



# Unaudited quarterly results

Q4 2021

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# Q4 Highlights

Strong financial results across all metrics in Q4'21 have allowed us to conclude the year on a high note, significantly surpassing the prior year results in terms of loan issuance levels, revenues and profitability, allowing us to deliver our best year on record

The Group recorded loan sales of €457m in 2021, exceeding the 2020 result of €311m by 47% and has seen increasing levels of issuance each quarter on quarter since Q2 of 2020

By earning revenues of €53m in Q4'21, the Group achieved total annual result of €203m, a remarkable increase of 67% compared to the year before

While our top line growth continues, we have maintained a strong cost discipline during the year, allowing us to more than double the profits generated in 2020

Our net portfolio has reached €96.5m (an increase of 27% vs 2020) driven by continuously growing our customer base and product offerings as well as working on portfolio quality improvements

As part of our expansion strategy, a strong focus was set on new product development during Q4'21, including the Buy Now Pay Later (BNPL) and installment loan product, expected to further enhance the Group's growth path in forthcoming periods

## Volumes issued

**€123m**

↑ 25% PoP

Volumes issued have seen steady growth, reaching a total issuance level of €457m in 2021. In the period, the Group issued **€123m**, an increase from **€98m** in Q4'20 by 25%

## Net portfolio

**€96.5m**

↑ 27% PoP

Our net portfolio has reached **€96.5m**, an increase of **€20.7m** (+27%) vs Q4'20, supported by growing volumes and improving portfolio dynamics during the period

## Cost/income ratio

**23.3%**

↓ 70bps PoP

Cost/income ratio of **23.3%** was recorded in Q4'21, an improvement of 70 bps vs Q4'20. As anticipated slight increase compared to the prior period (Q3'21) was observed, resulting from the new product development projects, while the yearly metric has remained as low as 20% for 2021

## EBITDA

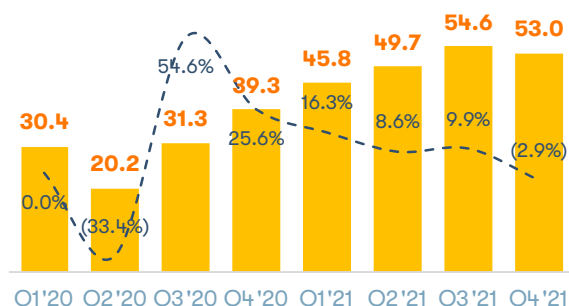
**€20.8m**

39.2% margin

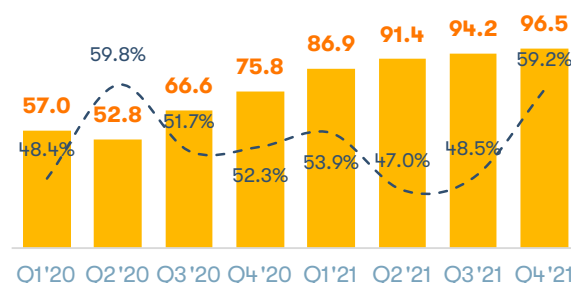
During the period an EBITDA margin of **39.2%** was achieved, by recording a €20.8m EBITDA +20% increase compared to Q4'20 and reaching **€84.4m for the full year** (vs €45.9m in FY2020)

# Key Developments & Business Performance

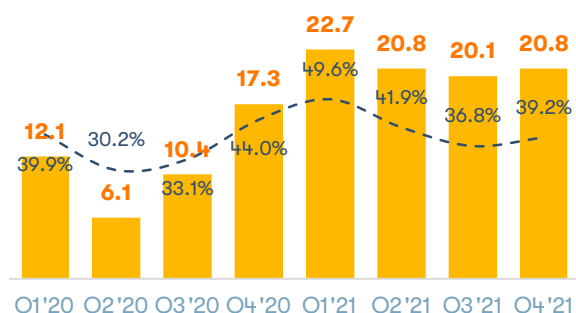
**Revenues (QoQ growth %)**



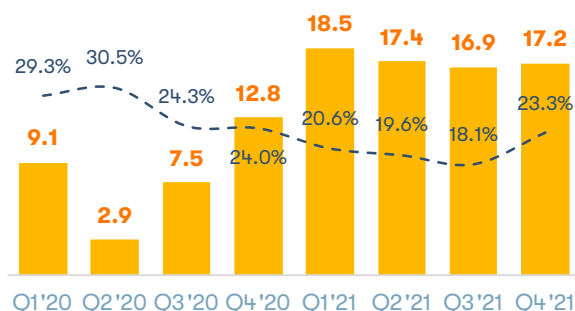
**Net portfolio (capitalisation ratio %)**



