Consumer lending market review

Q1 2024

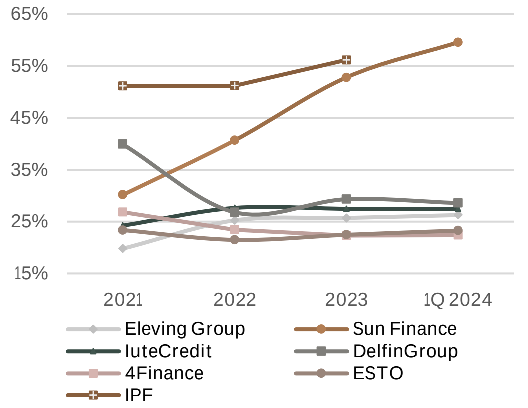
SIGNET
BANK

Q1 2024 Consumer lending market review

Sector highlights

- On yearly basis the companies continued to expand their net loan portfolios driven by acquisition of existing businesses and organic growth, though Sun Finance and ESTO recorded q-o-q reduction. Due to turbulent economic times the non-bank lenders emphasize credit quality, leading to deceleration in growth.
- Company costs grew along revenues, as higher interest rates kicked in and inflationary pressures reflected on OpEx. Positively, most of the companies were able to grow revenues ahead of the costs, reflecting reduction of cost-to-income ratio and higher net profits accordingly. This has broadly kept the capitalization ratios stable.
- Looking ahead, as we progress through the year, there are anticipated bond refinancing actions on the horizon. Sun Finance will need to manage the maturity of a EUR 20m bond in June 2024, DelfinGroup faces the maturity of a EUR 10m bond in September 2024, and ESTO is tasked with handling the maturity of a EUR 16m bond in November 2024. IPF is in the process of EUR 300m bond issuance, for the partial refinancing of EUR Senior Notes due 2025.
- Bond prices remained broadly stable q-o-q, with minimal fluctuations observed. A mentionable change is observed for Eleving'26, which traded around 90% by the end 2023 and now is closing to 96% price level with ~ YTM 11%. Closing the year, the bonds of the companies included in the review continued to yield within the range of 10% to 15%, mirroring the levels seen at the beginning of the year.

Capitalization ratio

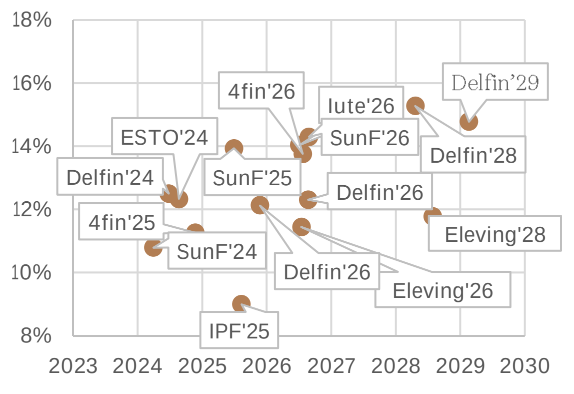


Q1 2024 Financial highlights

EUR m	Eleving Group	Sun Finance	Delfin Group	Iute Group	4Finance	ESTO	IPF[2]
Revenue	51.9	79.5	14.3	26.4	121.8	7.1	-
EBITDA	23.2	31.3	5.0	10.6	34.3	2.9	-
Net profit	5.4	24.1	1.6	2.2	9.6	1.1	-
Net loan portfolio	330.5	174.9	95.6	245.0	1 120.6	64.4	-
Total Equity	86.9[1]	104.2	27.3[1]	67.3	251.1	15.2[1]	-

[1]Including subordinated loans and bonds
[2] Publishes results twice a year

Yield to Maturity (YTM)



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Q1 2024 Eleving Group

Eleving GROUP

Key parameters

Founded: 2012

Headquarters: Latvia

Net portfolio: EUR 330.5m

Bonds outstanding: EUR 228.5m

Auditor: BDO Audit (IFRS)

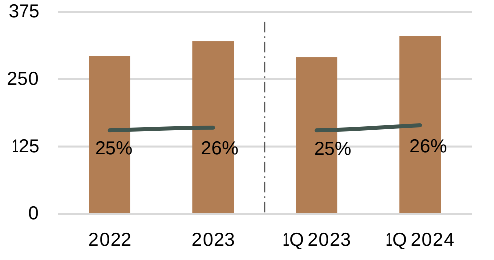
Rating: B- from Fitch

Products: Car financing; Consumer loans

Key markets

- Latvia
- Kenya
- Georgia
- Lithuania
- Romania
- Uganda
- Moldova

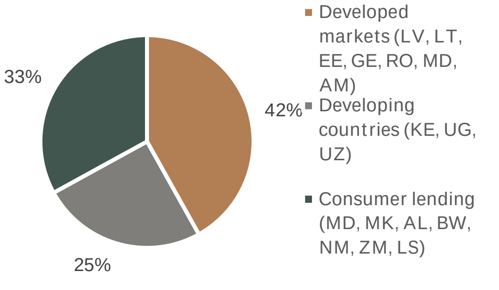
Net loan portfolio and Capitalization ratio, EUR m



