

# Financial report



**Unaudited results for 9 months**  
Ending 30 September 2022

## Company highlights

Business performance

Appendix



# Key characteristics

**2009**

founded in

**90+**

branches

**38**

cities

**400 000+**

registered clients

**5 000+**

shareholders

**300+**

employees

**3**

business segments

**50 000+**

active clients

**59.7**

mEUR net loan portfolio

**5**

dividend payments per year

**8**

bond issues

**12 YEARS**

profitable operations

# Recent highlights 1/2

**1**

## **INCREASE OF STOCK FREE FLOAT**

The free float of DelfinGroup stock reached 15% after the public share offerings of the largest company's shareholders.

**2**

## **DIVIDEND DISTRIBUTION**

During the Q3 shareholders of the company received 2 dividend payments in the amount of EUR 1.86 million, namely EUR 0.041 per share.

**3**

## **ONLINE STORE**

The largest circular economy online store [veikals.banknote.lv](https://veikals.banknote.lv) was renewed. It has more than 40 000 products available, and the range of products is updated daily.

**4**

## **BONDS**

New bond emission of 10 mEUR with a coupon rate of 8.75% + 3M EURIBOR and maturity September 2024. The minimum subscription amount is EUR 100 000.

## Recent highlights 2/2

5

### ANALYST COVERAGE

*LHV Pank* and *Enlight Research* published coverage of *DelfinGroup* and set fair value range for the company's stock. Reports are available on *DelfinGroup* [website](#).

6

### EXPANSION

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

7

### AWARDS

Four *Banknote* branches received the honorary title of Laureate in the service quality assessment competition *Best Trader of Latvia*.

8

### SUPPORT FOR UKRAINE

An additional donation of EUR 50 000 was approved to *TEV* association to arrange and deliver the necessary things to the people in eastern Ukraine.

