

INVESTOR PRESENTATION

2020 Q1 RESULTS

May, 2020



custom finance
solutions

DISCLAIMER

- This presentation is of selective nature and is made to provide an overview of the Company's (SIA 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.





custom finance solutions

TOP 3 industry player in Latvia



2009

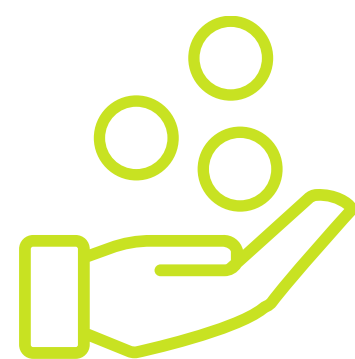
established as a pawn broking chain



2018

3rd largest non-bank consumer lender in Latvia*

BUSINESS PROFILE:



Pawn loans
Consumer loans

BRANDS:

Banknote

VIZIA

VALUES:



SIMPLICITY



ACCESSIBILITY



RESPECT



PROGRESS



MASTERY



FOCUS ON CLIENT



AMBITION

GROUP:

87 branches

283 employees

3 519 997 loan issue transactions (cumulative)

266 mEUR value of loans (cumulative)

KEY FINANCIALS:

32.5 mEUR net loan portfolio (2020 Q1)

2.1 mEUR EBITDA (2020 Q1)

11.5 mEUR value of issued loans (2020 Q1)

*Based on reported annual revenue of licensed non-bank consumer lenders in 2018



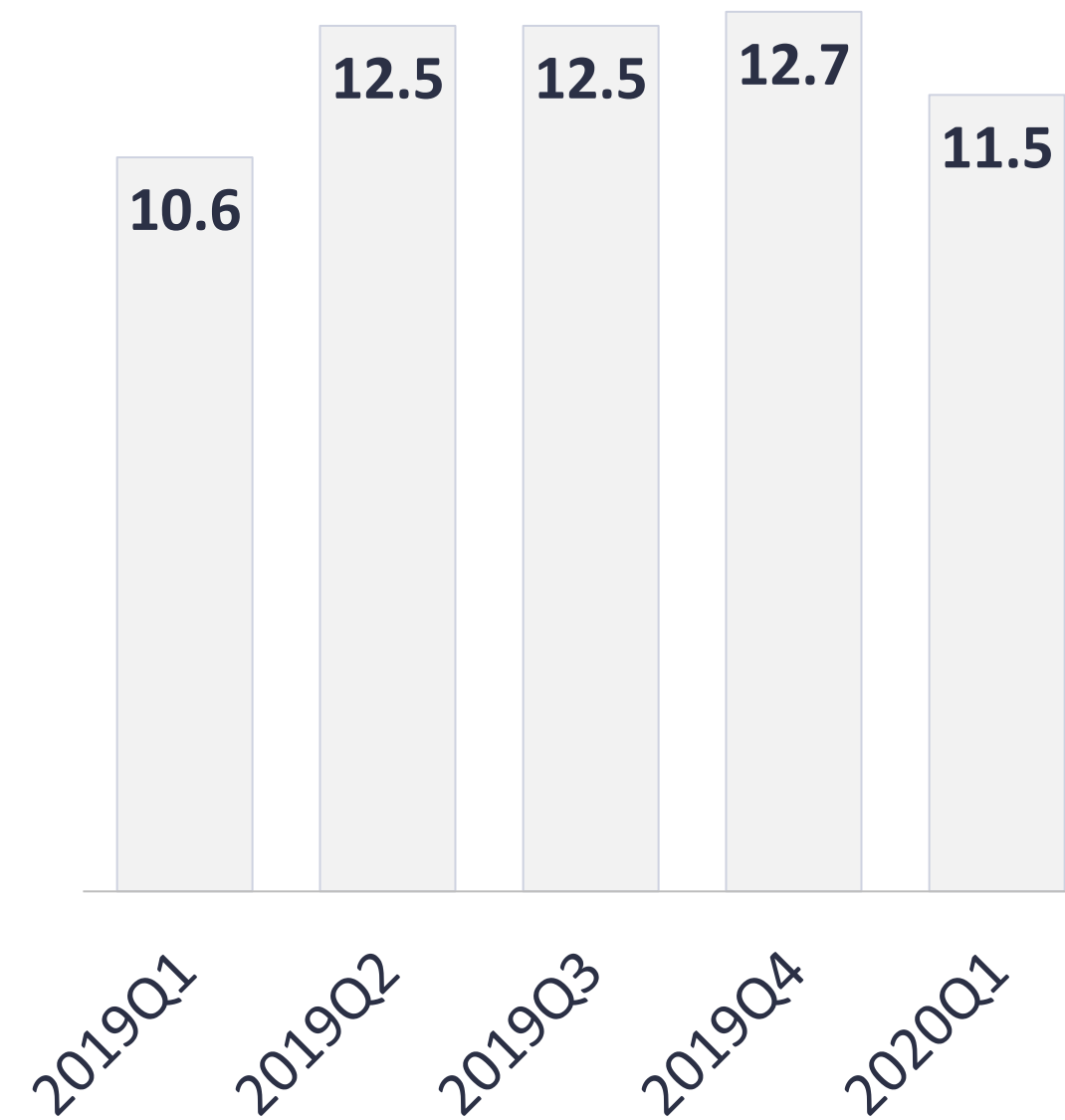
HIGHLIGHTS

In **2020Q1**, Group has increased issuance level by 8.5% compared to 2019Q1, but issuance is lower than 2019Q4 due to the impact of COVID-19.