**EBITDA (EBITDA margin %)**



**Operating profit (cost/income %)**



- For the second consecutive period revenues have **exceeded the €50m mark – recording €53m** in Q4'21, a 35% increase vs Q4'20
- Our net portfolio maintains its upward trend, **reaching €96.5m** for the period – an increase of 27% vs Q4'20. Key growth drivers for the period were the Scandinavia HUB and South East Asia HUB. Capitalisation ratio in Q4 2021 remained at a level of more than 2x the covenant threshold
- The Group has maintained **EBITDA above €20m** in every quarter of 2021, increasing the metric by 3% vs prior quarter. The result has been largely driven by portfolio quality improvements as the COVID situation in the affected markets has stabilised, allowing us to cautiously reduce the provisioning level
- Cost/income ratio **as low as 20%** has been achieved for 2021, highlighting the Group's lean operational structure. In Q4'21, the metric slightly increased to 23.3% due to our strong focus on new product development projects

# Performance Overview by Geography

**Sun Finance Group Q4'21 sales: €123m** ↑ 25% PoP

## EUROPE HUB

The European HUB has maintained stable results in terms of sales, revenue and net portfolio over the period and achieved solid net profits in Q4'21

The market has preserved a stable loan issuance level vs Q3'21 and we continue to see increasing demand from customers in the market and healthy regulatory dynamics

The region continuously demonstrates high quality portfolio performance as this is our most mature and stable market in terms of operations and industry development stage

## SCANDINAVIA HUB

The Scandinavian HUB continues to deliver strong quarterly results in terms of sales and revenues, while also maintaining solid profitability

While we continue to assess our product setup and strategy going forward in the Danish market, given the changes in the regulatory environment, a consumer lending licence has been granted to our Danish business

Our portfolio structure remains very solid, inhibiting qualities of portfolios typically seen in Scandinavian countries

## CENTRAL ASIA HUB

Our Central Asian HUB has maintained stable net portfolio dynamics throughout the last quarter of 2021

In Q4'21, the region preserved high issuance levels and strong financial results in terms of revenues and profitability

Notwithstanding the growth dynamics, portfolio quality has not been compromised, driven by an improved scoring methodology

We expect to further grow issuance levels in our Central Asian HUB by scaling new products as well as strengthening positions of the mature ones

# Performance Overview by Geography (cont.)

**Sun Finance Group Q4'21 sales: €123m** ↑ 25% PoP

## **SOUTH EAST ASIA HUB**

During the period, South East Asia market regained its pre-COVID operational volumes, by significantly increasing loan issuance levels

Besides loan sales, the market also delivered strong financial results in terms of revenues and net profits in Q4'21

An improved portfolio quality has been achieved during the period, which allowed us to reduce the provisioning level, albeit still maintaining a conservative approach in the market

We continue to review new geographies in the region and assess the situation in the market, while also preparing for new product launches in the upcoming periods

## **LATIN AMERICA HUB**

Latin America remains the smallest market in our portfolio, while we see material potential in the region in the long term, given the large unbanked population

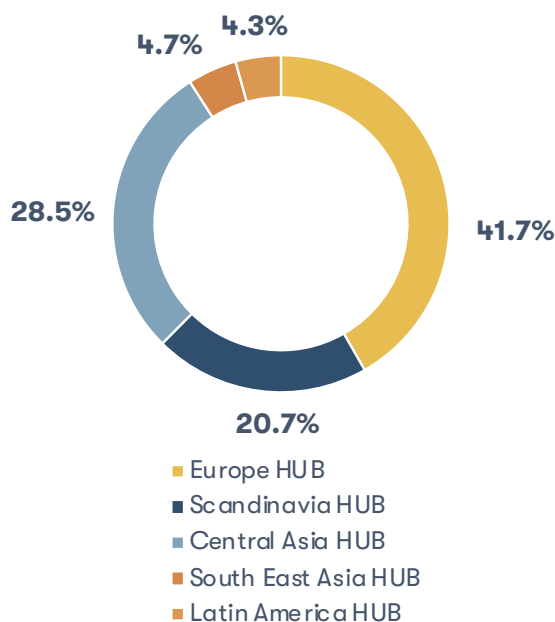
Similarly as in South East Asia, the COVID-19 situation gradually has stabilised in the region, allowing us to achieve very strong quarterly results in terms of sales, revenues, net profits and portfolio performance

