

Financial report



Unaudited results for 12 months
Ending 31 December 2022

Company highlights

Business performance

Q&A session



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

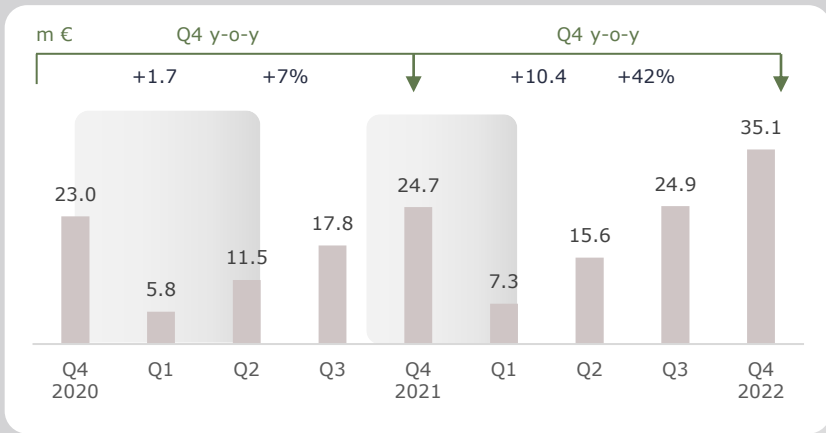
dividend payments in 2022

Key results

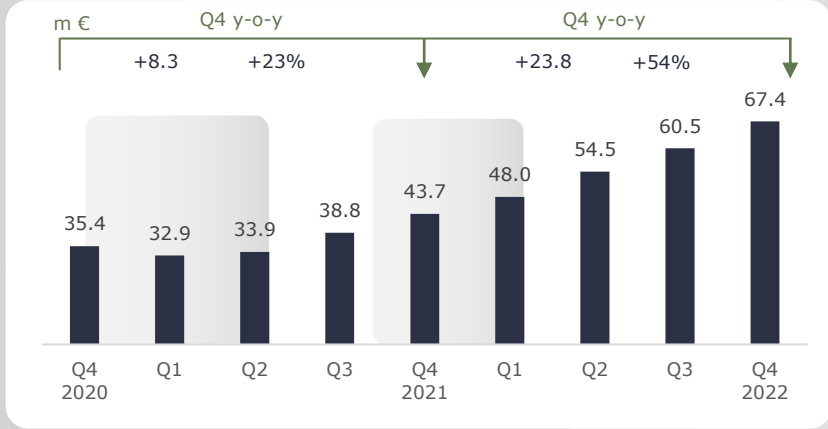
Total loans issued



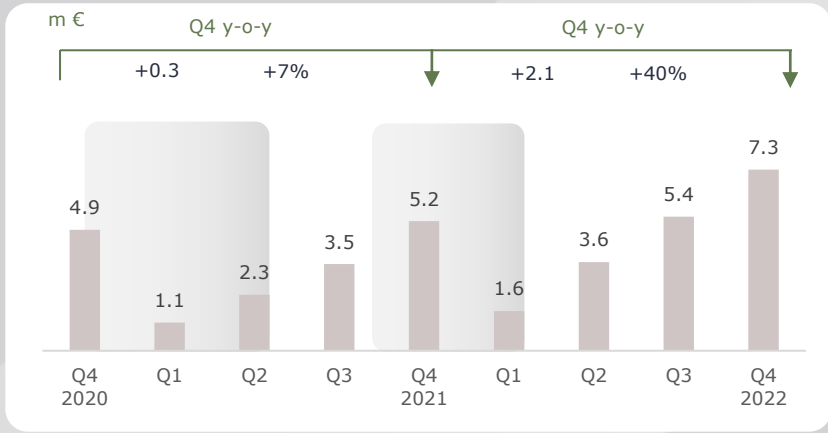
Total revenue, quarterly cumulative



Net loan portfolio



Profit before tax, quarterly cumulative



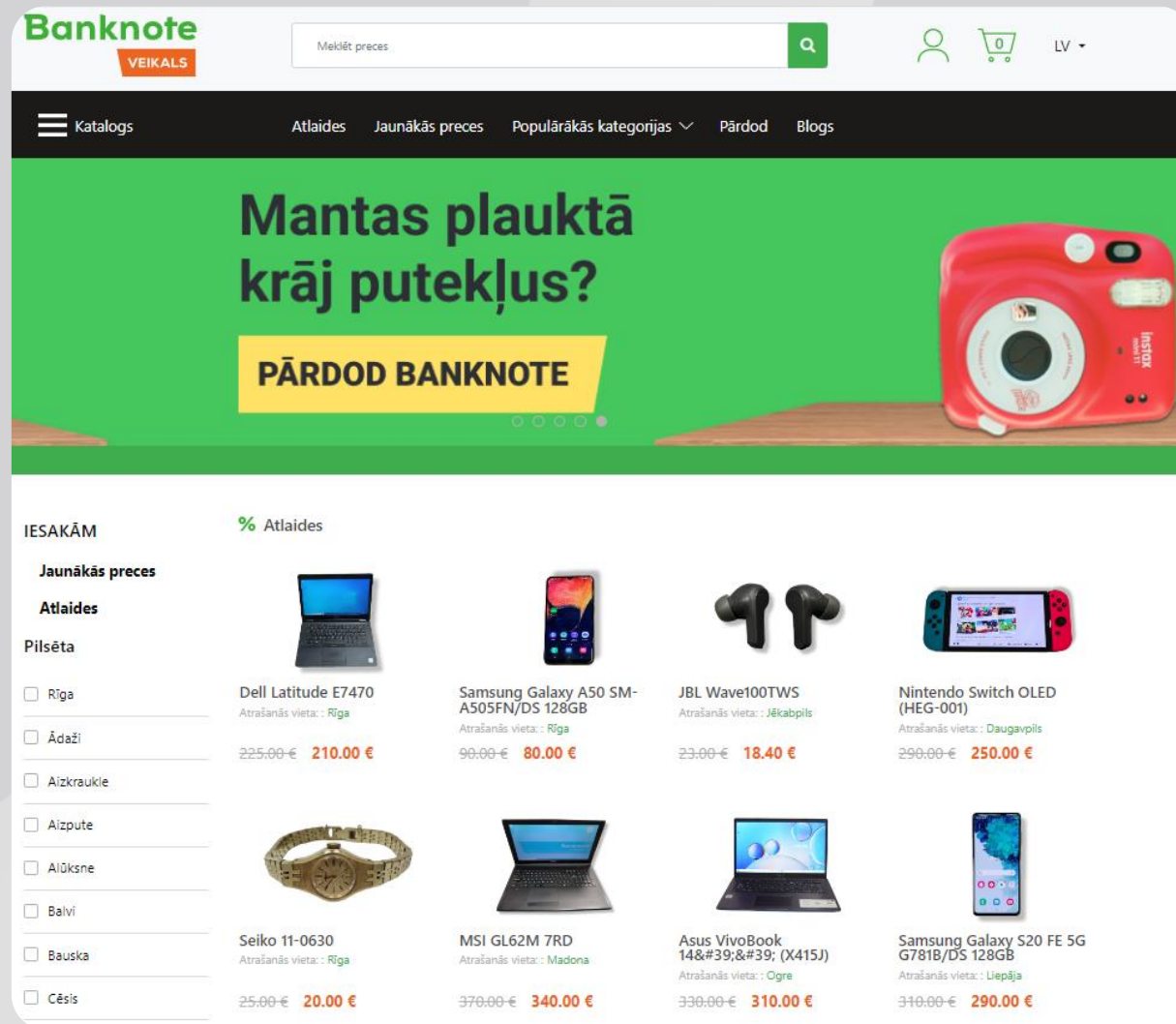
Strong new loan issuance in 2022 secured a stable loan portfolio increase, thus reaching an all-time high of EUR 67.4 million, a 54% increase.

