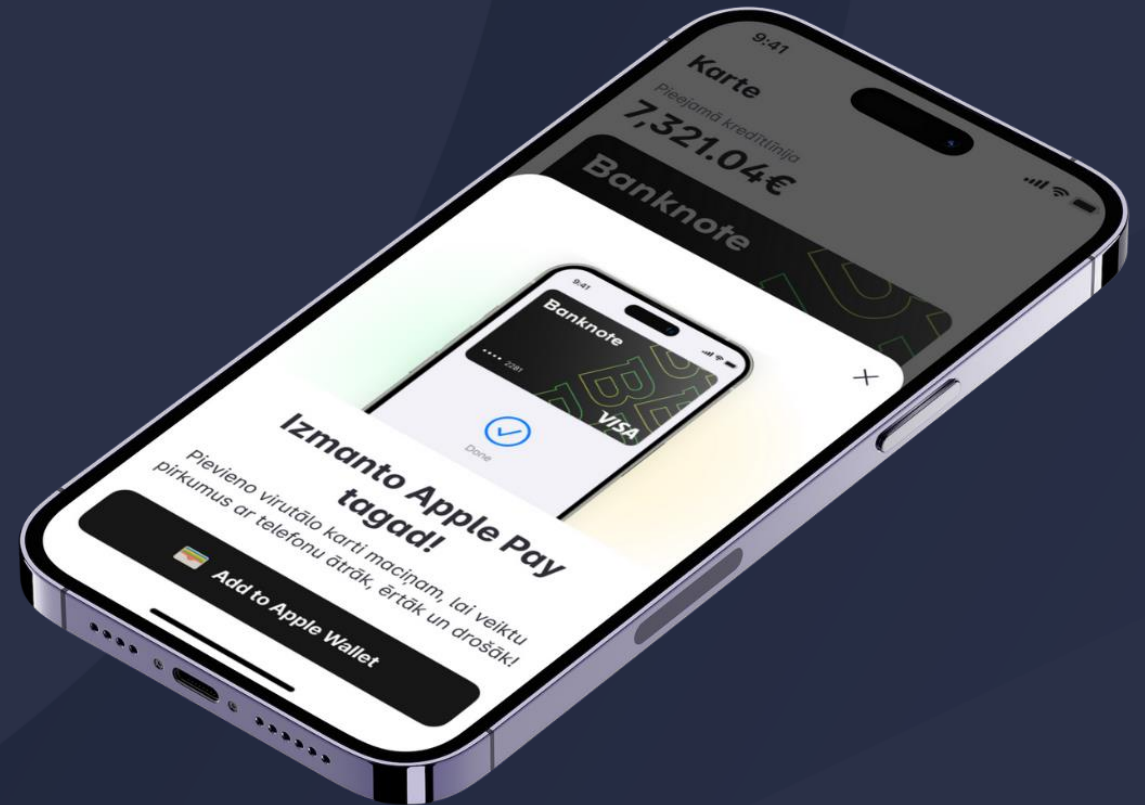


Financial report



Unaudited results for 12 months
Ending 31 December 2023

Key results

Business highlights

Business performance

Q&A session



Key characteristics of 2023

+13%

Consumer loan issuance
growth in 2023

+20%

Pawn loan issuance
growth in 2023

+32%

Net loan portfolio growth
in 2023

+41%

Revenue growth in 2023

+39%

EBITDA growth in 2023

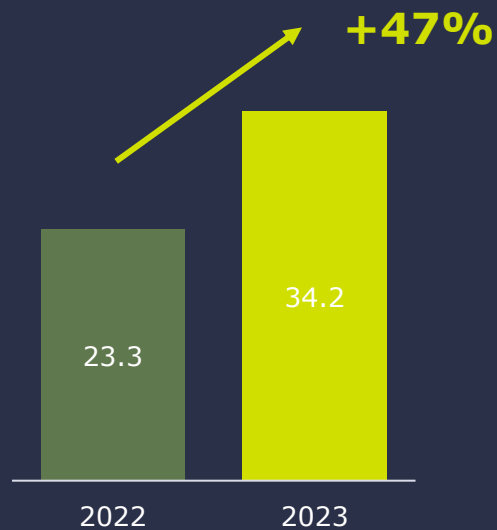
+14%

Profit before tax
growth in 2023

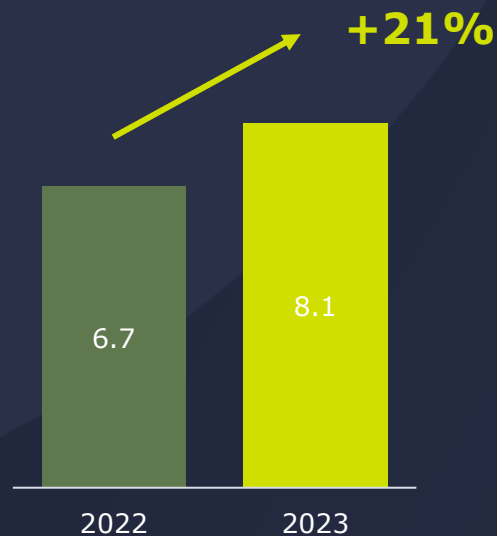
Segment performance

Stable income growth in all the main business segments in 2023.

