

# Consumer lending market review Q4 2021

March 25, 2022



SIGNET

PRIVATE  
BANK

# Q4 2021 Consumer lending market review



## Sector highlights

- 2021 has been a year of growth for all the companies included in the review. New loan issuance, revenue as well as profitability of the companies have increased. Companies such as Eleving Group, Sun Finance, Delfin Group and ESTO have even been able to show the best operating results in the company's history.
- Despite the uncertainty caused by the reintroduction of restrictions at the end of 2021 to contain the spread of new variant of Covid-19 infection in some of the countries where the companies are represented, demand for the products offered by the companies has remained high. It is also supported by the fact that loan portfolio in 2021 grew for absolutely all the companies included in the review.
- The recent central event, which will certainly directly or indirectly affect some of the companies included in the review, has clearly been Russia's invasion of Ukraine. Only one of the companies included in the review is represented in the countries involved in the war, however, several companies have an exposure to other CIS countries, whose exchange rates have also fallen against the EUR. For the impact of the war on the results of each company, see the company's descriptions.
- Developments in Ukraine have had a negative impact on the bond prices of consumer lending companies, as it had on most other bond prices. In a result yields have reached highs, recalling the panic in the market caused by Covid-19 in early 2020. The cost of financing P2P lending platforms, which are widely used by consumer lending companies, has also risen significantly, which will have a negative impact on their profitability.

## 12M 2021 Financial highlights

EUR m	Eleving Group	Sun Finance	Delfin Group	Lute Credit	4 finance	IPF	ESTO
<b>Revenue</b>	149.0	203.0	25.5	61.2	325.4	661.1	11.9
<b>EBITDA</b>	49.0	84.3	10.2	23.7	110.7	181.2	5.5
<b>Net profit</b>	8.8	55.8	4.2	6.1	33.0	50.5	2.6
<b>Net loan portfolio</b>	244.7	96.5	43.0	105.4	658.1	863.6	30.1
<b>Total Equity<sup>1</sup></b>	48.2	57.1	17.4	25.6	177.9	442.3	6.9

<sup>1</sup>Including subordinated loans

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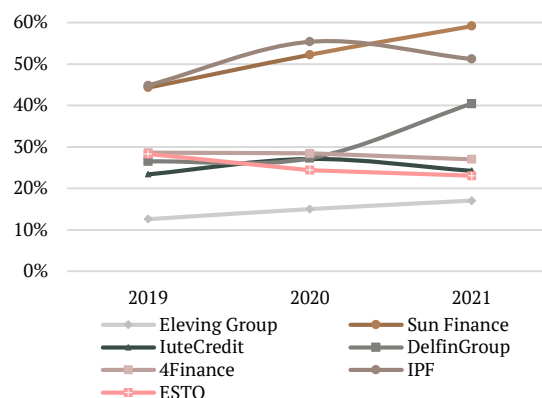
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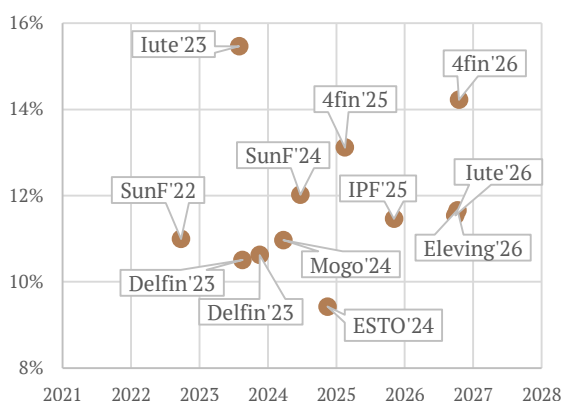
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## Capitalization ratio



## Yield to Maturity (YTM)



# Q4 2021 Eleving Group



Eleving GROUP

## Key parameters

<b>Founded:</b> 2012	<b>Products:</b> Car financing; consumer loans
<b>Headquarters:</b> Latvia	
<b>Net portfolio:</b> EUR 244.7m	<b>Key markets</b>
<b>Bonds outstanding:</b> EUR 150m	<ul style="list-style-type: none"> <li>• Latvia</li> <li>• Belarus</li> <li>• Kenya</li> <li>• Georgia</li> <li>• Lithuania</li> <li>• Romania</li> <li>• Uganda</li> <li>• Moldova</li> </ul>
<b>Auditor:</b> KPMG (IFRS)	
<b>Rating:</b> B- from Fitch	

## Financial highlights

- The Group closed 2021 with a record high amount of revenue, which in twelve months of 2021 reached EUR 149m (+57% y/y). Consumer lending played a significant role in the growth of the Group's revenue in 2021, with revenue increasing by EUR 49.7m during the year.
- The Group's net loan portfolio continued to grow and at the end of 2021 reached EUR 244.7m. The largest growth in the net loan portfolio was in Kenya, where it during the year increased by EUR 27.1m or 3.1 times. The second African country in which the Group operates also showed significant growth, with Uganda's net loan portfolio growing by EUR 8.3m or 2.6 times. The group also sees further growth in the African region, which currently accounts for 22% of the total loan portfolio. The Group sees some of the Scandinavian countries as additional markets in which to start to operate.
- During Q4 2021 net consumer loan portfolio increased by 21% and reached EUR 61.4m, but net car loan portfolio increased by 2.9% reaching EUR 183.3m. The share of net consumer loan portfolio in the Group's total loan portfolio has reached 25%.
- The Group had the highest net profit in its history in 2021 – net profit in 2021 was EUR 8.8m contrary to EUR 1.1m in previous year. Profitability was mainly positively affected by a significant increase in revenue, lower provisions for doubtful loans and a decrease in losses from FX fluctuations - the result of FX fluctuations in 2021 was a positive EUR 1.3m contrary to negative effect of EUR 13.0m in previous year. The net profit of Q4 2021 was negatively affected by non-recurring Eurobond refinancing expenses in the amount of EUR 5.7m.

## The impact of the Russia's war in Ukraine

- The Group is represented in the Ukrainian and Belarusian markets with a share of 3% and 8% of the total net loan portfolio, respectively. It is expected that Ukraine's consumer loan portfolio in the amount to EUR 8.3m as of 31.12.2021 will have to be written down. We can assume that the current size of the portfolio is smaller, as new loan issuance was suspended at the beginning of conflict.
- As of end 2021, the Group's net car loan portfolio in Belarus was in the amount of EUR 19.3m. The Group announced that it suspended new loan issuance and is focusing on collections. The risks regarding Groups exposure to Belarus are the potential introduction of new sanctions, as well as fluctuations in the BYN exchange rate, which may affect the loan portfolio quality. Since the beginning of the war, the EUR/BYN exchange rate has increased by 22%.

