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# FINANCIAL REPORT

UNAUDITED RESULTS FOR 12 MONTHS  
ENDING 31 DECEMBER 2021





Largest financial services branch network in Latvia

# DELFIN GROUP AT A GLANCE



**5,927**

Investors participated in IPO



**AWARDS**

Latvian Corporate Governance Award 2021\*

## BUSINESS SEGMENTS

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

**90+**  
branches

**38**  
cities

**290+**  
employees

**400,000+**  
registered customers

last **10 years**  
profitable operations

## KEY FINANCIALS (2021 12M)

**52.5 m€**  
(+9% Y-o-Y)

Value of issued loans

**5.2 m€**  
(+12% Y-o-Y)

Profit before tax

**43.0 m€**  
(+24% Y-o-Y)

Total net loan portfolio

**10.2 m€**  
(+8% Y-o-Y)

EBITDA

**BRANDS:**

**Banknote**

**VIZIA**

\* <https://www.bicg.eu/corporate-governance-awards-held-in-latvia/>

## Q4 HIGHLIGHTS

### IPO

DelfinGroup closed IPO on Nasdaq Riga. 5,927 investors participated, raising EUR 8.09 million gross proceeds. Shares listed on Baltic Main list.

### TEAM

Strengthening of the management team with Sanita Zitmane, an experienced professional in developing and managing fintech products.

### FUNDING

Redemption of bonds with 14% and 12% annual coupon rates. Refinanced by new bond emission with 8% annual coupon rate.

### SOCIAL INITIATIVES

DelfinGroup supports Children's Hospital and seniors at social care institutions.







## Q4 HIGHLIGHTS

### ACCESSIBILITY

Opening of new Banknote branches in Riga (Zolitude) and Daugavpils. Banknote branch network reaching 93 entities in Latvia.

### NEW PRODUCTS

VIZIA credit line with limit up to EUR 3,000.

### PRODUCT IMPROVEMENTS

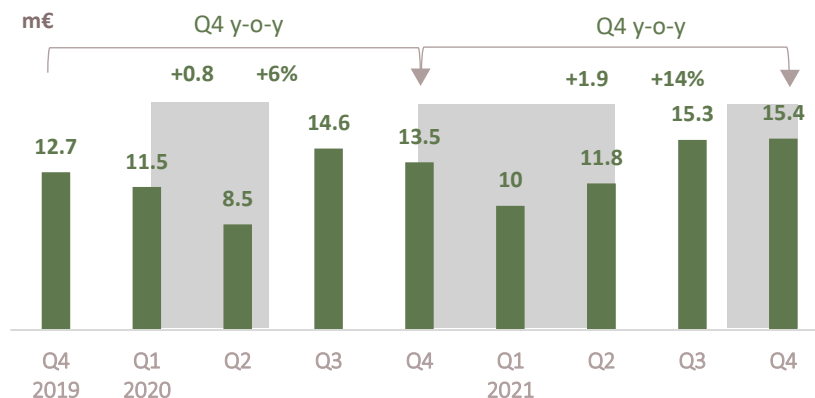
Banknote and VIZIA consumer loan limit increase from EUR 5,000 to 7,000 and the repayment term extended up to seven years.

### BANKNOTE APP

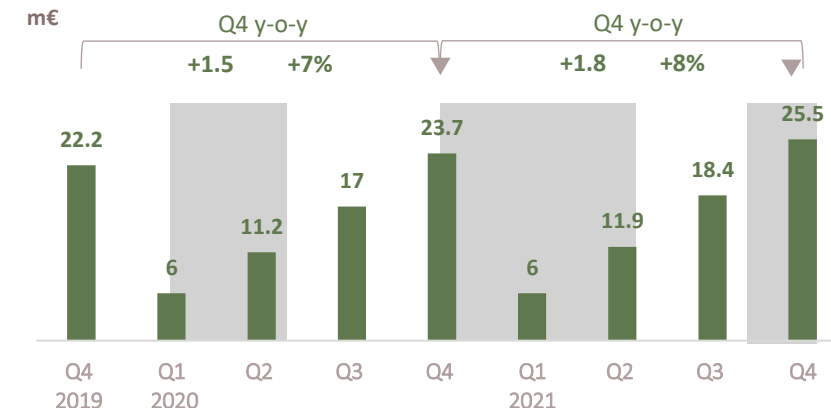
Growing volumes of recently launched product. 39% increase of loan issuance via app quarter on quarter.

# SELECTED FINANCIALS

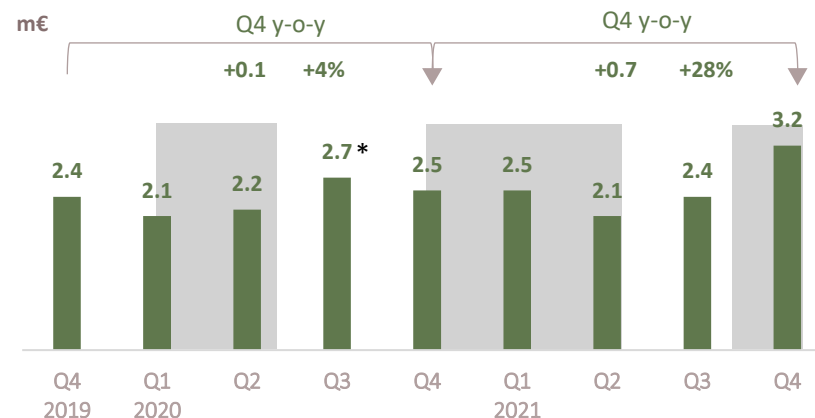
## Total loans issued



## Total revenue, quarterly cumulative



## EBITDA



## Profit before tax

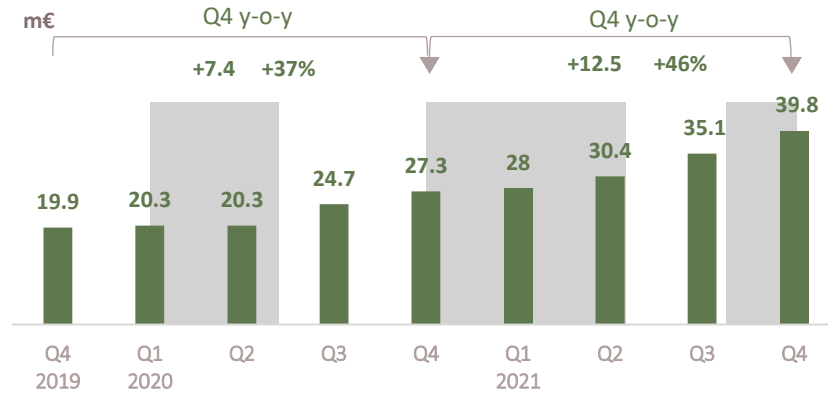


\* EBITDA and PBT for Q3 2020 is higher due to a reversal of provisions for doubtful debts created at the beginning of the Covid-19 pandemic

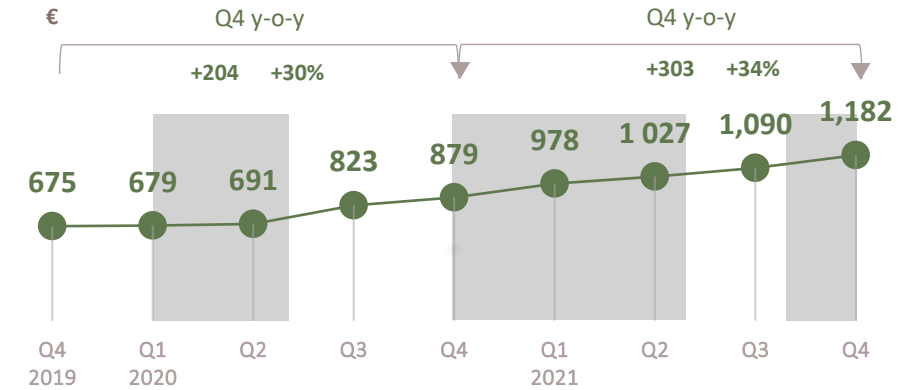
1st, 2nd and 3rd wave of COVID-19 restrictions in Latvia