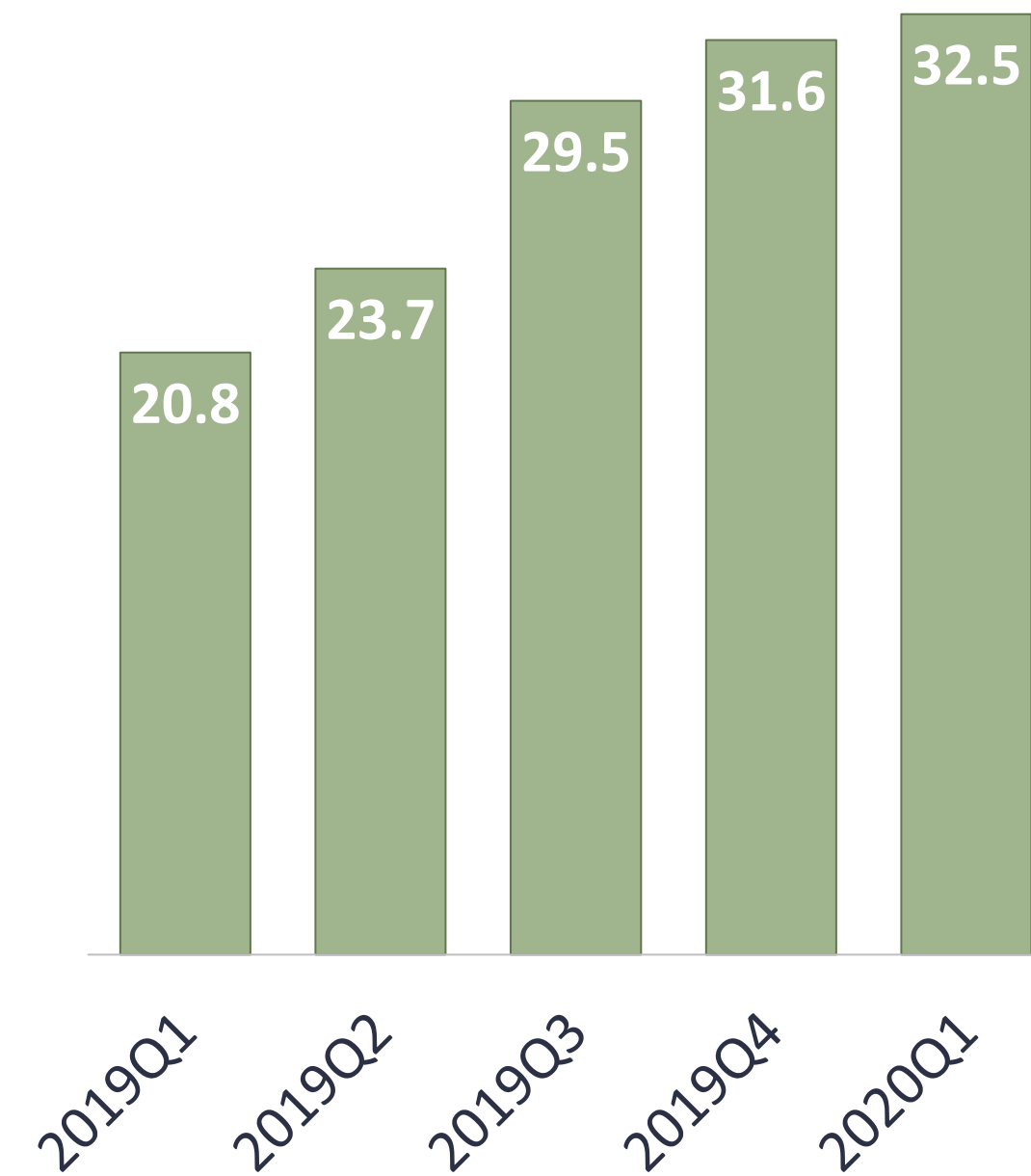
Average loan size per customer has increased to record amount of **€702**.

10.5% improvement in y-o-y Q1 EBITDA has been achieved.

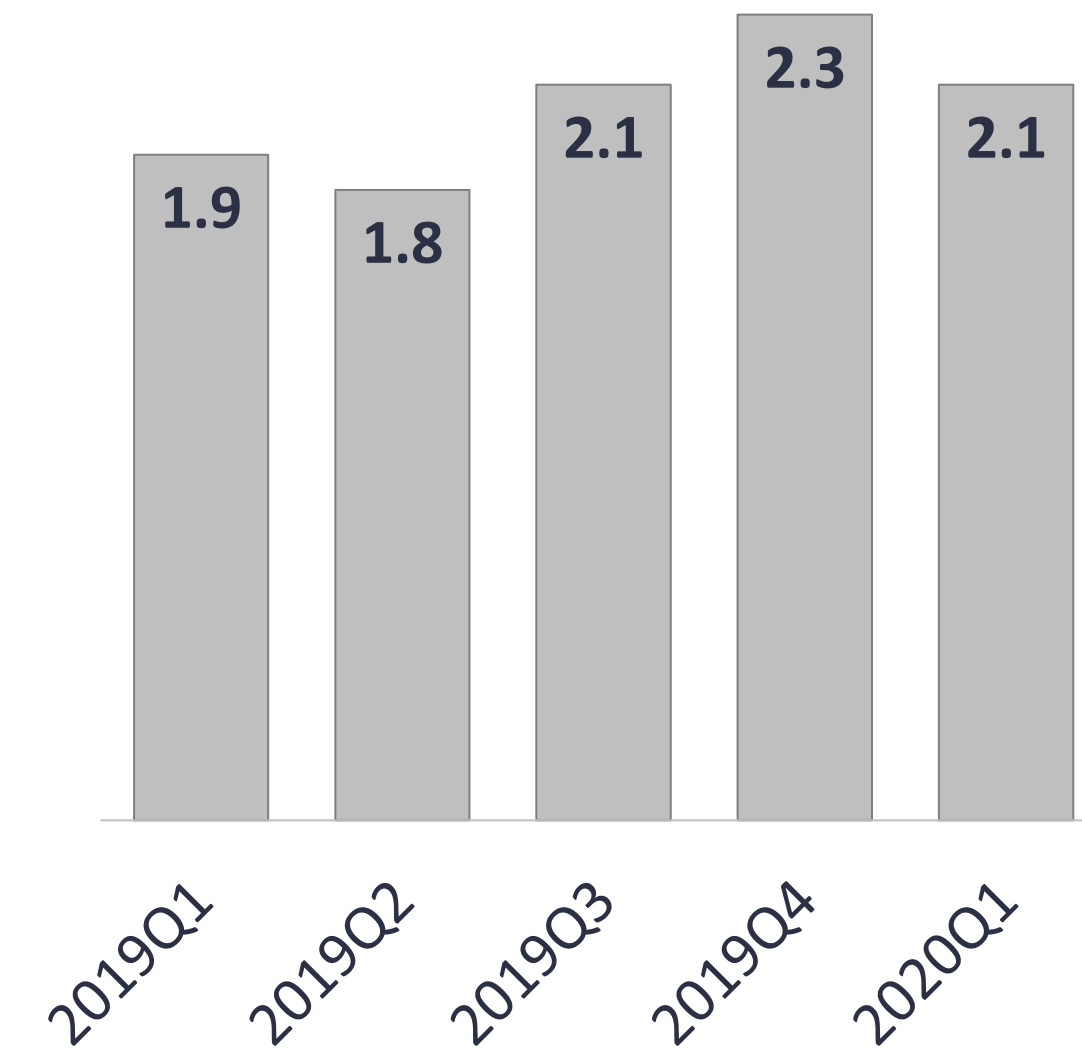
CONSUMER AND PAWN LOANS ISSUED
mEUR



TOTAL LOANS OUTSTANDING
mEUR



EBITDA
mEUR



MARKET OVERVIEW

DelfinGroup* grows faster than the industry, having **~6%** market share**.

