

Financial report



Unaudited results for 9 months
Ending 30 September 2024

Key results

Business highlights

Business performance

Appendix



Key results

Total loans issued



Net loan portfolio



Loan issuance in Q3 2024 continued to increase once again, reaching the record-high level of EUR 26.5 million, facilitated by a strong online and offline market presence in Latvia.

Alongside loan issuance, the net loan portfolio has increased by 14% since the beginning of 2024, reaching EUR 107.7 million.

Total revenue



Profit before tax



Quarterly revenues reached another all-time high, reaching EUR 16.5 million, a 25% growth compared to the previous year.

Profit before tax in Q2 reached EUR 2.4 million, an 11% increase. 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.

Key characteristics for 9M 2024

Business results

+13%

9M consumer loan
issuance growth y-o-y

+9%

9M pawn loan issuance
growth y-o-y

+21%

9M net loan portfolio
growth since the start
of 2024

+14%

9M revenue for retail
of pre-owned goods
growth y-o-y

Financial results

+25%

9M revenue growth
y-o-y

+24%

9M EBITDA growth
y-o-y

+14%

9M profit before tax
growth y-o-y

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Public bond issue

From September 2 to 16, DelfinGroup organized its first-ever public bond issue, which resulted in an oversubscription of 1.5 times.

EUR 15 million
Total funding attracted

EUR 22.3 million
Total demand reached

2 728
Investors participated

61%
Of existing bonds were exchanged

Nasdaq Baltic
Regulated market
Listing

10%
Coupon rate



Bond offering
partners

**SIGNET
BANK**

Arranger

LHV

Sales agent
in Estonia

**EVERSHEDS
SUTHERLAND
BITĀNS**

Legal counsel

Capital markets & funding highlights

BONDS

- **Successful redemption of existing bonds** ISIN LV0000850055 for EUR 10 million.
- Total bondholder amount reaches 3 000.
- **Plan to list bonds** ISIN LV0000860146 and LV0000802700 **on Nasdaq First North in November 2024.**

BANKS

- **DelfinGroup raised 4.9 million euros from Citadele bank.**
- Citadele funding is an overdraft facility to ensure effective cash management and further growth.
- **Diversified bank financing** of EUR 18.2 million **split between 3 banks.**

P2P

- Gradual decrease of P2P exposure **from EUR 30.2 million** at the beginning of the year **to EUR 26 million** at the end of Q3 2024.
- Risk scores on Mintos remain at the same level, being one of the best scores on the platform. **Banknote 8.7 and VIZIA 9.0** (10 being the best score).

Expansion in Lithuania

Preparation to launch consumer lending

- In Q3, DelfinGroup received a licence from the Bank of Lithuania to provide consumer lending services.
- Strong focus on launching the product in Lithuania. It is expected to start providing the service in Q4 2024.
- Currently, consumer lending is the largest business segment of DelfinGroup.

Branch network expands to 7 stores

- Two new branches in Vilnius in Q3.
- Plan to increase store count in Lithuania in 2025 significantly.
- 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.



Improved online store

The Banknote online store is a cornerstone for further growth of the retail business segment. Over the last year, it has reached a significant sales increase.

65 000+

Goods available for sale

30 000+

Units sold via online store



Renewed online store design according to latest standards



Improved UX for seamless shopping



Artificial intelligence (AI) integrations to automate manual work for product administration



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 Rēzekne, Atbrīvošanas aleja 119

2

New branch in Balvi, Brīvības iela 57

3

Relocation of an existing branch to new premises at the same address Riga, Dižozola iela 11



Partnership with Mediāna

To support financial literacy, the popularity of capital markets and circular economy principles in Latvia, DelfinGroup has become the general sponsor of Mediāna.

Mediāna is a multi-media platform where people can find current news, interviews and commentary on finance, economics, entrepreneurship, and capital markets in Latvia, Estonia and Lithuania.



Raidījuma ģenerālsponsors - "DelfinGroup"

 delfin
group



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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 Q3 2024, the net loan portfolio reached 98.8 million euros.

Due to stable demand and increasing ticket and term size, the consumer loan portfolio grew by 29% over a 12-month period.

