

# Financial report



**Unaudited results for 3 months**  
Ending 31 March 2023

## Company highlights

Business performance

Appendix



# Key characteristics

**+46%**

Q1 revenue growth y-o-y

**+53%**

Q1 EBITDA growth y-o-y

**+16%**

Q1 profit before  
taxes growth y-o-y

**+53%**

Q1 net loan portfolio growth  
y-o-y

**13**

years profitable operations

**58k+**

active clients

**90+**

branches

**350+**

employees

**50k+**

items for sale in online  
store

**49%**

of items purchased directly  
from clients and B2B partners

**6k+**

shareholders

**6**

dividend payments in 2022

# Recent highlights

**1**

## **OPENING OF BANKNOTE XL**

The largest store of pre-owned goods was opened in Riga with an area of 300 m<sup>2</sup>. There are more than 4 500 new and pre-owned goods available on-site.

**2**

## **DIGITALISATION OF SERVICES**

Introduction of *Smart ID* and digital signature for remote identification of clients to receive consumer lending services.

**3**

## **DIVIDEND DISTRIBUTION**

On 17 April shareholders received dividends in the amount of EUR 838 thousand, namely EUR 0.0185 per share from Q4 2022 net profit.

**4**

## **SUSTAINABILITY**

On 1 April, 45 DelfinGroup premises switched to renewable energy sources, thus lowering CO<sub>2</sub> emissions made by company's operations.

Company highlights

**Business performance**

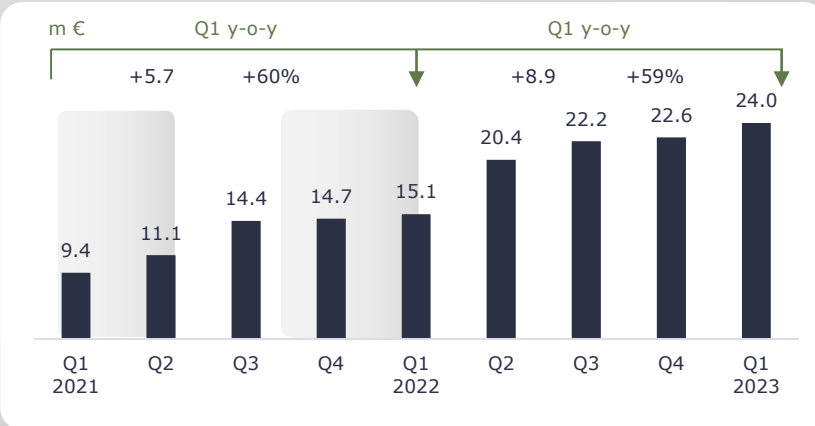
Appendix



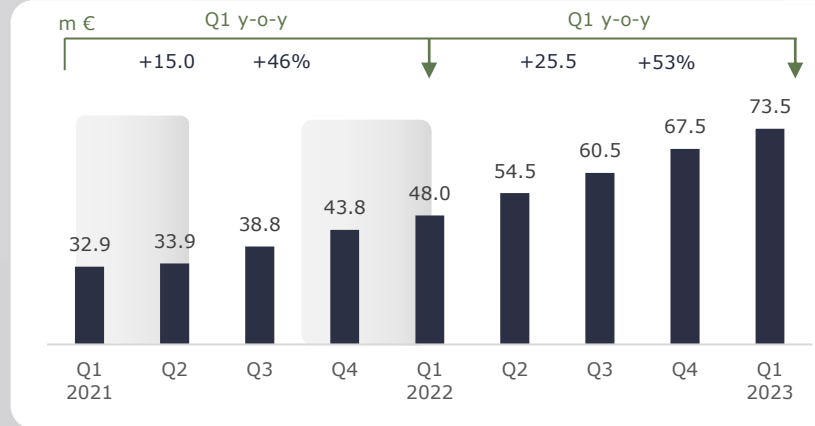


# Key results

## Total loans issued

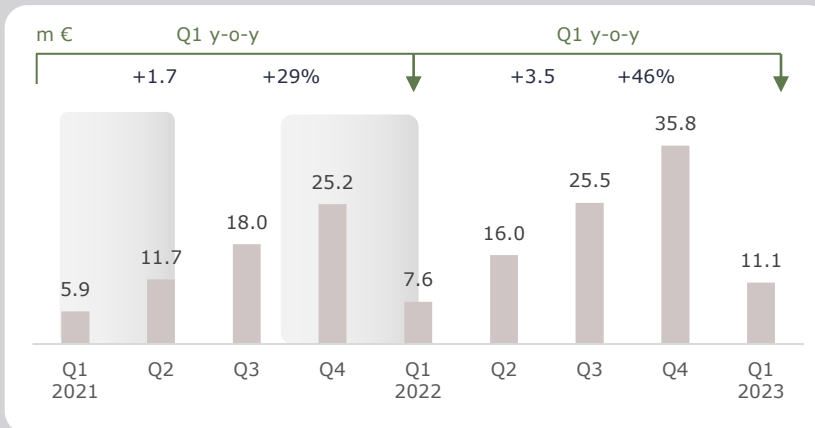


## Net loan portfolio

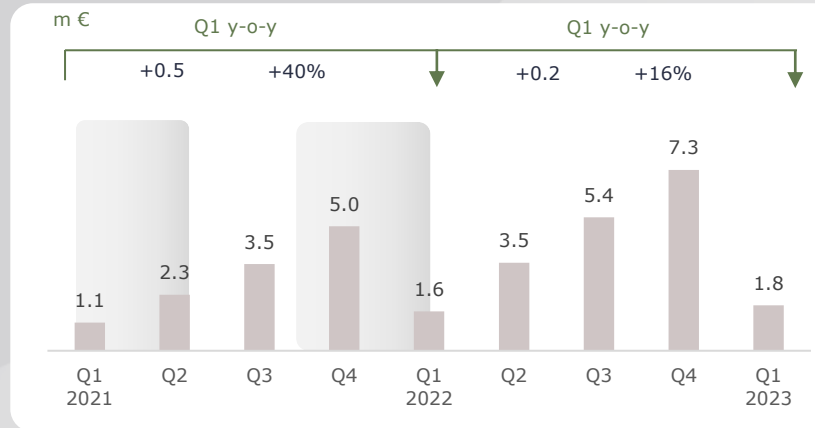


Strong new loan issuance in Q1 2023 secured a stable loan portfolio increase, thus reaching an all-time high of EUR 73.5 million, a 53% increase.

## Total revenue, quarterly cumulative



## Profit before tax, quarterly cumulative



The company had a 46% revenue increase in Q1 2023, facilitated by the growth of all major business segments.

