

# Investor webinar



**Unaudited results for 6 months**  
Ending 30 June 2023

## Company highlights

Business performance

Q&A session



# Key characteristics of H1 2023

**+27%**

H1 consumer loan  
issuance growth y-o-y

**+36%**

H1 pawn loan  
issuance growth y-o-y

**+16%**

H1 net loan portfolio growth  
since the start of 2023

**+51%**

H1 revenue growth y-o-y

**+46%**

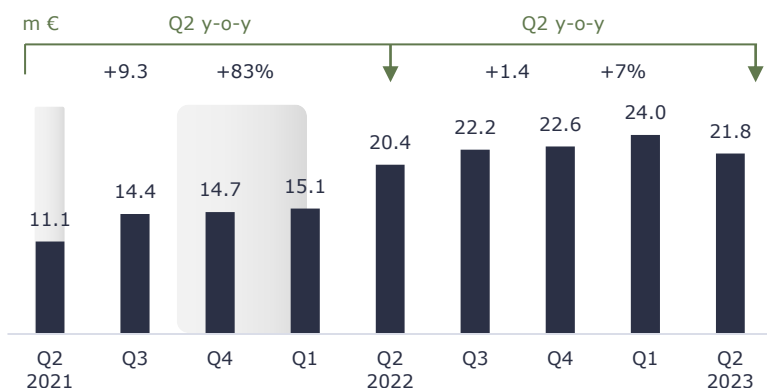
H1 EBITDA growth y-o-y

**+11%**

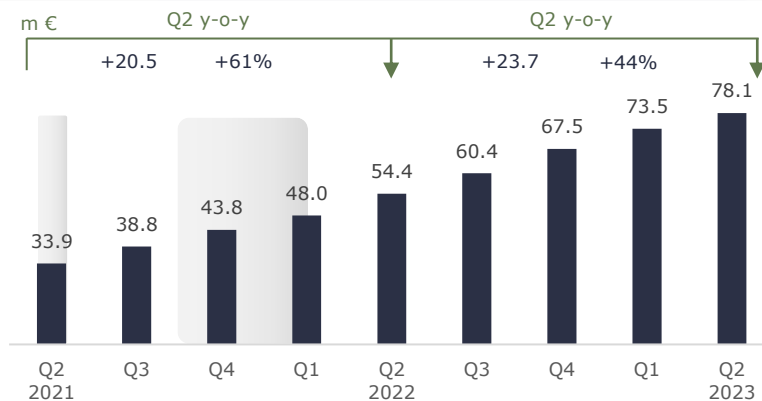
H1 profit before  
taxes growth y-o-y

# Key results

## Total loans issued



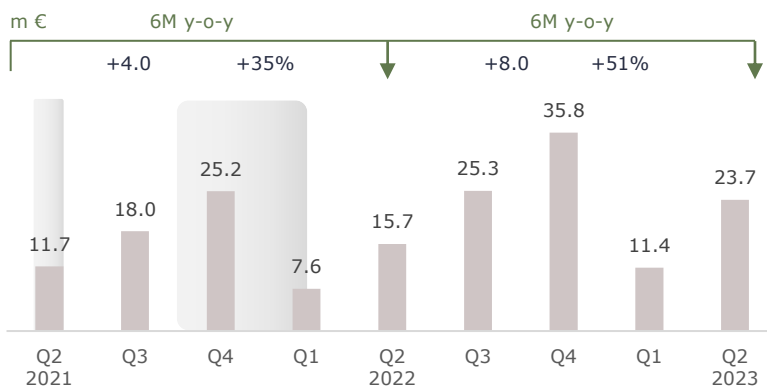
## Net loan portfolio



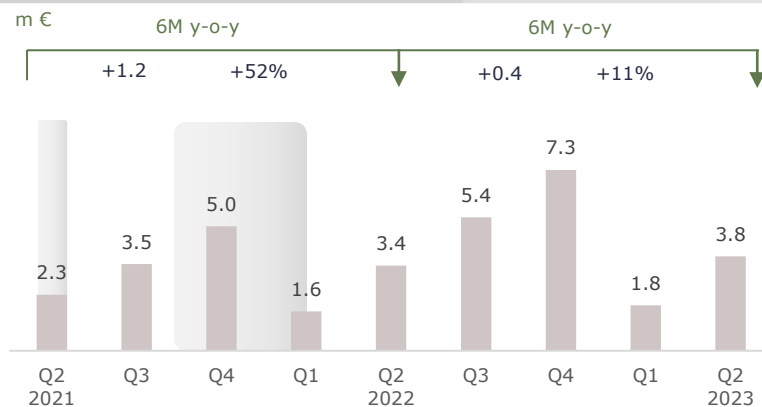
Demand for lending products remain solid. Slight decrease of loans issued in Q2 2023 is a result of purposefully limiting the loan issuance to ensure well balanced growth and covenant fulfillment.

Loan portfolio continues to grow every quarter over the last two years, reaching EUR 78.1 million in Q2 2023.

## Total revenue, quarterly cumulative



## Profit before tax, quarterly cumulative



The company had a 51% revenue increase in H1 2023 compared to H1 2022.

Profit before tax in Q2 reached EUR 2.0 million, historically highest result for the company.

