



INVESTOR PRESENTATION

2021 Q1 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.



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:

92 branches
277 employees

313 m EUR
value of loans (cumulative)

3 913 091
loan issue transactions
(cumulative)

Key financials:

32.2 m EUR
net loan portfolio (2021 Q1)

2.5 m EUR
EBITDA (2021 Q1 cumulative)

10.0 m EUR
value of issued loans (2021 Q1)

Highlights

In 2021 Q1

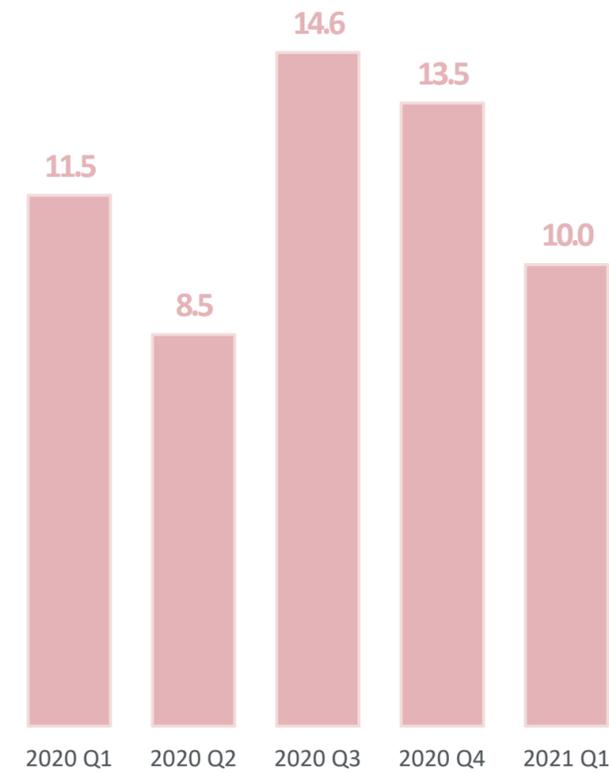
Group have achieved **21% EBITDA increase**

compared to 2020 Q1.

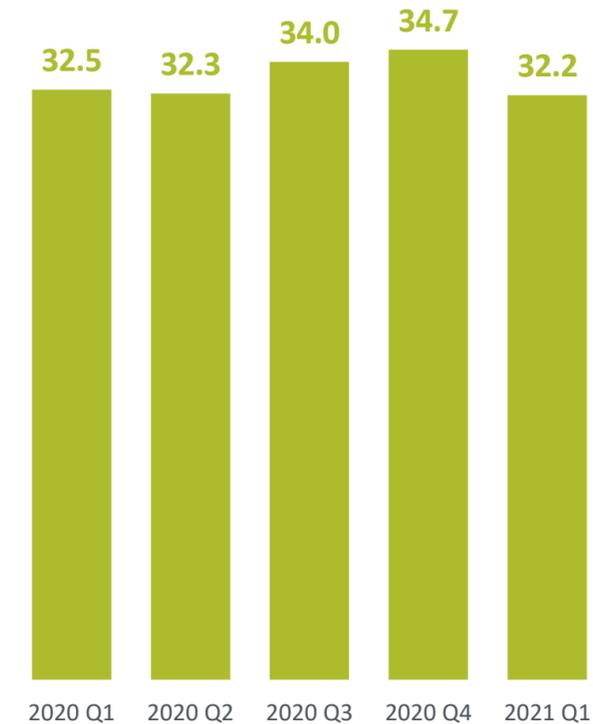
Total issuance increased in 2021 Q1 by 18% compared to 2020 Q2 – first full period of stricter restrictions due to COVID-19 situation.

During 2020 Q1 loan portfolio of subsidiaries were partly repaid leading to decreased total loans outstanding.

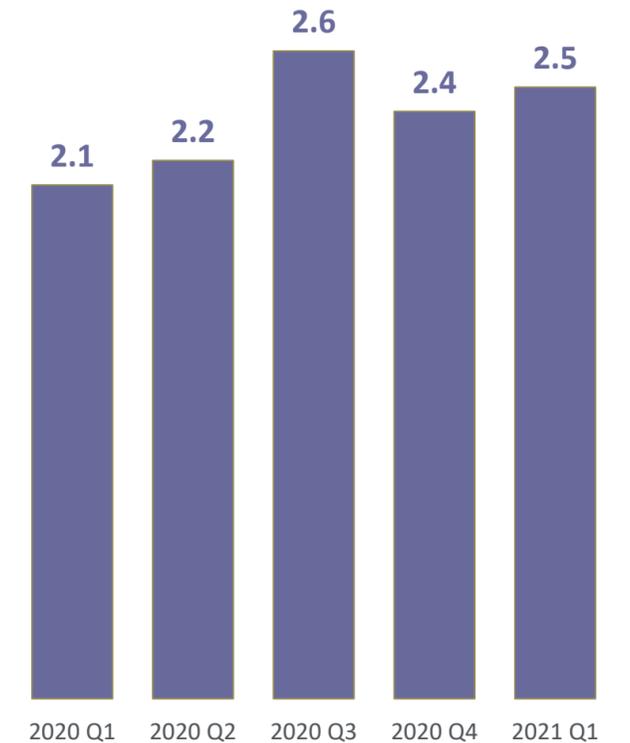
Consumer and pawn loans issued
(m EUR)



Total loans outstanding
(m EUR)



EBITDA
(m EUR)



Market overview

DelfinGroup*

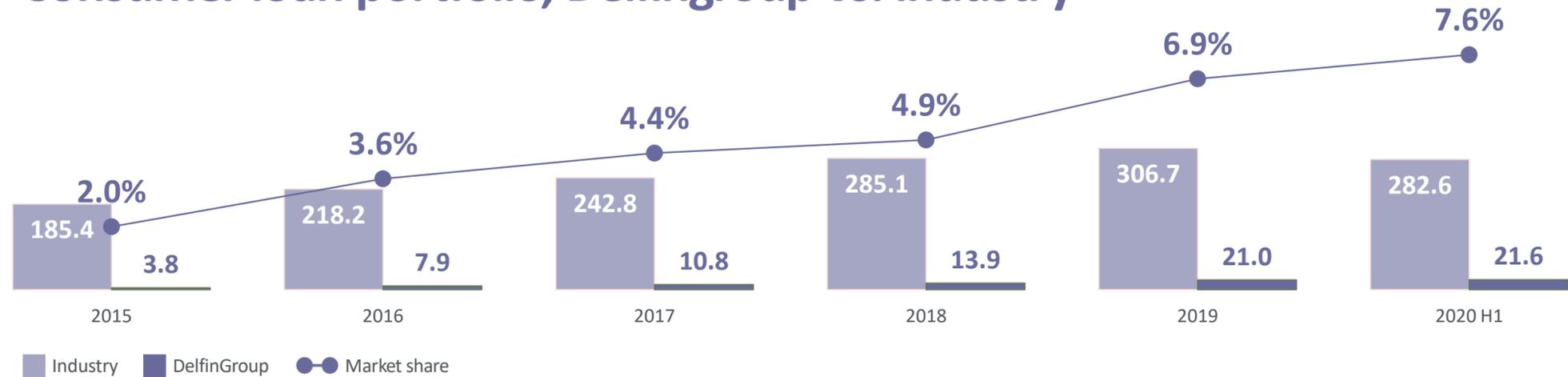
have reached **7.6%****

market share.

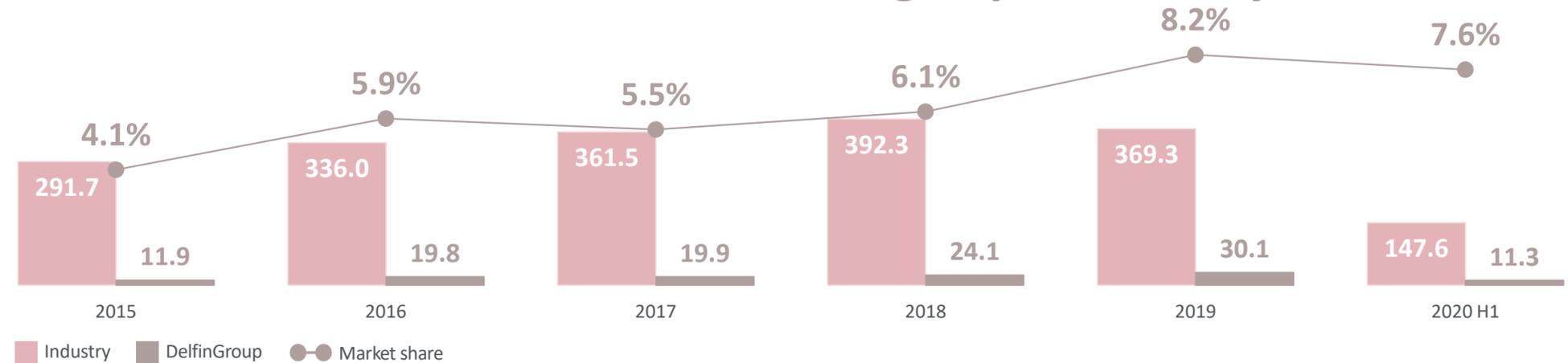
Portfolio increase in 2020 H1 is in line with increase in average term of loans issued.