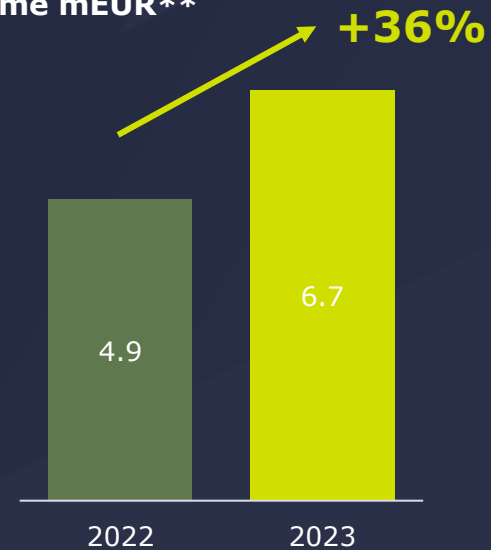
Consumer lending income, mEUR



Pawn lending income, mEUR*

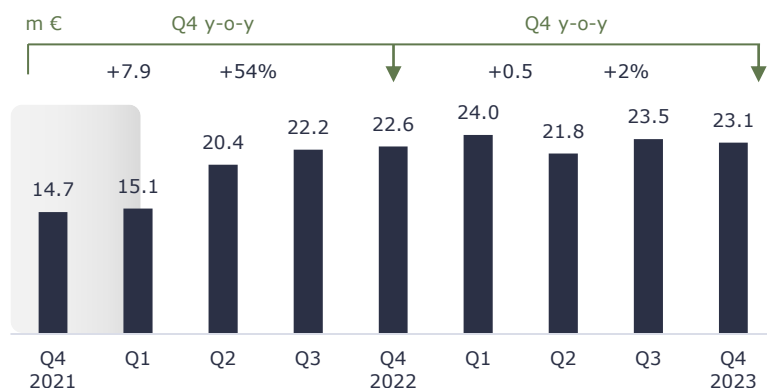


Retail of pre-owned goods income mEUR**



Key results

Total loans issued



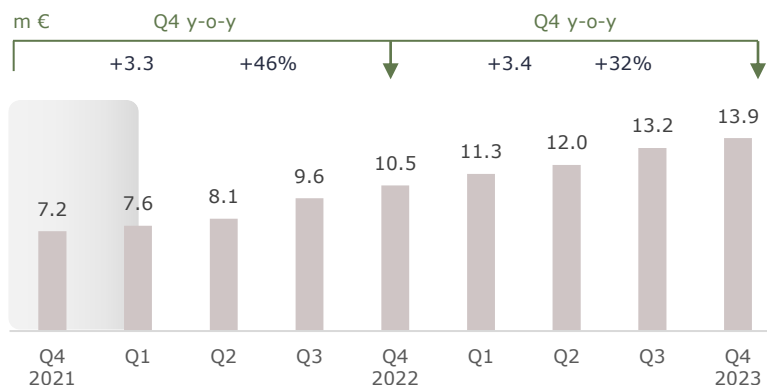
Net loan portfolio



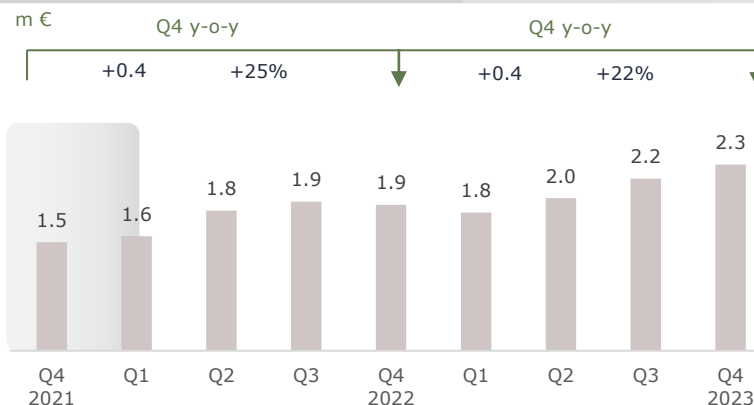
Demand for lending products remained solid. A moderate increase in issuance due to the development of the customer evaluation process and focus on a lower-risk client base.

The loan portfolio increased by 32% during 2023, reaching EUR 89 million.

Total revenue



Profit before tax



Revenue growth every quarter for the past years. Increase of 32% in quarterly revenue compared to Q4 2022.

Profit before tax in Q4 reached EUR 2.3 million, historically the highest result for the company.

Net loan portfolio, EBITDA and profit before tax guidance for 2023 was exceeded.

Key results

Business highlights

Business performance

Q&A session



On the way to an improved pawnshop market in Lithuania

Expansion opportunity

The fragmented pawnshop market in Lithuania presents a significant business opportunity.

Leveraging experience

We utilise over 14 years of knowledge and expertise gained in the Latvian market.

Lucrative market

The larger Lithuanian market provides ample growth opportunities.



Expansion strategy in Lithuania

First step

Launch of 5 branches in Vilnius and online store shop.banknote.lt during December 2023.

Product offering

Offering pawn lending and retail of pre-owned goods as the first expansion step.

Future plans

- To gradually grow the branch network in Vilnius and other largest Lithuanian cities;
- To expand product range.



Launch of the new *Banknote* mobile app



Improved user experience



Available digital payment card



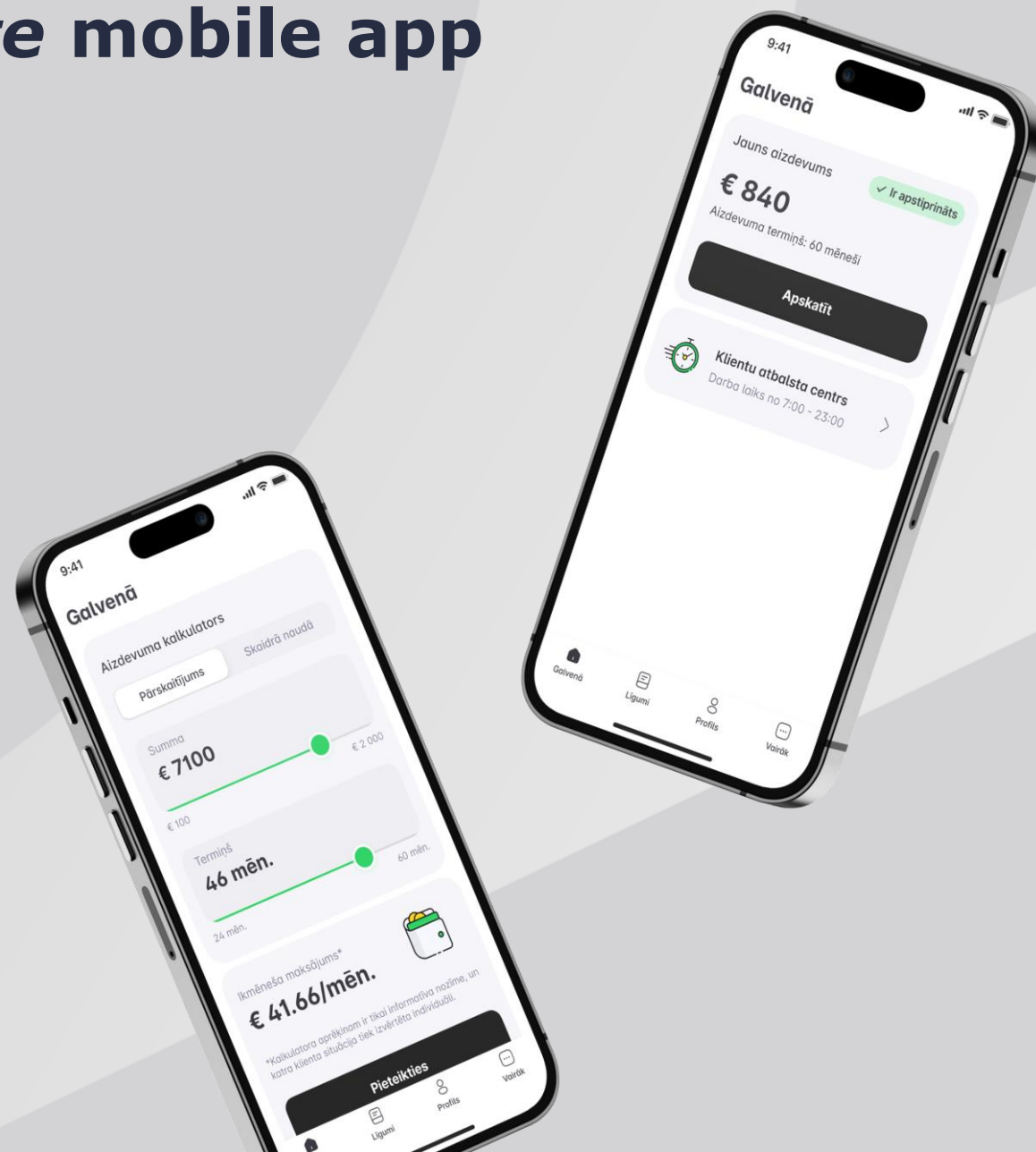
Simple and clear view of all existing agreements