Weighted average term of loans issued



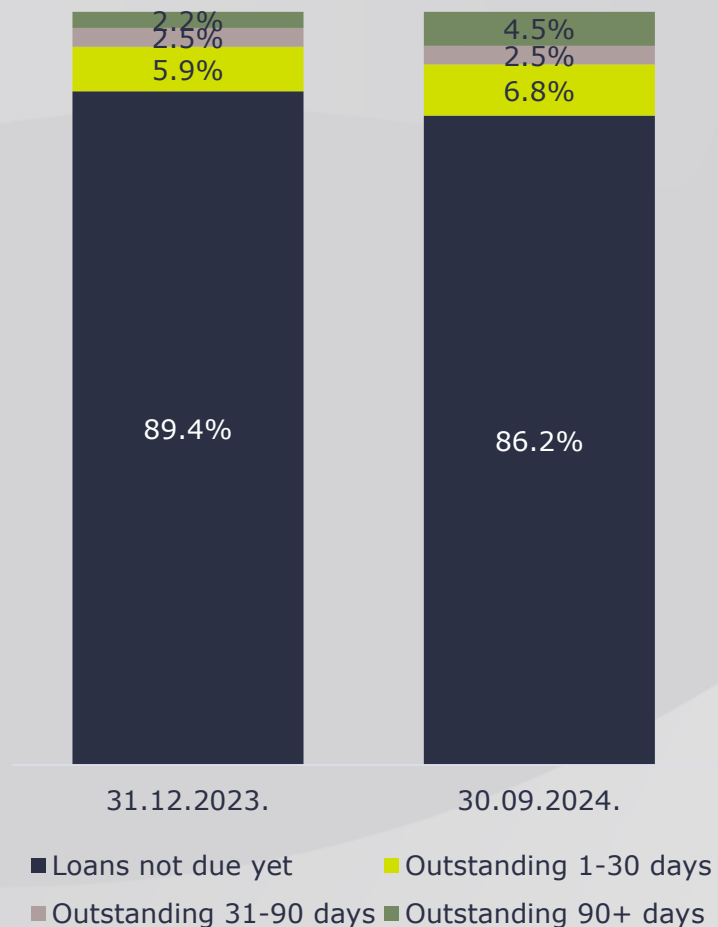
Non-performing loan ratio



Non-performing loan (NPL) ratio (loans late 90+ days) remains solid and is below company's internally set target of 7%.

The main reason for a slight increase in the NPL ratio in Q3 is that, due to technical reasons, the quarterly cession transaction did not occur in Q3, and the transferable loans remained on the company's balance sheet. These loans will be sold in the first half of November, after which the ratio will return to the previous level.

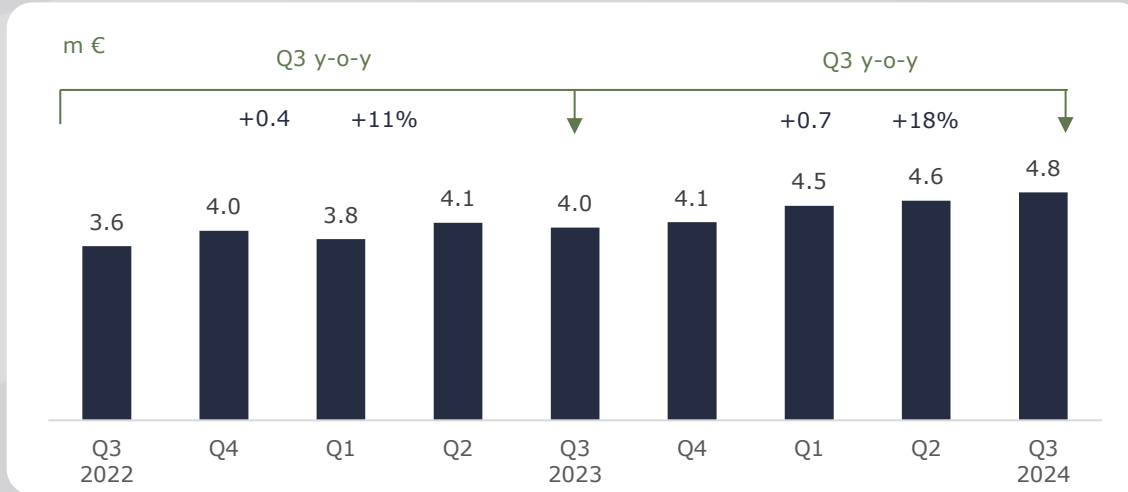
Age analysis of consumer lending portfolio*



- Consumer loan portfolio quality remains stable with current loans of more than 86%.
- Focus on lower-risk lending clients to reduce portfolio expenses and sustain high-level portfolio quality.
- A slight increase of loans outstanding 90+ days is that, due to technical reasons, the quarterly cession transaction did not occur in Q3, and the transferable loans remained on the company's balance sheet. These loans will be sold in the first half of November, after which the late loan impact will decrease.

