

Financial report



Key results

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Key results

Total loans issued



Net loan portfolio



In Q2 2024, the company reached a record-high loan issuance amount of EUR 26.1 million, a 20% increase year on year.

The net loan portfolio increased by 14% in the first six months of 2024, reaching EUR 101.5 million.

Quarterly revenues reached another all-time high, reaching EUR 14.8 million, a 24% growth compared to the previous year.

Total revenue



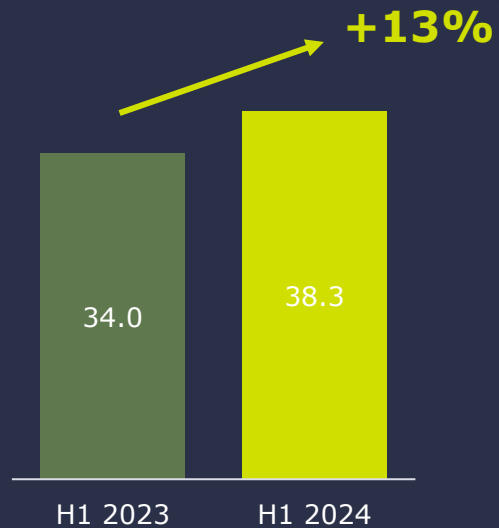
Profit before tax



Profit before tax in Q2 reached EUR 2.3 million. Over the last twelve months, the profit margin has been mainly affected by increasing interest and credit loss expenses due to a growing loan portfolio.

Highlights: consumer lending

6M 2024 consumer loan issuance, mEUR



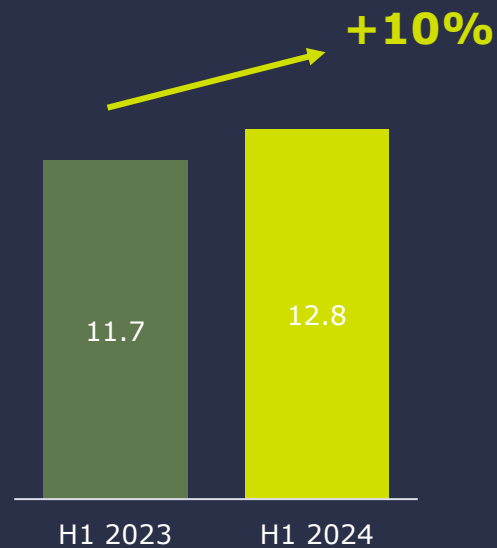
- Stable growth results in the consumer lending segment.
- Focus on promotion of the new credit line product with virtual card.
- Work on mobile app improvements to provide the best user experience.
- Preparation for launch of consumer lending in Lithuania.



Highlights: pawn lending

Digitalisation is a driver for the pawn lending segment in future.

6M 2024 pawn loan issuance, mEUR



- In Q2, DelfinGroup launched a digital pawnshop solution.
- This is the first fully remote pawn lending experience in the Baltics.
- The new service allows people to obtain a secured loan by completing an online application with no additional fees.
- The contract is signed remotely, and the goods are sent to the branch via parcel machine.

1



Submission of an application

Submission of an item for pre-evaluation on the *Banknote* website

2



Shipping of the item

Confirmation of the preliminary valuation and transfer of the item via parcel machine

3



Final evaluation

Client receives a final evaluation and reads the terms of the contract

4



Transfer of the money

Client confirms final evaluation and receives money in bank account

5



Return of the pledge

Once the loan is repaid the pledge is sent back to the client

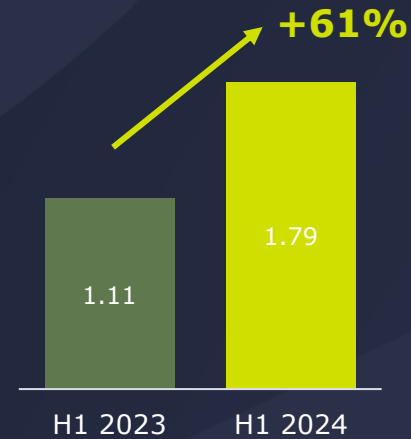
Highlights: Retail of pre-owned goods

Retail of pre-owned goods sales mEUR*

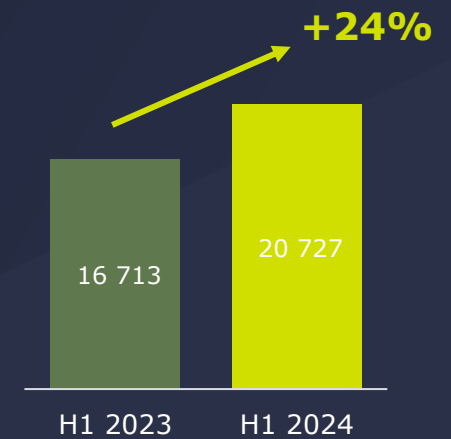


- Increasing sales both online and offline.
- Focus on e-store improvements such as user experience and design.
- Implementation of remote purchasing of jewelry.

Online store sales, mEUR



Units sold at online store



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Expansion in Lithuania



Consumer lending licence received

- Admission to the public list of consumer loan service providers in Lithuania.
- Up-to-date consumer lending is the largest business segment for DelfinGroup.
- The company plans to start offering consumer lending services in Q3 2024.

Branch network expands to 7 stores



- Continued work on existing business segment expansion in Lithuania – pawn lending and retail of pre-owned goods.
- Banknote brand presence and customer demand increase month-over-month.
- Two new branches were opened in Vilnius in July 2024.
- Plan to significantly increase store count in Lithuania in 2024 and 2025.



Branch network development in Latvia

Efficiency of the branch network has been set as a focus in Latvia to secure sustainable business operations.