Efficient filling of new loan applications



Quick search of the nearest branch



Digital *VISA* payment card in mobile app



Instantly accessible *Banknote* credit line on *Banknote* mobile app



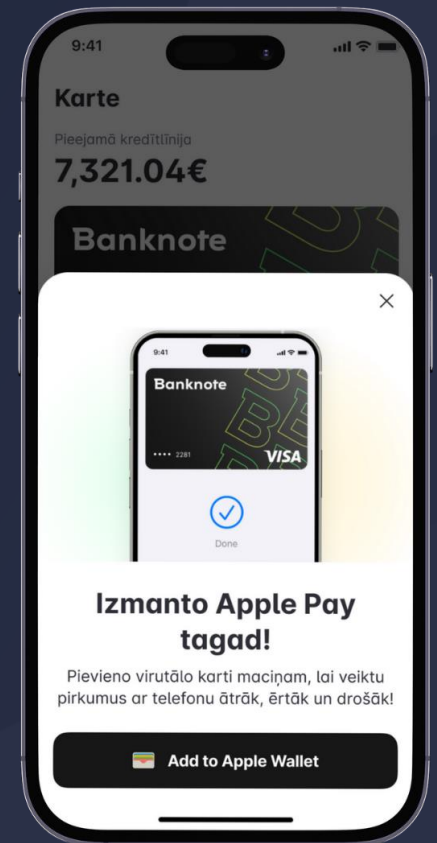
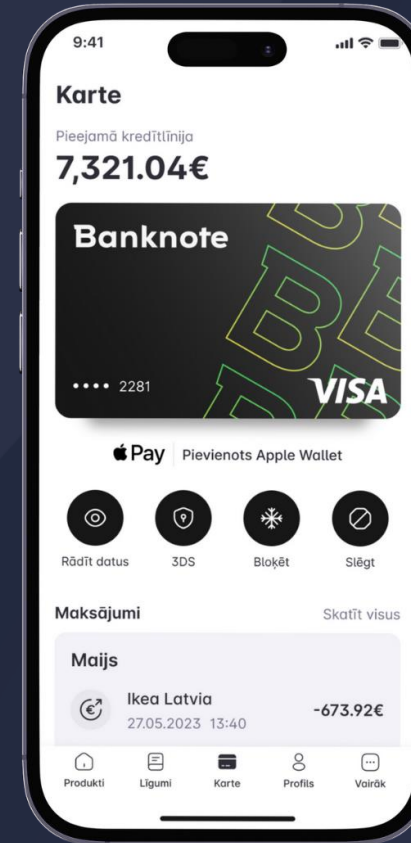
Made for online and in-store purchases



Simple integration with *Apple Pay* and *Google Wallet*



High security standards with built-in biometric security checks



Branch network development in Latvia and Lithuania

In Q4 2023 the first branch in **Mārupe** was opened. The branch is located in the center of Mārupe next to the municipality council building.



Main branch network improvements in 2023:

- Opening of *Banknote XL*
- New branches in Jēkabpils and Mārupe
- New premises for *Riga City Pawnshop*
- 5 new branches in Vilnius, Lithuania

Banknote online store

Banknote online store is a fast-growing sales channel where clients can conveniently purchase pre-owned and verified items.

+50 000

pre-owned and verified items available

14

day return option for goods purchased online

Up to **24**

months guarantee

2-3 days

delivery service

Use promo code **INVESTOR15** until 7 March 2024 and receive a 15% discount at Banknote online stores!*

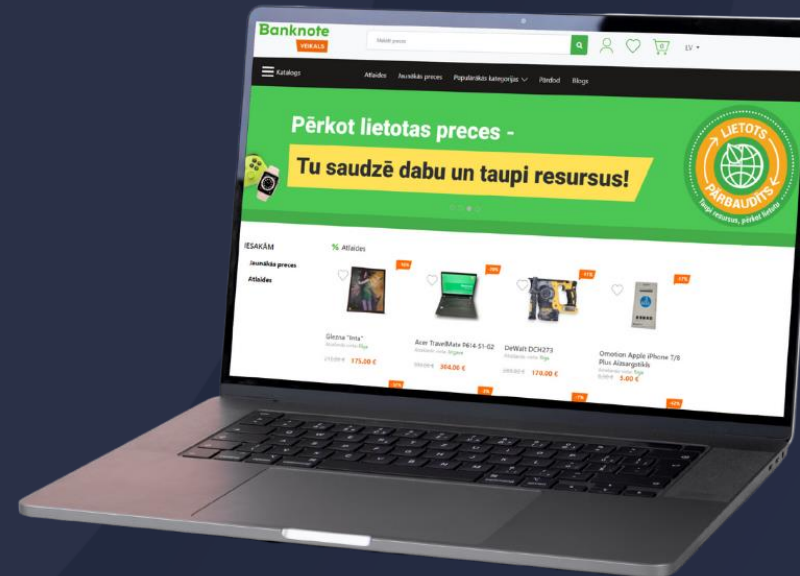


veikals.banknote.lv

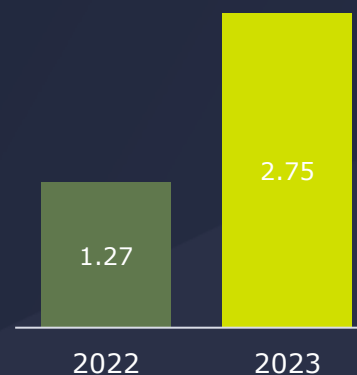


shop.banknote.lt

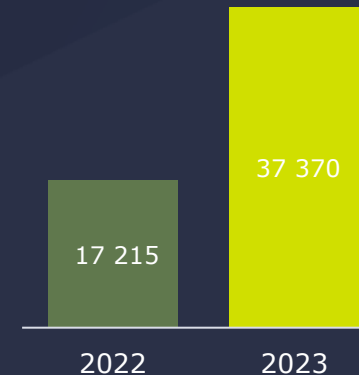
**discounts do not add up.*



Online store sales, mEUR



Units sold at online store



AI implementation in business processes

Employee training on AI tool utilization

- Active user training on AI tools like *ChatGPT* and *GitHub Copilot*.
- Acquiring of necessary skills to leverage AI for improved efficiency and innovation.