# CONSUMER LOANS

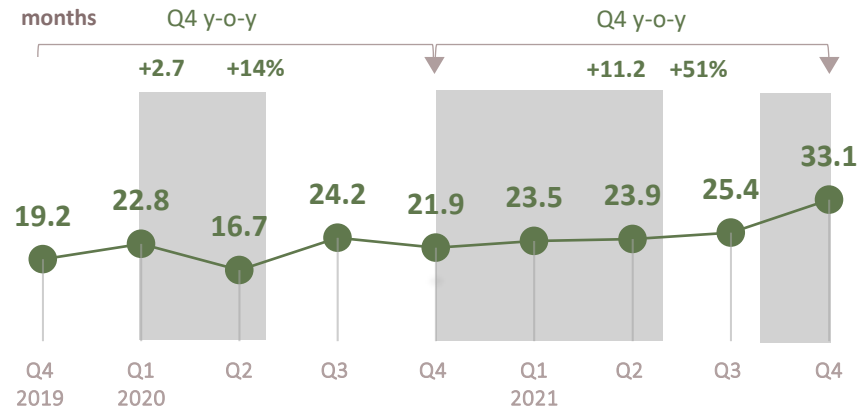
## Consumer net loan portfolio



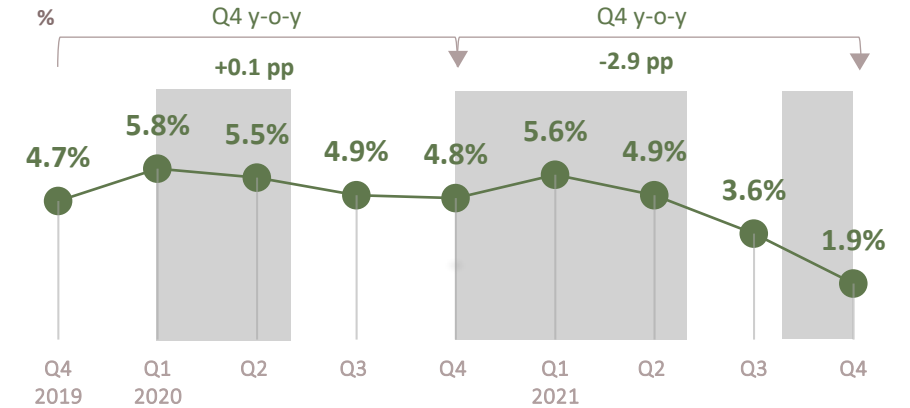
## Average loan\*



## Weighted average term of loans issued



## Non-performing loan ratio



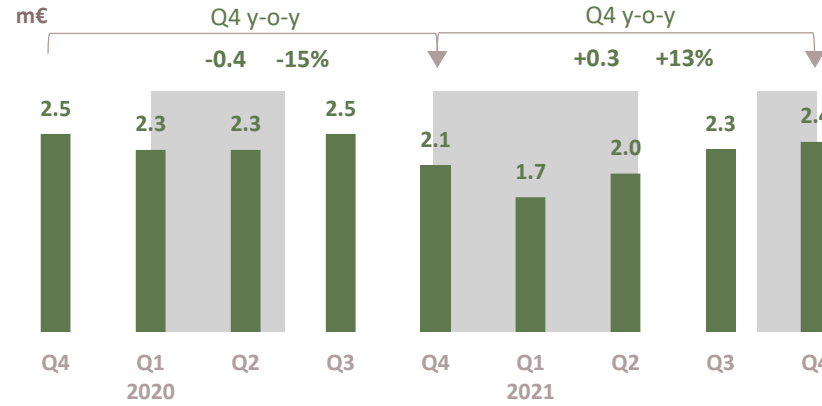
\* Average consumer loan balance for one client at the end of period.

1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> wave of COVID-19 restrictions in Latvia

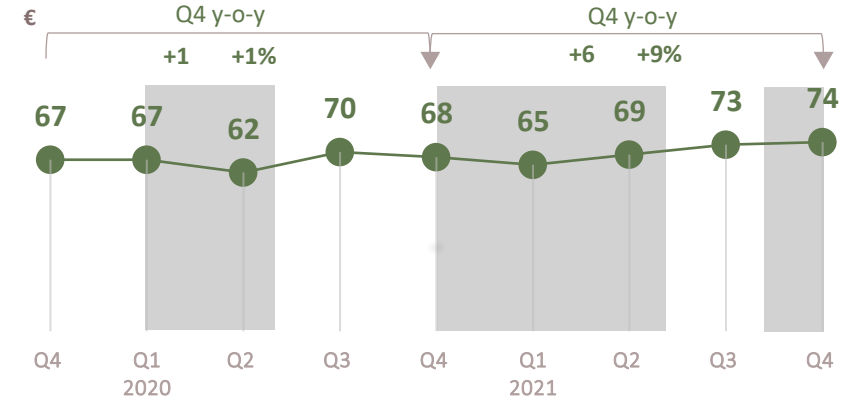


# PAWN LOANS

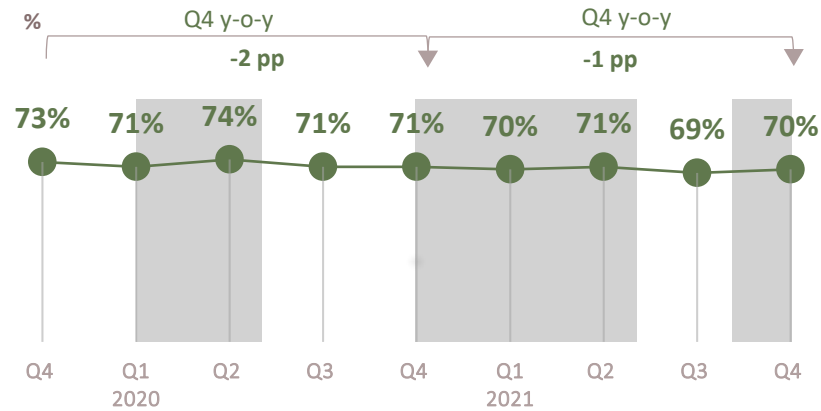
## Pawn net loan portfolio



## Average loan amount



## Redemption rate\*



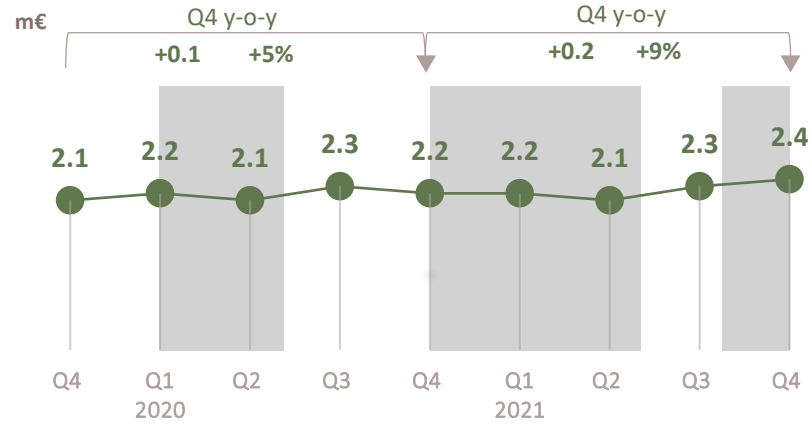
\* Items redeemed or extended within 2 months since issuance.

1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> wave of COVID-19 restrictions in Latvia

