

# Financial report



**Unaudited results for 12 months**  
Ending 31 December 2022

## Company highlights

Business performance

Appendix



# Key characteristics

**+42%**

income growth

**+29%**

EBITDA growth

**+40%**

Profit before taxes  
growth

**+54%**

net loan portfolio growth

**12+1**

years profitable operations

**50k+**

active clients

**90+**

branches

**300+**

employees

**42k+**

items for sale in online  
store

**50%**

of items purchased directly  
from clients and B2B partners

**6k+**

shareholders

**6**

dividend payments in 2022

# 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**

## **DIGITALISATION OF SERVICES**

Introduction of *NEOpay* secure payment initiation solution to simplify transaction process for clients and reduce the costs of payment provision.

**3**

## **DIVIDEND DISTRIBUTION**

During the 2022 shareholders of the company received 6 dividend payments in the amount of EUR 5.4 million, namely EUR 0.1197 per share.

**4**

## **DEVELOPMENT OF *BANKNOTE XL***

It is planned to open the largest pawnshop in the Baltics. The branch will be more than 400 sq.m. large and will be open in Q2 2023.

## 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

### **STOCK OPTION PROGRAM**

Launch of staff option program. A total of 450 thousand shares will be issued as part of the program to *DelfinGroup* employees.

7

### **PARTNERSHIPS**

Agreement with *BA School of Business and Finance* and *Riga Technical University* on [cooperation](#) in the fields of studies and research.

8

### **SUPPORT FOR UKRAINE**

In addition to previous donations to charity foundations of EUR 200 000, another donation of EUR 50 000 was approved to association *TEV* to help people in Ukraine.

Company highlights

**Business performance**

Appendix



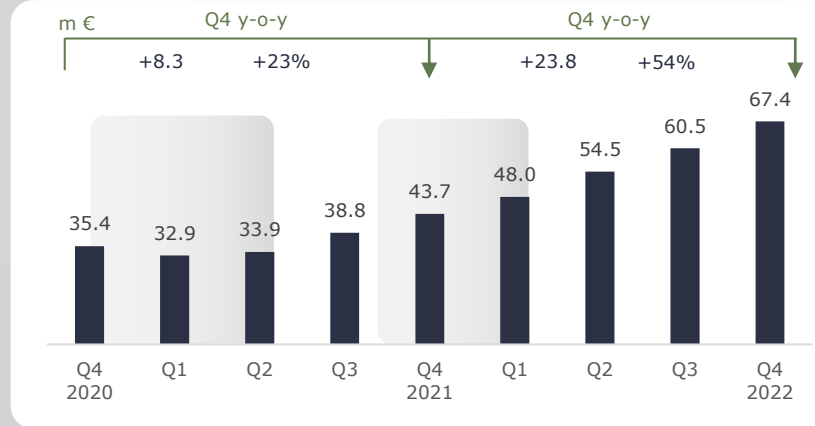


# Key results

## Total loans issued

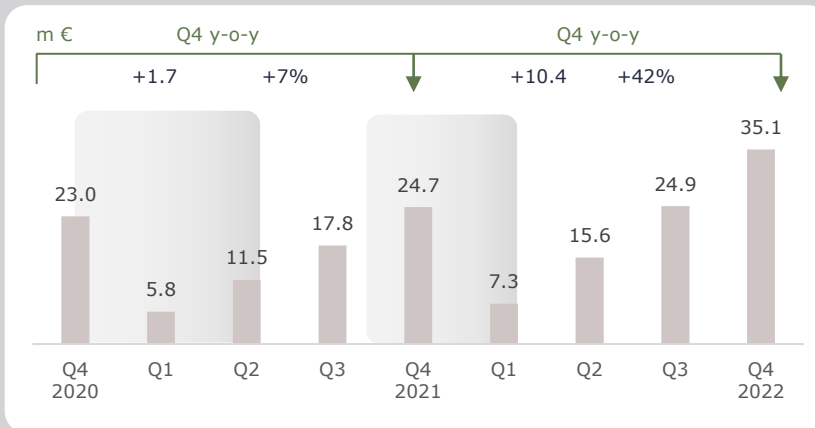


## Net loan portfolio

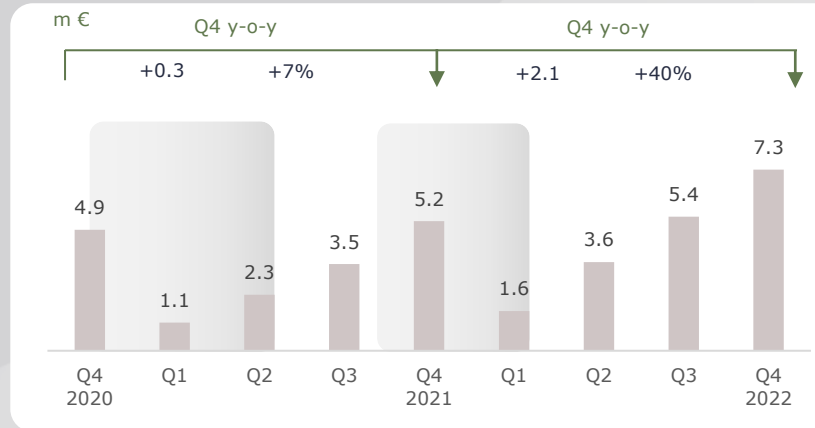


Strong new loan issuance in 2022 secured a stable loan portfolio increase, thus reaching an all-time high of EUR 67.4 million, a 54% increase.

## Total revenue, quarterly cumulative



## Profit before tax, quarterly cumulative



The company had a 42% income increase in 2022, facilitated by the growth of all major business segments.

Profit before tax in Q4 reached EUR 1.9 million, but in 12-month period EUR 7.3 million, an increase of 40% year on year.

## Consumer net loan portfolio



## Average loan\*



Eminent growth of consumer lending segment. The net loan portfolio continued growth during Q4 2022 reaching 61.2 million euros.

54% increase of consumer lending portfolio in 2022.