Company highlights

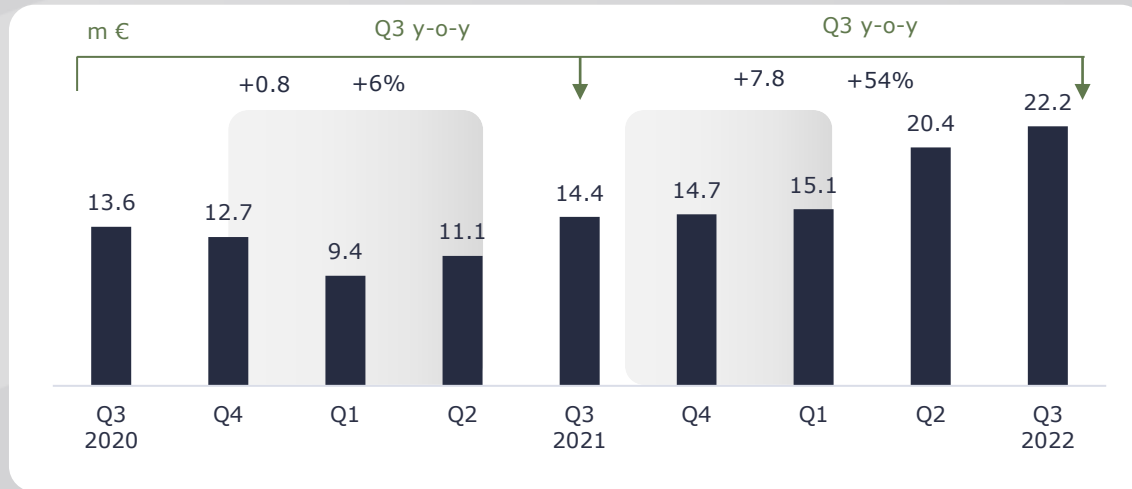
**Business performance**

Appendix

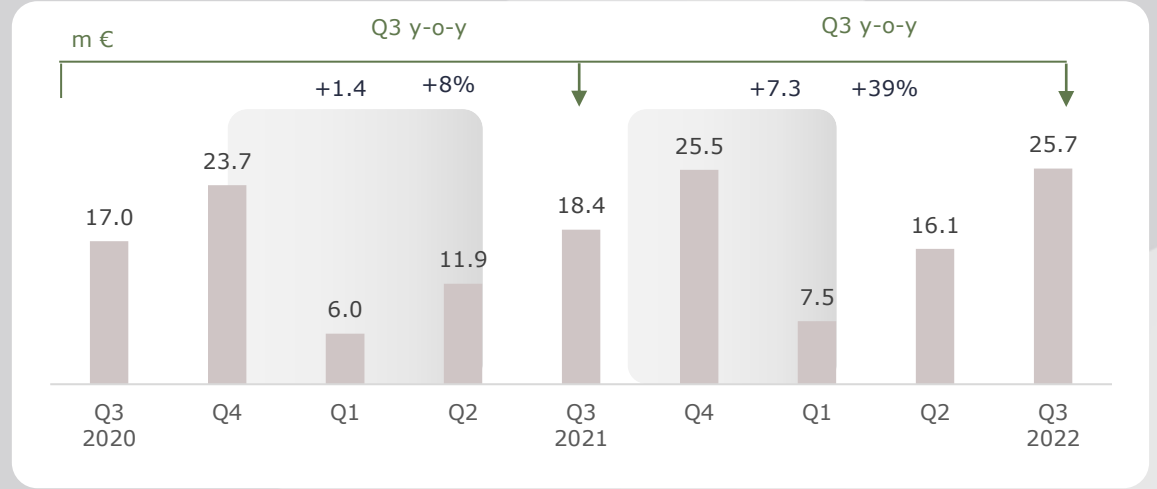


# Selected financials

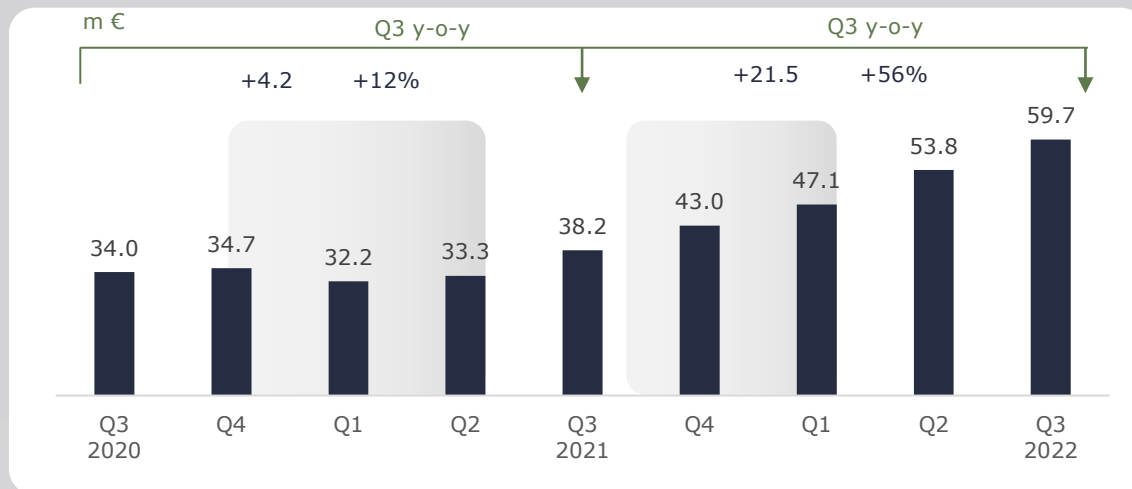
## Total loans issued



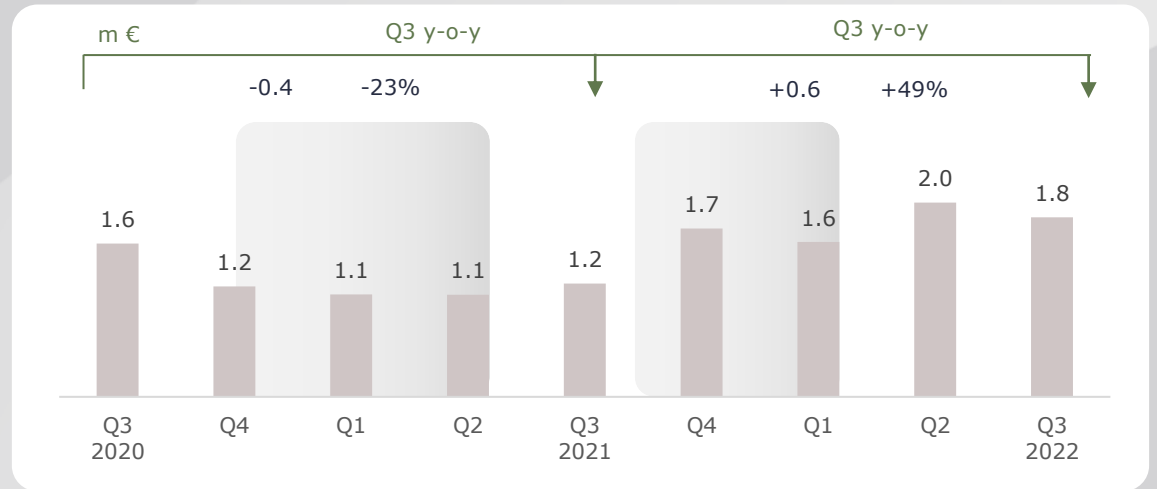
## Total revenue, quarterly cumulative



## Net loan portfolio

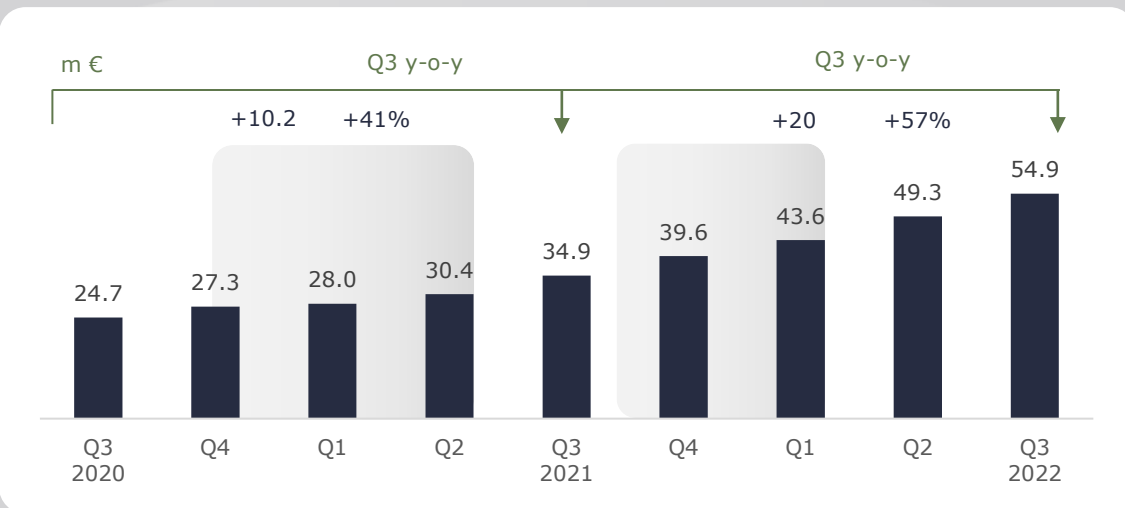


## Profit before tax

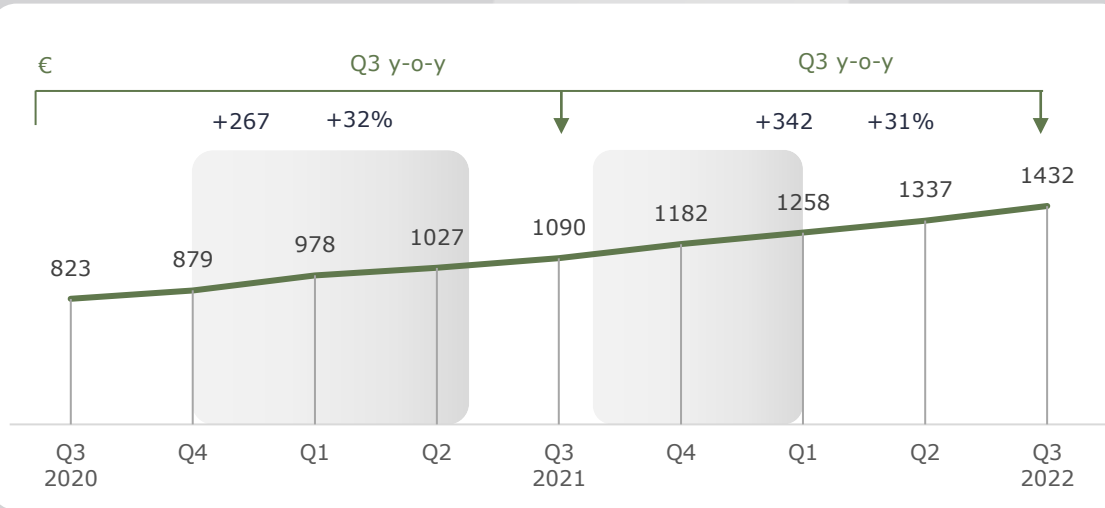