Virtual assistant for internal regulations

- Implementation of *GPT-4* based virtual assistant for simplifying access to internal regulations.
- The tool streamlines internal processes and reduces workload on human resources.

E-commerce enhancement

- Development of AI solutions to improve online store.
- Focus on automating and personalising product descriptions and attributes.
- Target to drive higher conversion rates.

Improved mission, vision and values



RESPECT

Respect and trust are cornerstones for success



PROGRESS

Progress means getting better every day



COURAGE

Courage turns ambition into action



CUSTOMER-ORIENTED

Caring for customers in every step

MISSION

Make financial inclusion and sustainable consumption more available

VISION

Be the best place for everyday financial services and circular retail

Key results

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Consumer loans

Consumer net loan portfolio



Average loan*



Growth of the consumer lending segment continued throughout 2023. At the end of 2023, the net loan portfolio reached 81.6 million euros.

33% increase of consumer lending portfolio compared to 2022.

Weighted average term of loans issued

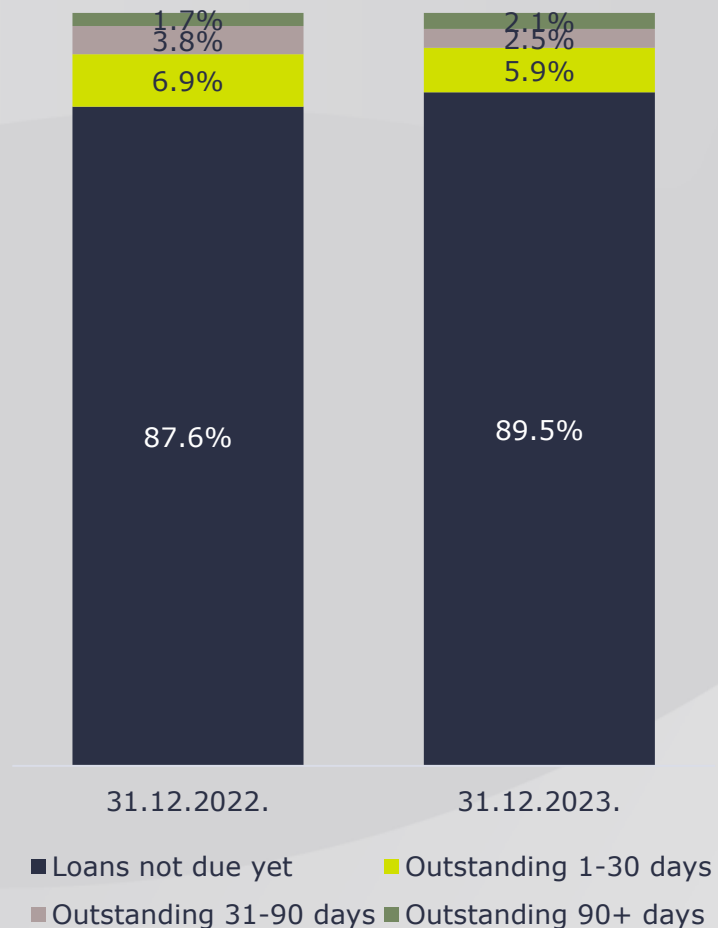


Non-performing loan ratio



NPL ratio continues to be on a solid level due to constant improvements in client scoring, collection and loan cession.

Age analysis of consumer lending portfolio*



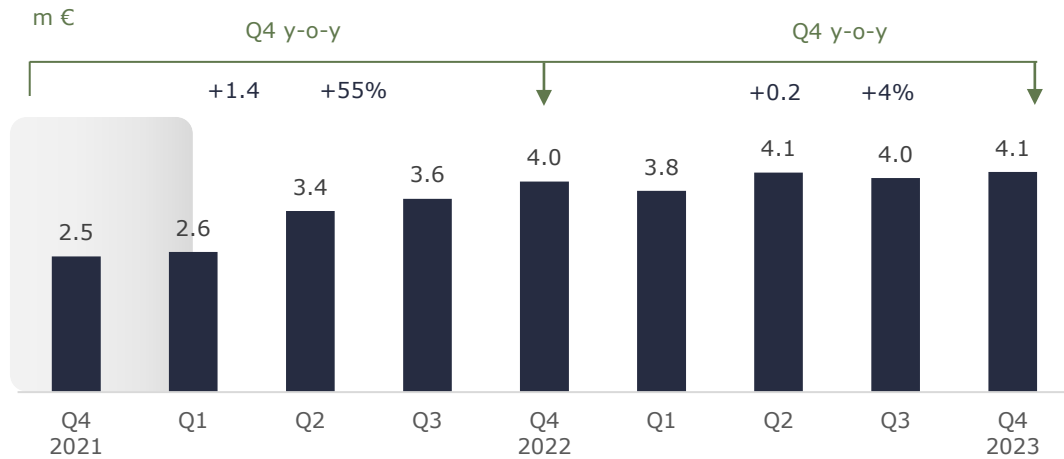
Loan portfolio quality remains solid with slight improvements in 2023.

Focus on lower risk lending clients.

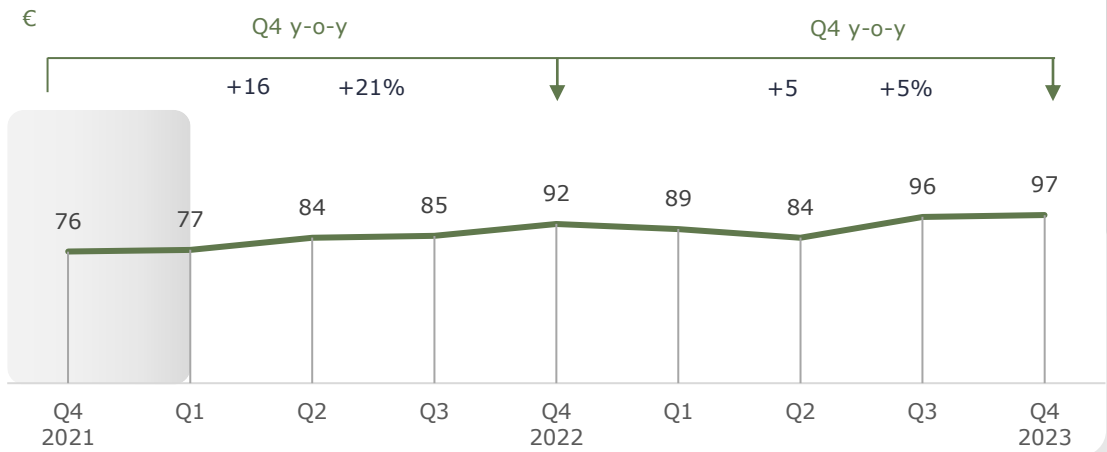
Improved underwriting processes and risk policy.

