

Financial report



Unaudited results for 6 months
Ending 30 June 2022

Company highlights

Business performance

Appendix



Key characteristics

2009

founded in

300+

employees

90+

branches

38

cities

400 000+

customers

12 YEARS

profitable operations

4

business segments

Q2 highlights 1/2

1**EXPANSION**

Loan portfolio acquisition of six pawnshop branches of the *Finance 360* pawnshop partnership.

2**DIVIDEND DISTRIBUTION**

During the Q2 shareholders of the company received 3 dividends in the amount of EUR 2.7 million, namely EUR 0.0603 per share.

3**ESG REPORT 2021-22 PUBLISHED**

In 2021 we covered CO2 emissions of 2,955 individuals in Latvia. Report available at DelfinGroup website.

4**BONDS**

Listed EUR 10 million on *Nasdaq First North* alternative market.
New bond issuance of EUR 10 million with coupon rate of 8.75% + 3M EURIBOR.

Q2 highlights 2/2

5

BRANCHES

Opening of a new branch in Olaine.
Continuous modernization of branches
and implementation of new branch
concept.

6

LIFTING OF C-19 RESTRICTIONS

On 1 April Covid-19 restrictions were
lifted that gave a positive impact on
Banknote branch network sales results.

7

AWARDS

The Society Integration Foundation
announced DelfinGroup as a *Family-
Friendly workplace* that puts the priority
on people and their needs.

8

SUPPORT FOR UKRAINE

Additional donation of EUR 100,000 to
Children's Hospital Foundation and
Entrepreneurs for Peace movement.