# Consumer loans

## Consumer net loan portfolio



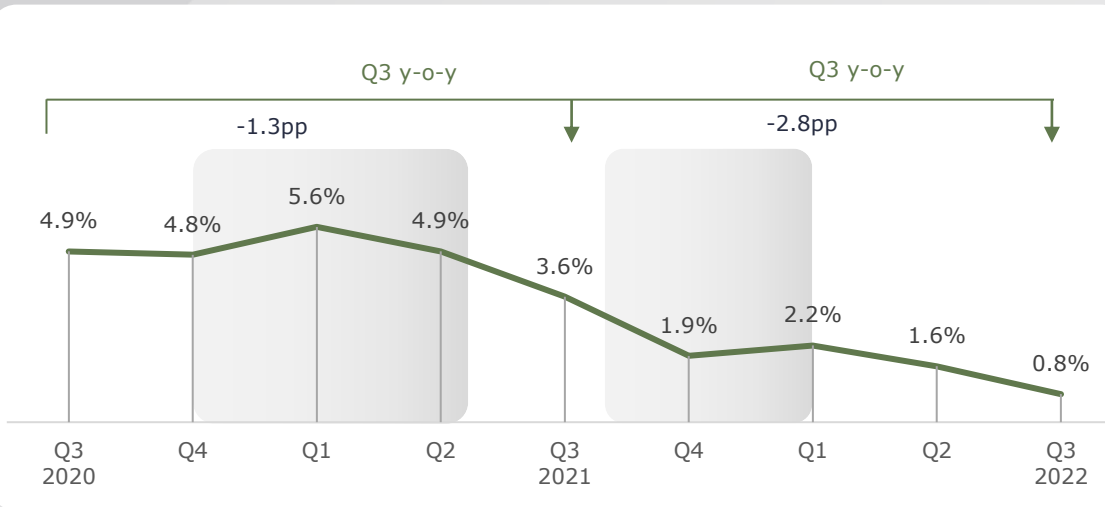
## Average loan\*



## Weighted average term of loans issued



## Non-performing loan ratio\*\*

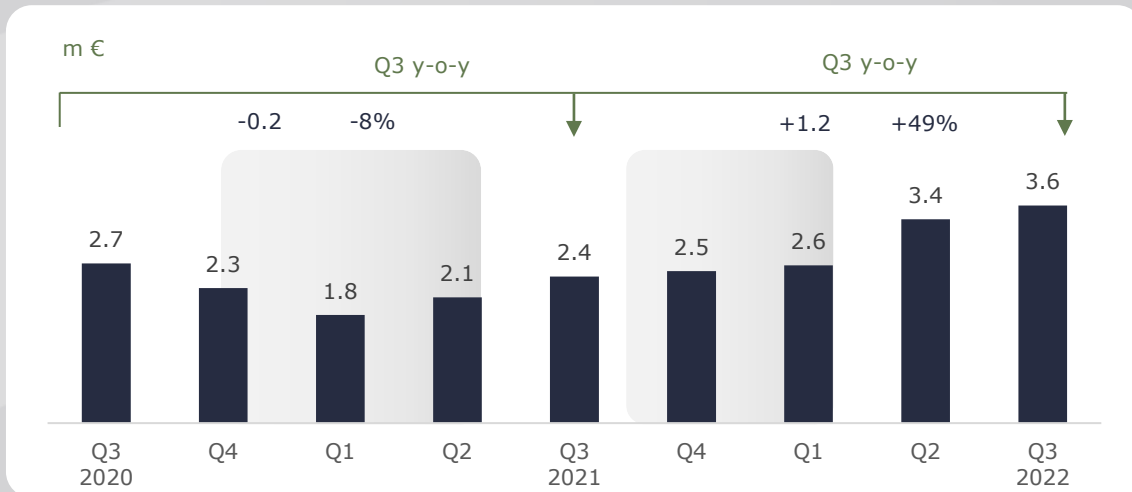


\*Average consumer loan balance for one client at the end of period.

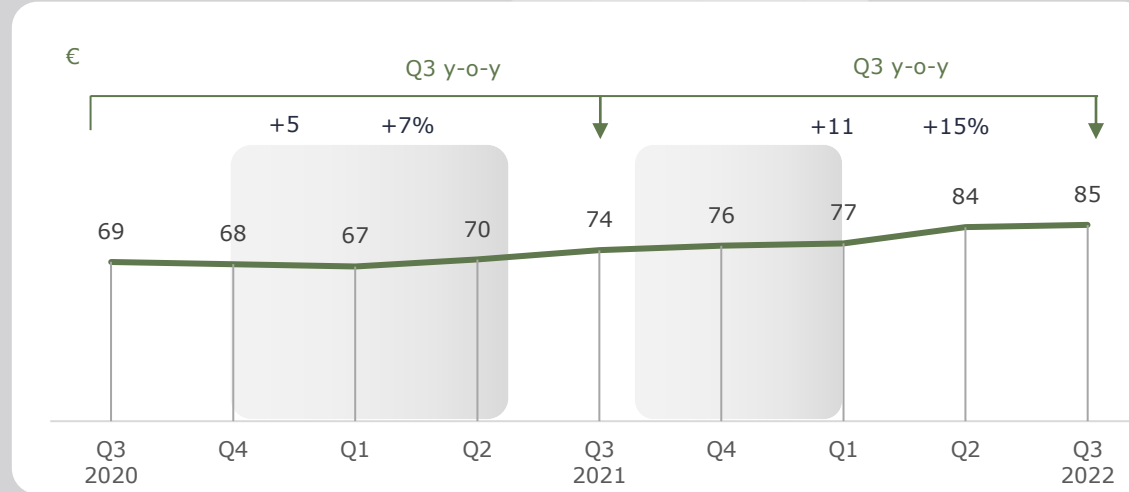
\*\*Lower non-performing loan ratio in Q3 due to larger one-off cession (debt sales) deal.