Consumer loans

Consumer loan portfolio, Delfingroup vs. industry***



Amount of consumer loans issued, Delfingroup vs. industry***



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

** Based on consumer loan portfolio as at the end of 2020 H1.

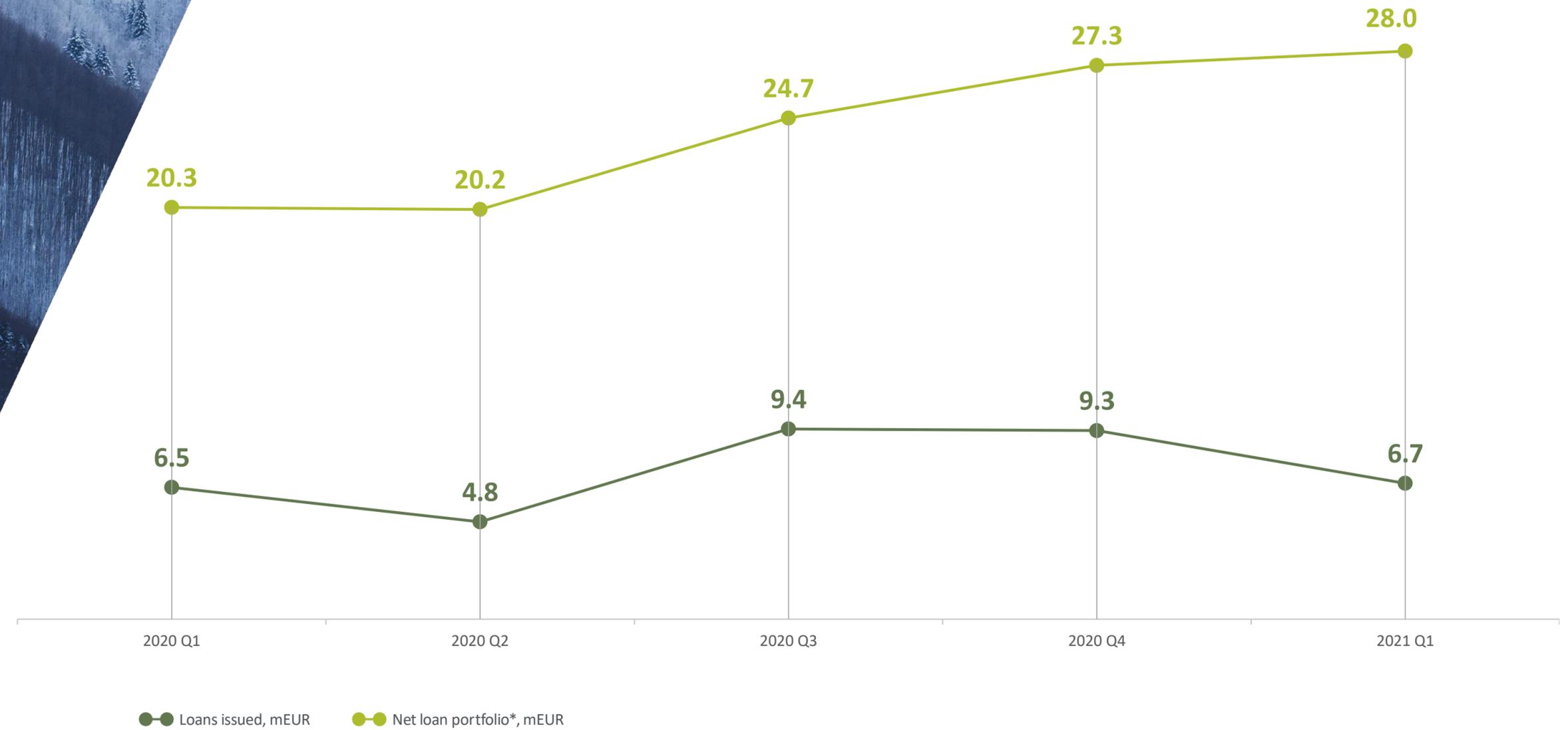
*** Source: Consumer Rights Protection Centre.

Consumer loans In 2021 Q1

portfolio has increased by 2.6% compared to 2020 Q4.

Issuance level has increased
in 2021 Q1

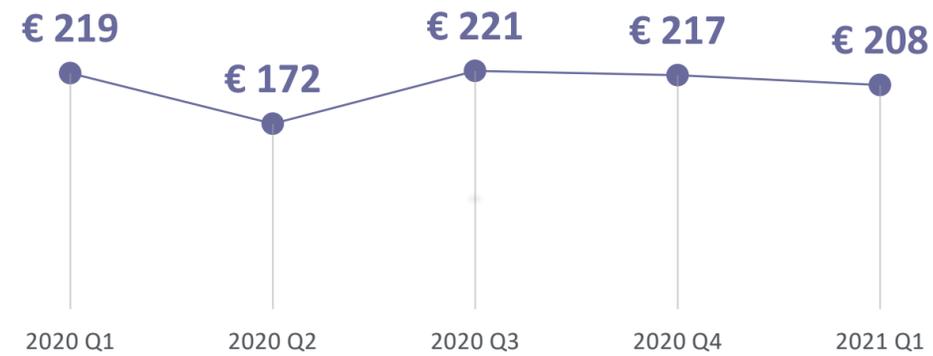
by 3.1% compared to 2020 Q1.
Portfolio increase is in line with increase in average term of loans issued.



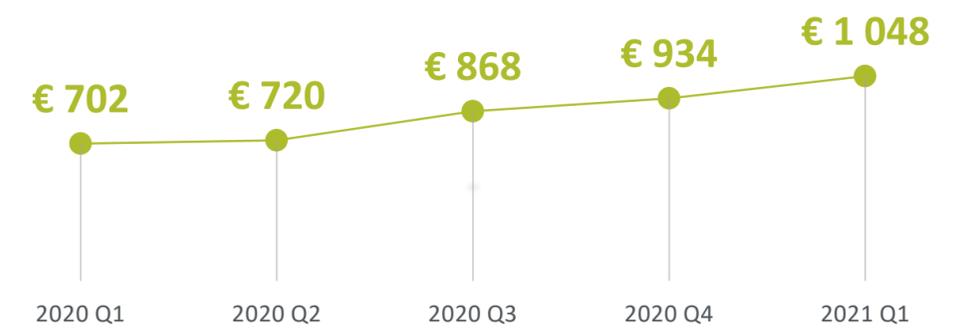
* Loan portfolio data based on DelfinGroup net consumer loan portfolio incl. accrued interest.