# Remote pre-owned item purchasing launched

## Client benefits

Reduction of carbon footprint

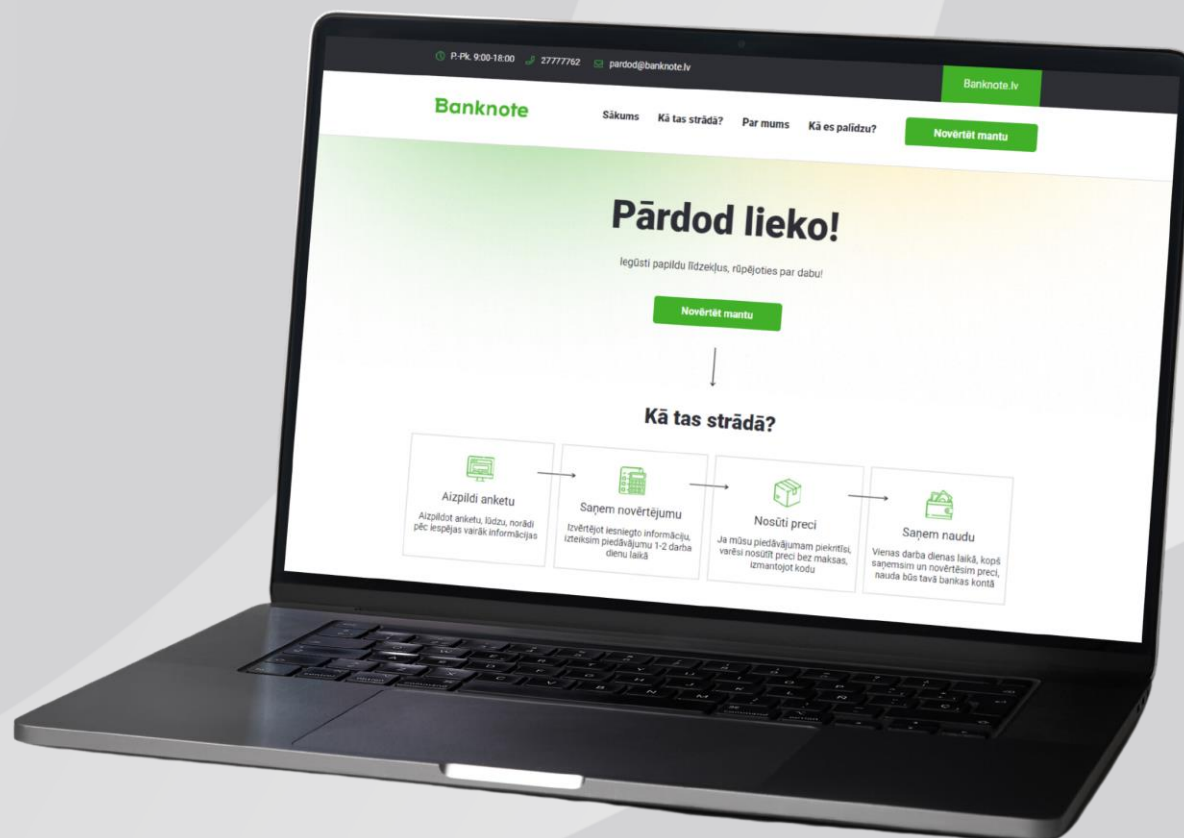
Receive money quickly and remotely for items you don't need

Providing *second life* for your old items

**1 500+**

online applications since the launch in May

**[pardod.banknote.lv](http://pardod.banknote.lv)**





# Banknote XL – largest circular economy store in Riga

Banknote XL opening in April 2023

The first **large-scale** Banknote branch

**300 m<sup>2</sup>**  
total store area

**4 500+**  
Pre-owned and new  
items for sale



# Banknote comes closer to clients



Active promotion of Banknote services during the summer in Latvia.



Participation in public events to raise people's awareness of Banknote circular economy products.



Open doors days in Banknote branches in Ventspils, Kuldīga, Cēsis.





# Bond activities

1

**Listing of 10 mEUR unsecured bonds on Nasdaq First North bond list** in July 2023. Bonds trade with coupon rate of 8.75% + 3M EURIBOR nominal value of EUR 1 000 and maturity 25 September 2024.

2

**5 mEUR subordinated bond issue** with 11.50% + 3M EURIBOR coupon rate to support company's capital structure.

3

**15 mEUR unsecured bond issue** with 9.00% + 3M EURIBOR coupon rate to refinance existing bonds maturing in August 2023.



**Bond issues and listing was arranged by Signet Bank AS**



# Growing shareholder base

From 22 May until 2 June two largest DelfinGroup shareholders publicly offered the company's shares for a price of EUR 1.35.

The public offer was **oversubscribed by 1.12 times**.