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.

RENEWAL OF ONLINE STORE

One of the largest circular economy store in the Baltics veikals.banknote.lv was renewed. It has more than 42 000 products available, including jewelry, smartphones, power tools, and many other product categories.



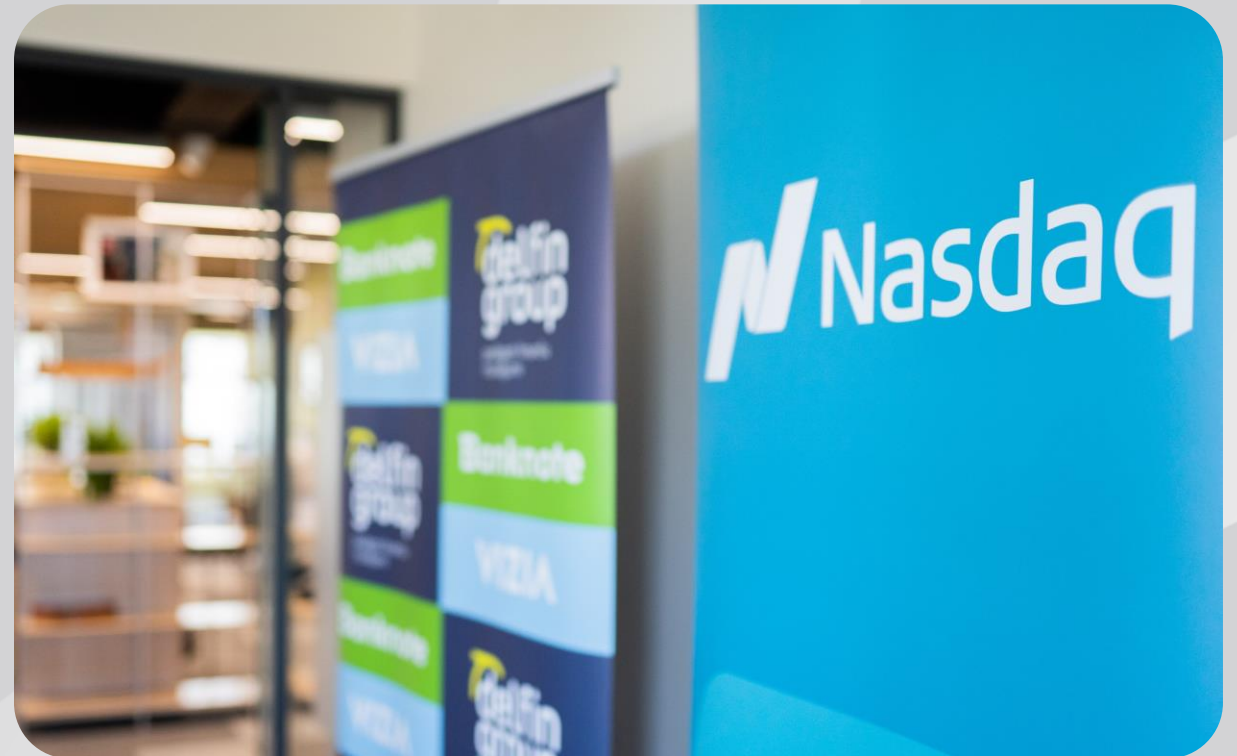
DIGITALISATION OF SERVICES

Investments to improve financial services such as open banking solutions and introduction of *NEOpay* secure payment initiation solution to simplify transaction process for clients and reduce the costs of payment provision.



