

# ESTO Holdings bond issue

## Opportunity to invest in ESTO Holdings 3-year EUR 15 million bond issue with 9% coupon

### About Company

- ESTO Holdings (ESTO) is a leading innovative payments technology company and provides shopping solutions for e-commerce merchants in the Baltics.
- ESTO was established in 2017, operates in the Baltics and is headquartered in Estonia with offices in Tallinn, Tartu, Vilnius and Kiev.
- ESTO's business model is to facilitate payments between client and merchant in e-commerce by providing real time payments for the merchant and flexible payment options for the client (Buy Now Pay Later products)
- ESTO has more than 48,000 active clients and close to 1,500 partnerships with various online merchants and e-shops.
- 50.1% of the ESTO belongs to Estonian co-founders and management of the company and 49.9% is owned by experienced Estonian fintech investors (Ivo Tahk, Kristjan Tiik, Vahur Rajaver), who have previously founded and successfully exited non-bank lending businesses.

### Portfolio snapshot

- The net loan portfolio at the end of 6M 2021 has notably increased and reached EUR 25.0m, which is a 86% increase compared to 6M 2020.
- ESTO Pay Now Pay Later loans made up 35% (EUR 8.5m) of the loan portfolio at the end of 6M 2021, while ESTO account loans (consumer credit lines) made up 65% (EUR 16.5m).
- The most common loan sizes are in the ranges of: EUR 200-500 (29% of the portfolio), EUR 500-1,000 (26%) and EUR 1,000-2,000 (23%). The term of the loans is up to 60 months.
- Non-performing loan ratio has remained at a very low level (2% in 6M 2021) due to ESTO's effective scoring and evaluation of the client's capacity to service the loan.

### Financial highlights

- ESTO has grown their market share across their businesses and continued to make significant investments in products and technology, while maintaining credit discipline and a strong balance sheet.
- E-Commerce has benefitted from the underlying Covid-19 conditions, which have accelerated online shopping. This is reflected in the revenue growth – during 6M 2021 the revenue has reached EUR 5.4m (69% increase from the same period last year) and the revenue for 2020 came in at EUR 7.5m, which was a 272% increase from 2019.
- ESTO has disciplined expense management and EBITDA in 6M 2021 has reached EUR 2.8m, which is a 118% increase year-over-year. The EBITDA margin has also increased from the previous year and has reached 52%.
- Capitalization ratio currently is at a stable 26% level.

Source: ESTO financial reports and presentations

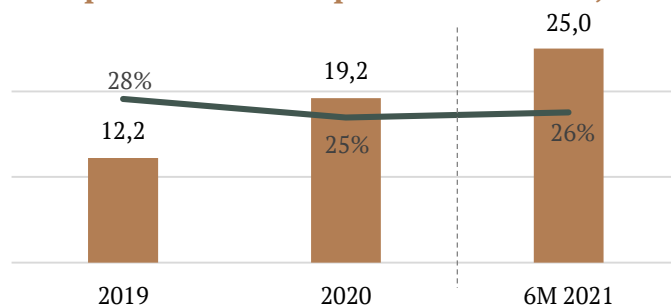
# esto

### Financial highlights, EUR m

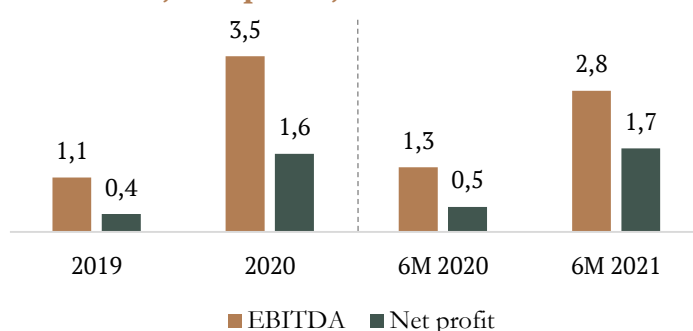
	FY 2019	FY 2020	6M 2020	6M 2021
Revenue	2.0	7.5	3.2	5.4
EBITDA	1.1	3.5	1.3	2.8
EBITDA margin	54%	47%	40%	52%
Net profit	0.4	1.6	0.5	1.7
Net loan portfolio	12.2	19.2	13.4	25.0
Cash	0.5	1.6	1.5	0.6
Total Equity*	3.5	4.8	4.0	6.5
Total borrowings	9.4	16.9	12.0	20.7
Net Debt / EBITDA	8.2x	4.4x	-	4.0x
EBITDA / Interest expense	1.5x	1.9x	1.7x	2.5x
Capitalization ratio*	28%	25%	29%	26%