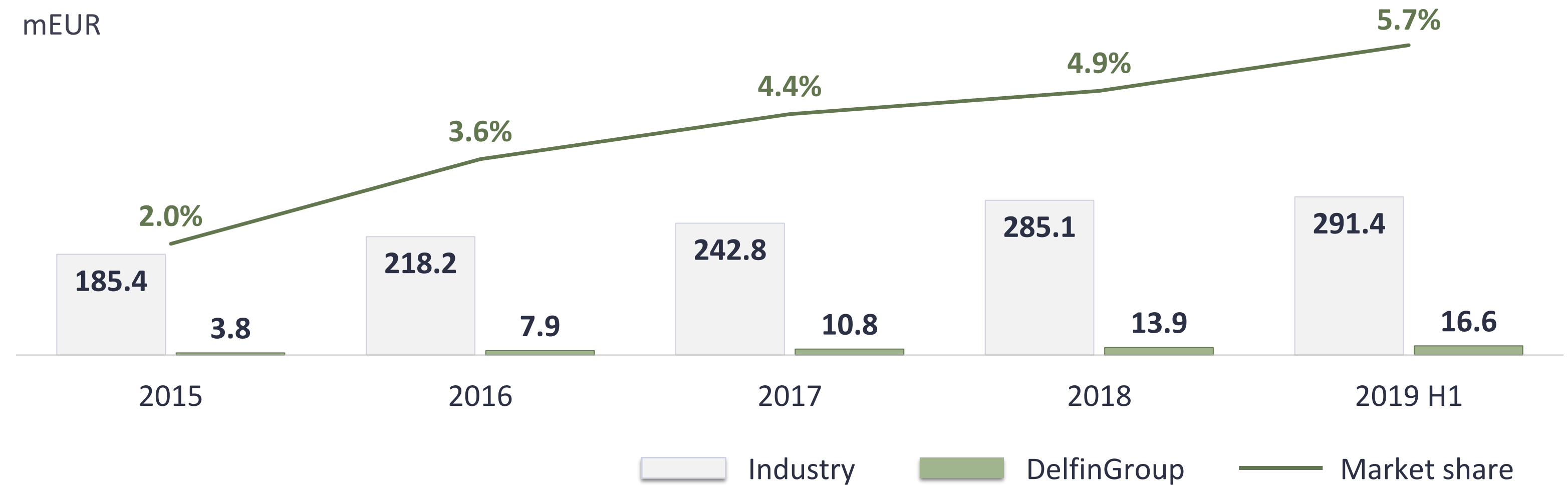
* Loan portfolio data based on DelfinGroup net consumer loan portfolio excl. accrued interest.

** Based on consumer loan portfolio as at the end of 2019 H1.

CONSUMER LOANS

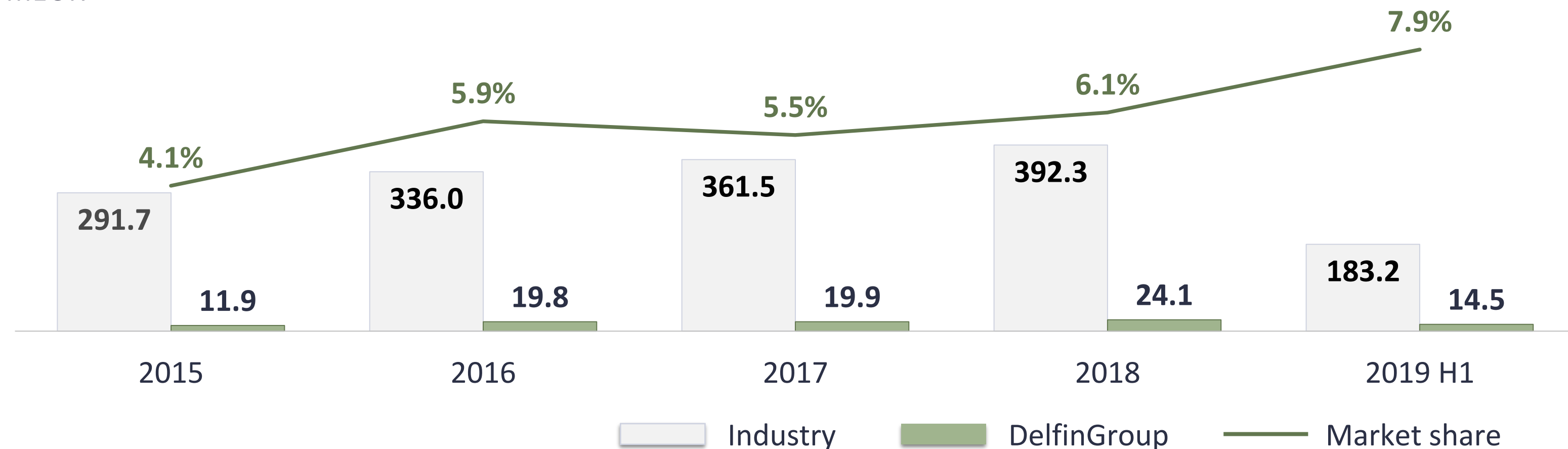
CONSUMER LOAN PORTFOLIO, DELFINGROUP VS. INDUSTRY*

mEUR



AMOUNT OF CONSUMER LOANS ISSUED

mEUR



*Source: Consumer Rights Protection Centre.



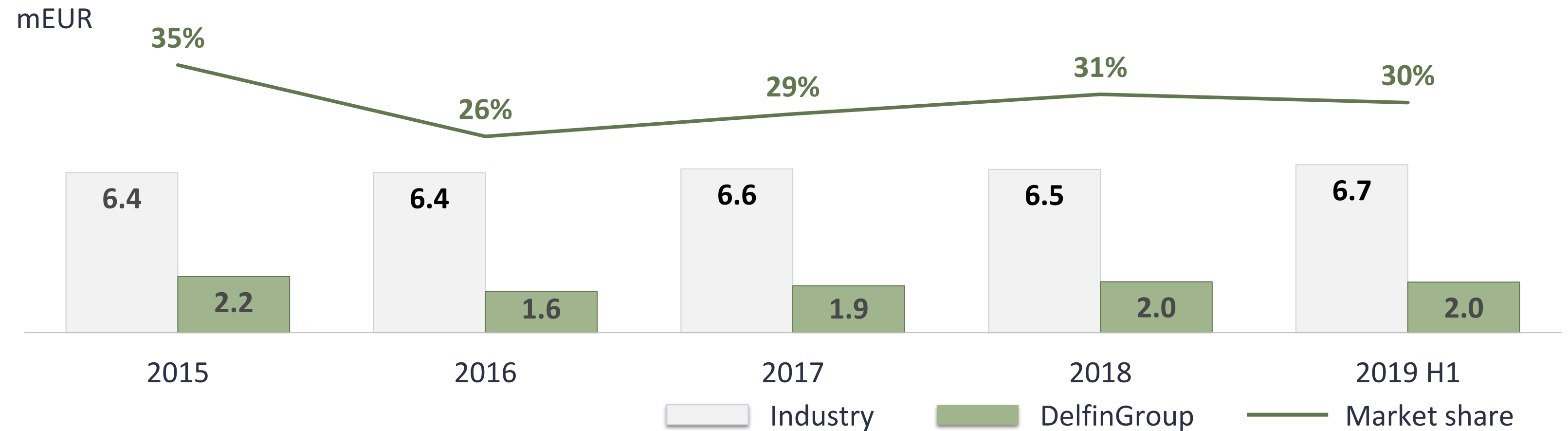
MARKET OVERVIEW

In 2019 H1, **41%** of all pawn loans issued in Latvia were issued by **DelfinGroup**.