Company highlights

Business performance

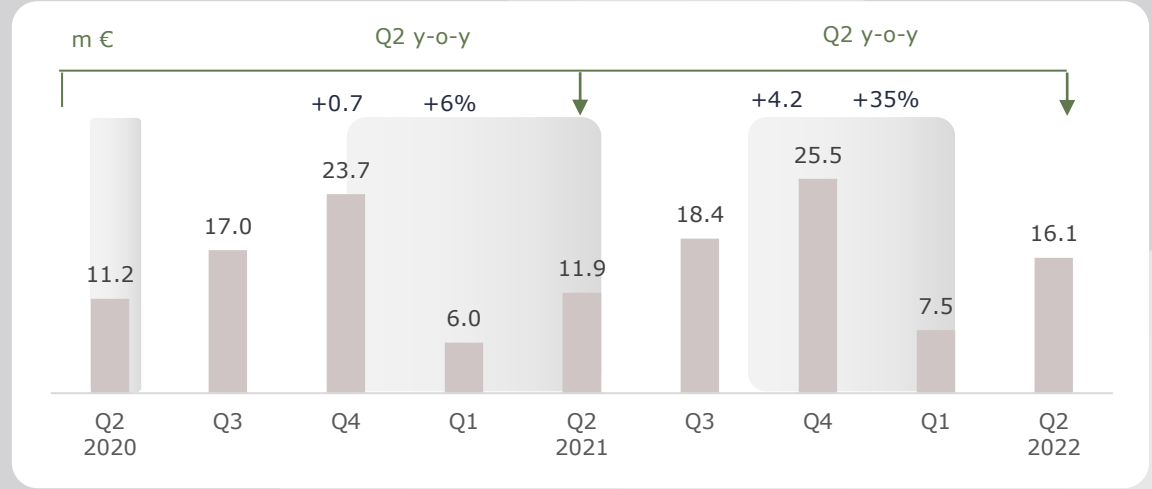
Appendix



Total loans issued



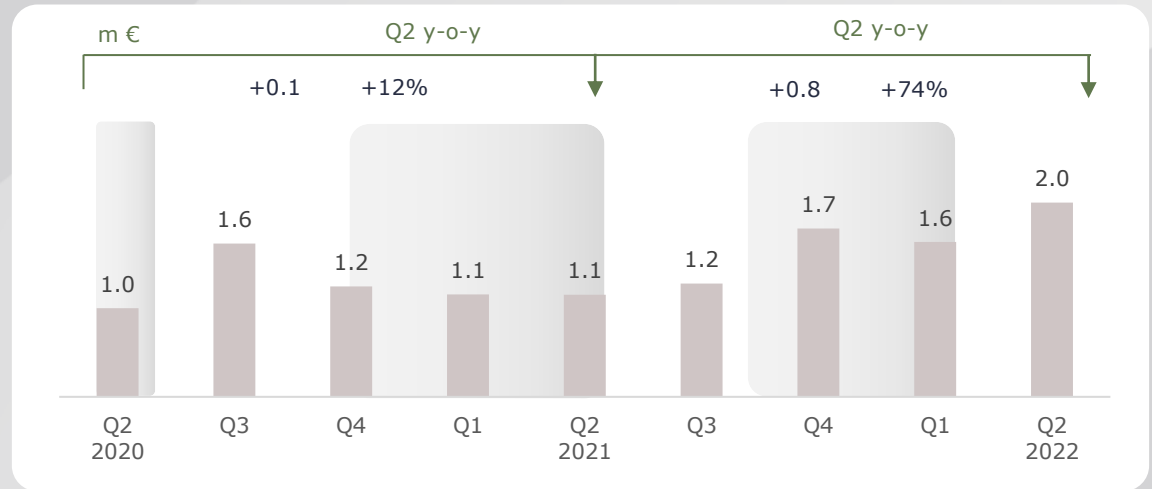
Total revenue, quarterly cumulative



Net loan portfolio

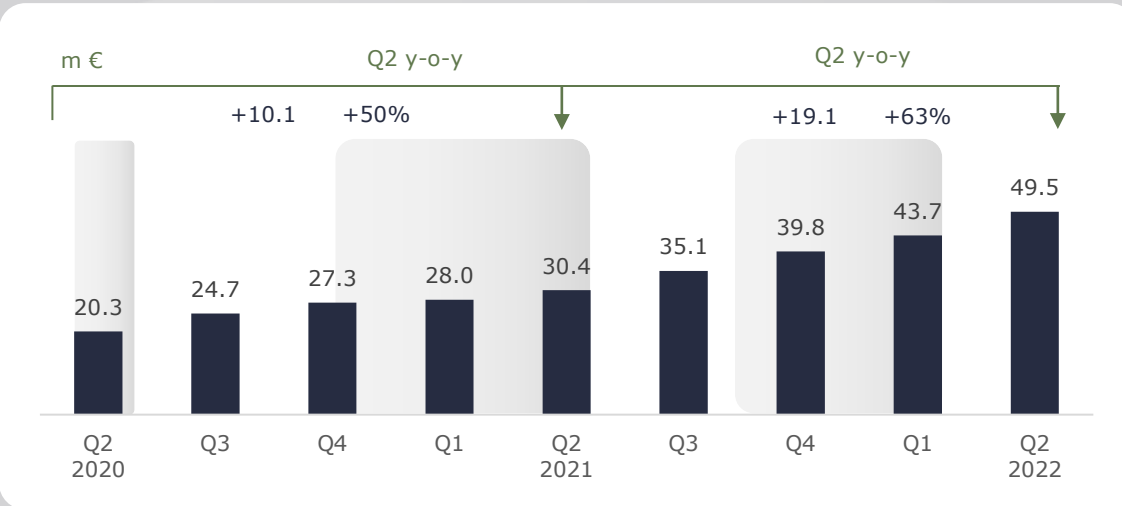


Profit before tax



Consumer loans

Consumer net loan portfolio



Average loan*



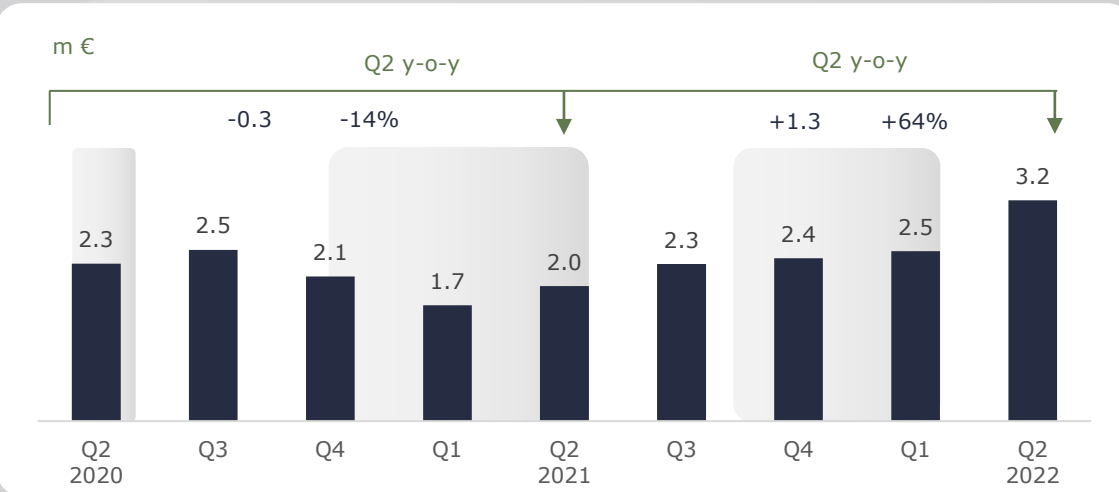
Weighted average term of loans issued



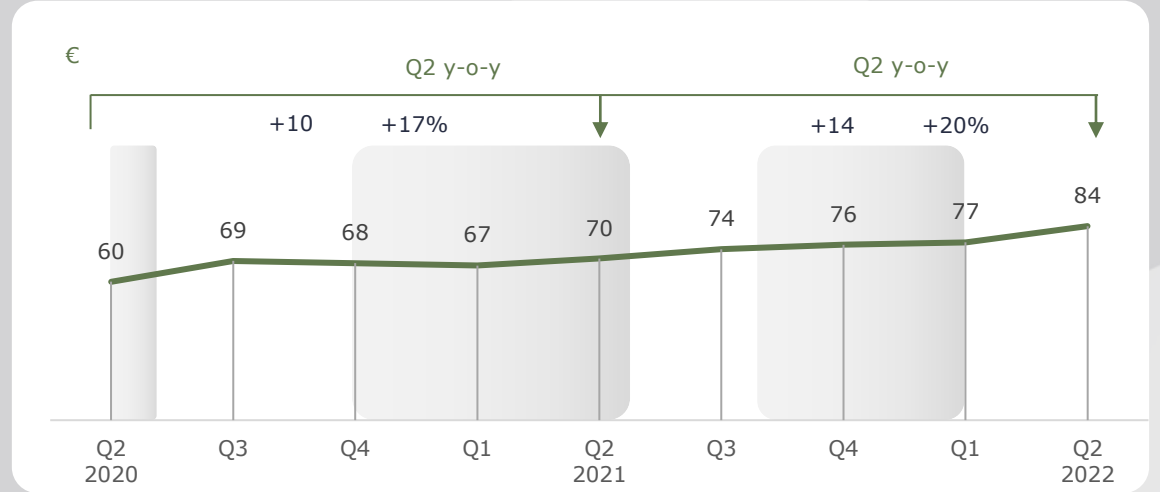
Non-performing loan ratio



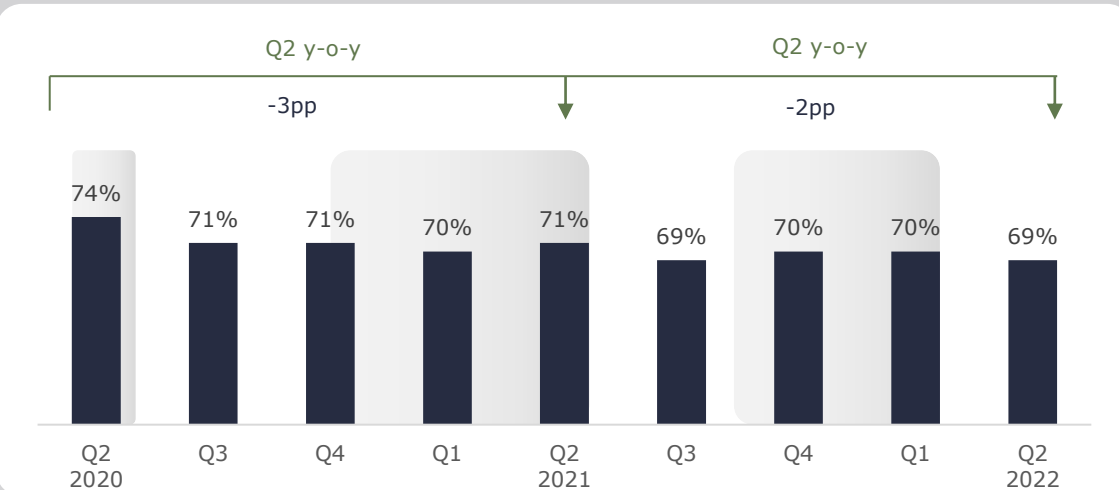
Pawn net loan portfolio