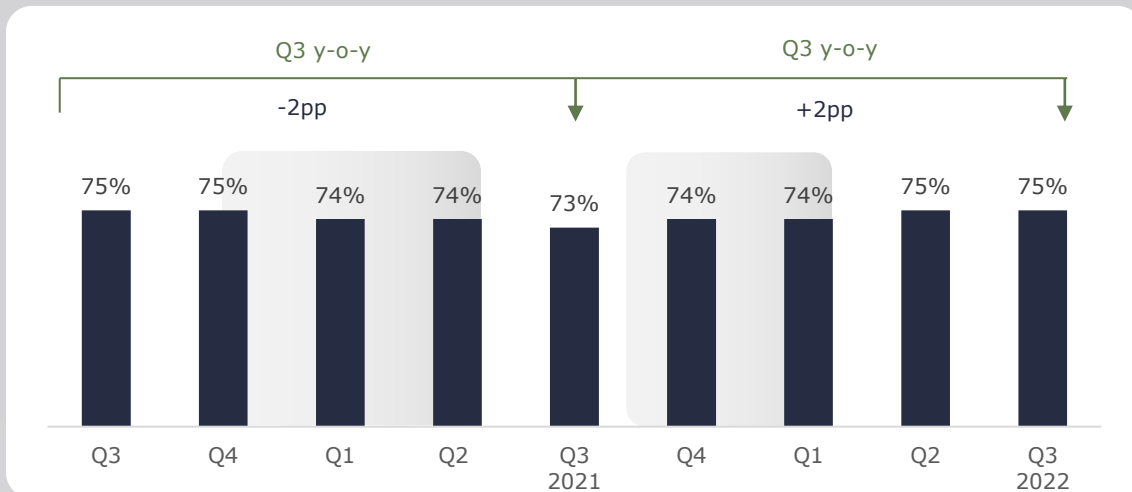
## Pawn net loan portfolio



## Average pawn loan amount



## Redemption rate\*



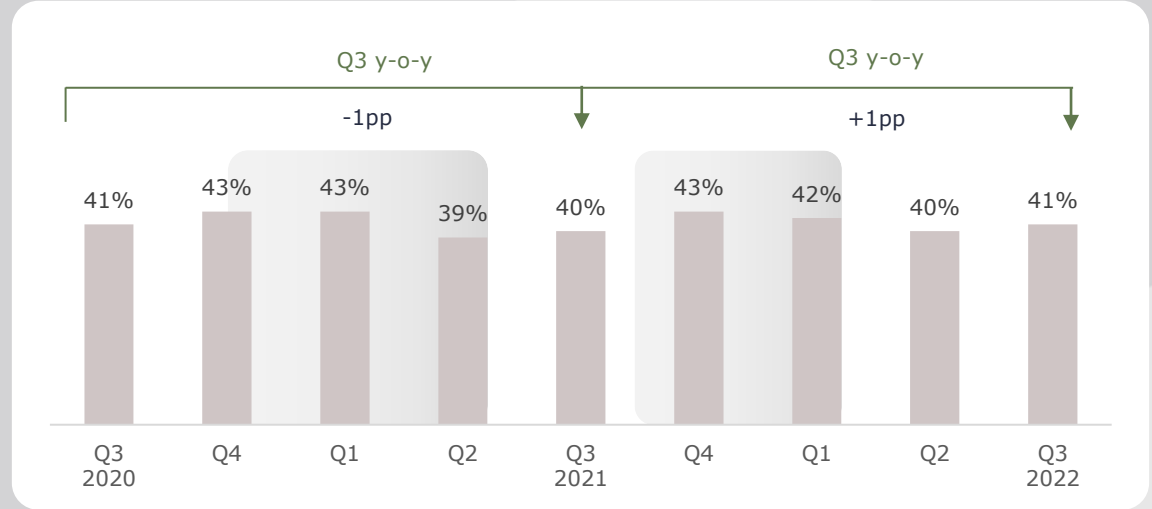
The pawn loan segment continues to show significant improvements after lifting Covid-19 restrictions in Latvia starting from Q2 2022. As a result, pawn loan issuance amounts have already significantly exceeded pre-covid 19 levels.