Pawn loans

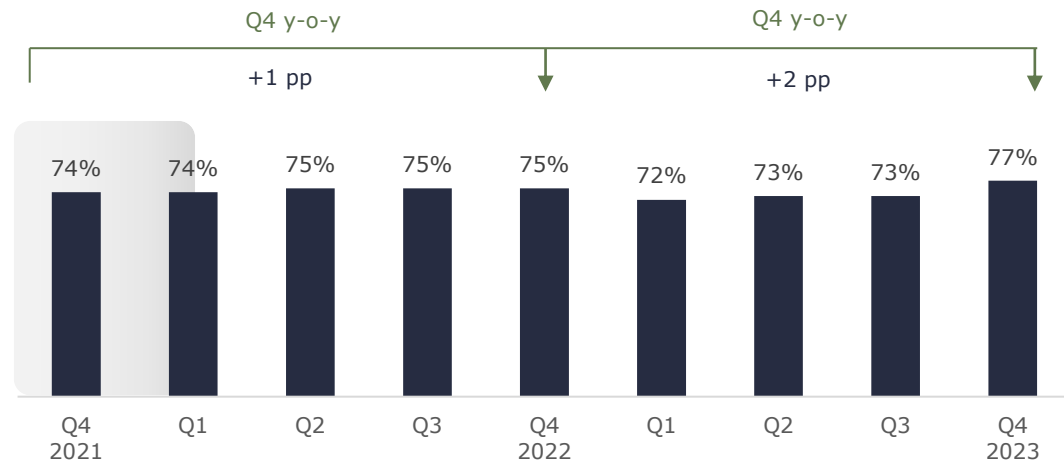
Pawn net loan portfolio*



Average pawn loan amount



Repaid pawn loans

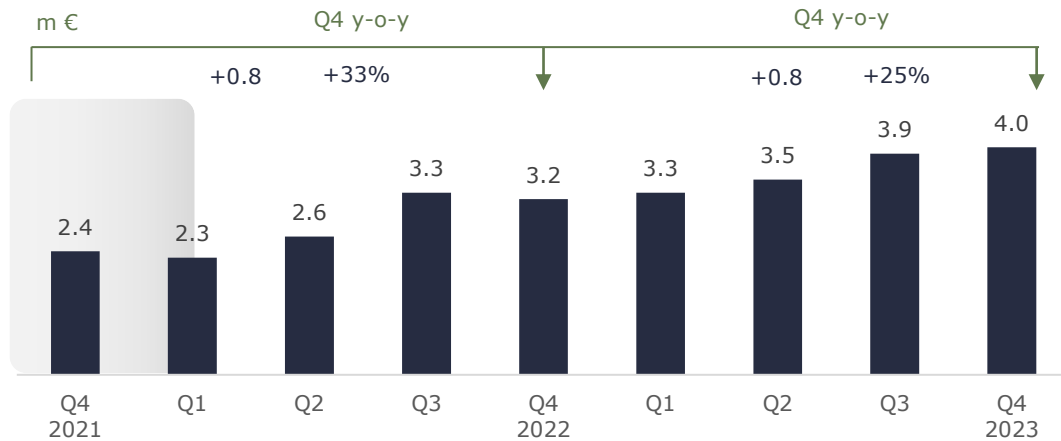


Pawn lending segment continue to show stable results. 4% increase of the pawn loan portfolio in 2023 and 20% increase in loan issuance.

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

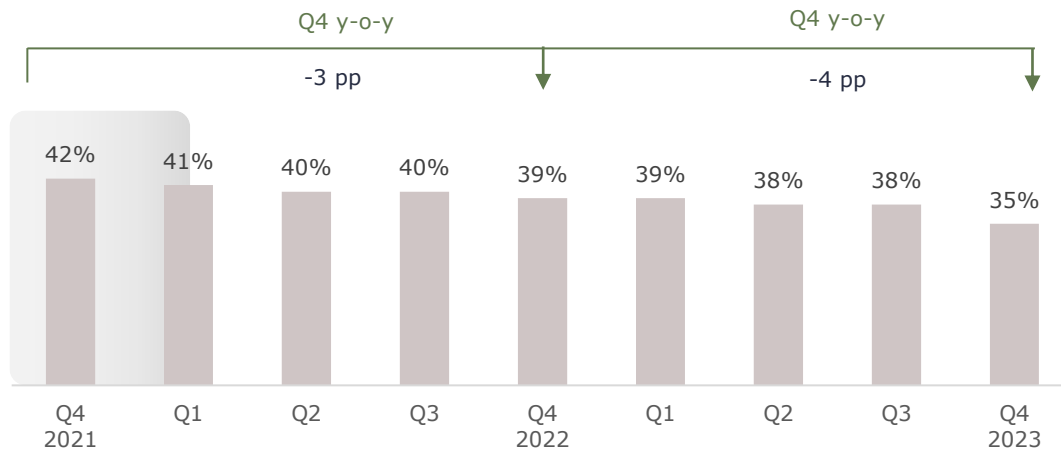
Retail of pre-owned goods*

Sale of pre-owned goods**



Sales in 2023 increased by 28%, reaching EUR 14.7 million. Q4 2023 sales increased by 25% reaching EUR 4 million.

Gross margin

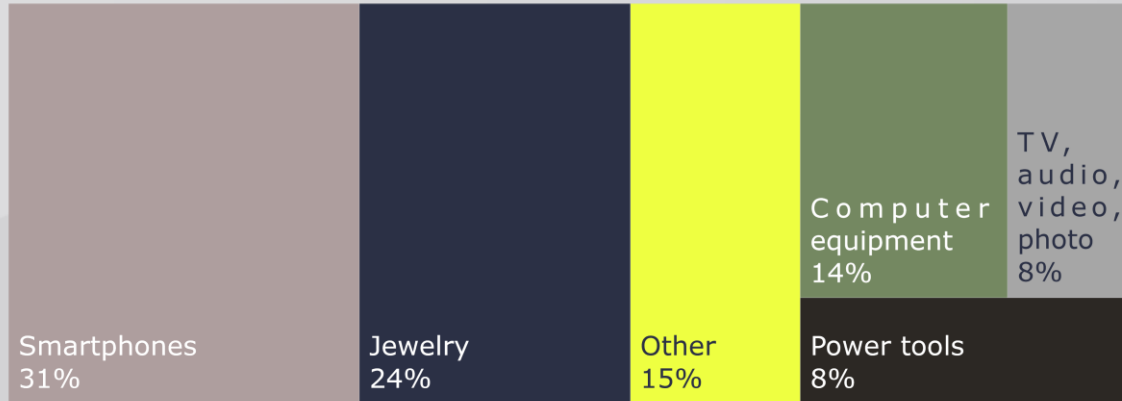


Record-high segment income both on quarterly and annual basis.

