

Valuation Update



Lithuania operations expected to bring positive effect on loan portfolio and profitability

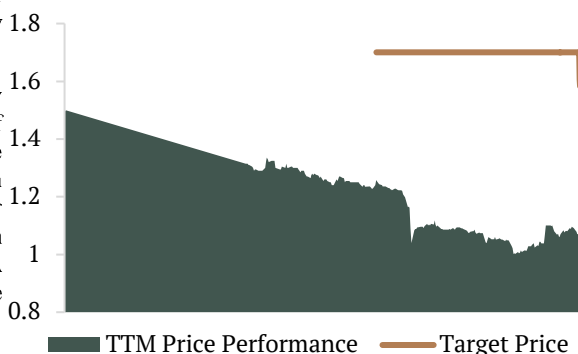
Our updated valuation for DGR stands at EUR 1.58 per share, down from our prior estimate of EUR 1.70 per share. Despite this revision, we maintain a positive outlook on the stock and consider it significantly undervalued compared to its current market price of EUR 1.074 per share. We anticipate more upside to the Group's net portfolio growth, though earnings estimates are slightly downgraded, compared to our previous report. The reduction in earnings estimates is attributed to higher-than-expected credit loss expenses and increased operational expenses, partially driven by new market entry efforts. We anticipate that the launch of consumer lending operations in Lithuania will positively impact profitability through economies of scale.

The share price dynamics show that DGR's share price has been largely influenced by the two largest shareholder public secondary offering of discounted Group's shares in May 2023 and June 2024. Since then the share price has not recovered, despite the Group delivering better loan portfolio growth than expected. This disparity may suggest investor expectations of potential future public offerings of discounted shares, even though majority shareholders (Kesenfeld family holding DGR through SIA ALPPES Capital and SIA Curiosity Capital) after the latest public offer have signed a lock-up agreement until February 2026.

In Q3, DelfinGroup successfully expanded its net loan portfolio, despite profits staying relatively stable amid ongoing credit loss expense pressure and growing OpEx. The Group's net loan portfolio rose to EUR 107.7m, marking a 27.4% y-o-y increase and a 6.1% q-o-q growth. Given the 2% q-o-q growth in credit issuance reported for Q3, the primary driver behind the loan portfolio growth has been the extension of loan terms. Consequently, we expect the growth of the loan portfolio in the Latvian market to slow down and gradually align with the pace of loan issuance over time.

Net interest income increased to EUR 10.8m, representing a 28.2% y-o-y and 6.1% q-o-q rise, outpacing the growth of the loan portfolio. With a significant proportion of debt being tied to floating rates, the decline in EURIBOR positively impacted the cost of interest-bearing liabilities (Q3 at 11.3%; -0.6pp y-o-y), contributing to net interest income growth. Credit loss expense remained elevated at EUR 4.1m (+43.2% y-o-y; +14.7% q-o-q), surpassing the growth in the loan portfolio and accounting for 3.7% of the total gross loan portfolio (+0.2pp q-o-q; +0.3pp y-o-y). While part of this increase is attributed to deferred loan cessation to Q4, credit loss expense has remained consistently high over the year. The latter has contributed to a twofold increase in NPL loans (>90 days) in Q3, reaching 4.5% (+2.3pp compared to the beginning of 2024). Given the delay in loan cessation, we regard this as a temporary fluctuation and assess the overall quality of the loan portfolio as satisfactory.

Company profile	
Listing market	Nasdaq Riga
Ticker	DGRIR
Industry	Financial services
Website	https://delfingroup.lv/



Share Data (Nov 19, 2024)	
Current price, EUR	1.074
Target price, EUR	1.58
Potential Upside/Downside, %	47.46
52 week Low/High, EUR	1.00/1.51
3 month av. daily volume	23965
Market cap, EURm	48.8
Ordinary shares	45.4

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Key Numbers (EURm)	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Revenue	25.2	35.8	50.4	62.4	70.2	75.4	79.1	81.4
EBITDA	10.0	13.1	18.2	21.9	24.9	27.1	28.8	29.3
Operating Profit	5.0	7.3	8.3	9.4	12.2	14.1	15.7	15.9
EPS	0.09	0.13	0.15	0.17	0.22	0.25	0.28	0.28
Total Net Loans	43.8	67.5	89.0	113.1	124.7	138.2	146.5	154.9
Net Debt	30.3	54.5	74.2	95.0	101.8	109.9	112.4	114.9
Total Equity	17.5	18.1	21.3	25.2	30.3	36.2	42.5	49.0
Dividends	3.7	5.4	3.5	3.7	4.6	5.4	6.2	6.3
Dividend Yield (%)	5.9	8.1	5.9	7.6	9.5	11.1	12.7	13.0
ROE (%)	29.8	33.5	33.6	32.3	35.3	33.9	31.9	27.9
EV/EBITDA (x)	9.4	9.7	7.3	6.3	5.6	5.1	4.8	4.7
P/E (x)	15.8	11.3	8.9	6.5	5.0	4.3	3.9	3.8
P/Book (x)	3.6	3.7	2.8	1.9	1.6	1.3	1.1	1.0