## Weighted average term of loans issued



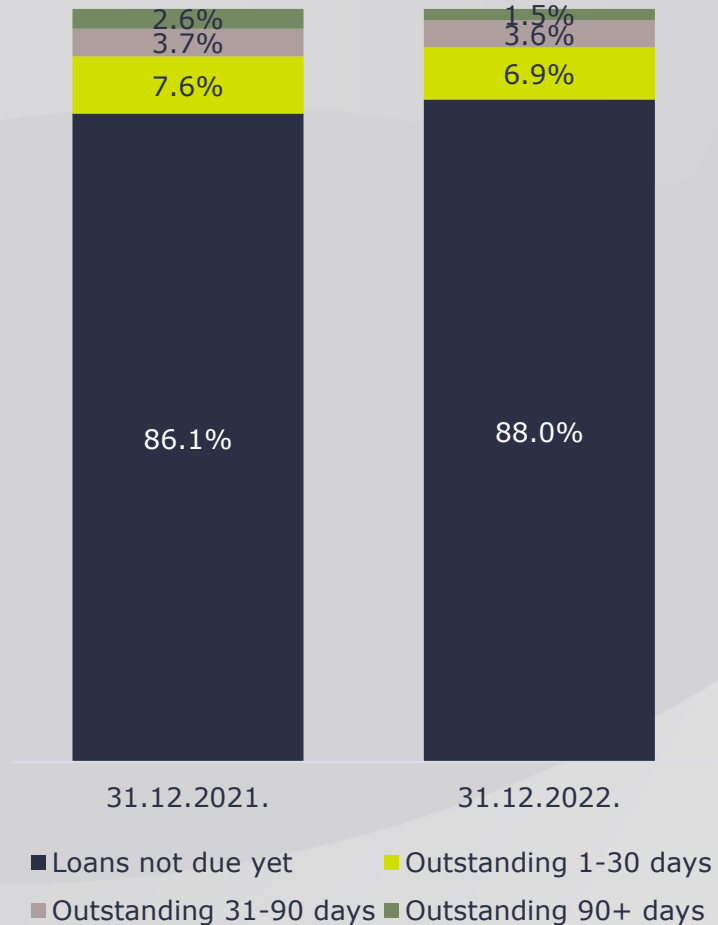
## Non-performing loan ratio\*\*



Data based underwriting processes ensure solid NPL ratio.



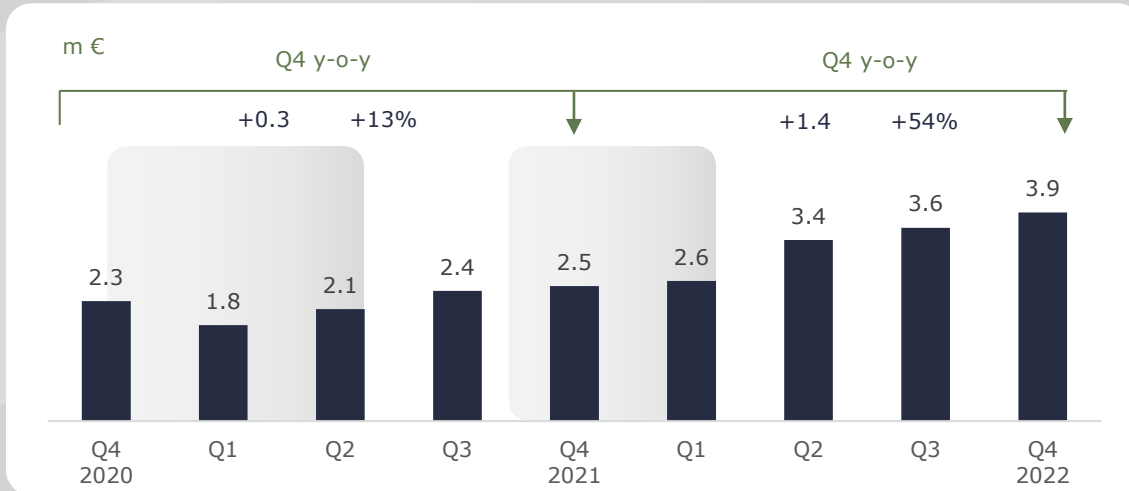
# Age analysis of consumer lending portfolio\*



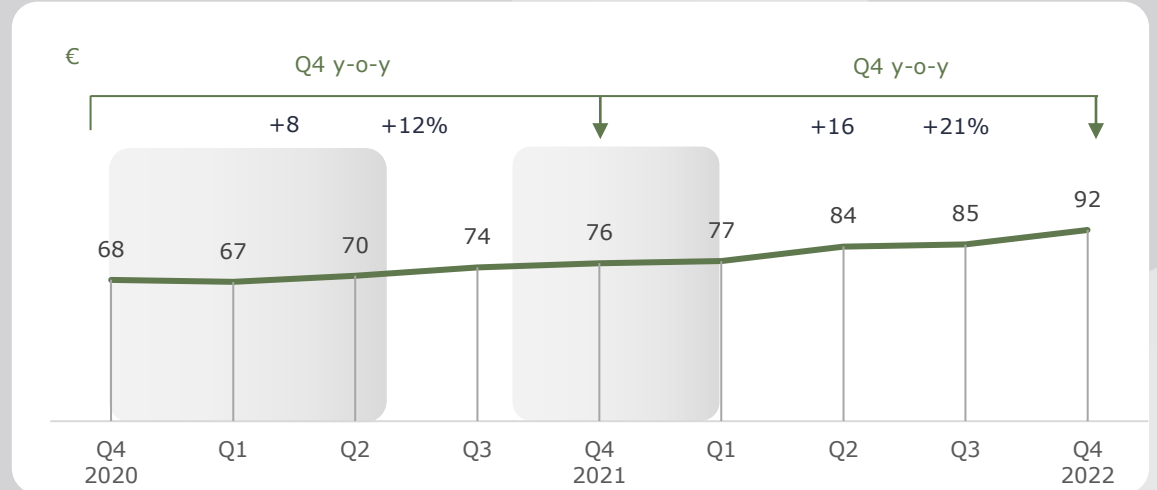
Loan portfolio quality remains solid with slight improvements in 2022.

Improved underwriting processes and risk policy.