Consumer loans

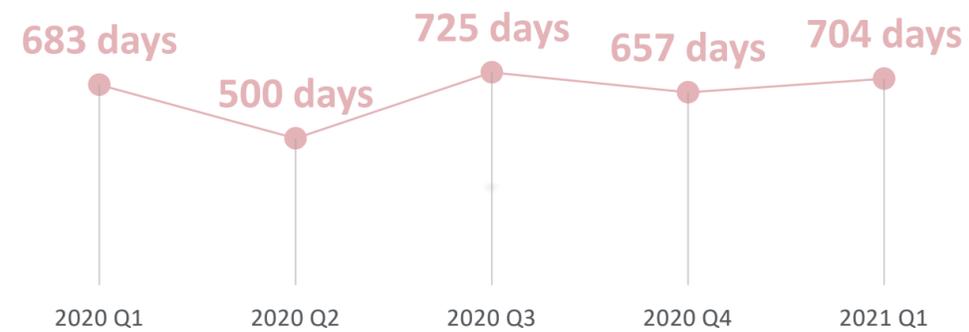
Average loan tranche size per issue



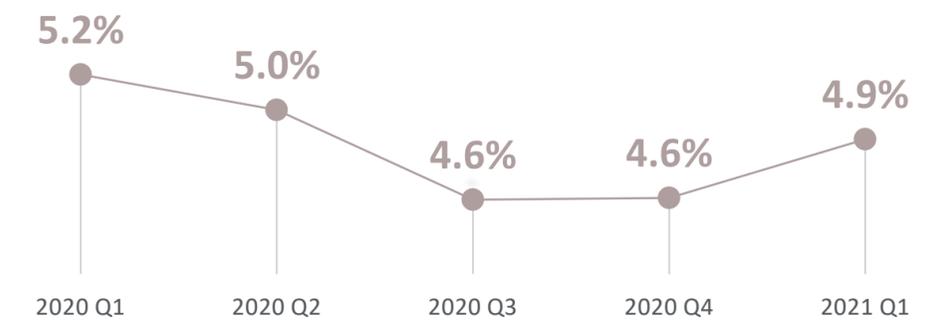
Average loan size per customer



Weighted average term of loans issued



Non-performing loans ratio



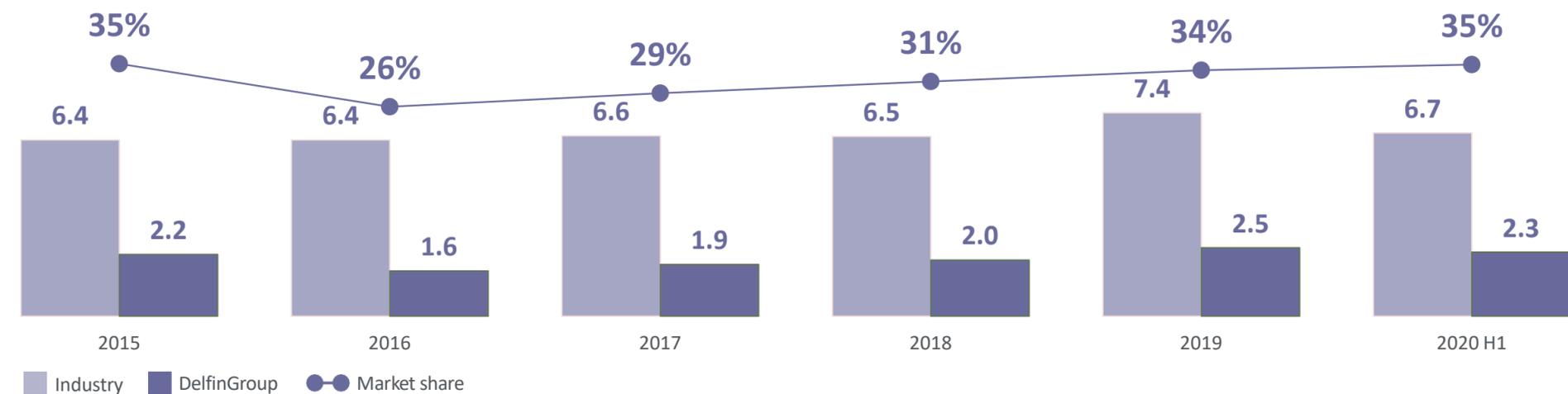
Market overview

In 2020 H1, **46%** of all pawn loans issued in Latvia were issued by **by DelfinGroup**.

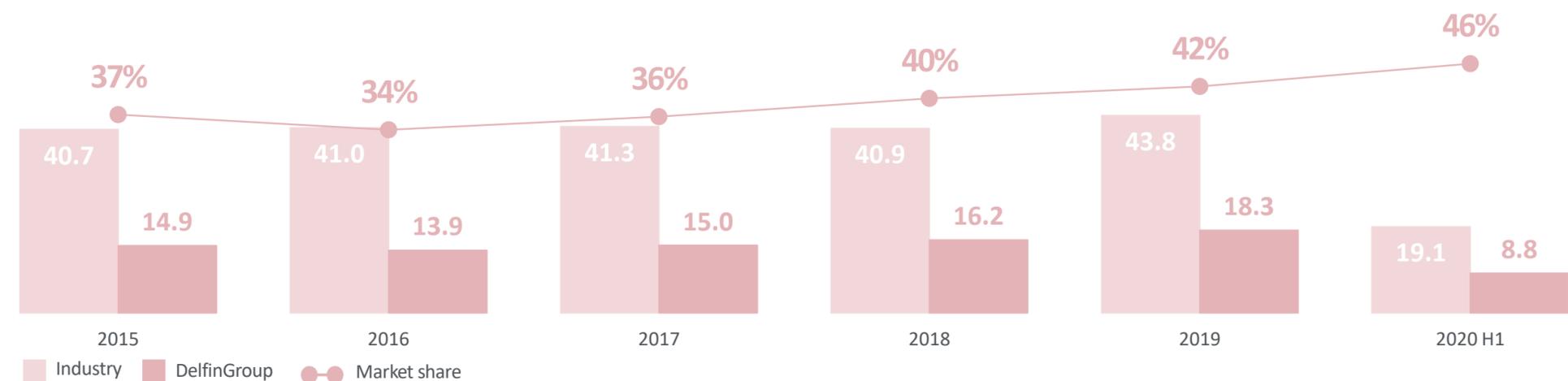
The **market share** of issued loans is **growing** every year.

Pawn loans

Pawn loan portfolio, Delfingroup vs industry*



Amount of pawn loans issued, Delfingroup vs industry*



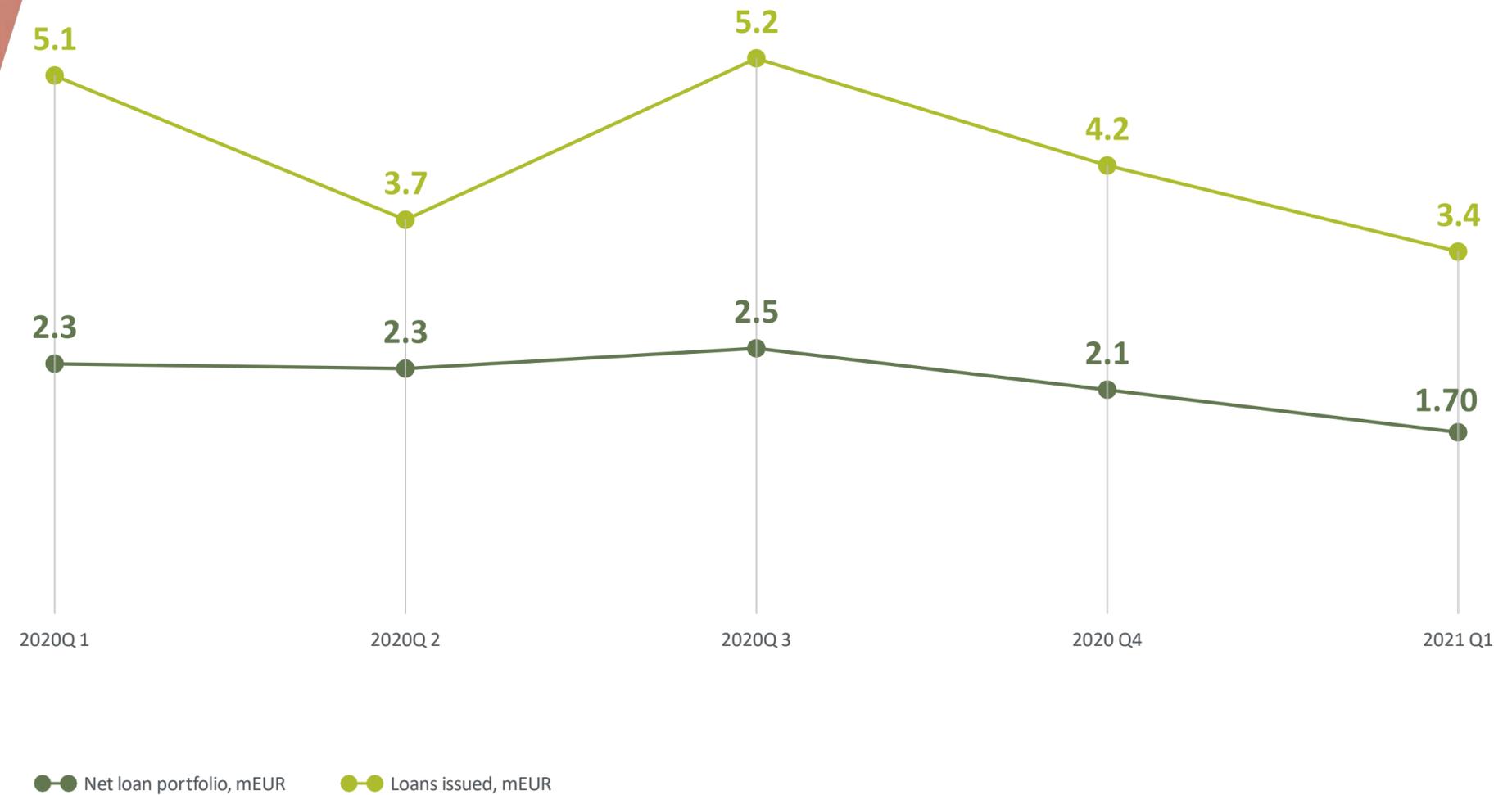
* Source: Consumer Rights Protection Centre.