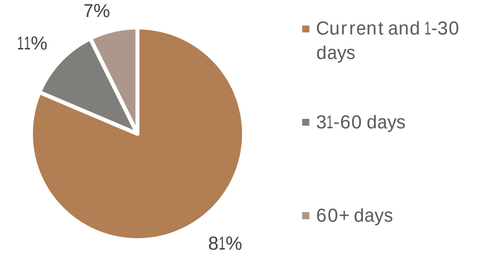
Financial highlights

- In Q1 the Group has recorded net portfolio of EUR 330.5m, increasing 14% y-o-y, largely reflecting the integration of Express Credit (a consumer finance provider in Southern Africa) portfolio of ca. EUR 28m in Q3 2023. The consumer loan segment net portfolio reached EUR 108.9m (+59% y-o-y), but vehicle finance loan portfolio remained stable on yearly basis, amounting to EUR 221.6m.
- Accordingly, revenues form consumer lending products increased by 60% y-o-y to EUR 22.3, traditional lease and leaseback products by 12% y-o-y to EUR 18.1m, but flexible lease and subscription based products came down by 12% y-o-y to EUR 11.4m due to stricter underwriting during quarter in the motorcycle-taxi segment in East Africa and sold Renti Plus business operations in July 2023.
- Growing revenues were couped by decline of interest rates on Mintos platform. Accordingly, net interest income grew by 21% y-o-y to EUR 38.4m, exceeding net loan portfolio growth. Potentially, the growing consumer finance share in the loan portfolio (+8pp y-o-y) contributes to relatively higher revenue growth. Profitability was continued to be supported by declining impairment expense, decreasing by 1% y-o-y but 10% q-o-q to reach EUR 9.5m. However, OpEx had quite noticeable upside of 26%, reaching EUR 21.5m. All in all, the Group has achieved all time best EBITDA of EUR 22.0m with 24% upside y-o-y, recording EBITDA margin of 42.5% (+1.2pp y-o-y). Net profit for the quarter reached EUR 5.4m (+6% y-o-y), reflecting significantly higher corporate income tax expense.
- The Group has experienced a slight deterioration in the quality of its net vehicle loan portfolio, with loans past due more than 30 days accounting for 18.6% of the portfolio by the end of Q1 2024. This marked an increase from 14.9% reported at the end of Q1 2023. Meanwhile, the net consumer loan portfolio quality remained stable during the same period, with loans past due more than 30 days representing 7.1% of the portfolio by the end of Q1 2024.

Net loan portfolio split by markets



Net car loan portfolio by delay buckets



Other developments

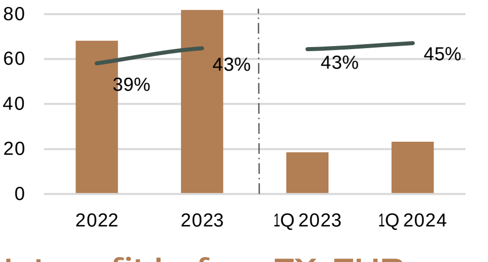
- On 2 April, the Group's subsidiary in Latvia—Mogo AS—successfully repaid its EUR 30m 2021/2024 bonds that matured on 31 March. In March, the Group's 2021/2026 bonds, previously listed exclusively on the Frankfurt Stock Exchange, were additionally listed on the Nasdaq Riga regulated bond market.
- In late Q1, Eleving Group mandated Lead Arranger and Financial Advisor for a potential external equity raise in the Baltics and Europe to fuel the business's future growth.

Financial highlights, EUR m

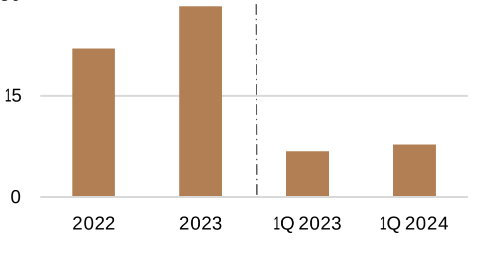
	Q1 2023	Q1 2024		FY 2022	FY 2023	
Revenue	43.1	51.9	*+20%*	175.7	189.5	*+8%*
EBITDA	18.5	23.2	*+25%*	68.1	81.8	*+20%*
EBITDA margin	43%	45%	*+2pp*	39%	43%	*+4pp*
Net profit	5.1	5.4	*+6%*	14.6	21.9	*+50%*
Net loan portfolio	290.3	330.5	*+14%*	293.0	320.3	*+9%*
Cash	22.9	48.4	*+111%*	13.8	27.5	*+99%*
Total Equity[1]	71.9	86.9	*+21%*	72.6	81.9	*+13%*
Total borrowings	275.5	332.2	*+21%*	272.8	322.1	*+18%*
EBITDA / Interest expense (>1.25x)	2.1x	2.4x	*+14%*	2.2x	2.2x	*+0%*
Capitalization ratio (>15%)	25%	27%	*+2pp*	25%	26%	*+1pp*

[1]Including subordinated bonds

EBITDA and EBITDA margin, EUR m



Net profit before FX, EUR m



Q1 2024
Sun Finance

Key parameters

Founded: 2017

Headquarters: Latvia

Net portfolio: EUR 174.9m

Bonds outstanding: EUR 81.3m

Auditor: Baker Tilly (IFRS)

Products: Short term loans; Line of credit, Installment loans

Key markets

- Latvia
- Poland
- Sweden
- Denmark
- Kazakhstan
- Mexico
- Philippines

Financial highlights

- The Group's net loan portfolio experienced modest annual growth of 3%, though slightly contracted by 4% q-o-q during Q1 2024. This reduction was primarily driven by a continuous strategic shift towards enhancing business processes in the Central Asian HUB. As of the end of , the Central Asia HUB represented 32.0% of the total portfolio, a decrease from 40.8% at the end of 2023. Conversely, the share of the Europe HUB increased to 43.5% from 37.0%, while, the newest region, African HUB, now accounts for 1.7% of the total portfolio, up 0.4pp q-o-q.
- The Group's revenue, driven by the new market scaling, reached EUR 79.5m in Q1 2024 marking a 4% y-o-y increase, though came 2% lower q-o-q. Similarly, Net interest income reached EUR 74.7m, increasing 3% y-o-y but down 2% q-o-q.
- The expanding business activity in Q1, was accompanied by a rise in operating expenses, primarily attributed to the overall increase in operational volume and the launch of new markets. As the OpEx expanded ahead of revenues, the cost-to-income ratio increased by 4.5pp y-o-y. Driven by lower other operating costs and higher other operating income, the Group's EBITDA for Q1 reached EUR 31.3m, marking an 7% y-o-y increase, with the EBITDA margin remaining broadly stable, standing at 39% (+0.9pp y-o-y) as of the end of Q1 2024.
- The Group started the year 2024 with a net profit of EUR 24.1m, marking a 24% y-o-y increase. Strong net profit has further strengthened the Group's capitalization ratio, which stood at 60% as of the end of Q1, reflecting a notable 16 pp y-o-y increase.
- Since the Group does not provide a cash flow or changes in equity statements for the quarterly reports, based on the changes in retained earnings, during Q1 2024 EUR 16.7m were distributed in dividends from 2023 profits.