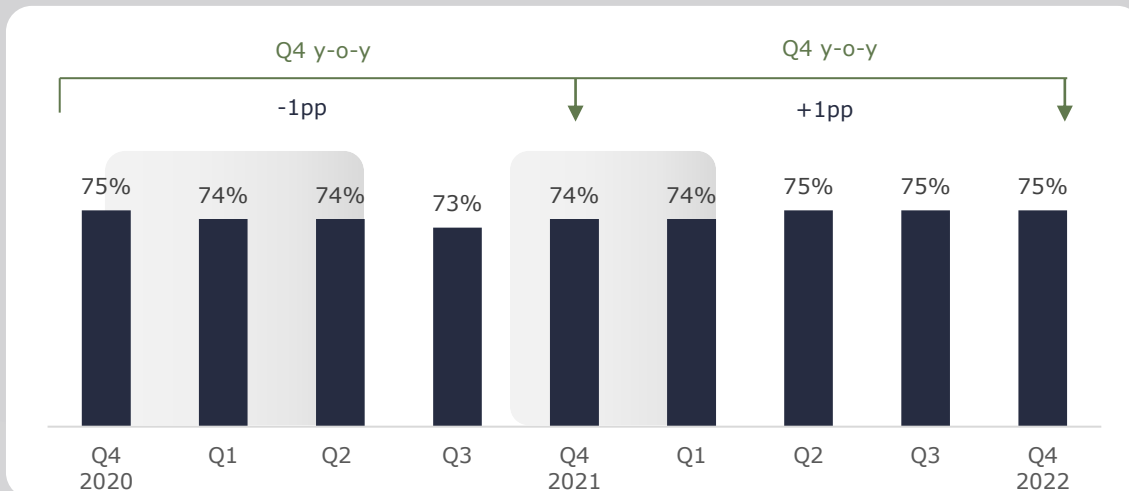
## Pawn net loan portfolio\*



## Average pawn loan amount



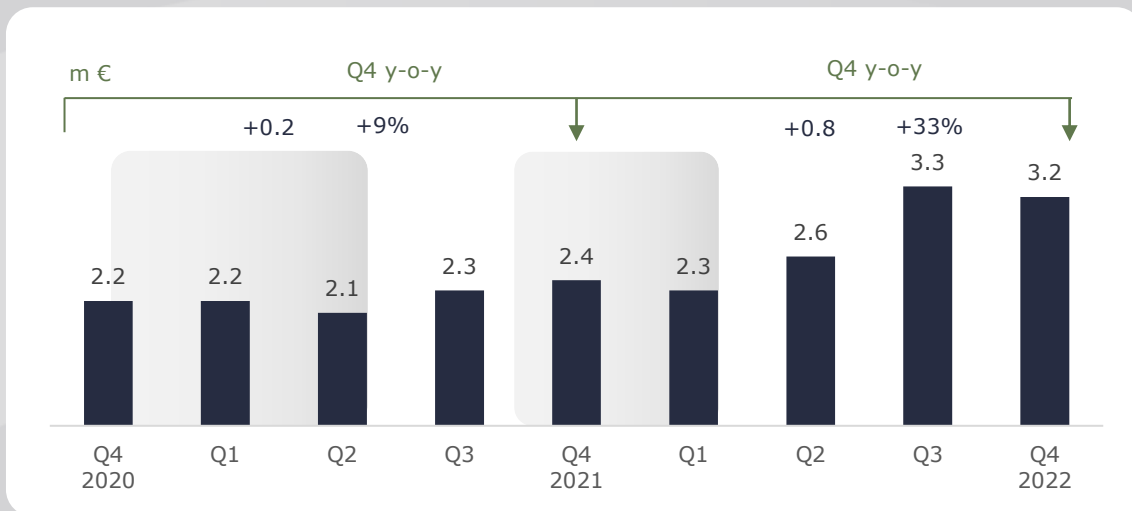
## Redemption rate\*\*



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\*

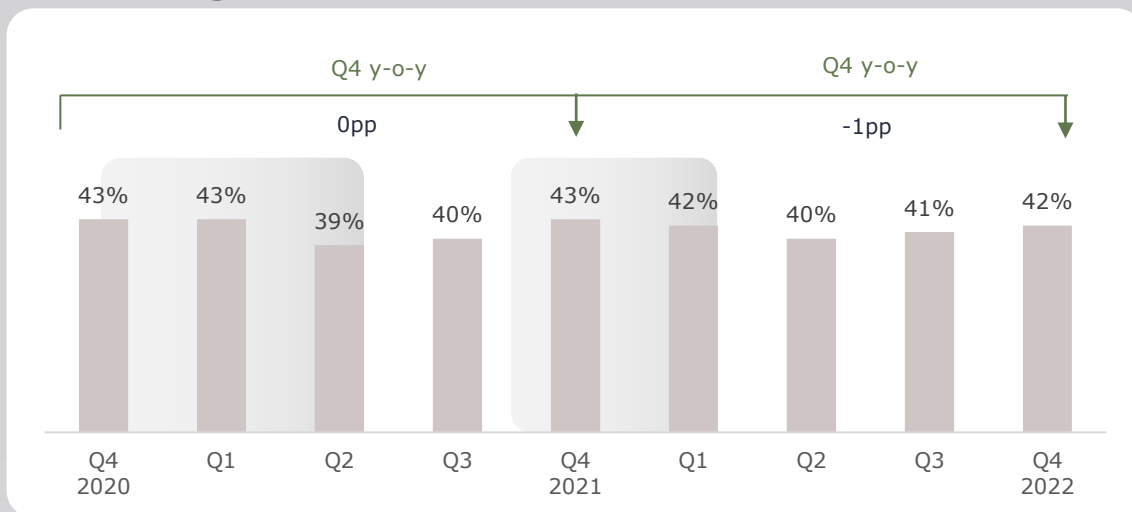
## Sale of pre-owned goods\*\*



Record-high sales amount in 2022

Strong growth during H2 2022 since renewal of *Banknote* online shop in August.