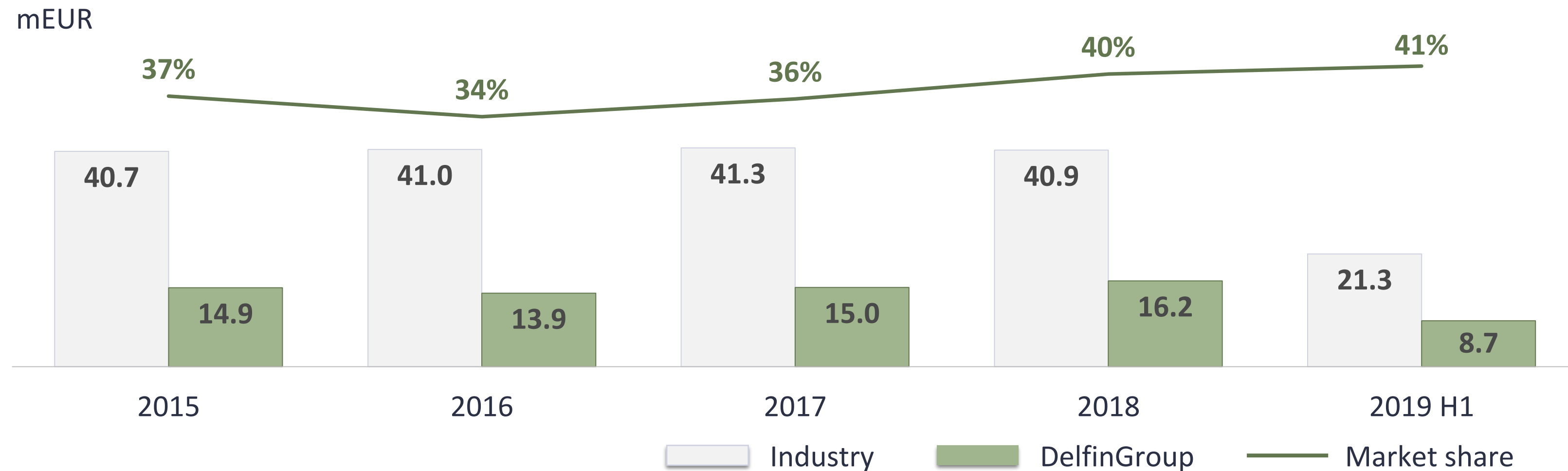
The **market share** of issued loans is **growing** every year.

PAWN LOANS

PAWN LOAN PORTFOLIO, DELFINGROUP VS INDUSTRY*



AMOUNT OF PAWN LOANS ISSUED, DELFINGROUP VS INDUSTRY*

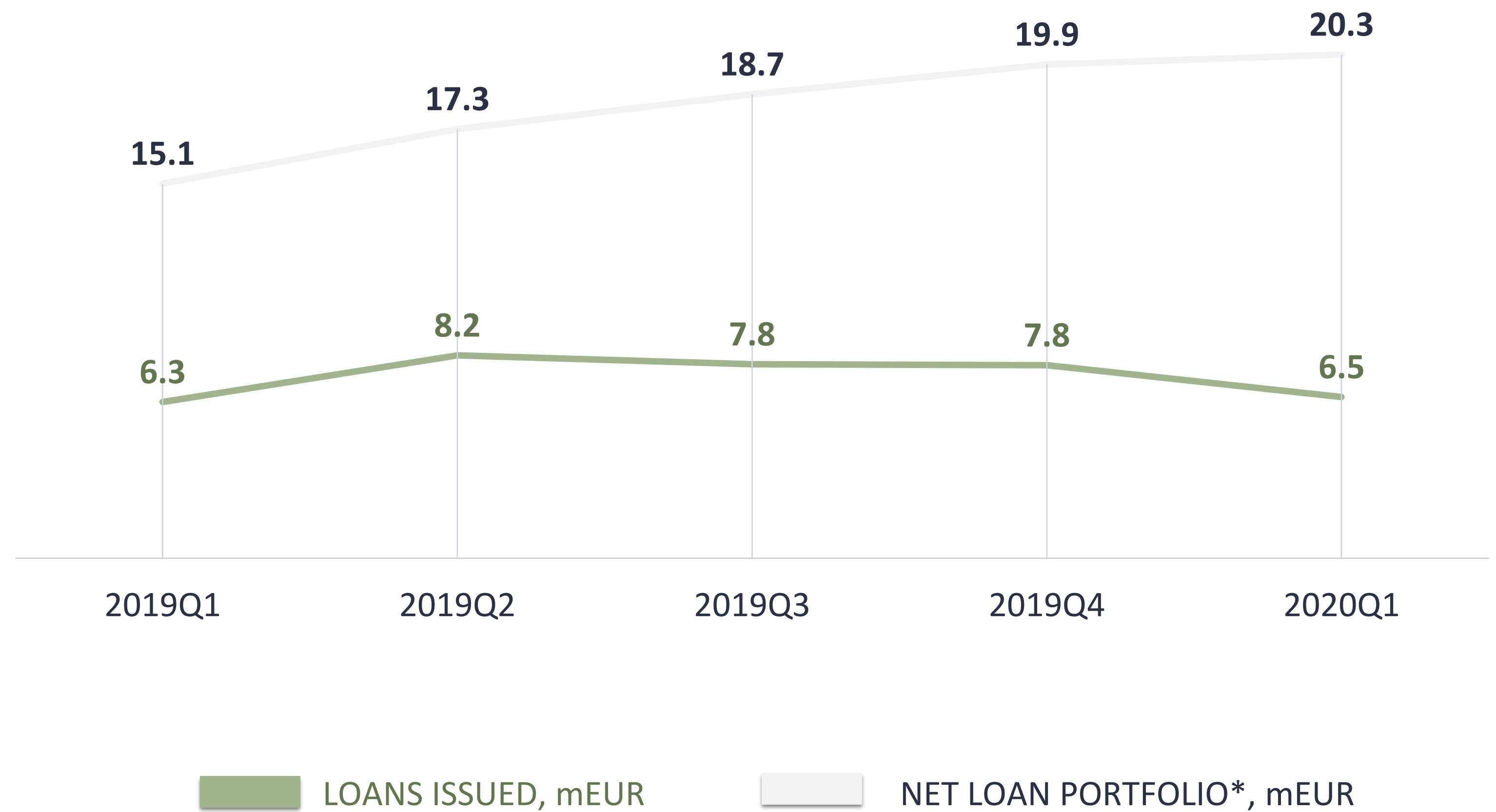


*Source: Consumer Rights Protection Centre.



CONSUMER LOANS

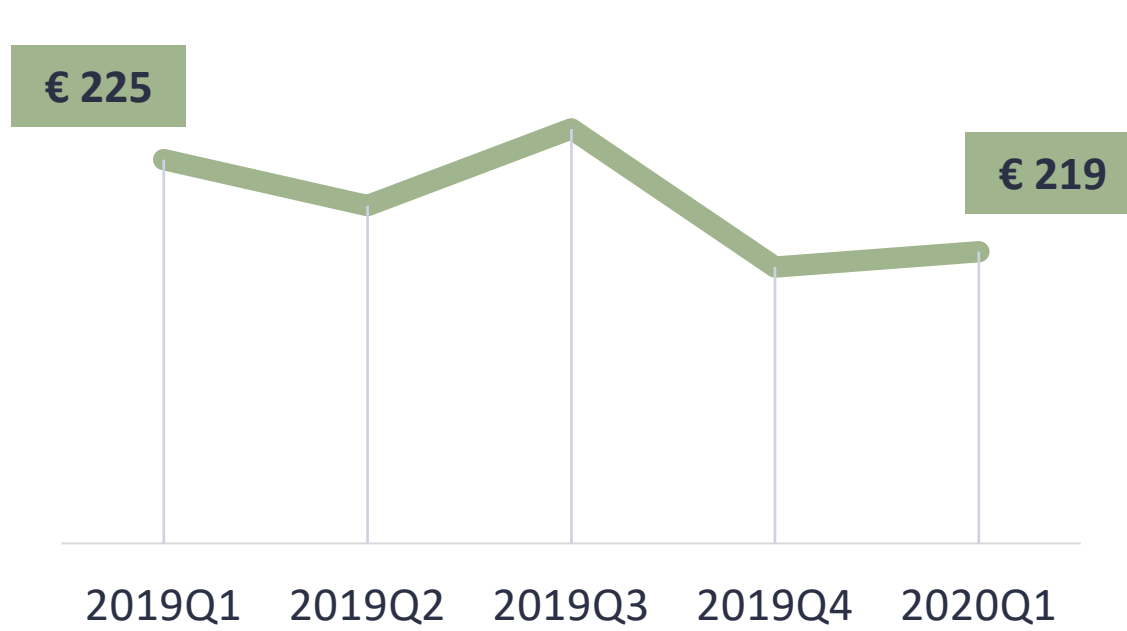
In 2020Q1, portfolio was growing slower due to **cautious** issuance level in **March** as a response to COVID-19.