We expect the economic situation to further improve in the forthcoming periods and preserve similar growth trends

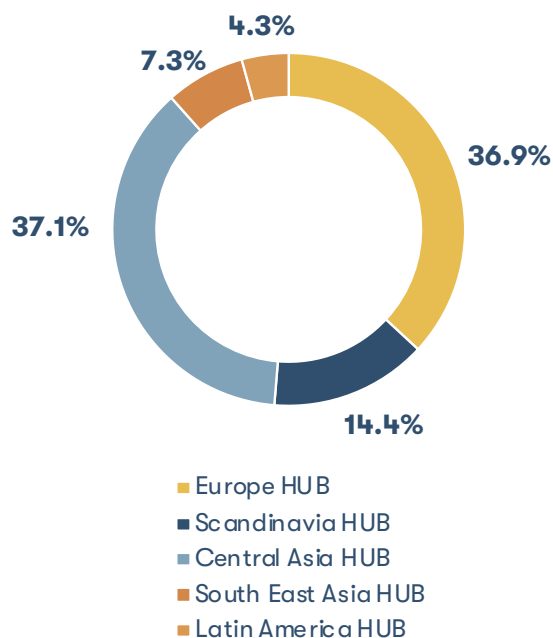
In Q4'21 customer dynamics have remained stable with improved portfolio performance

# Portfolio Analysis – Group & Regions

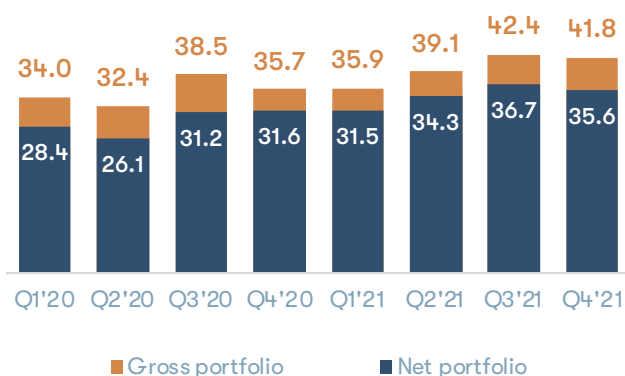
Portfolio dynamics (Q4'20)



Portfolio dynamics (Q4'21)

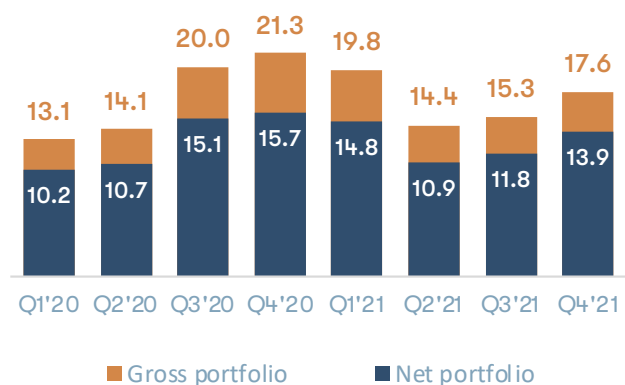


Portfolio – Europe HUB (Q1'20 – Q4'21)



- A stable loan issuance level vs Q3'21 has been preserved and we continue to observe a high quality portfolio performance
- Our most mature and stable region in terms of operations and industry development stage

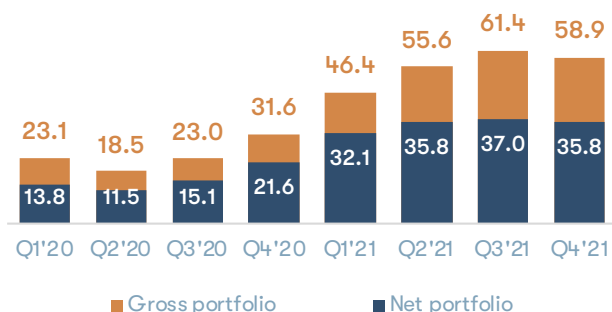
Portfolio – Scandinavia HUB (Q1'20 – Q4'21)