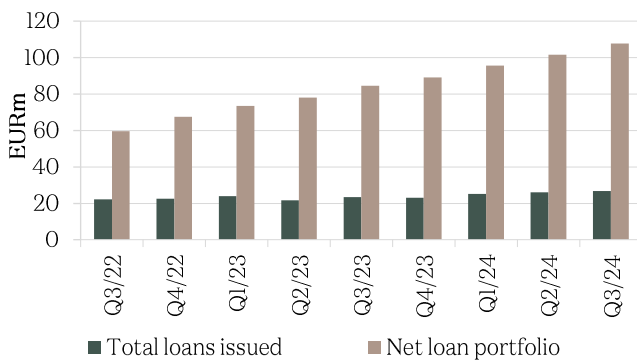
Retail sales of pre-owned goods (including pawn collateral) showed solid upside, reaching EUR 4.5m (+15% y-o-y). However, it is worth noting that gross margin declined to 30.9%, down 5.1pp y-o-y and 9.4pp q-o-q. This decrease is likely attributed to sales promotions and discounting strategies.

The Group still manages to increase its net revenues ahead of operating costs, while positive effect from economies of scale of Lithuania operations is yet to come. DGR recorded cost-to-income ratio of 46.6%, slightly improving by 0.6pp y-o-y and 0.3pp q-o-q. Total OpEx reached EUR 5.2m (+22.6% y-o-y; +1.8% q-o-q), primarily driven by salary costs (+16.7% y-o-y) and higher advertising expense (+76.5% y-o-y). At this point we view

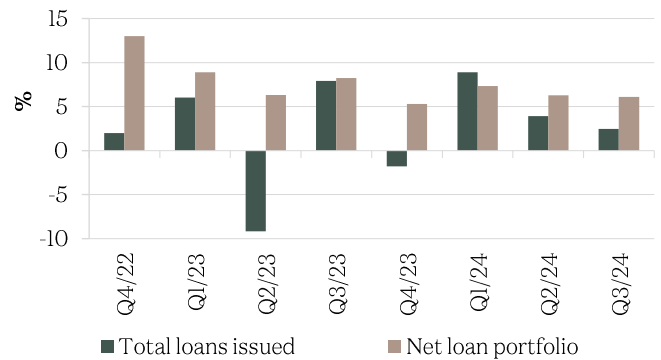
relatively high OpEx growth as normal occurrence due to expansion of the team in Lithuania and necessary promotions in both existing and new markets.

The Group reached EBITDA of EUR 5.7m (+18.8% y-o-y; +5.6% q-o-q), while operating profit amounted to EUR 2.4m (+11.3% y-o-y; +4.1% q-o-q). Accordingly, relatively slower operating profit growth is primarily constrained by relatively high credit loss expense. Finally, the Group recorded net profit of EUR 1.9m (-1.7% y-o-y; +4.0% q-o-q), but one should note that the y-o-y reduction reflects the changes in Latvian CIT which as of the end of 2023 requires to pay taxes on full EBT base (previously only dividends).

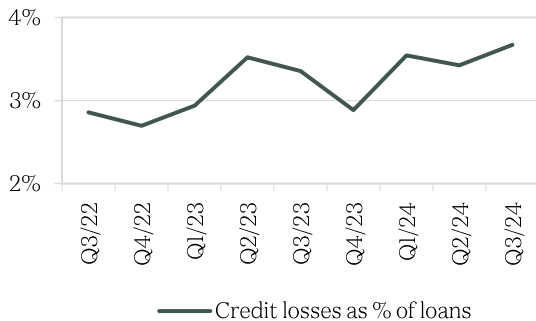
Loans issued vs loan portfolio



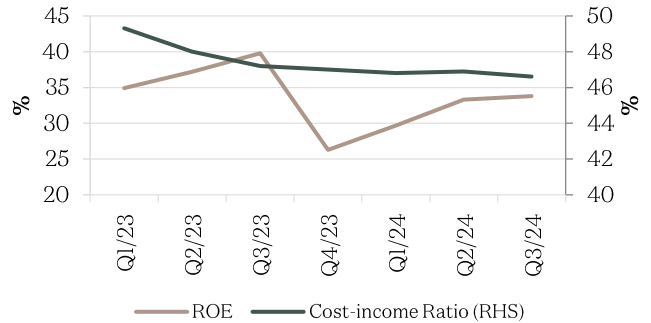
Loans issued vs loan portfolio (Growth q-o-q)



Credit loss rate (% of gross loan portfolio)



Cost-Income Ratio and ROE



Results Review, EURm	Q3/24A	Q3/23A	Q2/24A	% q-o-q	% y-o-y	9M/24A	9M/23A	% y-o-y
Net loan portfolio	107.7	84.6	101.5	6.1	27.4	107.7	84.6	27.4
Net sales	2.9	2.5	2.0	46.5	16.3	7.2	6.4	12.2
Cost of Sales	(2.0)	(1.6)	(1.2)	70.1	20.9	(4.7)	(4.1)	13.3
Net interest income	10.8	8.5	10.2	6.1	28.2	30.4	24.0	26.8
Credit loss expenses	(4.1)	(2.8)	(3.5)	14.7	43.2	(11.0)	(8.1)	36.7
Gross profit	7.7	6.4	7.5	2.6	18.8	21.9	18.2	20.3
Operating expenses, net	(5.2)	(4.3)	(5.1)	1.8	22.6	(15.1)	(12.2)	23.5
EBITDA	5.7	4.8	5.4	5.6	18.8	10.5	8.2	28.0
Operating profit	2.4	2.2	2.3	4.1	11.3	6.8	6.0	13.6
Net profit	1.92	1.95	1.84	4.0	(1.7)	5.4	5.3	0.9