Opening of new branches and expansion of Banknote XL network:

1

New Banknote XL branch in Daugavpils, Saules iela 55

2

New Banknote XL branch in Rēzekne, Atbrīvošanas aleja 119

3

New branch in Balvi, Brīvības iela 57

4

New branch in Riga, Melnsila iela 22A



Capital markets highlights

PUBLIC BOND ISSUE

- DelfinGroup plans a **new public bond issue of up to EUR 15 million**.
- The aim is to refinance the existing bond of EUR 10 million with maturity in September 2024.
- **Available for Baltic retail and institutional investors** with an affordable min. investment amount.
- DelfinGroup has a proven **track-record with 7 repaid bond issues** over a 10-year period.

STOCK

- Shareholder count surpassed **9 500 shareholders**.
- One of the highest free floats on the Baltic stock exchange of 47%.

BONDS & P2P

- Bondholder count surpassed **500 bondholders**.
- One of the best risk scores on Mintos investment platform.
- **Banknote risk score** on Mintos platform reached **8.7** and **VIZIA 9.0** (10 being the best score).

Team development

The DelfinGroup team is constantly developing to support the company's ambitious goals of increasing its value.



A seasoned fintech professional, **Edgars Kokins**, joined DelfinGroup as **Chief Revenue Officer**. Edgars will drive processes related to increasing DelfinGroup product and service sales.



COO Sanita Pudnika resigned from the Management Board position at the end of June 2024. Since then, the COO role has been transformed.



New Country Manager joined the team to support expansion in Lithuania.



Upcoming changes in data, marketing and finance teams.



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Consumer loans

Consumer net loan portfolio



Average loan*

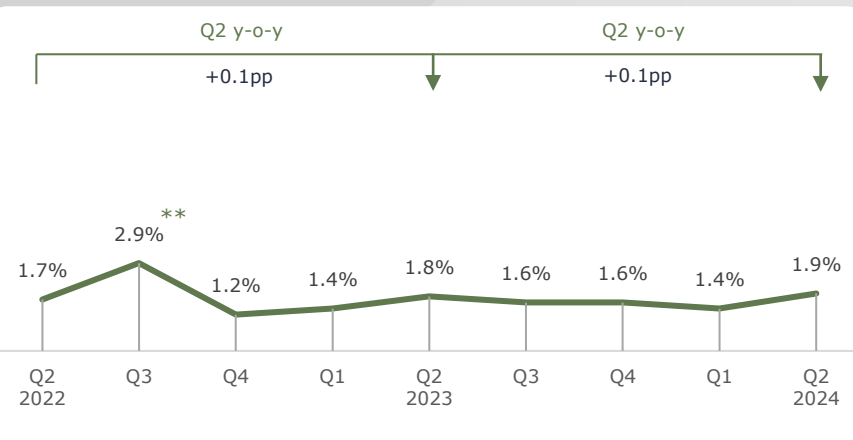


The consumer lending portfolio continued increasing, as did the average loan amount and term. At the end of Q2 2024, the net loan portfolio reached 92.9 million euros.

Weighted average term of loans issued



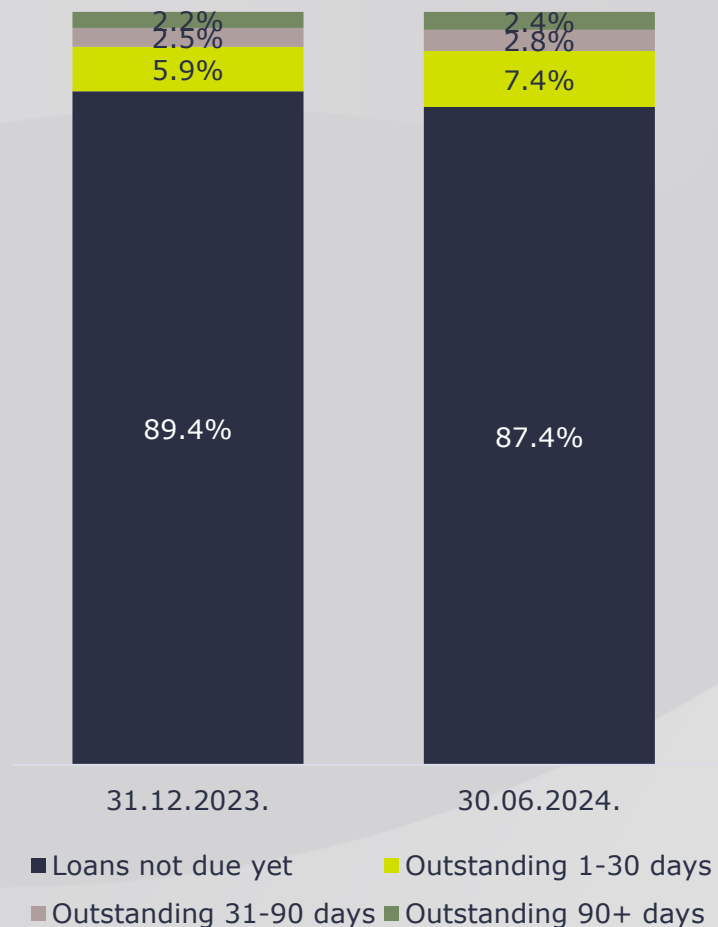
Non-performing loan ratio



Due to stable demand and increasing ticket and term size, the consumer loan portfolio grew by 30% over a 12-month period.

Strong focus on loan portfolio quality that ensures solid NPL ratio level which is in line with DelfinGroup expectation.