- A strong demand is continuously observed in the market, resulting in increased loan sales during the period
- We continue to assess our product setup and strategy going forward in the Danish market

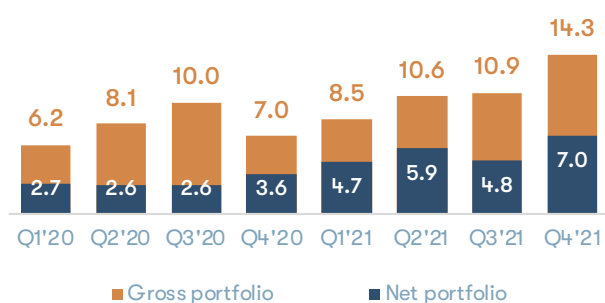
# Portfolio Analysis – Group & Regions (cont.)

## Portfolio – Central Asia HUB (Q1'20 – Q4'21)



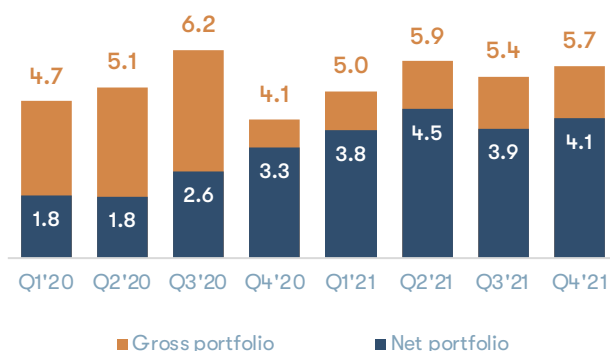
- Our Central Asian HUB has maintained stable net portfolio dynamics throughout the last quarter of 2021
- Notwithstanding the loan sales growth dynamics, portfolio quality has not been compromised
- The client performance remains high, continuing to deliver solid profitability quarter on quarter

## Portfolio – South East Asia HUB (Q1'20 – Q4'21)



- The market regained its pre-COVID state, allowing us to significantly increase loan issuance levels
- An improved client performance and portfolio quality observed during the period

## Portfolio – Latin America HUB (Q1'20 – Q4'21)



- Similar as in South East Asia, loan sales improved during the period as the market in Mexico stabilised after COVID-19 outbreak in Q3'2021
- Customer dynamics have remained stable, with improved and healthy portfolio performance