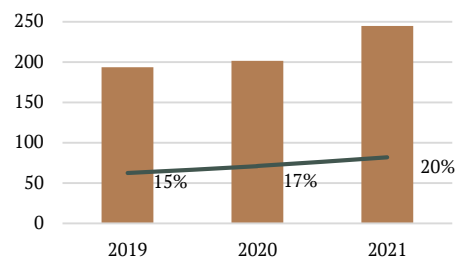
## Other developments

- During Q4 2021, the Group introduced a new product in the Latvian market - a car subscription product, which provides the customer with the opportunity to use a completely new car and cover all car maintenance and rental costs with a monthly payment.
- In order to refinance existing shareholder loans, the Group announced the issue of subordinated bonds in the amount of EUR 25.0m. The full effect of the subordinated bonds is expected to be reflected in the Group's balance sheet at the end of Q1 2022.
- During Q4 2021 earnings call, the Group's management revealed that this year the Group is planning to raise additional equity to strengthen its capitalization and thus obtain a higher credit rating from credit rating agencies.

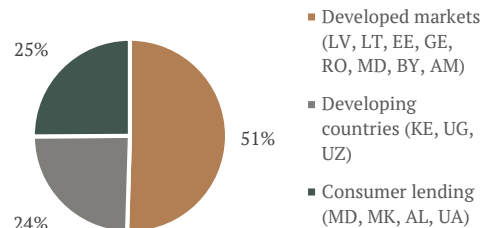
## Financial highlights, EUR m

	Q4 2020	Q4 2021		FY 2020	FY 2021	
<b>Revenue</b>	31.4	38.9	+24%	94.9	149.0	+57%
<b>EBITDA</b>	21.1	8.2	-61%	45.4	49.0	+8%
<b>EBITDA margin</b>	67%	21%	-46pp	48%	33%	-15pp
<b>Net profit</b>	8.4	-0.4	n/a	1.1	8.8	+677%
<b>Net loan portfolio</b>	201.4	244.7	+21%	201.4	244.7	+21%
<b>Cash</b>	9.3	9.8	+5%	9.3	9.8	+5%
<b>Total Equity</b>	34.4	48.2	+40%	34.4	48.2	+40%
<b>Total borrowings</b>	231.1	241.7	+5%	231.1	241.7	+5%
<b>EBITDA / Interest expense</b>	1.7x	1.7x	-0%	1.7x	1.7x	-0%
<b>Capitalization ratio</b>	17%	20%	+3pp	17%	20%	+3pp

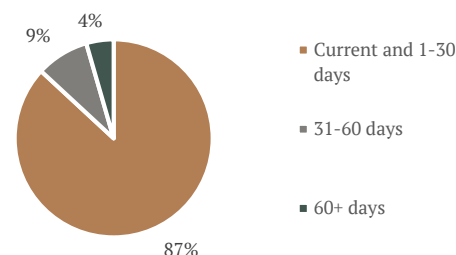
## Net loan portfolio and Capitalization ratio, EUR m



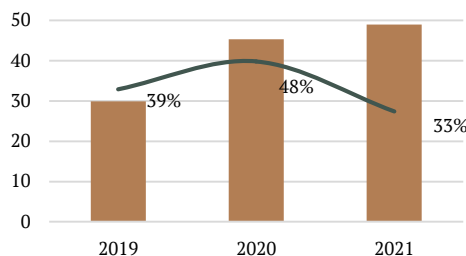
## Net loan portfolio split by markets



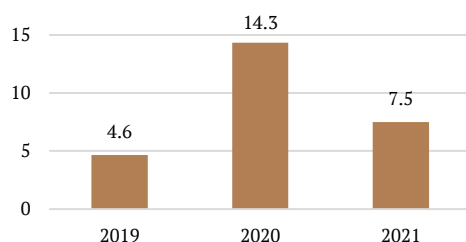
## Net car loan portfolio by delay buckets



## EBITDA and EBITDA margin, EUR m



## Net profit before FX, EUR m



# Q4 2021 Sun Finance

## Key parameters

<b>Founded:</b> 2017	<b>Products:</b> Short term loans; line of credit, Installment loans
<b>Headquarters:</b> Latvia	
<b>Net portfolio:</b> EUR 96.5m	<b>Key markets</b>
<b>Bonds outstanding:</b> EUR 35m	<ul style="list-style-type: none"> <li>• Latvia</li> <li>• Poland</li> <li>• Sweden</li> <li>• Vietnam</li> <li>• Denmark</li> <li>• Kazakhstan</li> <li>• Mexico</li> </ul>
<b>Auditor:</b> Baker Tilly (IFRS)	

## Financial highlights

- The Group closed 2021 as the best year in its history, increasing its loan portfolio, net profit and EBITDA. The total amount of new loans issued also increased significantly compared to the previous year (+47%) and reached EUR 457m.
- Due to increasing in new loan issuance, the Group's loan portfolio in 2021 increased by 27% or EUR 20.7m. The largest growth in the loan portfolio was provided by Central Asia, whose loan portfolio increased by 66% or EUR 14.2m, while the Scandinavian loan portfolio decreased by 11% or EUR 1.8m. Central Asia, where Kazakhstan takes up the most of it, is an important market for the Group, where new loan issuance to both existing and new products are expected to continue to grow - the importance of the market is also confirmed by the increase in its share in the Group's total loan portfolio (39% by the end of 2021 compared to 29% by the end of 2020).
- The amount of the Group's revenue during 2021 exceeded EUR 200m and showed an increase of 67%. The Q4 2021 was the second consecutive quarter when the Group's revenue exceeded EUR 50m. Due to the increase in revenue and strict control of expenses, the Group's EBITDA in 2021 reached EUR 84.3m (+84% y/y), while EBITDA margin increased from 38% to 42%.
- Net profit increased by 153% during 2021 and reached EUR 55.8m. Due to the high profitability, the Group was able to ensure the payment of dividends to shareholders during 2021 and at the same time improve its capitalization ratio, which reached 59% at the end of 2021.

## The impact of the Russia's war in Ukraine

- The Group does not operate in Ukrainian, Russian or Belarusian markets, therefore there is no direct effect of war and sanctions on the Group's operating results, but indirect effects could arise from its operations in Kazakhstan due to fluctuations in the exchange rate of KZT. Since the beginning of the war, the EUR/KZT exchange rate has increased by 17%.

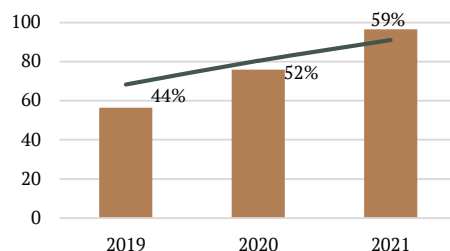
## Other developments

- At the beginning of 2022, widespread protests erupted in the Kazakhstan, where the Group is operating, which escalated into clashes with security services and riots. In response to the situation, the Group reduced the amount of new loans issued to customers until the situation stabilized. The situation in Kazakhstan stabilized in a relatively short period of time, as a result of which the impact on the Group's operations was insignificant.
- During Q4 2021, the Group paid great attention to the development of new products in order to facilitate the further growth of the Group.
- The Group's EUR 15.0m bonds issued on 16 October 2020 will mature on 30 September 2022. It is expected that the Group will begin the process to refinance these bonds in the coming quarters.