Pawn loans

In 2020 Q2, 2020 Q4 and 2021 Q1 issuance level has decreased for pawn lending due to COVID-19 related restrictions that apply to branches and decrease client flow in branches.

Decrease of portfolio in 2021 Q1 has been in line with issuance level changes of the same period.

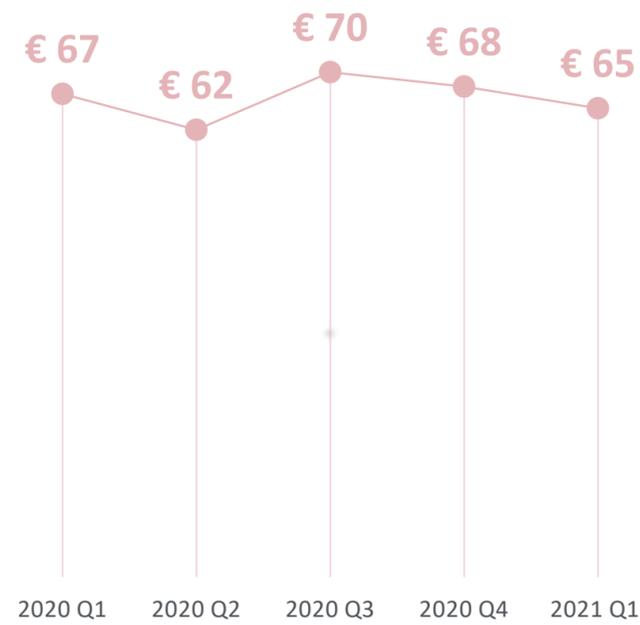
It is expected that once the restrictions are lifted, there will be increase on demand for pawn loans leading to higher issuance level – as it was observed in 2020 Q3.



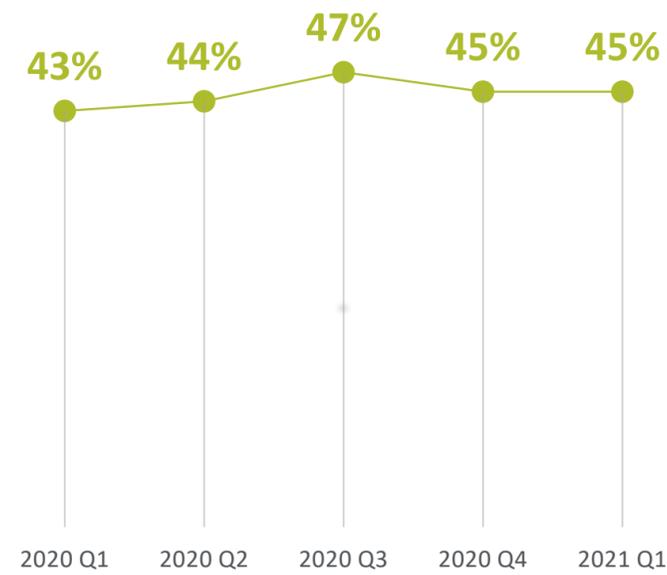
Pawn loans

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

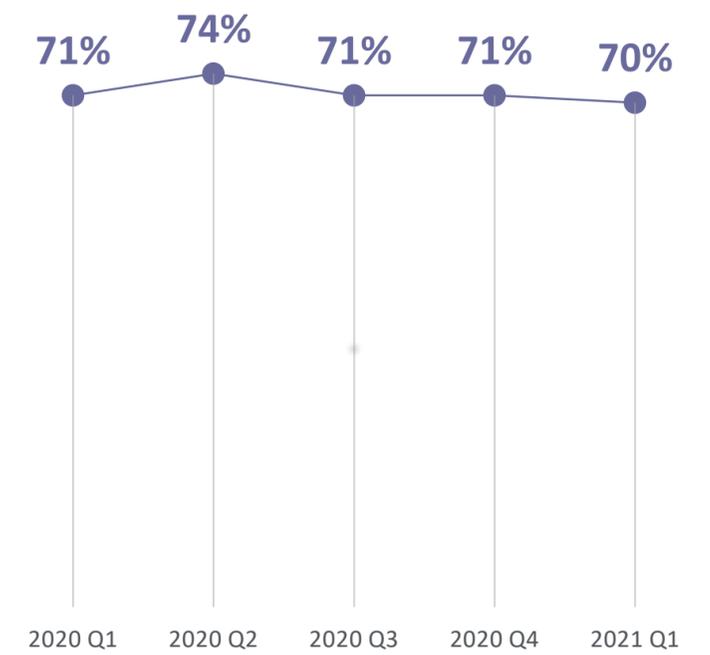
Average loan size per issue:



Pawn mark-up:



Redemption rate*

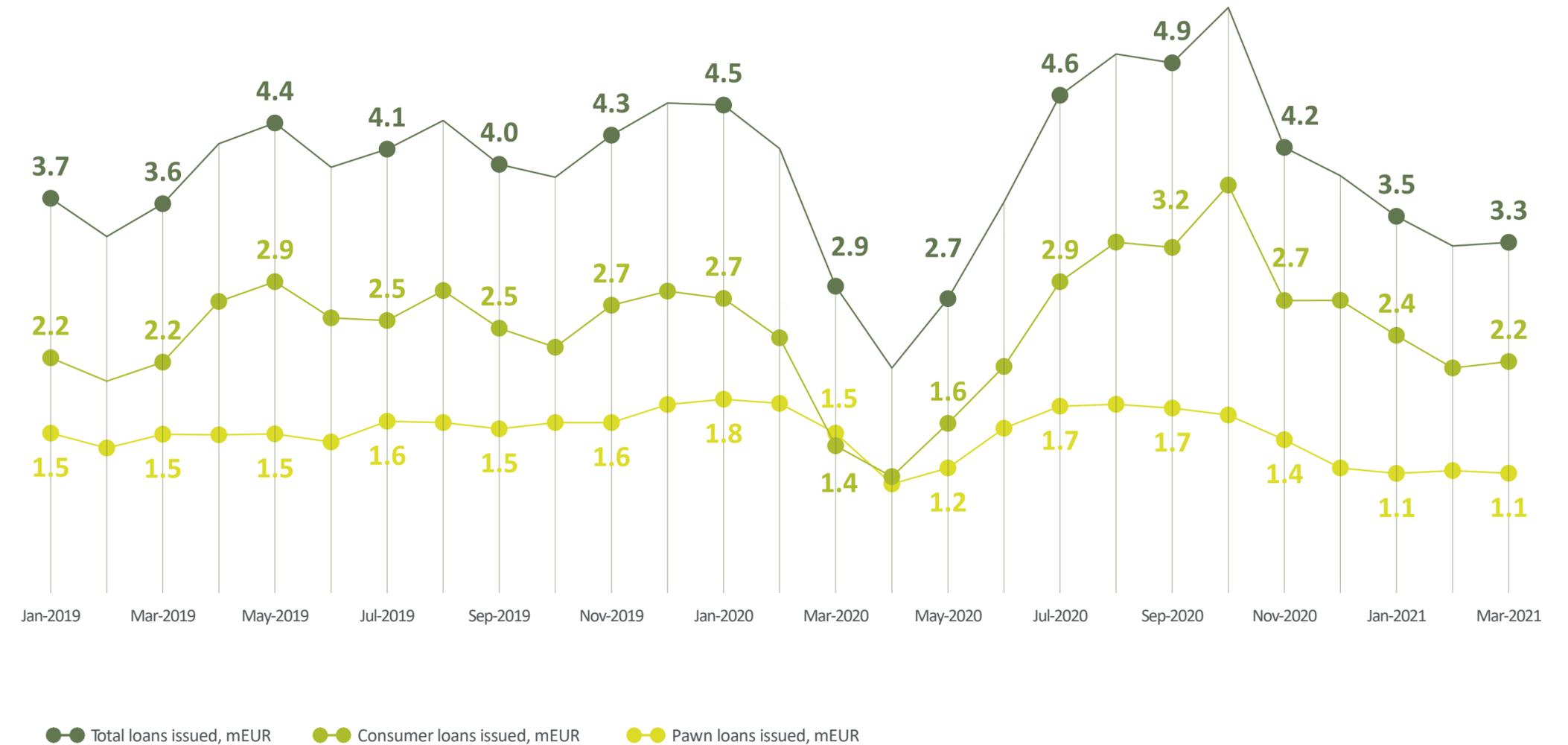


* Items begin redeemed or extended within 3 months since issuance, by value of loans issued excl. item purchasing.