# Retail of pre-owned goods\*

## Sale of pre-owned goods



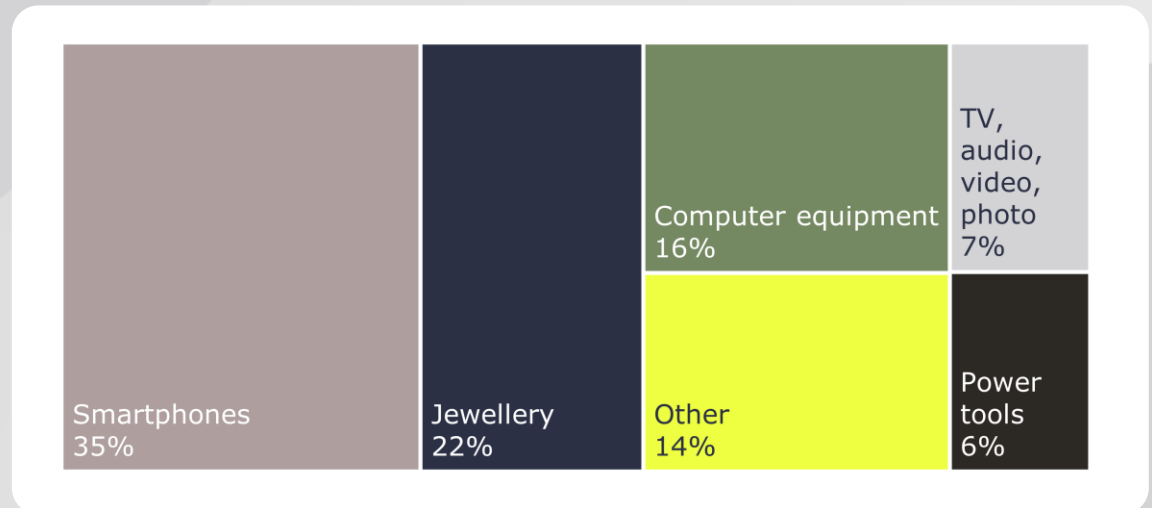
## Gross margin



## Number of items sold



## Sales split by product category (Q3 2022)



# Consolidated income statement

INCOME STATEMENT, EUR'000	2022 Q3	2021 Q3	Change %	2022 9M	2021 9M	Change %
Total revenue	9,564	6,463	+48%	25,659	18,399	+39%
Cost of sales	-1,312	-849	+55%	-3,465	-2,611	+33%
Credit loss expense*	-1,584**	-827	+91%	-4,055	-2,157	+88%
Interest expenses and similar expenses	-1,390	-918	+51%	-3,037	-2,782	+9%
<b>Gross profit</b>	<b>5,279</b>	<b>3,868</b>	<b>+36%</b>	<b>15,102</b>	<b>10,849</b>	<b>+39%</b>
Selling expenses	-1,939	-1,524	+27%	-5,382	-4,292	+25%
Administrative expenses	-1,477	-1,018	+45%	-4,102	-3,013	+36%
Other operating income	21	29	-28%	67	56	+20%
Other operating expenses*	-60	-128	-53%	-299	-120	+150%
<b>Profit before tax</b>	<b>1,825</b>	<b>1,227</b>	<b>+49%</b>	<b>5,386</b>	<b>3,480</b>	<b>+55%</b>
Income tax expense	-154	-201	-24%	-1,084	-824	+32%
<b>Net profit</b>	<b>1,671</b>	<b>1,026</b>	<b>+63%</b>	<b>4,302</b>	<b>2,656</b>	<b>+62%</b>
<b>EBITDA</b>	<b>3,518</b>	<b>2,400</b>	<b>+47%</b>	<b>9,308</b>	<b>7,041</b>	<b>+32%</b>

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

\*\*Due to the fast-growing loan portfolio, credit loss expenses have grown alongside it.

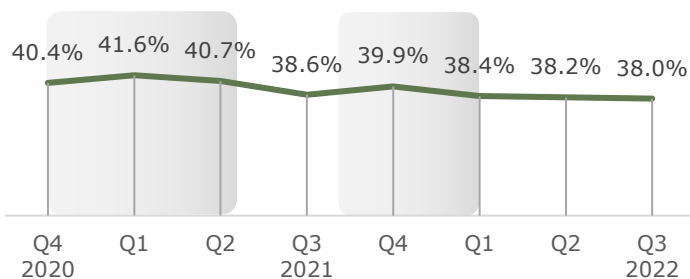
# Consolidated balance sheet

BALANCE SHEET, EUR'000	30.09.2022	31.12.2021	Change %
Fixed and intangible assets	1,387	1,201	+15%
Right-of-use assets	2,783	2,973	-6%
Net loan portfolio	59,676	42,962	+39%
Inventory and scrap	2,699	1,949	+38%
Other assets	1,333*	520	+157%
Cash	4,010	2,460	+63%
<b>TOTAL ASSETS</b>	<b>71,888</b>	<b>52,065</b>	<b>+38%</b>
<b>EQUITY</b>	<b>17,089</b>	<b>17,377</b>	<b>-2%</b>
Share capital and reserves	4,532	4,532	0%
Share premium	6,891	6,891	0%
Retained earnings	5,666	5,954	-5%
<b>LIABILITIES</b>	<b>54,799</b>	<b>34,687</b>	<b>+58%</b>
Interest-bearing debt	49,704	29,412	+69%
Trade payables and other liabilities	1,999	1,970	+1%
Lease liabilities for right-of-use assets	3,097	3,305	-6%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>71,888</b>	<b>52,065</b>	<b>+38%</b>

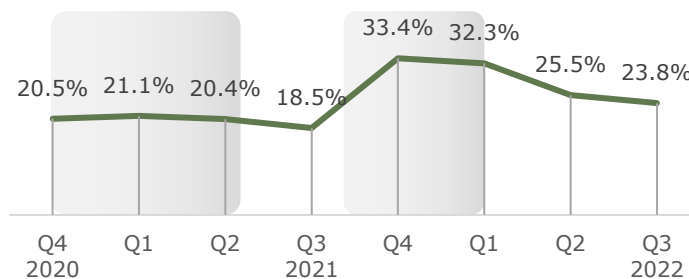
\*Larger increase of position "Other debtors" due to a one-off cession deal with payment in October 2022.

# Financial ratios

## EBITDA margin\*

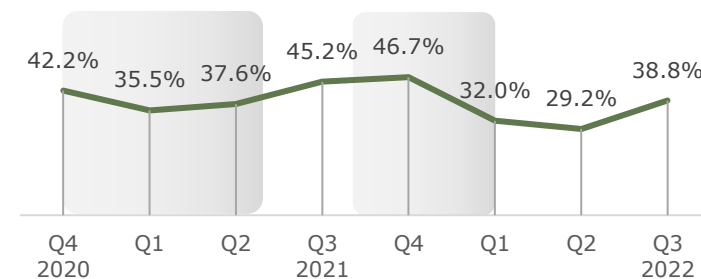


## Equity ratio

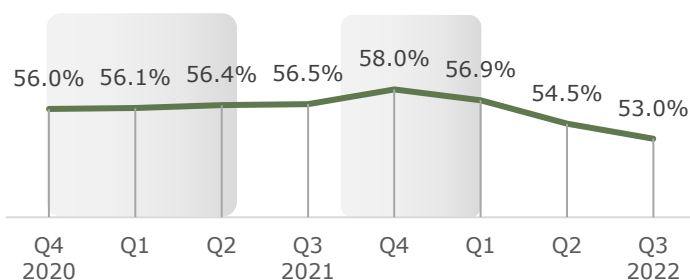


Changes in equity ratio was mainly impacted by faster growth of loan portfolio and larger annual dividend payment in Q2.