Profit before tax in Q1 reached EUR 1.8 million, an increase of 16% year on year.

## Consumer net loan portfolio



## Average loan\*



Eminent growth of consumer lending segment. The net loan portfolio continued growth during Q1 2023 reaching 67.7 million euros.

## Weighted average term of loans issued



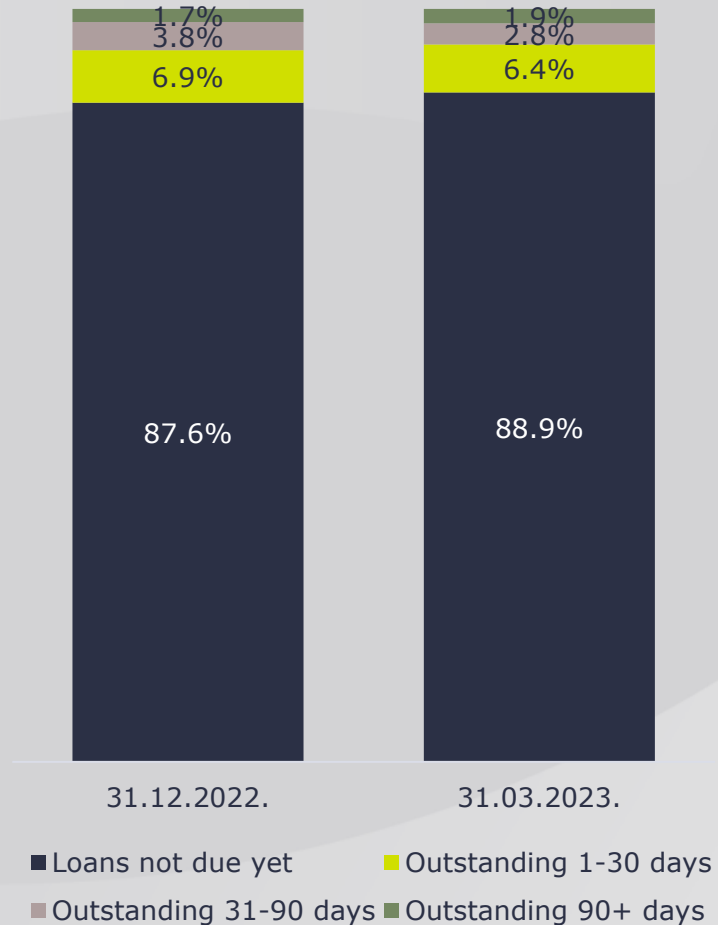
## Non-performing loan ratio\*\*



56% increase of consumer lending portfolio in compared to Q1 2022.

Data based underwriting processes ensure solid NPL ratio.

# Age analysis of consumer lending portfolio\*

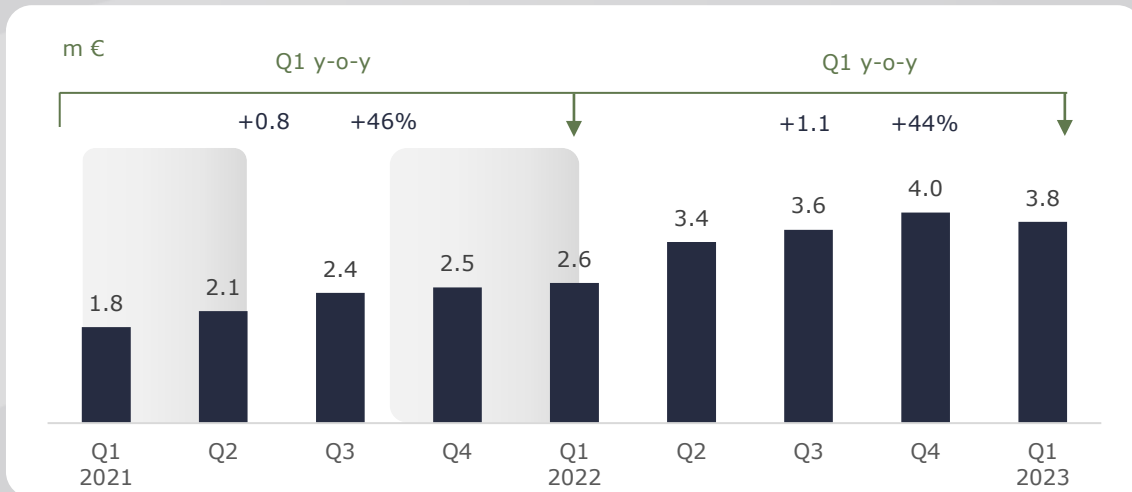


Loan portfolio quality remains solid with slight improvements in Q1 2023.

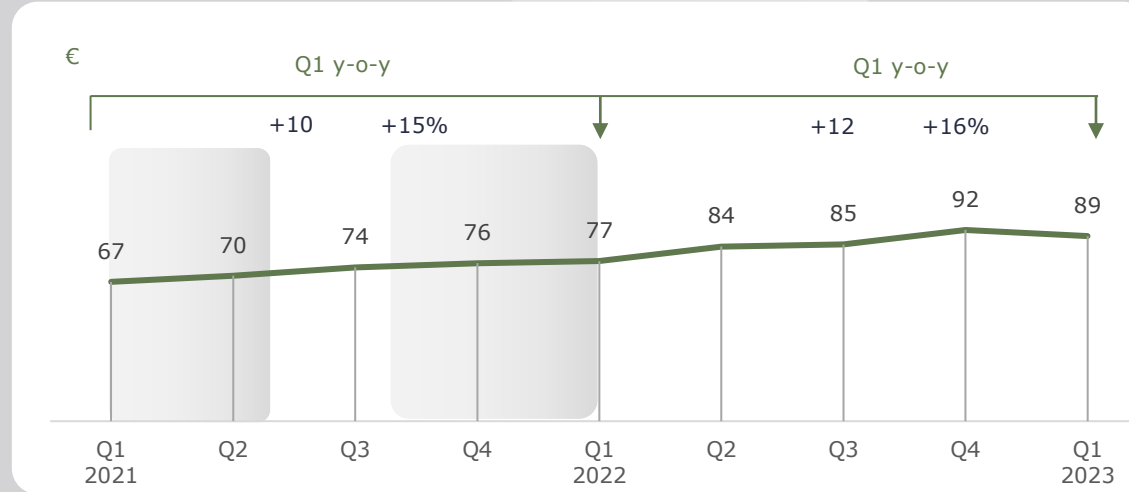
Improved underwriting processes and risk policy.