The Group has revised its financial targets for the years 2024 and 2025. While net loan portfolio growth is expected to show positive momentum, DGR's profit estimates have been downgraded, primarily due to higher-than-expected credit loss expenses and increased OpEx associated with the new market entry in Lithuania. DGR anticipates stronger growth for the loan portfolio in 2025, likely driven by the launch of consumer lending operations in Lithuania. Interestingly, the new loan portfolio target for 2024 was already surpassed by EUR 2.7m in Q3. However, given the relatively stable loan issuance numbers in Q3, we could anticipate the growth in the Latvian market to decelerate moving forward.

Our revised financials indicate higher growth in the net loan portfolio, but somewhat lower earnings, primarily due to increased credit loss expenses and OpEx. Assuming that the consumer lending operations in Lithuania are launched without significant issues, we

consider the management's guidance as a realistic scenario moving forward.

Compared to our previous estimates, we have revised the loan portfolio growth upwards, as it has already exceeded our initial targets this year. However, we maintain a more conservative outlook on pre-tax income, as higher credit losses and OpEx are expected to offset the increase in revenues.

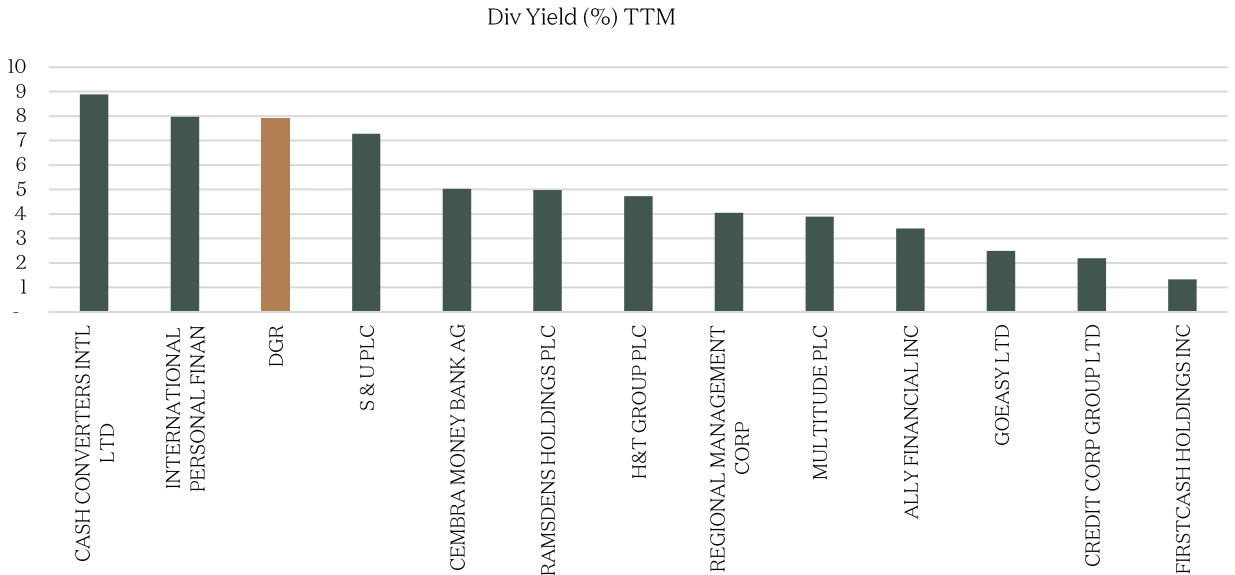
Management's guidance	2024 target 2025 target		2024 target 2025 target		Change/24	Change/25
	New	Previous	Previous	Previous		
Net loan portfolio (EURm)	105.0	125.0	90.0	100.0	17%	25%
EBITDA (EURm)	21.8	26.0	23.0	26.0	-5%	0%
Pre-tax profit (EURm)	9.4	12.2	12.0	15.0	-22%	-19%
Cost-income Ratio (%)	<45%	<45	<45	<45	-	-
ROE (%)	>30	>30	>30	>30	-	-
Equity Ratio (x)	>20	>20	>20	>20	-	-
Dividend payout ratio (%)	>50	>50	>50	>50	-	-