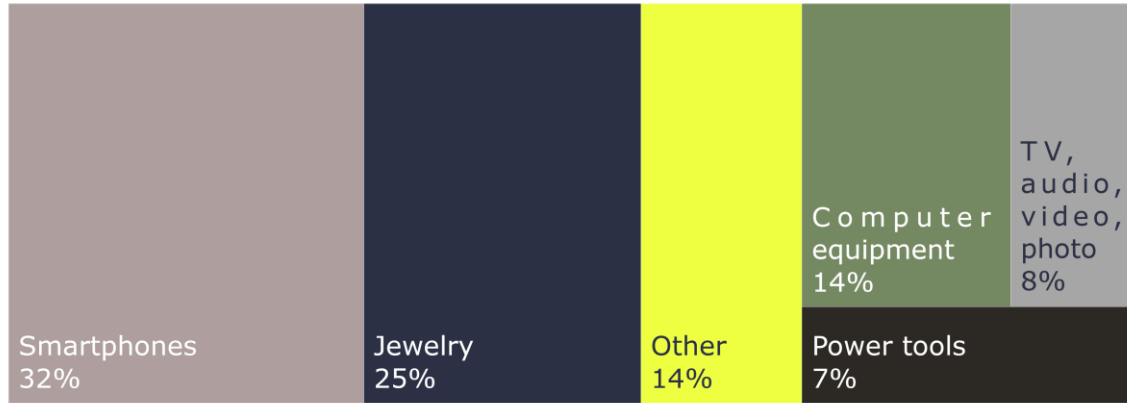
## Gross margin



Gross margin remain stable throughout the last years

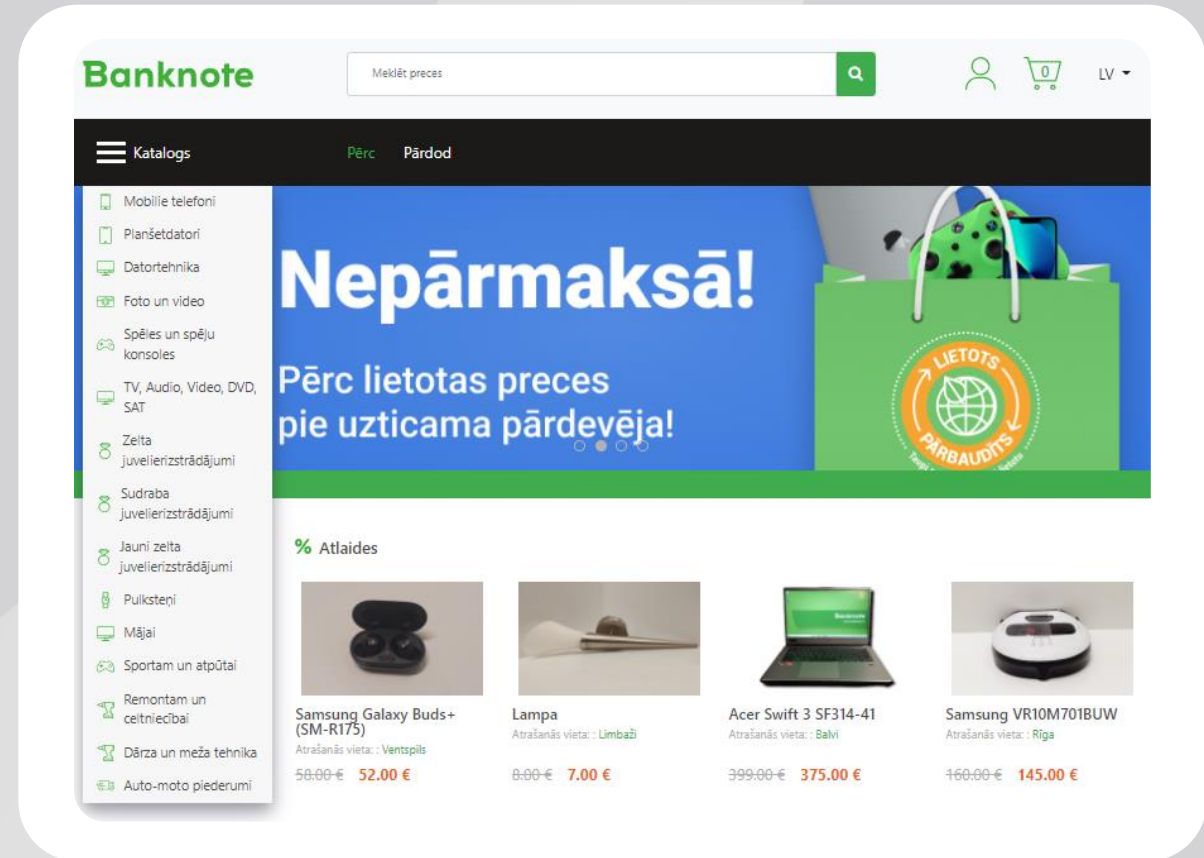
# Sales split by product category

Sales split by product category (12M 2022)



Clients have access to a wide range of pre-owned goods at *Banknote* online store and branch network.

The most demanded product categories are electronics, such as smartphones, computers, TVs and jewelry.



# Consolidated income statement

INCOME STATEMENT, EUR'000	2022 Q4	2021 Q4	Change %	2022 12M	2021 12M	Change %
Total revenue*	10,214	6,891	+48%	35,064	24,683	+42%
Cost of sales*	-1,003	-858	+17%	-3,659	-2,863	+28%
Credit loss expense**	-1,919	-240	+698%***	-5,974	-2,397	+149%***
Interest expenses and similar expenses	-1,632	-1,046	+56%	-4,669	-3,827	+22%
<b>Gross profit</b>	<b>5,660</b>	<b>4,747</b>	<b>+19%</b>	<b>20,762</b>	<b>15,596</b>	<b>+33%</b>
Selling expenses	-2,054	-1,832	+12%	-7,436	-6,125	+21%
Administrative expenses	-1,636	-1,200	+36%	-5,739	-4,213	+36%
Other operating income	37	29	+27%	104	85	+22%
Other operating expenses**	-114	-21	+446%****	-413	-140	+194%****
<b>Profit before tax</b>	<b>1,892</b>	<b>1,723</b>	<b>+10%</b>	<b>7,278</b>	<b>5,203</b>	<b>+40%</b>
Income tax expense	-212	-155	+37%	-1,296	-979	+32%
<b>Net profit</b>	<b>1,679</b>	<b>1,568</b>	<b>+7%</b>	<b>5,982</b>	<b>4,224</b>	<b>+42%</b>
<b>EBITDA</b>	<b>3,823</b>	<b>3,128</b>	<b>+22%</b>	<b>13,131</b>	<b>10,169</b>	<b>+29%</b>

\* Data reflected according to restated comparatives in the latest financial statements.