Average pawn loan amount



Redemption rate*



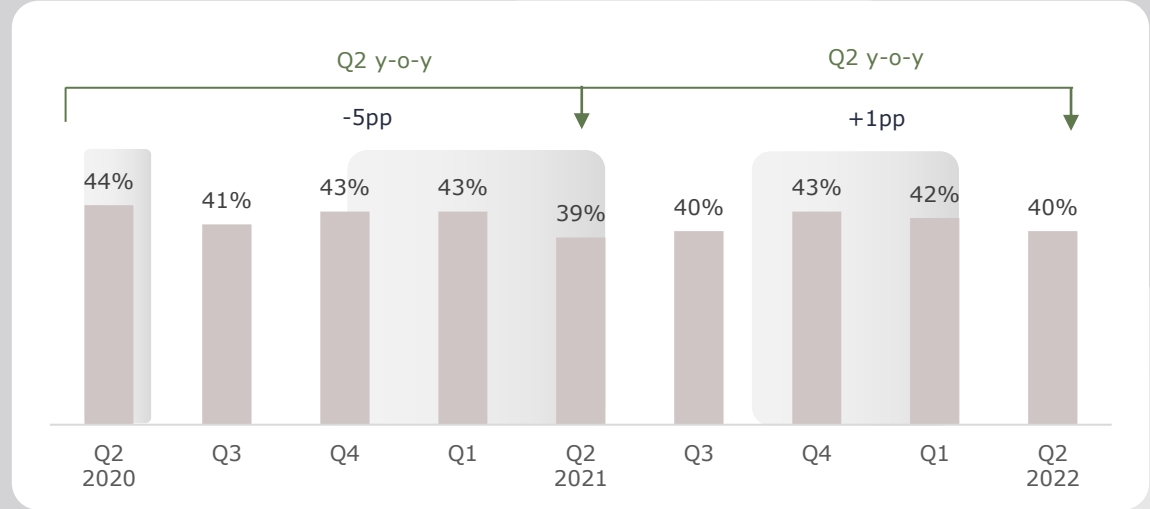
Lifting of Covid-19 restrictions starting from Q1 2022 gave a positive impact on pawn loan segment since the pawn loans are issued offline at Banknote branch network. Pawn loan issuance amounts in Q2 2022 already significantly exceeded pre-covid 19 levels.

Retail of pre-owned goods*

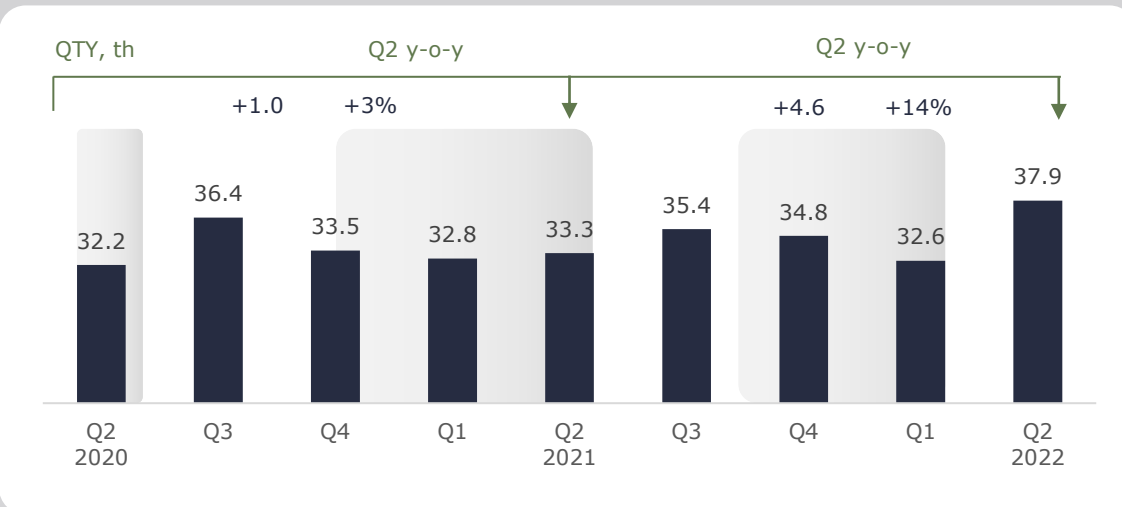
Sale of pre-owned goods



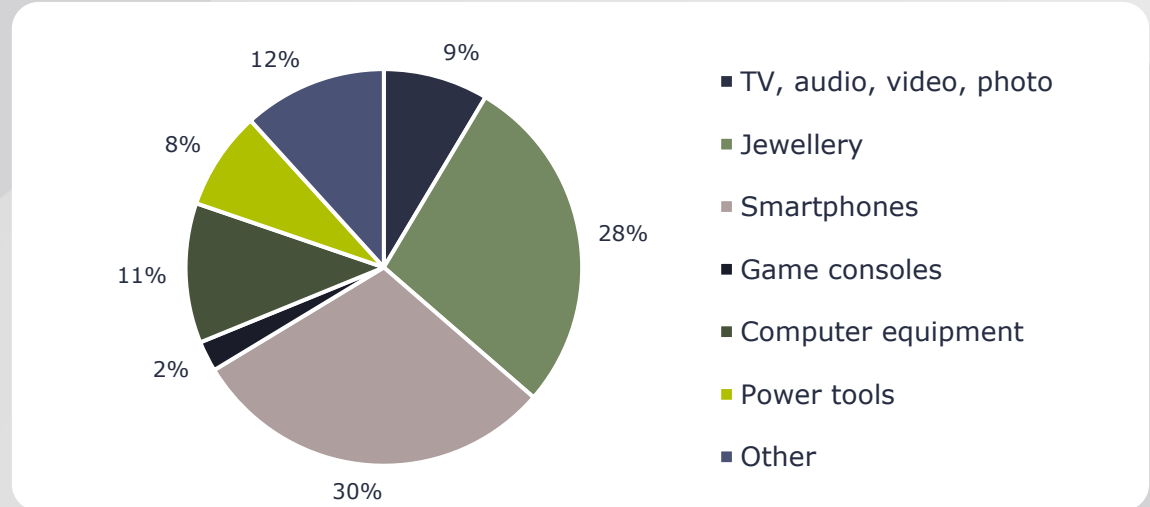
Gross margin



Number of items sold



Sales split by product category (Q2 2022)