Source: DelfinGroup

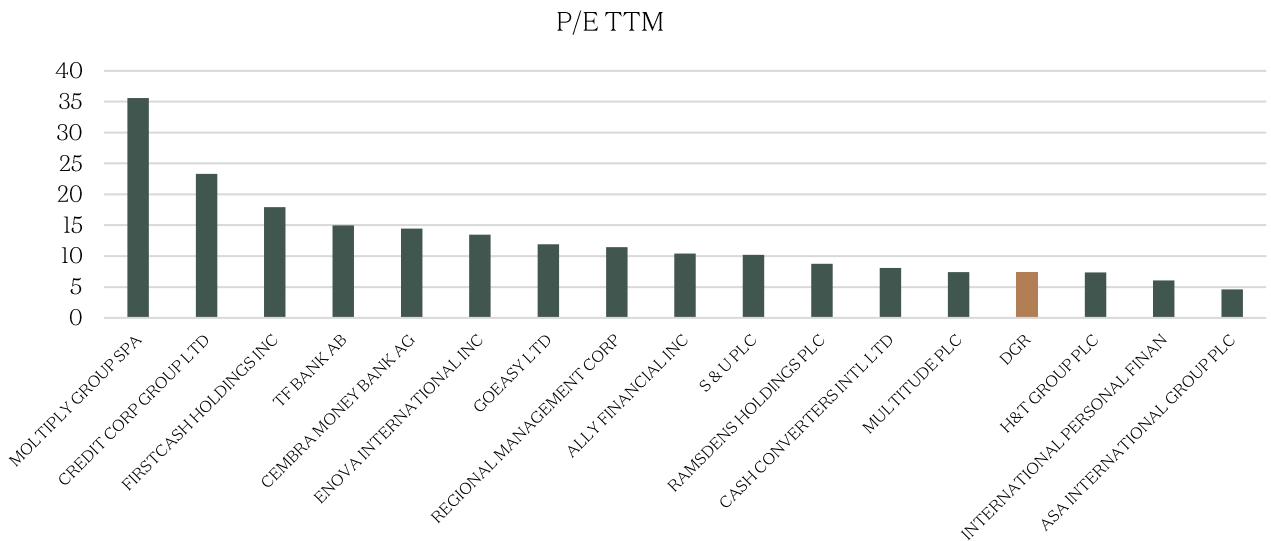
Signet estimates, EURm	2024			2025			2026		
	New	Old	Diff	New	Old	Diff	New	Old	Diff
Net loan portfolio	105.3	98.0	7%	124.2	107.8	15%	137.0	117.8	16%
Revenue	60.5	58.8	3%	67.0	63.3	6%	72.9	67.9	7%
Gross profit	29.9	30.5	-2%	34.6	32.6	6%	37.2	35.5	5%
EBITDA	21.6	22.1	-2%	24.5	23.4	4%	27.1	25.0	9%
Operating profit	9.4	11.7	-20%	12.1	12.7	-5%	13.9	14.5	-4%
Net profit	7.5	9.4	-21%	9.7	10.2	-4%	11.1	11.7	-5%

Source: Signet Bank

Amidst solid loan portfolio growth, DGR offers one of the highest dividend yields among our selected peers, reflecting the relatively low valuation of the stock. Taking into account DGR's ambitions to expand in new markets, we remain our expected dividend payout ratio at 50%. Looking forward, we anticipate the Group to generate yield of 9.5% in 2025 and 11.1% in 2026E. The median of peer group P/E ratio indicates that DGR trades at 32.6% discount to its peers.



Source: Bloomberg



Source: Bloomberg

Valuation summary

We have approached the valuation of DGR using income and market approach. Considering the Group's promising growth prospects and the scarcity of comparable listed peers, we believe that the income approach better suits DGR's valuation. Hence, we allocated 70% to the income-based valuation using the Residual Income Model (RIM) and the modified Gordon Growth Model (GGM), which essentially derives the fair P/B ratio-based valuation for the Group. The remaining 30% is attributed to peer valuation. In terms of the peer group, in addition to P/E and Dividend Yield comparison, we pay attention to a correlation between ROE and P/B values for the selected peers, which is quite a common approach for the financial sector companies. Overall, based on our current estimates for the Group and other assumptions, we set our target price for at EUR 1.58 per share.