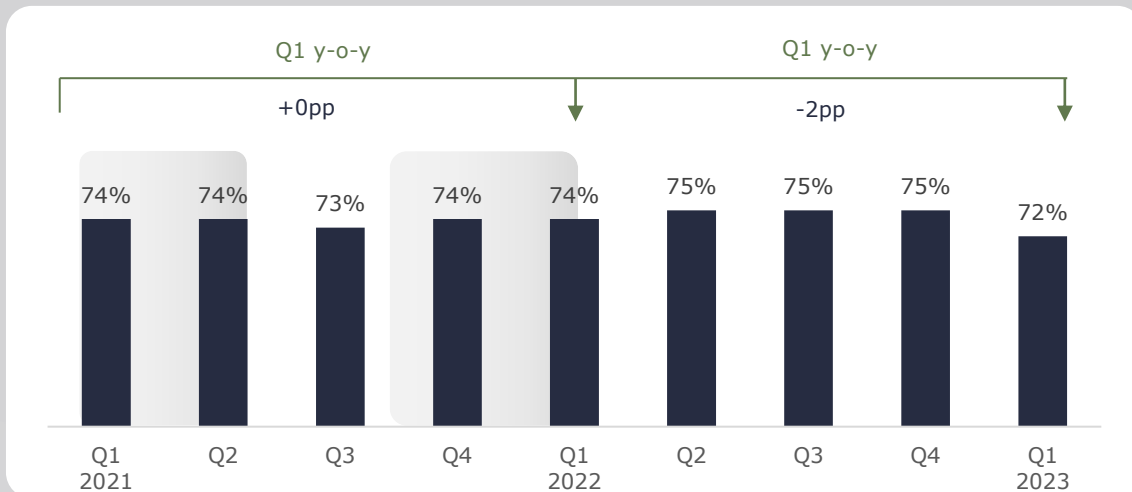
## Pawn net loan portfolio\*



## Average pawn loan amount



## Redemption rate\*\*

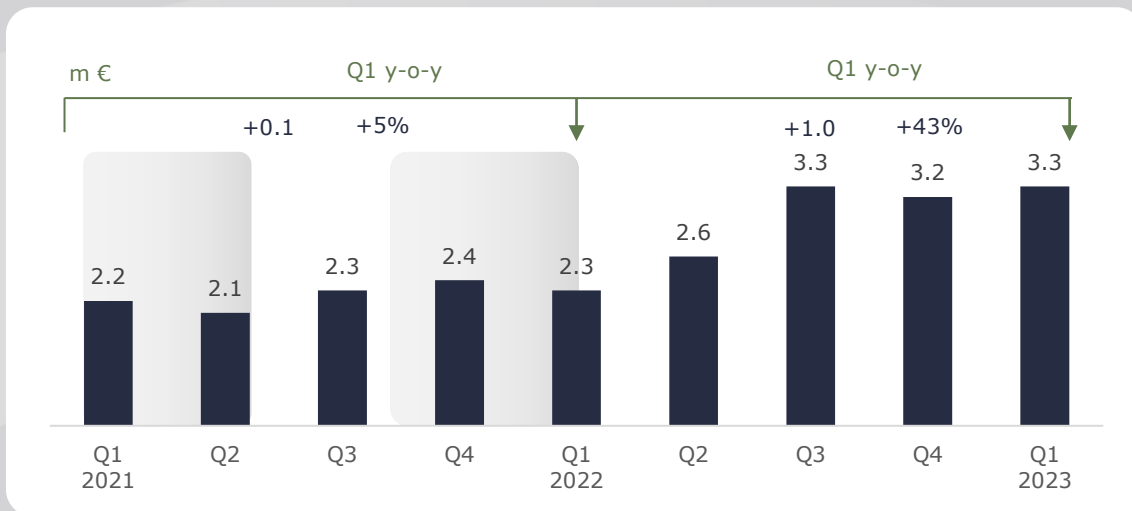


Pawn lending segment continue to show stable growth. 44% increase of the pawn loan portfolio year on year.

Redemption rate of pledged items remain stable, above 70% over the recent years.

# Retail of pre-owned goods\*

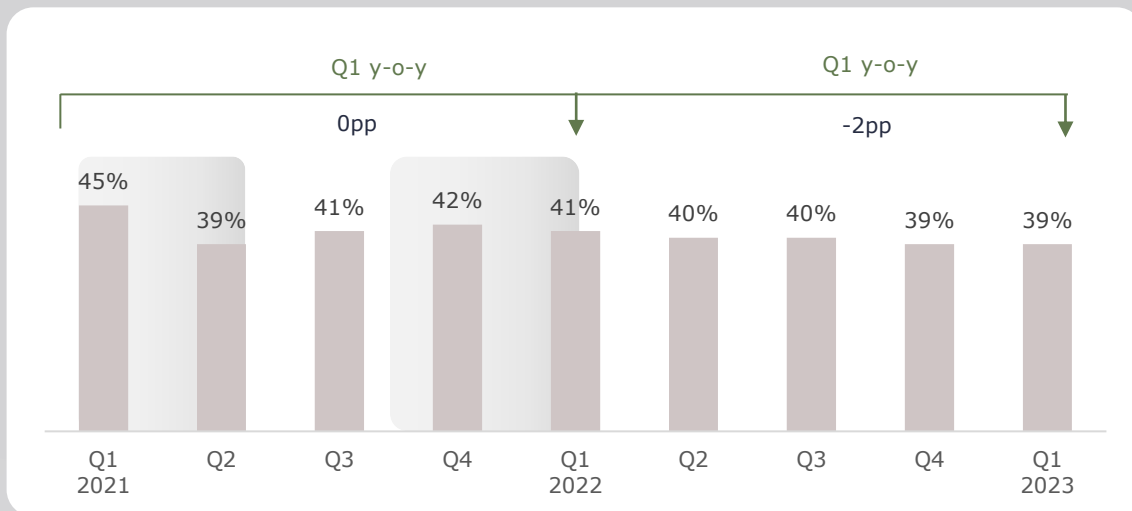
## Sale of pre-owned goods\*\*



43% growth in Q1 2023 year on year.

Sales remain stable over the last 3 quarters as the segment has become a strategic priority for the company.