Age analysis of consumer lending portfolio*



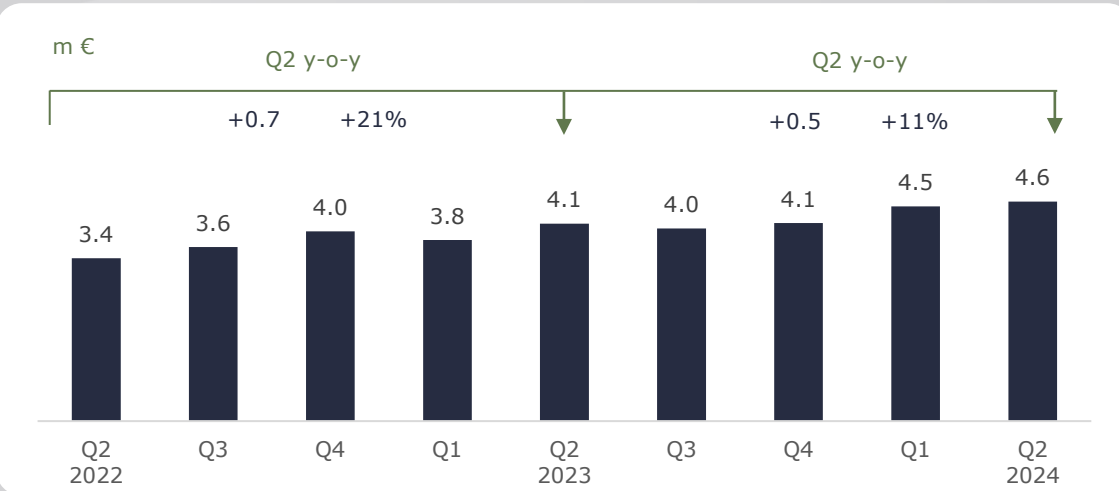
Consumer loan portfolio quality remains stable with current loans of more than 87%.

Continued focus on lower-risk lending clients to reduce portfolio expenses.

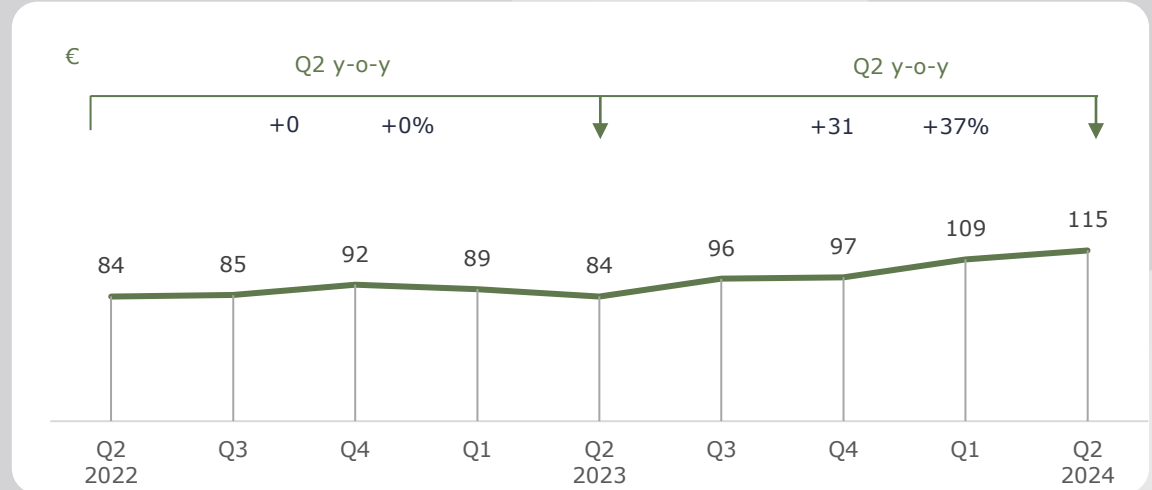
A result of a thorough and data-based client underwriting processes.

Pawn loans

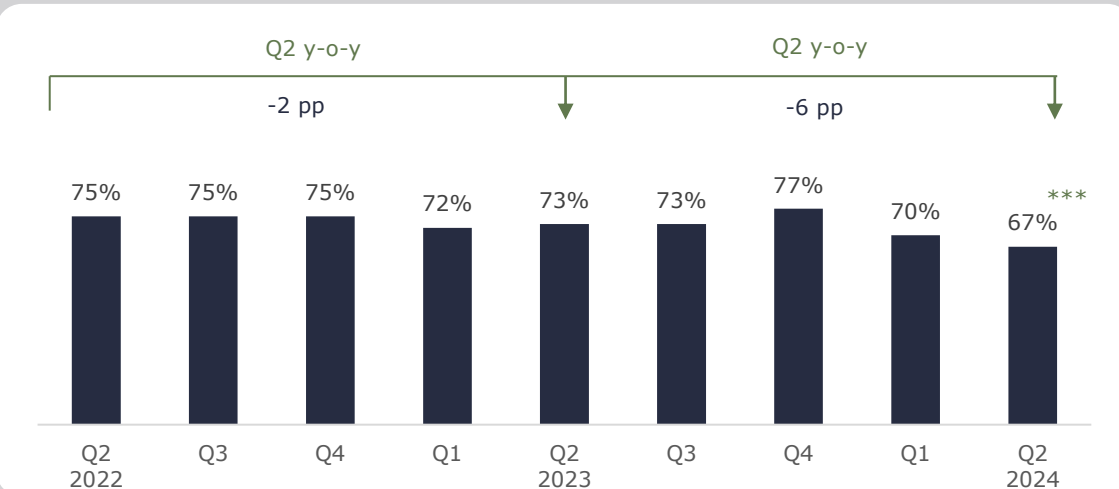
Pawn net loan portfolio*



Average pawn loan amount



Repaid pawn loans**



The pawn lending segment continues to show stable results. The pawn loan portfolio has increased by 11% in the last six months.

Average pawn loan amount has grown over the last year as the inflation has pushed up prices for items and jewelry.

Redemption rate of pledged items remain stable around 70% over the last years.

* Active portfolio excluding portfolio part where collateral is available for sale.