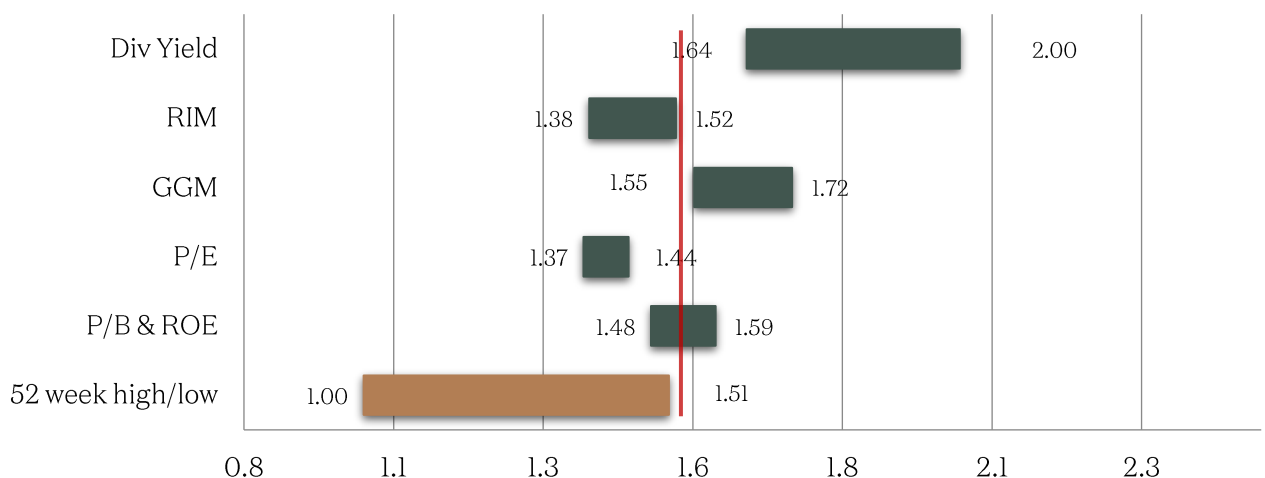
In light of the Group's historical growth trajectory, DGR has consistently provided substantial dividend payments to its shareholders. Rapid growth in the past two years have limited the current payout ratio to 50% in order to strengthen its capital structure. Looking ahead, we anticipate the Group to be able to maintain the payout ratio of 50% throughout our forecast period, allowing for the possibility of higher levels, given our expectations that

the Group will comply with its covenants with noticeable margin. Estimating against the current share price of EUR 1.26 (April 9, 2024), we anticipate the Group to generate decent dividend yield in 2024E, reaching 7.6%, afterwards increasing to 9.5% in 2025E and 11.1% in 2026E.

In summary, we view profitable growth and appealing dividend yields as the cornerstone of the investment case for DGR. We look positively on the Group's development of new products, consistent improvements of online channels both for consumer loans and secondary goods store, and synergy across DGR's business segments. Notably, the Group holds distinction by having the largest branch network in the country in the financial sector. The Group has maintained an attractive track record of profitability and dividend capacity, despite allocating significant funds towards expanding its credit portfolio while ensuring adequate credit quality. The key risk factors to our valuation include economic recession resulting in slower than projected growth in consumer lending volumes and deterioration of the credit quality; downward pressure on loan rates due to competitive market players.

Weighted Value Per Share, EUR	Period weights			Period weighted value	Weights	Contribution to value
	2024E	2025E	2026E			
Method	33%	33%	33%			
RIM				1.53	35%	0.54
GGM				1.63	35%	0.57
Dividend Yield	1.86	1.64	2.00	1.83	10%	0.18
P/B & ROE	1.48	1.59	1.52	1.53	10%	0.15
P/E	1.37	1.44	1.37	1.39	10%	0.14
Total weighted value per share						1.58

Source: Signet Bank



Source: Signet Bank

Residual income model

Residual Income Model (EURm)	2025E	2026E	2027E	2028E	Term
ROE (%)	35.3	33.9	31.9	27.9	27.9
Cost of Equity (%)	15.4	15.4	15.4	15.4	15.4
Residual Income Yield (%)	19.9	18.5	16.5	12.5	12.5
Total Equity (eop)	30.3	36.2	42.5	49.0	49.0
Residual Income (RI=Equity*RI %)	5.5	6.1	6.5	5.7	43.5
Discounted Residual Income	5.1	5.0	4.5	3.5	26.4
Sum of PV of RI					44.5
Opening Equity					25.2
Equity Value					69.6
Equity Value per share (EUR)					1.53

Cost of Equity Assumptions:

Risk free rate	2.5%
Market risk premium	5.1%
Levered Beta	1.4
Country Risk Premium	1.8%
Add. comp. risk premium	4.0%
Cost of Equity	15.4%
Terminal sales growth	2.0%

Gordon Growth Model

Fair P/B Model (Gordon Growth Approach, EURm)	2025E	2026E	2027E	2028E	Term
Long-term normalised ROE (%)	27.9				
Cost of Equity (%)	15.4				
Long-term growth rate (%)	2.0				
Fair P/B=(ROE-g)/COE-g)	1.93				
Total Equity (end of period)	30.3	36.2	42.5	49.0	49.0
Fair terminal P/BV					
Terminal Value (based on fair P/BV)					
Dividends Distributed	4.6	5.4	6.2	6.3	
PV of dividends + TV	4.3	4.4	4.3	3.8	57.3
Equity Value	74.2				
Equity Value per share (EUR)	1.63				

Sensitivity of GGM target value to changes in assumptions (EUR)

Terminal growth rate	ROE						
	24.9%	25.9%	26.9%	27.9%	28.9%	29.9%	30.9%
1.1%	1.46	1.50	1.55	1.59	1.64	1.69	1.73
1.4%	1.47	1.51	1.56	1.61	1.65	1.70	1.75
1.7%	1.48	1.52	1.57	1.62	1.67	1.72	1.76
2.0%	1.49	1.54	1.58	1.63	1.68	1.73	1.78
2.3%	1.50	1.55	1.60	1.65	1.70	1.75	1.80
2.6%	1.51	1.56	1.61	1.66	1.71	1.76	1.81
2.9%	1.52	1.57	1.62	1.68	1.73	1.78	1.83