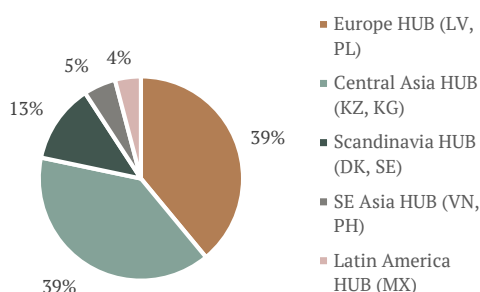
## Financial highlights, EUR m

	Q4 2020	Q4 2021		FY 2020	FY 2021	
<b>Revenue</b>	39.3	53.0	+35%	121.3	203.0	+67%
<b>EBITDA</b>	17.1	20.8	+22%	45.8	84.3	+84%
<b>EBITDA margin</b>	44%	39%	-4pp	38%	42%	+4pp
<b>Net profit</b>	11.6	15.0	+29%	22.0	55.8	+153%
<b>Net loan portfolio</b>	75.8	96.5	+27%	75.8	96.5	+27%
<b>Cash</b>	8.7	7.9	-9%	8.7	7.9	-9%
<b>Total Equity</b>	39.6	57.1	+44%	39.6	57.1	+44%
<b>Total borrowings</b>	67.4	66.9	-1%	67.4	66.9	-1%
<b>EBITDA / Interest expense</b>	5.6x	7.1x	+27%	5.6x	7.1x	+27%
<b>Capitalization ratio</b>	52%	59%	+7pp	52%	59%	+7pp

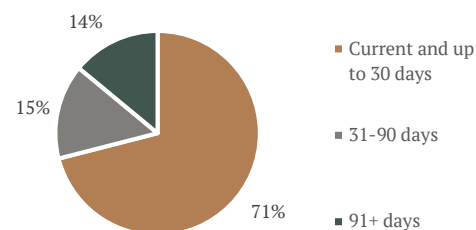
## Net loan portfolio and Capitalization ratio, EUR m



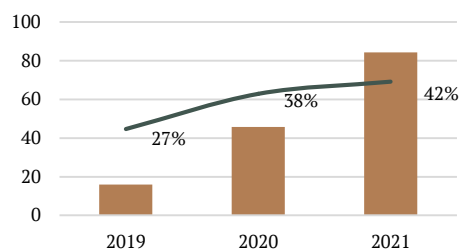
## Net loan portfolio split by markets



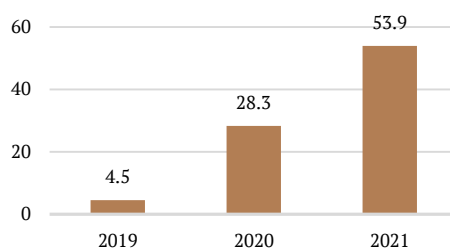
## Gross portfolio by delay buckets\*



## EBITDA and EBITDA margin, EUR m



## Net profit before FX, EUR m



\*Informācija uz 30.09.2021; Netiek iekļauta regulārajos pārskatos

# Q4 2021 DelfinGroup

## Key parameters

<b>Founded:</b> 2009	<b>Products:</b> Pawn broking loans; consumer loans; sale of pre-owned goods
<b>Headquarters:</b> Latvia	
<b>Net portfolio:</b> EUR 43.0m	<b>Key markets</b>
<b>Bonds outstanding:</b> EUR 10.8m	• Latvia
<b>Auditor:</b> BDO Assurance (IFRS)	

## Financial highlights

- The Group's lending activity during Q4 2021 remained high, driven by growth in consumer lending. In total, during 2021, the Group increased the amount of new loans issued by 9%, issuing EUR 52.5m. The increase in new loan issuance has contributed to the growth of the Group's net loan portfolio, which in 2021 increased by 24% or EUR 8.3m.
- The increase in lending activity has also contributed to the growth of the Group's revenue, which in 2021 reached EUR 25.5m (+8% y/y). During 2021, the Group's EBITDA increased by 8% and reached EUR 10.2m, but EBITDA margin remained at the previous year's level (40%).
- The Group's net profit in 2021 showed a slight increase of 3% and reached EUR 4.2m, maintaining net profit margin at the same level as in 2020 (16.6%). The Q4 2021 significantly improved the overall result of 2021 in terms of net profit - due to higher revenue and significantly lower provisions for doubtful loans, the Group's net profit for the quarter reached EUR 1.6m.
- Due to IPO done by the Group in the Q4 2021 and the profitability, the Group's equity during the year increased by EUR 7.9m or 84%. As a result of the IPO, the Group was able to repay loans, thus reducing financing costs - according to the Group, average financing costs decreased from 10.7% to 7.5%. The decrease in financing costs will continue to have a positive impact on the Group's profitability, which will also have a positive effect on the Group's capitalization.
- The Group's capitalization ratio due to the IPO increased by 13pp and reached 40%. The Group's capitalization ratio is currently one of the highest among the companies included in the review.

## The impact of the Russia's war in Ukraine

- The Group's only operating market is Latvia, so its operating results are not directly affected by the war in Ukraine and the sanctions imposed. Given the general deterioration of the macroeconomic situation, such as rising inflation, credit repayment discipline could be adversely affected.
- The Group's financing costs on P2P lending platforms have increased (the Group's borrowings from P2P platforms accounted for 63% of total borrowings at the end of 2021), which will affect the Group's profitability.

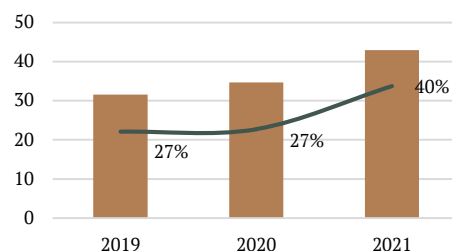
## Other developments

- In accordance with its dividend payment policy, the Group during 2021 paid dividends in the total amount of EUR 3.7m.
- During Q4 2021, the Group fully completed the acquisition of the pawnshop business of AS Moda Kapitāls, which was started in August 2021, as a result of which the Group manages a total of 93 pawnshops throughout Latvia. AS Moda Kapitāls owned the fourth largest pawnshop network in Latvia.