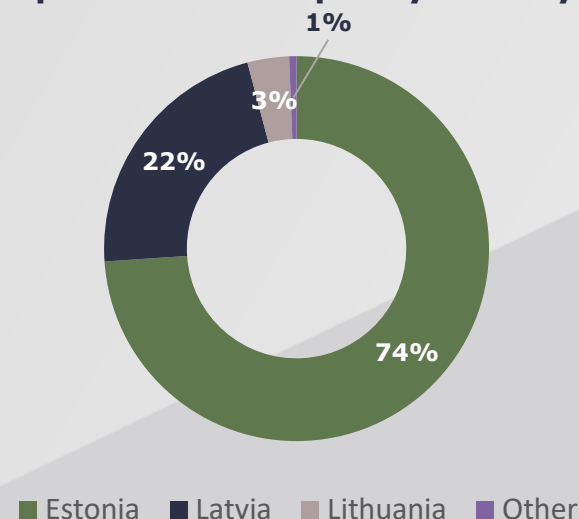
**2 915** investors subscribed for DelfinGroup shares in the value of **7.1 mEUR**.

**Free float** of DelfinGroup stock has increased to **27.1% or 16.8 mEUR** as of 30 June 2023.

DelfinGroup shareholder count



DelfinGroup shareholder split by country



## In focus - sustainability



DelfinGroup office and 45 Banknote branches run only with green electricity.



Received gold category award in *Sustainability Index 2023* organized by Institute for Corporate Sustainability.



We have joined *Mission 0* initiative to maintain zero accidents in the workplace such as DelfinGroup office and branches.

# What did you do with your previous mobile phone when you purchased a new one?

- A) Put it somewhere you don't see it
- B) Threw it out
- C) Gave it to someone
- D) Sold it to someone myself
- E) Sold it to **Banknote**

Company highlights

**Business performance**

Q&A session





# Consumer loans

## Consumer net loan portfolio



## Average loan\*



Eminent growth of consumer lending segment. The net loan portfolio continued growth during Q2 2023 reaching 71.7 million euros.

## Weighted average term of loans issued



## Non-performing loan ratio\*\*



46% increase of consumer lending portfolio in compared to Q2 2022.

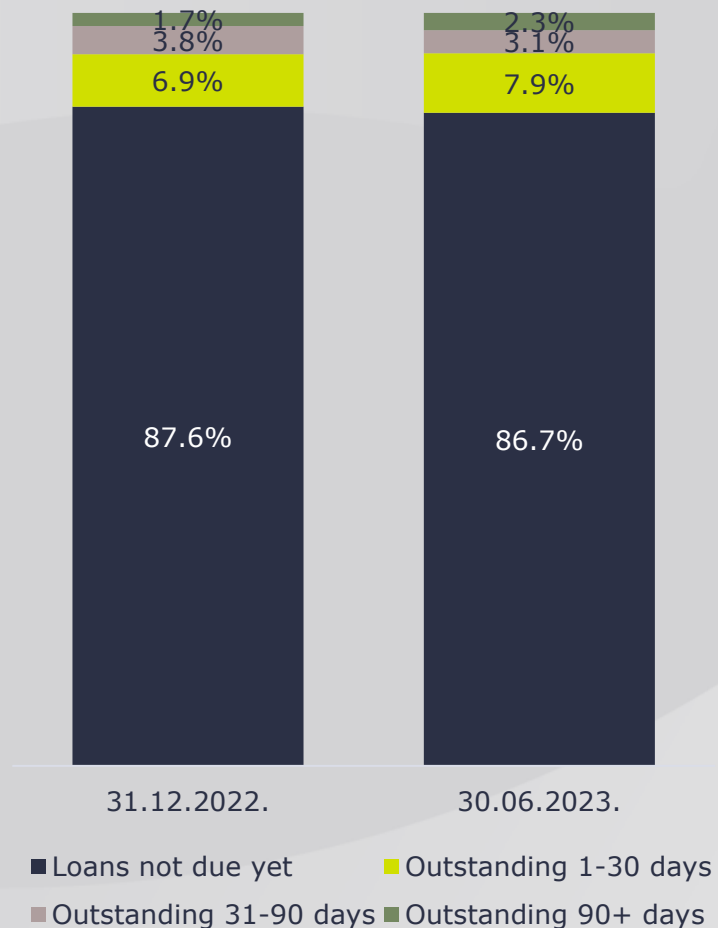
Data based underwriting processes ensure solid NPL ratio.

\*Average consumer loan balance for one client at the end of period.

\*\*Increase in Q3 2022 NPL ratio due to reversal of a cession portfolio.

Data from previous periods restated as per corrections made in 2022 audited annual report.

# Age analysis of consumer lending portfolio\*



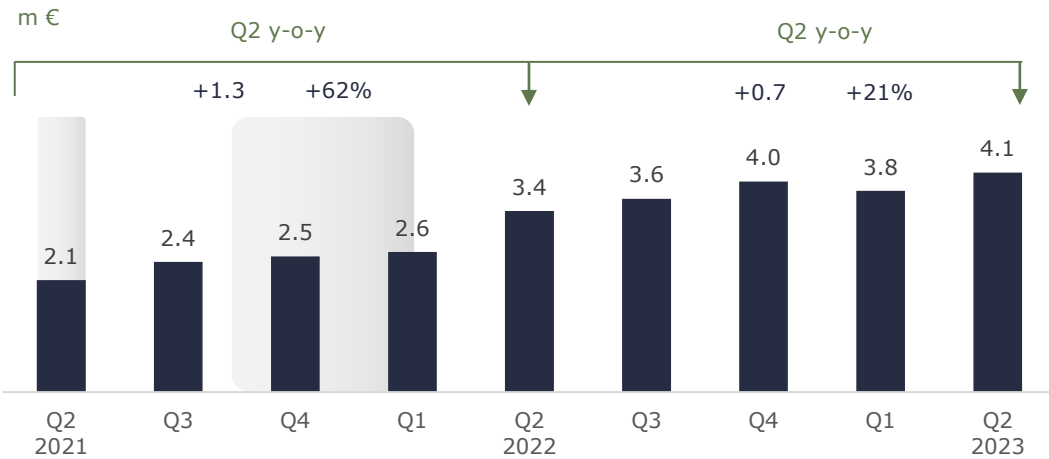
Loan portfolio quality remains solid in 2023.