INCREASE OF STOCK FREE FLOAT

The free float of *DelfinGroup* stock exceeded 15% after the public share offerings of the largest company's shareholders. In total more than 900 investors participated in the offer for 1.07 million euros.



DIVIDEND DISTRIBUTION

During the 2022 shareholders of the company received 6 dividend payments in the amount of EUR 5.4 million, namely 0.1197 EUR/share, reaching **dividend yield of 8.1%***.

The Management Board has proposed dividend distribution in the amount of **0.0185 EUR/share** from Q4 2022 net profit.



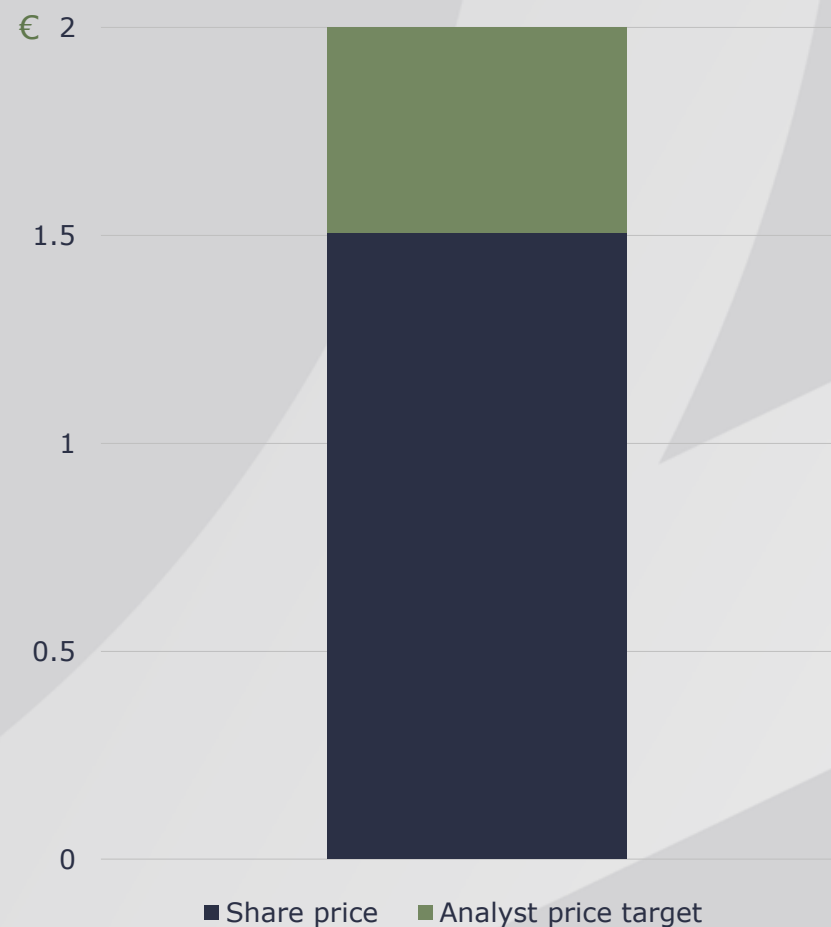
ANALYST COVERAGE

LHV bank **EUR 1.80 – 1.99**

Enlight Research **EUR 2.00***

Share price **EUR 1.506****

Investoru Klubs



STOCK OPTION PROGRAM

DelfinGroup has launched the staff option program. A total of 450 thousand shares will be issued as part of the program to more than 300 *DelfinGroup* employees as a part of the long-term motivation program.



SOCIAL RESPONSIBILITY

A total of EUR 289 000 were donated in 2022 from which the main part was transferred to charity foundations that support residents and defenders of Ukraine. Also, in focus was support of elderly people and children.



In process

Largest pawnshop Baltics

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



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Consumer loans

Consumer net loan portfolio



Average loan*



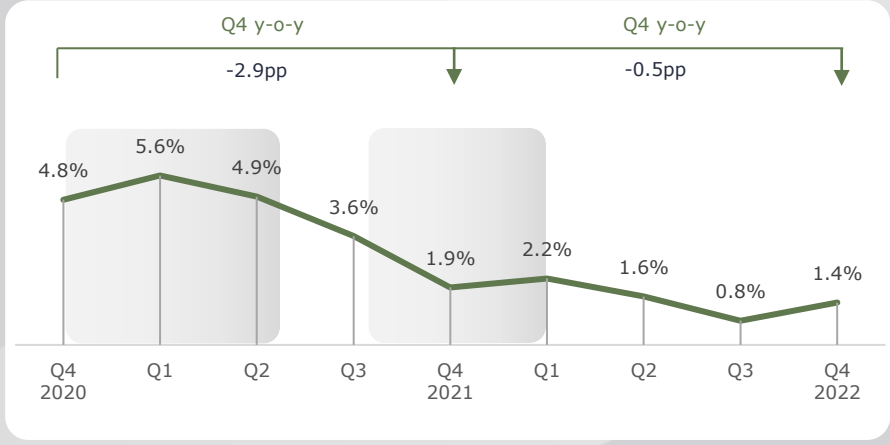
Eminent growth of consumer lending segment. The net loan portfolio continued growth during Q4 2022 reaching 61.2 million euros.