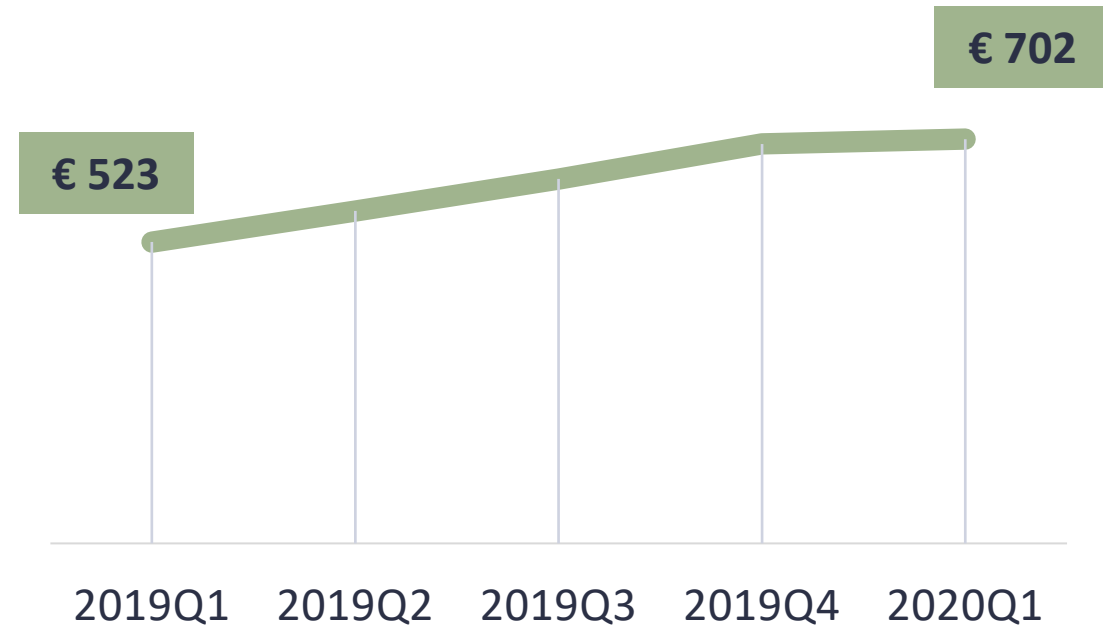
* Loan portfolio data based on DelfinGroup net consumer loan portfolio incl. accrued interest.

