



# INVESTOR PRESENTATION

2020 Q4 RESULTS

# 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.

**Top 2  
industry  
player  
in Latvia**



**2009**

Established as  
a pawn broking  
chain



**2020**

2nd largest  
nonbank consumer  
lender in Latvia\*

**Business  
profile:**



Pawn loans  
Consumer loans

**Brands:**



**Banknote** **VIZIA**

**Values:**



Simplicity



Accessibility



Respect



Progress



Mastery



Focus on client



Ambition

**Group:**

**89** **279**  
branches employees

**303 m EUR**  
value of loans (cumulative)

**3 829 709**  
loan issue transactions  
(cumulative)

**Key financials:**

**34.4 m EUR**  
net loan portfolio (2020 Q4)

**8.9 m EUR**  
EBITDA (2020 Q4 cumulative)

**13.5 m EUR**  
value of issued loans (2020 Q4)

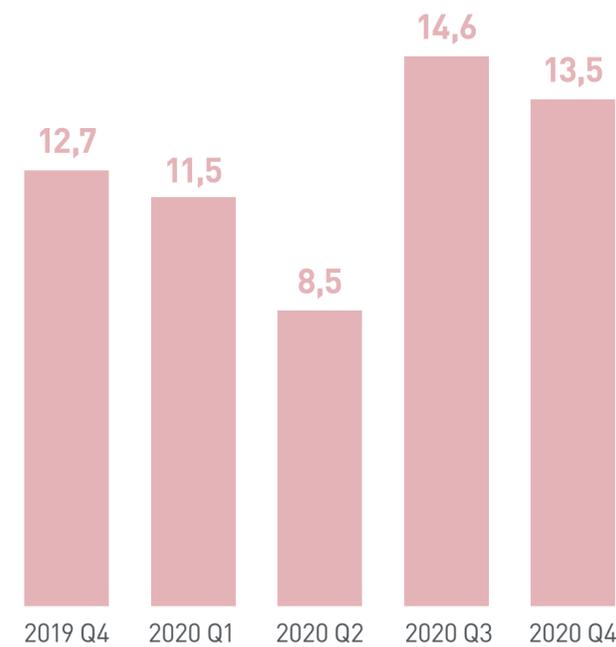
# Highlights

## In 2020 Q4

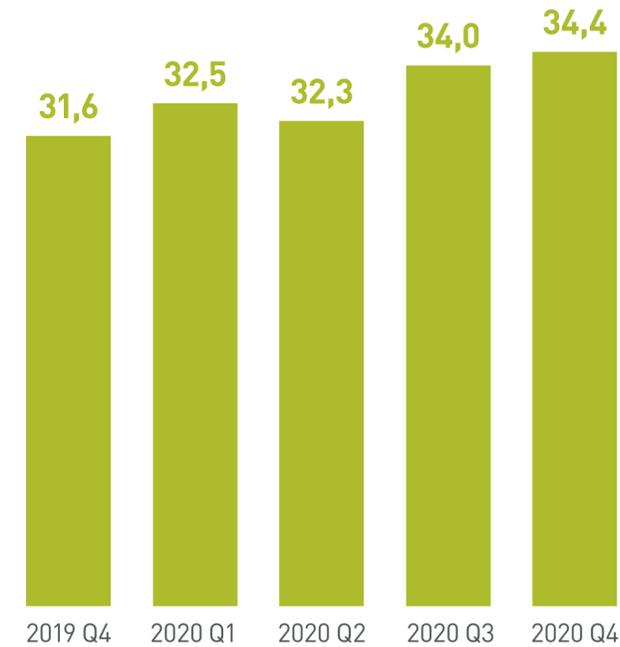
Group has increased issuance level by 6.3% compared to 2019Q4.

Lower total issuance in 2020Q2 due to initial impact of COVID-19.

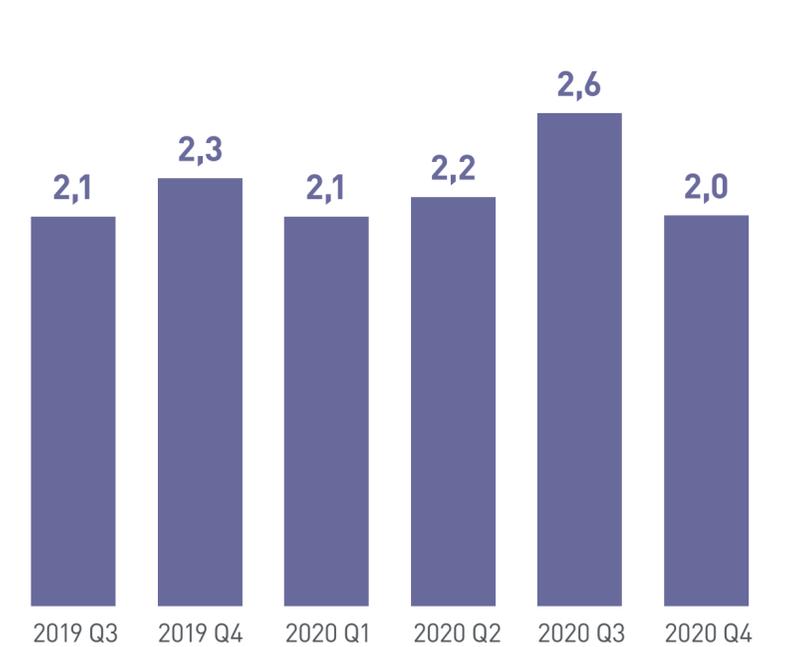
**Consumer and pawn loans issued**  
(m EUR)