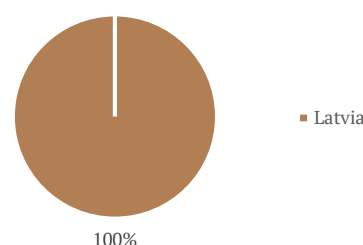
## Financial highlights, EUR m

	Q4 2020	Q4 2021		FY 2020	FY 2021	
<b>Revenue</b>	6.7	7.1	+6%	23.7	25.5	+8%
<b>EBITDA</b>	2.5	3.2	+26%	9.5	10.2	+8%
<b>EBITDA margin</b>	38%	45%	+7pp	40%	40%	+0pp
<b>Net profit</b>	0.9	1.6	+67%	4.1	4.2	+3%
<b>Net loan portfolio</b>	34.7	43.0	+24%	34.7	43.0	+24%
<b>Cash</b>	4.6	2.5	-46%	4.6	2.5	-46%
<b>Total Equity</b>	9.5	17.4	+84%	9.5	17.4	+84%
<b>Total borrowings</b>	31.2	29.4	-6%	31.2	29.4	-6%
<b>EBITDA / Interest expense</b>	2.7x	2.6x	-1%	2.7x	2.6x	-1%
<b>Capitalization ratio</b>	27%	40%	+13pp	27%	40%	+13pp

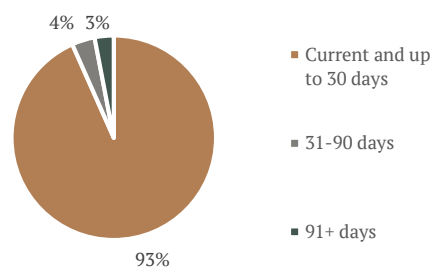
## Net loan portfolio and Capitalization ratio, EUR m



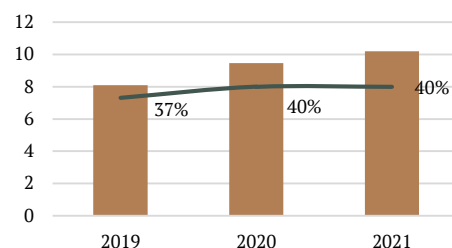
## Net loan portfolio split by markets



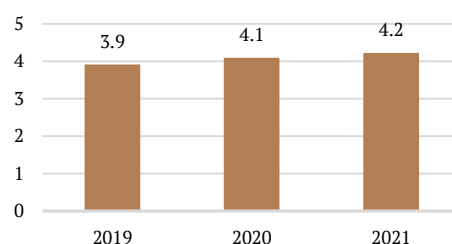
## Gross portfolio by delay buckets



## EBITDA and EBITDA margin, EUR m



## Net profit, EUR m



## Key parameters

<b>Founded:</b> 2008	<b>Products:</b> Dealer loans; cash loans; car loans
<b>Headquarters:</b> Estonia	
<b>Net portfolio:</b> EUR 105.4m	<b>Key markets</b>
<b>Bonds outstanding:</b> EUR 125m	<ul style="list-style-type: none"> <li>• Moldova</li> <li>• North Macedonia</li> <li>• Bulgaria</li> <li>• Albania</li> <li>• Bosnia and Herzegovina</li> </ul>
<b>Auditor:</b> KPMG (IFRS)	

## Financial highlights

- In 2021, the Group's lending activity increased by 42% compared to the previous year, as a result of which the loan portfolio increased to EUR 105.4m (+33% y/y). The largest increase was in Albania, where the loan portfolio grew by EUR 11.1m (+37% y/y), followed by Macedonia with EUR 8.7m (+76% y/y), while the Group's loan portfolio in the newest market Bulgaria reached EUR 1.1m.
- During the year, Group's issued loan repayment terms become longer and loan amounts increased, but issued loan interest rates decreased, which the Group explains with intensified competition in its markets and changes in consumer behavior. The Group expects that interest rates on issued loans will continue to decline also in 2022.
- Although the rates on issued loans by the Group decreased, the Group's revenue still showed healthy growth during the year (+9% y/y) and reached EUR 61.2m. Given the Group's move towards digitalization, its operating expenses have increased during the year, mainly due to IT costs and increase in staff. Although operating expenses increased during the year, the Group's EBITDA in 2021 reached EUR 23.7m, an increase of 13% compared to the previous year. The Group's EBITDA margin also improved during the year - 39%, compared to 37% a year earlier.
- The Group's net profit in 2021 reached EUR 6.1m, an increase of 16% compared to the previous year. The capitalization ratio decreased to 24% at the end of 2021, compared to 27% a year earlier - the decrease is mainly due to the dividends paid out during 2021, when the Group paid dividends in the amount of EUR 3.15m to its shareholders.

## The impact of the Russia's war in Ukraine

- Although the Group does not operate in Ukraine, Russia or Belarus, its second largest market is Moldova, whose economic is closely linked to Russia and Ukraine. The deterioration of the macroeconomic situation could adversely affect the Group's performance in the Moldovan market.

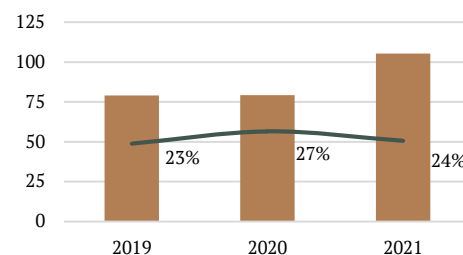
## Other developments

- During Q1 2022, the Group acquired a 67.8% stake in Moldovan Energbank for a total amount of EUR 11.7m. Moldovan Energbank has been operating in Moldova for 25 years, during which it has become one of the most recognizable medium-sized financial institutions. As of 31 December 2021, the Bank's assets were EUR 146m. IuteCredit seems to have chosen the 4finance development path, which also acquired TBI Bank in Bulgaria in 2016.
- In 2022, the Group's plans further growth due to both new products and potentially new markets - revenue is expected to reach EUR 75.0m and net profit EUR 8.0m.

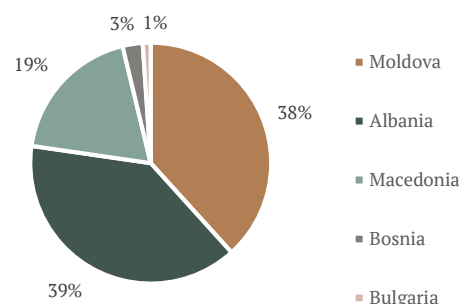
## Financial highlights, EUR m

	Q4 2020	Q4 2021		FY 2020	FY 2021	
<b>Revenue</b>	13.8	17.6	+27%	56.1	61.2	+9%
<b>EBITDA</b>	5.2	7.9	+52%	20.9	23.7	+13%
<b>EBITDA margin</b>	38%	45%	+7pp	37%	39%	+1pp
<b>Net profit</b>	1.4	1.7	+19%	5.2	6.1	+16%
<b>Net loan portfolio</b>	79.2	105.4	+33%	79.2	105.4	+33%
<b>Cash</b>	19.5	46.3	+138%	19.5	46.3	+138%
<b>Total Equity</b>	21.5	25.6	+19%	21.5	25.6	+19%
<b>Total borrowings</b>	91.4	135.7	+48%	91.4	135.7	+48%
<b>EBITDA / Interest expense</b>	1.9x	1.6x	-13%	1.9x	1.6x	-13%
<b>Capitalization ratio</b>	27%	24%	-3pp	27%	24%	-3pp