54% increase of consumer lending portfolio in 2022.

Weighted average term of loans issued

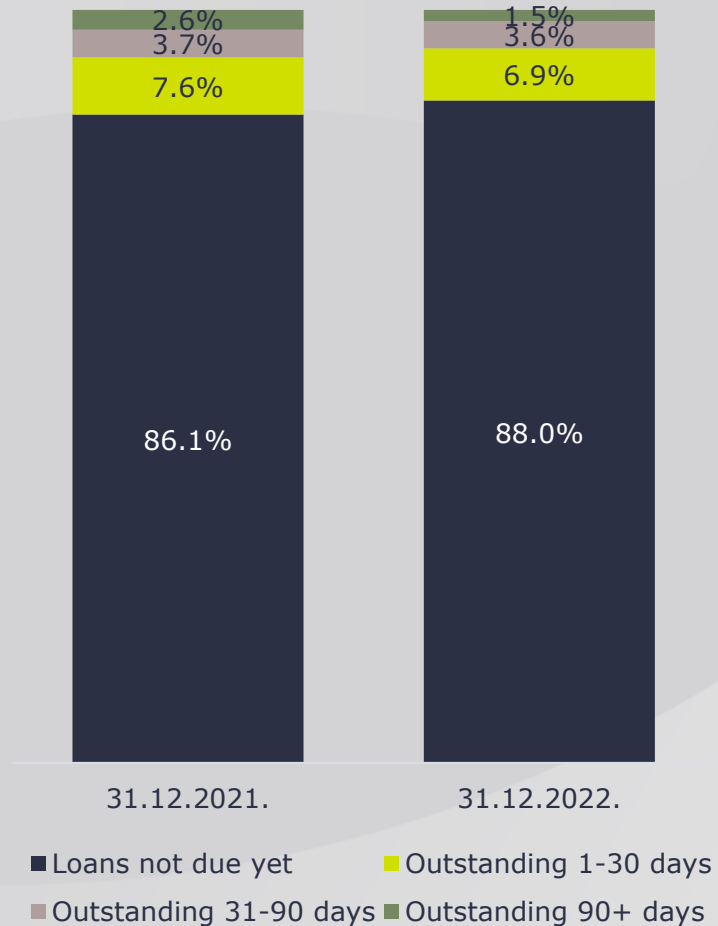


Non-performing loan ratio**



Data based underwriting processes ensure solid NPL ratio.

Age analysis of consumer lending portfolio*

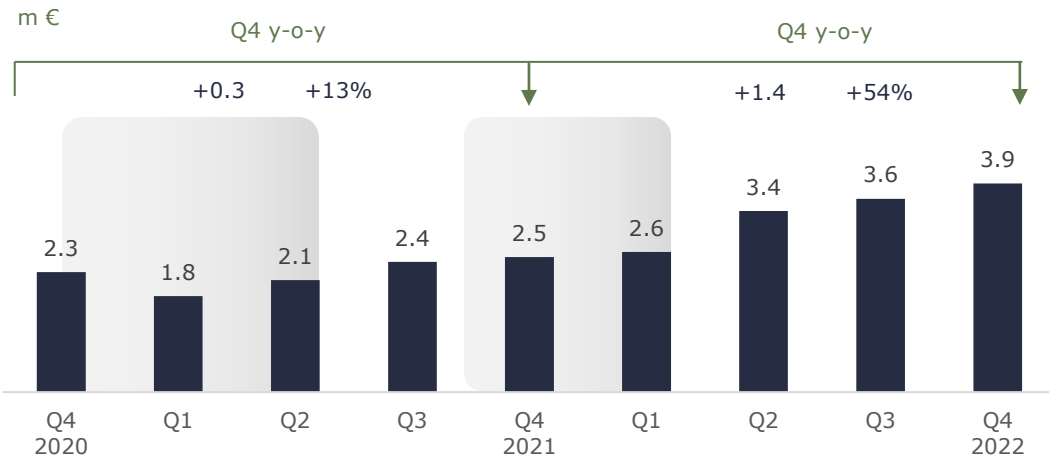


Loan portfolio quality remains solid with slight improvements in 2022.