**Total loans outstanding**  
(m EUR)



**EBITDA**  
(m EUR)



# Market overview

## DelfinGroup\*

grows faster than  
the industry, having

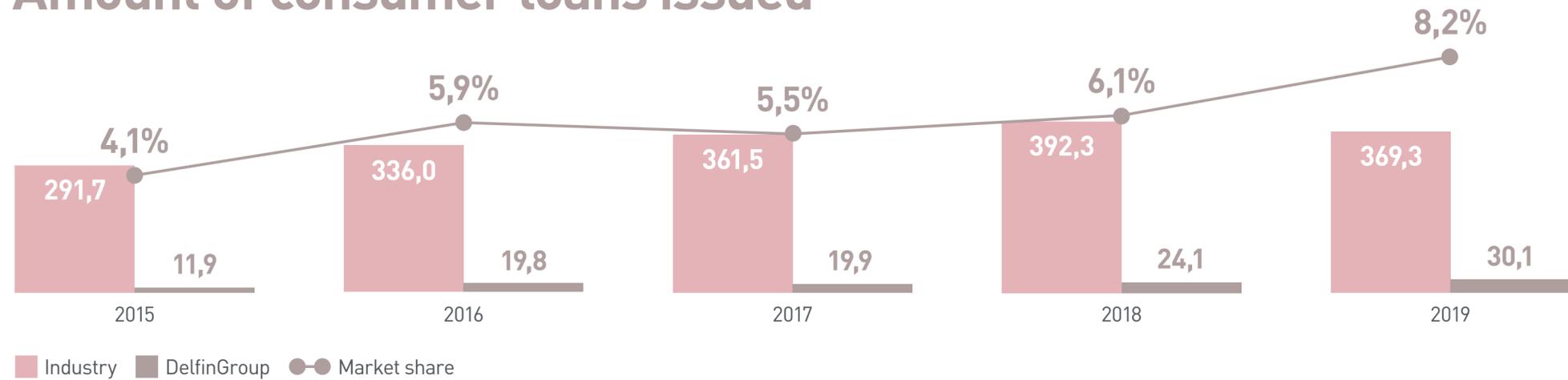
**~7%\*\***  
**market share.**

# Consumer loans

## Consumer loan portfolio, delfingroup vs. industry\*\*\*



## Amount of consumer loans issued



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

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

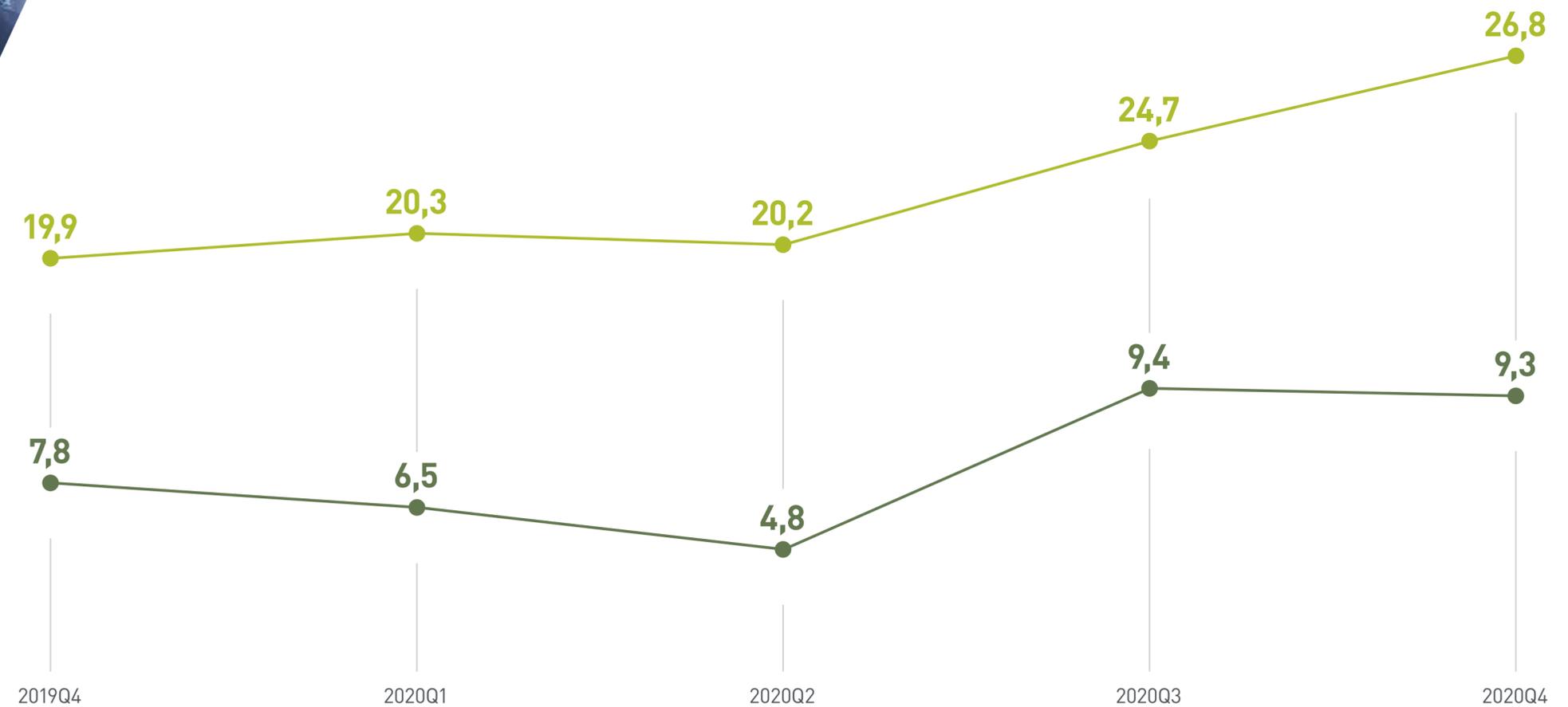
\*\*\* Source: Consumer Rights Protection Centre.

# Consumer loans

## In 2020Q4

portfolio have increased by 8.5% compared to 2020Q3.

Issuance level have increased **in 2020Q4** by 19.2% compared to 2019Q4.