\*\* 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.

\*\*\*\* Larger increase of other operating expenses is a result of donations related to war in Ukraine.

# Consolidated balance sheet

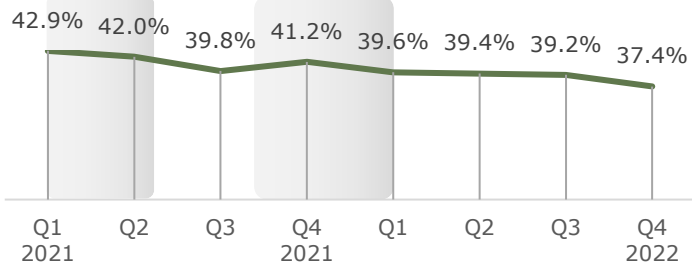
BALANCE SHEET, EUR'000	31.12.2022	31.12.2021	Change %
Fixed and intangible assets	1,470	1,201	+22%
Right-of-use assets	2,636	2,973	-11%
Net loan portfolio*	67,439	43,657	+54%
Inventory and scrap*	2,290	1,255	+82%
Other assets	1,070	520	+106%**
Cash	2,369	2,460	-4%
<b>TOTAL ASSETS</b>	<b>77,274</b>	<b>52,065</b>	<b>+48%</b>
<b>EQUITY</b>	<b>18,027</b>	<b>17,377</b>	<b>+4%</b>
Share capital and reserves	4,532	4,532	+0%
Share premium	6,984	6,891	+1%
Retained earnings	6,511	5,954	+9%
<b>LIABILITIES</b>	<b>59,247</b>	<b>34,687</b>	<b>+71%</b>
Interest-bearing debt	54,169	29,412	+84%
Trade payables and other liabilities	2,159	1,970	+10%
Lease liabilities for right-of-use assets	2,918	3,305	-12%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>77,274</b>	<b>52,065</b>	<b>+48%</b>

\* Data reflected according to restated comparatives in the latest financial statements.

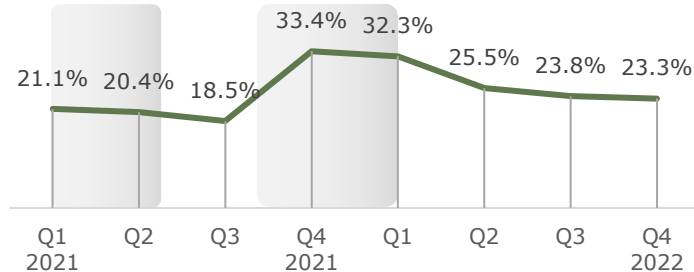
\*\* Increase of "Other assets" based on costs related to portfolio growth that are recognized in P&L over underlying asset maturity.

# Financial ratios

## EBITDA margin\*

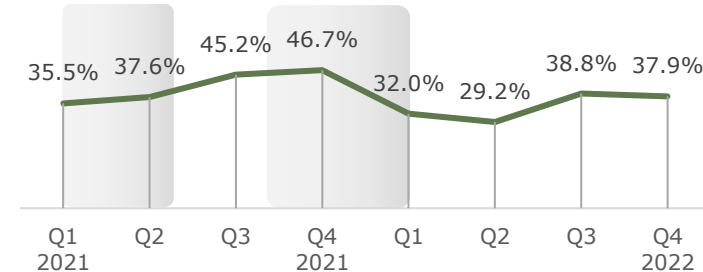


## Equity ratio

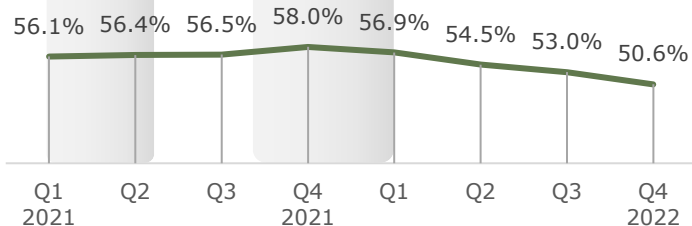


Changes in equity ratio was mainly impacted by faster growth of loan portfolio and larger annual dividend payment in Q2.