CONSUMER LOANS

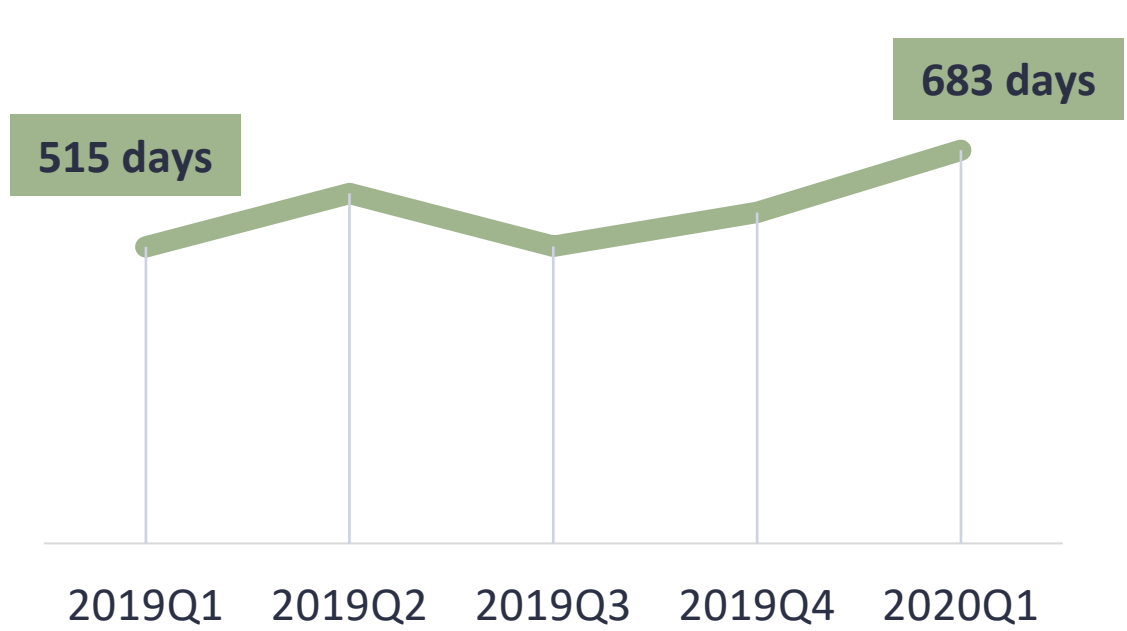
Average loan tranche size per issue



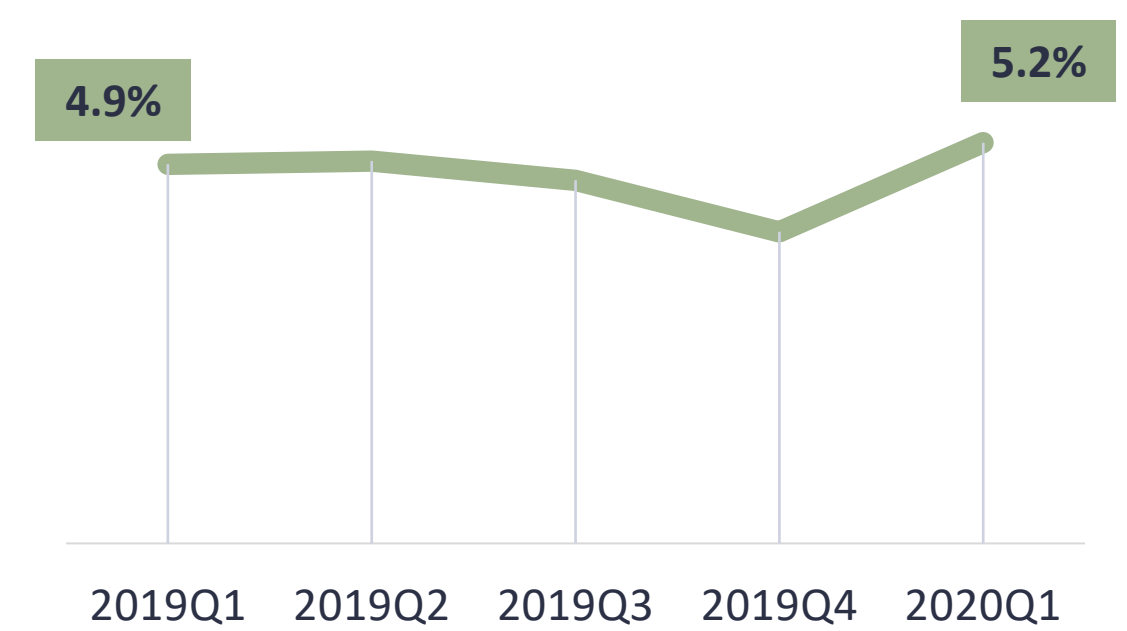
Average loan size per customer



Weighted average term of loans issued



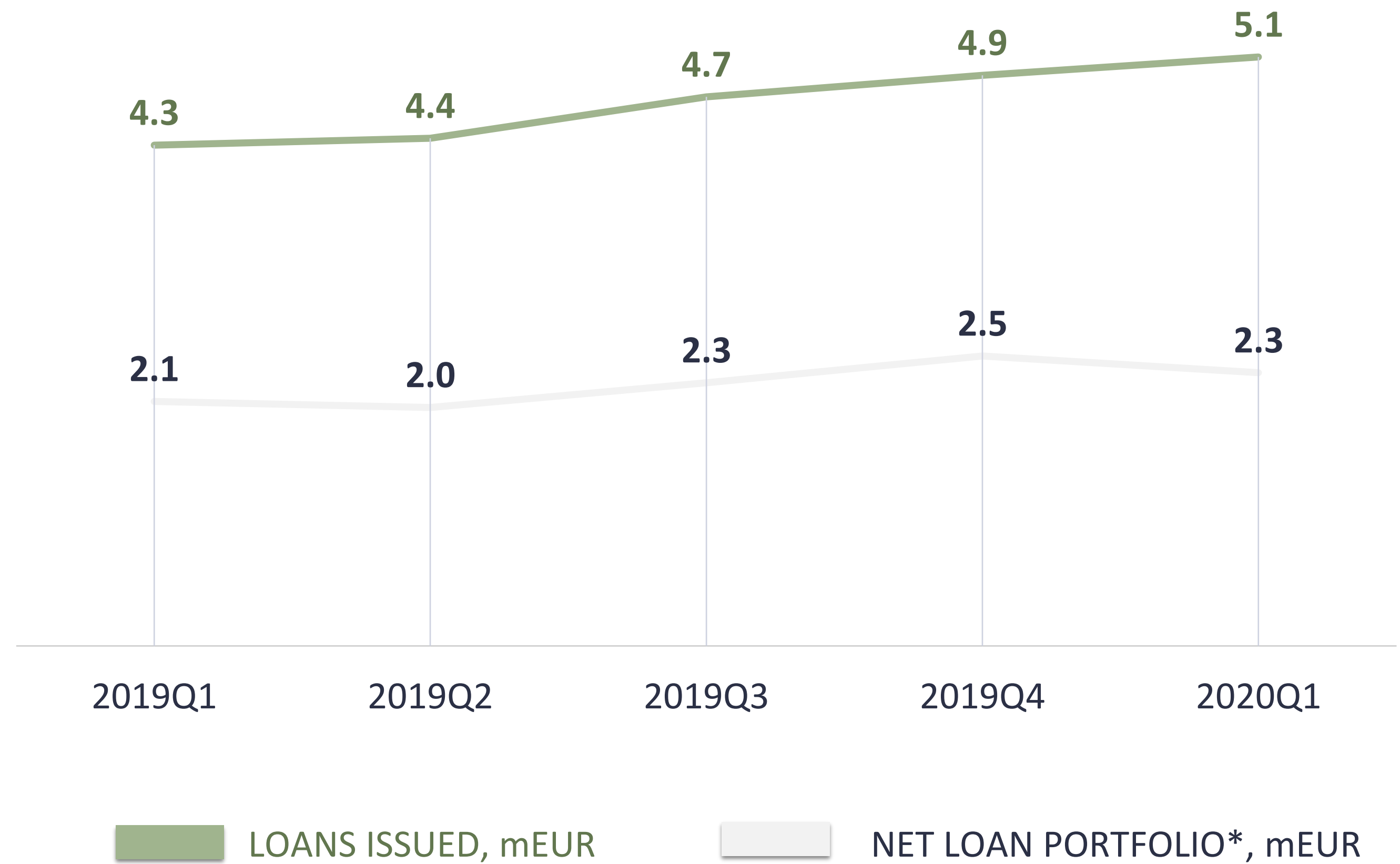
Non-performing loans ratio



PAWN LOANS

In 2020Q1, issuance for secured lending increased to a **record** high level of **5.1m EUR**.

Portfolio fluctuated downwards – a seldom, but historically regular pattern for pawn loans.

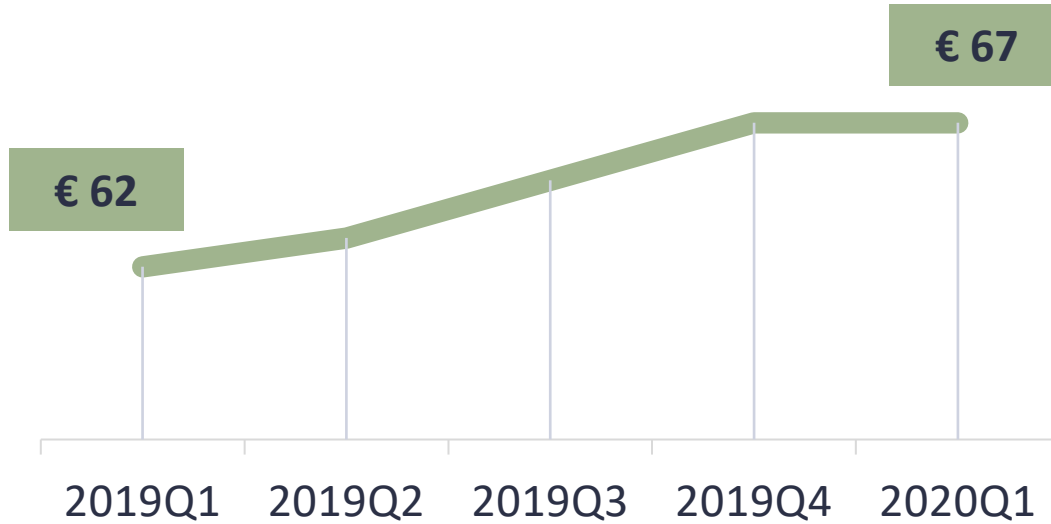


* Includes car title loan and mortgage loan legacy portfolios.