Focus on lower risk lending clients.

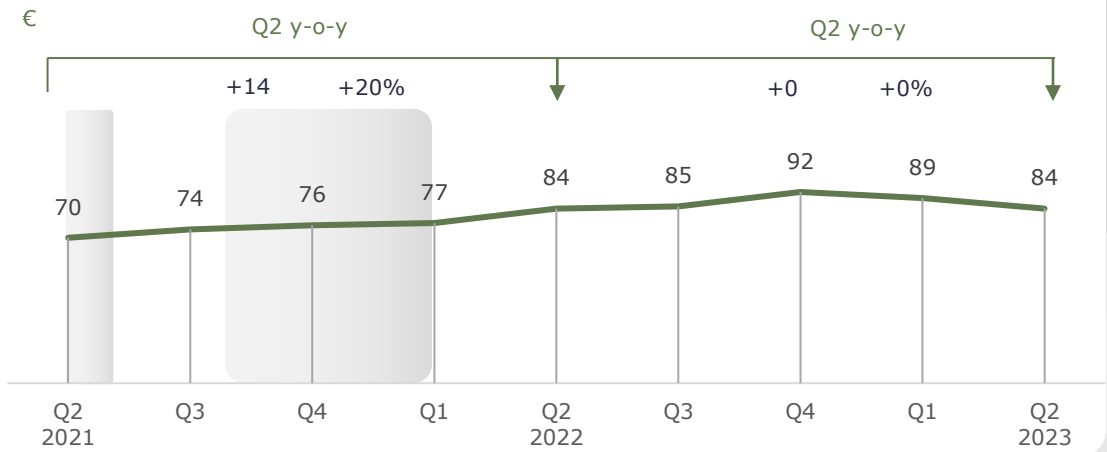
Improved underwriting processes and risk policy.

# Pawn loans

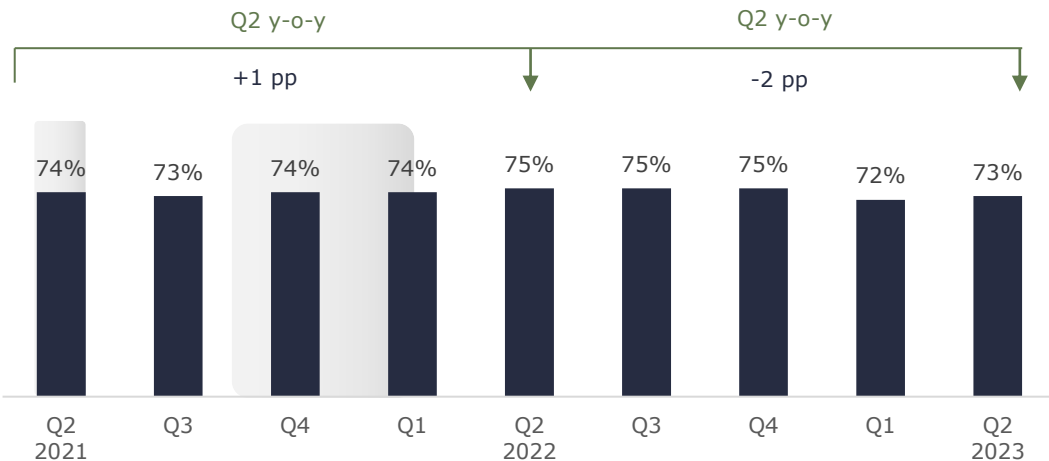
## Pawn net loan portfolio\*



## Average pawn loan amount



## Redemption rate\*\*



Pawn lending segment continue to show stable growth. 21% 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\*