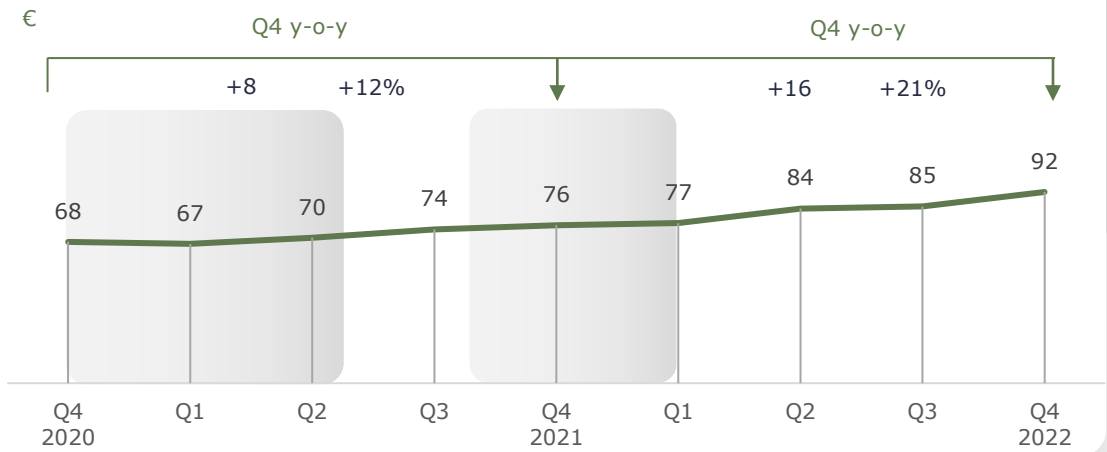
Improved underwriting processes and risk policy.