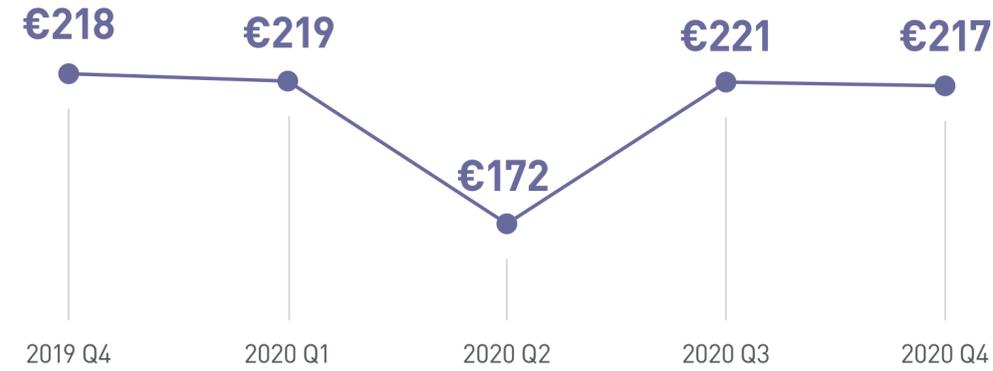


● Loans issued, mEUR ● Net loan portfolio\*, mEUR

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

# Consumer loans

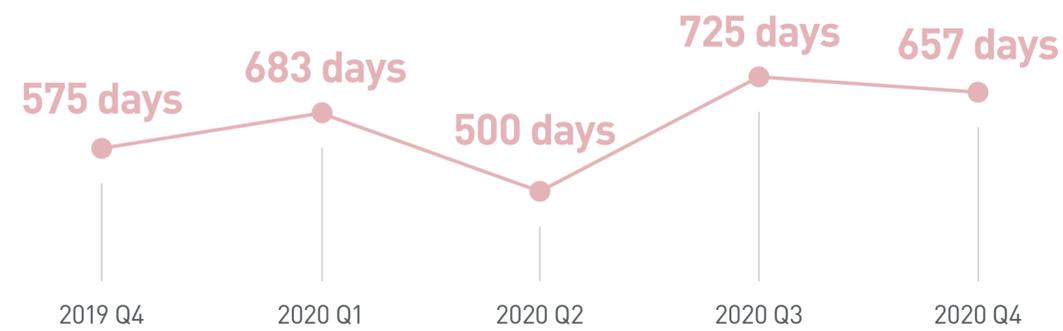
## Average loan tranche size per issue



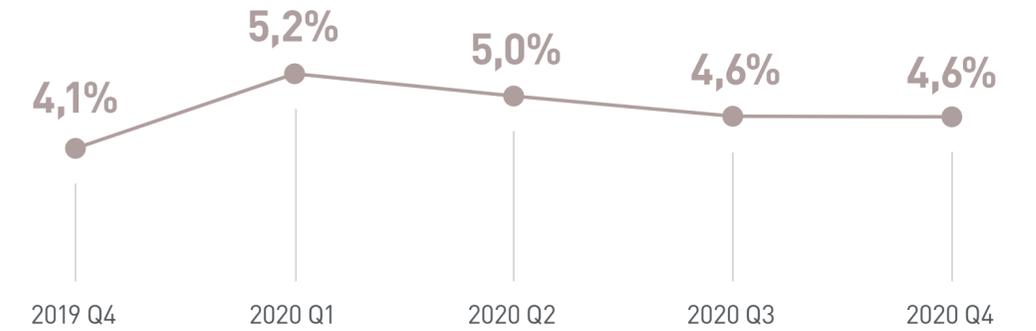
## Average loan size per customer



## Weighted average term of loans issued



## Non-performing loans ratio



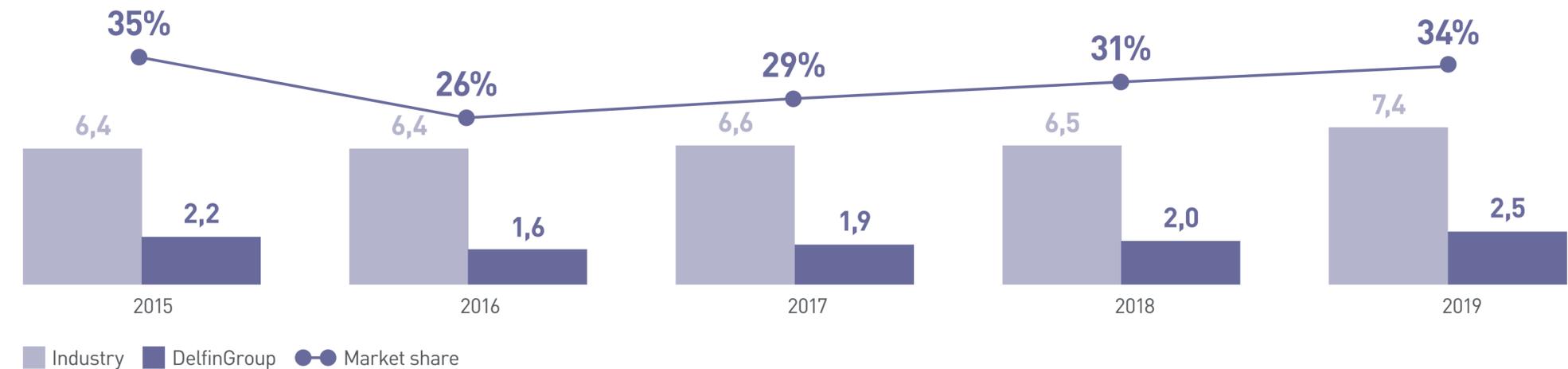
## Market overview

In 2019, **42%** of all pawn loans issued in Latvia were issued by **by DelfinGroup.**

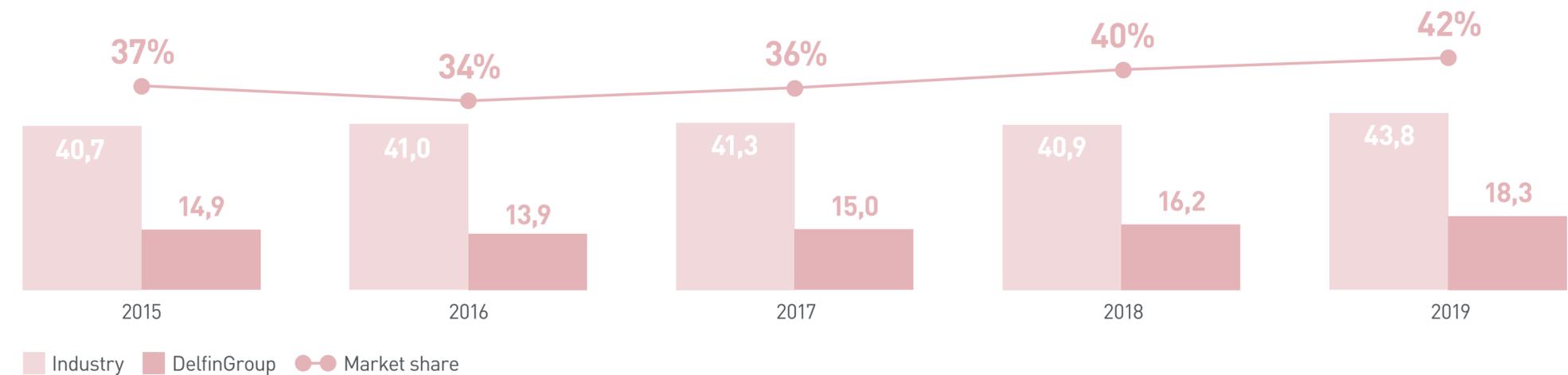
The **market share** of issued loans is **growing** every year.

## Pawn loans

### Pawn loan portfolio, delfingroup vs industry\*



### Amount of pawn loans issued, delfingroup vs industry\*

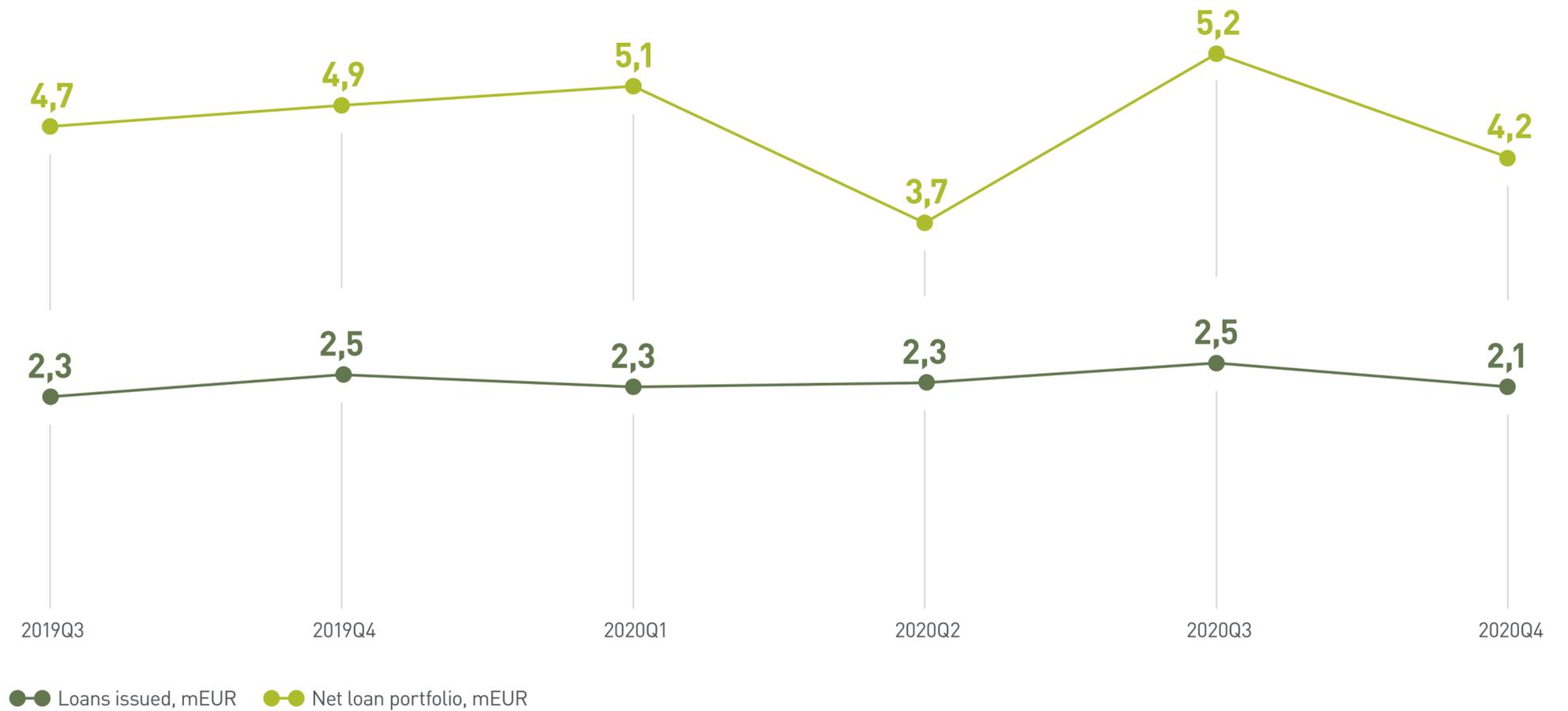


\* Source: Consumer Rights Protection Centre.

## Pawn loans

In 2020Q2 and 2020Q4 issuance level have decreased for pawn lending due to COVID-19 related restrictions that applies to branches and decreases client flow in branches.