Pawn loans

Pawn net loan portfolio*



Average pawn loan amount



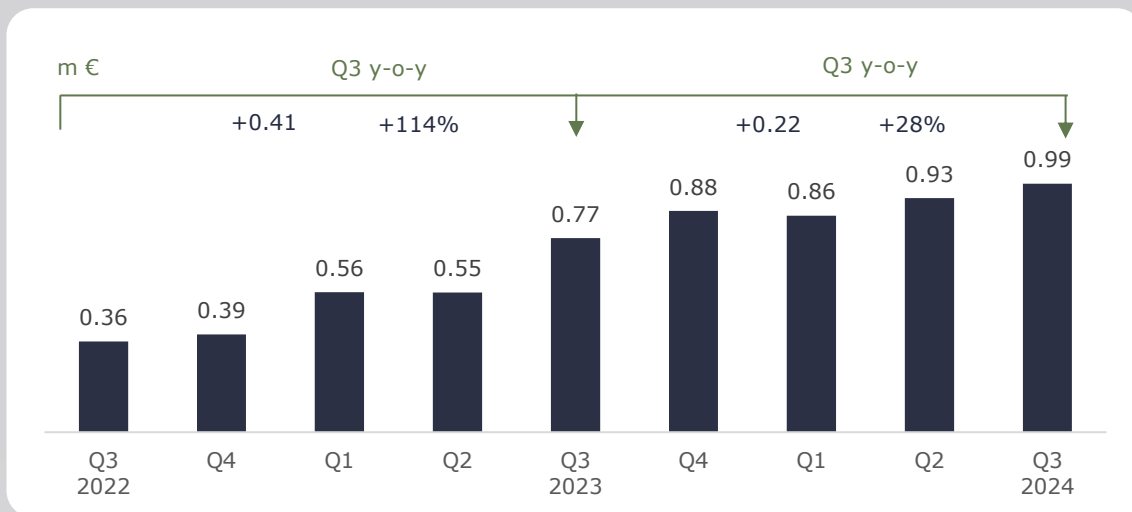
- The pawn lending segment continues to show stable results. The pawn loan portfolio has increased 17% in the last nine months.
- Pawn loan issuance increased 9% in 9M period, and 6% in Q3 compared to corresponding periods last year.
- The average pawn loan amount has grown over the last year as inflation has pushed prices for items and jewelry.

Retail of pre-owned goods*

Sale of pre-owned goods



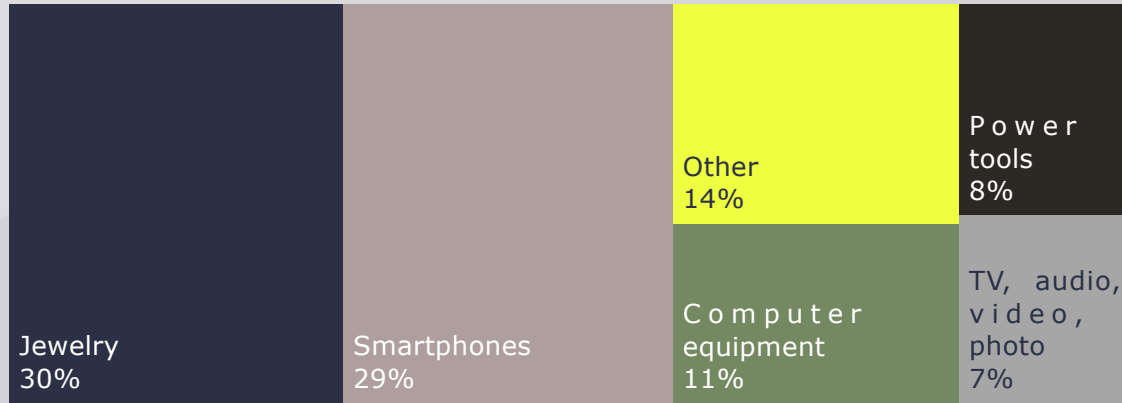
Online store sales



- Stable and consistent growth has been achieved in the retail segment by promoting the circular economy principles in Latvia and Lithuania.
- Retail sales of pre-owned goods in Q3 2024 reached historically highest quarterly amount, reaching EUR 4.5 million, a 15% increase to last year's respective period.
- Online store sales gradually increasing after design and UX updates.