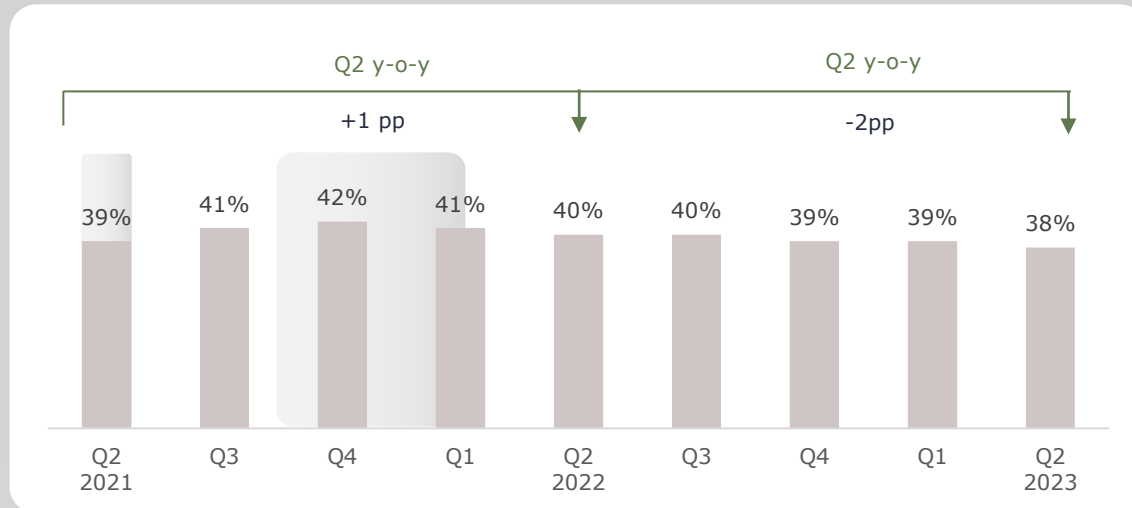
## Sale of pre-owned goods\*\*



33% growth in Q2 2023 year on year.

Segment sales remain over 3 mEUR per quarter over the last twelve months as the segment has become a strategic priority for the company.

## Gross margin

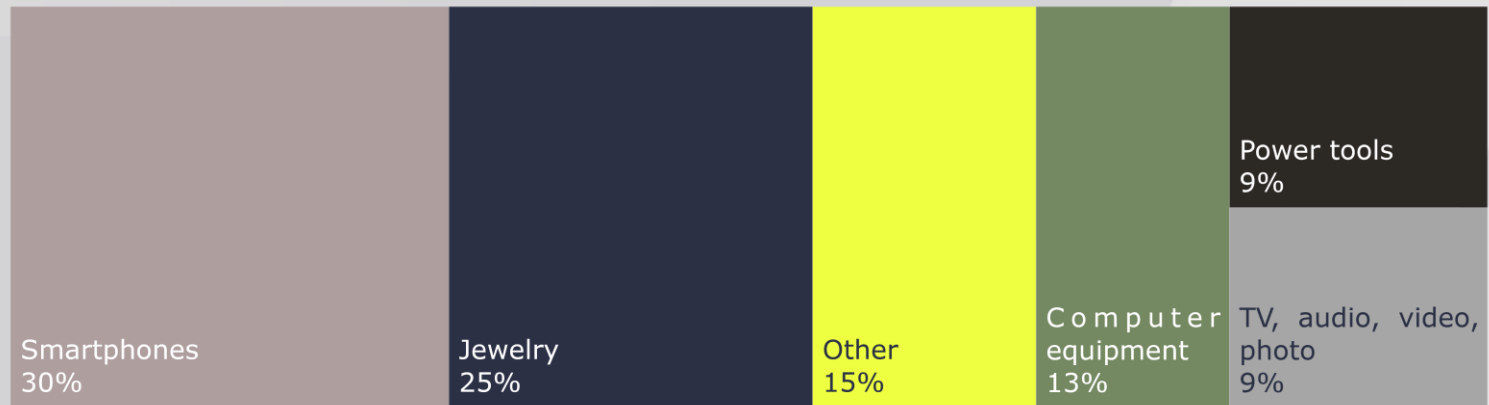


Gross margin remain stable throughout the last years



# Sales split by product category

Sales split by product category (6M 2023)



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

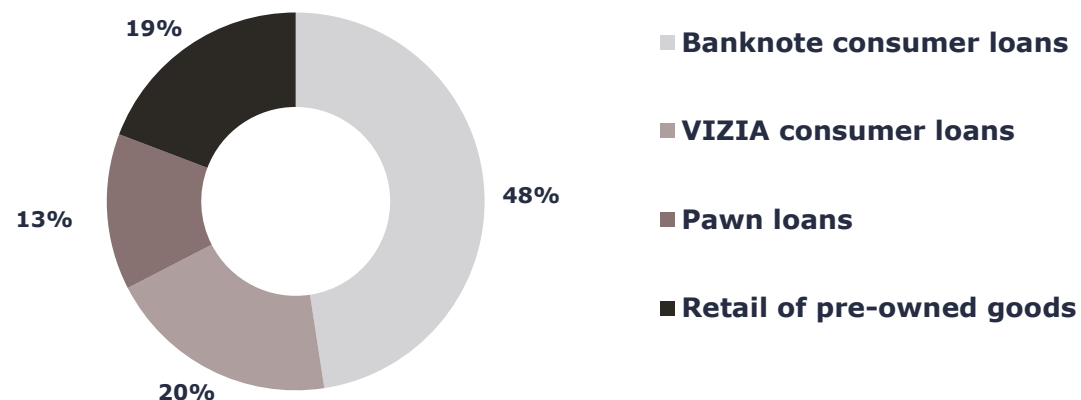
The most demanded product categories are electronics, such as smartphones, computers, TVs and jewelry.

