

Release date: 2021.01.05.

Date of revision and approval: 2021.01.05.

Document developer: Management board

**JSC „DelfinGroup”
DelfinGroup strategy for 2021-2022**

DelfinGroup provides custom-tailored financial services to a wide range of social groups, thus cultivating financial inclusion. The main business activities of the company—consumer loans, pawn loans and the sale of pre-owned goods—are carried out in a manner that makes financial sense for all stakeholders: clients, employees, shareholders, investors, business associates, as well as society as a whole. DelfinGroup is very committed to raising the value of the company as a means to ensure long-term growth and continued success. We are very mindful of our reputation and image in society. In order to attain our business goals, we execute competitive and highly effective business practices based on data-driven decision-making. We constantly strive to improve our internal mechanisms for good corporate governance and risk management. In order to do so, as a company we always support transparency and openness, and DelfinGroup provides timely and regular updates on the results of our business.

The overarching goals of DelfinGroup are as follows:

- Increase the value of the company;
- Ensure long-term profitability;
- Maintain a flawless reputation;
- Support financial inclusion of a wide range of societal groups (people in rural areas, the elderly, the underbanked and unbanked, as well as the under-served, and those with near prime or subprime credit scores).

The most important strategic indicators we are striving to attain by the end of 2022 are:

- Total loan portfolio of 50.5 million euros (by the end of 2020 total loan portfolio is 34.4 million euros);
- Return on equity higher than 25%¹ (by the end of 2020 return on equity is 41.6%);
- Cost to income ratio lower than 50% (by the end of 2020 ratio is 66.5%).

DelfinGroup brings together clients and investors. In order for us to attain our goals, the trust of our investors is crucial, which is why we are always working towards building a good relationship with our shareholders. For us, good financial governance principles mean being transparent and disclosing financial information, as well as ensuring exceptional financial risk management and diversification of financial resources. We are mindful of our company's financial health, ensuring an optimal balance between safety and appetite for risk. We also pay dividends regularly, thus promoting mutual trust and raising our investors' confidence in the growth of DelfinGroup. Relationships with our financial partners are built in trust and honesty.

In terms of financial governance, DelfinGroup's strategy is as follows:

- Increasing return on investment;
- Diversification of the capital raised;
- Quarterly payout of dividends.

¹ Will be specified in case of successful IPO scenario.

Financial indicators to be reached by the end of 2022 are:

- Raising capital in the bond market at a rate lower than 10% (by the end of 2020 capital raised in the bond market at 12% and 14% rates);
- Ensuring equity ratio of 20%-25%² (by the end of 2020 ratio is 19.6%).

Carrying on, we will continue focusing on developing the consumer loans segment, thus ensuring the longevity of this particular market while also increasing our share in it. Our goal is to provide services of exceptional quality, all while employing modern business practices where decision-making is based on data. We are also open towards developing new segments and services in the loans market, if data indicates a high probability of these actions being profitable.

Our strategy in the segment of consumer lending:

- Expanding our share of the market in terms of both volume of issuance and loan portfolio;
- Ensuring high profitability of the loan portfolio;
- Developing new segments.

Indicators DelfinGroup aims to achieve by the end of 2022 in the consumer lending segment:

- Share of the market as measured by loan portfolio >10.5% (as at 2020.06.30. market share by loan portfolio is 7.6%);
- NPL lower than 5% (by the end of 2020 NPL is 4.6%).

We will continue to develop in the segment of pawnshop loans. We are aware of the need to be necessary and valuable partners to our clients. Our goal is to ensure sustainable development in this segment. In order to achieve our goals, we will increase our presence in the market by developing new branches, while at the same time working on the development and expansion of our products. We will persistently work on improving the knowledge level of our employees in order to provide excellent service to our clients.

Our strategy in the segment of pawnshop lending:

- Expanding our share of the market by both the volume of issuance and the loan portfolio;
- Ensuring high profitability of the loan portfolio;
- Further developing our services and expanding the network of branches.

Indicators DelfinGroup aims to achieve by the end of 2022 in the pawnshop lending segment:

- Market share according to loan portfolio >40% (as at 2020.06.30. market share by loan portfolio is 34.9%);
- Market share according to issuance volume >50% (as at 2020.06.30. market share by issuance volume is 46.1%);
- A wider network of branches (by the end of 2020 there are 89 branches).

We stand for both today and tomorrow. We are aware that adaptation is necessary for survival, and we can't ignore global trends around us. We're affected by the environment around us, just like we affect it. Therefore we must be self-conscious of our actions and the impact they make on the environment. We are equipped to combine environmental awareness with

² Will be specified in case of successful IPO scenario.

business. We ensure a second life for goods. Our goal is to make the society more aware of the role pawnshops play in the circular economy. We will facilitate and strengthen the position of Banknote as a leader in the field of movement of goods.

Our strategy for movement of goods:

- Pawnshop as a part of the circular economy;
- Become a leader in the movement of second-hand goods;
- Develop the use of online channels in the movement of goods.

Everything we achieve is possible only because we are DelfinGroup. Our goal is to attract those people to the company who care about and are invested in our strategy. We will develop our internal company culture and employ the best HR practices. We ensure regular training programs for our employees in order to ensure an honest, transparent and competitive remuneration system. The work environment will be modern and one that facilitates reaching goals.

Our strategy regarding our employees:

- Ensure optimal management of talent that helps achieve the company's overall goals;
- Be a good employer.

We will continue developing in the area of ESG. We will ensure efficient utilization of natural resources. We will take part in social and charity projects that conform with the values of our company. We'll carry out targeted actions to ensure the best possible corporate governance.

Our strategy regarding ESG:

- A high level of social responsibility;
- Environmental sustainability;
- A high level of corporate governance.

Document editorial information Revision

Date	Editorial number	Changes