Sales split by product category

Sales split by product category (9M 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 professionally renewed and sold with its original appearance but for a more affordable price.

Banknote
e-veikals

Meklēt preces

Telefoni Planšetes Datori Televizori Spēlētājiem Remontam Dārzam Juvelierizstrādājumi Visas preces

Bezmaksas piegāde uz DPD Paku skapjiem*

*Pasūtījumiem no 25 EUR
Akcijas periods: 01.11.2024. – 30.11.2024.

Populārākās kategorijas

- Mobilie telefoni
- Planšetes
- Datori
- Foto un video
- Spēlētājiem
- Premium zelts
- Atlaides

Populārākie zīmoli

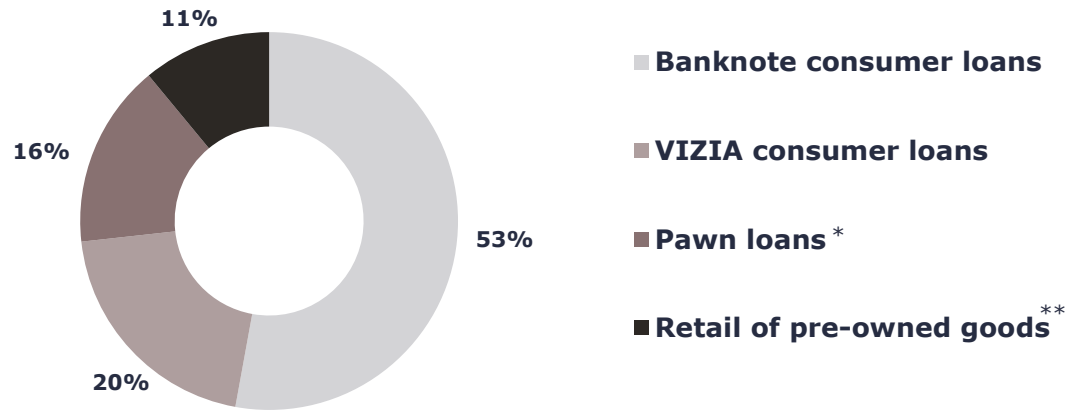
- Apple
- Samsung
- Xiaomi
- Lenovo
- Sony
- Makita

Diversification

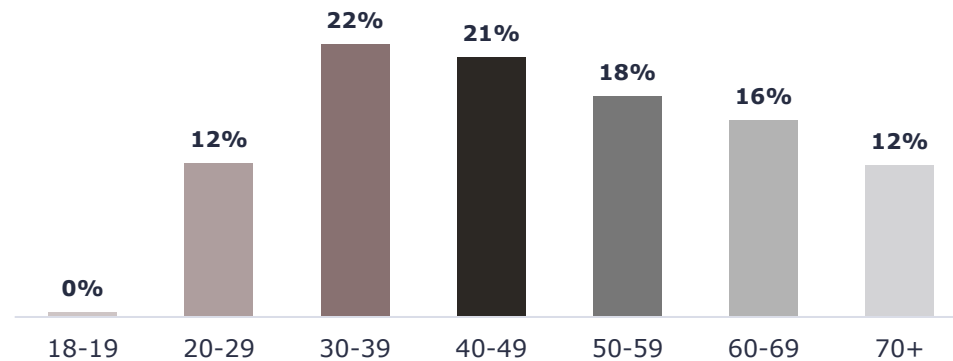
Although the most significant part of the revenue stream comes from the consumer loan segment, we see great potential in gradually growing other *DelfinGroup* segments.

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

Revenue by business segments 9M 2024



Distribution of active clients by age on 30 September 2024***



Consolidated income statement

INCOME STATEMENT, EUR'000	2024 Q3	2023 Q3	Change %	2024 9M	2023 9M	Change %
Total revenue	16,503	13,208	+25%	45,601	36,511	+25%
Cost of sales	-1,983	-1,641	+21%	-4,653	-4,109	+13%
Credit loss expense	-4,072	-2,843	+43%*	-11,044	-8,079	+37%*
Interest expenses and similar expenses	-2,797	-2,285	+22%	-8,020	-6,129	+31%
Gross profit	7,651	6,439	+19%	21,884	18,194	+20%
Selling expenses	-2,854	-2,244	+27%	-8,018	-6,359	+26%
Administrative expenses	-2,369	-1,942	+22%	-6,919	-5,664	+22%
Other operating income	72	11	+558%	135	38	+255%
Other operating expenses	-81	-92	-12%	-300	-238	+26%
Profit before tax	2,419	2,174	+11%	6,782	5,970	+14%
Income tax expense	-504	-226	+123%**	-1,406	-640	+120%**
Net profit	1,915	1,948	-2%	5,376	5,330	+1%
EBITDA	5,702	4,786	+19%	16,152	13,054	+24%

* Credit loss expenses have increased faster due to the cancellation of the quarterly cession deal in Q3, which will be done in Q4 2024. Also, the loan portfolio has grown significantly over the last year, resulting in increased provisions.