# Diversification

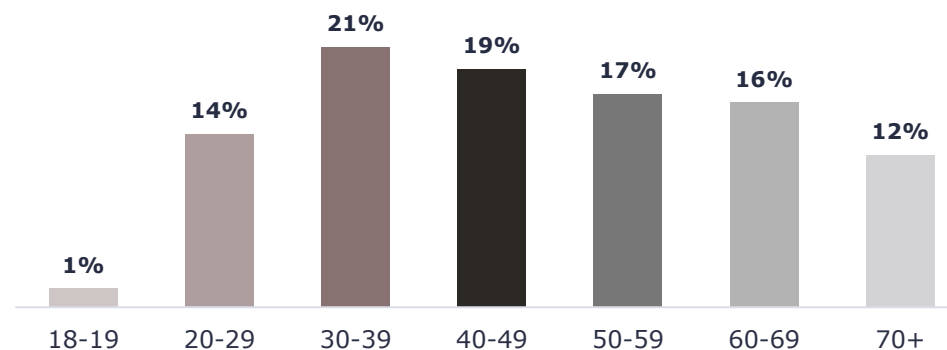
Although the most significant part of the revenue stream comes from the consumer loan segment, we see great potential in gradually growing other *DelfinGroup* segments.

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

Revenue by business segments 6M 2023



Distribution of active clients by age on 30 June 2023\*



# Consolidated income statement

INCOME STATEMENT, EUR'000	2023 Q2	2022 Q2*	Change %	2023 6M	2022 6M*	Change %
Total revenue	12,275	8,095	+52%	23,679	15,682	+51%
Cost of sales	-1,401	-1,080	+30%	-2,845	-1,860	+53%
Credit loss expense	-2,769	-1,082	+156%**	-5,236	-2,492	+110%**
Interest expenses and similar expenses	-2,052	-958	+114%***	-3,844	-1,647	+133%***
<b>Gross profit</b>	<b>6,052</b>	<b>4,975</b>	<b>+22%</b>	<b>11,754</b>	<b>9,682</b>	<b>+21%</b>
Selling expenses	-2,054	-1,686	+22%	-4,116	-3,443	+20%
Administrative expenses	-1,957	-1,346	+45%	-3,723	-2,626	+42%
Other operating income	12	22	-47%	27	47	-42%
Other operating expenses	82	-123	-34%	-146	-239	-39%
<b>Profit before tax</b>	<b>1,971</b>	<b>1,842</b>	<b>+7%</b>	<b>3,797</b>	<b>3,421</b>	<b>+11%</b>
Income tax expense	-202	-742	-73%	-414	-930	-55%
<b>Net profit</b>	<b>1,769</b>	<b>1,099</b>	<b>+61%</b>	<b>3,382</b>	<b>2,491</b>	<b>+36%</b>
<b>EBITDA</b>	<b>4,345</b>	<b>3,091</b>	<b>+41%</b>	<b>8,268</b>	<b>5,650</b>	<b>+46%</b>

\*Data from previous periods restated as per corrections made in 2022 audited annual report.

\*\* 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.

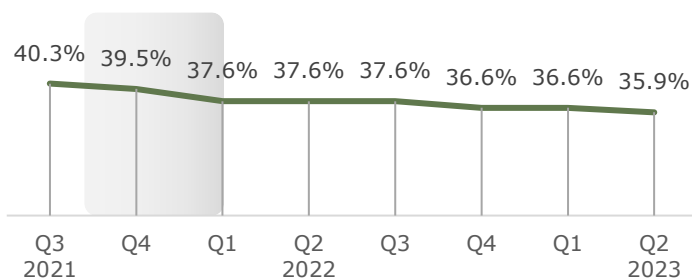
# Consolidated balance sheet

BALANCE SHEET, EUR'000	30.06.2023	31.12.2022*	Change %
Fixed and intangible assets	1,823	1,470	+24%
Right-of-use assets	2,712	2,636	+3%
Net loan portfolio	78,099	67,518	+16%
Inventory and scrap	4,662	2,290	+104%
Other assets	1,105	875	+26%
Cash	3,013	2,369	+27%
<b>TOTAL ASSETS</b>	<b>91,415</b>	<b>77,158</b>	<b>+18%</b>
<b>EQUITY</b>	<b>19,917</b>	<b>18,106</b>	<b>+10%</b>
Share capital and reserves	4,532	4,532	+0%
Share premium	6,891	6,891	+0%
Other capital reserves	163	93	+75%
Retained earnings	8,331	6,590	+26%
<b>LIABILITIES</b>	<b>71,497</b>	<b>59,052</b>	<b>+21%</b>
Interest-bearing debt	65,872	53,974	+22%
Trade payables and other liabilities	2,629	2,159	+22%
Lease liabilities for right-of-use assets	2,997	2,918	+3%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>91,415</b>	<b>77,158</b>	<b>+18%</b>