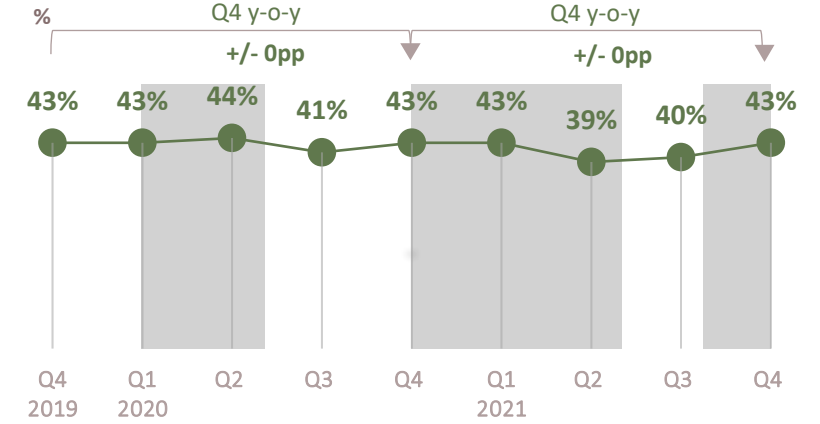


# RETAIL OF PRE-OWNED GOODS\*

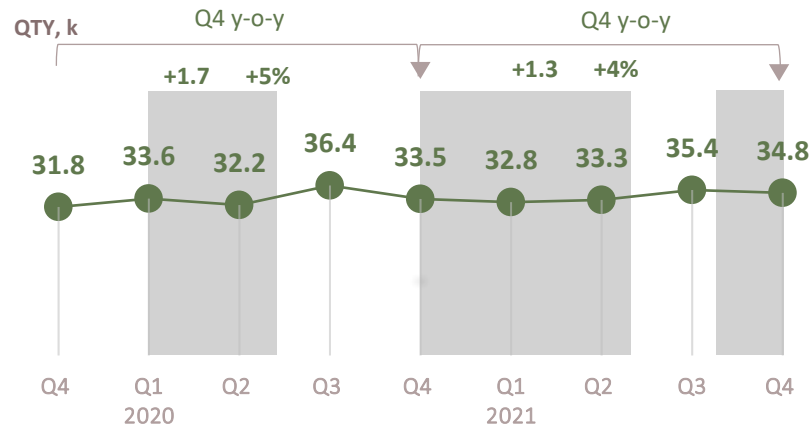
## Sales of goods



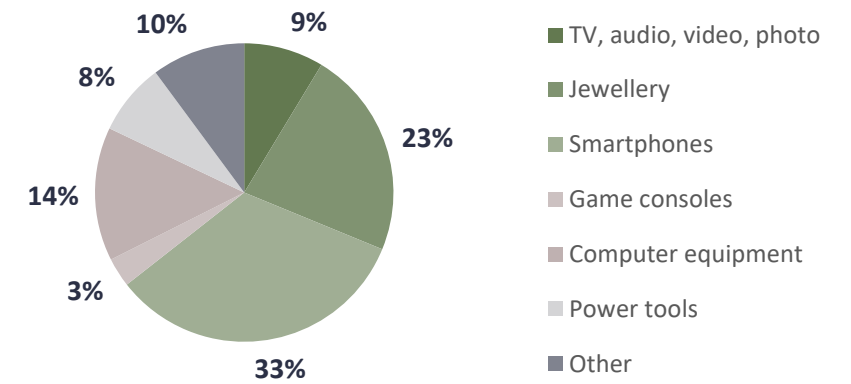
## Gross margin



## Number of items sold



## Sales split by product category (2021 12M)



\* Excluding wholesale of precious metals (scrap)

1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> wave of COVID-19 restrictions in Latvia

# CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT, EUR'000	2021		Change	2020 12M**	2021 12M	Change
	Q3	Q4	%			%
Total revenue	6,463	7,089	10%	23,664	25,489	8%
Cost of sales	-849	-1,057	24%	-4,224	-3,668	-13%
Credit loss expense*	-956	-237	-75%	-2,404	-2,477	3%
Interest expenses and similar expenses	-885	-1,109	25%	-3,547	-3,855	9%
<b>Gross profit</b>	<b>3,773</b>	<b>4,687</b>	<b>24%</b>	<b>13,487</b>	<b>15,488</b>	<b>15%</b>
Selling expenses	-1,524	-1,866	22%	-5,446	-6,158	13%
Administrative expenses	-1,051	-1,127	7%	-3,261	-4,213	29%
Other operating income	29	29	0%	72	85	16%
<b>Profit before tax</b>	<b>1,227</b>	<b>1,723</b>	<b>40%</b>	<b>4,854</b>	<b>5,203</b>	<b>7%</b>
Income tax expense	-201	-155	-23%	-755	-979	30%
<b>Net profit</b>	<b>1,026</b>	<b>1,568</b>	<b>53%</b>	<b>4,100</b>	<b>4,224</b>	<b>3%</b>
<b>EBITDA</b>	<b>2,367</b>	<b>3,191</b>	<b>35%</b>	<b>9,466</b>	<b>10,196</b>	<b>8%</b>

\* For the purpose of comparison, other operating expenses are reclassified to credit loss expense as major part of other operating expenses are losses from cession of non-performing loans (debt sales).

\*\* Data reflected according to restated comparatives in newest FS's.

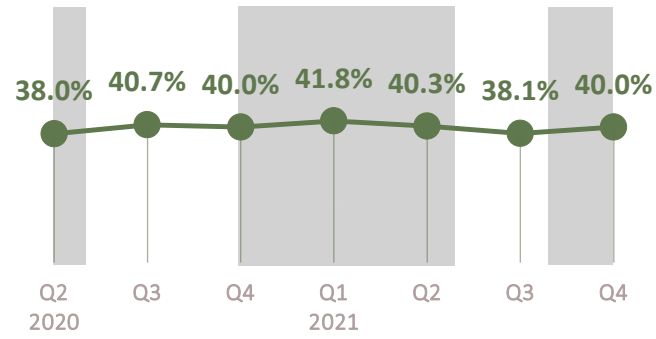


# CONSOLIDATED BALANCE SHEET

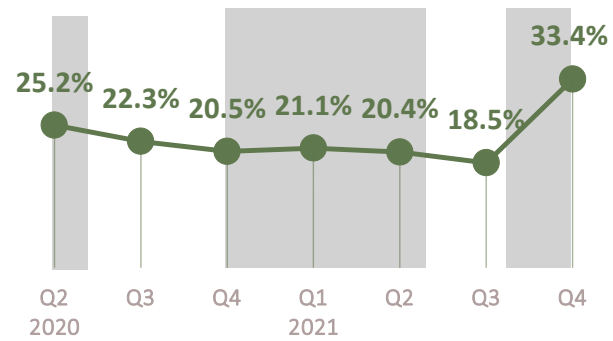
BALANCE SHEET, EUR'000	2020.12.31	2021.12.31	Change
Fixed and intangible assets	1,038	1,201	16%
Loans to related parties	474	-	-100%
Net loan portfolio	34,674	42,962	24%
Inventory and scrap	1,534	1,949	27%
Other assets	655	520	-21%
Cash	4,592	2,460	-46%
Right-of-use assets	3,194	2,973	-7%
<b>TOTAL ASSETS</b>	<b>46,161</b>	<b>52,065</b>	<b>13%</b>
<b>EQUITY</b>	<b>9,454</b>	<b>17,377</b>	<b>84%</b>
Share capital and reserves	4,000	4,532	13%
Share premium		6,891	100%
Retained earnings	1,354	1,731	28%
Profit/loss for the current year	4,100	4,224	3%
<b>LIABILITIES</b>	<b>36,708</b>	<b>34,687</b>	<b>-6%</b>
Interest-bearing debt	31,151	29,412	-6%
Trade payables and other liabilities	2,121	1,970	-7%
Lease liabilities for right-of-use assets	3,436	3,305	-4%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>46,161</b>	<b>52,065</b>	<b>13%</b>