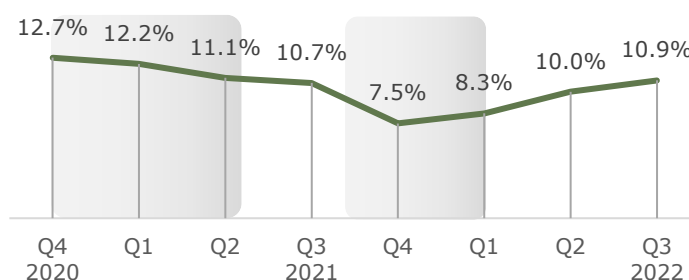
## ROE\*\*



## Cost-to-income ratio\*

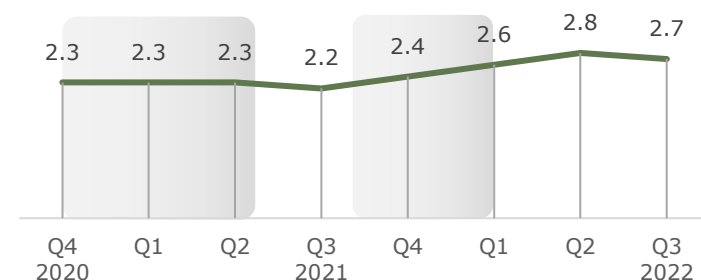


## Cost of interest-bearing liabilities



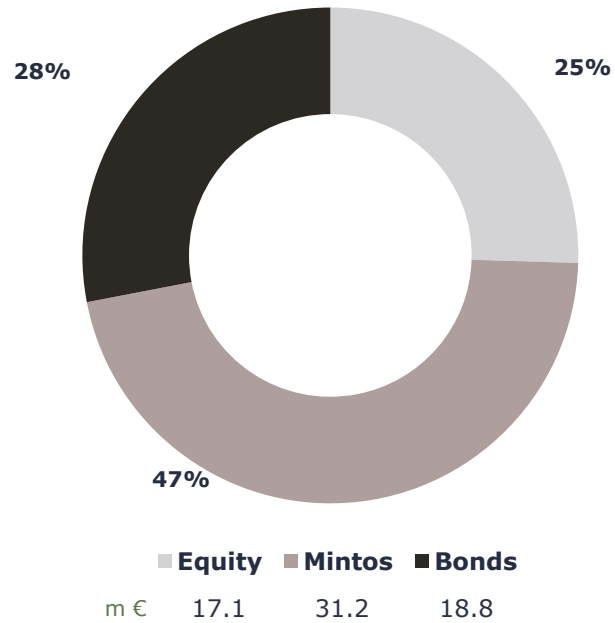
Higher financing costs related to overall interest rate increase in capital markets and on *Mintos* P2P platform.

## Interest coverage ratio\*

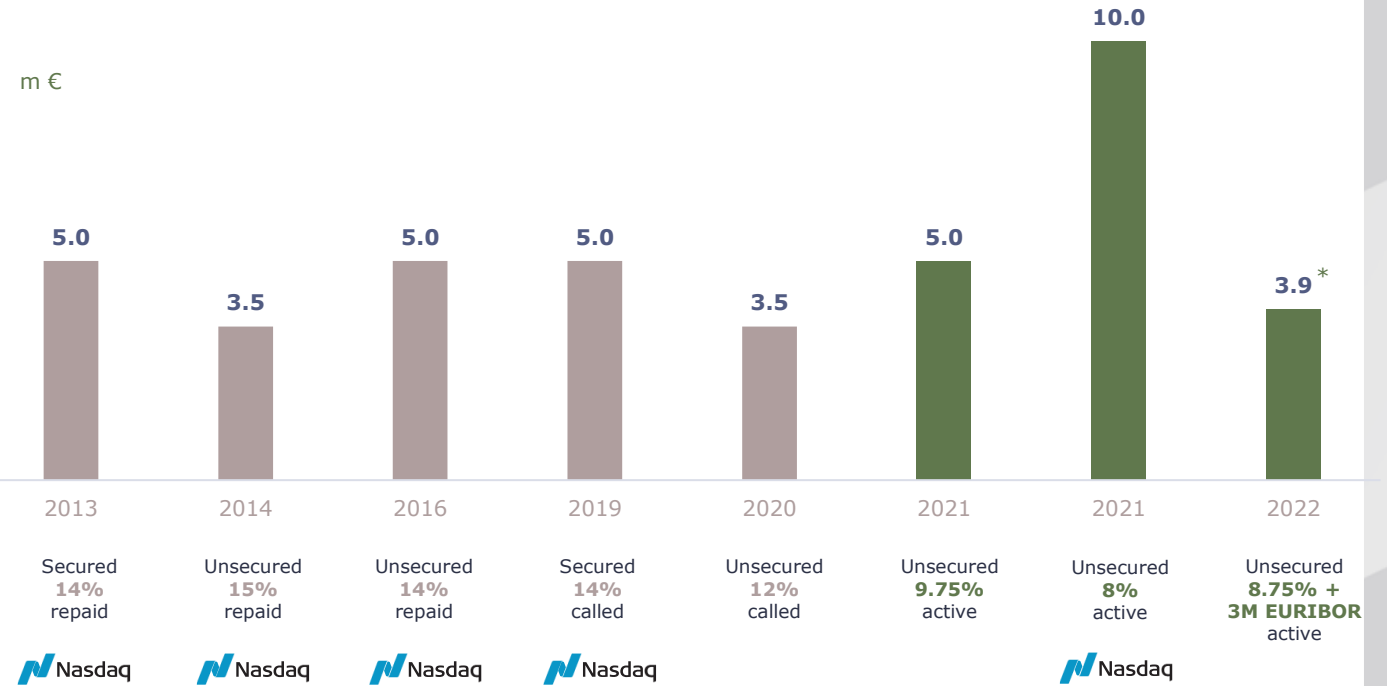


# Capital structure

Capital structure, Q3 2022



Bond financing track record



## DelfinGroup on Mintos

- Since 2016
- 69 000 active investors
- Investors from 114 countries

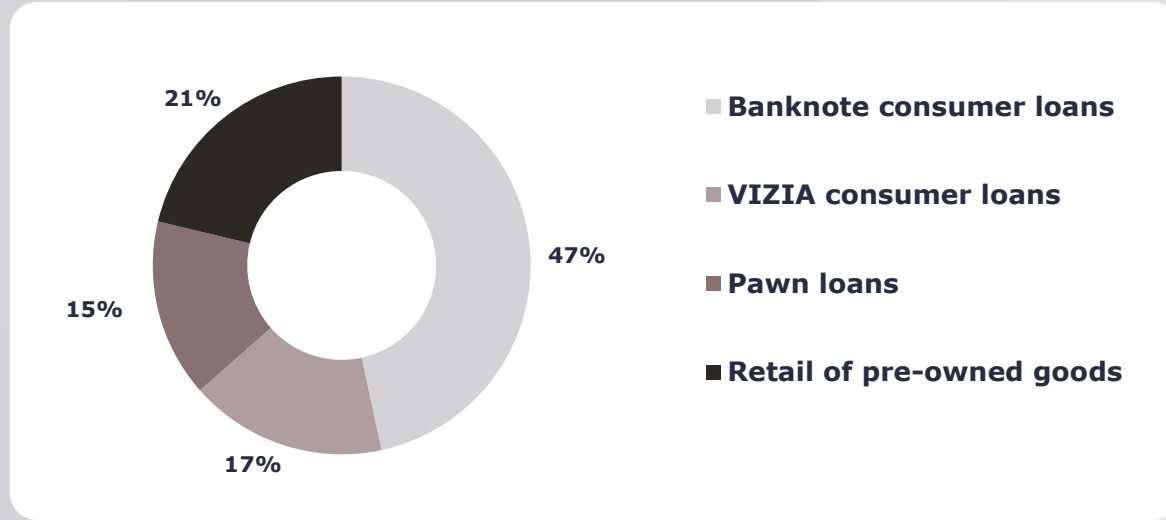
\* Latest bond emission registered in the amount of **EUR 10 million** and 2Y maturity. The bond issue is a private placement, and the subscription period is open. As of 30 September 2022, EUR 3.9 million has been subscribed.