** Pawn loans repaid or extended within 2 months since issuance.

*** Q2 2024 is represented only for June as methodology and the data acquisition system was changed during the period.

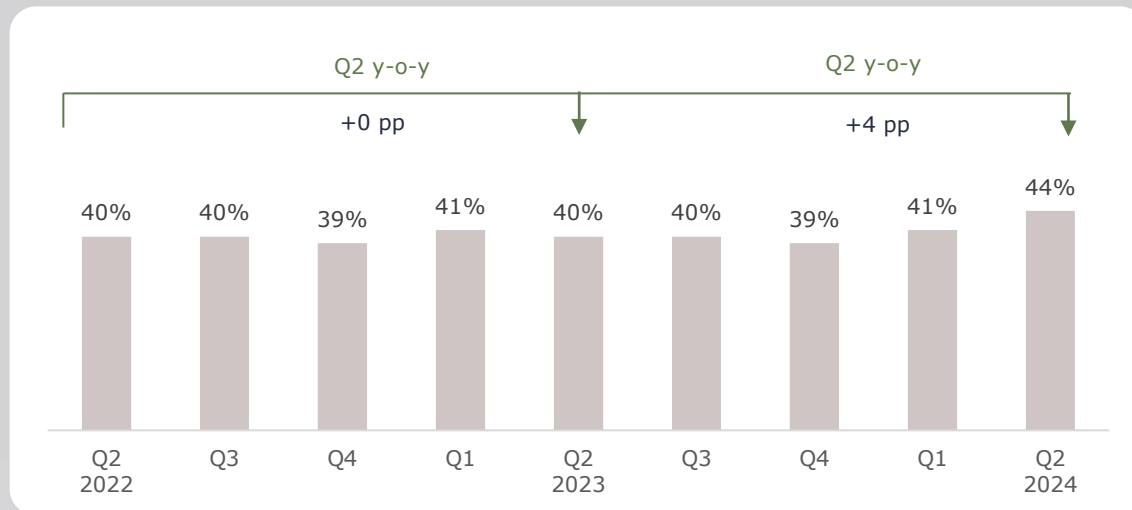
Retail of pre-owned goods*

Sale of pre-owned goods**



Stable and consistent growth has been achieved in the retail segment by promoting the circular economy principles in Latvia and Lithuania.

Gross margin***

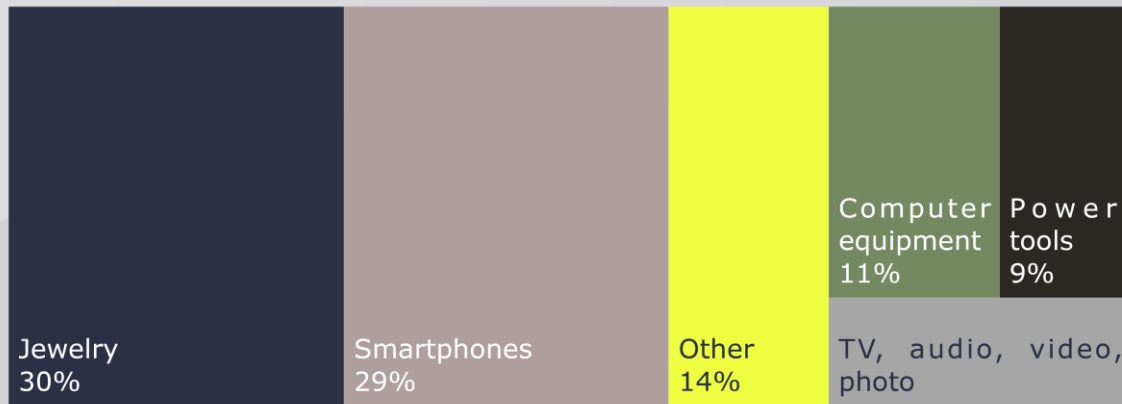


Retail sales of pre-owned goods in Q2 2024 increased by 14% compared to last year's respective period, reaching EUR 4 million.

The gross margin is, on average, around 40%, slightly increasing in Q2 2024 due to rising gold prices.

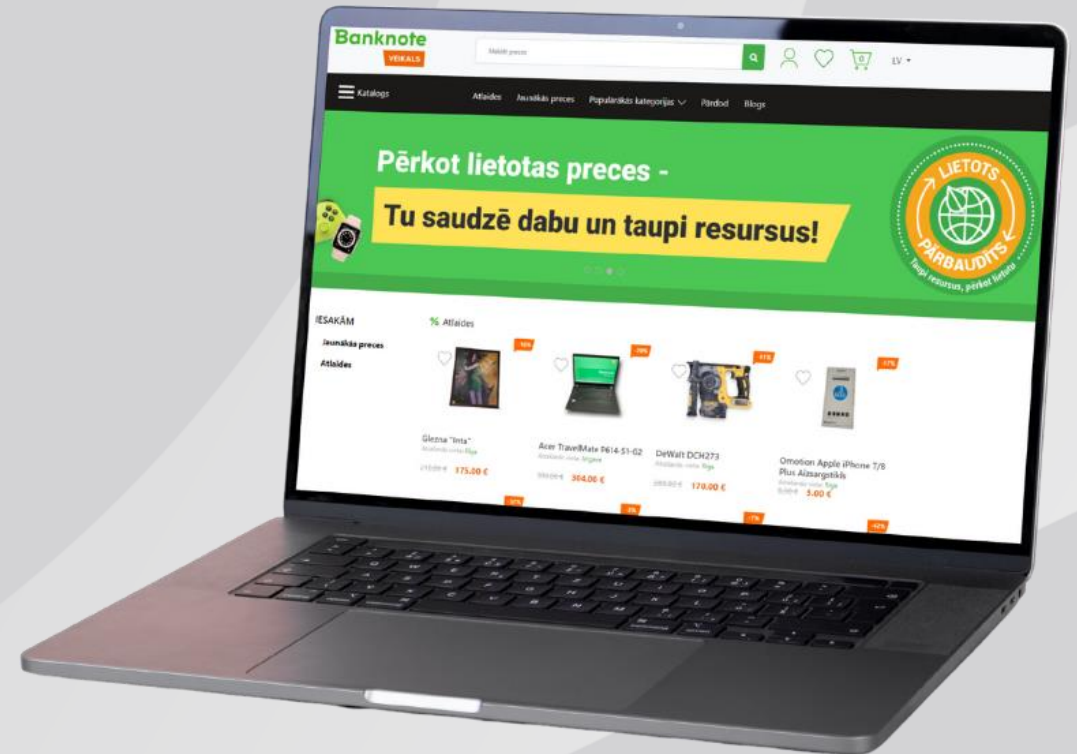
Sales split by product category

Sales split by product category (6M 2024)



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.