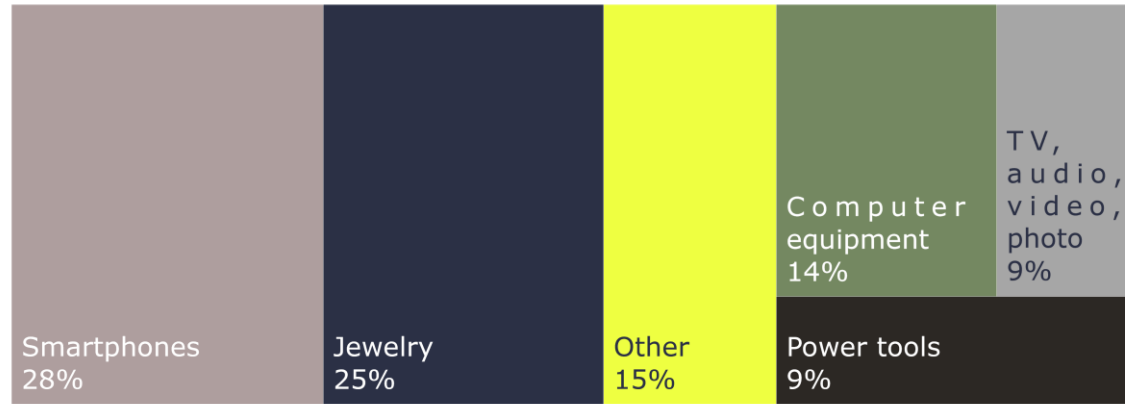
## Gross margin



Gross margin remain stable throughout the last years

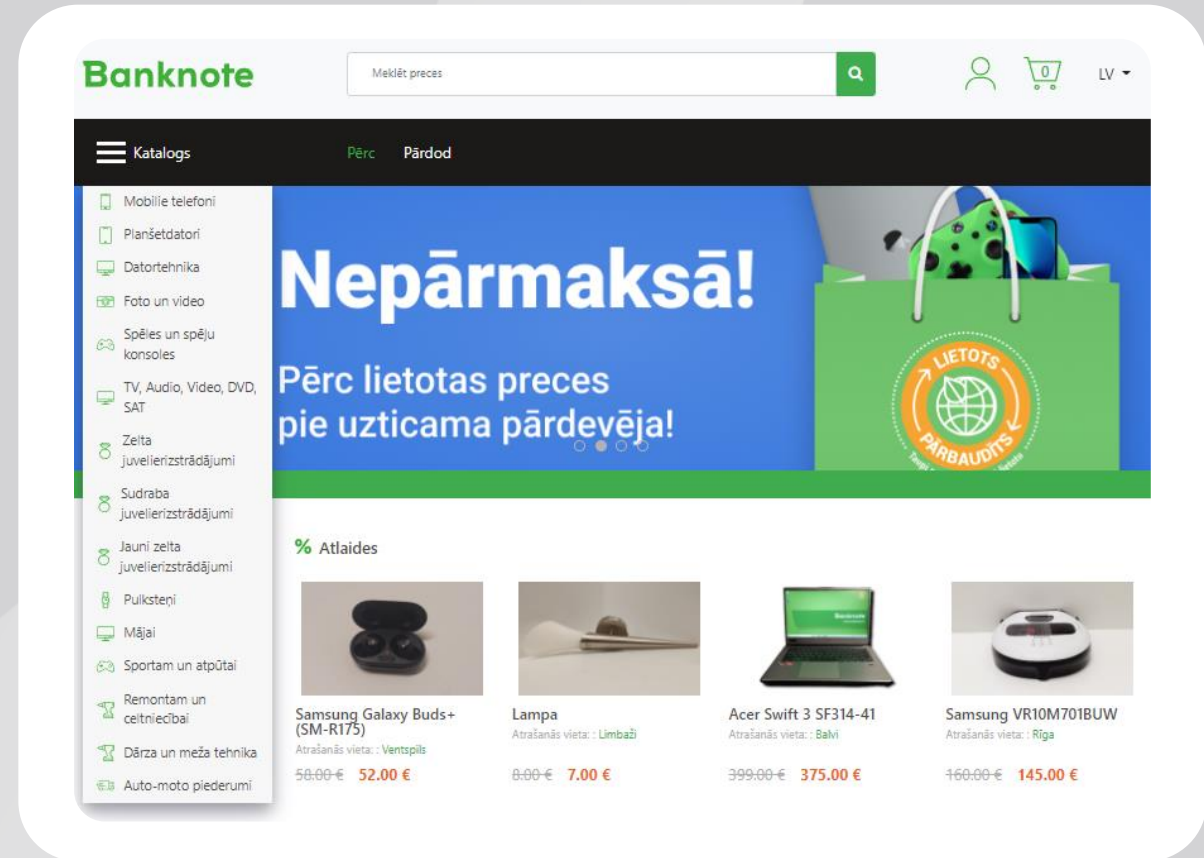
# Sales split by product category

Sales split by product category (3M 2023)



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	2023 Q1	2022 Q1*	Change %
Total revenue	11,082	7,586	+46%
Cost of sales	-1,443	-780	+85%
Credit loss expense	-2,145	-1,410	+52%**
Interest expenses and similar expenses	-1,792	-689	+160%***
<b>Gross profit</b>	<b>5,702</b>	<b>4,707</b>	<b>+21%</b>
Selling expenses	-2,062	-1,757	+17%
Administrative expenses	-1,766	-1,280	+38%
Other operating income	15	24	-38%
Other operating expenses**	-64	-115	-44%
<b>Profit before tax</b>	<b>1,825</b>	<b>1,579</b>	<b>+16%</b>
Income tax expense	-212	-188	+13%
<b>Net profit</b>	<b>1,613</b>	<b>1,391</b>	<b>+16%</b>
<b>EBITDA</b>	<b>3,923</b>	<b>2,559</b>	<b>+53%</b>

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

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

\*\*\* Increase of interest expenses due to increasing interest rates in capital markets and growing loan portfolio which is partially financed with debt.