\*Including shareholder loans

### Net portfolio and Capitalization ratio, EUR m



### EBITDA, Net profit, EUR m



■ EBITDA ■ Net profit

# ESTO Holdings bond issue

## Term Sheet

<b>Issuer</b>	ESTO Holdings OU (Estonia)
<b>Security type</b>	<b>Secured bonds</b> (Pledge on Estonian loan portfolio covering 120% of bond issue)
<b>Issue size</b>	<b>EUR 15 000 000</b> (EUR 10m refinancing + EUR 5m new money)
<b>Annual coupon rate</b>	<b>9%</b>
<b>Coupon frequency</b>	Quarterly
<b>Term</b>	<b>3 years</b>
<b>Principal repayment</b>	Maturity date, bullet
<b>Call Option</b>	@102% after 1 <sup>st</sup> year, @100.25% last 3 months before maturity
<b>Nominal value</b>	EUR 1 000
<b>Minimum subscription</b>	EUR 100 000
<b>Listing</b>	Nasdaq First North
<b>Covenants<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• Dividend cap of max 30% from quarterly Net profit</li> <li>• Value of pledged portfolio at least 1.2x of bonds outstanding</li> <li>• Interest coverage ratio at least 2x</li> <li>• Equity ratio at least 20%</li> <li>• No change of control (Put @102%)</li> </ul>
<b>Legal Advisor</b>	TGS Baltic
<b>Collateral Agent</b>	TRINITI Estonia
<b>Arranger</b>	Signet Bank AS

<sup>1</sup> Full list of covenants are available in the Terms of the Issue

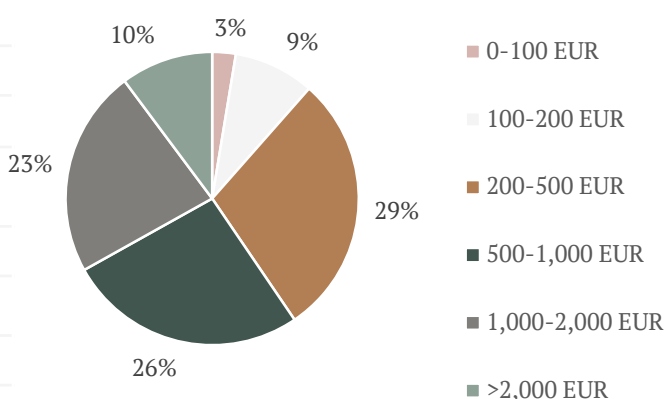
## Diversified financing structure

- In 6M 2021, the company has reported diversified financing structure where 49% (EUR 11.3m) of the financing consisted of direct loans from investors (family offices and private investors), 33% (EUR 7.6m) of P2P lending, 13% (EUR 3.0m) of subordinated debt and 6% (EUR 1.3m) of related parties.
- P2P lending includes the platform *Mintos*, where ESTO established its presence in Q3 2019.
- Subordinated debt (EUR 3.0m) will bear longer maturity than planned bond issue
- Direct loans from investors (family offices and private investors) will be also converted into bond issue to unify the funding sources for ESTO

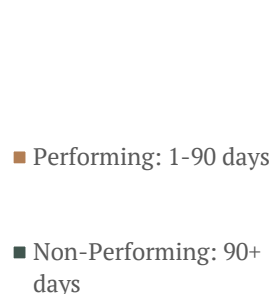
## Debut bond issue

- The proceeds from the debut bond issue will be used to refinance existing liabilities of ESTO and also finance the company's operations in new markets – Lithuania and Latvia.
- The bonds are secured by a pledge on loan portfolio pool by ESTO AS (Estonian subsidiary) and it covers the total bond issue 1.2 times.