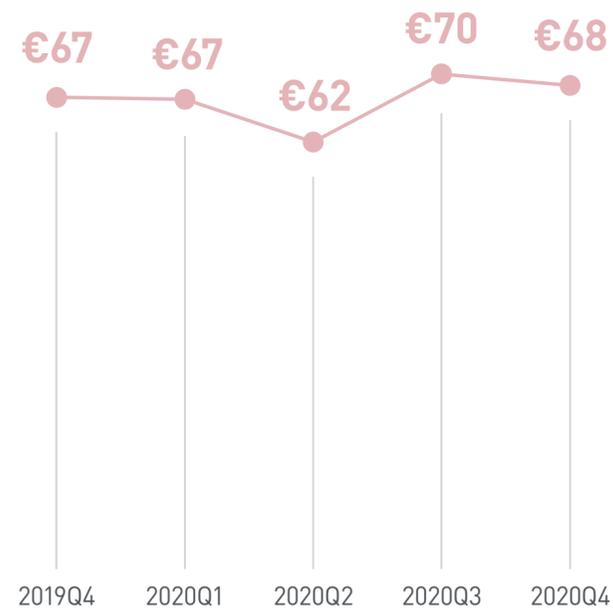
Thus portfolio have slightly fluctuated downwards in 2020Q4.



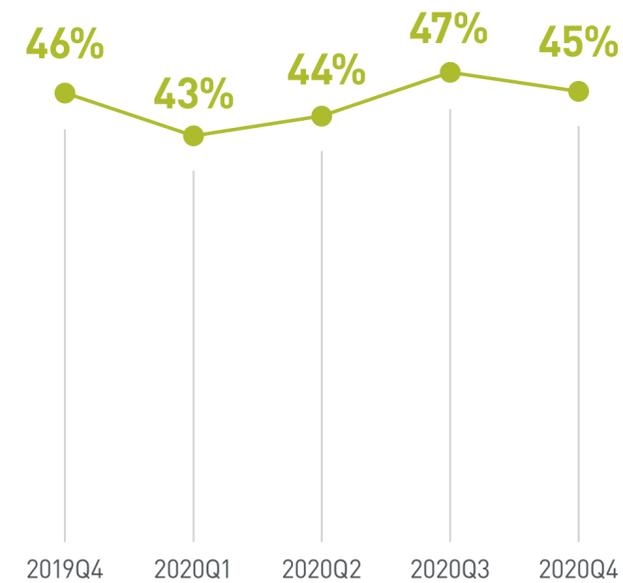
## Pawn loans

**Stable** customer base  
and stable **performance**  
of pawnshop operations.

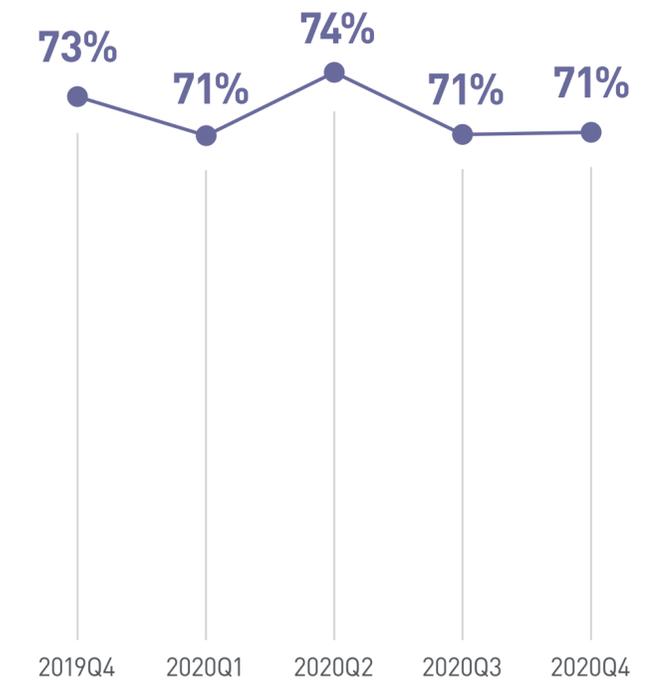
### Average loan size per issue:



### Pawn mark-up:



### Redemption rate\*

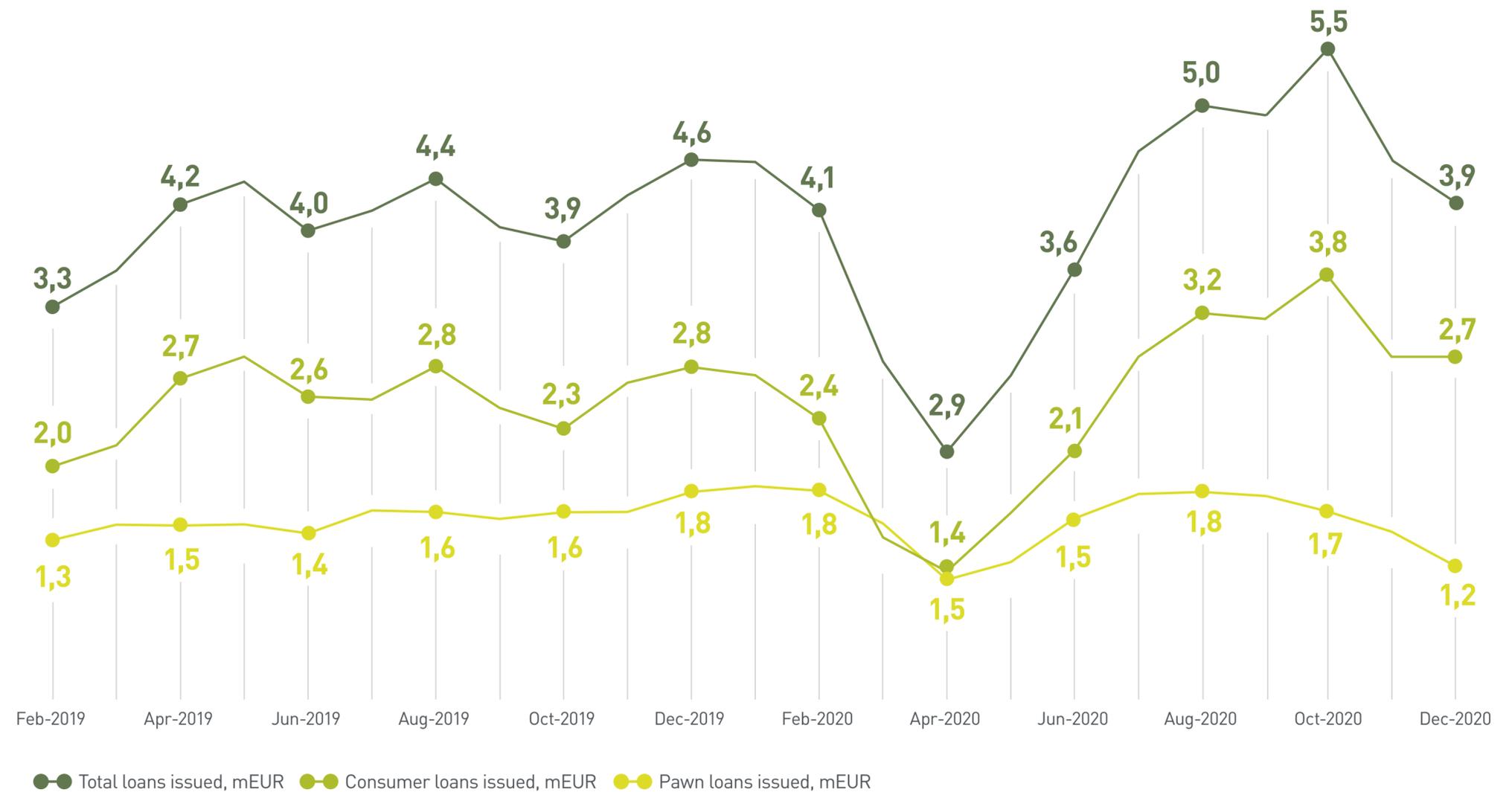


\* Items begin redeemed or extended within 3 months since issuance, by value of loans issued excl. item purchasing.