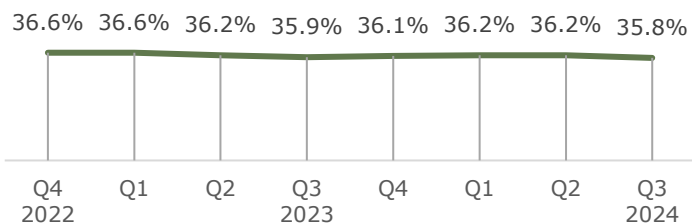
** Increase of tax due to approved changes in corporate income tax law at the end of 2023. As a result, tax is calculated from full profit amount whereas in Q3 2023 tax was calculated only from the approved dividends.

Consolidated balance sheet

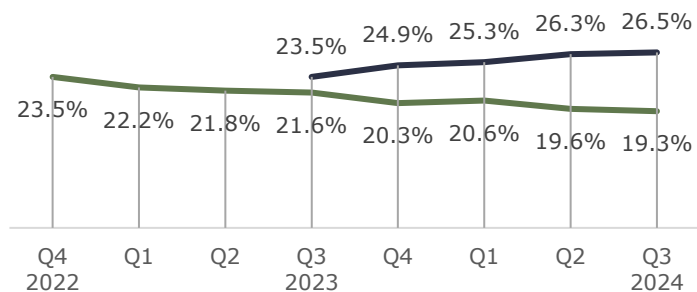
BALANCE SHEET, EUR'000	30.09.2024	31.12.2023	Change %
Fixed and intangible assets	3,192	2,680	+19%
Right-of-use assets	2,736	2,887	-5%
Net loan portfolio	107,734	89,026	+21%
Inventory and scrap	3,905	3,391	+15%
Other assets	1,370	1,149	+19%
Cash	5,546	5,929	-6%
TOTAL ASSETS	124,483	105,061	+18%
EQUITY	23,996	21,322	+13%
Share capital and reserves	4,538	4,538	+0%
Share premium	6,891	6,891	+0%
Other capital reserves	240	170	+41%
Retained earnings	12,327	9,724	+27%
LIABILITIES	100,487	83,739	20%
Interest-bearing debt	92,190	76,971	20%
Trade payables and other liabilities	5,263	3,600	46%
Lease liabilities for right-of-use assets	3,034	3,168	-4%
TOTAL EQUITY AND LIABILITIES	124,483	105,061	18%