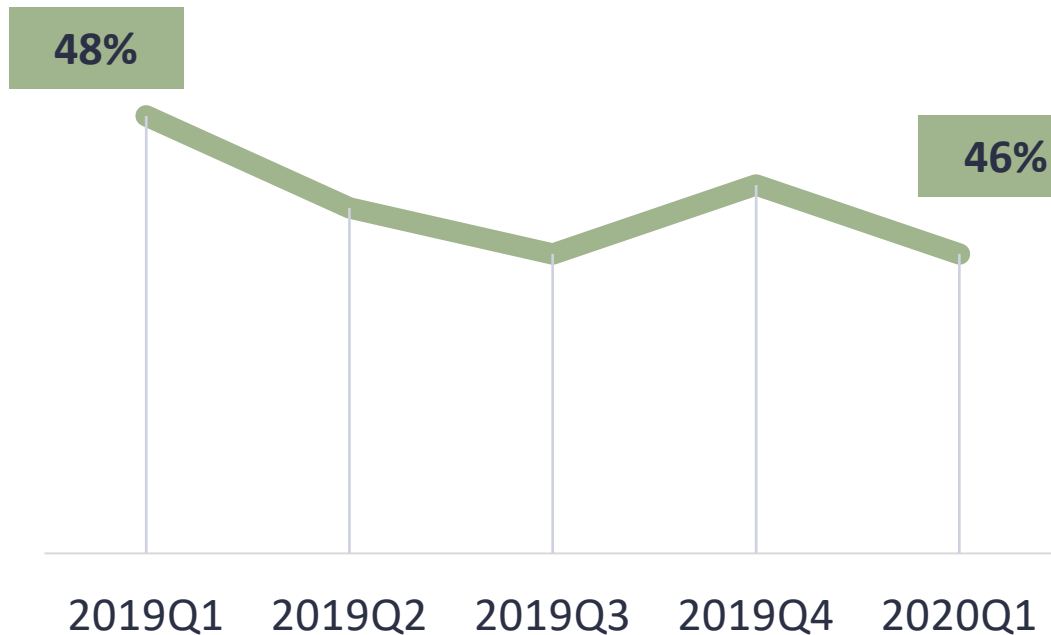
PAWN LOANS

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

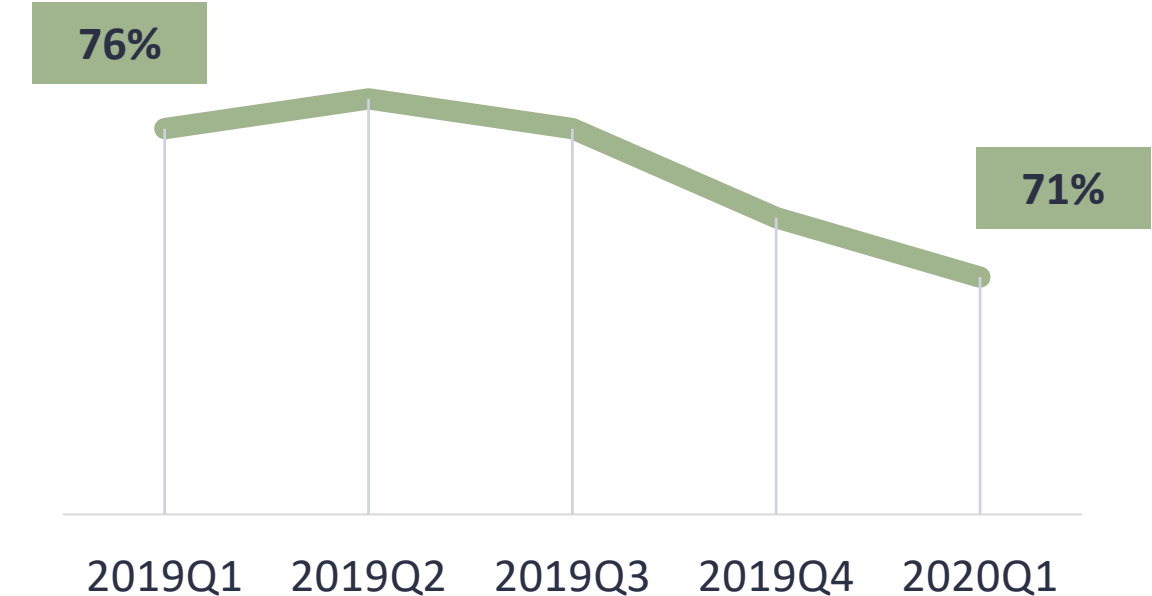
Average loan size per issue:



Pawn mark-up:



Redemption rate*

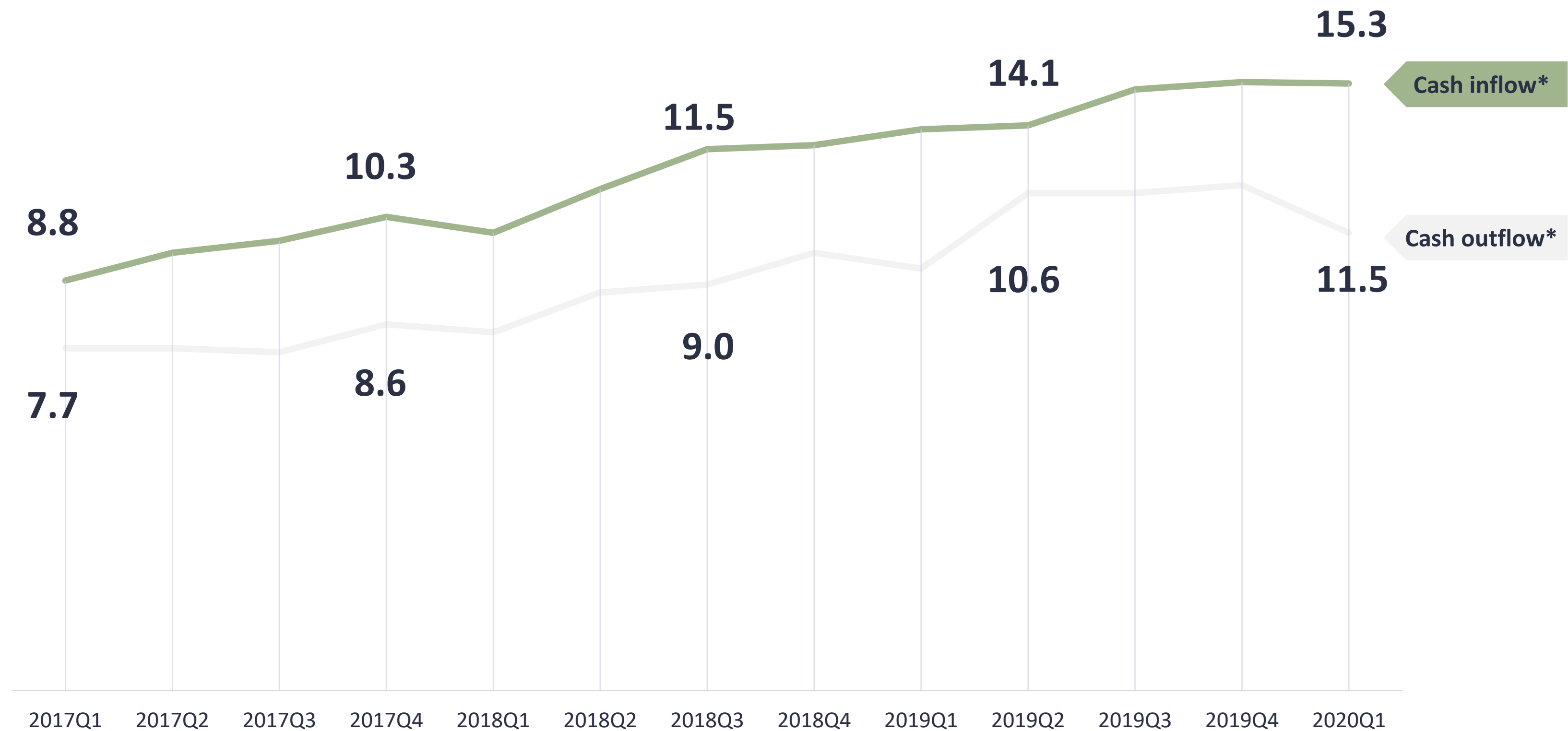


* Items begin redeemed or extended within 3 months since issuance, by value of loans issued excl. item purchasing.