Jewelry is polished and sold with its original appearance but for a more affordable price.

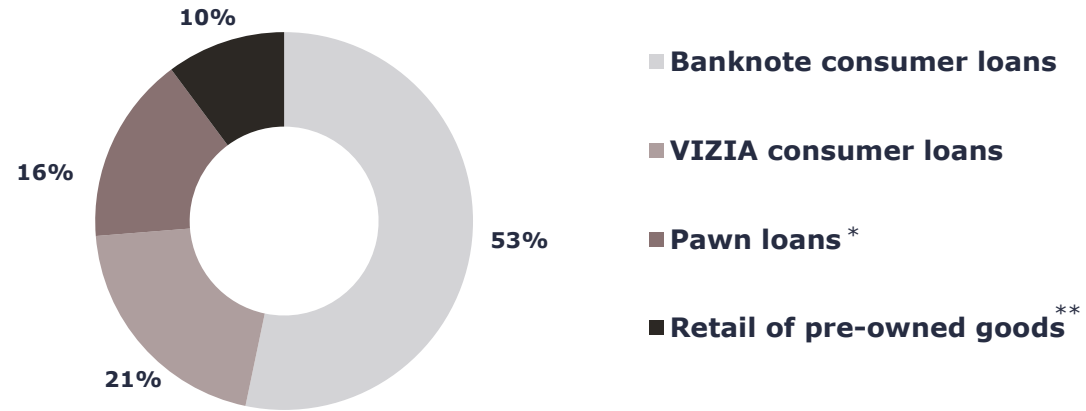


Diversification

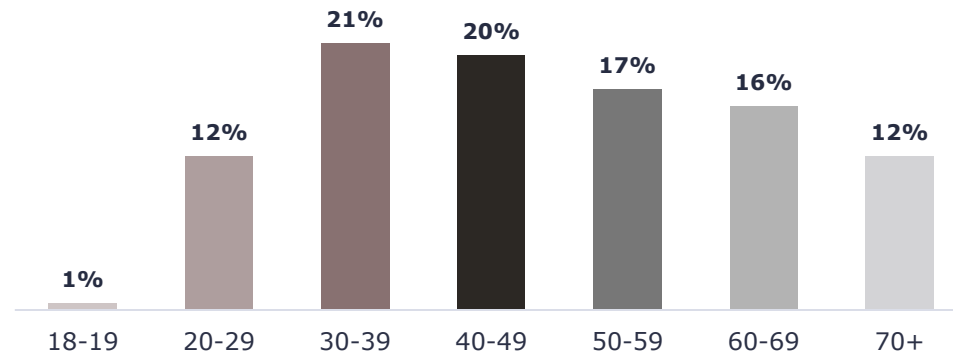
Although the most significant part of the revenue stream comes from the consumer loan segment, we see great potential in gradually growing other *DelfinGroup* segments.

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

Revenue by business segments 6M 2024



Distribution of active clients by age on 31 March 2024***



Consolidated income statement

INCOME STATEMENT, EUR'000	2024 Q2	2023 Q2	Change %	2024 6M	2023 6M	Change %
Total revenue	14,838	11,970	+24%	29,098	23,303	+25%
Cost of sales	-1,166	-1,096	+6%	-2,670	-2,468	+8%
Credit loss expense	-3,550	-2,769	+28%	-6,971	-5,236	+33%
Interest expenses and similar expenses	-2,662	-2,052	+30%	-5,222	-3,844	+36%
Gross profit	7,461	6,052	+23%	14,233	11,754	+21%
Selling expenses	-2,575	-2,054	+25%	-5,163	-4,116	+25%
Administrative expenses	-2,482	-1,957	+27%	-4,550	-3,723	+22%
Other operating income	38	12	+214%	62	27	+132%
Other operating expenses	-117	-82	+42%	-219	-146	+50%
Profit before tax	2,324	1,971	+18%	4,363	3,797	+15%
Income tax expense	-482	-202	+138%*	-902	-414	+118%*
Net profit	1,842	1,769	+4%	3,461	3,382	+2%
EBITDA	5,422	4,345	+25%	10,450	8,268	+26%

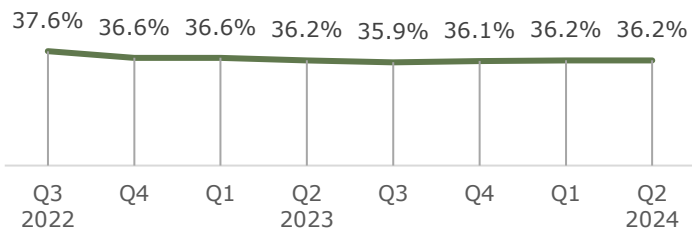
* Increase of tax due to approved changes in corporate income tax law at the end of 2023. As a result, tax is calculated from full profit amount whereas in Q1 2023 tax was calculated only from the approved dividends.