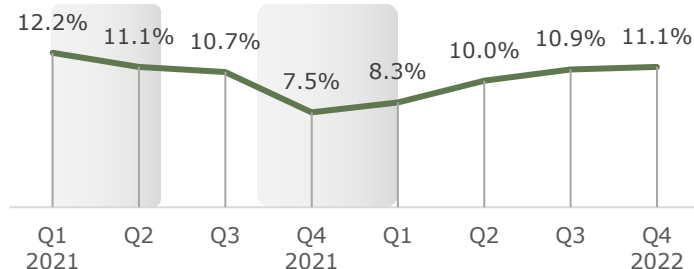
## ROE\*\*



## Cost-to-income ratio\*

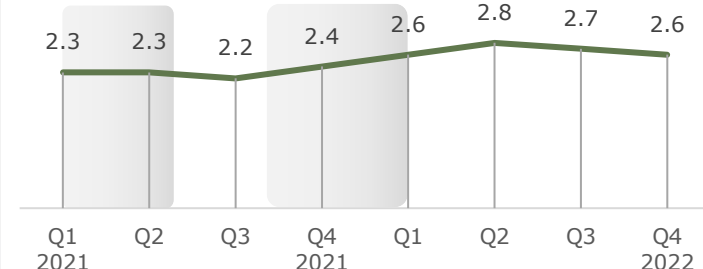


## Cost of interest-bearing liabilities



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

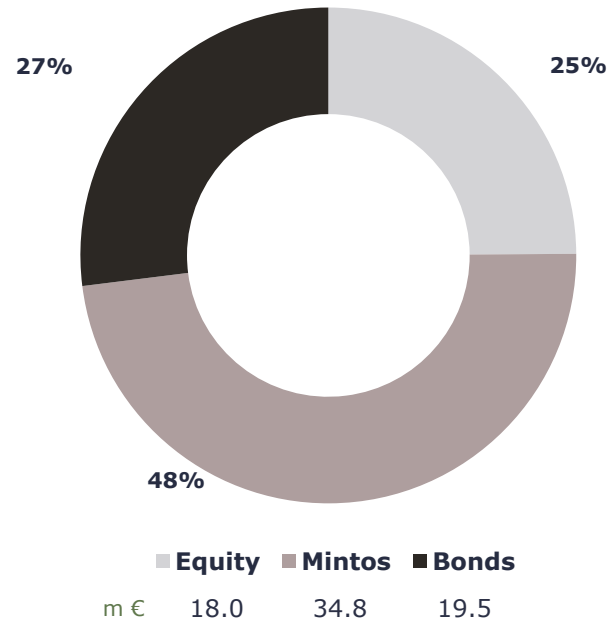
## Interest coverage ratio\*



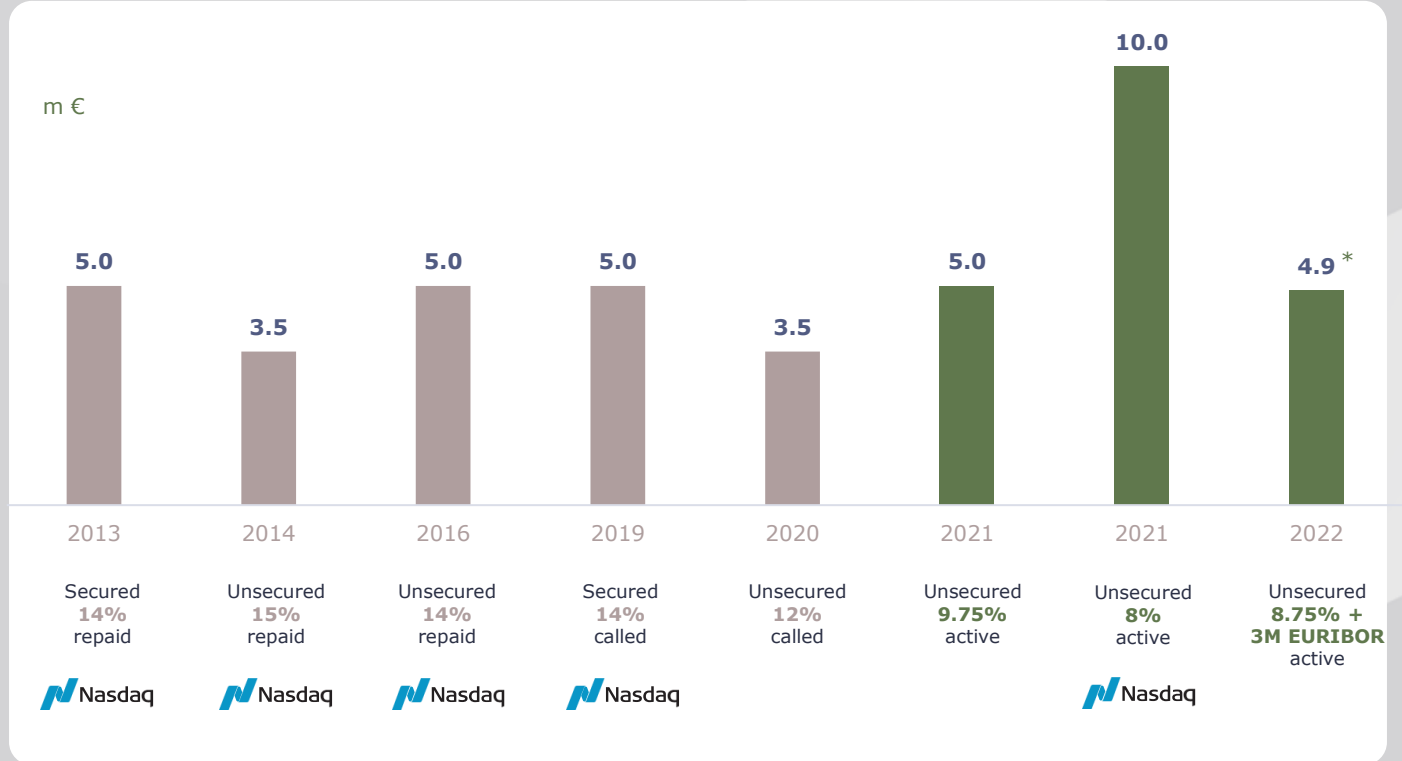


# Capital structure

## Capital structure 31.12.2022



## Bond financing track record



## DelfinGroup on *Mintos*

- **Since 2016**
- **90 000 active investors**
- **Investors from 113 countries**

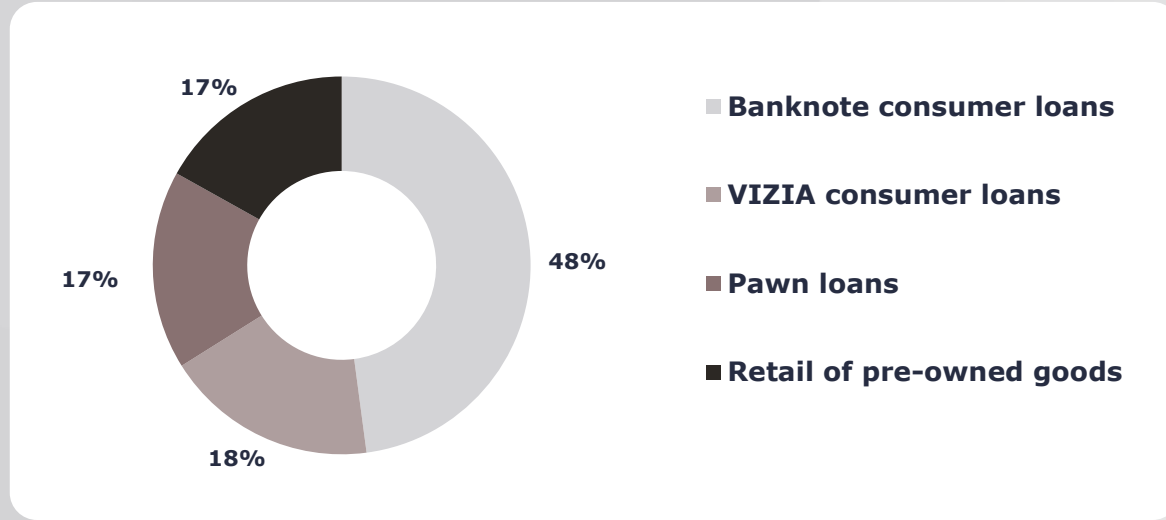
\* Latest bond emission registered in the amount of **EUR 10 million** and 2Y maturity. The bond issue is a private placement, and the subscription period is open. As of 31 December 2022, EUR 4.9 million has been subscribed.