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

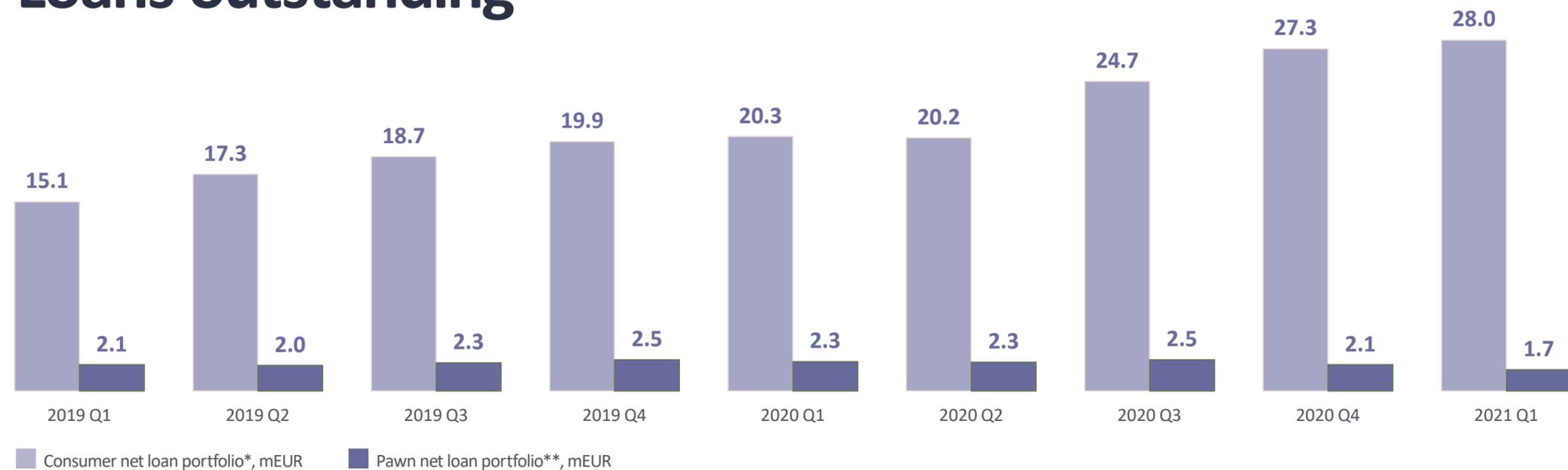


Detailed COVID-19 impact dynamics

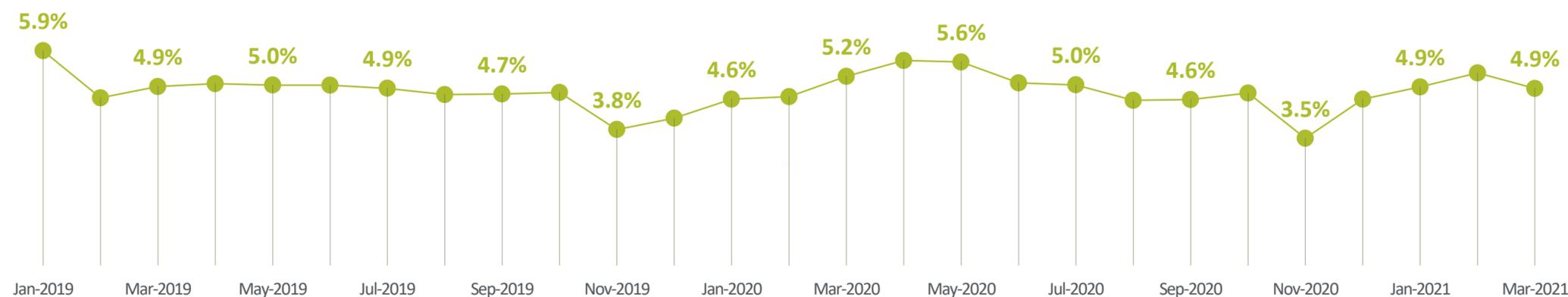
In 2021 Q1, portfolio have increased by 3.0% compared to 2020 Q4.