Consolidated balance sheet

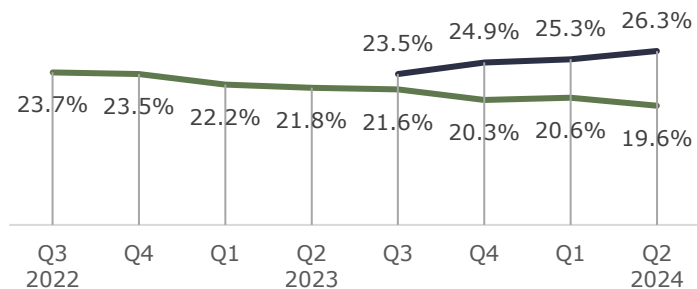
BALANCE SHEET, EUR'000	30.06.2024	31.12.2023	Change %
Fixed and intangible assets	3,032	2,680	+13%
Right-of-use assets	2,804	2,887	-3%
Net loan portfolio	101,549	89,026	+14%
Inventory and scrap	3,782	3,391	+12%
Other assets	1,860	1,149	+62%
Cash	4,354	5,929	-27%
TOTAL ASSETS	117,381	105,061	+12%
EQUITY	22,972	21,322	+8%
Share capital and reserves	4,538	4,538	+0%
Share premium	6,891	6,891	+0%
Other capital reserves	215	170	+26%
Retained earnings	11,329	9,724	+17%
LIABILITIES	94,409	83,739	+13%
Interest-bearing debt	86,298	76,971	+12%
Trade payables and other liabilities	5,015	3,600	+39%
Lease liabilities for right-of-use assets	3,096	3,168	-2%
TOTAL EQUITY AND LIABILITIES	117,381	105,061	+12%

Financial ratios

EBITDA margin*

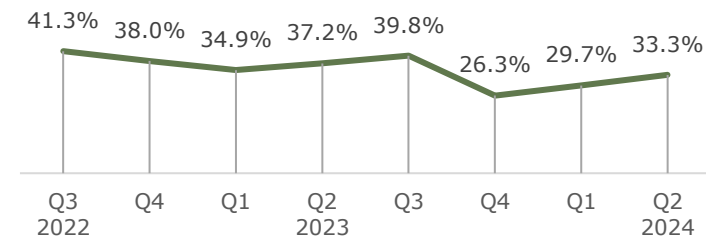


Equity ratio and adjusted equity ratio



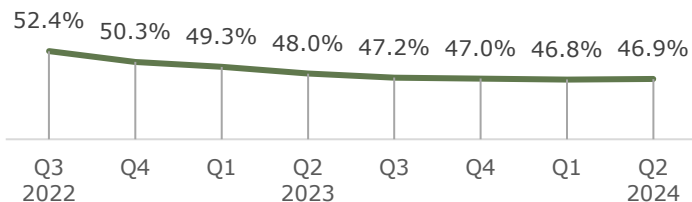
- Equity ratio
- Adjusted equity ratio including subordinated bonds

ROE**

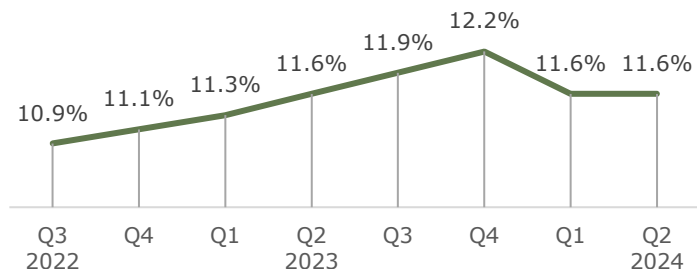


Decrease of ROE starting from Q4 2023 due to changes in corporate income tax legislation in Latvia. All tax amount was attributed to Q4 2023.