# FINANCIAL RATIOS

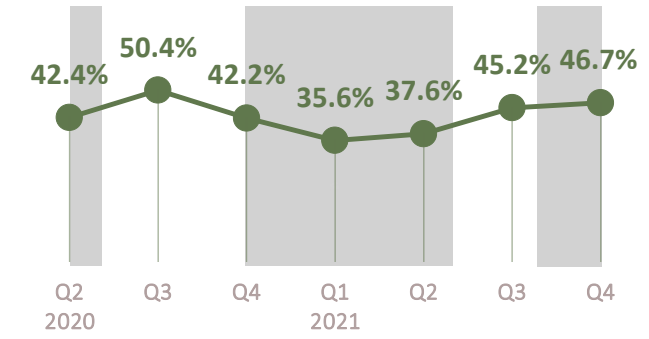
### EBITDA margin\*



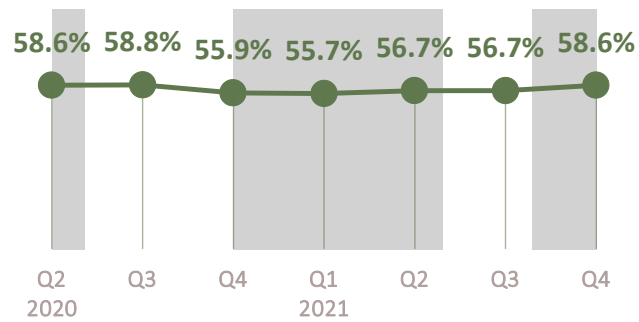
### Equity ratio



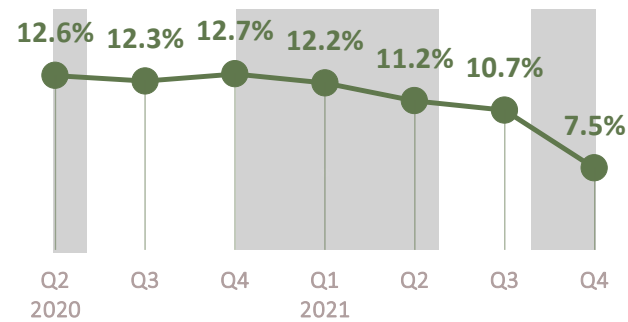
### ROE\*\*



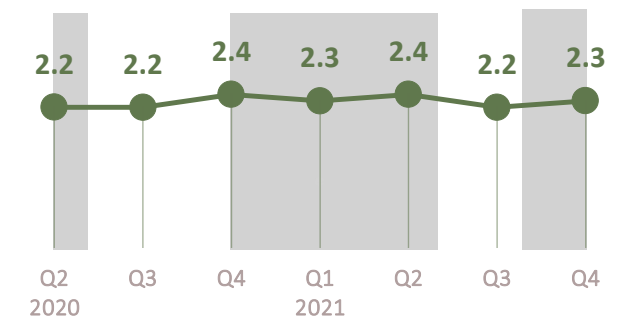
### Cost-to-income ratio\*



### Cost of interest-bearing liabilities



### Interest coverage ratio\*



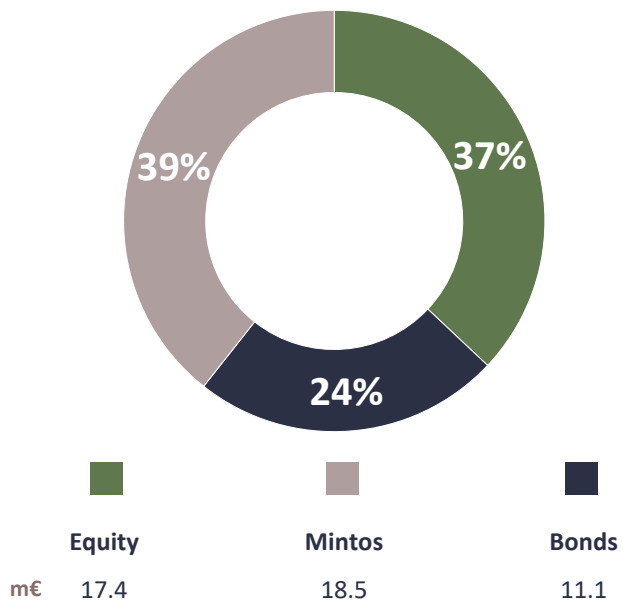
\* Last 12 months figures  
\*\* Annualized

1st, 2nd and 3rd wave of COVID-19 restrictions in Latvia



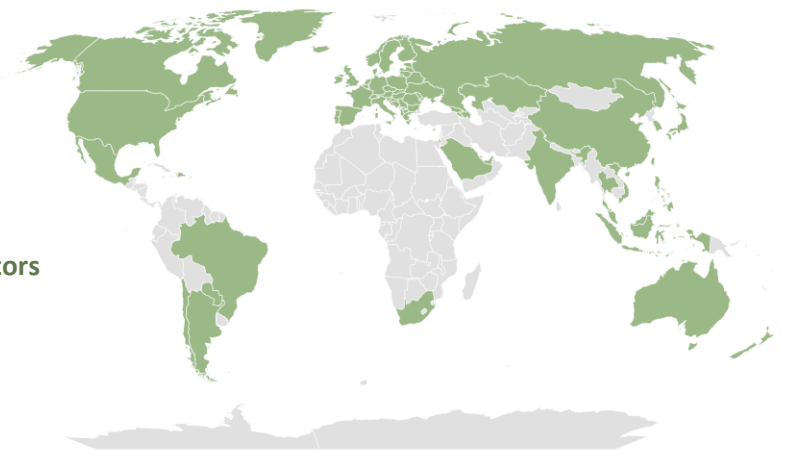
# DIVERSIFIED AND SUSTAINABLE CAPITAL STRUCTURE

Capital structure, Q4 2021



## Active MINTOS investor map, Q4 2021

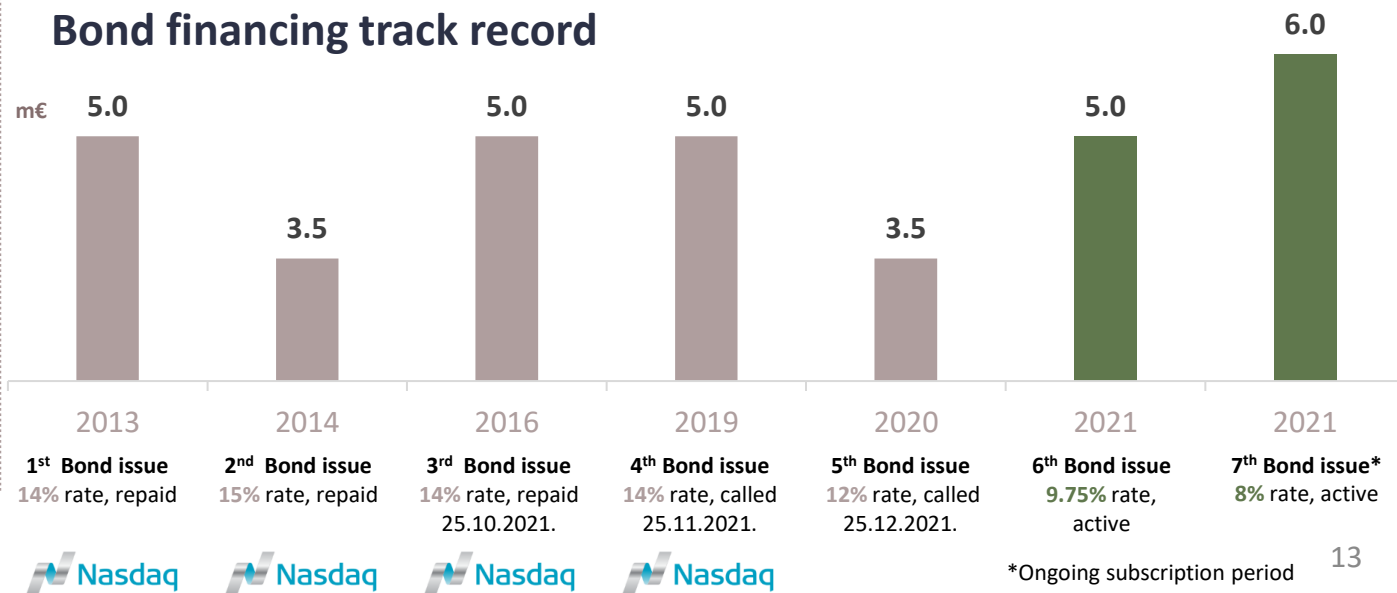
DelfinGroup has more than **64,000** investors in Mintos from **107** countries



**mintos**

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## Bond financing track record



\*Ongoing subscription period 13

# DIVIDENDS

Regular cash  
distribution to  
shareholders

Dividend payments  
5 times a year:

- 4 quarterly
- 1 annual

**EUR 512,111**

Dividends paid in Q4

**EUR 0.0113**

Per share

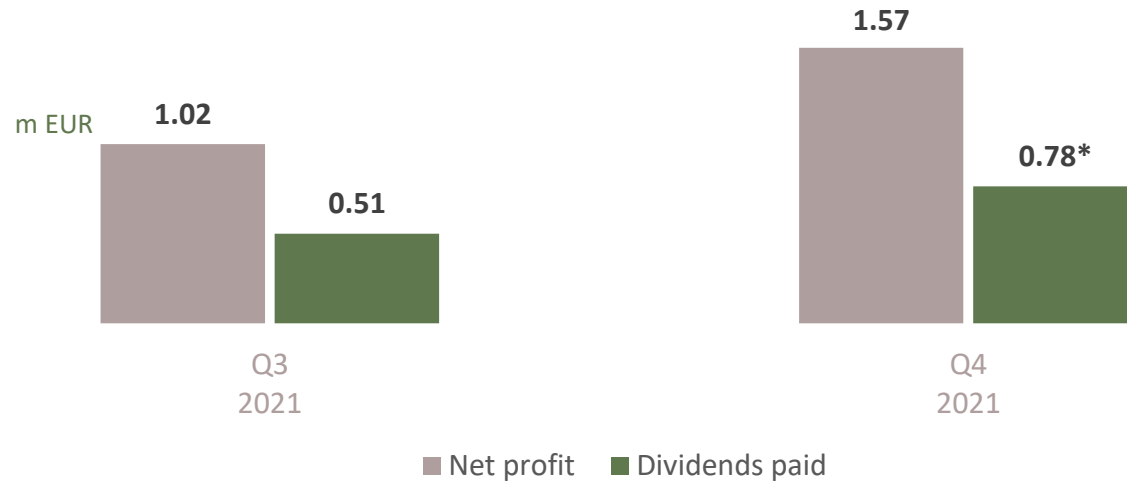
## Dividend policy

### Quarterly dividends

Up to 50% from previous Q profit

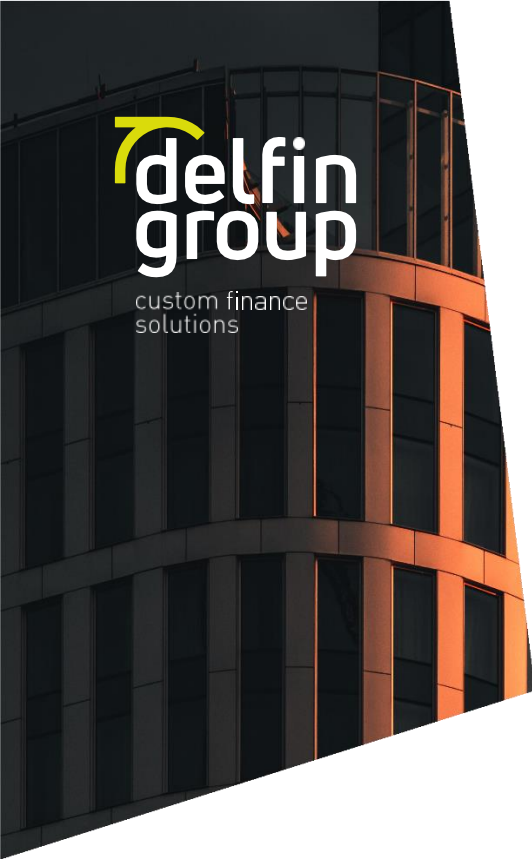
### Annual dividends

In amount to ensure optimal  
capital structure



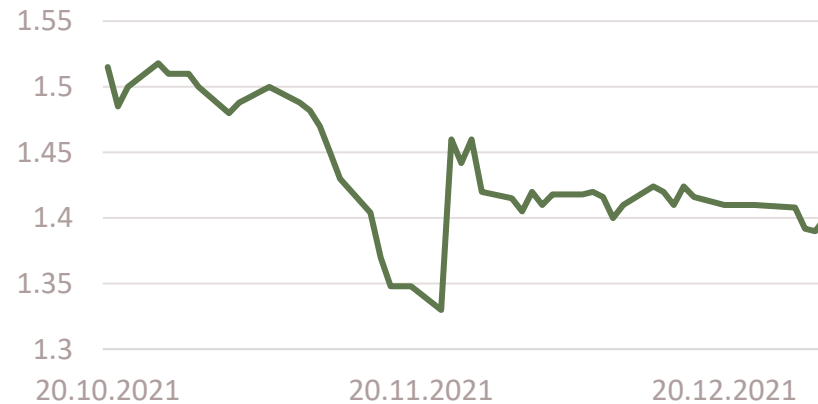
\*Proposed dividends by the Management Board. Decision on approval to be made at Extraordinary Shareholders' Meeting





# SHARE PERFORMANCE

Share price, EUR

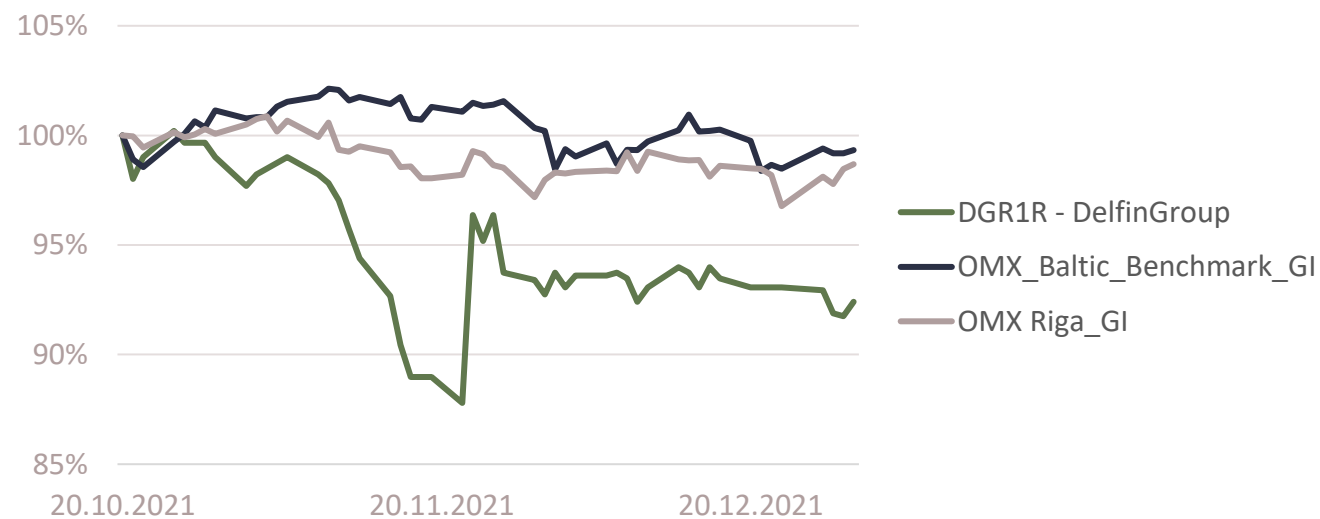


31.12.2021	DelfinGroup	Financial industry**
Capitalization m EUR	63.5	-
EPS EUR*	0.103	-
P/E	13.6	21.4
P/BV	3.7	3.2

\*Calculations based on weighted average of total outstanding shares that increased in 2021 due to stock split and listing of new public shares.

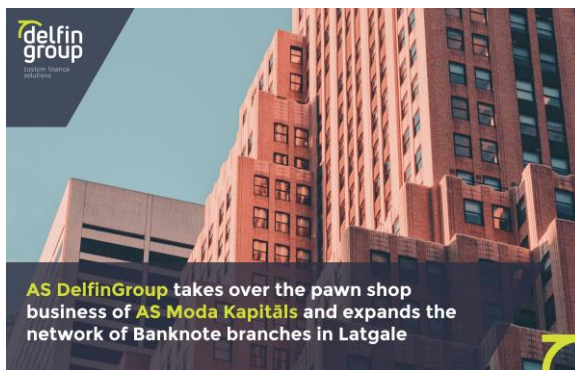
\*\*Average ratio for financial services companies listed on Nasdaq Baltic Main list at 31.12.2021.

Share dynamics compared to indexes



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Latvian financial service company **AS DelfinGroup** has completed the acquisition of the **AS Moda Kapitāls** pawn shop business, which was started in August 2021. **AS Moda Kapitāls** owned the fourth largest pawn shop network in Latvia and the acquisition of its business will strengthen the leading position of **AS DelfinGroup** in regions.

**Ivars Lamberts**, Member of the Management Board of **AS DelfinGroup**: "AS Moda Kapitāls was a strong regional player with a wide network of branches, therefore we saw good investment opportunities in the acquisition of the company's pawn shop loan portfolio. We are convinced that the acquisition of the company's pawn shop business will not only strengthen the leading position of **AS DelfinGroup** in the Latvian pawn shop segment, but will also increase the overall value of the company in the long term. The former customers of **AS Moda Kapitāls** will eventually benefit, because now they will have access to a broader range of services in more than ninety **Banknote** branches across Latvia, a rapidly growing online store, mobile application services and remote evaluation of goods."