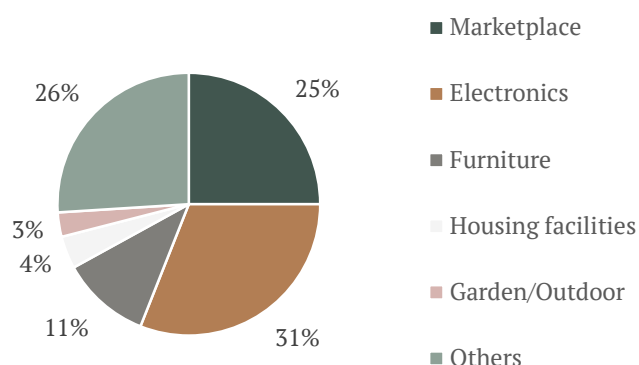
## Loan size split (30.06.2021)



## Non-performing loan status (30.06.2021)



## Revenue split by merchant category



# Disclaimer

This presentation (the Presentation) has been prepared by Signet Bank AS solely for use in connection with the contemplated offering of “ESTO Holdings OU” (the Issuer) bonds (the Notes) and may not be reproduced or redistributed in whole or in part to any third party.

This Presentation is for information purposes only. The Notes have their own particular terms and conditions that should be considered before making an investment decision. A prospective investor should not make an investment decision relying solely upon this Presentation. By attending a meeting where this Presentation is presented or by reading the Presentation you agree to be bound by the following terms, conditions, and limitations.

## **No liability**

The information in this Presentation is based on the data provided by “ESTO Holdings OU” and has not been independently verified and can be subject to updating, completion, revision, and further amendment. The Signet Bank AS undertakes no obligation to update this Presentation or to correct any inaccuracies that may become apparent. The facts, information, opinions and estimates contained in this Presentation have been obtained from sources believed to be reliable and in good faith, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness, and reliability.

This Presentation contains forward-looking statements that are based on current expectations and assumptions of the Issuer and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by context, words such as “aims”, “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “assumes”, “seeks”, and similar expressions are intended to identify such forward-looking statements. Opinions and any other contents in this Presentation are provided for personal use and for tentative reference only.

## **No advice**

This Presentation shall not be treated as legal, financial or tax advice of any kind. The investors shall conduct their own investigation as to the potential legal risks and tax consequences related to the issue and investment into the Notes. Nothing in this Presentation shall be construed as giving of investment advice by the Signet Bank AS or any other person.

Each potential investor must determine the suitability of the investment in light of its own circumstances. In particular, you should have: (i) sufficient knowledge and experience, access to and knowledge of appropriate analytical tools to meaningfully evaluate and fully understand this investment opportunity alongside with its advantages and risks, as well as the impact of this investment on your overall investment portfolio; (ii) sufficient financial resources and liquidity to bear all of the risks associated with this investment. If you are in any doubt as to whether to invest in the Notes, you should consult a qualified independent adviser.

## **General restrictions and distribution**

This Presentation does not constitute an offer to sell or a solicitation of an offer to purchase any securities in any jurisdiction in which such offer or solicitation is not authorized or any person to whom it is unlawful to make such offer or solicitation. Each violation of such restrictions may constitute violation of applicable securities laws of such countries. Investors are required to inform themselves of any such restrictions and return this Presentation to the Issuer should such restrictions exist. By accepting this Presentation, the recipient represents and warrants that it is a person to whom this presentation may be delivered or distributed without a violation of the laws of any relevant jurisdiction. This Presentation is not to be disclosed to any other person or used for any other purpose and any other person who receives this Presentation should not rely on or act upon it.

## **Conflict of interest**

Signet Bank AS may receive a fee from “ESTO Holdings OU”.

By presenting this material the Signet Bank AS has a conflict of interest situation. The Signet Bank AS Policy for Prevention of Conflicts of Interest is available on the website: <https://www.signetbank.com/mifid/>.

The Issuer or its affiliates may, subject to applicable laws, purchase the Notes. It should be noted that under specific circumstances their interests may conflict with those of other noteholders.

## **Risk factors**

When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence “ESTO Holdings OU” are changes in regulatory enactments and policies, AML and sanctions compliance risk, macroeconomics risk, licensing risk, competition risk, refinancing risk, dependence on future employees, operational risk and legal proceeding and risk of other claims.

When investing funds in bonds, investors undertake the following risks related to debt securities: bonds repayment risk, bonds early repayment risk, liquidity risk, price risk and tax risk.

The risks indicated in this section may reduce “ESTO Holdings OU” ability to fulfil its obligations and cause its insolvency in the worst-case scenario. This section may not feature all the potential risks, which may affect “ESTO Holdings OU”.