Pawn loans

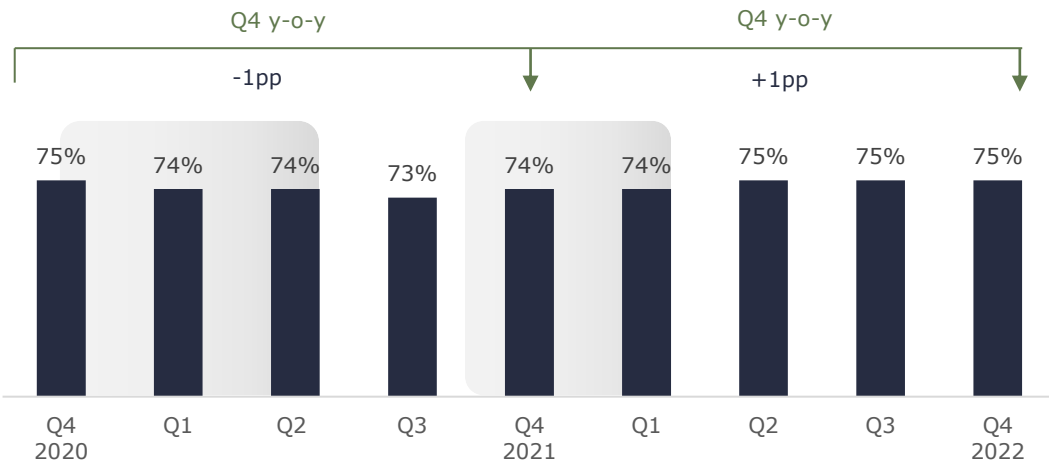
Pawn net loan portfolio*



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*

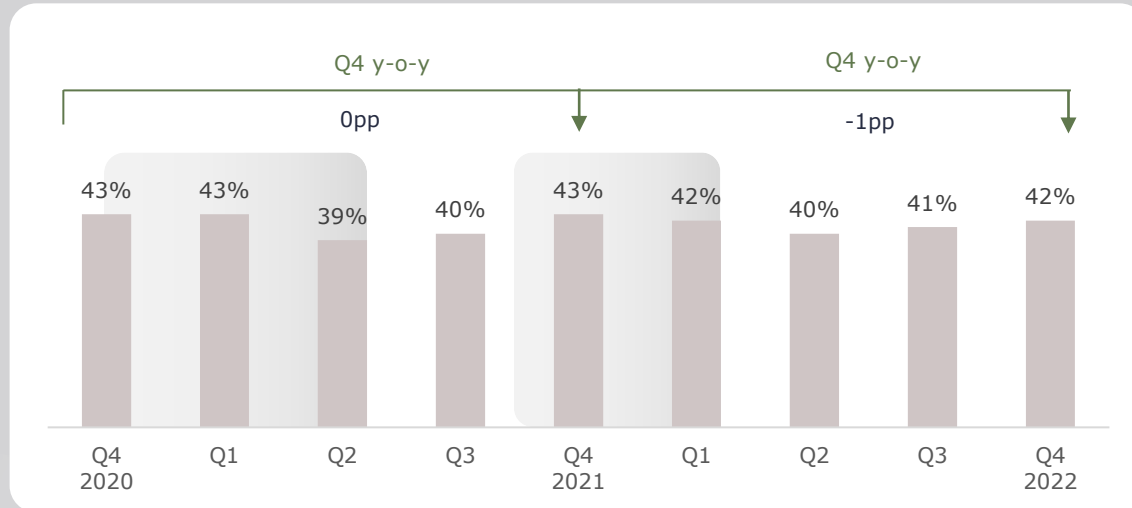
Sale of pre-owned goods**



Record-high sales amount in 2022

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

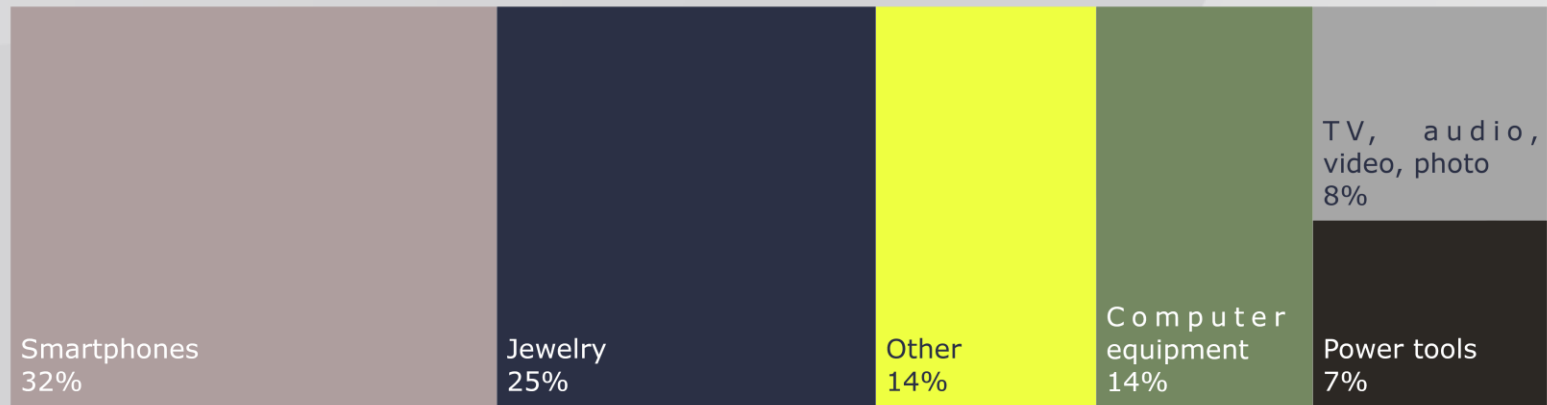
Gross margin



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.

Benefits of buying pre-owned goods

An opportunity to buy verified goods that have been checked by professionals.

If needed, clients can return items bought online in 14 days, and can get guarantee for up to 24 months.

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



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%
Gross profit	5,660	4,747	+19%	20,762	15,596	+33%
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%****
Profit before tax	1,892	1,723	+10%	7,278	5,203	+40%
Income tax expense	-212	-155	+37%	-1,296	-979	+32%
Net profit	1,679	1,568	+7%	5,982	4,224	+42%
EBITDA	3,823	3,128	+22%	13,131	10,169	+29%

* 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

Financial report

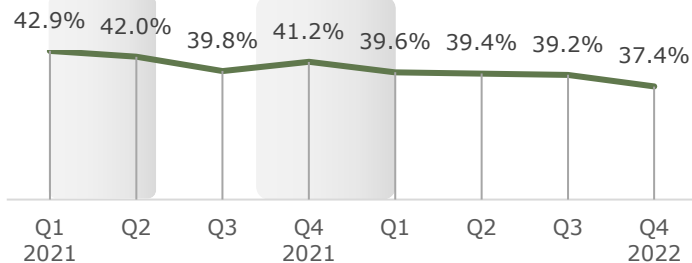
BALANCE SHEET, EUR'000	31.12.2022	31.12.2021	Change %
Fixed and intangible assets	1,470	1,201	+22%
Right-of-use assets	2,636	2,973	-11%
Net loan portfolio*	67,439	43,657	+54%
Inventory and scrap*	2,290	1,255	+82%
Other assets	1,070	520	+106%**
Cash	2,369	2,460	-4%
TOTAL ASSETS	77,274	52,065	+48%
EQUITY	18,027	17,377	+4%
Share capital and reserves	4,532	4,532	+0%
Share premium	6,984	6,891	+1%
Retained earnings	6,511	5,954	+9%
LIABILITIES	59,247	34,687	+71%
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%
TOTAL EQUITY AND LIABILITIES	77,274	52,065	+48%

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

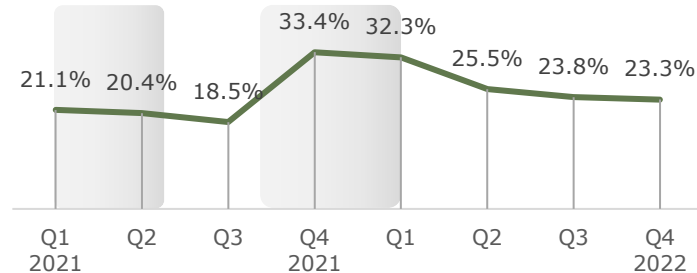
** Increase of "Other assets" based on costs related to portfolio growth that are recognized in P&L over underlying asset maturity.

Financial ratios

EBITDA margin*

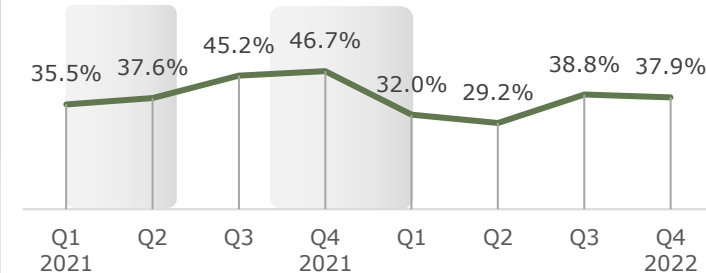


Equity ratio

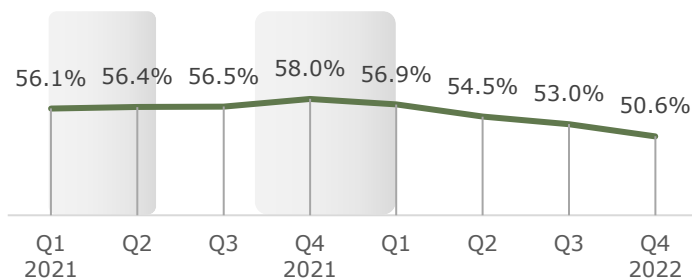


Changes in equity ratio was mainly impacted by faster growth of loan portfolio and larger annual dividend payment in Q2.