Financial ratios

EBITDA margin*

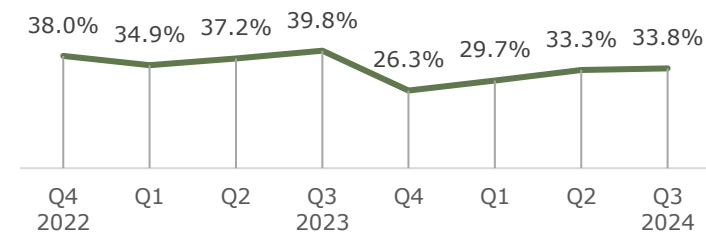


Equity ratio and adjusted equity ratio

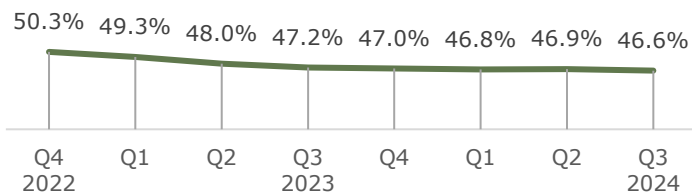


— Equity ratio
— Adjusted equity ratio including subordinated bonds

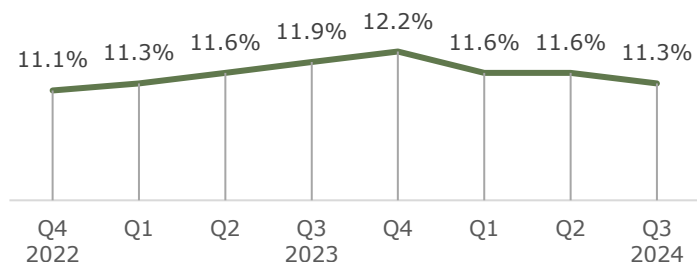
ROE**



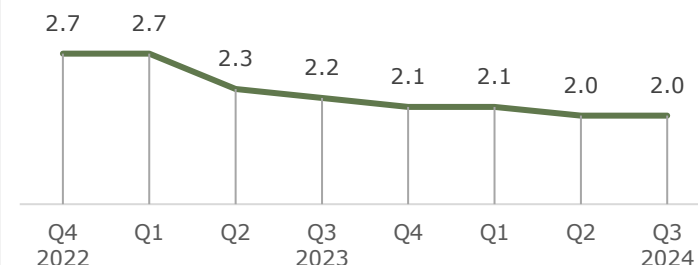
Cost-to-income ratio*



Cost of interest-bearing liabilities



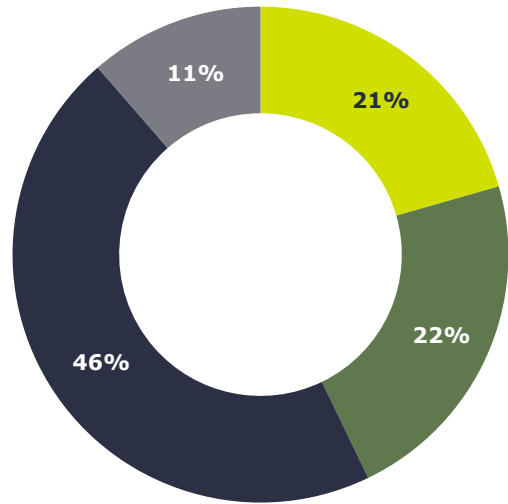
Interest coverage ratio*



EUR 52 million of funding currently has a floating EURIBOR rate. A potential decrease in interest rates will positively impact the company's funding costs.