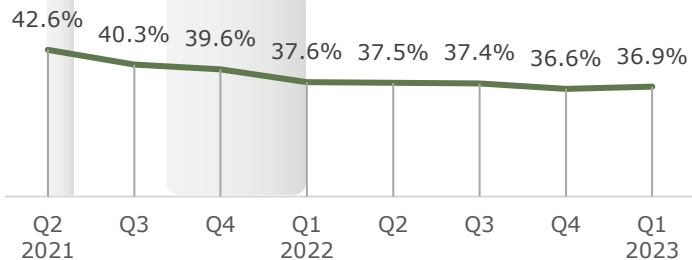
# Consolidated balance sheet

BALANCE SHEET, EUR'000	31.03.2022	31.12.2022*	Change %
Fixed and intangible assets	1,595	1,470	+8%
Right-of-use assets	2,698	2,636	+2%
Net loan portfolio	73,453	67,518	+9%
Inventory and scrap	3,909	2,290	+71%
Other assets	1,042	875	+19%
Cash	2,398	2,369	+1%
<b>TOTAL ASSETS</b>	<b>85,095</b>	<b>77,158</b>	<b>+10%</b>
<b>EQUITY</b>	<b>18,915</b>	<b>18,106</b>	<b>+4%</b>
Share capital and reserves	4,532	4,532	+0%
Share premium	6,891	6,891	+0%
Other capital reserves	128	93	+38%
Retained earnings	7,364	6,590	+12%
<b>LIABILITIES</b>	<b>66,180</b>	<b>59,052</b>	<b>+12%</b>
Interest-bearing debt	59,840	53,974	+11%
Trade payables and other liabilities	3,365	2,159	+56%
Lease liabilities for right-of-use assets	2,974	2,918	+2%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>85,095</b>	<b>77,158</b>	<b>+10%</b>

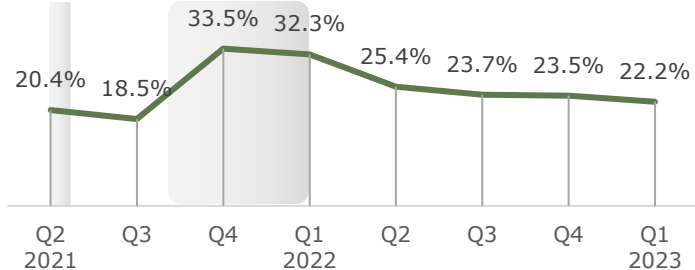
\* Data reflected according to restated comparatives in the latest financial statements.