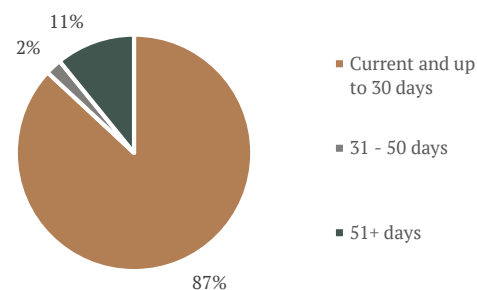
## Net loan portfolio and Capitalization ratio, EUR m



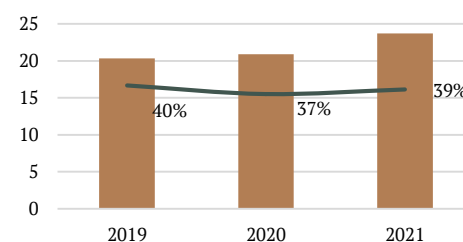
## Net loan portfolio split by markets



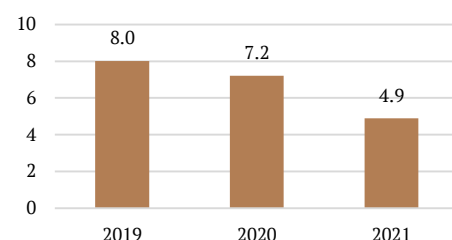
## Net portfolio by delay buckets



## EBITDA and EBITDA margin, EUR m



## Net profit before FX, EUR m



## Key parameters

<b>Founded:</b> 2008	<b>Products:</b> Short-term loans, Credit lines, Consumer loans, Bank
<b>Headquarters:</b> Latvia	
<b>Net portfolio:</b> EUR 658.1m	<b>Key markets</b>
<b>Bonds outstanding:</b> EUR 302m	<ul style="list-style-type: none"> <li>• Spain</li> <li>• Poland</li> <li>• Latvia</li> <li>• Lithuania</li> <li>• Romania</li> <li>• Bulgaria</li> <li>• Czech Republic</li> </ul>
<b>Auditor:</b> PKF Audit & Conseil (IFRS)	
<b>Rating:</b> B from S&P, B2 from Moody's	

## Financial highlights

- The Group's lending activity during 2021 showed an increase in both the Online segment and the TBI Bank segment. Demand for the Group's products is high, driven by demand in the Polish and Spanish markets. Due to the increase in new loan issuance, the Group's net loan portfolio in 2021, compared to the previous year, increased by 25% and reached EUR 658.1m. The share of the net loan portfolio of the TBI Bank segment in the Group's total net loan portfolio has increased to 70%, which was impacted by the growing lending activity and the sale of Lithuanian Near-prime loans to TBI Bank.
- The Group's revenue in 2021 was slightly below the previous year's revenue (-1%), which was impacted by the lower average loan portfolio for the Online segment. Revenues for the Q4 2021, compared to the corresponding period of the previous year, showed high growth and increased by 19% - Q4 2021 was the third consecutive quarter when the Group's revenues increased.
- In 2021, the Group returned to a positive net profit which reached EUR 33.0m as opposed to losses of EUR 25.0m in the previous year. One of the main reasons for the improvement of the Group's profitability was significantly lower expenses for provisions for doubtful loans - in 2021, expenses decreased by EUR 34.9m. Lower expenses for provisions for doubtful loans were possible due to improved customer loan repayment discipline and improved loan portfolio quality.
- The capitalization ratio of the Group at the end of 2021 was 27%, decreasing by 1pp compared to the situation at the end of 2020. Over the last three years, this ratio has been relatively stable for the Group, without significant changes.

## The impact of the Russia's war in Ukraine

- The Russian war in Ukraine does not have a direct impact on the Group's operations, as the Group does not operate in any of the participating countries, but an indirect impact from the deterioration of the general macroeconomic situation is expected.

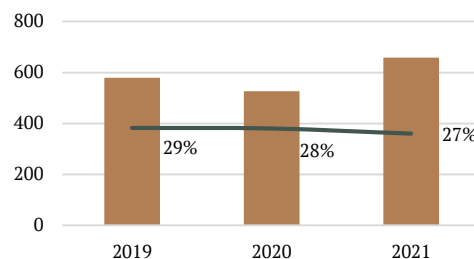
## Key developments

- In January 2022, the Group stopped issuing new loans in the Danish market in response to regulatory changes.
- In December 2021, the Group repurchased its 2026 bonds on the free market for the total amount of EUR 3.0m at face value.

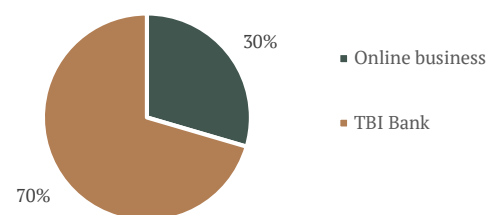
## Financial highlights, EUR m

	Q4 2020	Q4 2021		FY 2020	FY 2021	
<b>Revenue</b>	75.4	89.5	+19%	327.1	325.4	-1%
<b>EBITDA</b>	16.5	25.3	+53%	70.3	110.7	+57%
<b>EBITDA margin</b>	22%	28%	+6pp	21%	34%	+13pp
<b>Net profit</b>	-9.5	4.9	n/a	-25.0	33.0	n/a
<b>Net loan portfolio</b>	526.4	658.1	+25%	526.4	658.1	+25%
<b>Cash</b>	154.2	180.0	+17%	154.2	180.0	+17%
<b>Total Equity</b>	150.0	177.9	+19%	150.0	177.9	+19%
<b>Total borrowings</b>	341.9	313.0	-8%	341.9	313.0	-8%
<b>EBITDA / Interest expense</b>	0.8x	2.3x	+188%	0.8x	2.3x	+188%
<b>Capitalization ratio</b>	28%	27%	-1pp	28%	27%	-1pp

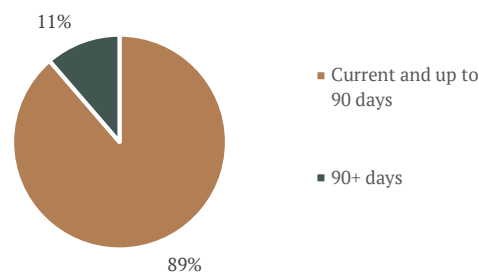
## Net loan portfolio and Capitalization ratio, EUR m