## Detailed COVID-19 impact dynamics

When new restrictions to reduce the spread of COVID-19 are introduced, issuance level decreases, but once the restrictions are lifted increase on demand for consumer and pawn loans can be seen and issuance level gradually increases.

## Consumer and pawn loans issued

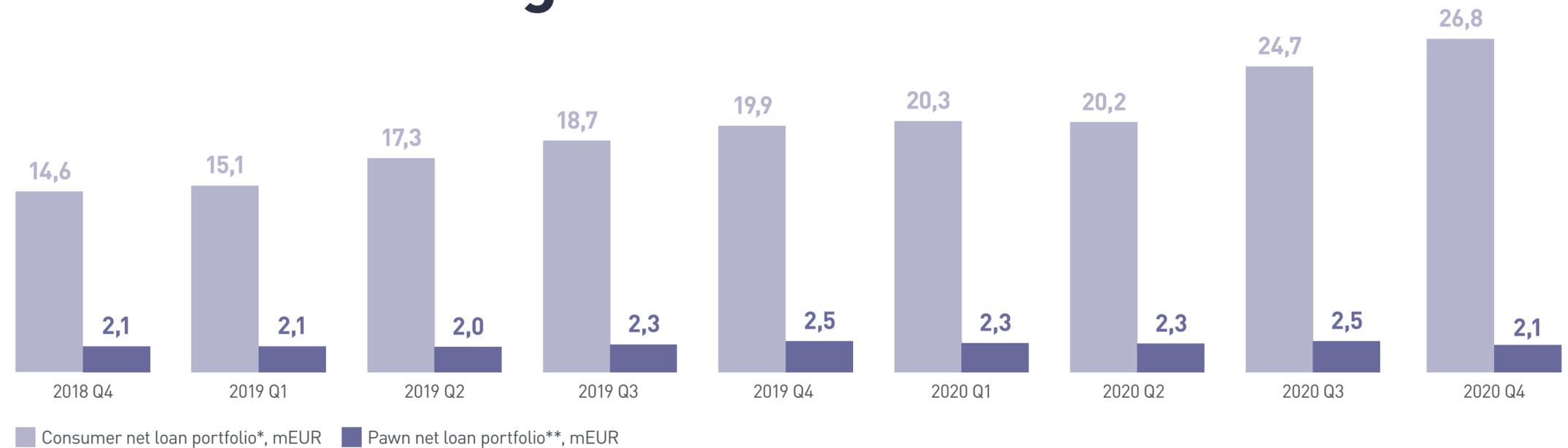


# Detailed COVID-19 impact dynamics

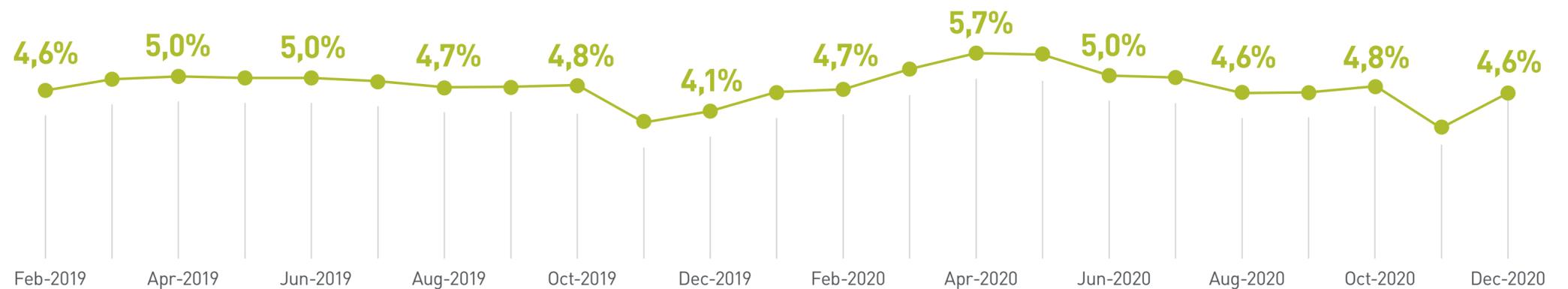
In 2020Q4, portfolio have increased by 6.3% compared to 2020Q3.

Due to Group's conservative credit policy and stable and reliable customer base non-performing loan ratio have remained relatively low, ensuring stable portfolio quality.

## Loans outstanding



## Non-performing loans ratio - consumer loans

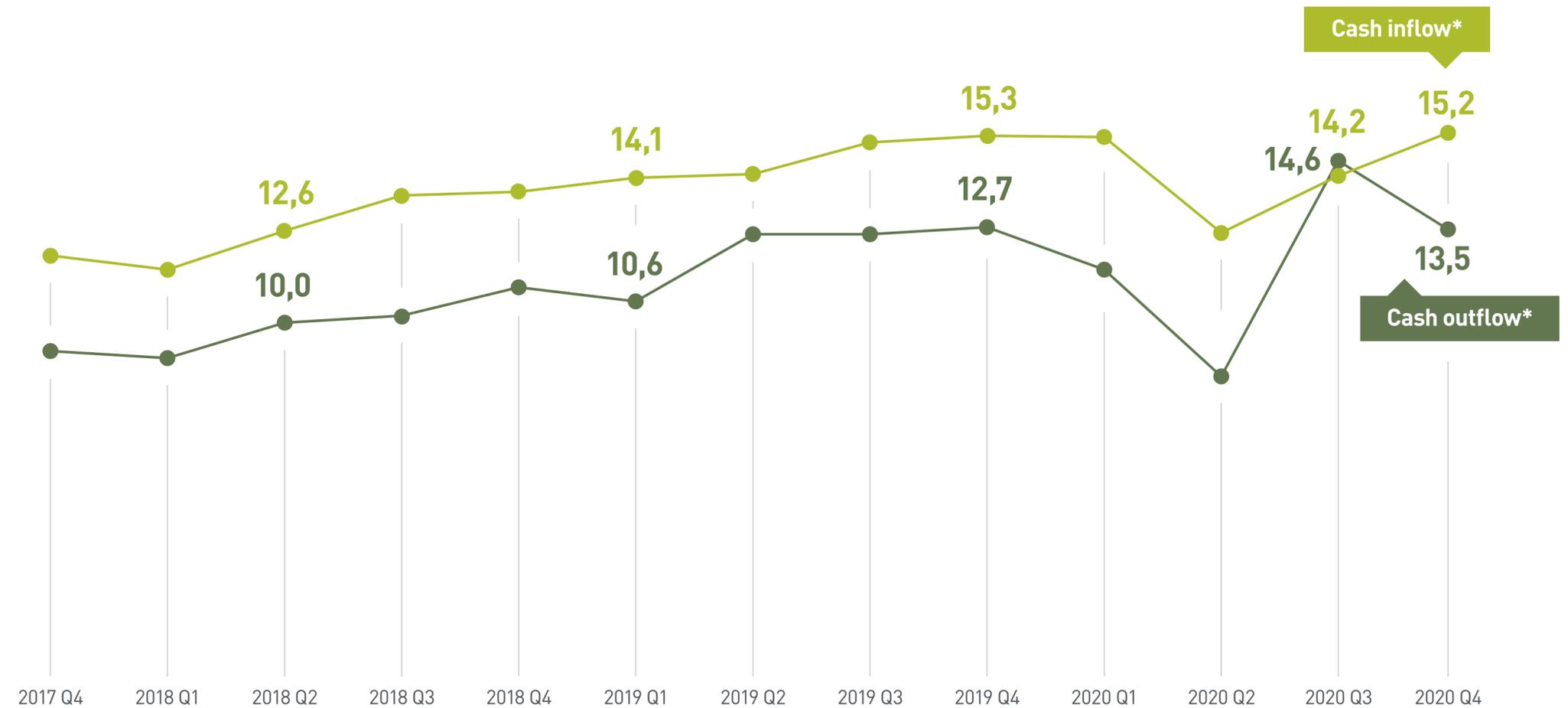


\* Loan portfolio data based on DelfinGroup net consumer loan portfolio incl. accrued interest.