Peer comparison table

Company	Country	Market Cap EURm	P/E (x)			Dividend Yield (%)			P/B (x)			ROE (%)		
			2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
INTERNATIONAL PERSONAL FINAN	BRITAIN	347	6.4	5.8	5.0	8.3	9.2	10.0				9.6	10.2	11.3
H&T GROUP PLC	BRITAIN	196	7.4	6.8	6.3	4.9	5.2	5.4				11.9	12.0	11.8
S & U PLC	BRITAIN	231	7.3	9.5	6.7	7.8	7.2	8.0	0.8	0.8	0.8	11.0	8.6	11.5
RESURS HOLDING AB	SWEDEN	404	15.0	6.3	6.1	3.1	8.3	8.5	0.6	0.6	0.6	4.8	9.5	9.6
CEMBRA MONEY BANK AG	SWITZERLAND	2 545	13.8	12.3	11.2	5.2	5.8	6.0	1.8	1.7	1.6	13.1	14.4	15.0
RAMSDENS HOLDINGS PLC	BRITAIN	82	8.4	8.4	9.8	5.2	5.3	4.5						
MULTIPLY GROUP SPA	ITALY	1 332	24.7	19.8	17.5	0.8	0.9	0.9	3.5	3.1	2.8	16.8	18.2	18.0
HARMONEY CORP LTD	NEW ZEALAND	24		19.5	8.3	0.0	0.0	0.0	0.5	0.5	0.5	-0.2	3.2	5.7
LATITUDE GROUP HOLDINGS LTD	AUSTRALIA	735	19.5	11.1	8.7	0.0	5.6	8.2	1.0	0.9	0.9	5.1	8.4	10.6
OPORTUN FINANCIAL CORP	UNITED STATES	89		3.6	2.5				0.3	0.3	0.3	3.6	4.9	11.0
ASA INTERNATIONAL GROUP PLC	NETHERLANDS	83	4.5	3.6	2.8	3.9	5.2	7.0	1.0	0.9		25.9	26.7	29.3
CREDIT CORP GROUP LTD	AUSTRALIA	726	17.0	12.4	11.1	2.9	4.1	4.5	1.5	1.3	1.3	7.8	11.2	11.7
MULTITUDE PLC	FINLAND	106	7.6	4.9	4.1	5.2	6.7	8.2	0.5	0.5	0.4	11.0	13.2	12.2
ALLY FINANCIAL INC	UNITED STATES	10 042	11.9	8.3	5.8	3.4	3.5	3.6	0.9	0.8	0.7	7.1	9.1	11.9
REGIONAL MANAGEMENT CORP	UNITED STATES	282	6.7	5.5	4.1	4.0	4.0	4.0	0.8	0.7	0.6	12.5	13.4	16.7
ENOVA INTERNATIONAL INC	UNITED STATES	2 255	10.4	8.5	7.1				2.2	1.7		20.8	23.2	22.7
GOEASY LTD	CANADA	2 017	10.7	8.9	7.8	2.6	3.0	3.3	2.4	2.0	1.7	23.2	24.1	22.8
CASH CONVERTERS INTL LTD	AUSTRALIA	87	7.3	7.0	6.4	8.9	8.9	8.9	0.7			9.2	10.0	10.5
TF BANK AB	SWEDEN	598	14.1	10.4	8.4	0.4	2.4	2.8	2.9	2.2	1.8	22.8	24.1	24.1
FIRSTCASH HOLDINGS INC	UNITED STATES	4 484	16.2	13.5	11.4	1.4	1.4	1.5	2.3	2.0		14.7	16.2	18.8
EZCORP INC-CL A	UNITED STATES	589	10.2	9.3	8.4									
Median (Excluding outliers)			10.4	8.4	6.9	3.7	5.2	5.0	1.0	0.9	0.8	11.0	12.0	11.9
Average (Excluding outliers)			11.5	8.2	7.1	3.8	4.8	5.3	1.4	1.3	1.1	12.1	13.7	14.2
Quartile 1			7.3	6.3	5.8	1.7	3.1	3.4	0.7	0.7	0.6	7.4	9.3	11.1
Quartile 3			14.5	11.1	8.7	5.2	6.5	8.1	2.2	1.8	1.6	15.8	17.2	18.4
Company size discount applied	20%													
Respective financial result of Delfin (EURm)			7.5	9.8	11.3	3.7	4.6	5.4	25.2	30.3	36.2			
Estimated ROE for Delfin (%)												32.3	35.3	33.9
P/B and ROE correlation Implied P/B (x)												2.7	2.4	1.9
Implied equity value based on Median (EURm)			62.3	65.5	62.0	84.6	74.4	90.6				67.2	72.1	69.1
Implied value per share (EUR)			1.37	1.44	1.37	1.86	1.64	2.00				1.48	1.59	1.52