Consolidated income statement

INCOME STATEMENT, EUR'000	2022 Q2	2021 Q2	Change %	2022 6M	2021 6M	Change %
Total revenue	8,619	5,918	+46%	16,095	11,936	+35%
Cost of sales	-1,259	-1,015	+24%	-2,154	-1,763	+22%
Credit loss expense*	-1,432	-445	+222%	-2,711	-1,322	+105%
Interest expenses and similar expenses	-958	-852	+12%	-1,647	-1,863	-12%
Gross profit	4,970	3,607	+38%	9,584	6,989	+37%
Selling expenses	-1,686	-1,442	+17%	-3,443	-2,768	+24%
Administrative expenses	-1,346	-1,050	+28%	-2,626	-1,995	+32%
Other operating income	22	11	+104%	47	27	+71%
Profit before tax	1,960	1,125	+74%	3,561	2,253	+58%
Income tax expense	-742**	-299	+148%	-930	-623	+49%
Net profit	1,218	826	+47%	2,631	1,630	+61%
EBITDA	3,210	2,241	+43%	5,791	4,640	+25%

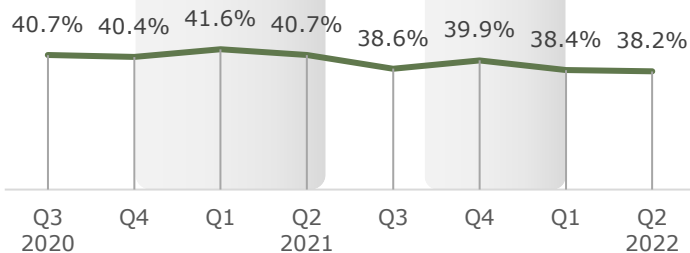
* For the purpose of comparison, other operating expenses are reclassified to credit loss expense as major part of other operating expenses are losses from cession of non-performing loans (debt sales).

** Higher income tax expenses in Q2 2022 due to additional annual dividend payment to company shareholders.

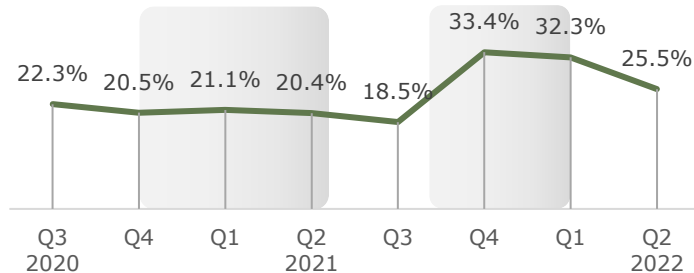
Consolidated balance sheet

BALANCE SHEET, EUR'000	30.06.2022	31.12.2021	Change %
Fixed and intangible assets	1,351	1,201	+12%
Right-of-use assets	2,773	2,973	-7%
Net loan portfolio	53,775	42,962	+25%
Inventory and scrap	2,329	1,949	+19%
Other assets	364	520	-30%
Cash	2,314	2,460	-6%
TOTAL ASSETS	62,906	52,065	+21%
EQUITY	16,025	17,377	-8%
Share capital and reserves	4,532	4,532	0%
Share premium	6,891	6,891	0%
Retained earnings	4,602	5,954	-23%
LIABILITIES	46,881	34,687	+35%
Interest-bearing debt	40,477	29,412	+38%
Trade payables and other liabilities	3,307	1,970	+68%
Lease liabilities for right-of-use assets	3,096	3,305	-6%
TOTAL EQUITY AND LIABILITIES	62,906	52,065	+21%

EBITDA margin*

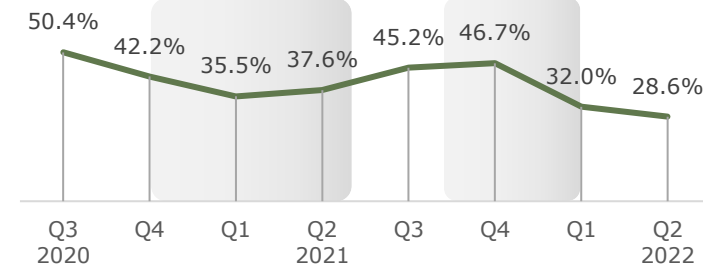


Equity ratio



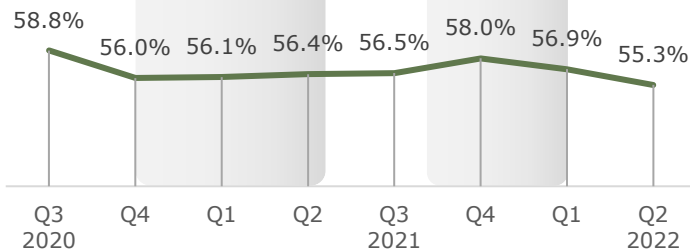
Changes in equity ratio was mainly impacted by faster growth of loan portfolio and larger annual dividend payment in Q2. Ratio remains at sufficient level.

ROE**

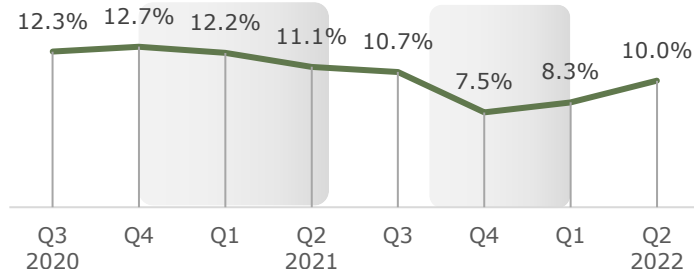


Decrease of ROE in 2022 is a result of increased equity after attracting funds during the IPO process.