A reduction in gross margin due to a broader one-off sales campaign in Q4 2023 with aim to sell slow-moving inventory.

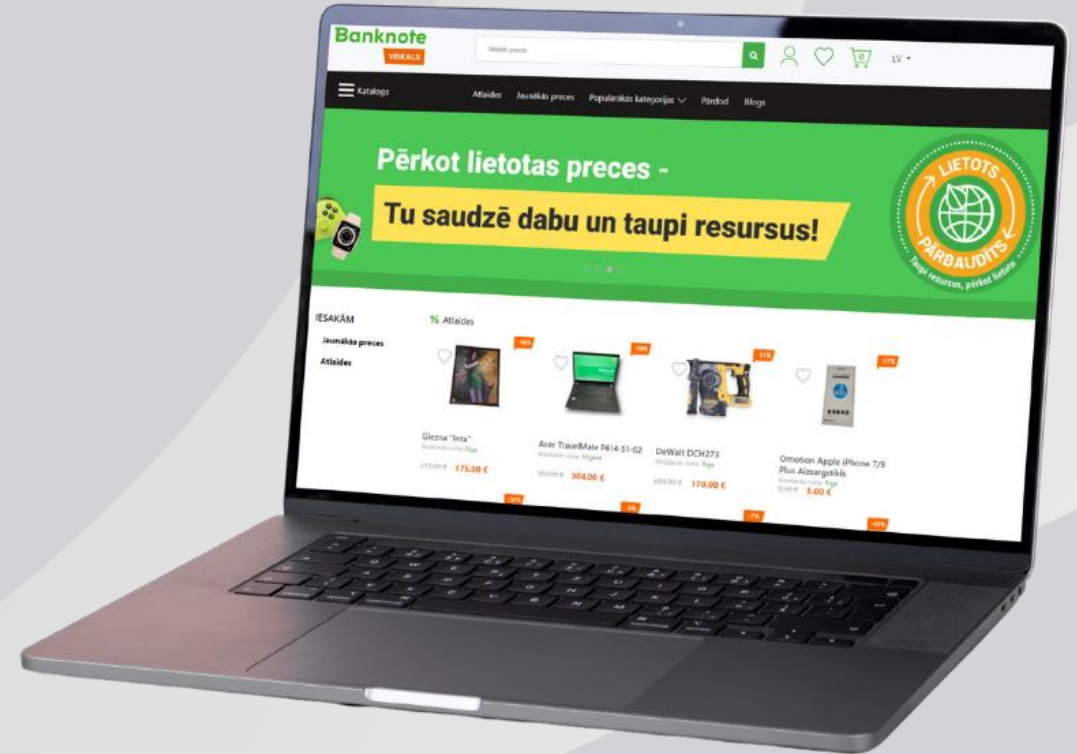
Sales split by product category

Sales split by product category (12M 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.

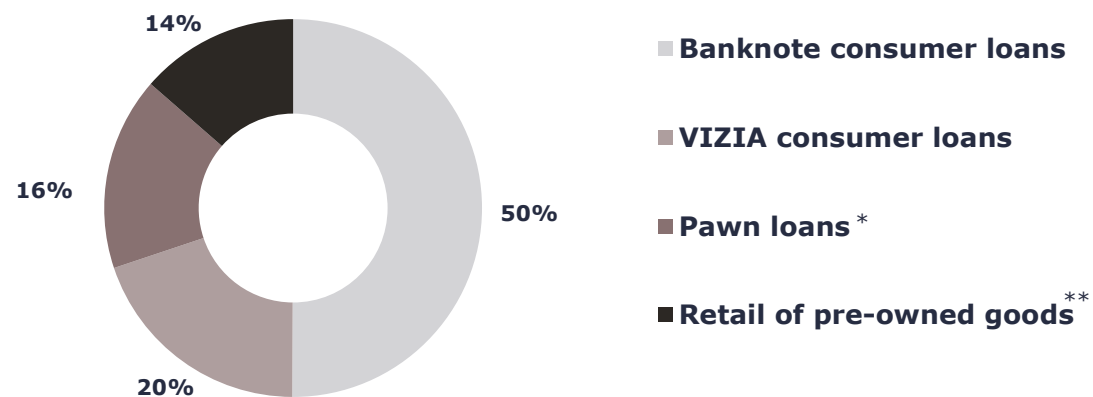


Diversification

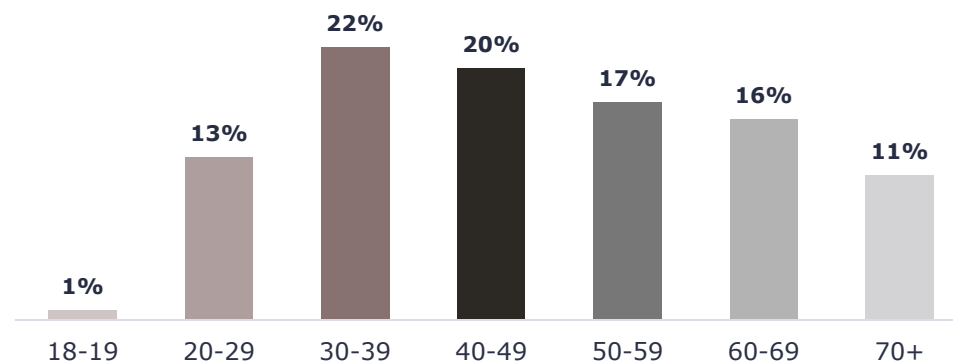
Although the most significant part of the revenue stream comes from the consumer loan segment, we see great potential in gradually growing other *DelfinGroup* segments.

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

Revenue by business segments 12M 2023



Distribution of active clients by age on 31 December 2023***



Influence of Corporate income tax changes

Position	Estimated 2023 result, EUR	Actual 2023 result, EUR	Change, EUR	Change, %
Profit before tax	8,289,635	8,289,635	-	-
Tax	~(535,158)	(1,661,664)	+1,126,506	+210%
Net profit	~7,754,477	6,627,971	-1,126,506	-15%

- At the end of 2023, the Latvian government approved changes to applying Corporate income tax (CIT).
- After the changes, banking and non-bank lending industry participants must pay 20% CIT advance from profit.
- Before the changes, companies paid 20% of the distributed dividend amount.
- Due to quarterly dividend distribution, *DelfinGroup* has already paid a part of the tax in 2023. Still, the remaining tax was attributed to the Q4 2023 profit & loss statement, thus lowering the net profit for the quarter and the whole year.
- The total additional tax that was attributed to *DelfinGroup* Q4 2023 was EUR 1,13 million.
- We have hired legal advisors to advise on this matter.