# Diversification

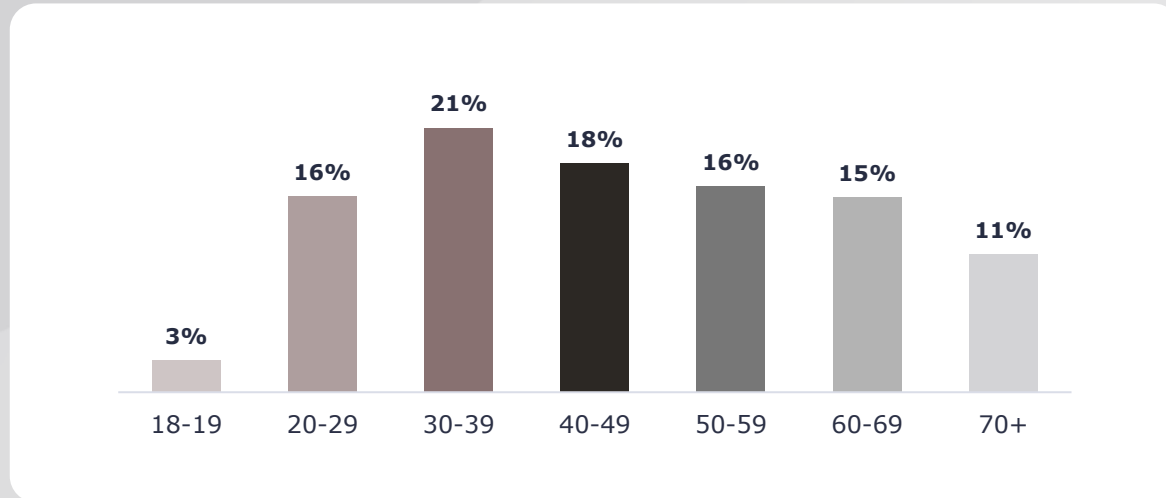
Although the most significant part of the revenue stream comes from the consumer loan segment, we see great potential in gradually growing other *DelfinGroup* segments.

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

Revenue by business segments 12M 2022



Distribution of active clients by age on 31 December 2022\*



# Dividends

## Unique dividend distribution proposal in Baltics

Up to 6 dividend payments per year:

- 4 quarterly
- 2 annual

### Quarterly dividends

- Up to 50% from previous Q profit

### Annual dividends

- In amount to ensure optimal capital structure

## Dividend yield of 8.1%\*

Dividend period	Dividend payment date	EUR/share	EUR total	Payout ratio***
Q4 2022	April 2023**	0.0185	839 560	49.93%
Q3 2022	27.12.2022	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	29.12.2021	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

\*Based on share price of EUR 1.482 on 30 December 2022 and including management's proposed dividends from Q4 2022 net profit.

\*\*Proposed dividends from the Management Board of DelfinGroup. Payment is a subject to Shareholders meeting decision.

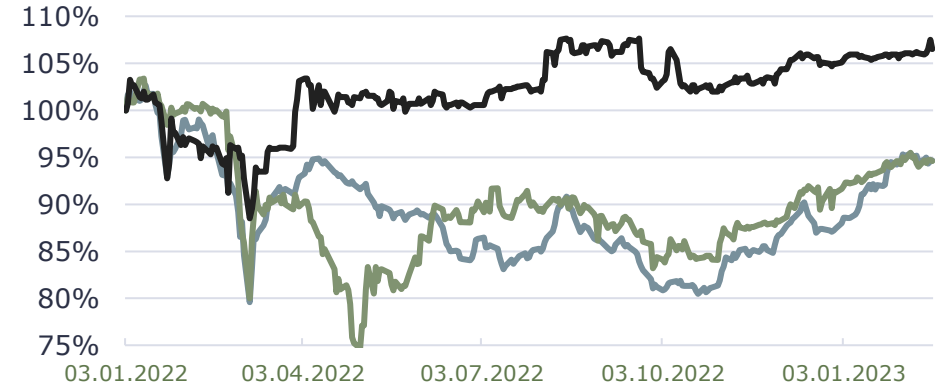
\*\*\*Dividend amount paid from the net profit of the respective quarter.