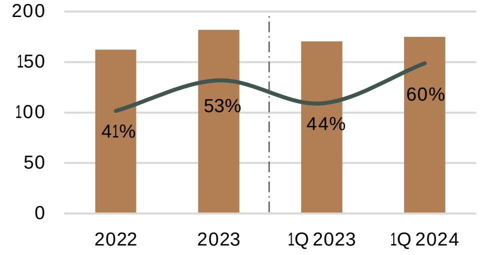
Other developments

- In February 2024, multiple entities within the Group operating in Kazakhstan faced a three-month suspension of their licenses. The reason cited for this suspension was their failure to adhere to a written order issued by the authorized regulatory body.
- In March 2024, the Group's 3.5-year senior unsecured bond issue, with a coupon rate of 11% + 3M EURIBOR and maturity in November 2026, was admitted to trading on the Nasdaq First North market.
- To refinance the Group's 3-year EUR 20m bonds maturing on 30 June 2024, as well as to support new product development and further geographic expansion, the Group registered a new senior unsecured bond issue of up to EUR 40m at the end of May 2024. The new bond issue, maturing in November 2027, is organized as a private placement with a fixed 11% coupon rate, paid monthly.

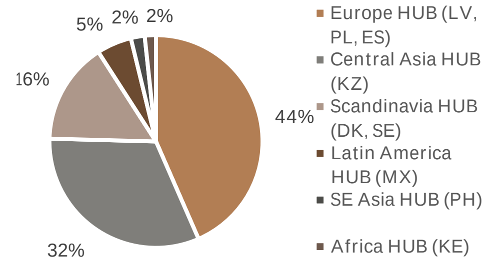
Financial highlights, EUR m

	Q1 2023	Q1 2024		FY 2022	FY 2023	
Revenue	76.3	79.5	+4%	273.9	306.8	+12%
EBITDA	29.3	31.3	+7%	107.3	119.4	+11%
EBITDA margin	38%	39%	+1pp	39%	39%	+0pp
Net profit	19.5	24.1	+24%	65.5	71.5	+9%
Net loan portfolio	170.6	174.9	+3%	162.3	181.8	+12%
Cash	35.7	13.5	+164%	8.7	22.6	+159%
Total Equity	74.5	104.2	+40%	66.0	96.0	+45%
Total borrowings	121.4	127.0	+5%	122.4	126.4	+3%
EBITDA / Interest expense (>1.75x)	8.5	6.3	-26%	8.6x	6.5x	-24%
Capitalization ratio (>20%)	44%	60%	+16pp	41%	53%	+12pp

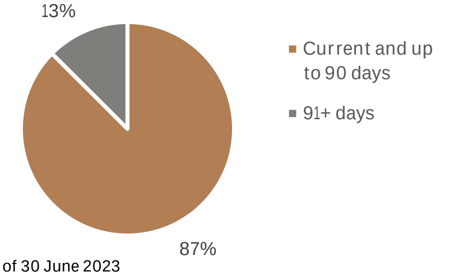
Net loan portfolio and Capitalization ratio, EUR m



Net loan portfolio split by markets

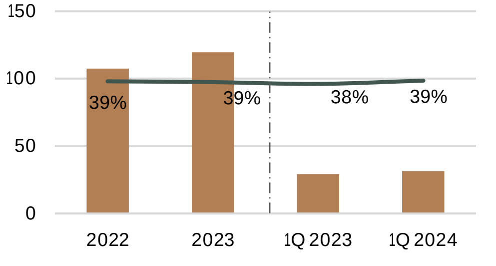


Gross portfolio by delay buckets[1]

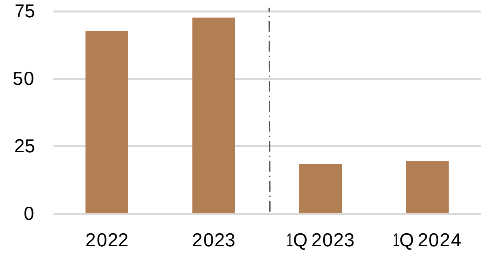


[1]As of 30 June 2023

EBITDA and EBITDA margin, EUR m



Net profit before FX, EUR m



Q1 2024 DelfinGroup

delfin group
financing and circular retail

Key parameters

Founded: 2009

Headquarters: Latvia

Net portfolio: EUR 95.6m

Bonds outstanding: EUR 43m

Auditor: KPMG Baltics (IFRS)