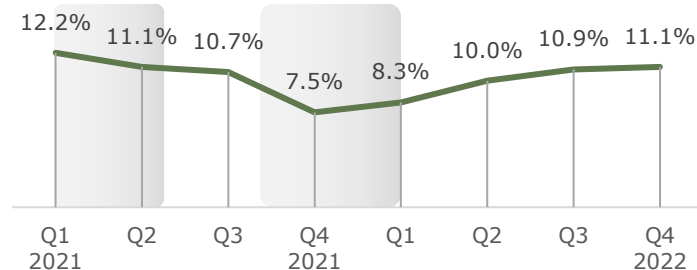
ROE**



Cost-to-income ratio*

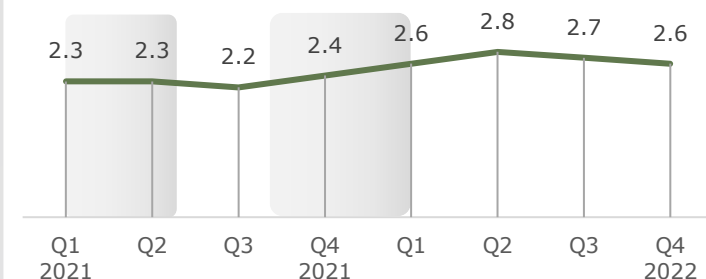


Cost of interest-bearing liabilities



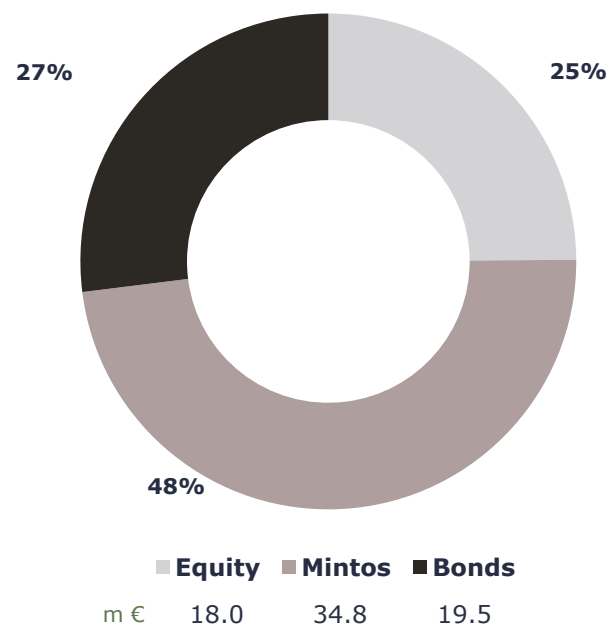
Higher financing costs related to overall interest rate increase in capital markets and on *Mintos* P2P platform.