Balance Sheet (EURm)	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Assets								
Intangible assets	0.6	0.9	1.9	2.3	2.7	3.1	3.5	3.9
Property, plant and equipment	3.5	3.2	3.7	3.7	3.9	4.1	4.3	4.5
Non-current financial assets	28.6	46.2	66.7	90.0	99.2	109.9	116.5	123.2
Total non-current assets	32.7	50.3	72.3	96.1	105.9	117.2	124.4	131.7
Inventories	1.3	2.3	3.4	3.4	3.6	3.8	3.9	4.0
Loans & receivables	15.2	21.4	22.3	23.1	25.5	28.3	30.0	31.7
Other	-	-	-	-	-	-	-	-
Cash and cash equivalents	2.5	2.4	5.9	4.6	5.2	1.9	3.7	2.6
Total current assets	19.4	26.9	32.8	32.4	35.7	35.3	39.0	39.7
Total assets	52.2	77.2	105.1	128.5	141.5	152.5	163.4	171.4
Equity and liabilities								
Equity								
Share capital	11.4	11.5	11.6	11.7	11.7	11.7	11.7	11.7
Retained earnings	6.1	6.6	9.7	13.5	18.7	24.5	30.9	37.3
Total equity	17.5	18.1	21.3	25.2	30.3	36.2	42.5	49.0
Liabilities								
Borrowings	18.0	19.3	48.2	83.2	59.2	91.3	90.3	95.3
Finance lease liabilities	2.7	2.4	2.3	2.3	2.5	2.7	2.9	3.1
Total non-current liabilities	20.6	21.7	50.5	85.5	61.7	94.0	93.2	98.4
Borrowings	11.4	34.6	28.8	13.2	44.2	16.5	21.5	17.5
Finance lease liabilities	0.7	0.6	0.8	0.8	1.0	1.2	1.4	1.6
Trade payables	0.8	0.9	1.0	0.9	1.0	1.1	1.1	1.1
Taxes and social insurance	0.4	0.6	1.4	-	-	-	-	-
Accrued liabilities	0.8	0.7	1.2	1.4	1.5	1.5	1.5	1.6
Total current liabilities	14.1	37.4	33.2	17.8	49.5	22.4	27.7	24.1
Total liabilities	34.7	59.1	83.7	103.3	111.2	116.3	120.9	122.4
Total Equity and Liabilities	52.2	77.2	105.1	128.5	141.5	152.5	163.4	171.4

Source: DelfinGroup for historicals, Signet Bank for estimates

Income Statement (EURm)	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Net turnover	4.8	6.5	9.2	9.7	10.4	10.9	11.2	11.4
Cost of sales	(3.2)	(4.2)	(6.1)	(6.4)	(7.2)	(7.5)	(7.7)	(7.9)
Interest and similar income	20.4	29.3	41.2	52.7	59.9	64.5	67.9	70.0
Interest and similar expenses	(3.8)	(4.7)	(8.6)	(10.8)	(11.3)	(11.6)	(11.6)	(11.8)
Credit loss expenses	(2.8)	(6.2)	(10.7)	(15.2)	(17.2)	(18.9)	(20.3)	(21.4)
Gross profit	15.4	20.7	25.1	30.0	34.6	37.4	39.5	40.2
Selling expense	(6.1)	(7.5)	(8.7)	(10.9)	(11.8)	(12.3)	(12.5)	(12.8)
Administrative expense	(4.2)	(5.8)	(7.7)	(9.4)	(10.1)	(10.5)	(10.7)	(11.0)
Other operating income	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Other operating expense	(0.1)	(0.3)	(0.4)	(0.5)	(0.6)	(0.7)	(0.7)	(0.7)
Operating profit	5.0	7.3	8.3	9.4	12.2	14.1	15.7	15.9
Profit before tax	5.0	7.3	8.3	9.4	12.2	14.1	15.7	15.9
Corporate income tax (incl. deferred)	(1.0)	(1.3)	(1.7)	(1.9)	(2.4)	(2.8)	(3.1)	(3.2)
Net profit for the period	4.0	6.0	6.6	7.5	9.8	11.3	12.5	12.8

D&A	(1.1)	(1.2)	(1.3)	(1.7)	(1.3)	(1.4)	(1.5)	(1.5)
EBITDA	10.0	13.1	18.2	21.9	24.9	27.1	28.8	29.3

Cash Flow Statement Summary (EURm)	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Profit before tax	5.0	7.3	8.3	9.4	12.2	14.1	15.7	15.9
Adjustments for:								
- Amortisation and depreciation	1.1	1.2	1.3	1.7	1.3	1.4	1.5	1.5
- Change in loans and receivables	(11.3)	(29.9)	(34.7)	(35.3)	(11.6)	(13.5)	(8.3)	(8.4)
- Change in inventories	0.3	(1.0)	(1.1)	(0.0)	(0.2)	(0.2)	(0.1)	(0.1)
- Change in payables and accrued liabilities	(0.1)	0.0	1.2	(0.6)	0.5	0.4	0.2	0.1
- Other adjustments	2.4	5.5	11.4	10.5	(0.1)	(0.1)	(0.0)	(0.0)
Cash generated from operations, gross	(2.6)	(17.0)	(13.6)	(14.3)	2.2	2.1	8.9	9.1
Corporate income tax paid	(0.8)	(1.0)	(1.3)	(1.1)	(2.4)	(2.8)	(3.1)	(3.2)
Net cash flows from operating activities	(3.3)	(18.0)	(14.9)	(15.4)	(0.2)	(0.7)	5.7	5.9