Products: Pawn broking loans; Consumer loans; Sale of pre-owned goods

Key markets

- Latvia
- Lithuania

Financial highlights

- DelfinGroup stepped into 2024 continuing to increase its loan issuance numbers by 5% y-o-y and reached EUR 25.1m in Q1. The pawn-loans issuance had quite decent upside of 13% y-o-y, amounting to EUR 6.4m , however, consumer loan segment had much modest increase of 2% y-o-y, reaching EUR 18.7m. Net loan portfolio increased by 30% y-o-y and 7% q-o-q. Given the relative high loan portfolio growth compared to loan issuance, the loan portfolio is partly driven by the increase in average ticket and term size of loans. Retail sales in Q1 grew by 8% y-o-y and reached EUR 3.7m. All in all, DelfinGroup increased its revenues by 26% y-o-y, reaching 14.3m.
- On quarterly basis net interest income outpaced net portfolio growth, reaching EUR 9.4m (+26% y-o-y, +9% q-o-q), which reflects the reduction in cost of interest bearing liabilities from 12.2% in Q4 2023 to 11.5% in Q1 2024, largely attributed to rate declines on Mintos platform. Considering retail of pre-owned goods, gross margin remained stable at 41% (+0 pp y-o-y, +2 pp q-o-q).
- The credit loss expense continued to exceed loan portfolio growth, reaching EUR 3.4m (+39% y-o-y, +31% q-o-q). Understandably, credit loss expense grows along with portfolio growth, and potentially, the current macro environment and quality of newly issued loans require the provision of higher losses. Furthermore, in Q1 NPL ratio increased to 2.0% (+0.6 pp y-o-y, +0.4 pp q-o-q), potentially requiring higher provision of credit loss. We note that the NPL may fluctuate on the timing of a regular cessions of loans.
- Operating expenses increased to EUR 4.7m (+22% y-o-y, +4% q-o-q), partly driven by entry into the Lithuanian market, reflecting additional salary and marketing costs. However, the Group managed to grow its revenue streams ahead of OpEx, with the annualized cost-to-income ratio declining to 46.8% (-2.5 pp y-o-y, -0.2 pp q-o-q). Nonetheless, higher credit loss expense limited bottom line profitability with operating profit amounting to EUR 2.0m (+12% y-o-y, -12% q-o-q).
- Net profit amounted to EUR 1.6m (+0.4% y-o-y, +25% q-o-q); however, one should note that the bottom line is negatively affected by the new CIT policy in Latvia, where the tax is calculated from full profit instead from the distributed dividends during last year. The Group adjusted Q4 2023 profits for the full-year additional tax, reflecting high net profit growth q-o-q.

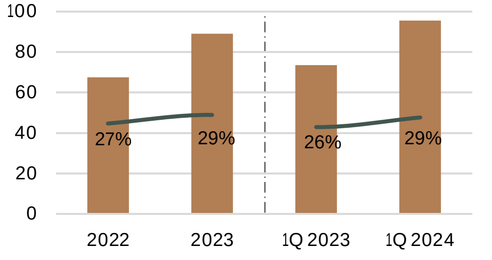
Other developments

- In a public offering DelfinGroup's major shareholders, AS ALPPES Capital and SIA Curiosity sold 8.3m of shares with a subscription rate reaching 92% from the total offer. The total value of shares that were subscribed amounted to EUR 9m. The respective shareholders previously owned total of 47% of DelfinGroup and offered to sell up to 19,8% (option to increase to 26.4%) share in the Group, amounting to 8.985m shares (option to increase by 3m shares). The offer price was EUR 1.09 or 12.8% lower than the average volume weighted share price of DelfinGroup in the stock market over the past 3 full months. After this offer, the free float of Delfingroup will reach 47.6%.
- On 29 May 2024, DelfinGroup registered a new subordinated unsecured notes issue in the amount of EUR 5m maturing in 25 May 2029. The annual coupon rate stands at 11.0% + 3M EURIBOR with a monthly payment frequency.

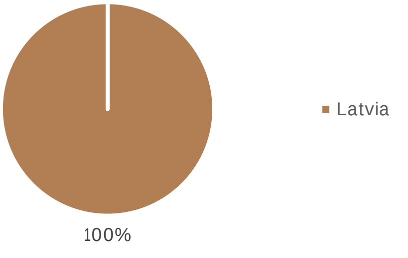
Financial highlights, EUR m

	Q1 2023	Q1 2024		FY 2022	FY 2023	
Revenue	11.3	14.	*+26%*	35.8	50.4	*+41%*
EBITDA	3.9	5.0	*+28%*	13.1	18.2	*+39%*
EBITDA margin	35%	35%	*+1pp*	37%	36%	*-1pp*
Net profit	1.6	1.6	*+0%*	6.0	6.6	*+11%*
Net loan portfolio	73.5	95.6	*+30%*	67.5	89.0	*+32%*
Cash	2.4	3.0	*+25%*	2.4	5.9	*+150%*
Total Equity	18.9	27.3	*+44%*	18.1	26.1	*+44%*
Total borrowings	59.8	73.2	*+22%*	54.0	72.2	*+34%*
EBITDA / Interest expense (>1.5x)	2.5x	2.1x	*-18%*	2.8x	2.1x	*-24%*
Capitalization ratio (>25%)	26%	29%	*+3pp*	27%	29%	*+3pp*

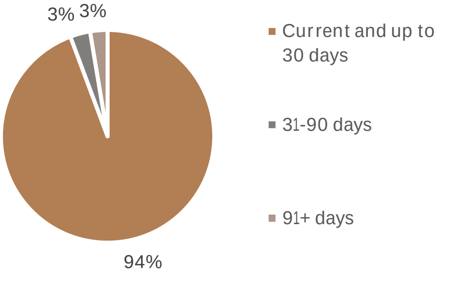
Net loan portfolio and Capitalization ratio, EUR m



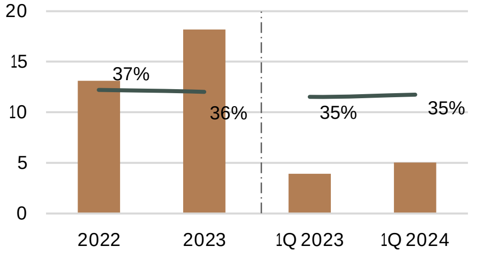
Net loan portfolio split by markets



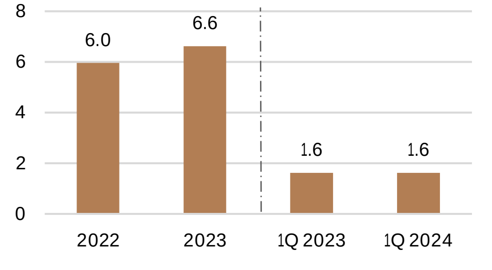
Gross consumer loan portfolio by delay buckets



EBITDA and EBITDA margin, EUR m



Net profit before, EUR m



Q1 2024 IuteGroup

iute

Key parameters

Founded: 2008

Headquarters: Estonia

Net portfolio: EUR 245.0m

Bonds outstanding: EUR 124.2m

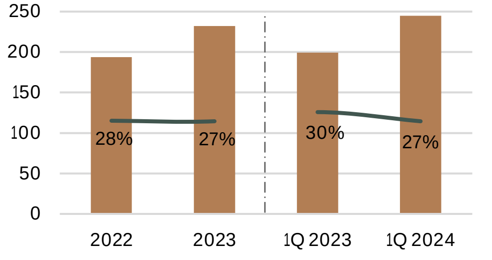
Auditor: KPMG Baltics (IFRS)