\*\* Includes car title loan and mortgage loan legacy portfolios.

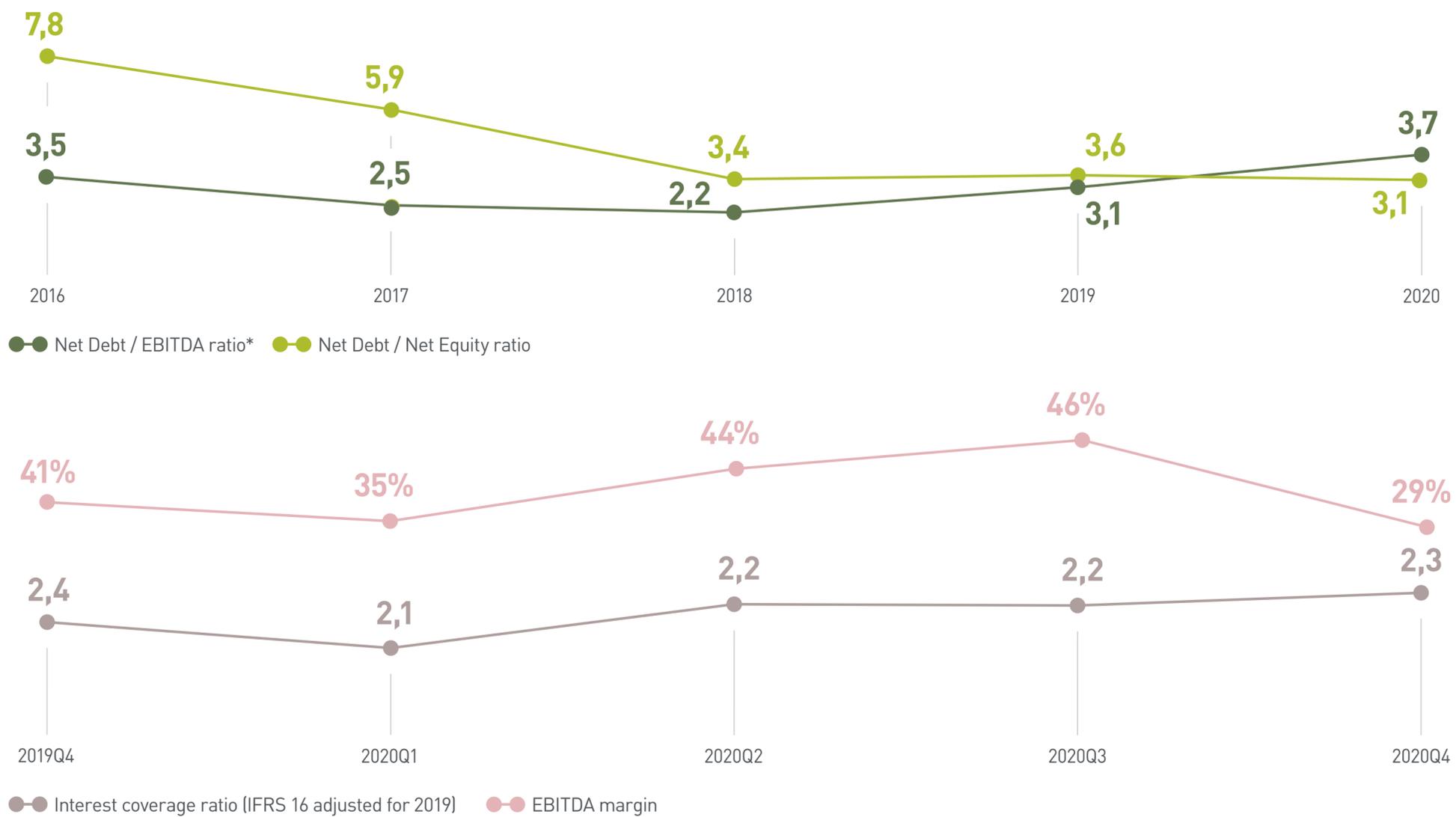
## Key financials

In line with historical pattern,  
also **2020Q4** delivered  
**positive net cash flow.**



# Financial ratios

Sustainable financial performance.



\* Calculated based on 12 month cumulative EBITDA

## Key financials:

### Profitability

Decreased cession result corresponds to **improved evaluation** and **quality** of issued loans.

Taxes increase due to dividends paid during 2020Q3 and 2020Q4.

9% growth of comparable EBITDA achieved.

Income statement, EUR'000	2019 Q4	2020 Q4	%, Y-O-Y
Interest and similar income	16 382	17 455	7%
Gross profit from sale of goods	1 800	1 940	8%
Cession result	(1 499)	(1 360)	(9%)
<b>Gross profit</b>	<b>16 683</b>	<b>18 035</b>	<b>8%</b>
Selling expense	(4 939)	(5 483)	11%
Administrative expense	(3 487)	(3 545)	2%
Net other income / (expense)	(105)	(120)	14%
<b>Ebitda</b>	<b>8 152</b>	<b>8 887</b>	<b>9%</b>
Depreciation	(986)	(1 052)	7%
Interest and similar expense	(2 853)	(3 476)	22%
Taxes	(350)	(755)	116%
<b>Net profit</b>	<b>3 963</b>	<b>3 604</b>	<b>(9%)</b>

## Key financials:

### Balance

#### Strong cash buffer.

Shareholders have increased DelfinGroup share capital to **€4 million** on July 28, 2020 by diverting retained earnings to strengthen the company's balance sheet.

During 2020Q4 dividends in amount of **€1 million** was paid out.

Balance sheet, EUR'000	2020 Q3	2020 Q4	%, Q-0-Q
Fixed and intangible assets	3 855	4 035	5%
Loans to related parties	376	474	26%
Net loan portfolio	34 041	34 372	1%
Inventory and scrap	1 545	1 534	(1%)
Other assets	365	654	79%
Cash	2 434	4 592	89%
<b>Total assets</b>	<b>42 616</b>	<b>45 661</b>	<b>7%</b>
Share capital and reserves	4 000	4 000	0%
Retained earnings	2 354	1 354	(42%)
Profit/loss for the current year	3 159	3 604	14%
<b>Equity</b>	<b>9 513</b>	<b>8 958</b>	<b>(6%)</b>
Interest-bearing debt	27 575	31 215	13%
Trade payables and other liabilities	5 527	5 488	(1%)
<b>Liabilities</b>	<b>33 102</b>	<b>36 703</b>	<b>11%</b>
<b>Total equity and liabilities</b>	<b>42 616</b>	<b>45 611</b>	<b>7%</b>

## Financing structure

**Diversified** financing structure with established investor demand.

In December 2020, DelfinGroup fully repaid bond ISIN LV0000801322 according to issue prospectus.

In September 2020 subscription for **new unsecured bond issu** ISIN LV0000802429 totaling **EUR 3 500 000** was successfully completed.

Interest-bearing debt	2020 Q3, EUR'000	2020 Q4, EUR'000	Interest rate, %	Maturity
Secured bonds II*	438	-	15%	12/2020
Secured bonds III*	5 000	5 000	14%	10/2021
Secured bonds IV*	4 566	5 000	14%	11/2022
Unsecured bonds	3 500	3 481	12%	11/2022
Peer-to-peer lending platform Mintos*	13 544	17 285	13.6% (effective rate)	According to issued loans
Leases	73	66	EURIBOR+ 3.5%	Up to 3 years
Private loans	480	400	14.0%	Up to 3 years
Accrued interest and bonds commissions	(26)	(17)		
<b>Total</b>	<b>27 574</b>	<b>31 215</b>		

\*\* 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.