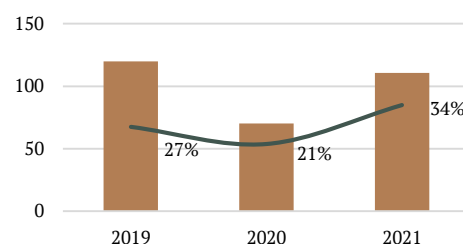
## Net loan portfolio split by markets



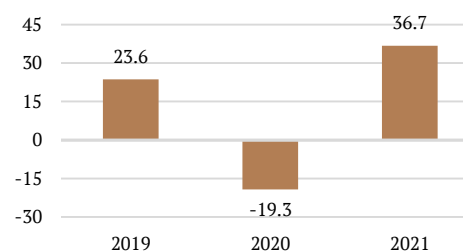
## Gross portfolio by delay buckets



## EBITDA and EBITDA margin, EUR m



## Net profit before FX, EUR m



# H2 2021

## International Personal Finance



### Key parameters

<b>Founded:</b> 1997	<b>Products:</b> Home credit (Cash loans, Micro-business loans), IPF Digital (Credit lines, Instalment loans)
<b>Headquarters:</b> United Kingdom	
<b>Net portfolio:</b> EUR 863.6m	
<b>Bonds outstanding:</b> EUR 478m	
<b>Auditor:</b> Deloitte (IFRS)	<b>Key markets</b>
<b>Rating:</b> BB- from Fitch, Ba3 from Moody's	<ul style="list-style-type: none"> <li>• Mexico</li> <li>• Poland</li> <li>• Czech Republic</li> <li>• Hungary</li> <li>• Romania</li> <li>• Estonia</li> <li>• Latvia</li> <li>• Lithuania</li> <li>• Spain</li> <li>• Australia</li> </ul>

### Financial highlights

- After the reduction of the business in 2020, the Group has returned to the growth path - the Group's net loan portfolio has increased by 7% during the year and the amount of issued loans reached EUR 1.2bn (+27% y/y). The largest growth in terms of new loans issued came from Home Credit segment, whose new loan issuance increased by 33% in 2021. While the amount of new loans issued by the IPF Digital segment in 2021 increased by 8%.
- Part of 2021, restrictions limiting the interest rates on loans issued by the Group were in force in some of the markets where the Group operates. It was one of the reasons why the Group's revenue decreased by 17% during 2021. The group expects its revenue to show double-digit growth in 2022.
- Although the Group's revenue in 2021 was lower than a year earlier, the Group closed 2021 with a net profit of EUR 50.5m. In 2021, a significant decrease in expenses for provisions for doubtful loans had a positive effect on the Group's profitability - expenses decreased by EUR 235.6m or 78%. Expenses for provisions for doubtful loans have been significantly reduced due to better-than-expected customer repayment discipline. In 2021, expenses for provisions for doubtful loans accounted for 10% of revenue, and the Group expects this share to increase to 20% in 2022.
- At the end of 2021, the Group's capitalization ratio was 51%, which is a decrease of 4pp compared to previous year, but its level is still high.

### The impact of the Russia's war in Ukraine

- The Group does not operate in any of the countries involved in the war, therefore the direct impact of the war and sanctions on the Group's results of operations is not expected.

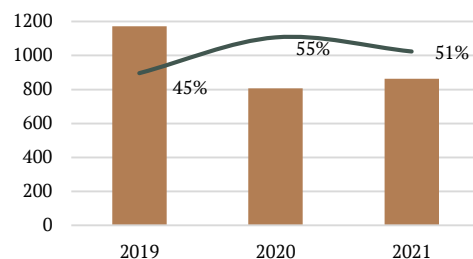
### Other developments

- In Q4 2021, the credit rating agency Fitch changed the outlook on the Group's credit rating from negative to stable and affirmed its credit rating at the current BB- level. The changes are based on the stabilization of the business environment in the markets it operates and the Group's recent financial performance.
- In order to expand its product range, the Group plans to test a credit card product in certain markets it operates, which could begin testing in the second half of 2022.

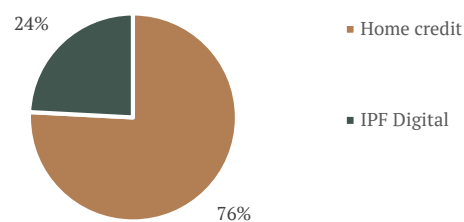
### Financial highlights, EUR m

	H2 2020	H2 2021		FY 2020	FY 2021	
<b>Revenue</b>	360.4	344.3	-4%	796.7	661.1	-17%
<b>EBITDA</b>	72.0	81.2	+13%	73.6	181.2	+146%
<b>EBITDA margin</b>	20%	24%	+4pp	9%	27%	+18pp
<b>Net profit</b>	-3.3	22.9	n/a	-77.3	50.5	n/a
<b>Net loan portfolio</b>	806.1	863.6	+7%	806.1	863.6	+7%
<b>Cash</b>	140.1	50.2	-64%	140.1	50.2	-64%
<b>Total Equity</b>	446.4	442.3	-1%	446.4	442.3	-1%
<b>Total borrowings</b>	592.8	568.2	-4%	592.8	568.2	-4%
<b>EBITDA / Interest expense</b>	1.1x	2.8x	+151%	1.1x	2.8x	+151%
<b>Capitalization ratio</b>	55%	51%	-4pp	55%	51%	-4pp

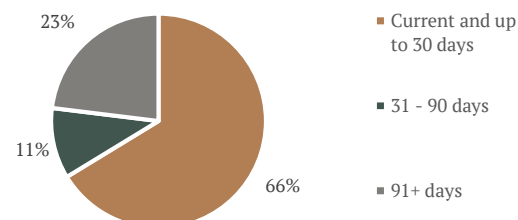
### Net loan portfolio and Capitalization ratio, EUR m



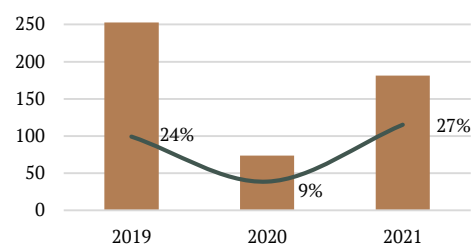
### Net loan portfolio split by products



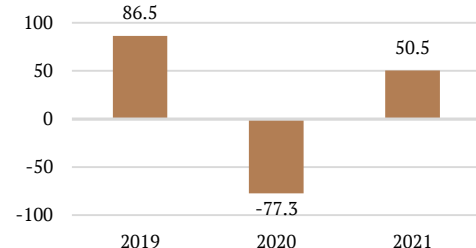
### Home credit net loan portfolio quality



### EBITDA and EBITDA margin, EUR m



### Net profit before FX, EUR m





# Q4 2021 ESTO Holdings

esto



## Key parameters

<b>Founded:</b> 2017	<b>Products:</b> buy now pay later (BNPL)
<b>Headquarters:</b> Estonia	<b>Key markets</b>
<b>Net portfolio:</b> EUR 30.1m	• Estonia • Lithuania
<b>Bonds outstanding:</b> EUR 16m	• Latvia
<b>Auditor:</b> KPMG Baltics OÜ (IFRS)	