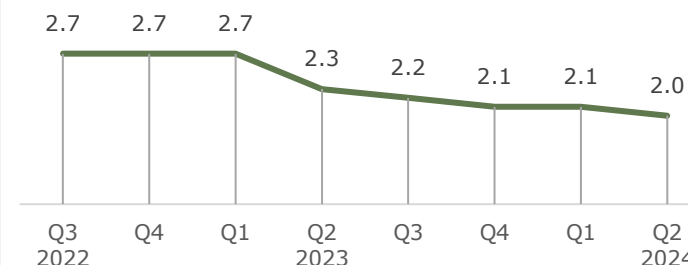
Cost-to-income ratio*



Cost of interest-bearing liabilities

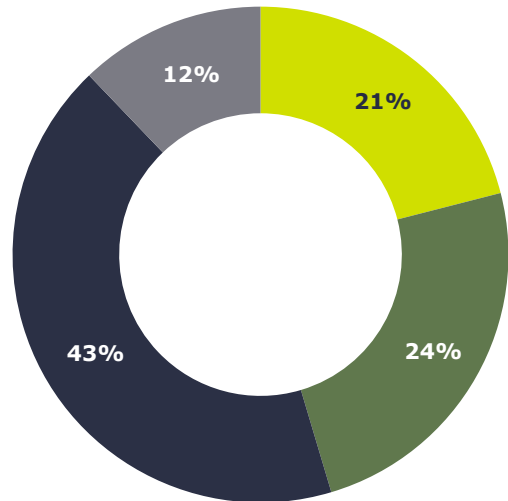


Interest coverage ratio*



Capital structure

Capital structure 30.06.2024

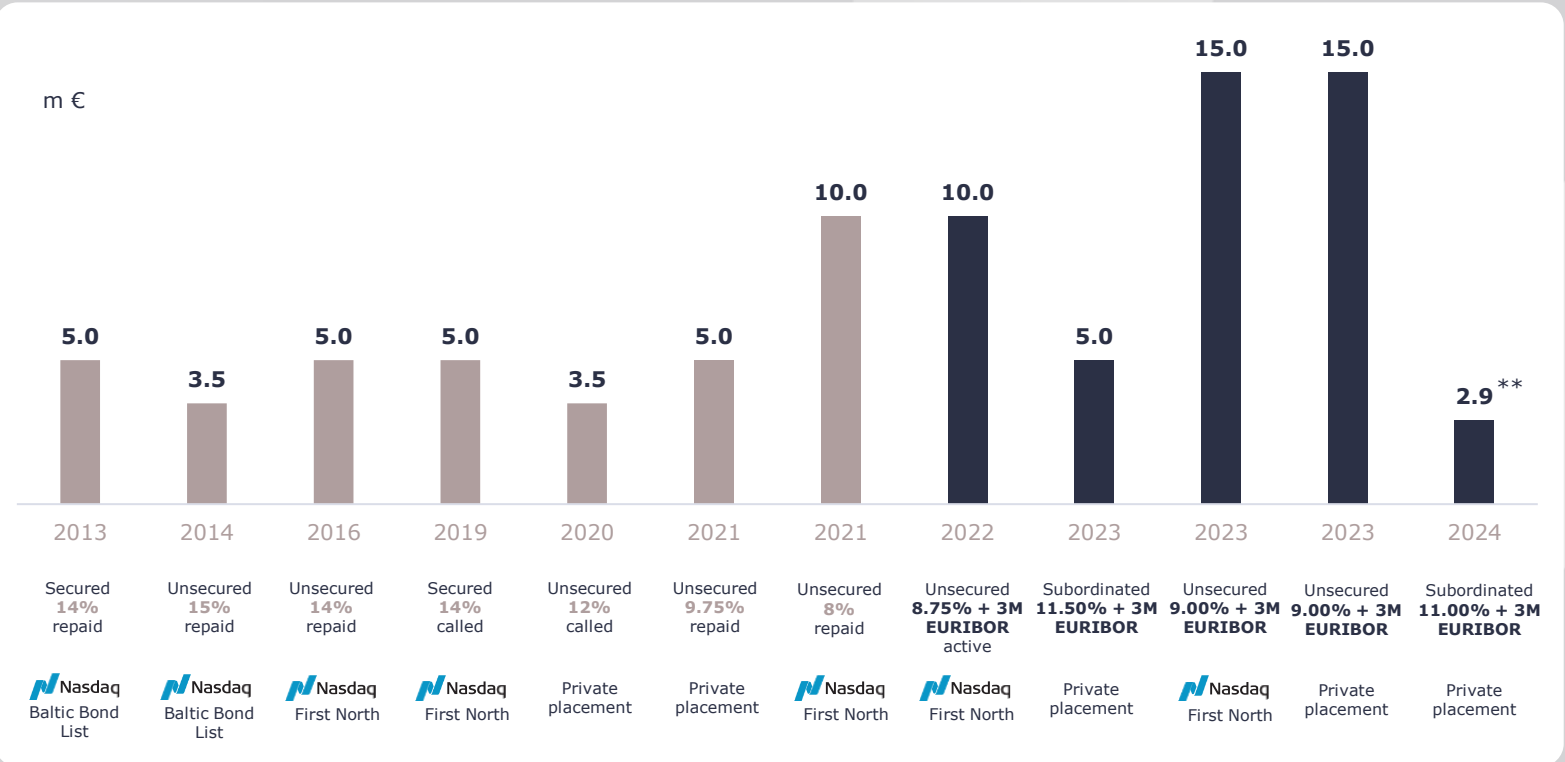


	Equity	Mintos	Bonds	Banks
m €	23.0	26.7	46.5	13.3

DelfinGroup on Mintos

- **Since 2016**
- **80+ thousand active investors**
- **Investors from 100+ countries**

Bond financing track record*



On 25 July shareholders approved the company's intention to organise a new bond issue in the Baltic States. The company plans to issue a total of 15 million euros in bonds in all three Baltic States, attracting retail and institutional investors. The funds raised will be used to refinance existing bonds and liabilities.

*In nominal value
**Amount which has been subscribed from the initial placement on 30.06.2024.

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 7.9%*

Dividend period	Dividend payment date	EUR/share	EUR total	Payout ratio***
Q2 2024	Upon shareholders approval**	0.0202**	916 626**	49.76%**
Q1 2024	14.06.2024	0.0178	807 720	49.89%
Q4 2023	16.04.2024	0.0143	648 898	49.99%
Q3 2023	28.12.2023	0.0214	969 839	49.80%
Q2 2023	29.09.2023	0.0195	883 732	49.95%
Q1 2023	30.06.2023	0.0177	802 157	49.73%

Dividend period	Dividend payment date	EUR/share	EUR total
Annual	12.07.2024	0.0088	399 322
Annual	17.05.2022 15.07.2022	0.0552	2 501 642

*Based on share price of EUR 1.042 on 5 May 2024 and including management's proposed dividends from Q2 2024 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 and turnover, €



Share dynamics compared to indexes



— DGR1R – DelfinGroup
— OMX_Baltic_Benchmark_GI

30.06.2024	<i>DelfinGroup</i>	Financial industry*
Capitalization m €	49.3	-
EPS TTM €	0.149	-
P/E	7.29	6.14
ROE	33.3%	19.5%

Decrease of the share price since Q2 2023 due to the largest shareholder's public share offerings. In Q2 2023 the shares were offered at a discount from the previous market price of EUR 1.35 per share and in Q2 2024 the shares were offered at EUR 1.09.

DelfinGroup investors have received additionally EUR 0.249 per share in dividends since IPO.

*Average ratio for financial services companies listed on Nasdaq Baltic Main list on 30.06.2024. as per last published financial data.