Capital structure

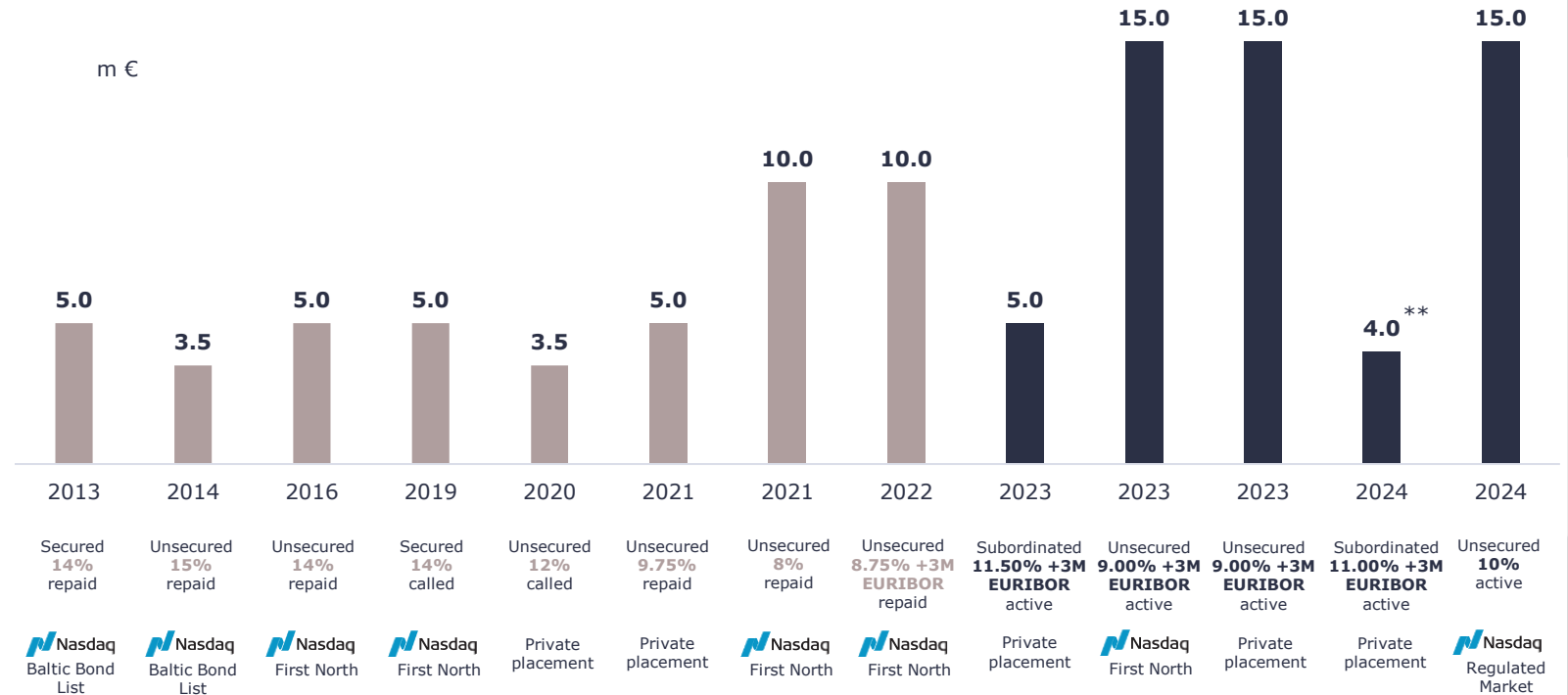
Capital structure 30.09.2024



■ Equity
■ Mintos
■ Bonds
■ Banks

m € 24.0 26.0 53.4 13.3

Bond financing track record*



DelfinGroup on Mintos

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

- In Q3 2024 DelfinGroup redeemed existing bond ISIN LV0000850055 for EUR 10 million.
- After the end of Q3 DelfinGroup signed overdraft agreement with Citadele banka for 4.9 million euros for 2 years.

*In nominal value
 **Amount which has been subscribed from the initial placement on 30.09.2024.

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 7.6%*

Dividend period	Dividend payment date	EUR/share	EUR total	Payout ratio***
Q3 2024	Upon shareholders approval**	0.0210**	953 535**	49.79%**
Q2 2024	01.10.2024	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 1.08 on 1 November 2024 and including management's proposed dividends from Q3 2024 net profit.

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

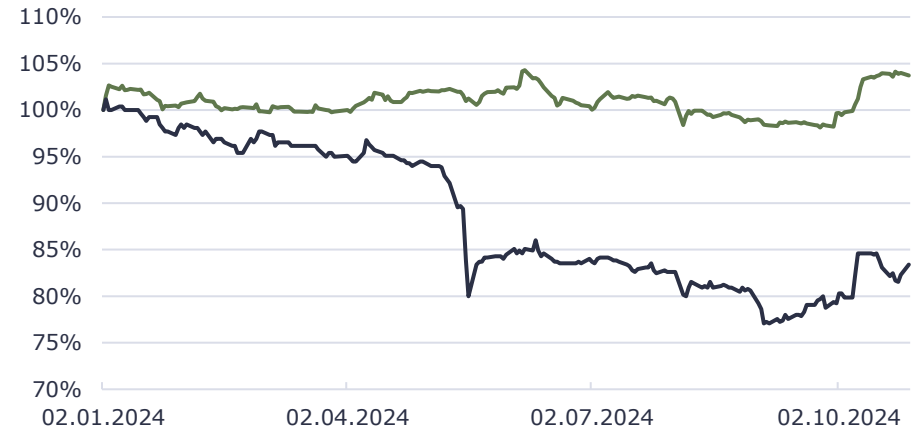
***Dividend amount paid from the net profit of the respective quarter.

Share performance

Share price and turnover, €



Share dynamics compared to indexes



— DGR1R – DelfinGroup
— OMX_Baltic_Benchmark_GI

- Share price changes since Q2 2024 due to the largest shareholder's public share offerings in which the shares were offered at a discount for a price of EUR 1.09 per share.
- *DelfinGroup* investors have received additionally EUR 0.2692 per share in dividends since IPO.

30.09.2024	<i>DelfinGroup</i>	Financial industry*
Capitalization m €	46.8	-
EPS TTM €	0.148	-
P/E	6.96	6.29
ROE	33.8%	18.4%

*Average ratio for financial services companies listed on Nasdaq Baltic Main list on 30.09.2024. as per last published financial data.