Products: Dealer loans; Cash loans; Car loans; Bank

Key markets

- Moldova
- North Macedonia
- Bulgaria
- Albania
- Bosnia and Herzegovina

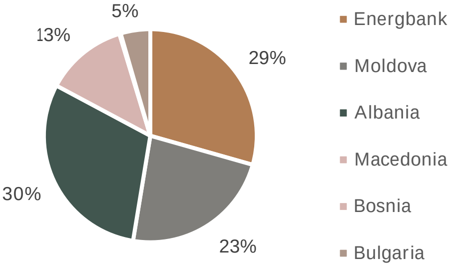
Net loan portfolio and Capitalization ratio, EUR m



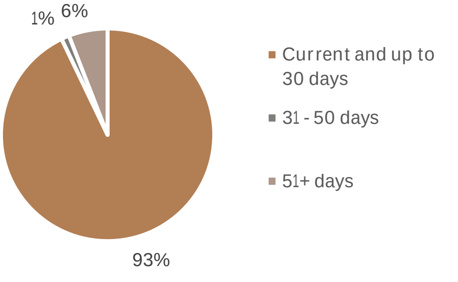
Financial highlights

- In Q1 2024 Iute Group reported solid loan issuance of EUR 82.1m up by 30% y-o-y and 6% q-o-q., broadly increasing the issuance levels in all markets, especially Albania, but in non-bank segment in Moldova, loan issuance decreased by 15% y-o-y. Accordingly, net portfolio jumped to EUR 245.0m or by 23% y-o-y and 6% q-o-q. IuteCredit's share in the total net loan portfolio accounted for 71%, demonstrating a growth of EUR 24.1m over the year, while Energbank held the remaining 29%, increasing by EUR 21.8m. The largest surge in the net loan portfolio stemmed from the expansion of the Albanian portfolio.
- While the Group's net loan portfolio experienced solid growth, its quality also showed slight improvement, with current loans and those due within 30 days comprising 93% of the portfolio by the end of the period, compared to 91% at the end of Q1 2023. Noteworthy is the provision expense, which increased to EUR 6.4m during Q1, reflecting a 26% y-o-y increase.
- Due to heightened pressures from competition and potentially higher quality loans requiring lower rates, the Group's interest income has suffered. Group's interest income amounted to EUR 22.4m, decreasing by 3% y-o-y, while the cost of debt remains high and interest expense increased to EUR 7.3m or 19% y-o-y. Accordingly NIM fell by 1.5pp y-o-y to 6.7%..
- Partly by staff streamlining, the Group has managed to boost its overall operational efficiency, reflecting the cost-to-income ratio decline by 4pp y-o-y to 39.6%. One should note that the improvements are solely attached to non-bank segment decreasing the ratio by 6pp y-o-y but the banking segment saw an increase of 11pp y-o-y.
- All in all, the Group reported net operating income of EUR 12.6m, while profit before tax amounted to EUR 2.7m, both down by 11% and 30% y-o-y, respectively. Net profit in Q1 amounted to EUR 2.2m, falling by 22% behind last years Q1 profit.
- The equity to net loan portfolio ratio remained at 27.5%, exceeding Eurobond covenant of at least 15% with notable margin. However, ICR fell to 1.6x, compared to 1.8x at the end of 2023, closing the gap to 1.5x covenant level.

Net loan portfolio split by markets



Net loan portfolio by delay buckets



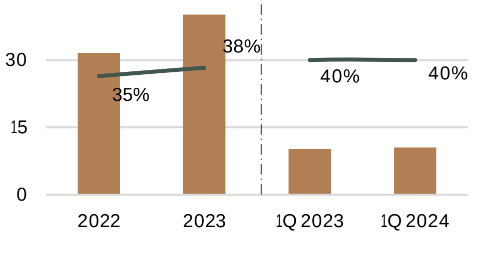
Other developments

- After Q1 2024 the Group maintains annual targets for revenue of EUR 120m and net profit of EUR 15m.
- Energbank's first dividend payment in the amount of EUR 3.3m received in January 2024.

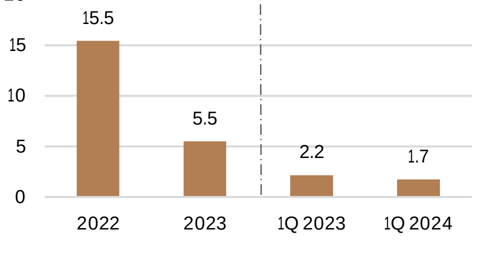
Financial highlights, EUR m

	Q1 2023	Q1 2024		FY 2022	FY 2023	
Revenue	25.5	26.4	*+3%*	89.6	106.3	*+19%*
EBITDA	10.2	10.6	*+4%*	31.7	40.2	*+27%*
EBITDA margin	40%	40%	*+0pp*	35%	38%	*+2pp*
Net profit	2.8	2.2	*-22%*	17.1	10.3	*-40%*
Net loan portfolio	199.1	245.0	*+23%*	193.9	232.2	*+20%*
Cash	66.1	72.4	*+10%*	65.6	71.7	*+9%*
Total Equity	60.1	67.3	*+12%*	53.6	63.8	*+19%*
Total borrowings	255.5	310.0	*+21%*	253.4	293.0	*+16%*
EBITDA / Interest expense (>1.5x)	1.6x	1.4x	*-12%*	1.6x	1.4x	*-9%*
Capitalization ratio (>15%)	30%	27%	*-3pp*	28%	27%	*+0pp*

EBITDA and EBITDA margin, EUR m



Net profit before FX, EUR m



Q1 2024 4finance

Key parameters

Founded: 2008

Headquarters: Latvia

Net portfolio: EUR 1120.6m

Bonds outstanding: EUR 251m

Auditor: PKF Audit & Conseil (IFRS)