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# Appendix

## Consolidated income statement

Income Statement, EUR'000	2019*				2020*				2021				2020	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	12M*	12M
Total revenue	4,936	5,429	5,951	5,861	6,020	5,195	5,788	6,659	6,018	5,918	6,463	7,090	23 664	25,489
Cost of sales	-756	-856	-1009	-982	-1215	-961	-993	-1,055	-748	-1,015	-849	-1,057	-4,224	-3,669
Credit loss expense**	-408	-643	-695	-893	-725	-439	-303	-937	-714	-570	-956	-237	-2,404	-2,477
Interest expenses and similar expenses	-536	-664	-739	-914	-823	-887	-808	-1,029	-1,155	-706	-885	-1,109	-3 547	-3,855
<b>Gross profit</b>	<b>3,236</b>	<b>3,266</b>	<b>3,508</b>	<b>3,072</b>	<b>3,257</b>	<b>2,908</b>	<b>3,684</b>	<b>3,638</b>	<b>3,401</b>	<b>3,627</b>	<b>3,773</b>	<b>4,687</b>	<b>13,487</b>	<b>15,488</b>
Selling expenses	-1,185	-1,420	-1,325	-1,496	-1,342	-1,155	-1,247	-1,703	-1,325	-1,443	-1,524	-1,866	-5,446	-6,158
Administrative expenses	-707	-863	-876	-1,042	-855	-776	-865	-765	-964	-1,070	-1,051	-1,127	-3,261	-4,213
Other operating income	6	52	16	21	4	25	16	28	16	11	29	29	72	85
<b>Profit before tax</b>	<b>1,350</b>	<b>1,035</b>	<b>1,323</b>	<b>555</b>	<b>1,064</b>	<b>1,002</b>	<b>1,588</b>	<b>1,198</b>	<b>1,128</b>	<b>1,125</b>	<b>1,227</b>	<b>1,723</b>	<b>4,854</b>	<b>5,203</b>
Income tax expense	-338	-2	-3	-7	-26	-7	-462	-259	-324	-299	-201	-155	-755	-979
<b>Net profit</b>	<b>1,012</b>	<b>1,033</b>	<b>1,320</b>	<b>548</b>	<b>1,038</b>	<b>995</b>	<b>1,126</b>	<b>939</b>	<b>804</b>	<b>826</b>	<b>1,026</b>	<b>1,568</b>	<b>4,100</b>	<b>4,224</b>
<b>EBITDA</b>	<b>1,915</b>	<b>1,784</b>	<b>2,112</b>	<b>2,376</b>	<b>2,110</b>	<b>2,155</b>	<b>2,659</b>	<b>2,542</b>	<b>2,543</b>	<b>2,095</b>	<b>2,367</b>	<b>3,191</b>	<b>9,466</b>	<b>10,196</b>

\* Data reflected according to restated comparatives in newest FS's.

\*\* For the purpose of comparison, other operating expenses are reclassified to credit loss expense as major part of other operating expenses are losses from cession of non-performing loans (debt sales).



## Consolidated balance sheet

BALANCE SHEET, EUR'000	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fixed and intangible assets	652	621	775	691	748	860	927	1,038	864	818	790	1,201
Loans to related parties	1,295	1,389	1,397	1,308	1,376	1,381	376	474	445	-	-	-
Net loan portfolio	20,761	26,609	29,474	31,547	32,493	32,256	34,040	34,674	32,220	33,265	38,182	42,962
Inventory and scrap	1,111	1,173	1,231	1,155	1,224	1,186	1,545	1,534	1,693	1,533	1,797	1,949
Other assets	339	256	231	384	503	536	365	655	495	331	746	520
Cash	2,686	469	1,296	1,136	2,037	1,958	2,434	4,592	1,907	594	2,541	2,460
Right-of-use assets*	-	-	-	2,049	1,950	3,056	2,928	3,194	3,281	3,145	3,013	2,973
<b>TOTAL ASSETS</b>	<b>26,844</b>	<b>30,517</b>	<b>34,404</b>	<b>38,270</b>	<b>40,331</b>	<b>41,233</b>	<b>42,615</b>	<b>46,161</b>	<b>40,905</b>	<b>39,686</b>	<b>47,069</b>	<b>52,065</b>
<b>EQUITY</b>	<b>5,466</b>	<b>6,499</b>	<b>7,819</b>	<b>8,367</b>	<b>9,405</b>	<b>10,401</b>	<b>9,513</b>	<b>9,454</b>	<b>8,639</b>	<b>8,108</b>	<b>8,696</b>	<b>17,377</b>
Share capital and reserves	1,500	1,500	1,500	1,500	1,500	1,500	4,000	4,000	4,000	4,000	4,000	4,532
Share premium	-	-	-	-	-	-	-	-	-	-	-	6,891
Retained earnings	2,954	2,954	2,954	2,954	6,867	6,867	2,354	1,354	3,835	2,478	2,040	1,731
Profit/loss for the current year	1,012	2,045	3,365	3,913	1,038	2,034	3,159	4,100	804	1,630	2,656	4,224
<b>LIABILITIES</b>	<b>21,378</b>	<b>24,018</b>	<b>26,585</b>	<b>29,903</b>	<b>30,926</b>	<b>30,832</b>	<b>33,102</b>	<b>36,708</b>	<b>32,266</b>	<b>31,578</b>	<b>38,373</b>	<b>34,687</b>
Interest-bearing debt	20,023	22,832	25,311	26,438	27,316	25,586	27,575	31,151	26,894	26,360	33,290	29,412
Trade payables and other liabilities	1,355	1,186	1,274	1,337	1,596	2,047	2,418	2,121	1,798	1,765	1,751	1,970
Lease liabilities for right-of-use assets*	-	-	-	2,128	2,014	3,199	3,109	3,436	3,574	3,453	3,332	3,305
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,844</b>	<b>30,517</b>	<b>34,404</b>	<b>38,270</b>	<b>40,331</b>	<b>41,233</b>	<b>42,615</b>	<b>46,161</b>	<b>40,905</b>	<b>39,686</b>	<b>47,069</b>	<b>52,065</b>

\* Adoption of IFRS16.