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

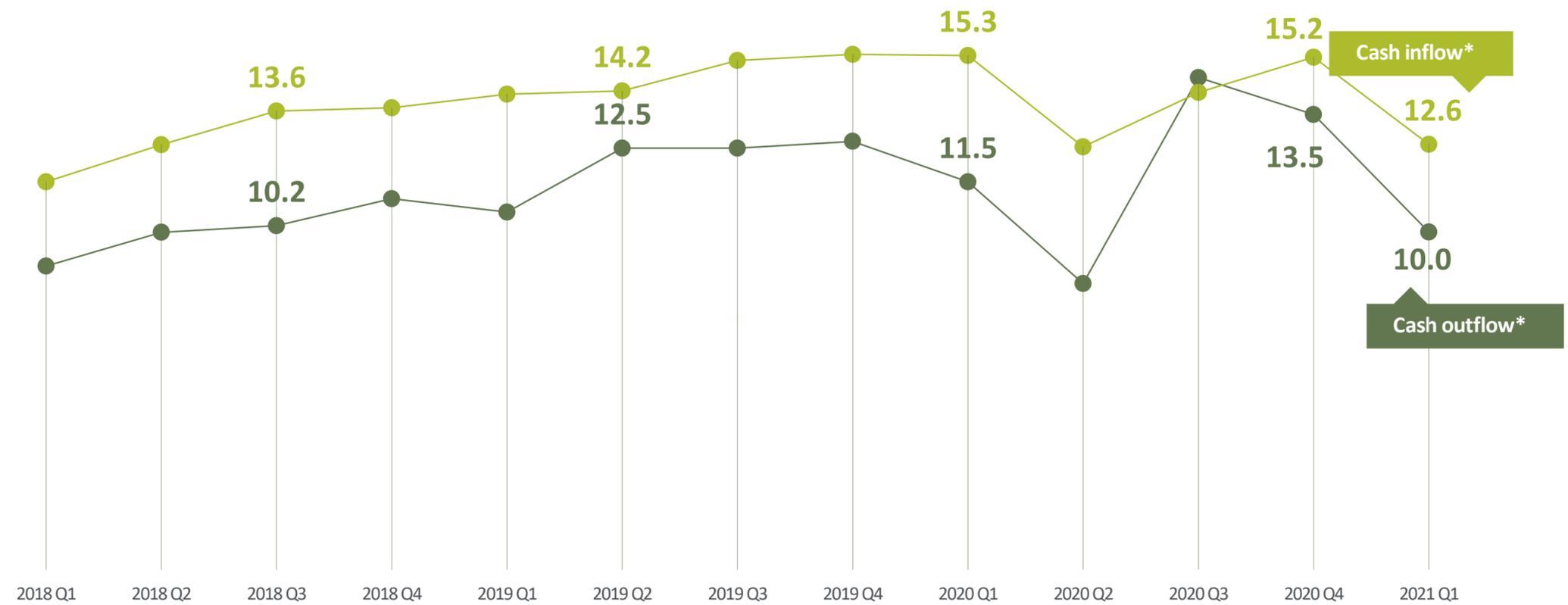


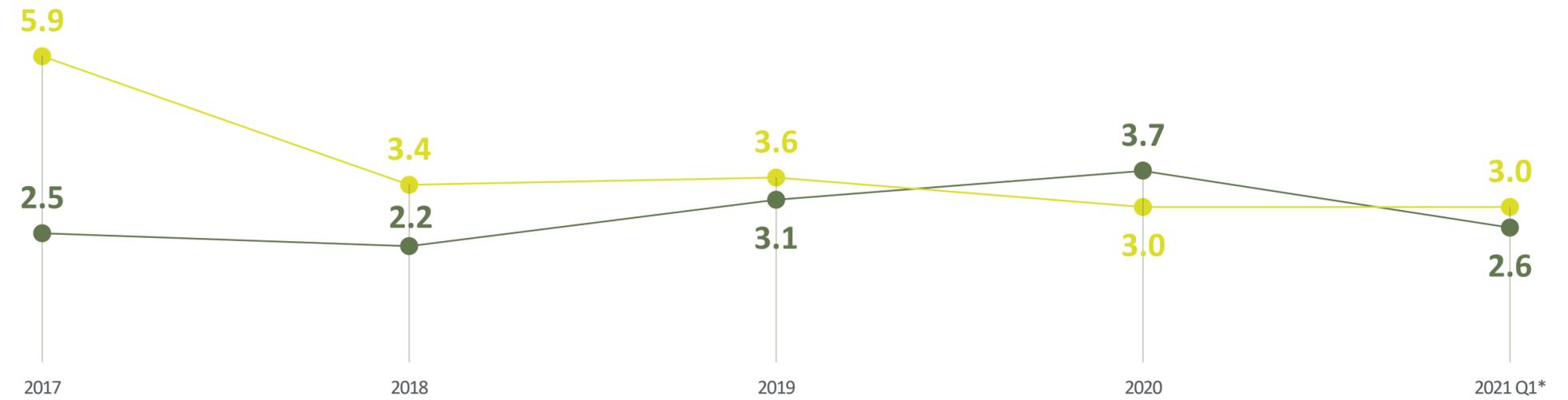
* Loan portfolio data based on DelfinGroup net consumer loan portfolio incl. accrued interest.

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

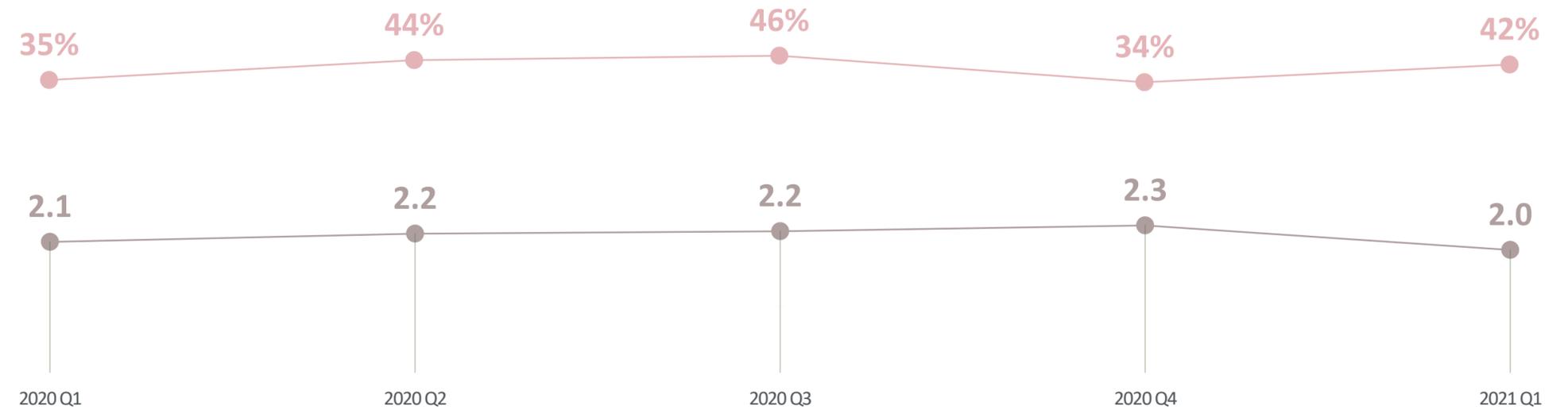
Key financials

In line with historical pattern,
also **2021 Q1** delivered
positive net cash
flow.





● Net Debt / EBITDA ratio* ● Net Debt / Net Equity ratio



● Interest coverage ratio (IFRS 16 adjusted for 2019) ● EBITDA margin

* Calculated based on 12 month cumulative EBITDA

Key financials:

Profitability

21% growth of comparable EBITDA achieved.

Credit loss expense plus net other income / (expense) (which included cession result) is at the same level comparing to 2020 Q1.

Due to increase in loan portfolio comparing to 2020 Q1 interest and similar expense have increased.

Taxes increase due to dividends paid during 2021 Q1.

| Income statement, EUR'000 | 2020 Q1 | 2021 Q1 | %, Y-O-Y |
|---------------------------------|--------------|--------------|--------------|
| Interest and similar income | 4 310 | 4 812 | 12% |
| Gross profit from sale of goods | 495 | 458 | (7%) |
| Credit loss expense | (507) | (706) | 39% |
| Gross profit | 4 298 | 4 564 | 6% |
| Selling expense | (1 129) | (1 091) | (3%) |
| Administrative expense | (845) | (938) | 11% |
| Net other income / (expense) | (214) | 8 | (104%) |
| EBITDA | 2 110 | 2 543 | 21% |
| Depreciation | (223) | (260) | 17% |
| Interest and similar expense | (823) | (1 155) | 40% |
| Taxes | (26) | (324) | 1146% |
| Net profit | 1 038 | 804 | (23%) |

Key financials:

Balance

During 2021 Q1 loan portfolio of subsidiaries was partly repaid. The recovered funds, together with the cash reserved at the end of 2020 Q4 were used to repay loan to the peer-to-peer platform Mintos for total amount of

€4.2 million

During 2021 Q1 dividends in amount of **€1.28 million** was paid out.

| Balance sheet, EUR'000 | 2020 Q4 | 2021 Q1 | %, Q-O-Q |
|--------------------------------------|---------------|---------------|--------------|
| Fixed and intangible assets | 4 031 | 4 145 | 3% |
| Loans to related parties | 474 | 445 | (6%) |
| Net loan portfolio | 34 674 | 32 220 | (7%) |
| Inventory and scrap | 1 534 | 1 693 | 10% |
| Other assets | 654 | 495 | (24%) |
| Cash | 4 592 | 1 907 | (58%) |
| Total assets | 45 959 | 40 905 | (11%) |
| Share capital and reserves | 4 000 | 4 000 | 0% |
| Retained earnings | 1 354 | 3 835 | 183% |
| Profit/loss for the current year | 3 897 | 804 | (79%) |
| Equity | 9 251 | 8 639 | (7%) |
| Interest-bearing debt | 31 151 | 26 894 | (14%) |
| Trade payables and other liabilities | 5 557 | 5 372 | (3%) |
| Liabilities | 36 708 | 32 266 | (12)% |
| Total equity and liabilities | 45 959 | 40 905 | (11%) |

Financing structure

Diversified financing structure with established investor demand.

In April 2021 the private loan in amount of **EUR 400 000** was paid.

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

| Interest-bearing debt | 2020 Q4, EUR'000 | 2021 Q1, EUR'000 | Interest rate, % | Maturity |
|--|---------------------|---------------------|---------------------------|------------------------------|
| Secured bonds III* | 5 000 | 5 000 | 14% | 10/2021 |
| Secured bonds IV* | 5 000 | 5 000 | 14% | 11/2022 |
| Unsecured bonds | 3 481 | 3 500 | 12% | 11/2022 |
| Peer-to-peer lending platform Mintos* | 17 287 | 13 005 | 12.5% (effective rate) | According to issued loans |
| Private loans | 400 | 400 | 14.0% | Up to 3 years |
| Accrued interest and bonds commissions | (17) | (11) | | |
| Total | 31 151 | 26 894 | | |

* 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 31.03.2021.