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www.delfingroup.lv



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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	Q3
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	16,503
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	-1,983
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	-4,072
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	-2,797
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	7,651
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	-2,854
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	-2,369
Other operating income	16	11	29	29	24	22	21	37	15	12	11	37	25	38	72
Other operating expenses	-142	154	-127	-20	-115	-123	-60	-16	-64	82	-92	-145	-103	-117	-81
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	2,419
Income tax expense	-324	-299	-201	-155	-188	-742	-154	-212	-212	-202	-226	-1,021	-420	-482	-504
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	1,915
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	5,702

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	Q3
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	3,192
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	2,736
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	107,734
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	3,905
Other assets	495	331	746	520	541	364	1,333	875	1,042	1,105	1,081	1,149	,893	1,860	1,370
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	5,546
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	124,483
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	23,996
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	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	6,891
Other capital reserves	-	-	-	-	-	-	-	93	128	163	198	170	210	215	240
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	12,327
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	100,487
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	92,190
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	5,263
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	3,034
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	124,483

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

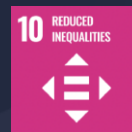
- The most geographically available financial institution in Latvia. 90+ branches across Latvia.
- Serving the underserved customer segments.
- Charitable activities for children, seniors and people living in regions.



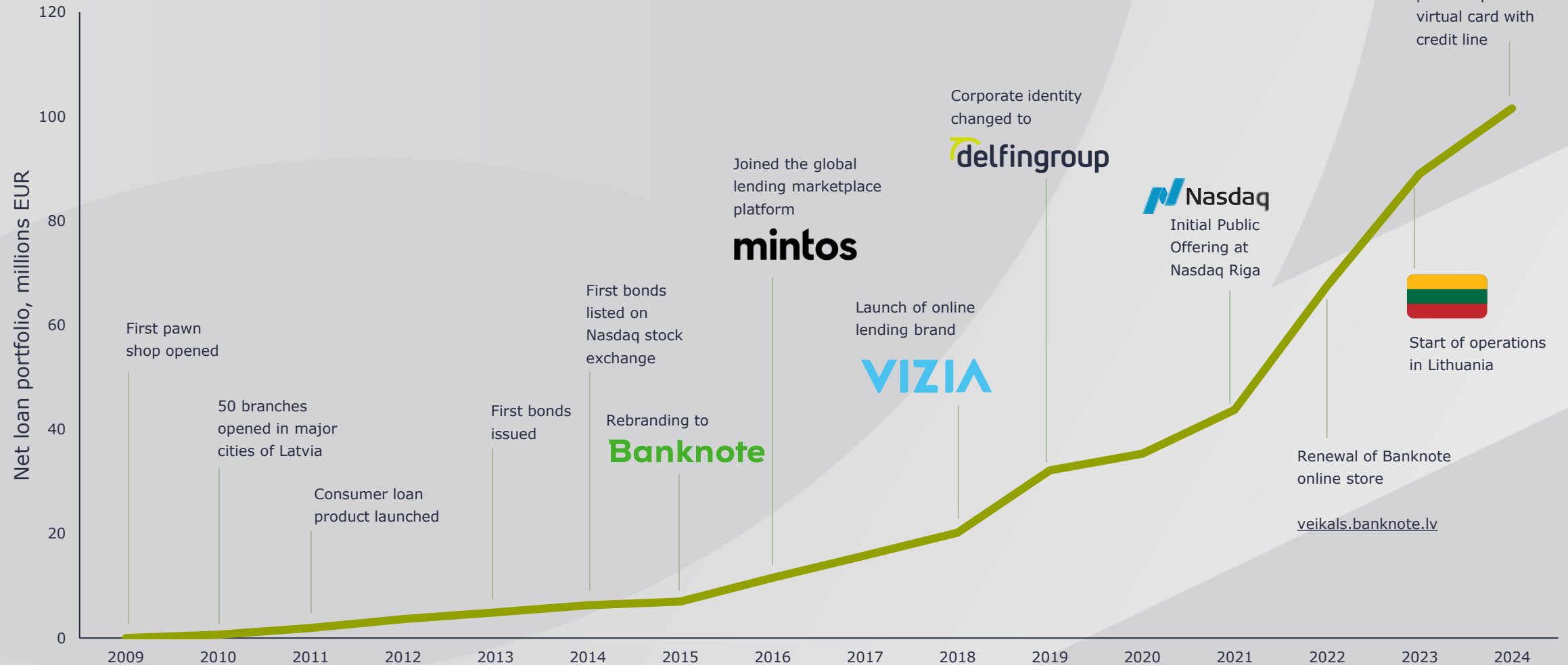
Sustainable corporate governance

- 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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