Interest coverage ratio*

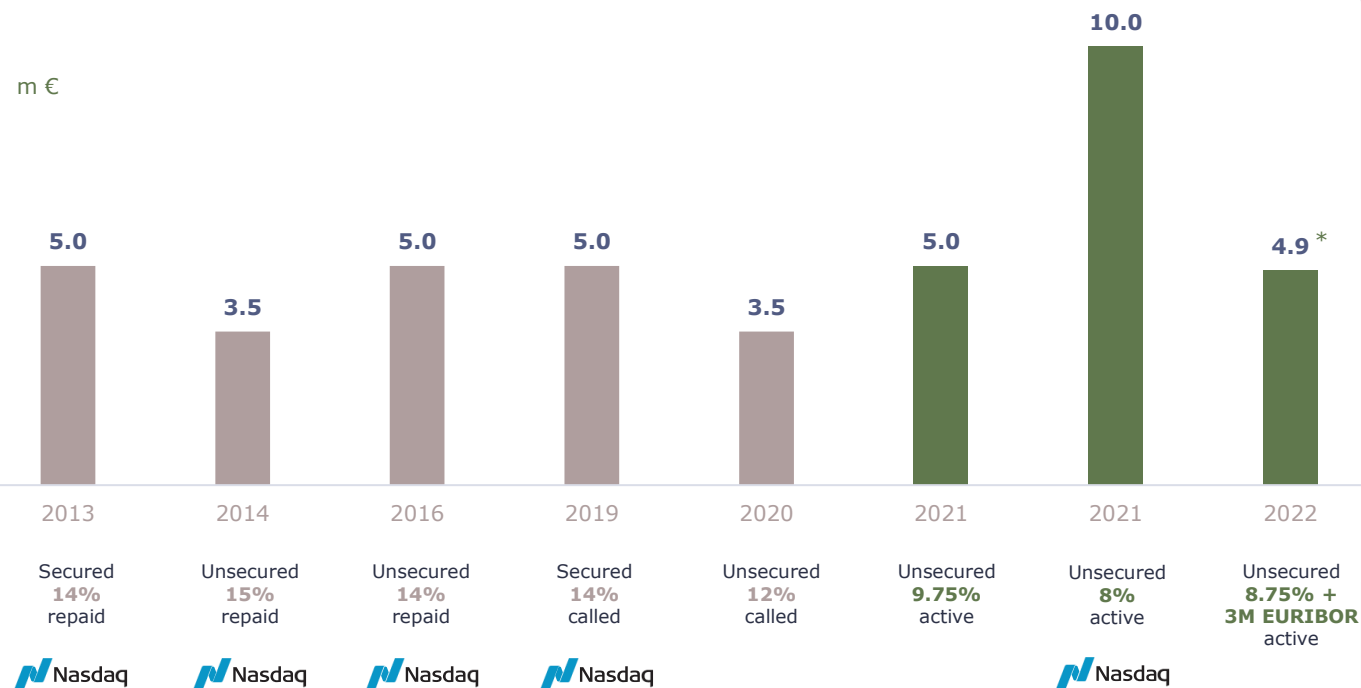


Capital structure

Capital structure 31.12.2022



Bond financing track record



DelfinGroup on *Mintos*

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

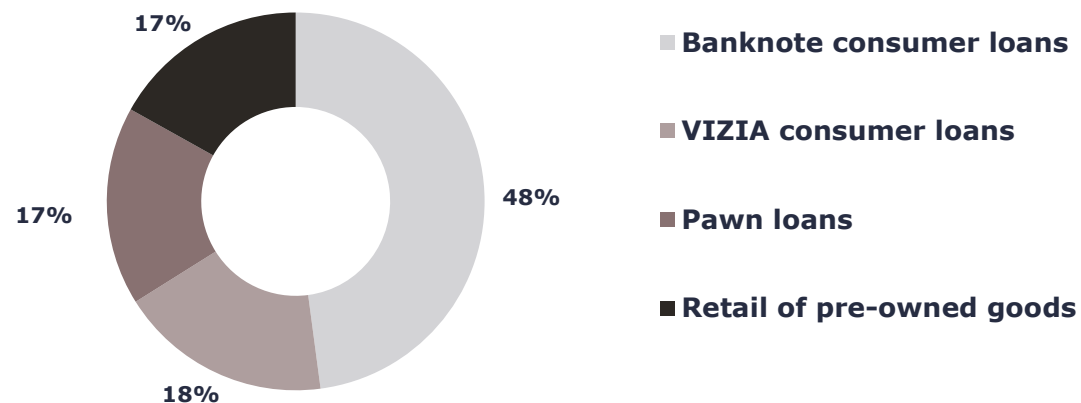
* Latest bond emission registered in the amount of **EUR 10 million** and 2Y maturity. The bond issue is a private placement, and the subscription period is open. As of 31 December 2022, EUR 4.9 million has been subscribed.

Diversification

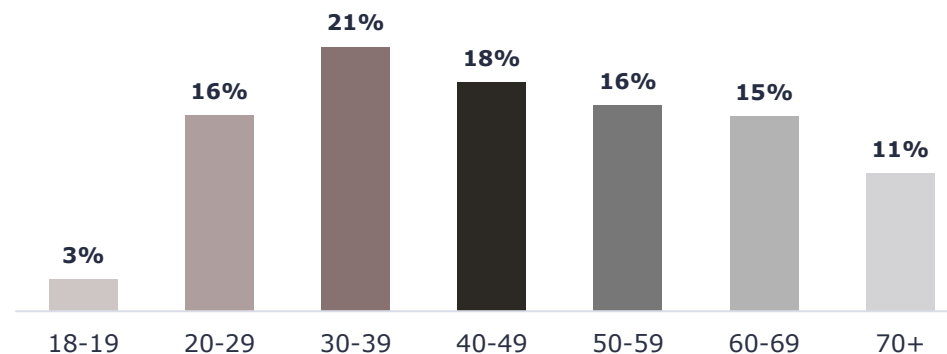
Although the most significant part of the revenue stream comes from the consumer loan segment, we see great potential in gradually growing other *DelfinGroup* segments.

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*



Financial targets

Indicator	2022 results	2023 target	2024 target	2025 target
Net loan portfolio, mEUR	67.4	77	90	100
EBITDA, mEUR	13.1	17	23	26
Profit before tax, mEUR	7.3	8	12	15
ROE	33.8%	>30%	>30%	>30%
Cost-to-income ratio	50.6%	<45%	<45%	<45%
Equity ratio	23.3%	>20%	>20%	>20%
Dividend payout ratio	51%	>50%	>50%	>50%

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.

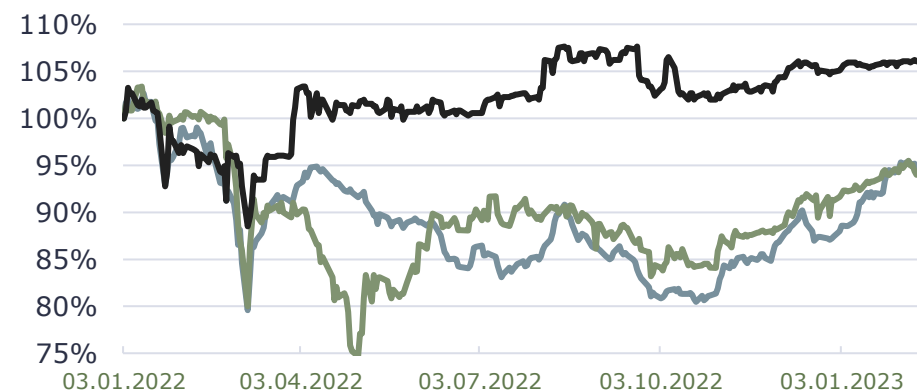
***Dividend amount paid from the net profit of the respective quarter.

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.

Q&A session

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