# Financial Performance: Income Statement

Income statement (EURm)	2020				2021				2020	2021	2020 FY vs 2021 FY	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	Δ YoY	ΔYoY(%)
<b>Turnover</b> <span>1</span>	<b>30.4</b>	<b>20.2</b>	<b>31.3</b>	<b>39.3</b>	<b>45.8</b>	<b>49.7</b>	<b>54.6</b>	<b>53.0</b>	<b>121.3</b>	<b>203.0</b>	<b>81.7</b>	<b>67.4%</b>
Interest expense	(2.1)	(2.3)	(2.2)	(2.3)	(3.2)	(3.0)	(2.9)	(2.7)	(8.8)	(11.8)	(3.0)	33.6%
Net provisions <span>2</span>	(10.3)	(8.9)	(14.0)	(14.8)	(14.7)	(19.6)	(24.9)	(20.7)	(48.0)	(79.9)	(31.9)	66.5%
<b>GROSS PROFIT</b>	<b>18.0</b>	<b>9.1</b>	<b>15.1</b>	<b>22.2</b>	<b>27.9</b>	<b>27.1</b>	<b>26.8</b>	<b>29.5</b>	<b>64.5</b>	<b>111.4</b>	<b>46.9</b>	<b>72.7%</b>
Salaries and related taxes <span>3</span>	(3.4)	(2.7)	(2.9)	(3.3)	(3.4)	(3.4)	(3.2)	(3.7)	(12.3)	(13.7)	(1.4)	11.2%
Direct operating expense	(1.7)	(1.5)	(1.6)	(2.0)	(2.0)	(2.1)	(2.0)	(2.4)	(6.8)	(8.5)	(1.7)	25.0%
Indirect operating expense	(2.8)	(1.4)	(1.9)	(2.4)	(2.5)	(2.3)	(2.5)	(3.3)	(8.5)	(10.6)	(2.1)	25.3%
Marketing expense	(1.0)	(0.6)	(1.2)	(1.8)	(1.6)	(1.9)	(2.1)	(2.9)	(4.5)	(8.5)	(4.0)	89.2%
<b>OPERATING PROFIT/(LOSS)</b> <span>4</span>	<b>9.1</b>	<b>2.9</b>	<b>7.5</b>	<b>12.8</b>	<b>18.5</b>	<b>17.4</b>	<b>16.9</b>	<b>17.2</b>	<b>32.4</b>	<b>70.0</b>	<b>37.7</b>	<b>116.4%</b>
Other non-operating income	1.0	1.0	0.7	2.8	1.2	0.8	1.0	1.1	5.5	4.1	1.4	(25.1%)
Other expense	(0.2)	(0.2)	(0.2)	(0.8)	(0.3)	(0.6)	(1.0)	(0.5)	(1.4)	(2.4)	(1.0)	67.8%
<b>NET PROFIT/(LOSS) BEFORE TAXES</b>	<b>9.9</b>	<b>3.7</b>	<b>8.0</b>	<b>14.8</b>	<b>19.3</b>	<b>17.6</b>	<b>17.0</b>	<b>17.8</b>	<b>36.4</b>	<b>71.7</b>	<b>35.3</b>	<b>97.0%</b>
Profit tax	(1.7)	(1.7)	(3.0)	(2.1)	(4.5)	(5.4)	(4.3)	(3.7)	(8.5)	(17.8)	(9.4)	110.6%
<b>NET PROFIT/(LOSS) before FX effect</b> <span>5</span>	<b>8.2</b>	<b>1.9</b>	<b>5.1</b>	<b>12.7</b>	<b>14.9</b>	<b>12.2</b>	<b>12.7</b>	<b>14.1</b>	<b>27.9</b>	<b>53.9</b>	<b>26.0</b>	<b>92.9%</b>
FX income/(expense) <span>6</span>	(5.5)	2.5	(2.6)	(0.9)	0.8	(0.2)	0.6	0.8	(6.4)	1.9	8.4	(130.0%)
<b>NET PROFIT/(LOSS) after FX</b>	<b>2.7</b>	<b>4.5</b>	<b>2.5</b>	<b>11.8</b>	<b>15.6</b>	<b>12.0</b>	<b>13.3</b>	<b>14.9</b>	<b>21.5</b>	<b>55.9</b>	<b>34.3</b>	<b>159.5%</b>
Adj.:												
Tax	1.7	1.7	3.0	2.1	4.5	5.4	4.3	3.7	8.5	17.8	9.4	110.6%
Interest	2.1	2.3	2.2	2.3	3.2	3.0	2.9	2.7	8.8	11.8	3.0	33.6%
<b>EBIT</b>	<b>6.5</b>	<b>8.5</b>	<b>7.6</b>	<b>16.2</b>	<b>23.3</b>	<b>20.4</b>	<b>20.5</b>	<b>21.3</b>	<b>38.8</b>	<b>85.5</b>	<b>46.6</b>	<b>120.2%</b>
Depreciation and amortization	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.7	0.8	0.1	18.1%
FX income/(expense)	5.5	(2.5)	2.6	0.9	(0.8)	0.2	(0.6)	(0.8)	6.4	(1.9)	(8.4)	(130.0%)
<b>EBITDA</b> <span>7</span>	<b>12.1</b>	<b>6.1</b>	<b>10.4</b>	<b>17.3</b>	<b>22.7</b>	<b>20.8</b>	<b>20.1</b>	<b>20.8</b>	<b>45.9</b>	<b>84.4</b>	<b>38.4</b>	<b>83.6%</b>
EBITDA %	39.9%	30.2%	33.1%	44.0%	49.6%	41.9%	36.8%	39.2%	37.9%	41.5%	3.7%	9.7%

1

Revenues remained above €50m for the second consecutive period, an increase of 34.7% vs Q4'20, totalling to €203m for the year of 2021