# Diversification

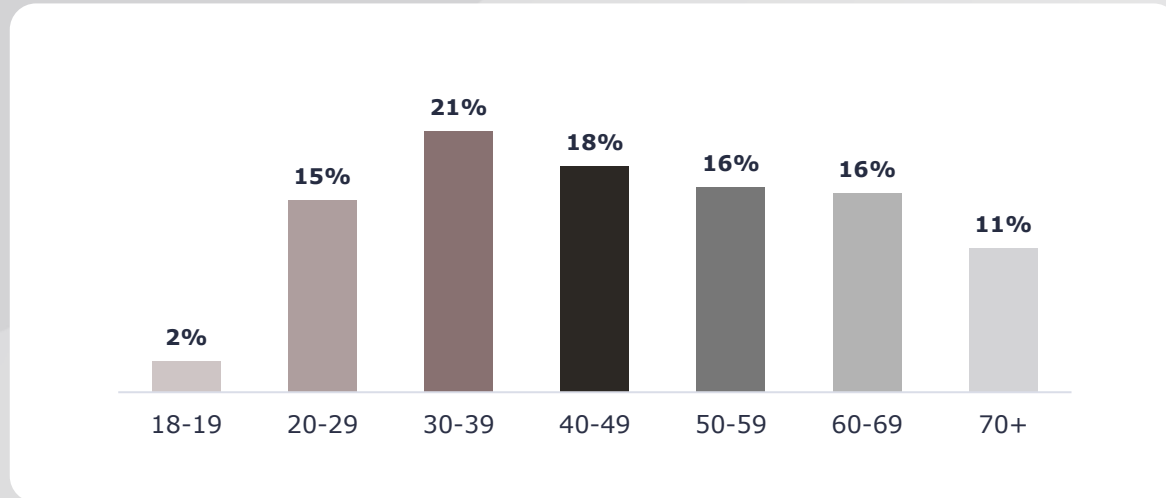
Although the most significant part of the revenue stream comes from the consumer loan segment, we see great potential in gradually growing other DelfinGroup segments.

DelfinGroup products cover all age groups thanks to customized financial solutions.

Revenue by business segments 9M 2022



Distribution of active clients by age on 30 September 2022\*



\*Active consumer lending segment clients

# 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 yield of 8.3%\*

Dividend period	Dividend payment date	EUR/share	EUR total	Payout ratio***
Q3 2022	December 2022**	0.0184	833 881	49.90%
Q2 2022	30.09.2022	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%

Dividend period	Dividend payment date	EUR/share	EUR total
Annual 2021	17.05.2022 15.07.2022	0.0552	2 501 642

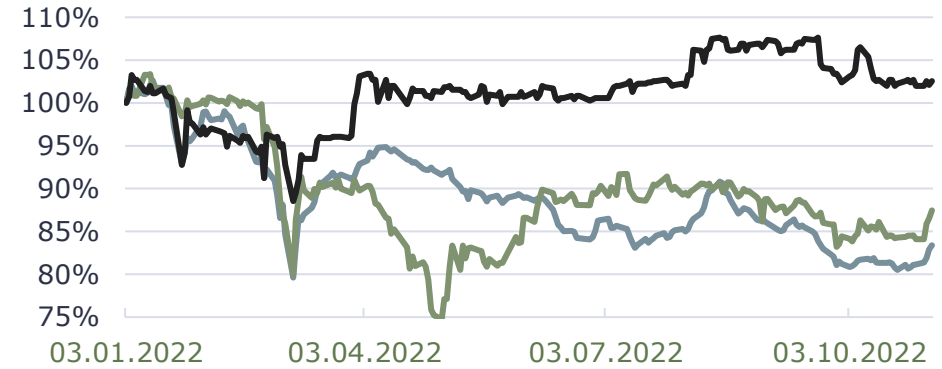


# Share performance

## Share price, €



## Share dynamics compared to indexes



- DGR1R – DelfinGroup
- OMX\_Baltic\_Benchmark\_GI
- OMX Riga\_GI

30.09.2022

DelfinGroup

Financial industry\*\*

Capitalization m €

65.5

-

EPS TTM €\*

0.131

-

P/E

11.0

11.87

ROE

38.8%

15.1%

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

\*\*Average ratio for financial services companies listed on Nasdaq Baltic Main list on 30.09.2022.