Consolidated income statement

Financial report

INCOME STATEMENT, EUR'000	2023 Q4	2022 Q4	Change %	2023 12M	2022 12M	Change %
Total revenue	13,912	10,507	+32%	50,423	35,776	+41%
Cost of sales	-1,977	-1,164	+70%	-6,086	-4,204	+45%
Credit loss expense	-2,608	-2,041	+28%	-10,687	-6,161	+73%*
Interest expenses and similar expenses	-2,450	-1,632	+50%	-8,579	-4,669	+84%**
Gross profit	6,878	5,670	+21%	25,071	20,742	+21%
Selling expenses	-2,388	-2,118	+13%	-8,747	-7,500	+17%
Administrative expenses	-2,063	-1,671	+23%	-7,727	-5,773	+34%
Other operating income	37	37	+2%	75	104	-28%
Other operating expenses	-145	-16	+821%	-383	-315	+22%
Profit before tax	2,319	1,901	+22%	8,290	7,258	+14%
Income tax expense	-1,021	-212	+381%***	-1,662	-1,296	+28%
Net profit	1,298	1,689	-23%	6,628	5,961	+11%
EBITDA	5,137	3,833	+34%	18,191	13,111	+39%

* Due to the increasing 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.

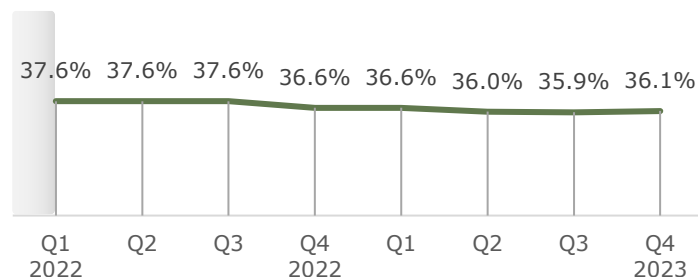
*** Increase of tax due to approved changes in corporate income tax law at the end of 2023. All the remaining corporate income tax amount had to be recognized in Q4 2023.

Consolidated balance sheet

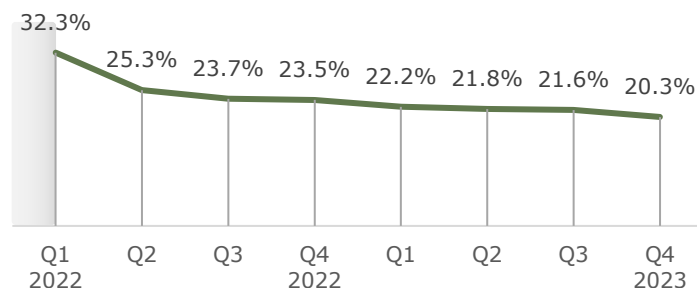
BALANCE SHEET, EUR'000	31.12.2023	31.12.2022*	Change %
Fixed and intangible assets	2,671	1,470	+82%
Right-of-use assets	2,887	2,636	+10%
Net loan portfolio	89,026	67,518	+32%
Inventory and scrap	3,391	2,290	+48%
Other assets	1,157	875	+32%
Cash	5,929	2,369	+150%
TOTAL ASSETS	105,061	77,158	+36%
EQUITY	21,322	18,106	+18%
Share capital and reserves	4,538	4,532	+0%
Share premium	6,891	6,891	+0%
Other capital reserves	170	93	+83%
Retained earnings	9,724	6,590	+48%
LIABILITIES	82,613	59,052	+40%
Interest-bearing debt	76,971	53,974	+43%
Trade payables and other liabilities	2,474	2,159	+15%
Lease liabilities for right-of-use assets	3,168	2,918	+9%
TOTAL EQUITY AND LIABILITIES	105,061	77,158	+36%

Financial ratios

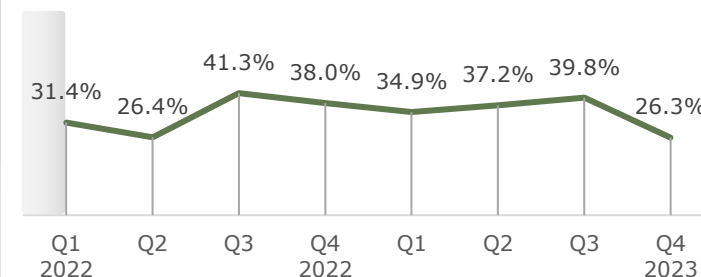
EBITDA margin*



Equity ratio

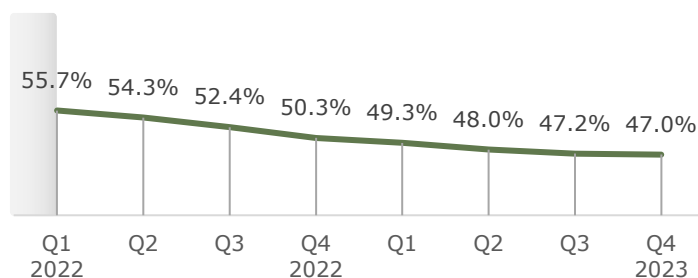


ROE**

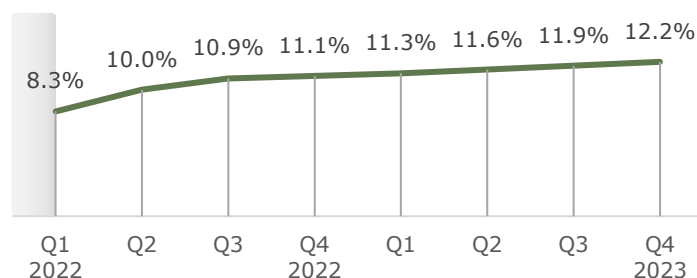


Decrease of ROE in Q4 2023 due to changes in corporate income tax legislation in Latvia. All tax amount was attributed to Q4 2023.