# Financial ratios

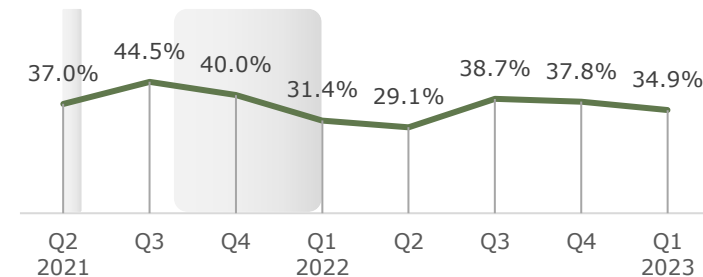
**EBITDA margin\***



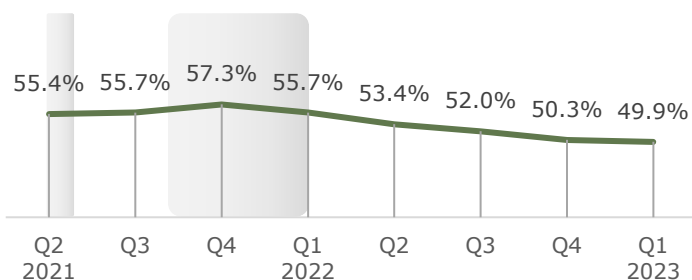
**Equity ratio**



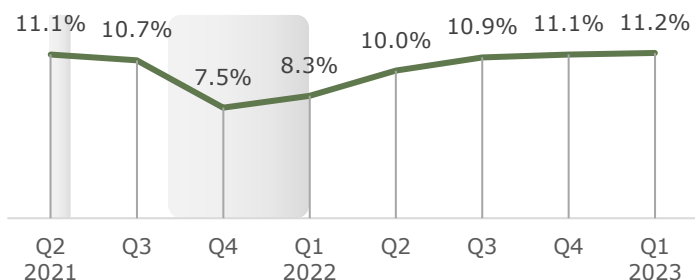
**ROE\*\***



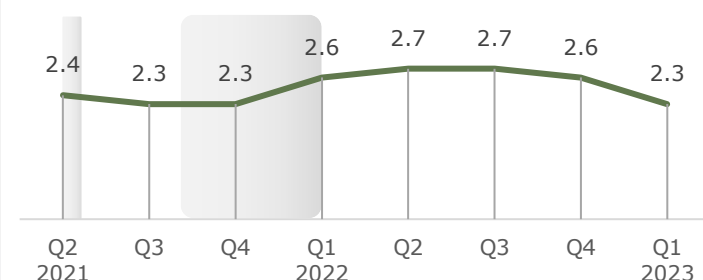
**Cost-to-income ratio\***



**Cost of interest-bearing liabilities**



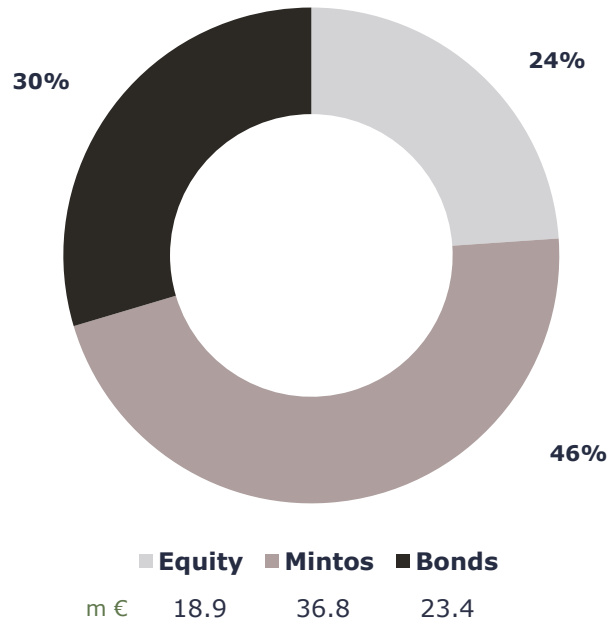
**Interest coverage ratio\***



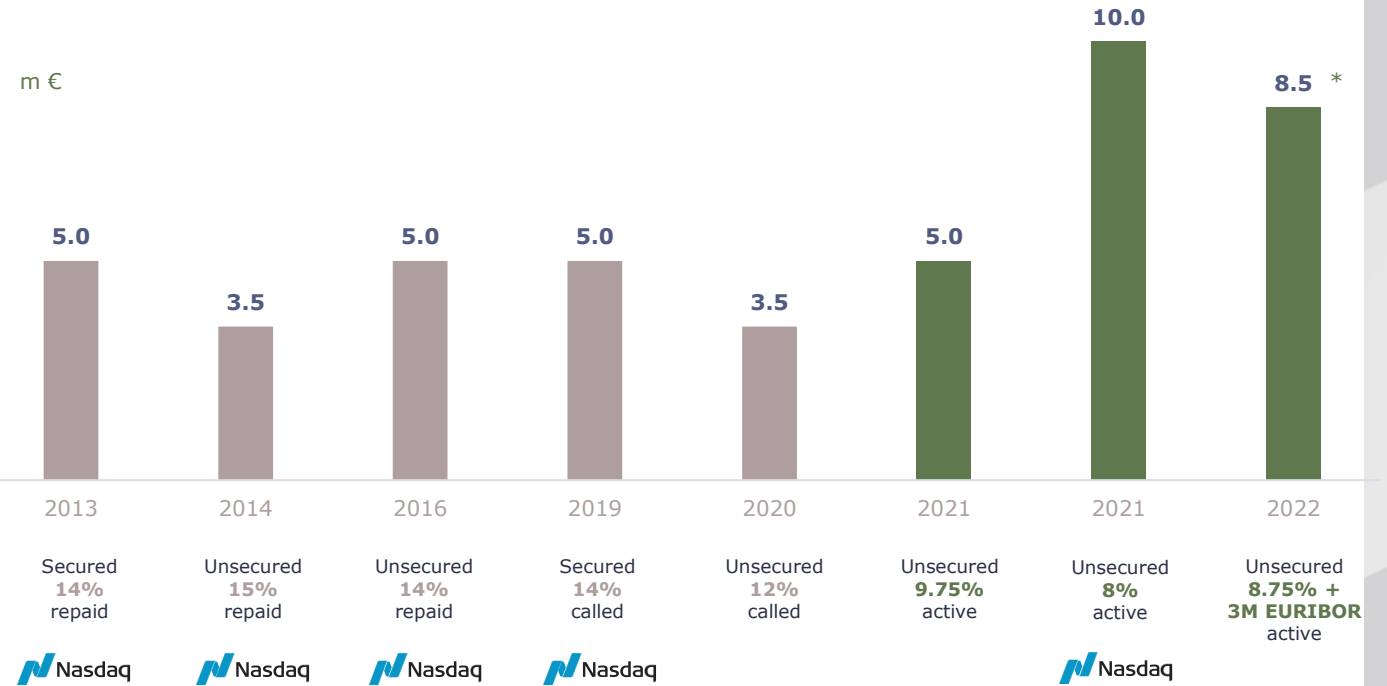


# Capital structure

Capital structure 31.03.2023



Bond financing track record



## DelfinGroup on *Mintos*

- Since **2016**
- **90 thousand active investors**
- Investors from **112 countries**

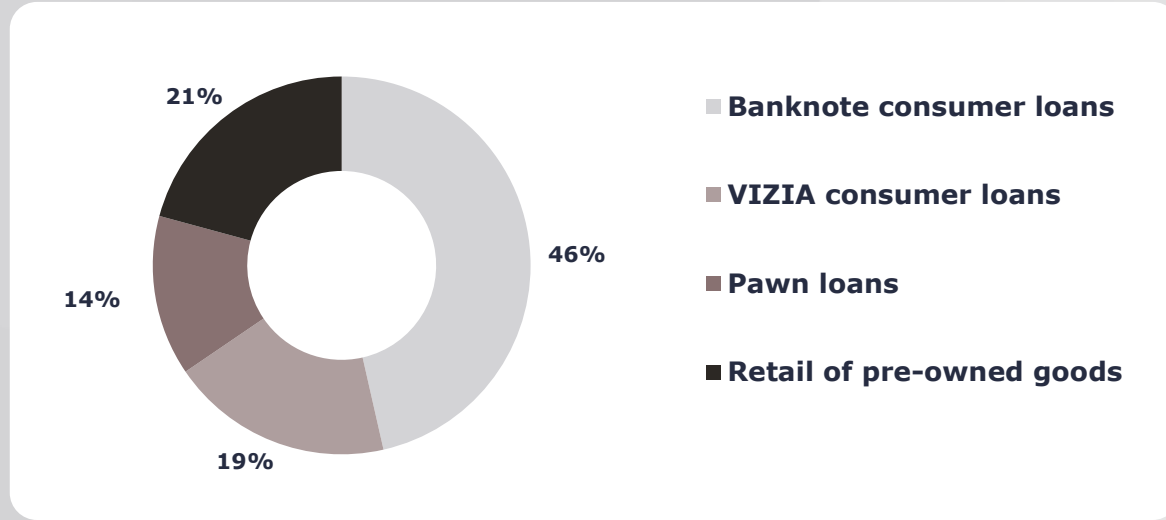
\* Latest bond emission registered in the amount of **EUR 10 million** and maturity in September 2024. The bond issue is a private placement, and the subscription period is open. As of 31 March 2023, EUR 8.5 million has been subscribed.

# Diversification

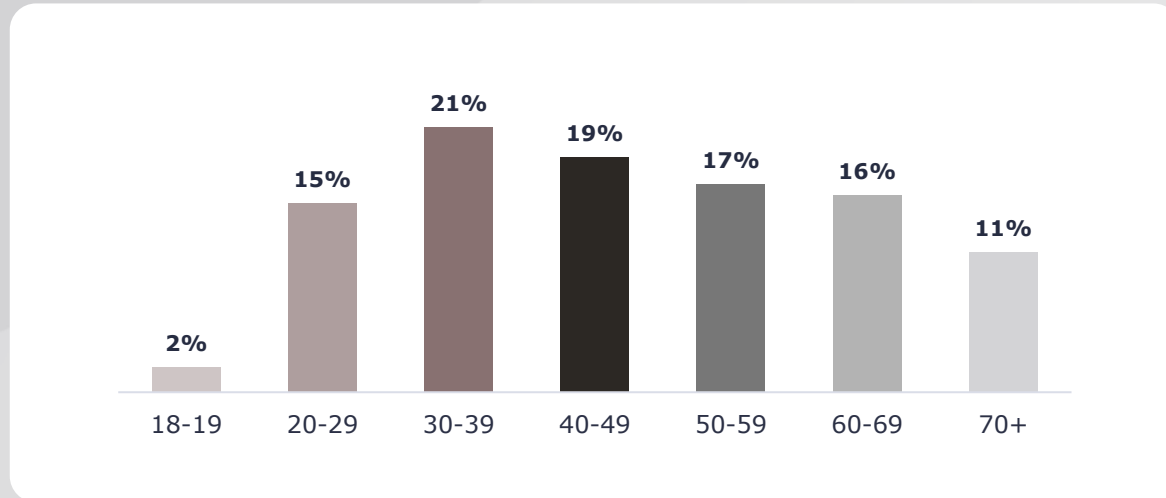
Although the most significant part of the revenue stream comes from the consumer loan segment, we see great potential in gradually growing other *DelfinGroup* segments.