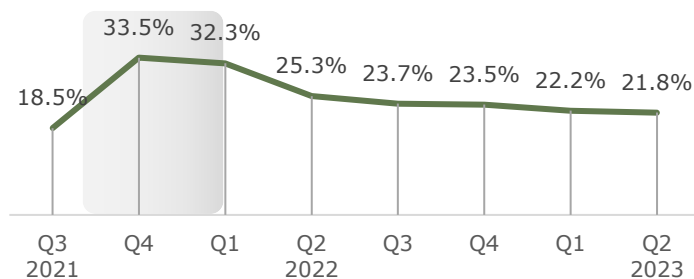


# Financial ratios

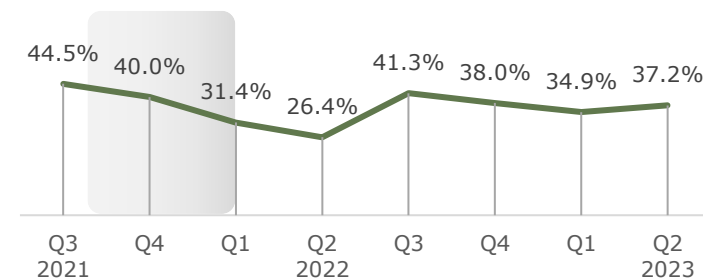
**EBITDA margin\***



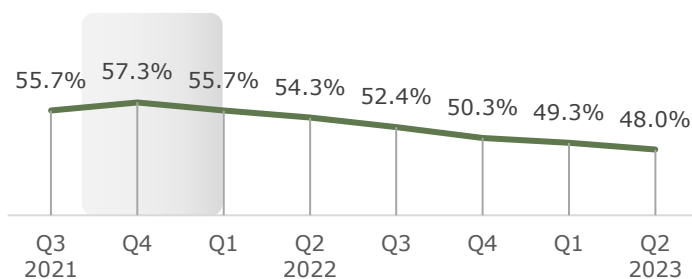
**Equity ratio**



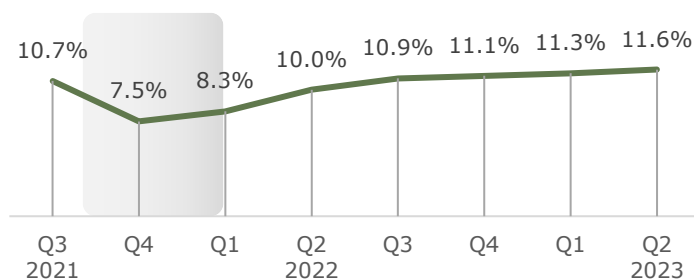
**ROE\*\***



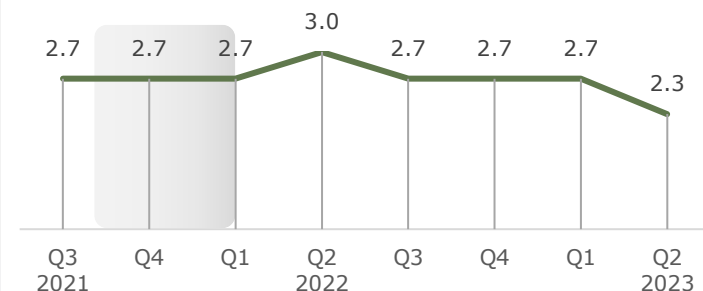
**Cost-to-income ratio\***



**Cost of interest-bearing liabilities**

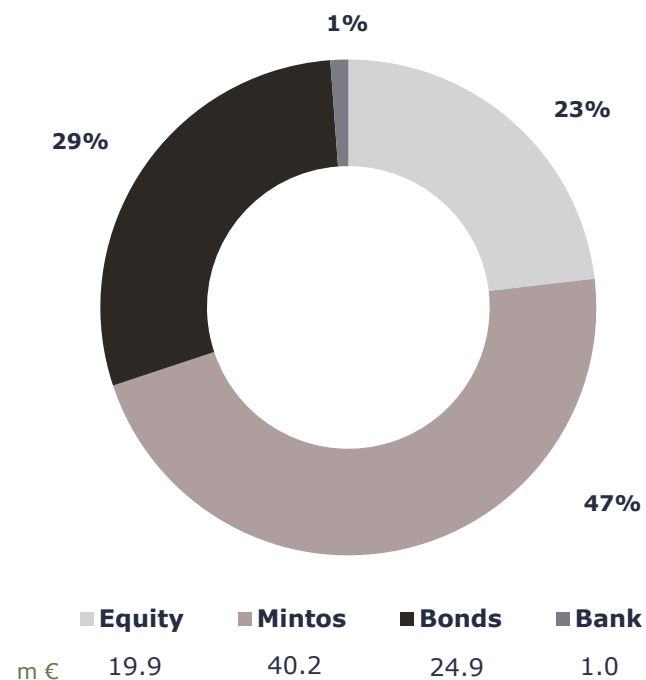


**Interest coverage ratio\***

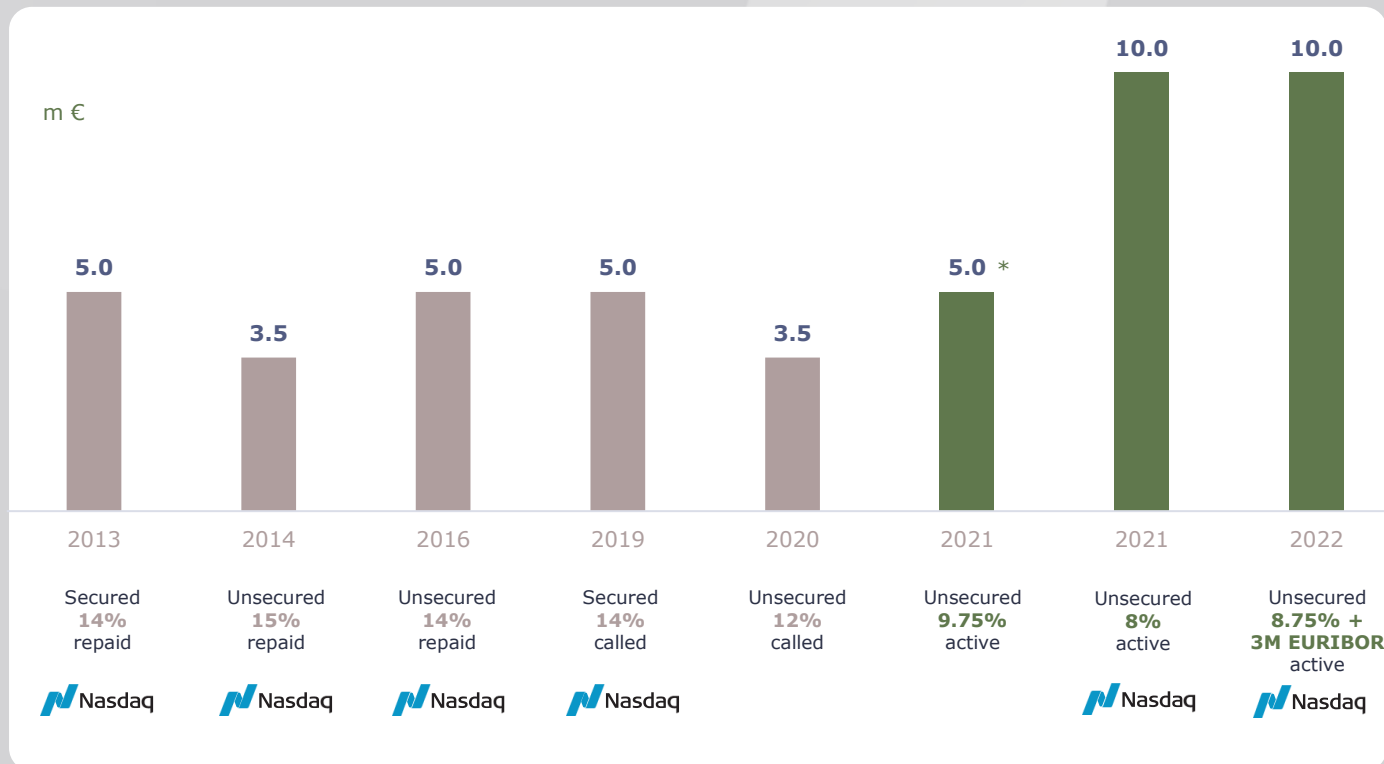


# Capital structure

## Capital structure 30.06.2023



## Bond financing track record



## DelfinGroup on *Mintos*

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

\* EUR 5 million with 9.75 fixed coupon rate matures on 25 August 2023. In order to refinance existing bond, DelfinGroup has issued new bonds with coupon rate of 9.00% + 3M EURIBOR. More information about new bond issues in the next slide.

# New bond issues

	Subordinated unsecured bonds	Unsecured bonds
<b>ISIN</b>	LV0000802700	LV0000802718
<b>Issue size</b>	EUR 5,000,000	EUR 15,000,000
<b>Nominal value</b>	EUR 1,000	EUR 1,000
<b>Annual coupon</b>	11.50% + 3M EURIBOR	9.00% + 3M EURIBOR
<b>Coupon frequency</b>	Monthly	Monthly
<b>Maturity</b>	25 July 2028	25 February 2026
<b>Type of placement</b>	Private placement	Private placement
<b>Minimum subscription</b>	EUR 100,000	EUR 100,000
<b>Listing</b>	Nasdaq First North Baltic bond list (conditional upon approval of regulator and the stock exchange)	Nasdaq First North Baltic bond list (conditional upon approval of regulator and the stock exchange)