\*\* Weighted average interest rate for investments made on Mintos platform in DelfinGroup loans as at 31.12.2020. Weighted average interest rate have increased due to decrease of available investments on Mintos platform.

# Environmental sustainability

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

ISO 9001  
ISO 50001  
BUREAU VERITAS  
Certification

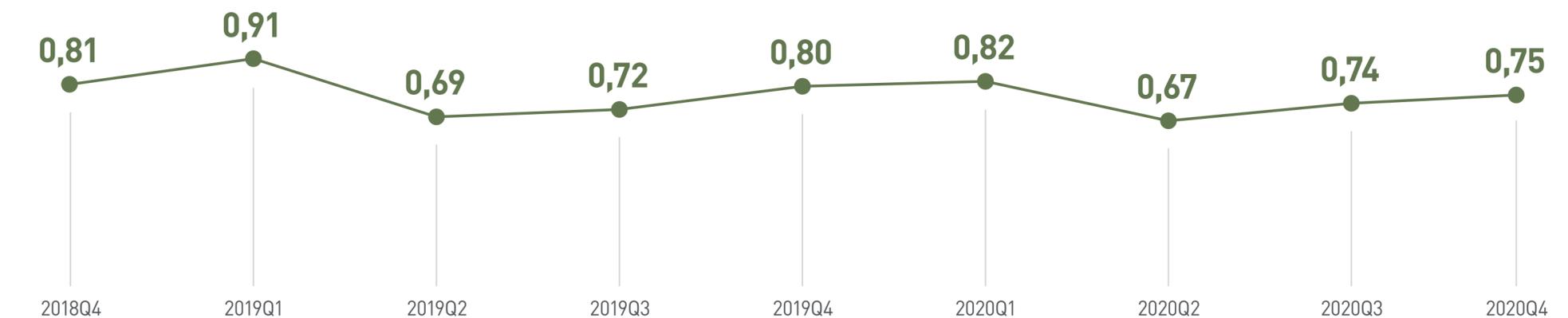


## Environmentally responsible workplace

### Electricity and petrol usage



### Energy intensity\*

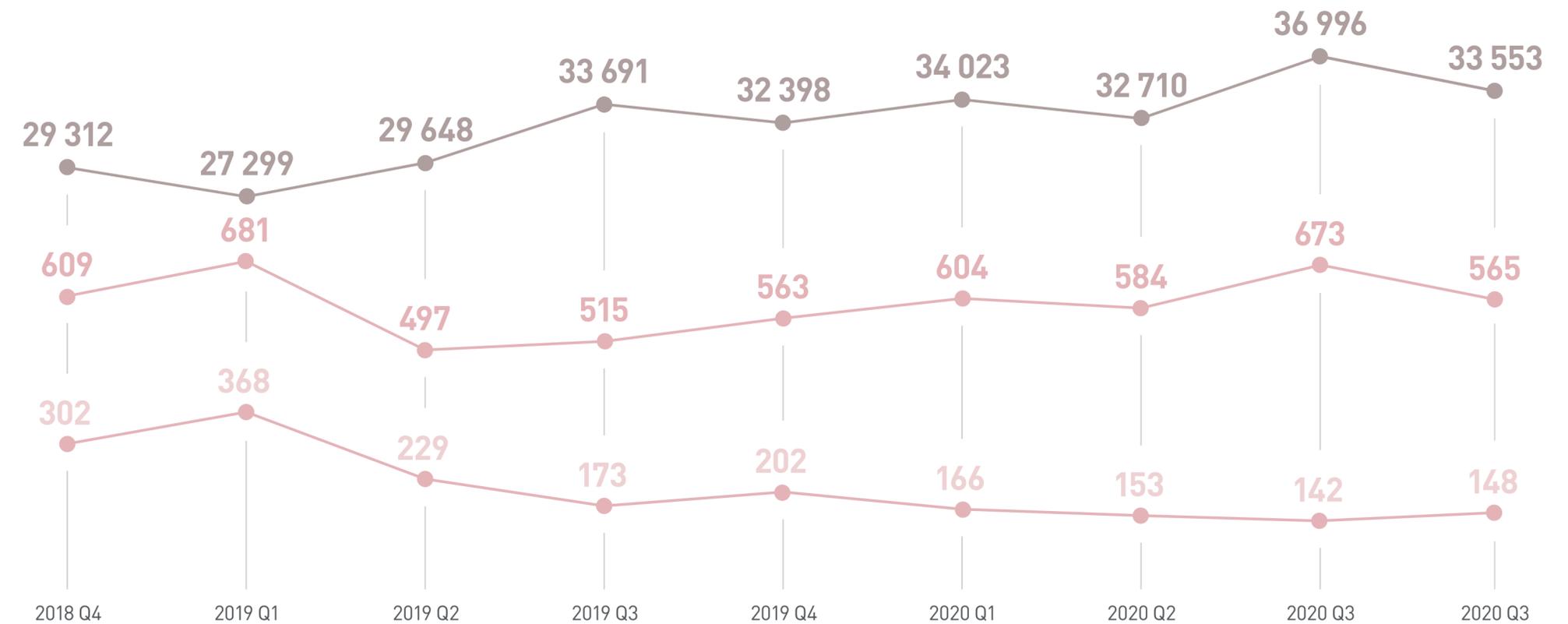


\* Energy intensity is calculated based on quarterly electricity and petrol usage to employee count

## Environmental sustainability

DelfinGroup promotes efficient use of resources by returning workable goods to secondary market.

## Pawn shop as part of circular economy



● Goods sold on secondary market ● Goods repaired and returned to second market ● Goods recycled\*

\* Goods properly recycled or used as spare parts for repair

## Social responsibility

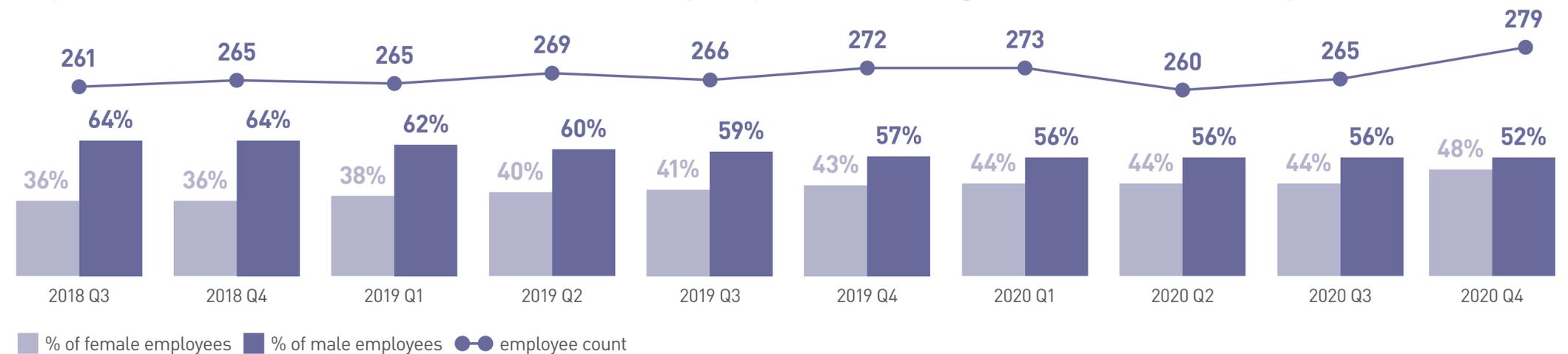
At the end of **2020Q4**, the percentage of female employees is 48% leading to improved work-place gender equality.