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

Revenue by business segments 3M 2023



Distribution of active clients by age on 31 March 2023\*



# Dividends

## Unique dividend distribution proposal in Baltics

### Quarterly dividends

- At least **4 dividend payments** per year
- Up to 50% from previous Q profit

## Dividend yield of 6.4%\*

Dividend period	Dividend payment date	EUR/share	EUR total	Payout ratio***
Q1 2023	Upon shareholders approval**	0.0177**	802 157**	49.73%**
Q4 2022	17.04.2023	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 1.5 on 31 March 2023 and including management's proposed dividends from Q1 2023 net profit.

\*\*Proposed dividends, distribution is subject to Shareholders meeting decision.

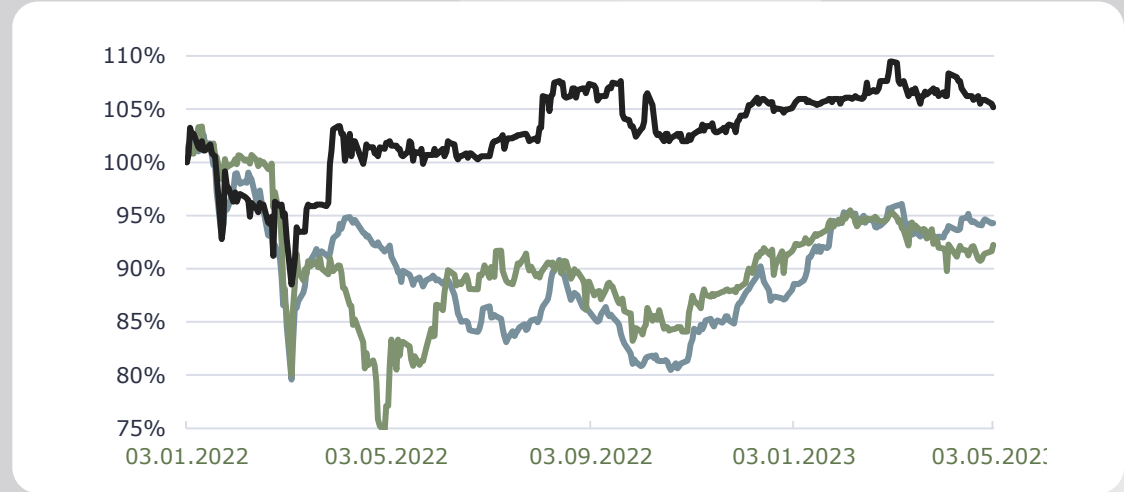
\*\*\*Dividend amount paid from the net profit of the respective quarter.

# Share performance

## Share price, €



## Share dynamics compared to indexes



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

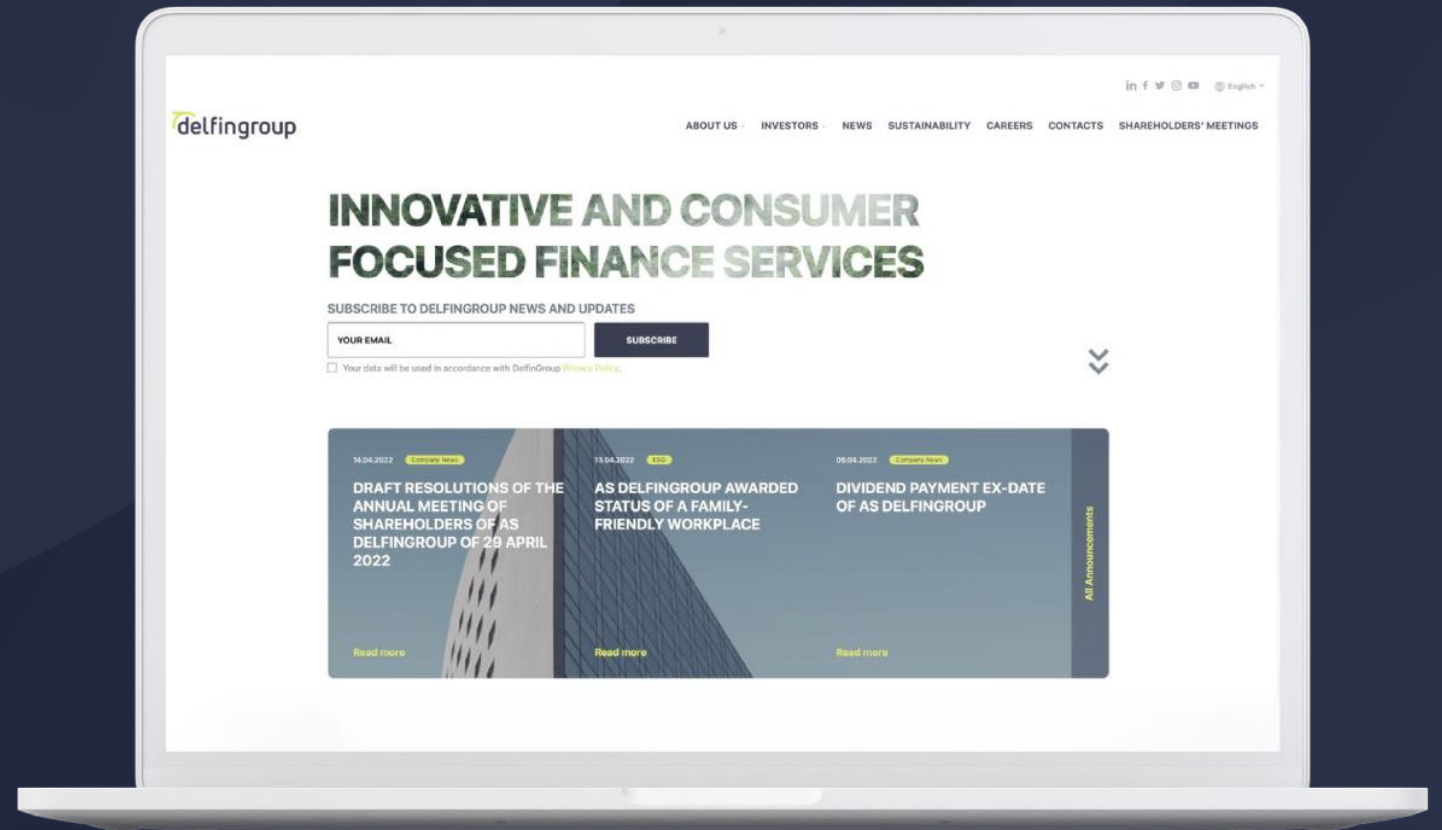
31.03.2023	<i>DelfinGroup</i>	Financial industry*
Capitalization m €	68.0	-
EPS TTM €	0.137	-
P/E	10.9	10.1
ROE	34.9%	24.2%

\*Average ratio for financial services companies listed on Nasdaq Baltic Main list on 31.03.2023.