<b>Call option</b>	101% on every coupon payment date in full or partially for not less than 20% of the nominal amount of the bonds.	101% on every coupon payment date in full starting from 24 February 2024
<b>Financial covenants</b>	<ul style="list-style-type: none"> <li>To maintain capitalization ratio of at least 17.5%.</li> <li>To maintain consolidated ICR (calculated on the trailing 12 (twelve) months (TTM) basis) of at least 1.25x.</li> </ul>	<ul style="list-style-type: none"> <li>To maintain Capitalization ratio of at least 20%.</li> <li>To maintain consolidated ICR (calculated on the trailing 12 (twelve) months (TTM) basis) of at least 1.5x.</li> <li>Net Loan Portfolio + Cash and Cash Equivalents – Mintos Debt Security – Bank Debt Security I) / (all unsecured interest-bearing debt*) &gt; = 1.2x).</li> </ul>

# 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 5.4%\***

Dividend period	Dividend payment date	EUR/share	EUR total	Payout ratio***
Q2 2023	Upon shareholders approval**	0.0195**	883 732**	49.95%**
Q1 2023	30.06.2023	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%

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 1.365 on 30 June 2023 and including management's proposed dividends from Q2 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

30.06.2023	DelfinGroup	Financial industry*
Capitalization m €	61.9	-
EPS TTM €	0.152	-
P/E	9.0	8.1
ROE	37.2%	25.2%

\*Average ratio for financial services companies listed on Nasdaq Baltic Main list on 30.06.2023.

# Q&A session

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