### DelfinGroup

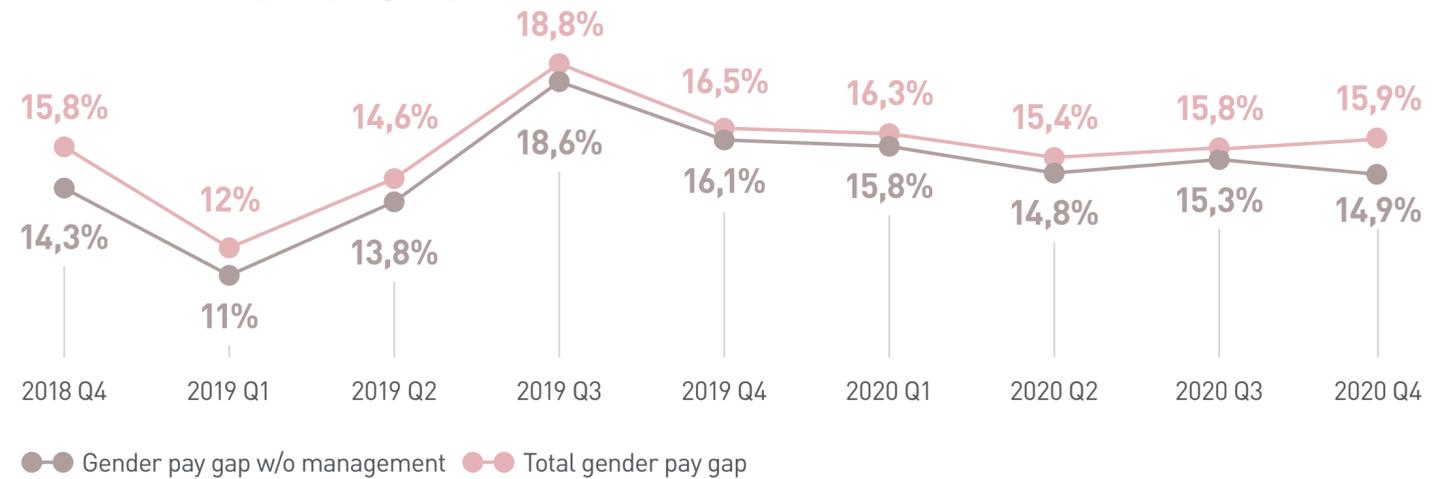
is committed to be inclusive and supportive workplace. Group's gender pay gap in 2020Q4 is at 16%, the same as EU average\*

# Employees

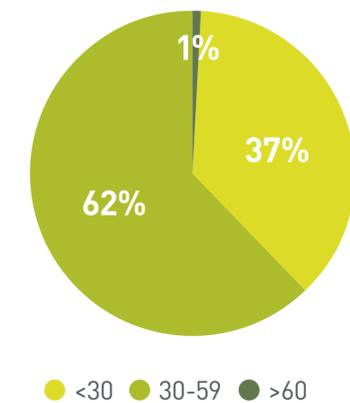
## Dynamics of the number of employees and gender diversity



## Gender pay gap



## Age diversity (2020 Q4)



\* [https://ec.europa.eu/info/sites/info/files/aid\\_development\\_cooperation\\_fundamental\\_rights/annual\\_report\\_ge\\_2019\\_en.pdf](https://ec.europa.eu/info/sites/info/files/aid_development_cooperation_fundamental_rights/annual_report_ge_2019_en.pdf)

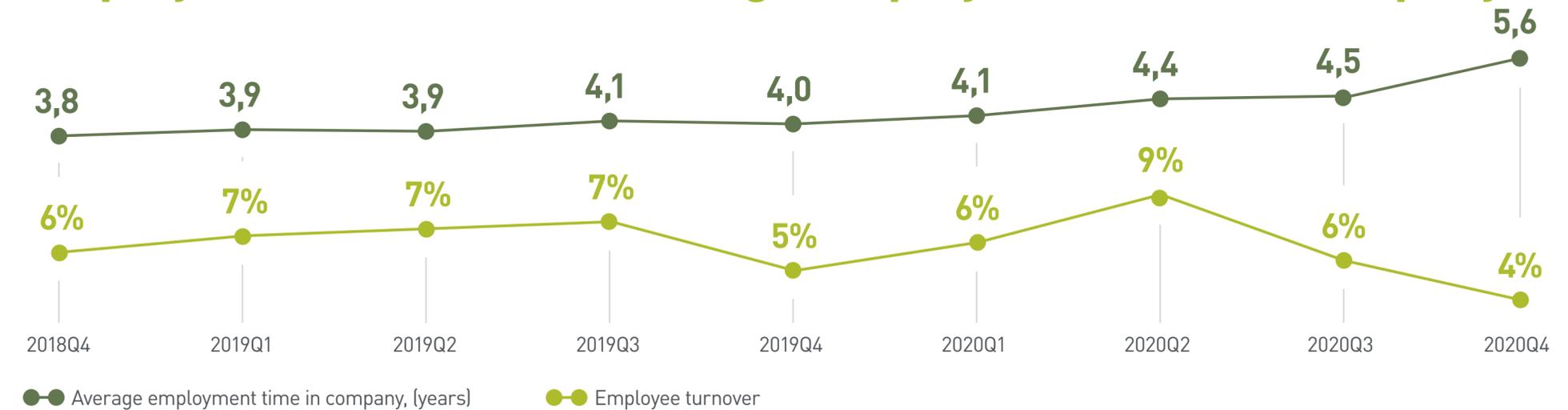
# Social Responsibility

Increasing average employment time in Group indicates satisfaction among employees.

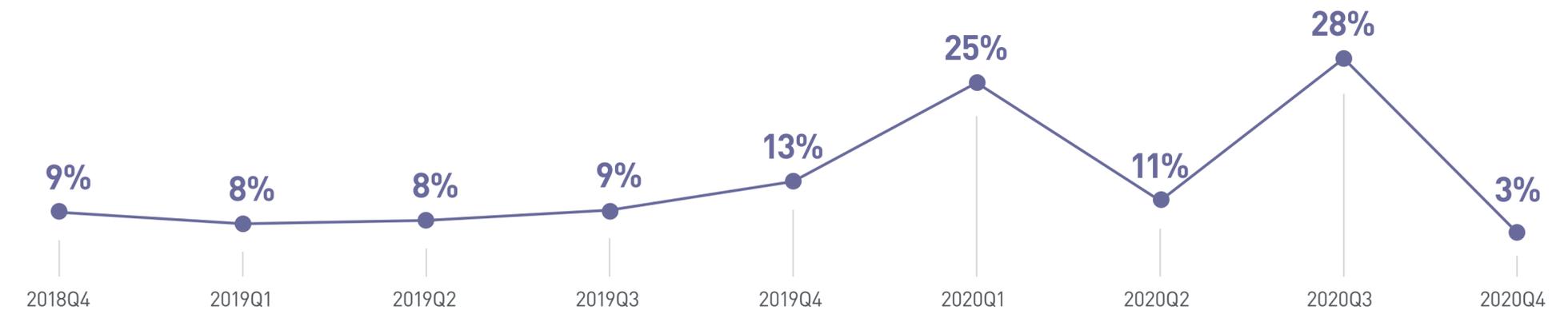
Higher rate of released employees during probation period and turnover relates to COVID-19 measures.

## Employees

### Employees turnover and average employment time in company



### Percentage of employees released during probation period



# 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  $EBITDA / (\text{Interest income} + \text{Gross profit from sale of foreclosed items})$ . Used as a profitability measure that is factoring out the effects of decisions related to financing and accounting.

## **Interest Coverage Ratio**

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

## **NET Profit Margin**

How much net profit is generated as a percentage of revenue, calculated as  $\text{Net Profit} / \text{Revenue}$ . 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  $\text{Short-term Debt} + \text{Long-term Debt} - \text{Cash and Cash Equivalents}$ . 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.

## **Net Equity**

How much undistributed equity a company has, calculated as  $\text{Equity} - \text{Loans to shareholders and related parties}$ . Represents the amount of money that would be returned to a company's shareholders if all of the assets were liquidated and all of the company's debt was paid off.

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



custom finance  
solutions



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