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



Company highlights

Business performance

**Appendix**





# Consolidated income statement

Financial report

BALANCE SHEET, EUR'000	2020*				2021*				2022*				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total revenue	5,877	5,028	5,605	6,782	5,890	5,765	6,335	7,199	7,586	8,440	9,432	10,318	11,082
Cost of sales	-1072	-794	-810	-903	-620	-862	-721	-955	-780	-1,080	-1,179	-1,164	-1,443
Credit loss expense	-674	-391	-255	-775	-735	-595	-827	-658	-1,410	-1,308	-1,584	-1,859	-2,145
Interest expenses and similar expenses	-823	-887	-808	-1,115	-1,011	-852	-918	-1,046	-689	-958	-1,390	-1,632	-1,792
<b>Gross profit</b>	<b>3,308</b>	<b>2,956</b>	<b>3,733</b>	<b>3,989</b>	<b>3,524</b>	<b>3,457</b>	<b>3,868</b>	<b>4,541</b>	<b>4,707</b>	<b>5,094</b>	<b>5,279</b>	<b>5,662</b>	<b>5,702</b>
Selling expenses	-1,342	-1,155	-1,247	-1,703	-1,326	-1,442	-1,524	-1,832	-1,757	-1,686	-1,939	-2,054	-2,062
Administrative expenses	-857	-776	-865	-766	-945	-1,054	-1,019	-1,200	-1,280	-1,353	-1,512	-1,692	-1,766
Other operating income	4	25	16	28	16	11	29	29	24	22	21	37	15
Other operating expenses	-49	-48	-48	-44	-142	154	-127	-20	-115	-117	-24	-58	-64
<b>Profit before tax</b>	<b>1,064</b>	<b>1,002</b>	<b>1,588</b>	<b>1,504</b>	<b>1,128</b>	<b>1,125</b>	<b>1,227</b>	<b>1,517</b>	<b>1,579</b>	<b>1,960</b>	<b>1,825</b>	<b>1,894</b>	<b>1,825</b>
Income tax expense	-26	-7	-462	-259	-324	-299	-201	-155	-188	-742	-154	-212	-212
<b>Net profit</b>	<b>1,038</b>	<b>995</b>	<b>1,126</b>	<b>1,245</b>	<b>804</b>	<b>826</b>	<b>1,026</b>	<b>1,362</b>	<b>1,391</b>	<b>1,218</b>	<b>1,671</b>	<b>1,681</b>	<b>1,613</b>
<b>EBITDA</b>	<b>2,399</b>	<b>2,155</b>	<b>2,400</b>	<b>2,922</b>	<b>2,399</b>	<b>2,241</b>	<b>2,400</b>	<b>2,922</b>	<b>2,559</b>	<b>3,210</b>	<b>3,518</b>	<b>3,825</b>	<b>3,923</b>

# Consolidated balance sheet

Financial report

BALANCE SHEET, EUR'000	2020*				2021*				2022*				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Fixed and intangible assets	748	859	927	1,038	864	818	789	1,201	1,301	1,351	1,387	1,470	1,595
Right-of-use assets	1,950	3,056	2,927	3,194	3,281	3,145	3,013	2,973	2,915	2,773	2,783	2,636	2,698
Loans to related parties	1,376	1,381	376	474	445	-	-	-	-	-	-	-	-
Net loan portfolio	33,025	32,840	34,644	35,661	32,937	33,859	38,812	43,755	47,967	54,515	60,508	67,518	73,453
Inventory and scrap	692	602	941	852	976	938	1,167	1,255	1,240	1,566	1,844	2,290	3,909
Other assets	503	536	365	655	495	331	746	520	541	364	1,333	875	1,042
Cash	2,037	1,958	2,434	4,592	1,907	594	2,541	2,460	1,704	2,314	4,010	2,369	2,398
<b>TOTAL ASSETS</b>	<b>40,331</b>	<b>41,233</b>	<b>42,615</b>	<b>46,465</b>	<b>40,905</b>	<b>39,688</b>	<b>47,069</b>	<b>52,163</b>	<b>55,667</b>	<b>62,883</b>	<b>71,866</b>	<b>77,158</b>	<b>85,095</b>
<b>EQUITY</b>	<b>9,405</b>	<b>10,401</b>	<b>9,513</b>	<b>9,758</b>	<b>8,639</b>	<b>8,108</b>	<b>8,696</b>	<b>17,476</b>	<b>17,989</b>	<b>16,003</b>	<b>17,067</b>	<b>18,106</b>	<b>18,915</b>
Share capital and reserves	1,500	1,500	4,000	4,000	4,000	4,000	4,000	4,532	4,532	4,532	4,532	4,532	4,532
Share premium	-	-	-	-	-	-	-	6,891	6,891	6,891	6,891	6,981	6,891
Other capital reserves												93	128
Retained earnings	7,905	8,901	5,513	5,758	4,639	4,108	4,696	6,053	6,566	4,580	5,644	6,590	7,364
<b>LIABILITIES</b>	<b>30,926</b>	<b>30,832</b>	<b>33,102</b>	<b>36,707</b>	<b>32,266</b>	<b>31,580</b>	<b>38,373</b>	<b>34,687</b>	<b>37,678</b>	<b>46,881</b>	<b>54,799</b>	<b>59,052</b>	<b>66,180</b>
Interest-bearing debt	27,316	25,586	27,575	31,151	26,894	26,360	33,290	29,412	31,644	40,477	49,704	53,974	59,840
Trade payables and other liabilities	1,596	2,047	2,418	2,120	1,798	1,768	1,751	1,970	2,788	3,307	1,999	2,159	3,365
Lease liabilities for right-of-use assets	2,014	3,199	3,109	3,436	3,574	3,452	3,332	3,305	3,246	3,096	3,097	2,918	2,974
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40,331</b>	<b>41,233</b>	<b>42,615</b>	<b>46,465</b>	<b>40,905</b>	<b>39,688</b>	<b>47,069</b>	<b>52,163</b>	<b>55,667</b>	<b>62,883</b>	<b>71,866</b>	<b>77,158</b>	<b>85,095</b>

# 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

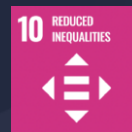
- The most geographically available financial institution in Latvia.
- Serving the underserved customer segments.
- Charitable activities towards children and seniors.
- Inclusive workplace.



## 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.

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