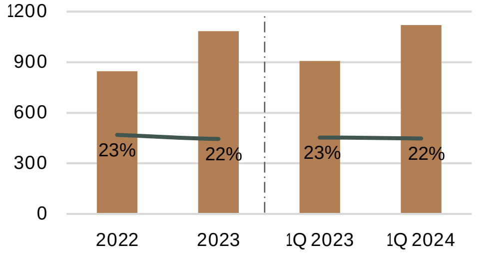
Rating: B- S&P, B2 Moody's, B Fitch

Products: Short-term loans, Credit lines, Consumer loans, Bank

Key markets

- Spain
- Latvia
- Lithuania
- Romania
- Bulgaria
- Czech Republic

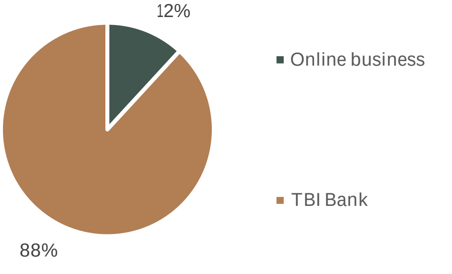
Net loan portfolio and Capitalization ratio, EUR m



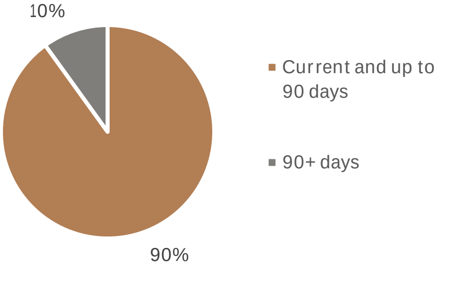
Financial highlights

- In Q1 2024 4finance recorded solid loan issuance of EUR 390.0m, growing 13.6% y-o-y, although slightly pulled back q-o-q, declining by 3%. Online loan issuance has remained steady with issued loans increasing by 1.2% y-o-y to EUR 138.6m, which reflects less active expansion in new markets. TBI on another hand has recorded much visible loan issuance growth of 21.8% y-o-y, amounting to EUR 251.4m, reflecting growth in both core and new markets.
- Loan portfolio reached EUR 1120.6m, increasing 23.7% y-o-y. Notably, the TBI Bank segment's share of the Group's total net loan portfolio have rose to 88%, up from 84% in 2022. The Group's impairment expense in Q1 has showed proportional increase, amounting to EUR 41.3m in Q1, marking a 23.3% y-o-y increase. The annualized cost of risk has slightly improved to 13.4% by 0.3pp y-o-y and 0.4pp q-o-q, driven by reduced net impairment charges of Online segment q-o-q (EUR 47m in Q4 2023).
- Net interest income in Q1 amounted to EUR 85.4m growing 11.5% y-o-y, recording relatively slower growth compared to net loan portfolio. 4finance recorded a significant 46% increase in net fee and commission income. Notably, other income more than doubled, increasing by 2.4 times compared to the previous year Q1. It's important to highlight that the majority of net fee and commission income is derived from TBI Bank's insurance sales to its customers. All in all revenues reached EUR 121.8m, increasing 18.9% y-o-y.
- Cost to income ratio stood at 43% inching by 2 pp q-o-q, however, the Group has been able to grow its revenues ahead of costs on y-o-y basis, improving the ratio by 3pp y-o-y. Overall, the achieved operational efficiency drove net profit to EUR 9.6m in Q1 2024, increasing 71% y-o-y.
- During Q1 2024, the Group's capitalization ratio decreased by 1pp y-o-y, reaching 22% by the end of the period. This decline was primarily attributed to the rapid growth in the Group's loan portfolio. The interest coverage ratio in Q1 was 2.0x (-0.4x y-o-y), impacted by the increased interest expense at TBI Bank in recent quarters. Notably, the ICR is currently on the bond covenant threshold 2.0x.

Net loan portfolio split by markets



Gross loan portfolio by delay buckets



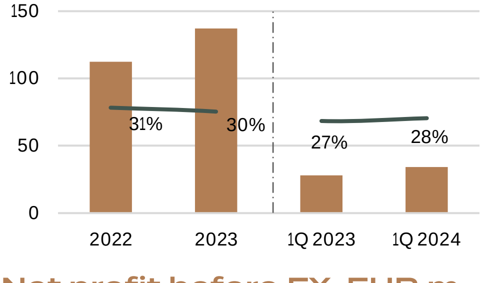
Other developments

- In May 2024 the Group received new credit rating of 'B' assigned by Fitch with stable outlook.
- The Group is looking to acquire a non-bank financial corporation in India. 4finance has signed an SPA. Management comments that there's a licensing process which would probably take about six months from now.

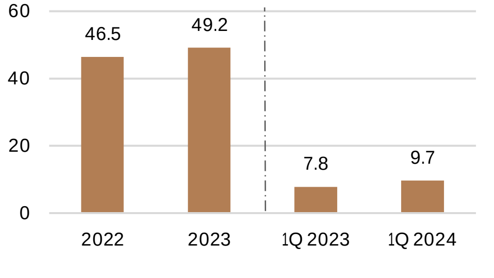
Financial highlights, EUR m

	Q1 2023	Q1 2024		FY 2022	FY 2023	
Revenue	102.4	121.8	*+19%*	358.9	455.2	*+27%*
EBITDA	28.0	34.3	*+23%*	112.3	137.1	*+22%*
EBITDA margin	27%	28%	*+1pp*	31%	30%	*-1pp*
Net profit	5.6	9.6	*+71%*	34.7	44.1	*+27%*
Net loan portfolio	906.2	1 120.6	*+24%*	846.4	1 084.4	*+28%*
Cash	194.8	283.9	*+46%*	221.6	261.6	*+18%*
Total Equity	205.5	251.1	*+22%*	198.6	241.7	*+22%*
Total borrowings	296.2	306.5	*+3%*	284.8	301.6	*+6%*
EBITDA / Interest expense (>2.0x)	2.4x	2.0x	*-17%*	2.5x	2.1x	*-17%*
Capitalization ratio	23%	22%	*-1pp*	23%	22%	*-1pp*