## Financial highlights

- The Group has grown significantly in 2021. Its net loan portfolio increased by 58% during 2021 and reached EUR 30.1m. The absolute largest share of the loan portfolio is accounted by loans issued in Estonia (97.5%), a small part by Lithuania (2.4%), but the share of Latvia is still very small (well below one percent).
- The quality of the loan portfolio as of end 2021 was good, with loans current or delayed for up to 30 days, accounting for 96% of the total loan portfolio. Loans overdue for 31 to 90 days accounted for 3% of the total loan portfolio, while loans overdue for more than 90 days accounted for only 1% of the total loan portfolio.
- Due to the high lending activity, as a result of which the Group's net loan portfolio increased significantly, the Group's revenue also showed significant growth - in 2021 the revenue reached EUR 11.9m, showing an increase of 58% compared to the result of 2020. Interest income increased by 65% during 2021 and reached EUR 8.0m, commission income increased by 61% and reached EUR 2.3m, while other income increased by 28%, reaching EUR 1.6m.
- The Group's EBITDA in 2021 reached EUR 5.5m increasing by 69% compared to 2020. The Group has not only been able to increase its EBITDA, but also improved its EBITDA margin, which was 46% in 2021 compared to 43% in 2020.
- The increase in business has also had a positive effect on the Group's profitability. The Group's net profit in 2021 was EUR 2.6m, compared to EUR 1.4m in 2020. Cost control has also allowed to increase the Group's net profit margin, which increased to 22% in 2021 (19% in 2020).
- The Group's capitalization ratio decreased slightly during 2021 and was 23% at the end of the year, which was affected by the Group's rapid new loan issuance and loan portfolio growth.

## The impact of the Russia's war in Ukraine

- The only markets represented by the Group are the Baltic States, which are not expected to have a significant direct impact from the consequences of the war and the sanctions. The minimal impact is also confirmed by the fact that the Group's funding costs on P2P platforms have not changed significantly during these events.

## Other developments

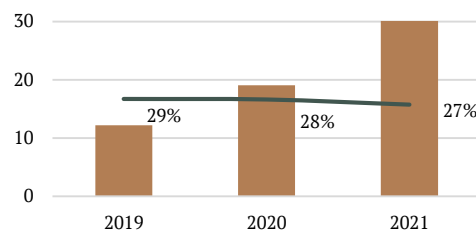
- During Q4 2021, the Group attracted financing in the amount of EUR 4m from Citadele banka, which will be used to develop the company's digital tools in order to improve the online shopping experience of users, as well as for working capital to strengthen the company's expansion in the Baltic market.

## Financial highlights, EUR m

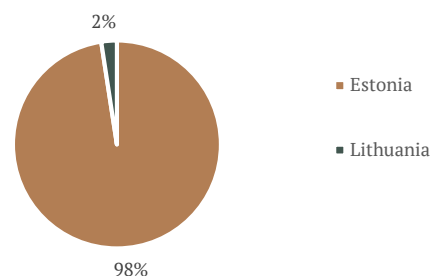
	FY 2019	FY 2020	FY 2021	
<b>Revenue</b>	2.1	7.5	11.9	+58%
<b>EBITDA</b>	1.1	3.3	5.5	+69%
<b>EBITDA margin</b>	53%	43%	46%	+3pp
<b>Net profit</b>	0.4	1.4	2.6	+84%
<b>Net loan portfolio</b>	12.2	19.1	30.1	+58%
<b>Cash</b>	0.5	1.8	0.5	-73%
<b>Total Equity*</b>	3.5	4.7	6.9	+49%
<b>Total borrowings</b>	9.4	17.3	25.8	+49%
<b>EBITDA / Interest expense</b>	1.5x	1.9x	2.1x	+13%
<b>Capitalization ratio</b>	28%	24%	23%	-1pp

\*Including shareholder subordinated loans

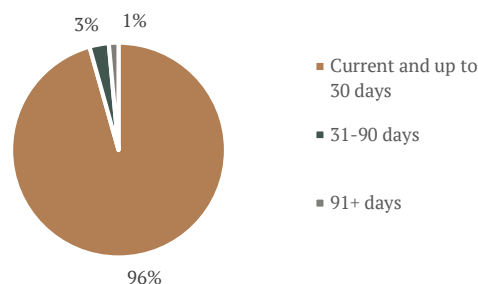
## Net loan portfolio and Capitalization ratio, EUR m



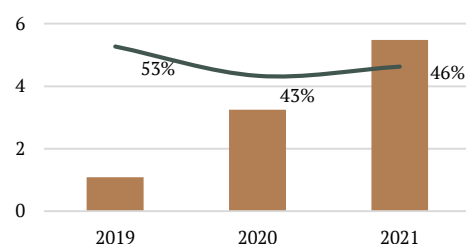
## Net loan portfolio split by countries



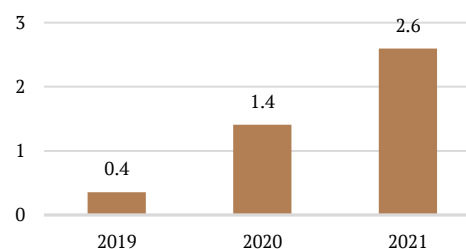
## Gross portfolio by delay buckets



## EBITDA and EBITDA margin, EUR m



## Net profit, EUR m

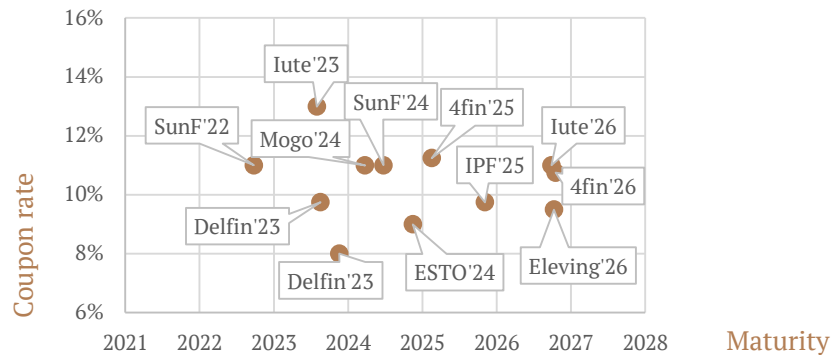
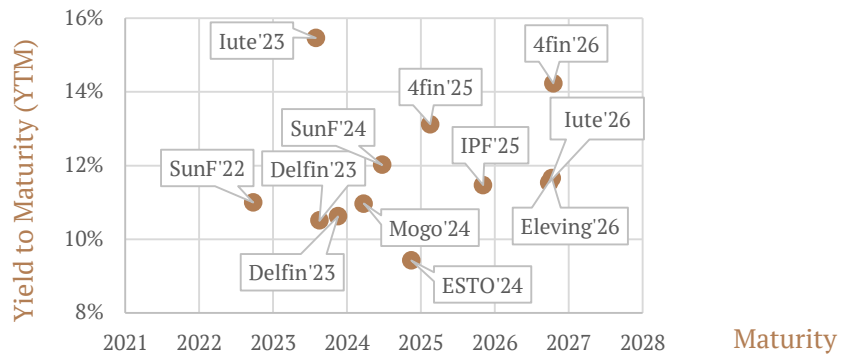