custom finance solutions

Environmentally responsible workplace

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

ISO 9001  
ISO 50001

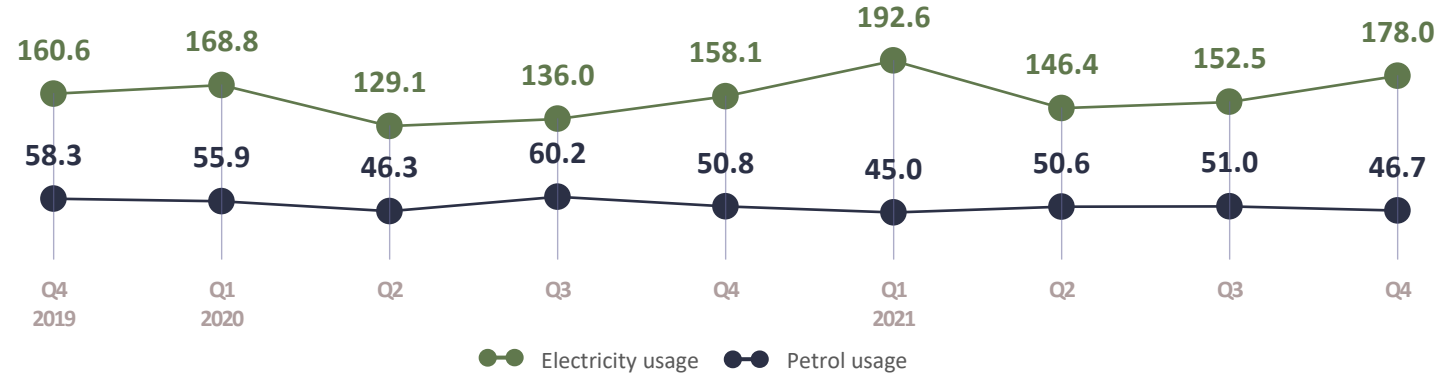
BUREAU VERITAS  
Certification



# ENVIRONMENTAL SUSTAINABILITY

## Electricity and petrol usage

MWh



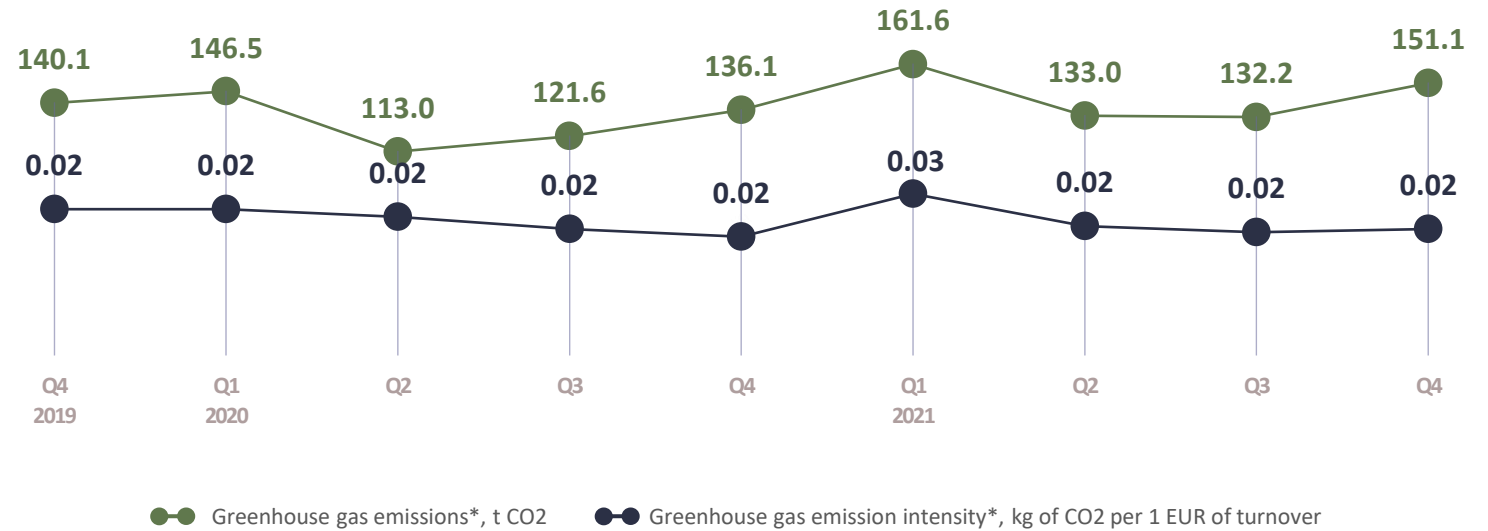
## Energy intensity\*



\* Energy intensity is calculated based on quarterly electricity and petrol consumption per employee

# ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

## Greenhouse gas emissions and emission intensity



\* Greenhouse gas emissions as a result of consumed electricity and petrol

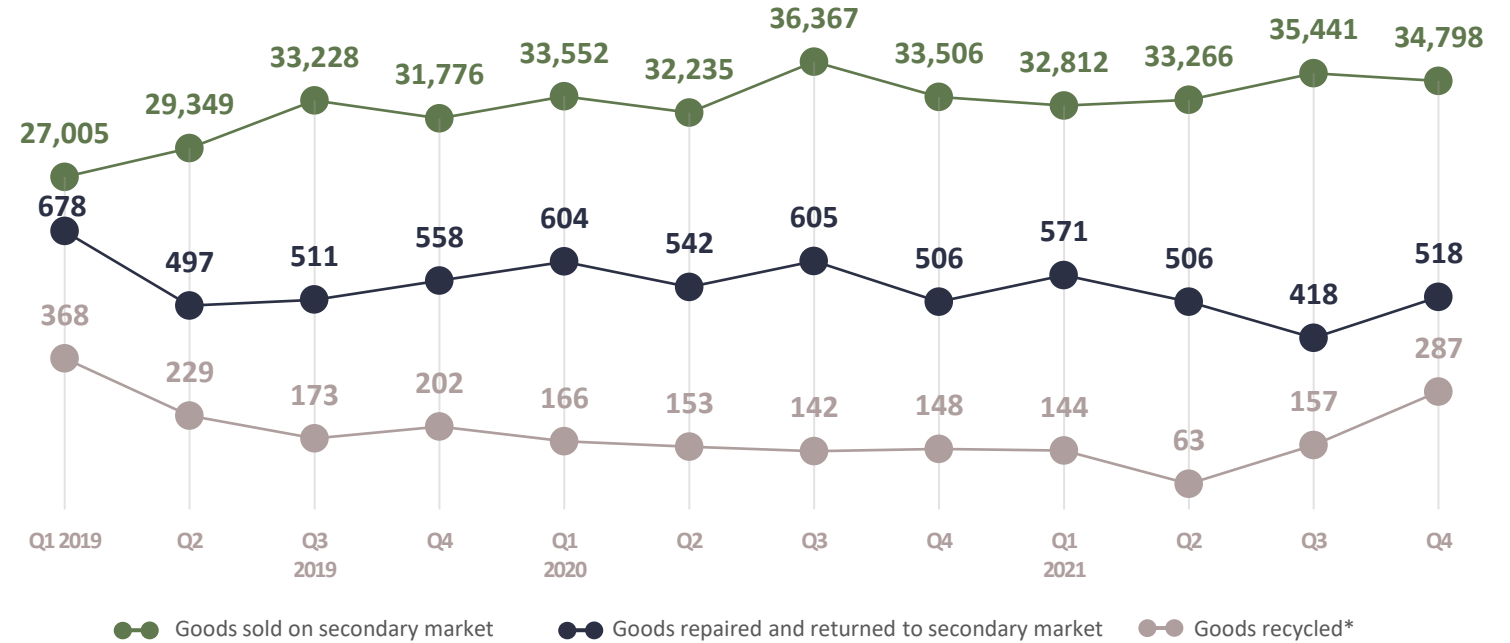


DelfinGroup promotes efficient use of resources by returning pre-owned goods to secondary market

# ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

## Pawn shop as part of circular economy

Qty



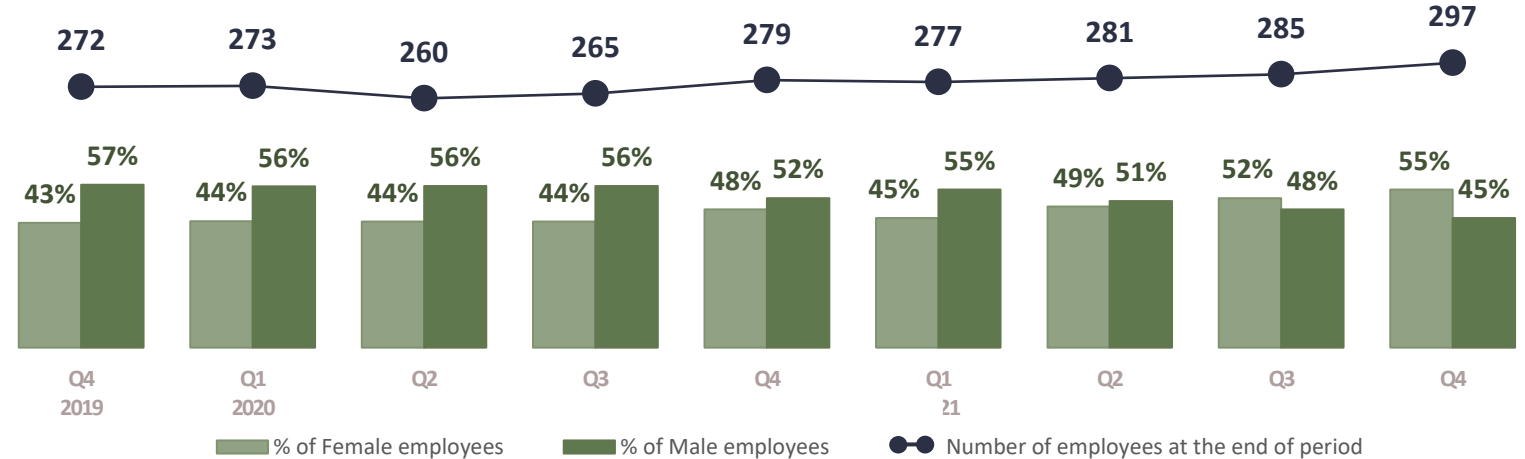
\* Goods properly recycled or used as spare parts

## Employees

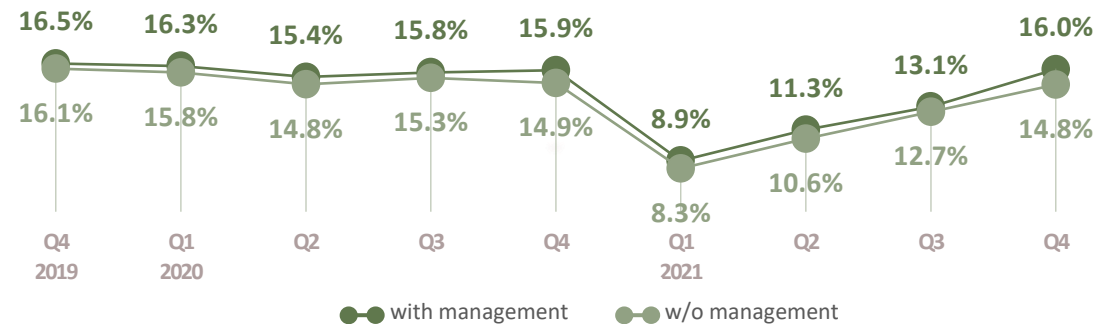
DelfinGroup is committed to be inclusive and supportive workplace. Company's gender pay gap in Q4 2021 is at 16%. According to the Central Statistical Bureau of Latvia the pay gap in financial sector was 35%\* in 2020