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Consolidated income statement

BALANCE SHEET, EUR'000	2021				2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1*	Q2*	Q3*	Q4	Q1	Q2
Total revenue	5,890	5,765	6,335	7,199	7,586	8,095	9,587	10,507	11,333	11,970	13,208	13,912	14,260	14,838
Cost of sales	-620	-862	-721	-955	-780	-1,080	-1,179	-1,164	-1,372	-1,096	-1,641	-1,977	-1,505	-1,166
Credit loss expense	-735	-595	-827	-658	-1,410	-1,082	-1,628	-2,041	-2,466	-2,769	-2,843	-2,608	-3,421	-3,550
Interest expenses and similar expenses	-1,011	-852	-918	-1,046	-689	-958	-1,390	-1,632	-1,792	-2,052	-2,285	-2,450	-2,561	-2,662
Gross profit	3,524	3,457	3,868	4,541	4,707	4,975	5,390	5,670	5,702	6,052	6,439	6,878	6,773	7,461
Selling expenses	-1,326	-1,442	-1,524	-1,832	-1,757	-1,686	-1,939	-2,118	-2,062	-2,054	-2,244	-2,388	-2,588	-2,575
Administrative expenses	-945	-1,054	-1,019	-1,200	-1,280	-1,346	-1,477	-1,671	-1,766	-1,957	-1,942	-2,063	-2,068	-2,482
Other operating income	16	11	29	29	24	22	21	37	15	12	11	37	25	38
Other operating expenses	-142	154	-127	-20	-115	-123	-60	-16	-64	82	-92	-145	-103	-117
Profit before tax	1,128	1,125	1,227	1,517	1,579	1,842	1,935	1,901	1,825	1,971	2,174	2,319	2,039	2,324
Income tax expense	-324	-299	-201	-155	-188	-742	-154	-212	-212	-202	-226	-1,021	-420	-482
Net profit	804	826	1,026	1,362	1,391	1,099	1,782	1,689	1,613	1,769	1,948	1,298	1,619	1,842
EBITDA	2,399	2,241	2,400	2,922	2,559	3,091	3,628	3,833	3,923	4,345	4,786	5,137	5,028	5,422

Consolidated balance sheet

BALANCE SHEET, EUR'000	2021*				2022*				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Fixed and intangible assets	864	818	789	1,201	1,301	1,351	1,387	1,470	1,595	1,823	2,150	2,680	2,814	3,032
Right-of-use assets	3,281	3,145	3,013	2,973	2,915	2,773	2,783	2,636	2,698	2,712	2,655	2,887	2,701	2,804
Loans to related parties	445	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loan portfolio	32,937	33,859	38,812	43,755	47,967	54,397	60,501	67,518	73,453	78,099	84,552	89,026	95,554	101,549
Inventory and scrap	976	938	1,167	1,255	1,240	1,566	1,844	2,290	3,909	4,662	3,571	3,391	3,558	3,782
Other assets	495	331	746	520	541	364	1,333	875	1,042	1,105	1,081	1,149	,893	1,860
Cash	1,907	594	2,541	2,460	1,704	2,314	4,010	2,369	2,398	3,013	3,222	5,929	2,995	4,354
TOTAL ASSETS	40,905	39,688	47,069	52,163	55,667	62,765	71,858	77,158	85,095	91,415	97,232	105,061	108,515	117,381
EQUITY	8,639	8,108	8,696	17,476	17,989	15,885	17,059	18,106	18,915	19,917	21,016	21,322	22,332	22,972
Share capital and reserves	4,000	4,000	4,000	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,538	4,538	4,538
Share premium	-	-	-	6,891	6,891	6,891	6,891	6,981	6,891	6,891	6,891	6,891	6,891	6,891
Other capital reserves	-	-	-	-	-	-	-	93	128	163	198	170	210	215
Retained earnings	4,639	4,108	4,696	6,053	6,566	4,462	5,636	6,590	7,364	8,331	9,395	9,724	10,694	11,329
LIABILITIES	32,266	31,580	38,373	34,687	37,678	46,881	54,799	59,052	66,180	71,497	76,216	82,613	86,183	94,409
Interest-bearing debt	26,894	26,360	33,290	29,412	31,644	40,477	49,704	53,974	59,840	65,872	71,336	76,971	78,152	86,298
Trade payables and other liabilities	1,798	1,768	1,751	1,970	2,788	3,307	1,999	2,159	3,365	2,629	1,934	2,474	5,045	5,015
Lease liabilities for right-of-use assets	3,574	3,452	3,332	3,305	3,246	3,096	3,097	2,918	2,974	2,997	2,946	3,168	2,986	3,096
TOTAL EQUITY AND LIABILITIES	40,905	39,688	47,069	52,163	55,667	62,765	71,858	77,158	85,095	91,415	97,232	105,061	108,515	117,381

Sustainability

DelfinGroup **ESG report** for 2023 available [here](#).



Promotion of circular economy

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



Inclusive society

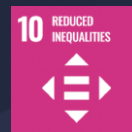
- The most geographically available financial institution in Latvia.
- Serving the underserved customer segments.
- Charitable activities for children, seniors and people living in regions.
- Inclusive workplace.



Sustainable corporate governance

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

Relevant United Nations Sustainable Development Goals:



Historic timeline



Highly appreciated company



CV-Online Latvia

Top employer



Latvian Traders Association

Best Trader of Latvia



Institute for Corporate
Sustainability and Responsibility
**Gold category in Sustainability
Index 2023**



Latvian Corporate Governance
Advisory Board

**Latvian Corporate
Governance Award 2021**



The Society
Integration Foundation

**Family-Friendly
Workplace**



Bureau Veritas

**ISO 9001
ISO 50001
certification**

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 EBITDA / Interest expenses and similar expenses. Used to determine how easily a company can pay interest on its outstanding debt.

Cost-to-income Ratio

$((\text{Sales expenses}) + (\text{Administrative expenses}) + (\text{Other expenses (excluding Loss from cession (debt sales) of non-performing loans)})) / ((\text{Net sales}) - (\text{Cost of sales}) + (\text{Interest income and similar income}) + (\text{Other operating income}) - (\text{Interest expenses and similar expenses}))$

Return on Equity (ROE)

$\text{Net profit for the period/months in the period} * 12 / ((\text{Equity as at start of the period}) + (\text{Equity as at period end})) / 2$

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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