Cost-to-income ratio*

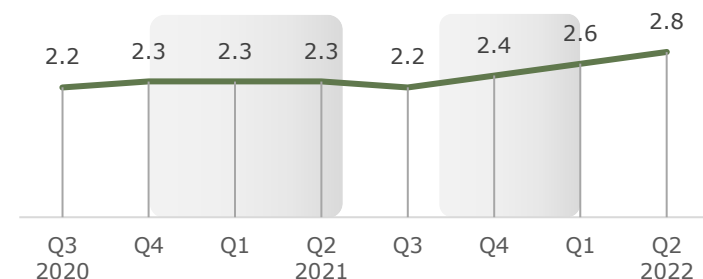


Cost of interest-bearing liabilities

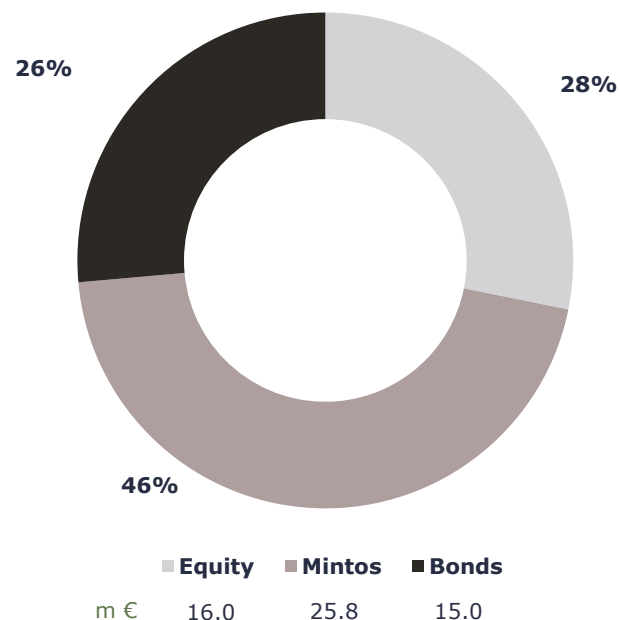


Higher financing costs related to overall interest rate increase in capital markets and on Mintos P2P platform. Since DelfinGroup has diversified financing structure it is easier to switch between more favorable source of funding.