2

Net provisions reduced by 17% vs prior quarter, positively affected by a recovery from the strict COVID restrictions imposed across several markets in Q3'21

3

Salaries and related taxes have remained stable in 2021; annual reserves for share based payments have been recorded in Q4

4

Operating profit has remained stable, reaching €17.2m in the period, an increase of 34.3% vs Q4'20, adding to the annual result of €70m

5

Net profit before FX effect of €14.1m, an increase by 11% vs Q3'21, contributed to an annual figure of €53.9m, almost doubling the total result of 2020 - €27.9m

6

Some positive FX movements in Q4'21 have resulted in an FX gain of €0.8m for the period

7

Driven by a combination of cost discipline and revenue growth, our EBITDA has remained above the €20m mark in each quarter of 2021, while delivering a margin of 39.2%

# Financial Performance: Balance Sheet

	2020				2021				2020	2021	2020 FY vs 2021 FY	
Balance Sheet (EURm)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	Δ YoY	ΔYoY (%)
<b>Non-current assets</b> <span>1</span>	<b>21.0</b>	<b>21.0</b>	<b>21.0</b>	<b>22.9</b>	<b>23.4</b>	<b>23.3</b>	<b>23.3</b>	<b>25.4</b>	<b>22.9</b>	<b>25.4</b>	<b>2.5</b>	<b>11.0%</b>
Goodwill & intangible assets	19.1	19.2	19.3	19.4	19.5	19.5	19.6	20.9	19.4	20.9	1.5	7.6%
Fixed assets	1.5	1.6	1.7	3.3	3.4	3.5	3.4	3.4	3.3	3.4	0.1	2.6%
Accrued D&A	(0.3)	(0.5)	(0.7)	(0.9)	(0.9)	(1.1)	(1.1)	(1.3)	(0.9)	(1.3)	(0.5)	55.9%
Other non-current assets	0.7	0.7	0.7	1.0	1.4	1.4	1.4	2.5	1.0	2.5	1.4	143.0%
<b>Current assets</b>	<b>72.9</b>	<b>77.0</b>	<b>80.0</b>	<b>99.0</b>	<b>111.1</b>	<b>120.2</b>	<b>117.4</b>	<b>123.0</b>	<b>99.0</b>	<b>123.0</b>	<b>24.0</b>	<b>24.2%</b>
Loans receivable <span>2</span>	81.2	78.3	97.8	100.1	115.6	125.8	135.5	138.5	100.1	138.5	38.5	38.4%
Provisions for doubtful debts <span>2</span>	(24.2)	(25.4)	(31.3)	(24.3)	(28.7)	(34.4)	(41.3)	(42.0)	(24.3)	(42.0)	(17.8)	73.2%
Accounts receivable	0.4	0.1	0.1	0.4	2.6	0.1	0.2	0.2	0.4	0.2	(0.2)	(49.6%)
Cash in bank	5.6	9.2	3.9	8.7	9.0	14.8	8.3	7.9	8.7	7.9	(0.8)	(8.8%)
Other receivables	9.9	14.9	9.4	14.1	12.6	13.9	14.7	18.4	14.1	18.4	4.3	30.5%
<b>ASSETS</b> <span>3</span>	<b>93.9</b>	<b>98.0</b>	<b>101.0</b>	<b>121.9</b>	<b>134.4</b>	<b>143.5</b>	<b>140.7</b>	<b>148.4</b>	<b>121.9</b>	<b>148.4</b>	<b>26.5</b>	<b>21.8%</b>
<b>Equity</b> <span>4</span>	<b>27.6</b>	<b>31.6</b>	<b>34.5</b>	<b>39.6</b>	<b>46.9</b>	<b>42.9</b>	<b>45.7</b>	<b>57.1</b>	<b>39.6</b>	<b>57.1</b>	<b>17.5</b>	<b>44.2%</b>
Share capital and subordinated debt	20.7	20.5	20.6	20.6	20.8	21.2	22.1	25.2	20.6	25.2	4.6	22.2%
Retained earnings	6.2	10.6	13.1	18.2	24.0	21.0	22.3	29.9	18.2	29.9	11.7	64.5%
FX reserve	(0.1)	0.2	(0.3)	(0.4)	1.2	1.2	1.2	1.4	1.2	1.4	0.2	16.5%
Other reserves	0.9	0.2	1.1	1.2	0.9	(0.4)	0.0	0.7	(0.4)	0.7	1.0	(287.1%)
<b>Liabilities</b> <span>5</span>	<b>66.3</b>	<b>66.4</b>	<b>66.6</b>	<b>82.3</b>	<b>87.6</b>	<b>100.6</b>	<b>95.0</b>	<b>91.3</b>	<b>82.3</b>	<b>91.3</b>	<b>9.0</b>	<b>10.9%</b>
Loans payable	49.5	54.0	49.8	67.4	70.4	78.1	71.4	66.9	67.4	66.9	(0.4)	(0.3%)
Deferred income	2.2	1.9	2.2	2.9	3.0	3.4	3.9	3.4	2.9	3.4	0.5	18.6%
Accounts payable	5.5	4.5	7.1	2.3	2.9	4.2	3.9	3.9	2.3	3.9	1.7	74.7%
Taxes payable	6.1	4.6	6.0	7.5	7.9	10.7	12.0	11.1	7.5	11.1	3.7	49.4%
Accrued expenses	0.9	0.8	0.7	1.4	1.6	1.7	1.4	2.3	1.4	2.3	0.9	67.2%
Other payables	2.1	0.5	0.7	0.9	1.8	2.4	2.5	3.6	0.9	3.6	2.6	278.2%
<b>EQUITY AND LIABILITIES</b> <span>6</span>	<b>93.9</b>	<b>98.0</b>	<b>101.0</b>	<b>121.9</b>	<b>134.4</b>	<b>143.5</b>	<b>140.7</b>	<b>148.4</b>	<b>121.9</b>	<b>148.4</b>	<b>26.5</b>	<b>21.8%</b>