Environmental sustainability

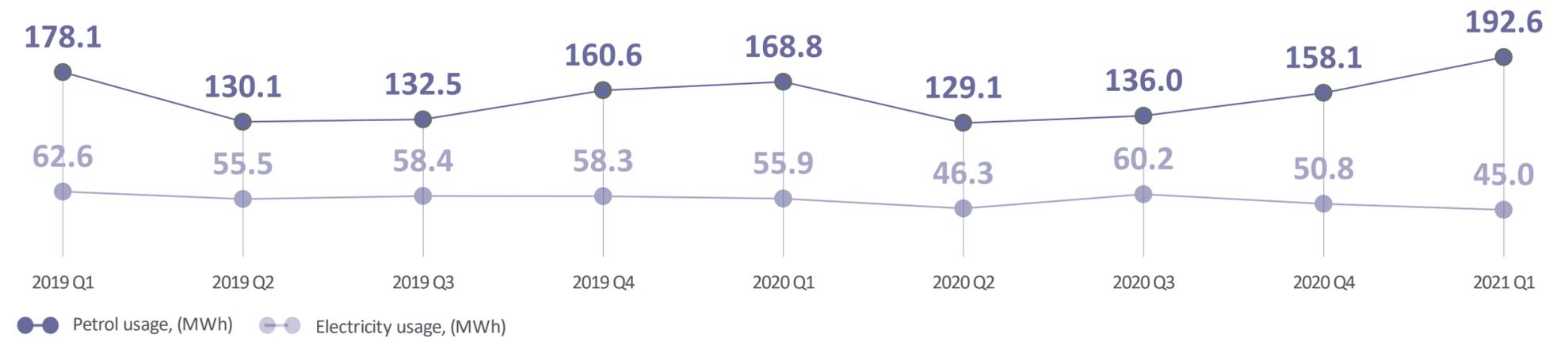
DelfinGroup have received
quality and energy
management certification
under ISO 9001:2015 and
ISO 50001:2015s standards

ISO 9001
ISO 50001
BUREAU VERITAS
Certification

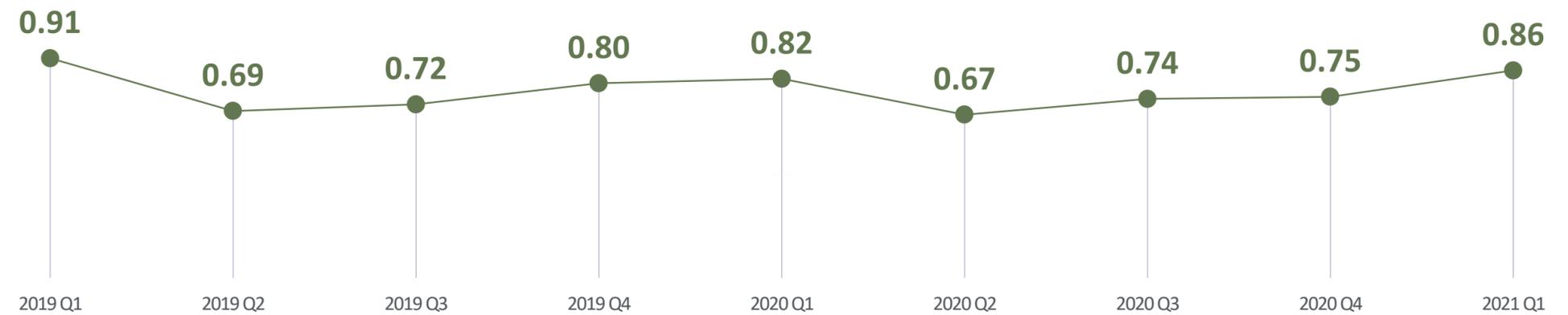


Environmentally responsible workplace

Electricity and petrol usage



Energy intensity*



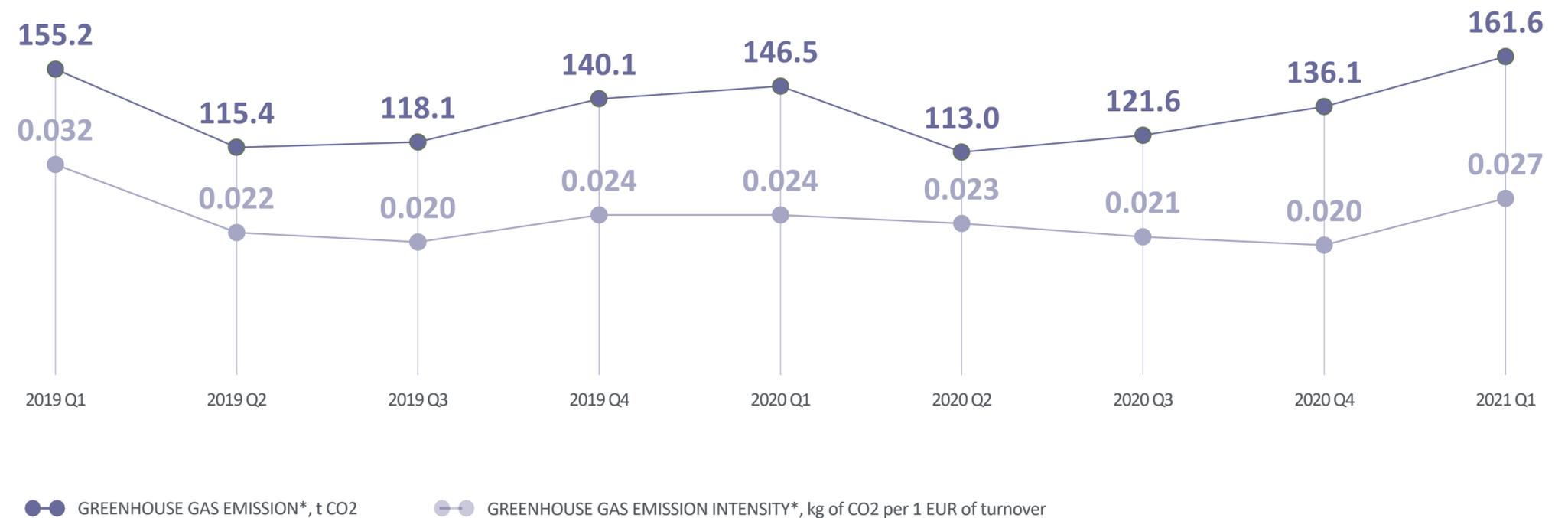
* Energy intensity is calculated based on quarterly electricity and petrol usage to employee count

Environmental sustainability

The increase of greenhouse gas emission in 2021 Q1 will be evaluated and actions will be taken on the increase exceeding normal increase due to change of the office building, additional branches opened and colder winter comparing to prior years.