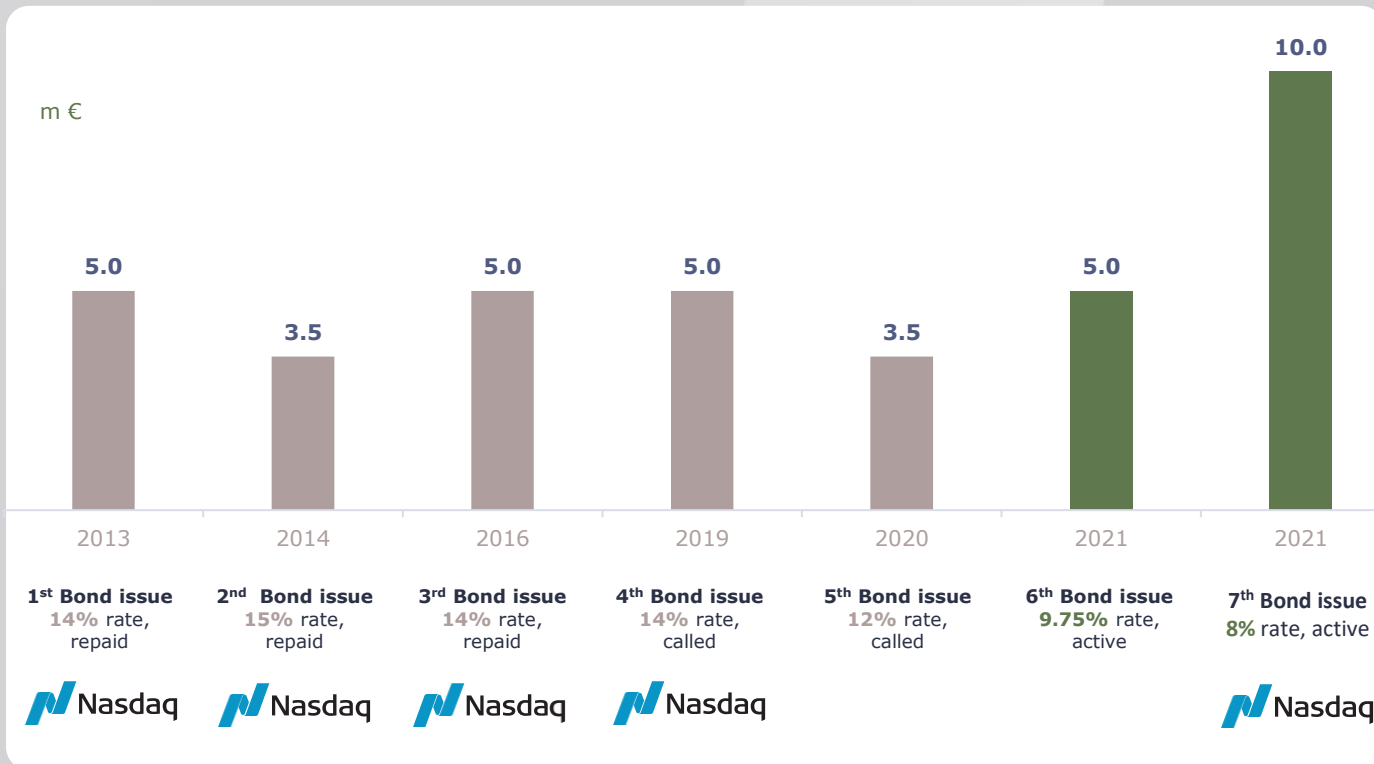
Interest coverage ratio*



Capital structure, Q2 2022



Bond financing track record



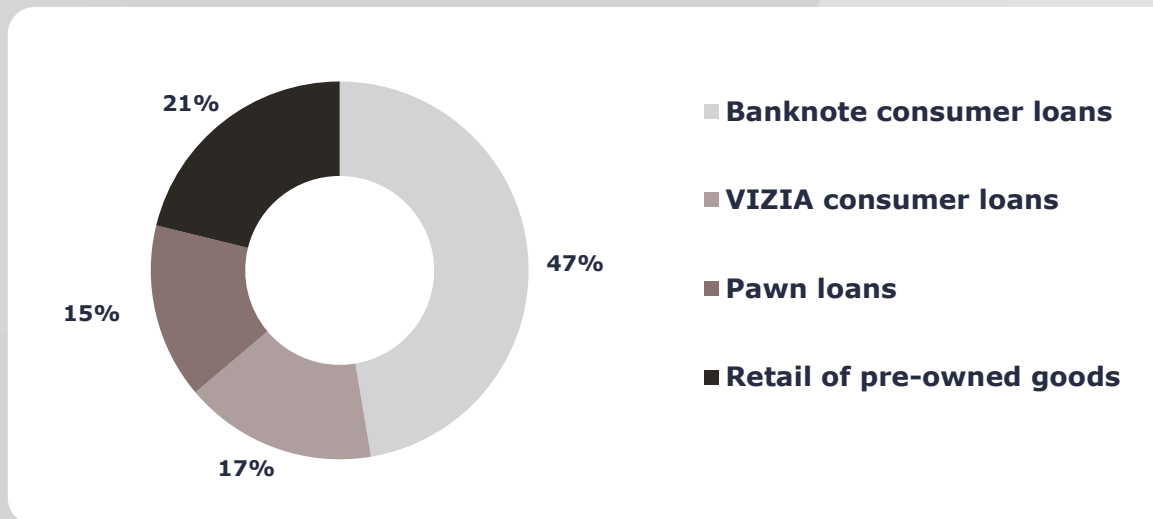
DelfinGroup on Mintos

- Since **2016**
- **104 thousand active investors**
- Investors from **114 countries**

On July 2022 DelfinGroup registered **new bond issue** in the amount of **EUR 10 million** with annual coupon rate of **8.75% + 3M EURIBOR** and maturity 25 September 2024. Bond issue is a private placement and subscription period is currently open.

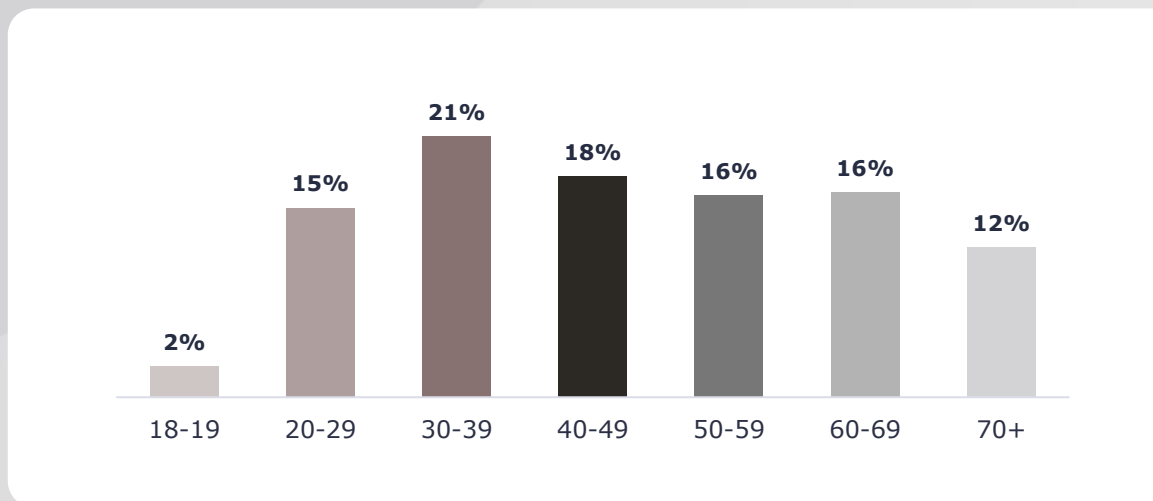
Although largest part of revenue stream comes from consumer loan segment we see a great potential in gradually growing other DelfinGroup segments

Revenue by business segments 6M 2022



DelfinGroup products cover all of the age groups thanks to customized financial solutions

Distribution of active clients by age on 31 March 2022*



Dividends

Unique dividend distribution proposal in Baltics

Up to **5 dividend payments** per year:

- 4 quarterly
- 1 annual

Quarterly dividends

- Up to 50% from previous Q profit

Annual dividends

- In amount to ensure optimal capital structure

Dividend distribution

Dividend period	Dividend payment date	EUR/share	EUR total	Payout ratio*
Q2 2022	September 2022**	0.0134	607 283	49.87%
Q1 2022	29.06.2022	0.0155	702 454	49.69%
Q4 2021	12.04.2022	0.0172	779 497	49.72%
Q3 2021	29.12.2022	0.0113	512 111	49.91%
Annual 2021	17.05.2022 15.07.2022	0.0552	2 501 642	-

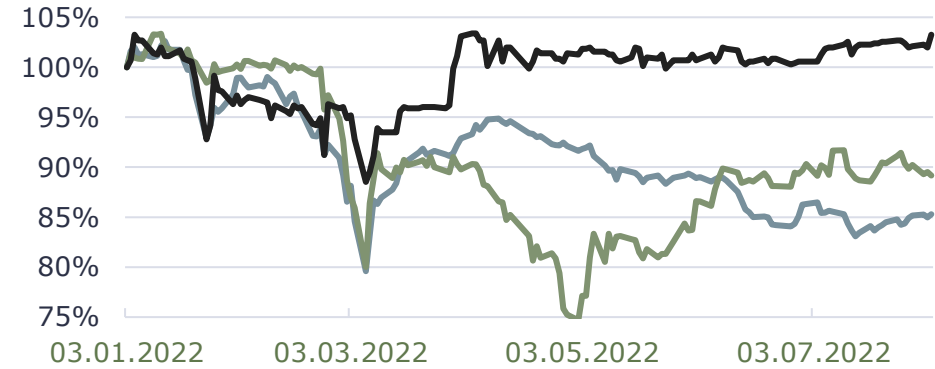
Dividend yield of 7.7%***

Share performance

Share price, €



Share dynamics compared to indexes



- DGR1R – DelfinGroup
- OMX_Baltic_Benchmark_GI
- OMX Riga_GI

30.06.2022

DelfinGroup

Financial industry**

Capitalization m €

64.4

-

EPS TTM €*

0.120

-

P/E

11.8

12.2

ROE

28.6%

15.2%

*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 on 30.06.2022.