# Share performance

## Share price, €



## Share dynamics compared to indexes



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

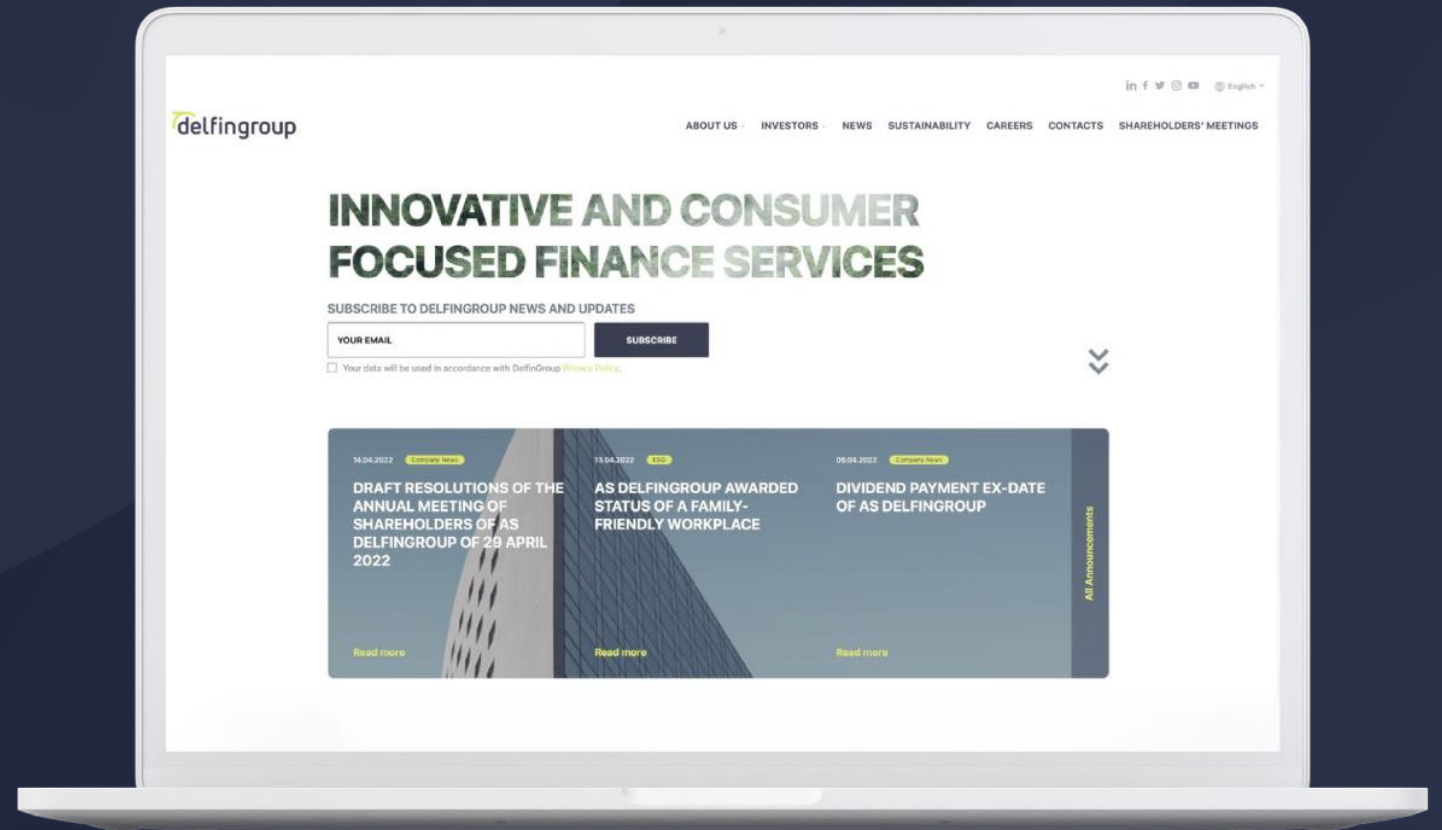
31.12.2022	DelfinGroup	Financial industry*
Capitalization m €	67.2	-
EPS TTM €	0.132	-
P/E	11.2	12.2
ROE	33.8%	17.0%

\*Average ratio for financial services companies listed on Nasdaq Baltic Main list on 31.12.2022.

# Follow our news in e-mail and social networks

Visit our website to subscribe to the newsletter

[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	Q4
Total revenue*	4,841	5,300	5,764	5,661	5,877	5,028	5,605	6,506	5,825	5,702	6,266	6,891	7,250	8,318	9,282	10,214
Cost of sales*	-660	-727	-822	-782	-1072	-794	-810	-902	-555	-798	-652	-858	-669	-958	-1,030	-1,003
Credit loss expense**	-381	-618	-640	-801	-674	-391	-255	-805	-735	-595	-827	-240	-1,163	-1,308	-1,584	-1,919
Interest expenses and similar expenses	-536	-664	-739	-914	-823	-887	-808	-1,115	-1,011	-852	-920	-1,044	-689	-958	-1,390	-1,632
<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>	<b>5,660</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	-2,054
Administrative expenses	-707	-863	-876	-1,042	-855	-776	-865	-765	-945	-1,050	-1,018	-1,200	-1,279	-1,346	-1,477	-1,636
Other operating income	6	52	16	21	4	25	16	28	16	11	29	29	24	22	21	37
Other operating expenses**	-27	-25	-55	-92	-51	-48	-48	-45	-142	150	-128	-21	-116	-123	-60	-114
<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>	<b>1,892</b>
Income tax expense	-338	-2	-3	-7	-26	-7	-462	-259	-324	-299	-201	-155	-188	-742	-154	-212
<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>1,679</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>	<b>3,823</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	Q4
Fixed and intangible assets	652	621	775	691	748	860	927	1,038	864	819	790	1,201	1,301	1,351	1,387	1,470
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	2,636
Loans to related parties	1,295	1,389	1,397	1,308	1,376	1,381	376	474	445	-	-	-	-	-	-	-
Net loan portfolio*	21,319	27,179	30,023	32,093	33,025	32,840	34,644	35,356	32,937	33,859	38,812	43,657	47,989	54,537	60,531	67,439
Inventory and scrap*	553	603	682	609	692	602	941	852	976	940	1,167	1,255	1,240	1,566	1,844	2,290
Other assets	339	256	231	384	503	536	365	655	495	331	746	520	541	364	1,333	1,070
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	2,369
<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>39,688</b>	<b>47,069</b>	<b>52,065</b>	<b>55,690</b>	<b>62,906</b>	<b>71,888</b>	<b>77,274</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>	<b>18,027</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	4,532
Share premium	-	-	-	-	-	-	-	-	-	-	-	6,891	6,891	6,891	6,891	6,984
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	6,511
<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>	<b>59,247</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	54,169
Trade payables and other liabilities	1,355	1,186	1,274	1,337	1,596	2,047	2,418	2,120	1,798	1,768	1,751	1,970	2,788	3,307	1,999	2,159
Lease liabilities for right-of-use assets	-	-	-	2,128	2,014	3,199	3,109	3,436	3,574	3,452	3,332	3,305	3,246	3,096	3,097	2,918
<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>	<b>77,274</b>

\* Data reflected according to restated comparatives in the latest financial statements.

# Sustainability

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



## Promotion of circular economy

- Prolonged life-cycle of consumer goods.
- More than 160k pre-owned items sold yearly.

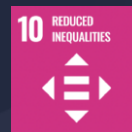
## Inclusive society

- The most geographically available financial institution in Latvia.
- Serving the underserved customer segments.
- Charitable activities towards children and seniors.
- 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

## Dividend yield

Dividends per share paid over the last 12 months / price per share. If additional dividend payment is proposed by the company's Management Board but not yet paid, it is included in the calculation, and the last 12 months are calculated from the proposed dividend payment date.

# 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)