EBITDA and EBITDA margin, EUR m



Net profit before FX, EUR m



Q1 2024
ESTO Holdings

Key parameters

Founded: 2017

Headquarters: Estonia

Net portfolio: EUR 64.0m

Bonds outstanding: EUR 16m

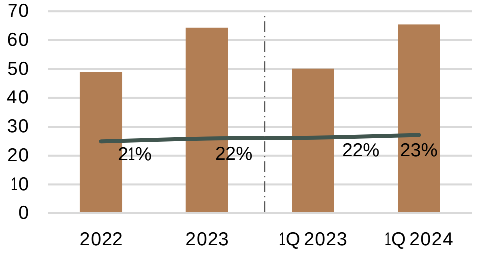
Auditor: KPMG Baltics (IFRS)

Products: Buy now pay later (BNPL)

Key markets

- Estonia
- Latvia
- Lithuania

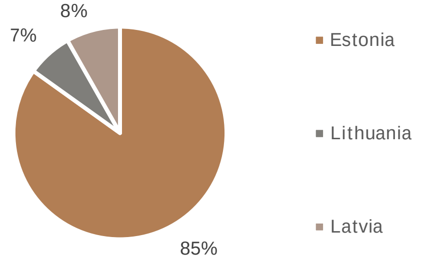
Net loan portfolio and Capitalization ratio, EUR m



Financial highlights

- In Q1 2024 the Group continued to grow its operational volumes with GMV reaching EUR 40.3m (+20% y-o-y), volume of transactions coming at EUR 250.4m (+133% y-o-y) and issued EUR 20.2m of loans (+45% y-o-y). Accordingly, net loan portfolio increased to EUR 64.0m (+32% y-o-y), retaining provision cost to loan portfolio stable at 2%., keeping NPL ratio less than 1%.
- Other Baltic markets are becoming more prominent in ESTO net portfolio with Latvian market reaching 8% share (+4pp y-o-y) and Lithuanian market 7% share (+2pp y-o-y).
- Higher operational volumes are reflected in ESTO revenues which in Q1 reached EUR 7.1m, increasing 33% y-o-y. The Group's interest income increased by 31%, reaching EUR 5.1m, while fee and commission income surged by 56%, reaching EUR 0.8m during the same period. The Group comments that it highest-ever portfolio yield at a level of 3.26% per month, compared with 3.10% at the end of 2023.
- In Q1 2024, the Group witnessed an increase in expenses across all major categories. Interest expenses grew faster than interest income by 38% y-o-y, while provision expenses grew proportionally to net loan portfolio by 33%% y-o-y. OpEx also saw upward trajectory with personnel expenses rising by 36% y-o-y, other expenses by 7% y-o-y,. All in all, Group's cost to income ratio improved to 23%, down by 3pp y-o-y. Consequently, the Group achieved an EBITDA of EUR 2.9m, reflecting a notable growth of 42% y-o-y, and improved EBITDA margin by 2pp y-o-y to 40%.
- The Group's net profit during Q1 exhibited a double-digit growth, reaching EUR 1.1m, representing increase of 53% y-o-y. This growth consequently led to a slight improvement in the Group's capitalization ratio, which stood at 22% as of the end of Q1 2024, compared to 21% reported as of the end of Q1 2023 (+1pp y-o-y). The Group's interest coverage ratio, currently at 1.5x, is at its minimum allowable level as stipulated by the bond covenant.

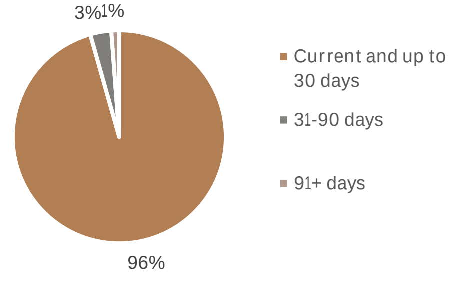
Net loan portfolio split by countries



Other developments

- In May 28th, 2024 ESTO announced an extension of its partnership with Multitude Bank p.l.c., increasing the debt facility to a total of EUR 20m. The partership with Multitude Bank was initiated in 2022 committing EUR 14m of funding to support ESTO portfolio growth.

Net loan portfolio by delay buckets

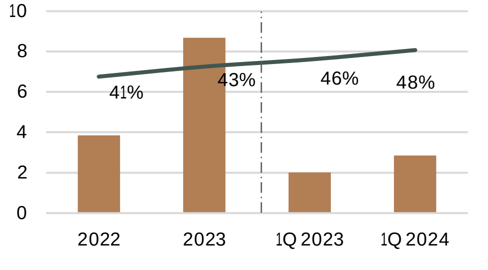


Financial highlights, EUR m

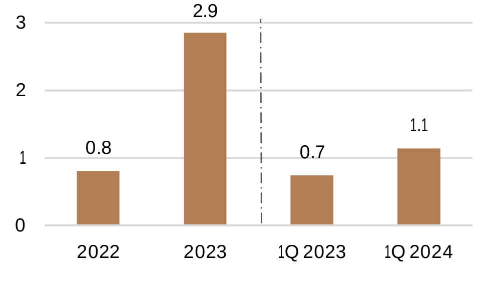
	Q1 2023	Q1 2024		FY 2022	FY 2023	
Revenue	5.3	7.1	*+33%*	13.4	19.9	*+48%*
EBITDA	2.0	2.9	*+42%*	5.8	8.8	*+50%*
EBITDA margin	38%	40%	*+2pp*	43%	44%	*+1pp*
Net profit	0.7	1.1	*+54%*	2.3	3.0	*+28%*
Net loan portfolio	48.5	64.0	*+32%*	49.0	64.5	*+32%*
Cash	2.4	1.5	*-36%*	0.9	1.8	*+103 %*
Total Equity	11.3	15.2	*+35%*	10.5	14.5	*+38%*
Total borrowings	59.9	60.2	*+0%*	41.5	54.1	*+30%*
EBITDA / Interest expense (>1.5x)	1.6x	1.5x	*+3%*	1.7x	1.5x	*-8%*
Capitalization ratio (>20%)	21%	22%	*+1pp*	22%	22%	*+1pp*