Environmentally responsible workplace

Greenhouse gas emission and greenhouse gas emission intensity

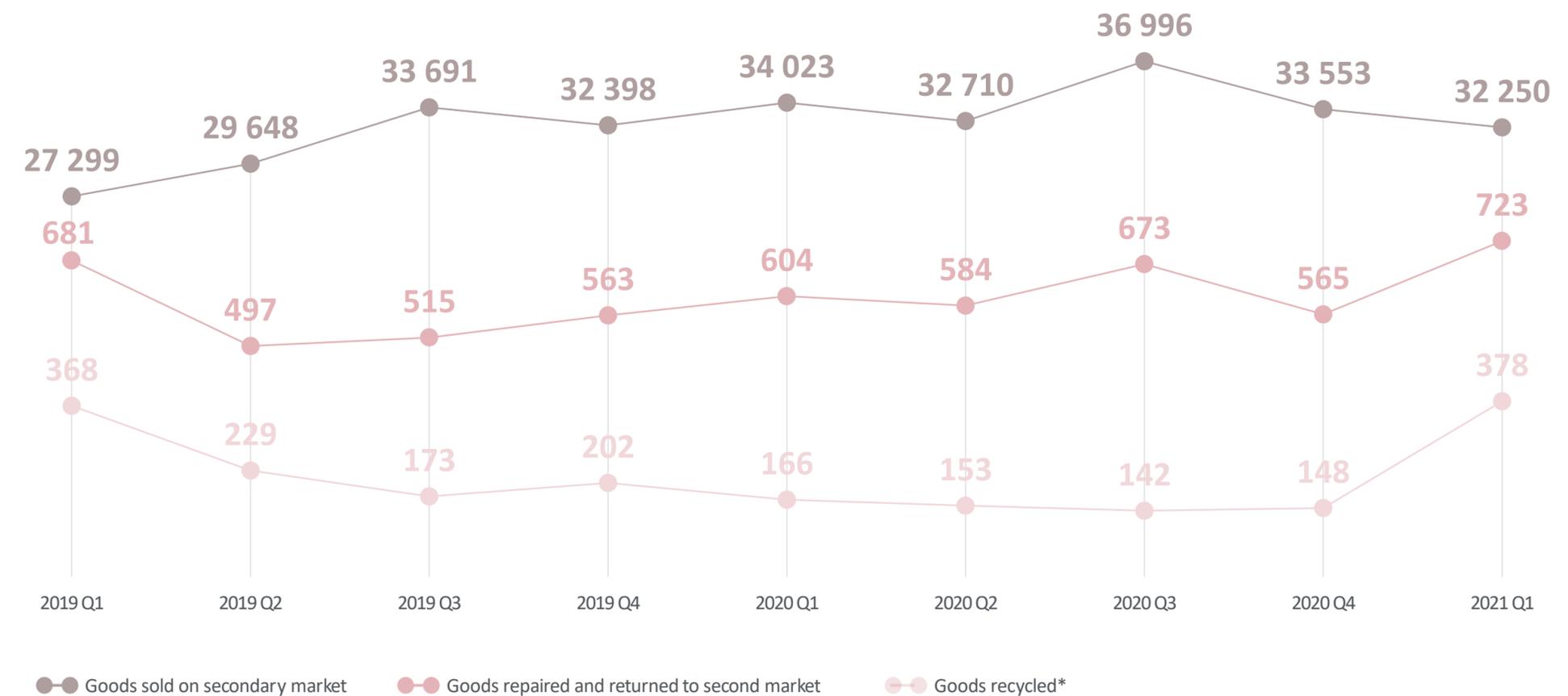


* Greenhouse gas emission as a result of consumed electricity and petrol

Environmental sustainability

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

Pawn shop as part of circular economy



* Goods properly recycled or used as spare parts for repair

Social responsibility

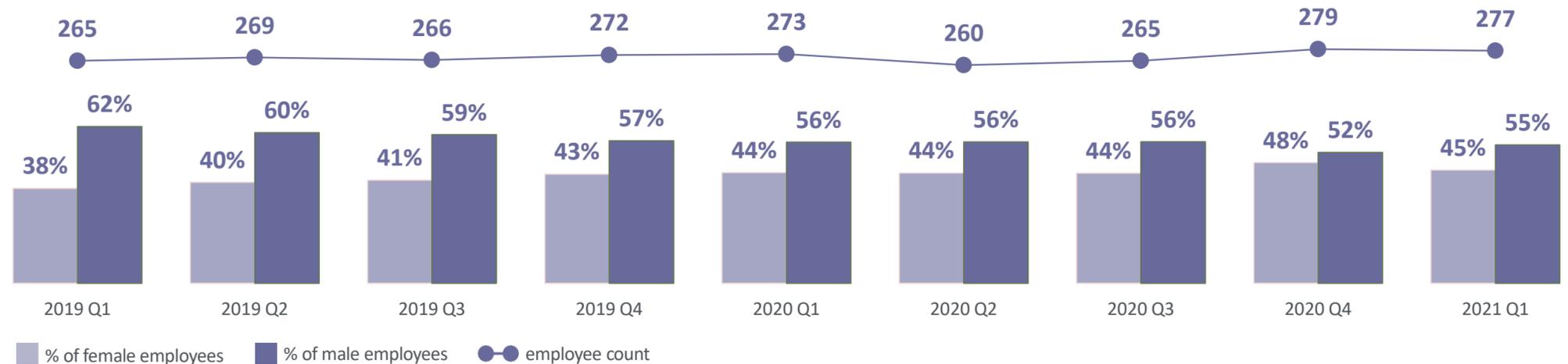
At the end of **2021 Q1**, the percentage of female employees is 45%

DelfinGroup

is committed to be inclusive and supportive workplace. Group's gender pay gap in 2021 Q1 is at 9%. According to the Central Statistical Bureau of Latvia the pay gap in financial sector was 26% in 2019.

Employees

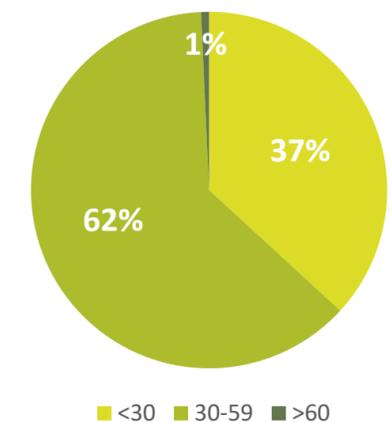
Dynamics of the number of employees and gender diversity



Gender pay gap



Age diversity (2021 Q1)



<https://www.csb.gov.lv/en/gender-equality-indicators/Employment-and-Earnings>

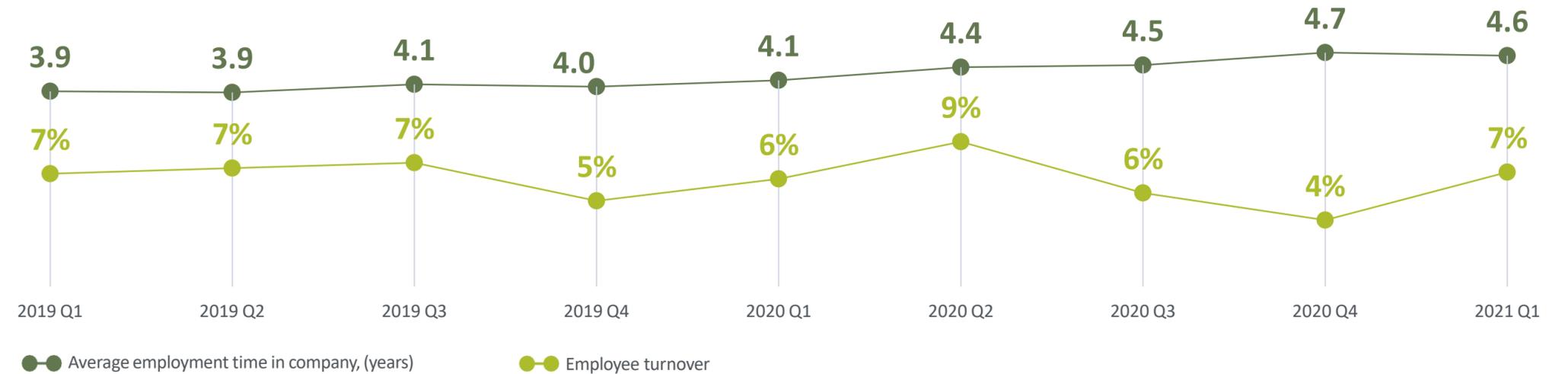
Social Responsibility

Stable average employment time in Group indicates satisfaction among employees.

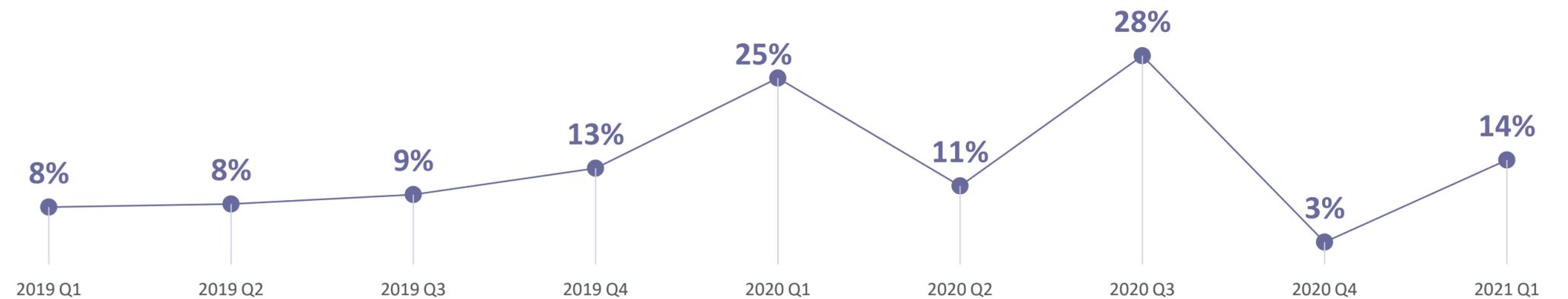
Higher rate of released employees during probation period and turnover relates to effects related to COVID-19.

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



SIA DelfinGroup
Skanstes iela 50A Riga,
Latvia, LV-1013



kristaps.bergmanis@delfingroup.lv



+371 66 15 50 06



www.delfingroup.lv