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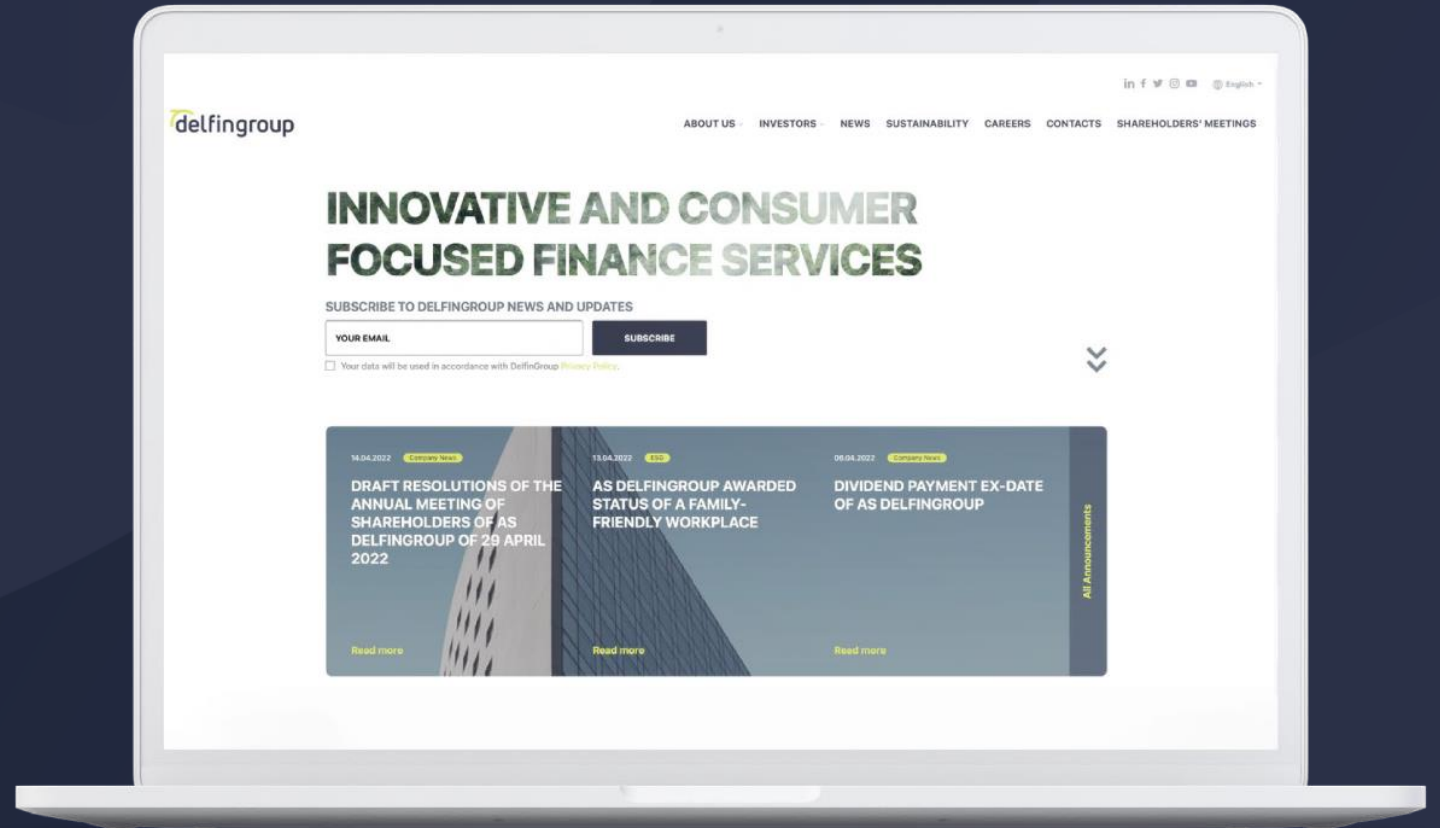
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Company highlights

Business performance

Appendix



Consolidated income statement

Financial report

BALANCE SHEET, EUR'000	2019*				2020*				2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total revenue	4,936	5,429	5,951	5,861	6,020	5,195	5,788	6,659	6,018	5,918	6,463	7,089	7,476	8,619
Cost of sales	-756	-856	-1009	-982	-1215	-961	-993	-1,055	-748	-1,015	-849	-1,057	-894	-1,259
Credit loss expense*	-408	-643	-695	-893	-725	-439	-303	-850	-877	-445	-954	-263	-1,279	-1,432
Interest expenses and similar expenses	-536	-664	-739	-914	-823	-887	-808	-1,115	-1,011	-852	-920	-1,044	-689	-958
Gross profit	3,236	3,266	3,508	3,072	3,257	2,908	3,684	3,639	3,382	3,607	3,741	4,726	4,614	4,970
Selling expenses	-1,185	-1,420	-1,325	-1,496	-1,342	-1,155	-1,247	-1,703	-1,326	-1,442	-1,524	-1,832	-1,757	-1,686
Administrative expenses	-707	-863	-876	-1,042	-855	-776	-865	-765	-945	-1,050	-1,018	-1,200	-1,279	-1,346
Other operating income	6	52	16	21	4	25	16	28	16	11	29	29	24	22
Profit before tax	1,350	1,035	1,323	555	1,064	1,002	1,588	1,199	1,128	1,125	1,227	1,723	1,601	1,960
Income tax expense	-338	-2	-3	-7	-26	-7	-462	-259	-324	-299	-201	-155	-188	-742
Net profit	1,012	1,033	1,320	548	1,038	995	1,126	940	804	826	1,026	1,568	1,414	1,218
EBITDA	1,915	1,784	2,112	2,376	2,110	2,155	2,659	2,629	2,399	2,241	2,402	3,126	2,581	3,210

