALS:

INCOME STATEMENT

Business operations has generated **substantial** EBITDA.

INCOME STATEMENT, EUR'000	2017A	2018A	2019A
Interest and similar income	13 863	14 664	16 382
Gross profit from sale of goods	1 414	1 528	1 800
Cession result	(1 683)	(494)	(1 499)
GROSS PROFIT	13 594	15 697	16 683
Selling expense	(5 458)	(5 681)	(4 989)
Administrative expense	(2 290)	(2 771)	(3 487)
Net other income / (expense)	(162)	(71)	(105)
EBITDA	5 684	7 174	8 102
Depreciation	(209)	(250)	(986)
Interest and similar expense	(1 823)	(2 298)	(2 853)
Taxes	(700)	(79)	(350)
NET PROFIT before dividends	2 952	4 546	3 913
Dividends paid	(996)	(490)	-
NET PROFIT	1 956	4 056	3 913

KEY FINANCIALS:

BALANCE SHEET

Continuous increase in the loan portfolio and total assets.

BALANCE SHEET, EUR'000	2017A	2018A	2019A
Fixed and intangible assets	601	603	2 740
Loans to related parties	1 303	1 277	1 308
Net loan portfolio	15 844	20 151	31 547
Inventory and scrap	683	848	1 155
Other assets	668	298	384
Cash	2 220	3 489	1 136
TOTAL ASSETS	21 317	26 666	38 270
Share capital and reserves	1 500	1 500	1 500
Retained earnings	233	398	2 954
Profit/loss for the current year	1 957	4 056	3 913
EQUITY	3 689	5 954	8 367
Interest-bearing debt	16 346	19 555	26 541
Trade payables and other liabilities	1 282	1 156	3 362
LIABILITIES	17 628	20 711	29 903
TOTAL EQUITY AND LIABILITIES	21 317	26 666	38 270

KEY FINANCIALS:

CASH FLOW

Growth financed from operations and attracted financing.

CASH FLOW STATEMENT, EUR'000	2017A	2018A	2019A
EBITDA	5 685	7 174	8 102
Taxes	(252)	(368)	(79)
Interest payments	(1 823)	(2 277)	(2 853)
Cessation result	1 683	494	1 499
Change in Consumer loans issued	(6 391)	(4 689)	(13 095)
Acquisition of right-of-use assets	-	-	(2 738)
Other adjustments	155	266	2 585
Cash flow from operations	(943)	601	(6 579)
Acquisition of fixed assets and intangibles	(168)	(223)	(430)
Loans issued/repaid to other	133	26	(31)
Other adjustments	32	19	64
Cash flow from investing	(3)	(177)	(397)
Loans received and bonds issued (net)	14 063	8 560	14 280
Redemption/purchase of bonds	(2 851)	(1 106)	(1 750)
Loans repaid	(7 184)	(4 316)	(7 131)
Dividends (incl. extraordinary dividends)	(2 070)	(2 230)	(1 500)
Lease liabilities for right-of-use assets	-	-	828
Other adjustments	(72)	(62)	(104)
Cash flow from financing	1 886	846	4 623
TOTAL CASH FLOW	940	1 269	(2 353)



FINANCING STRUCTURE

Diversified financing structure with established investor demand.

Transparent and **open** investor relations according to the best standards of corporate governance including quarterly reporting.

WEBSITES FOR INVESTORS:

WWW.DELFINGROUP.LV;

WWW.NASDAQBALTIC.COM – stock exchange;

WWW.MINTOS.COM – peer-to-peer platform.

INTEREST-BEARING DEBT	2018, EUR'000*	2019, EUR'000*	INTEREST RATE, %	MATURITY
Secured bonds**	-	7 850	14% - 15%	2020/12 -2022/11
Unsecured bonds**	7 907	-	14% - 15%	2020/12 -2021/10
Peer-to-peer lending platform Mintos**	11 492	18 044	10.62% - 11.97% (effective rate)	According to issued loans
Leases	148	102	EURIBOR+ 3.5%	Up to 3 years
Private loans	-	569	14.0%	Up to 3 years
Accrued interest and bonds commissions	8	-25		
TOTAL	19 555	26 541		

* As at the end of the period.

** Part of unified securitization structure with ZAB Eversheds Sutherland Bitāns acting as the collateral agent. Collateral with total value 40.5m EUR registered on December 2019.



CAPITAL MARKET HISTORY

Experienced and **recognized**
bond Issuer.

LV0000801280 14% Maturity: 25/11/2018	LV0000801322 15% Sinking fund until 25/12/2020	LV0000802213 14% Maturity: 25/10/2021	LV0000802379 14% Maturity: 25/11/2022
EUR 5 000 000	EUR 3 500 000	EUR 5 000 000	EUR 5 000 000
secured	secured	secured	secured
Listed on Nasdaq Baltic Regulated Bond market	Listed on Nasdaq Baltic Regulated Bond market	Listed on Nasdaq Baltic First North Alternative market	Will be listed on Nasdaq Baltic First North Alternative market
Repaid	Remaining sinking fund EUR 1 312 500: 25/06/2020 – EUR 437 500 25/09/2020 – EUR 437 500 25/12/2020 – EUR 437 500	Bullet @ 25/10/2021	Bullet @ 25/11/2022