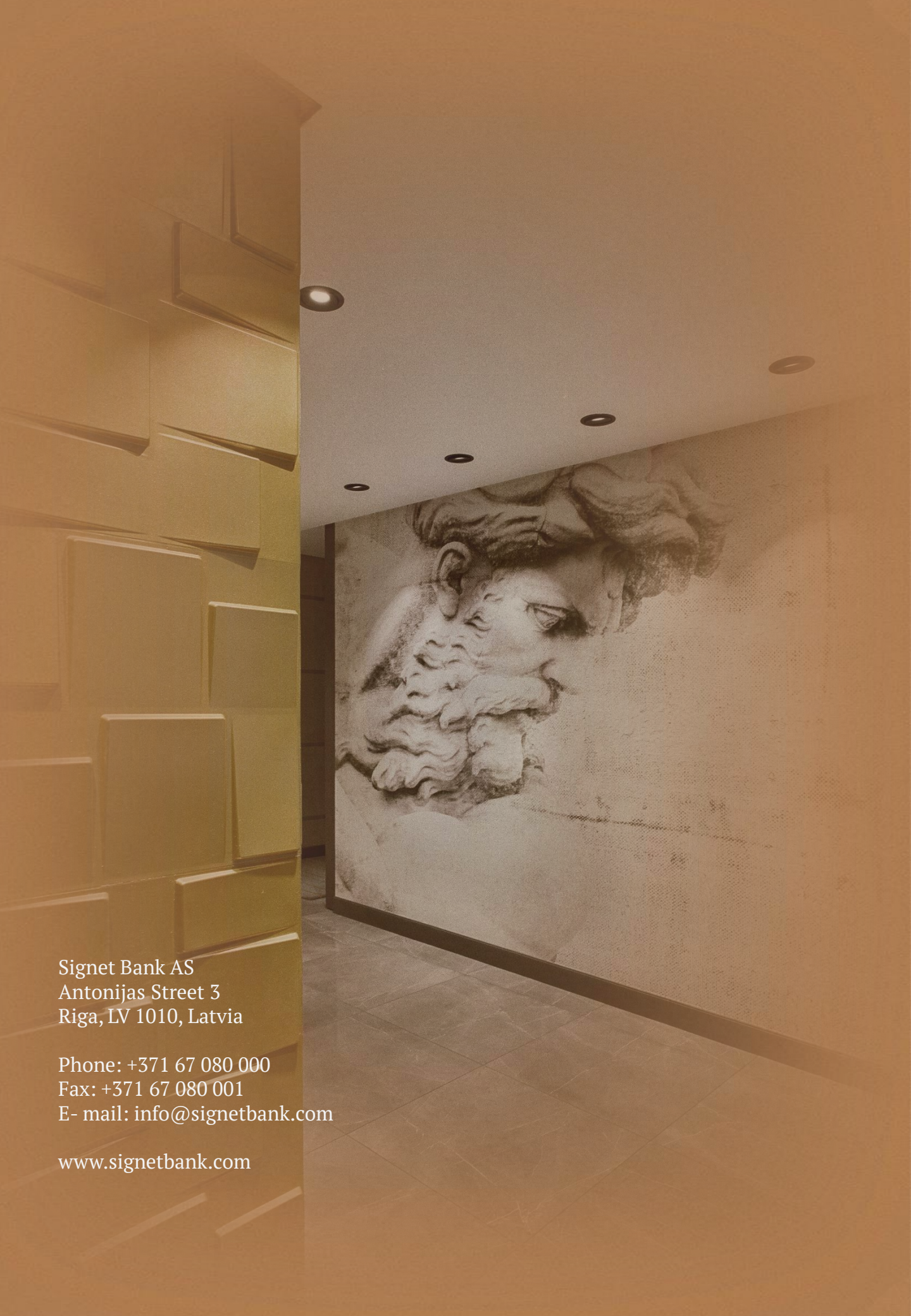
# Current bond issues



Company	Issuer	ISIN	Maturity	Coupon	Issue size	YTM <sup>1</sup>	BID Price	Call option	Collateral	Listing
	AS «mogo» (Latvia)	LV0000802452	31.03.2024	11.00%	EUR 30 000 000	10.97%	100.00	Call @101%	Unsecured	Nasdaq Baltic First North
	Eleving Group S.A. (Luxembourg)	XS2393240887	18.10.2026	9.50%	EUR 150 000 000	11.66%	92.50	Call @104.75% (18.10.2024); @102.375% (18.10.2025); @100% after	Secured	Frankfurt Stock Exchange and Nasdaq Riga
	Sun Finance Treasury Ltd. (Malta)	LV0000802445	30.09.2022	11.00%	EUR 15 000 000	11.00%	100.00	Call @101%	Senior Unsecured	Nasdaq First North
		LV0000802494	30.06.2024	11.00%	EUR 20 000 000	12.02%	98.00	Call @102% (30.06.2022) @101% after	Senior Unsecured	Nasdaq First North
	IuteCredit Finance S.à r.l. (Luxembourg)	XS2033386603	07.08.2023	13.00%	EUR 50 000 000	15.47%	97.00	Call @106.5% (07.08.2021); @105.5% after	Secured	Frankfurt Stock Exchange
		XS2378483494	06.10.2026	11.00%	EUR 75 000 000	11.54%	98.13	Call @105.5% (06.10.2025); @102.75% after	Secured	Frankfurt Stock Exchange and Nasdaq Tallinn
	AS DelfinGroup (Latvia)	LV0000850048	25.08.2023	9.75%	EUR 5 000 000	10.51%	99.00	Call @101%; Put @101% (25.07.2021)	Senior Unsecured	-
		LV0000802536	25.11.2023	8.00%	EUR 10 000 000	10.63%	96.00	Call @101% (25.05.2023)	Senior Unsecured	-
	4finance S.A. (Luxembourg)	XS1417876163	23.02.2025	11.25%	EUR 150 000 000	15.12%	96.00	Call @104% (08.07.2021)	Senior Unsecured	Frankfurt Stock Exchange
		NO0011128516	26.10.2026	10.75%	EUR 175 000 000	14.23%	90.00	Call @105.375% (26.04.2025); @102.688% (26.10.2025); @101.344% (26.04.2026); @100% after	Senior Unsecured	Nasdaq Stockholm
	International Personal Finance plc (United Kingdom)	XS2256977013	12.11.2025	9.75%	EUR 341 228 000	11.47%	95.00	Call @104.875 (12.11.2022); @102.4375% (12.11.2023); @100% after	Senior Unsecured	London Stock Exchange
	ESTO Holdings OÜ (Estonia)	EE3300002294	22.11.2024	9.00%	EUR 16 000 000	9.43%	99.00	Call @102% (22.11.2025); @100.25% (22.08.2024)	Secured	-

<sup>1</sup>Source: Bloomberg, Nasdaq Riga. Data as of 24 March 2022



A photograph of a modern interior space. On the left, a wall is covered in a grid of recessed, rectangular panels. To the right, a large wall features a detailed mural of a classical sculpture, possibly a head and shoulders of a figure. The ceiling is white with several recessed circular lights. The floor is made of large, light-colored tiles.

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