KEY FINANCIALS

In line with historical pattern, also **2020Q1** delivered **positive net cash flow**.

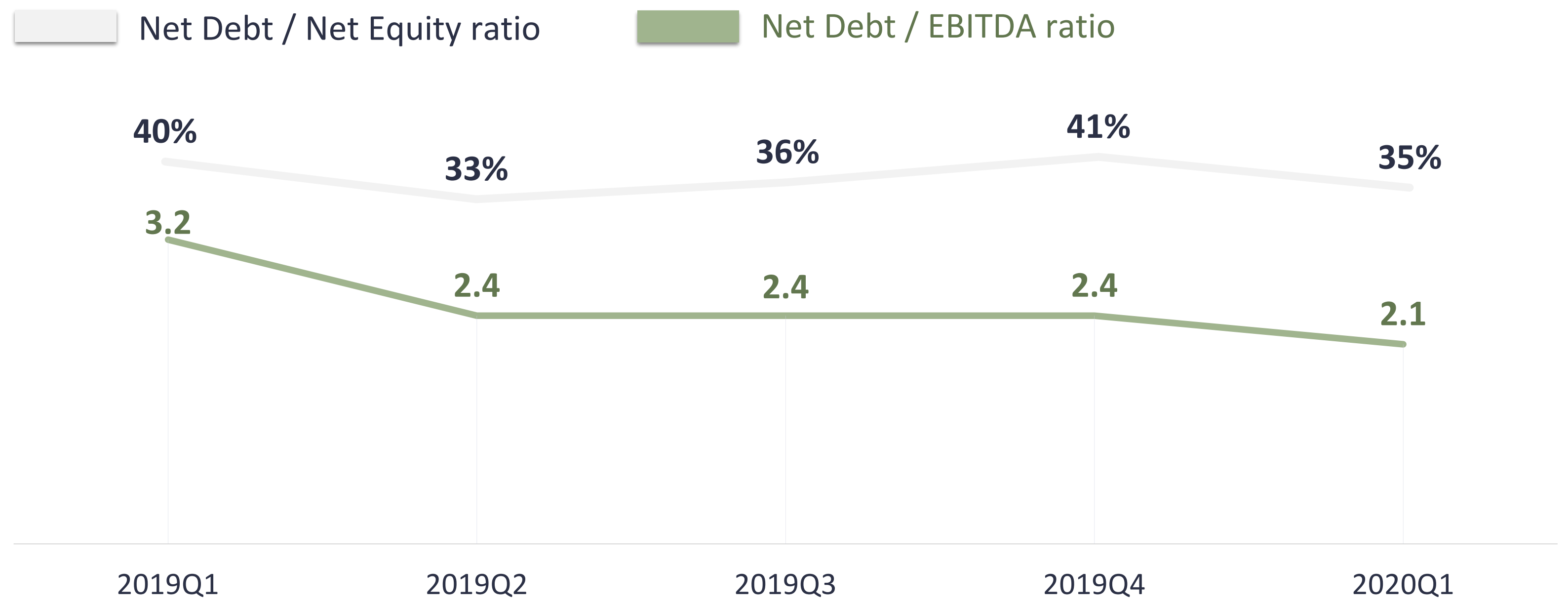


* From consumer lending and pawn shop activities.



FINANCIAL RATIOS

Sustainable financial performance.



Legend:
 Net Debt / Net Equity ratio (light grey line)
 Net Debt / EBITDA ratio (green line)
 EBITDA margin (light grey line)
 Interest coverage ratio (IFRS 16 adjusted for 2019) (green line)



KEY FINANCIALS: PROFITABILITY

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

Depreciation increased after incorporation of **IFRS 16** on Right-of-use assets in Q4 2019 statements.

Double-digit growth of comparable **EBITDA**.

INCOME STATEMENT, EUR'000	2019 Q1	2020 Q1	%, Y-O-Y
Interest and similar income	3 690	4 311	17%
Gross profit from sale of goods	400	495	24%
Cession result	(344)	(297)	(14%)
GROSS PROFIT	3 746	4 509	20%
Selling expense	(1 102)	(1 497)	36%
Administrative expense	(707)	(855)	21%
Net other income / (expense)	(22)	(46)	109%
EBITDA	1 915	2 111	10%
Depreciation	(29)	(223)	669%
Interest and similar expense	(537)	(824)	53%
Taxes	(337)*	(26)	(92%)
NET PROFIT	1 012	1 038	3%

* Higher taxes in 2019Q1 related to dividend payout.



KEY FINANCIALS:

BALANCE

Strong cash buffer.

Shareholders have been postponing the distribution of retained earnings of 2019 due to uncertain economic situation caused by COVID-19.

BALANCE SHEET, EUR'000	2019 Q4	2020 Q1	%, Q-O-Q
Fixed and intangible assets	2 740	2 698	(2%)
Loans to related parties	1 308	1 377	5%
Net loan portfolio	31 547	32 493	3%
Inventory and scrap	1 155	1 224	6%
Other assets	384	503	31%
Cash	1 136	2 037	79%
TOTAL ASSETS	38 270	40 332	5%
Share capital and reserves	1 500	1 500	-
Retained earnings	2 954	6 868	132%
Profit/loss for the current year	3 913	1 038	(73%)
EQUITY	8 367	9 406	12%
Interest-bearing debt	26 541	27 317	3%
Trade payables and other liabilities	3 362	3 609	7%
LIABILITIES	29 903	30 926	3%
TOTAL EQUITY AND LIABILITIES	38 270	40 332	5%

FINANCING STRUCTURE

Diversified financing structure with established investor demand.

In March 2020, DelfinGroup decreased the nominal value of the bonds issue ISIN LV0000801322 for EUR 437 500 thus continuing quarterly repayments of the principal.

Subscription for **new bond issue** ISIN LV0000802379 continued. Paid amount by the end of Q1: **EUR 3 569 000**.

Bond issue proceeds partly used to repay outstanding balance to Mintos.

INTEREST-BEARING DEBT	2019 Q4, EUR'000	2020 Q1, EUR'000	INTEREST RATE, %	MATURITY
Secured bonds*	7 850	9 834	14% and 15%	2020/12 - 2022/11
Peer-to-peer lending platform Mintos*	18 044	16 959	11.4% (effective rate)**	According to issued loans
Leases	102	91	EURIBOR+ 3.5%	Up to 3 years
Private loans	569	484	14.0%	Up to 3 years
Accrued interest and bonds commissions	-25	-51		
TOTAL	26 541	27 317		

* 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 31.03.2020.



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 / (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 Earnings before interest and tax / (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 Net Profit / 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 Short-term Debt + Long-term Debt - 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 Equity minus 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.





custom finance
solutions



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



kristaps.bergmanis@delfingroup.lv



+371 66 15 50 06



www.delfingroup.lv