Purchase of intangible assets and PPE, net	(0.5)	(0.7)	(1.2)	(1.6)	(1.5)	(1.6)	(1.6)	(1.7)
Other Investments, net	0.5	-	-	-	-	-	-	-
Net cash flows from investing activities	(0.1)	(0.7)	(1.2)	(1.6)	(1.5)	(1.6)	(1.6)	(1.7)

Dividends paid	(3.7)	(5.4)	(3.5)	(3.7)	(4.6)	(5.4)	(6.2)	(6.3)
Changes in Equity	7.4	-	-	18.8	-	-	-	-
Loans repaid & received, net	0.8	16.8	2.2	10.1	7.0	4.3	4.0	6.0
Bonds repaid & received, net	(2.4)	8.2	22.0	(9.5)	-	0.0	-	(5.0)
Finance lease liabilities, net	(0.9)	(0.9)	(1.0)	-	-	-	-	-
Net cash flows from financing activities	1.2	18.6	19.7	15.6	2.4	(1.1)	(2.2)	(5.3)
Change in cash and cash equivalents for the year	(2.1)	(0.1)	3.6	(1.4)	0.6	(3.3)	1.9	(1.1)
Cash and cash equivalents at the beginning of the year	4.6	2.5	2.4	5.9	4.6	5.2	1.9	3.7
Cash and cash equivalents at the end of the year	2.5	2.4	5.9	4.6	5.2	1.9	3.7	2.6

Source: DelfinGroup for historicals, Signet Bank for estimates

Main Ratios	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Growth, %								
Revenues (%)	6.4	42.0	40.9	23.7	12.6	7.3	5.0	2.9
Gross Profit (%)	7.6	34.8	20.9	19.6	15.4	8.0	5.6	1.9
EBITDA (%)	4.3	31.8	38.6	20.6	13.4	8.8	6.3	1.9
Pre-tax Profit (%)	2.9	45.2	14.2	13.8	29.7	15.1	11.5	1.7
Net Profit (%)	(2.0)	48.4	11.2	13.1	30.5	15.1	11.5	1.7
Margins and profitability, %								
Gross margin	61.1	58.0	49.7	48.1	49.3	49.6	49.9	49.4
EBITDA margin	39.6	36.7	36.1	35.2	35.4	35.9	36.4	36.0
Operating margin	19.8	20.3	16.4	15.1	17.4	18.7	19.8	19.6
Net margin	16.0	16.7	13.1	12.0	13.9	14.9	15.9	15.7
Return ratios								
Capital Employed (EUR m)	50.2	75.0	101.5	124.8	137.3	147.9	158.7	166.5
ROCE (%)	10.6	11.6	9.4	8.3	9.3	9.9	10.2	9.8
ROE (%)	29.8	33.5	33.6	32.3	35.3	33.9	31.9	27.9
ROA (%)	8.2	9.2	7.3	6.4	7.2	7.7	7.9	7.6
Leverage								
Net Debt, EURm	30.3	54.5	74.2	95.0	101.8	109.9	112.4	114.9
Net gearing, x	1.7	3.0	3.5	3.8	3.4	3.0	2.6	2.3
Debt/Equity ratio, x	1.9	3.1	3.8	4.0	3.5	3.1	2.7	2.4
Net debt/EBITDA, x	3.0	4.4	4.1	4.3	4.1	4.1	3.9	3.9
Other, %								
Average yield on earning assets	49.6	51.0	50.8	49.0	48.8	47.4	46.2	45.0
Cost of interest-bearing liabilities	11.4	10.4	12.5	12.1	11.0	10.6	10.2	10.1
Net credit losses to gross loans	6.9	6.0	12.8	14.4	14.1	14.4	14.6	15.0
Cost-income ratio	57.3	50.3	47.0	45.7	43.4	41.6	40.0	39.5
Dividend payout ratio	90.8	135.0	49.9	55.9	50.0	50.0	50.0	50.0
Bond covenants								
Capitalization ratio (%)	39.9	26.8	29.3	31.1	32.3	33.4	35.9	38.1
ICR (x)	2.6	2.6	2.1	2.0	2.2	2.3	2.5	2.5
(Net portf.+cash-mintos)/unsecured debt (x)	2.6	1.8	1.6	1.7	1.8	1.9	2.1	2.4
Valuation								
Dividend yield (%)	5.9	8.1	5.9	7.6	9.5	11.1	12.7	13.0
EV/Revenue (x)	3.7	3.4	2.6	2.2	2.0	1.8	1.8	1.7
EV/EBITDA (x)	9.4	9.7	7.3	6.3	5.6	5.1	4.8	4.7
P/E (x)	15.8	11.3	8.9	6.5	5.0	4.3	3.9	3.8
P/BV (x)	3.6	3.7	2.8	1.9	1.6	1.3	1.1	1.0

Source: DelfinGroup, Signet Bank for estimates. Valuation multiples 2024-2028E are calculated based on the share price EUR 1.074 at November 19, 2024.

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Sign-off time: November 19, 2024, 18:00

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