Consolidated balance sheet

Financial report

BALANCE SHEET, EUR'000	2019				2020				2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Fixed and intangible assets	652	621	775	691	748	860	927	1,038	864	818	790	1,201	1,301	1,351
Right-of-use assets	-	-	-	2,049	1,950	3,056	2,928	3,194	3,281	3,145	3,013	2,973	2,915	2,773
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	47,091	53,775
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	2,138	2,329
Other assets	339	256	231	384	503	536	365	655	495	331	746	520	541	364
Cash	2,686	469	1,296	1,136	2,037	1,958	2,434	4,592	1,907	594	2,541	2,460	1,704	2,314
TOTAL ASSETS	26,844	30,517	34,404	38,270	40,331	41,233	42,615	46,161	40,905	39,686	47,069	52,065	55,690	62,906
EQUITY	5,466	6,499	7,819	8,367	9,405	10,401	9,513	9,454	8,639	8,108	8,696	17,377	18,011	16,025
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	4,532	4,532
Share premium	-	-	-	-	-	-	-	-	-	-	-	6,891	6,891	6,891
Retained earnings	3,966	4,999	6,319	6,867	7,905	8,901	5,513	5,454	4,639	4,108	4,696	5,954	6,589	4,602
LIABILITIES	21,378	24,018	26,585	29,903	30,926	30,832	33,102	36,708	32,266	31,578	38,373	34,687	37,678	46,881
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	31,644	40,477
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	2,788	3,307
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	3,246	3,096
TOTAL EQUITY AND LIABILITIES	26,844	30,517	34,404	38,270	40,331	41,233	42,615	46,161	40,905	39,686	47,069	52,065	55,690	62,906

Sustainability

DelfinGroup **ESG report** for 2021/2022 available [here](#).



Promotion of circular economy

- Prolonged life-cycle of consumer goods

Inclusive society

- The most geographically available financial institution in Latvia
- Serving the underserved customer segments
- Inclusive workplace

Sustainable corporate governance

- 3 independent members of the Supervisory Board
- Independent internal audit unit

Relevant UN Sustainable Development Goals:



Environmental sustainability

Our long-term environmental objective is to reduce our carbon footprint and increase carbon handprint.

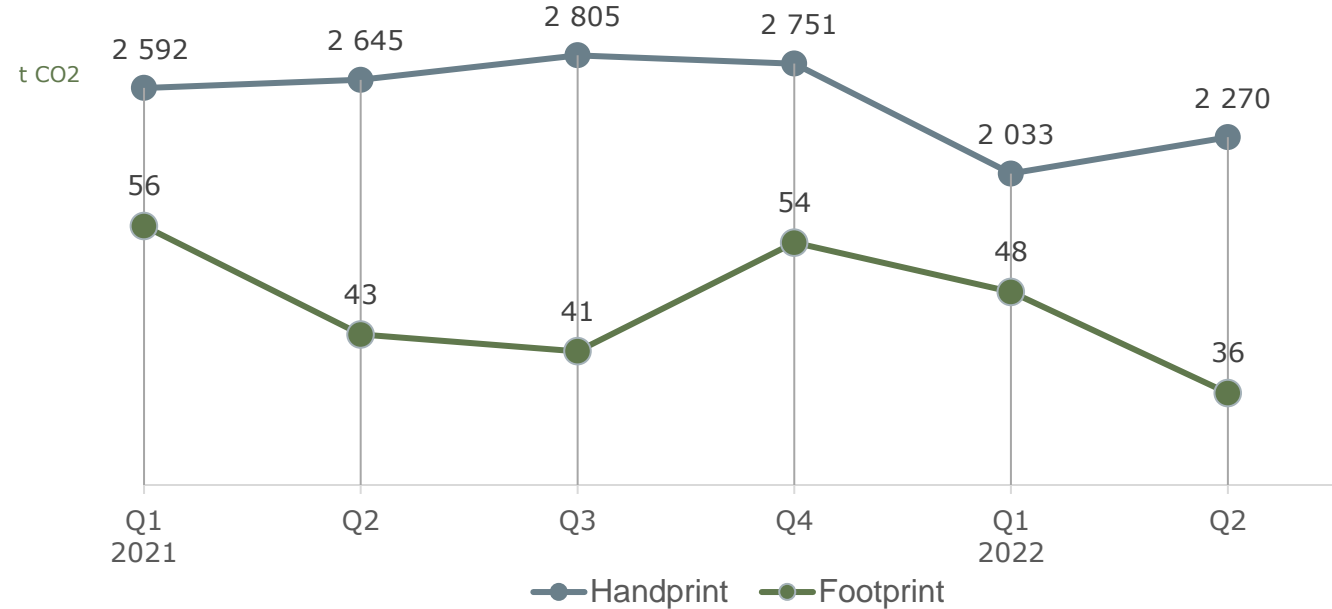
CARBON FOOTPRINT

The amount of CO2 released into atmosphere as a result of the activities of DelfinGroup. Footprint include emissions from consumed electricity, heat energy and fuel (Scope1 + Scope2)

CARBON HANDPRINT

Positive climate impact of a product. Handprint shows how much emissions we have saved from selling pre-owned goods instead to producing new goods.

DelfinGroup impact on climate



Historic timeline



Highly appreciated company



CV-Online Latvia

State Revenue Service

Latvian Traders Association

The Society Integration Foundation

Latvian Corporate Governance Advisory Board

Institute for Corporate Sustainability and Responsibility

Top employer

In-Depth Cooperation Programme

Best Trader of Latvia

Family-Friendly Workplace

Latvian Corporate Governance Award 2021

Sustainability Index 2021

Top-of-mind category since 2016.

Gold level cooperation with State Revenue Service since 2019

Received praise in 2021; Winner and praise in 2020

Since 2022

Winner in the category: The most successful board selection

Silver category

2021: 29th
 2020: 29th
 2019: 35-36th
 2018: 19-20th
 2017: 21st
 2016: 20th

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 consumer 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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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.

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AS DelfinGroup

Skanstes street 50A Riga,
Latvia, LV-1013

IR@delfingroup.lv
(+371) 26 18 99 88
www.delfingroup.lv