FINANCIAL FORECAST

COVID - 19 impact on forecast

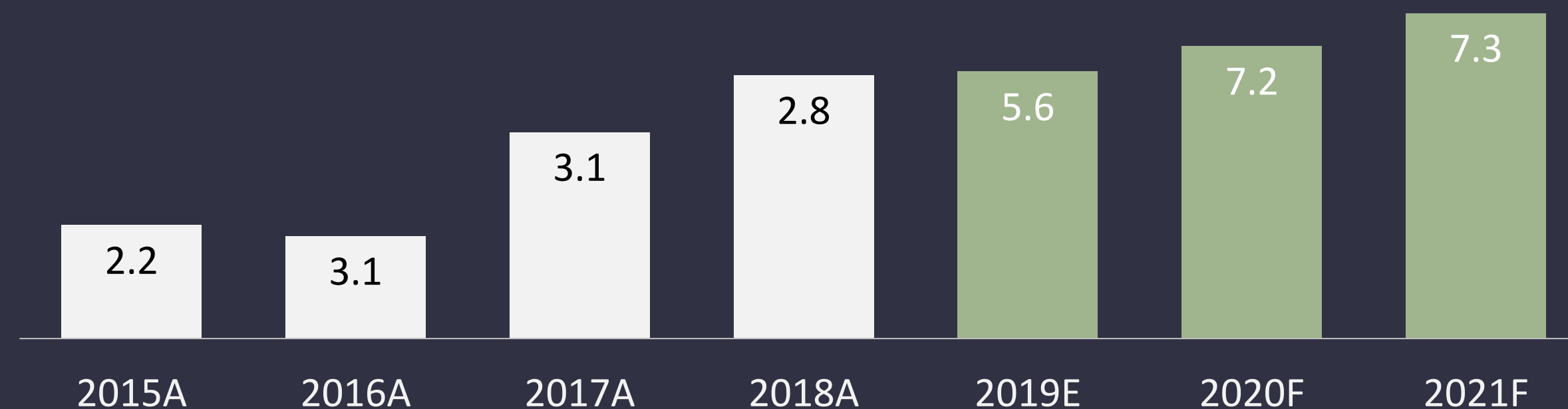
In March 2020, the Republic of Latvia and many other countries have announced coronavirus related restrictions that substantially decrease the economic development of the country and of the world.

To ensure the Company's operational stability in unclear economic environment, the Company's management has taken necessary actions including:

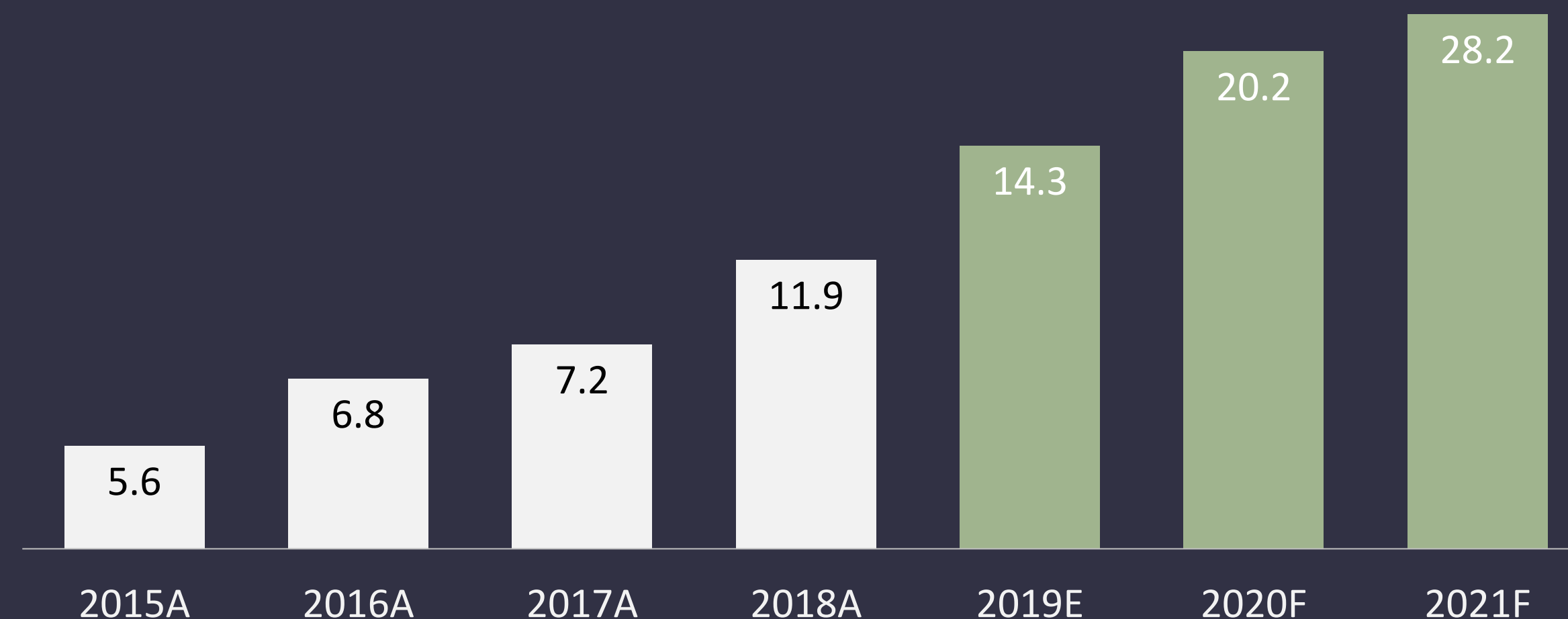
- decrease of operational costs;
- decrease of lending activity and focus on long-term clients with good credit history;
- measures for maintaining high liquidity.

It is unpredictable how the situation would develop in the future, and therefore uncertainty regarding economic development remains. Forecast will be reviewed as more certainty regarding economic outlook will be available.

EBITDA, mEUR (as published on 08/2019 via Nasdaq)



NET LOAN PORTFOLIO, mEUR (as published on 08/2019 via Nasdaq)





custom finance
solutions



SIA DelfinGroup
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LV-1013



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