# Be updated about the latest DelfinGroup news by subscribing to our newsletter

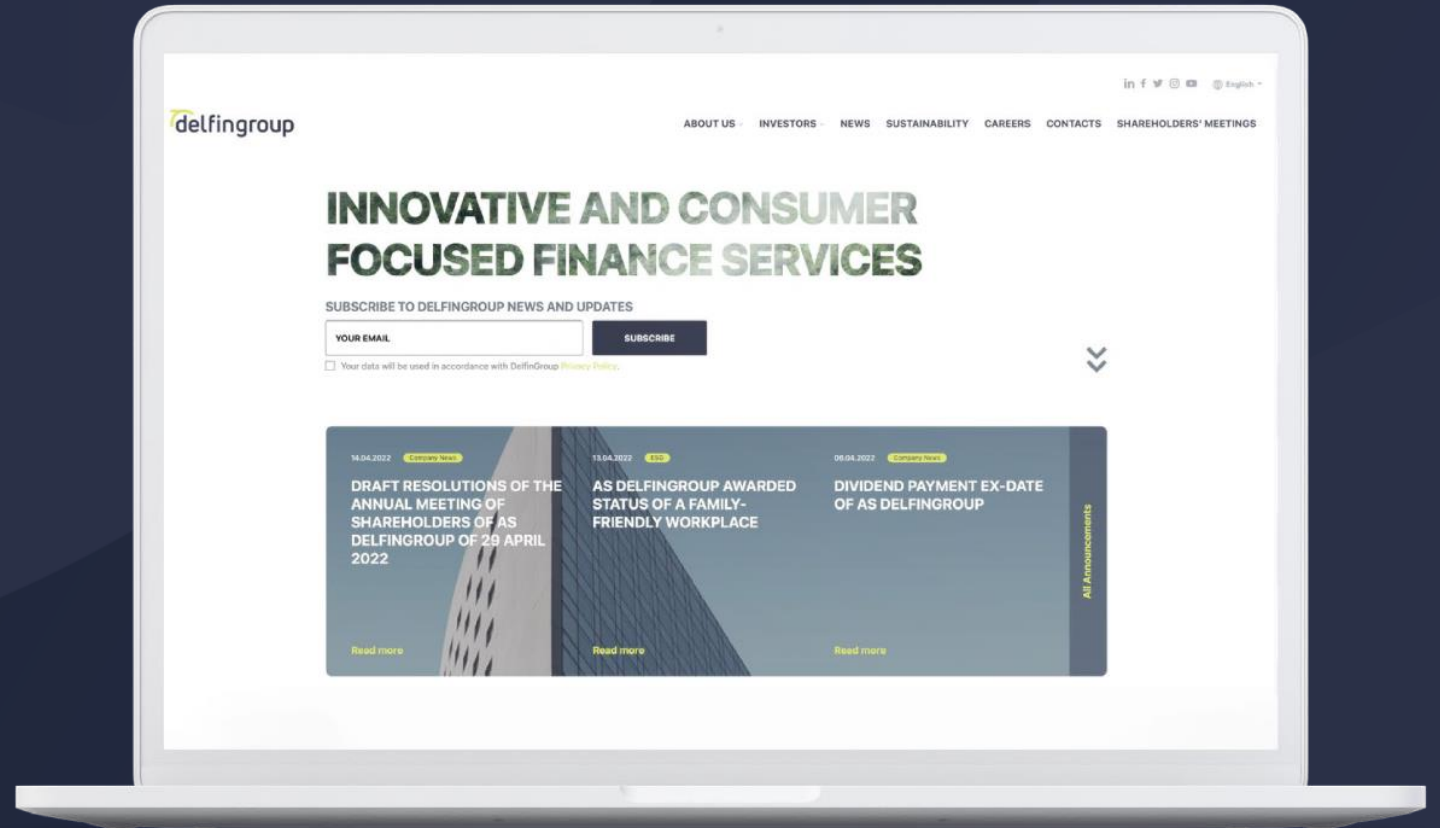
## SUBSCRIBE TO RECEIVE NEWS

### ABOUT:

- DelfinGroup results
- Dividend distribution
- Industry news
- Other significant information

Visit our website to subscribe

[www.delfingroup.lv](http://www.delfingroup.lv)



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	Q3
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	9,564
Cost of sales	-756	-856	-1009	-982	-1215	-961	-993	-1,055	-748	-1,015	-849	-1,057	-894	-1,259	-1,312
Credit loss expense*	-381	-618	-640	-801	-674	-391	-255	-805	-735	-595	-827	-240	-1,163	-1,308	-1,584
Interest expenses and similar expenses	-536	-664	-739	-914	-823	-887	-808	-1,115	-1,011	-852	-920	-1,044	-689	-958	-1,390
<b>Gross profit</b>	<b>3,263</b>	<b>3,291</b>	<b>3,563</b>	<b>3,164</b>	<b>3,308</b>	<b>2,956</b>	<b>3,733</b>	<b>3,684</b>	<b>3,524</b>	<b>3,457</b>	<b>3,868</b>	<b>4,747</b>	<b>4,729</b>	<b>5,094</b>	<b>5,279</b>
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	-1,939
Administrative expenses	-707	-863	-876	-1,042	-855	-776	-865	-765	-945	-1,050	-1,018	-1,200	-1,279	-1,346	-1,477
Other operating income	6	52	16	21	4	25	16	28	16	11	29	29	24	22	21
Other operating expenses*	-27	-25	-55	-92	-51	-48	-48	-45	-142	150	-128	-21	-116	-123	-60
<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>1,199</b>	<b>1,128</b>	<b>1,125</b>	<b>1,227</b>	<b>1,723</b>	<b>1,601</b>	<b>1,960</b>	<b>1,825</b>
Income tax expense	-338	-2	-3	-7	-26	-7	-462	-259	-324	-299	-201	-155	-188	-742	-154
<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>940</b>	<b>804</b>	<b>826</b>	<b>1,026</b>	<b>1,568</b>	<b>1,414</b>	<b>1,218</b>	<b>1,671</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>2,629</b>	<b>2,399</b>	<b>2,241</b>	<b>2,402</b>	<b>3,126</b>	<b>2,581</b>	<b>3,210</b>	<b>3,518</b>

# 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	Q3
Fixed and intangible assets	652	621	775	691	748	860	927	1,038	864	818	790	1,201	1,301	1,351	1,387
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	2,783
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	59,676
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	2,699
Other assets	339	256	231	384	503	536	365	655	495	331	746	520	541	364	1,333
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	4,010
<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>55,690</b>	<b>62,906</b>	<b>71,888</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>	<b>18,011</b>	<b>16,025</b>	<b>17,089</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	4,532	4,532	4,532
Share premium	-	-	-	-	-	-	-	-	-	-	-	6,891	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	5,666
<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>	<b>37,678</b>	<b>46,881</b>	<b>54,799</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	31,644	40,477	49,704
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	1,999
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	3,097
<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>	<b>55,690</b>	<b>62,906</b>	<b>71,888</b>

# Sustainability

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



## Promotion of circular economy

- Prolonged life-cycle of consumer goods
- Largest online store of pre-owned and tested items in Latvia

## 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:



# Historic timeline



# Highly appreciated company



CV-Online Latvia

**Top employer**

Top-of-mind category since 2016.

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



**ZELTS**

Padziļinātās sadarbības programma

State Revenue Service

**In-Depth Cooperation Programme**

Gold level cooperation with State Revenue Service since 2019



LATVIJAS TIRGOTĀJU ASOCIĀCIJA

Latvian Traders Association

**Best Trader of Latvia**

Received praise in 2021;  
Winner and praise in 2020



ĢIMENEI DRAUDZĪGA DARBAVIETA

The Society Integration Foundation

**Family-Friendly Workplace**

Since 2022

Latvijas  
**KORPORATĪVĀS PĀRVALDĪBAS**  
balva 2021

Latvian Corporate Governance Advisory Board

**Latvian Corporate Governance Award 2021**

Winner in the category: The most successful board selection



Institute for Corporate Sustainability and Responsibility

**Sustainability Index 2021**

Silver category



# 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

# 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 to make an investment decision.

## **AS DelfinGroup**

Skanstes street 50A Riga,  
Latvia, LV-1013

[IR@delfingroup.lv](mailto:IR@delfingroup.lv)  
(+371) 26 18 99 88  
[www.delfingroup.lv](http://www.delfingroup.lv)