# SOCIAL RESPONSIBILITY

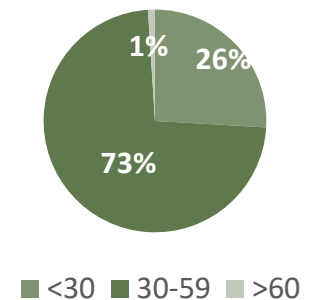
## Dynamics of the number of employees and gender diversity



## Gender pay gap



## Age diversity (Q4 2022)



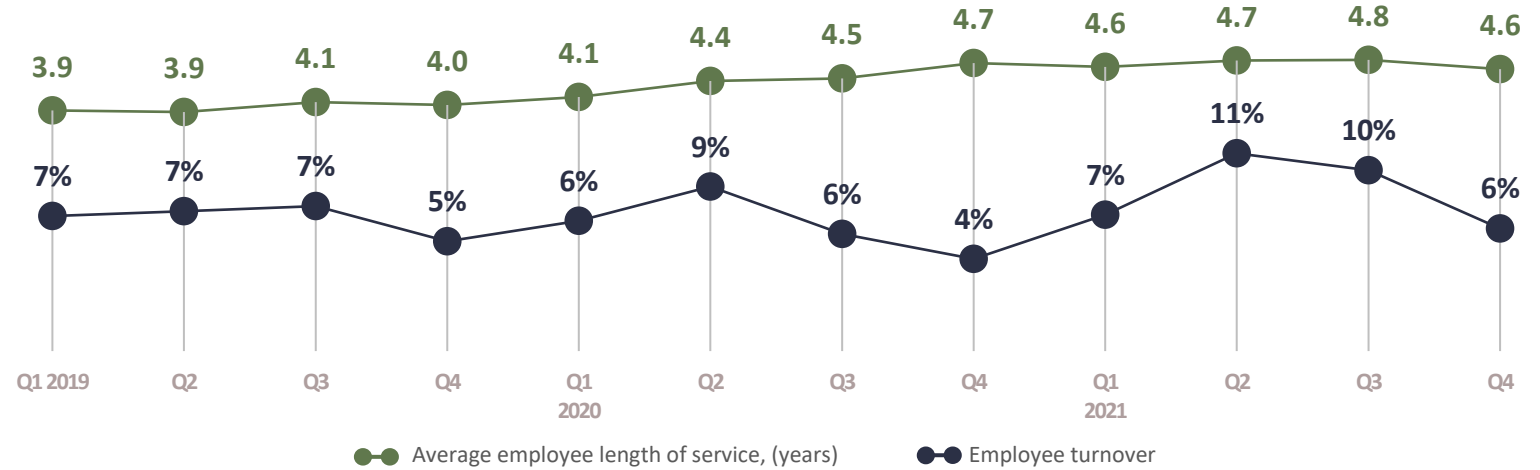
\* Source: Gender equality: Employment and Earnings | Official statistics portal

**Employees**

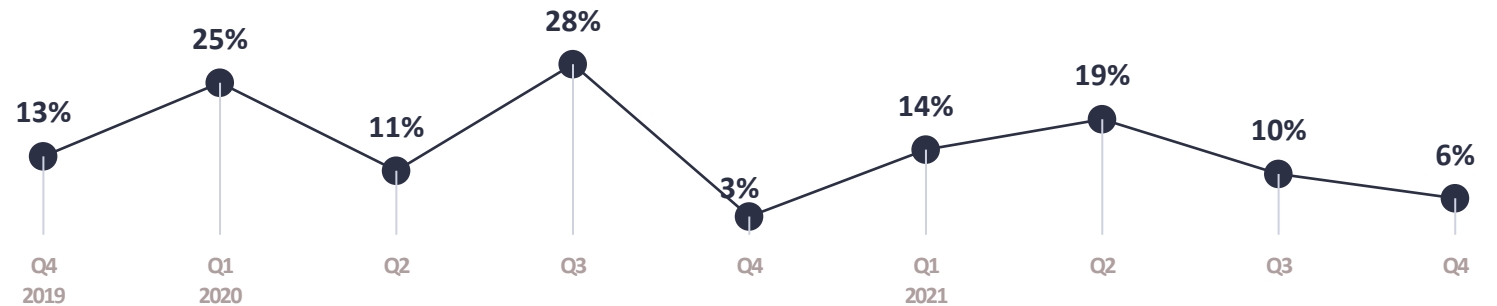
Stable average  
employee length of  
service indicates  
satisfaction among  
employees

# SOCIAL RESPONSIBILITY (CONTINUED)

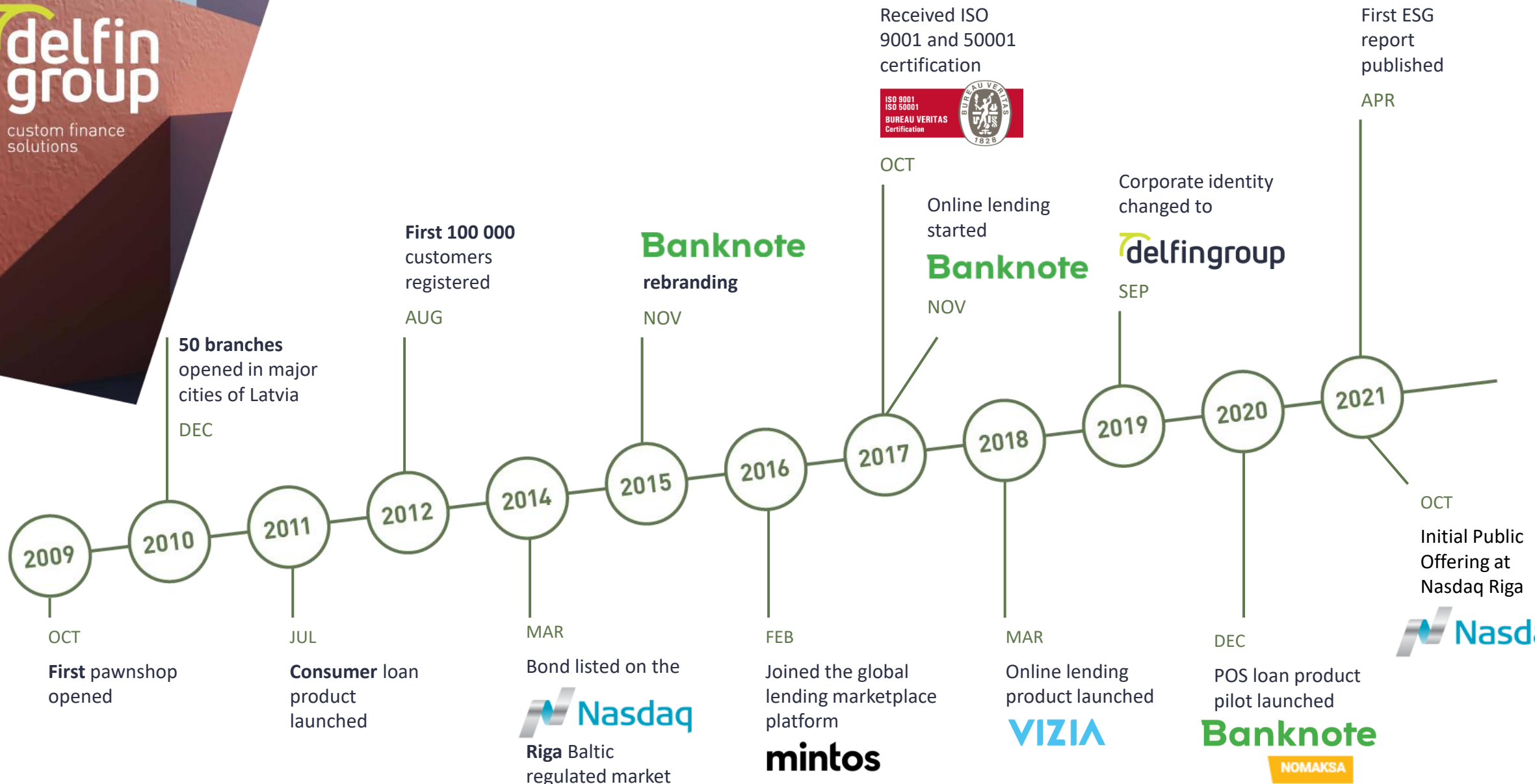
## Employee turnover and average employee length of service



## Percentage of employees released during probationary period







## Definitions for 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). 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.

### Interest Coverage Ratio

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

### 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

### Equity ratio

Equity/Total assets

### Non-performing loan ratio

90+ days overdue portfolio share in total loan portfolio

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

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