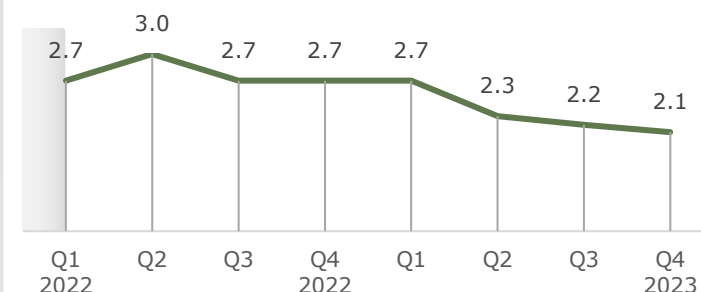
Cost-to-income ratio*



Cost of interest-bearing liabilities

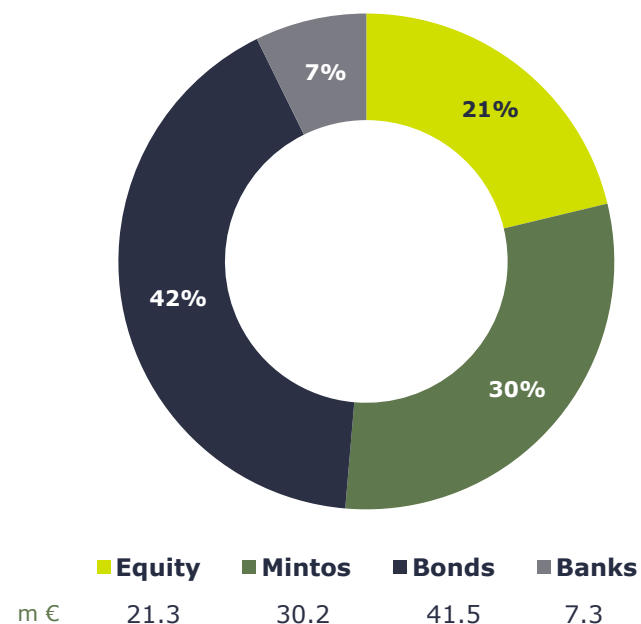


Interest coverage ratio*

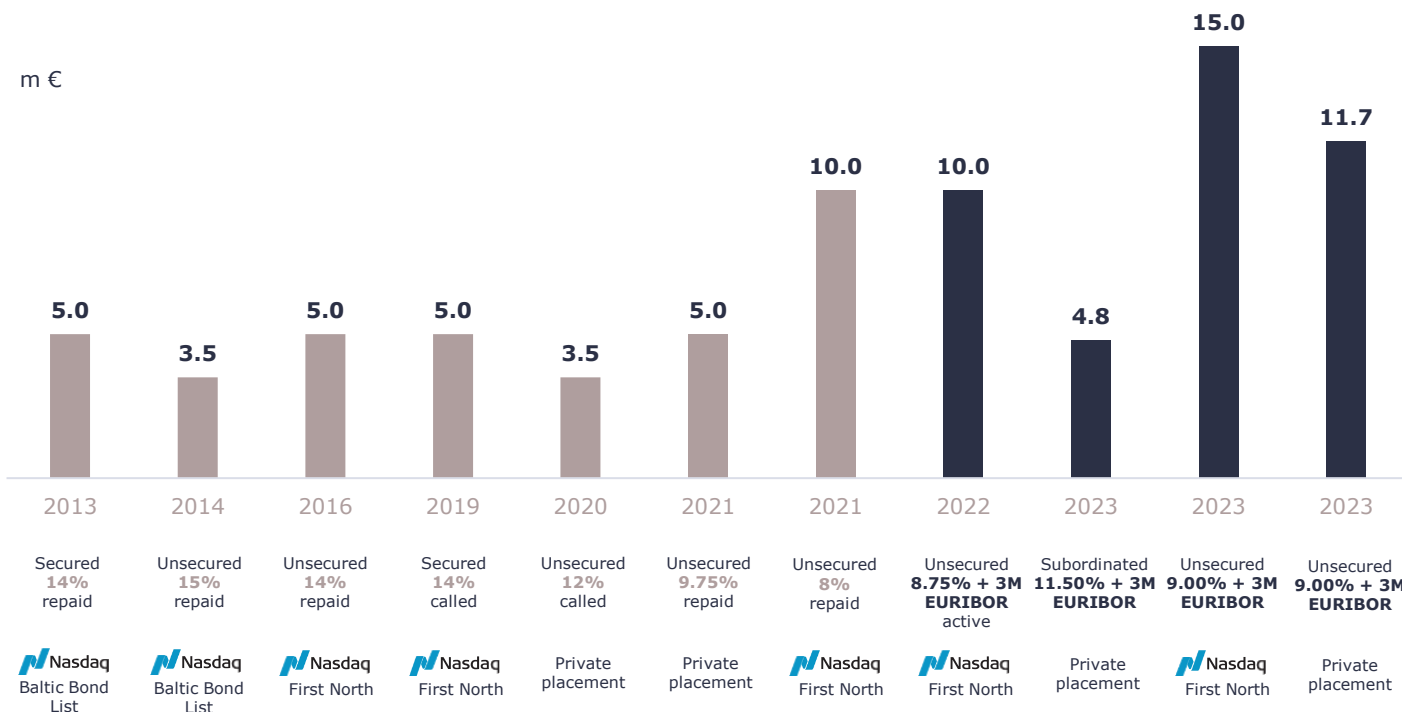


Capital structure

Capital structure 31.12.2023



Bond financing track record



DelfinGroup on Mintos

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

In December 2023, *DelfinGroup* signed a credit line agreement with *Multitude Bank* p.l.c. for 11 million euros to further finance business development. The agreement has a maturity of 2 years.

In November, *DelfinGroup* successfully redeemed a EUR 10 million bond at maturity. To refinance the existing bonds, *DelfinGroup* issued new unsecured bonds.

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 5.8%*

Dividend period	Dividend payment date	EUR/share	EUR total	Payout ratio***
Q4 2023	Upon shareholders approval**	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%
Q4 2022	17.04.2023	0.0185	839 560	49.93%

Dividend period	Dividend payment date	EUR/share	EUR total
Annual	2024	Upon shareholders approval at annual general meeting	
Annual	17.05.2022 15.07.2022	0.0552	2 501 642

Share performance

Share price, €



Share dynamics compared to indexes



— DGR1R – DelfinGroup
— OMX_Baltic_Benchmark_GI

Decrease of the share price in Q2 2023 due to the largest shareholder's public share offering. The shares were offered at a discount from the previous market price of EUR 1.35 per share.

DelfinGroup investors have received additionally EUR 0.2081 per share in dividends since IPO.

**Average ratio for financial services companies listed on Nasdaq Baltic Main list on 31.12.2023. as per last published financial data.*

31.12.2023

DelfinGroup

Financial
industry*

Capitalization m €

59.2

-

EPS TTM €

0.146

-

P/E

8.94

6.42

ROE

26.3%

20.8%

Q&A session

Visit our website to subscribe
to the newsletter

www.delfingroup.lv



Use promo code **INVESTOR15** until 7 March 2024 and receive
a **15% discount** at Banknote online stores!*



veikals.banknote.lv



shop.banknote.lt

**discounts do not add up.*