[1]Including shareholder subordinated loans

EBITDA and EBITDA margin, EUR m



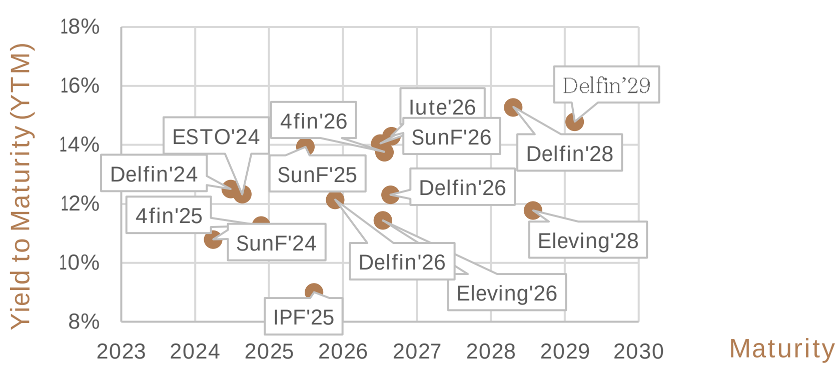
Net profit before, EUR m

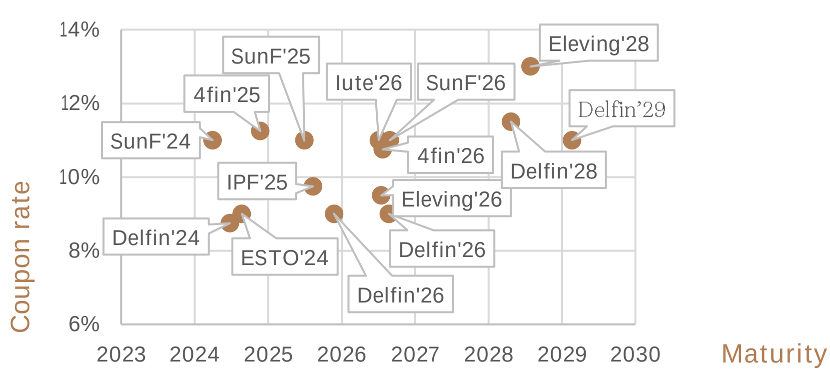


Current bond issues

Company	Issuer	ISIN	Maturity	Coupon	Issue size, EUR	YTM[1]	BID Price	Call option	Collateral	Listing
Eleving GROUP	Eleving Group S.A. (Luxembourg)	XS2393240887	18.10.2026	9.50%	150m	10.82%	96.00	Call @104.75% (18.10.2024); @102.375% (18.10.2025); @100% after	Secured	Frankfurt Stock Exchange and Nasdaq Riga
		DE000A3LL7M4	31.10.2028	13.00%	50m	11.78%	104.10	Call @103% (31.10.2025); @102% (31.10.2026); @101% (31.10.2027); @100 after	Secured	Frankfurt Stock Exchange and Nasdaq Riga
Sun Finance	Sun Finance Treasury Ltd. (Malta)	LV0000802494	30.06.2024	11.00%	20m	10.79%	100.00	Call @102% (30.06.2022) @101% after	Senior Unsecured	Nasdaq First North
		LV0000860112	30.09.2025	11% + 3M EURIBOR	50m	13.93%	101.00	Call @102% (30.09.2023) @101% (30.09.2024)	Senior Unsecured	Nasdaq First North
		LV0000802692	30.11.2026	11% + 3M EURIBOR	27m	14.30%	101.00	Call @102% (30.06.2024) @100.5% (31.08.2026)	Senior Unsecured	Nasdaq First North
iutecredit	IuteCredit Finance S.à r.l. (Luxembourg)	XS2378483494	06.10.2026	11.00%	125m	14.04%	94.00	Call @105.5% (06.10.2025); @102.75% after	Secured	Frankfurt Stock Exchange and Nasdaq Tallinn
delfin group	AS DelfinGroup (Latvia)	LV0000850055	25.09.2024	8.75% + 3M EURIBOR	10m	12.51%	100.00	Call @101% (25.09.2023)	Senior Unsecured	Nasdaq First North
		LV0000802718	25.02.2026	9.00% + 3M EURIBOR	15m	12.13%	101.00	Call @101% (25.02.2024)	Senior Unsecured	Nasdaq First North
		LV0000860146	25.11.2026	9.00% +3M EURIBOR	15m	12.31%	101.00	Call @101% (25.05.2024)	Senior Unsecured	-
		LV0000802700	25.07.2028	11.50% + 3M EURIBOR	5m	15.28%	100.00	Call @101% (on every coupon payment day)	Subordinated	-
		LV0000870145	25.05.2029	11.00 +3M EURIBOR	5m	14.78%	100.00	Call @101% (on every coupon payment day)	Subordinated	-
4 FINANCE	4finance S.A. (Luxembourg)	XS1417876163	23.05.2028	11.25%	150m	11.27%	100.40	Call @104% (23.12.2018); @103% (23.11.2024); @102% (23.05.2025); @100% (23.05.2026)	Senior Unsecured	Frankfurt Stock Exchange
		NO0011128316	26.10.2026	10.75%	175m	13.76%	94.00	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	International Personal Finance plc (United Kingdom)	XS2256977013	12.11.2025	9.75%	341m	9.00%	101.00	Call @104.875 (12.11.2022); @102.4375% (12.11.2023); @100% after	Senior Unsecured	London Stock Exchange
esto	ESTO Holdings OÜ (Estonia)	EE3300002294	22.11.2024	9.00%	16m	12.33%	98.50	Call @102% (22.11.2025); @100.25% (22.08.2024)	Secured	-

[1]Source: Bloomberg, Nasdaq Riga. Data as of 3 June 2024





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