1

No material movements for non-current assets during the period

2

Increase in gross and net portfolio related to a growth in issuance levels during the period

3

Total assets have slightly increased to €148m, in line with the overall business growth dynamics

4

Healthy equity base, driven by the solid and profitable financial performance

5

Loans payable include the issued Bonds, loans placed on the Mintos P2P platform, shareholder loans and other loans payable

6

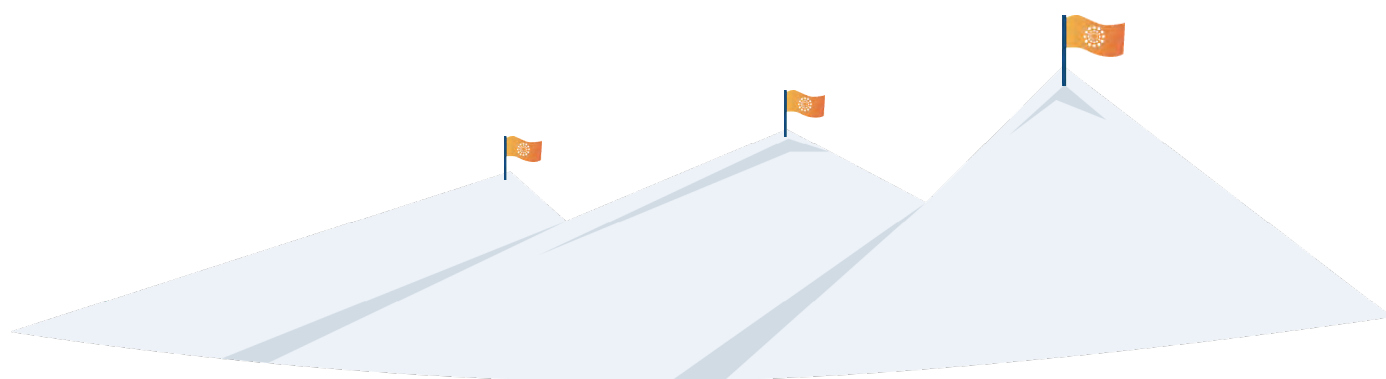
Our total balance sheet has increased by ~22% vs Q4'20, mainly driven by growth and profitability of our business (key increases in equity)

# Financial Performance: Financial Metrics & Ratios

Key financial metrics & ratios	2020				2021				2020	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY
Turnover	30.4	20.2	31.3	39.3	45.8	49.7	54.6	53.0	121.3	203.0
EBITDA	12.1	6.1	10.4	17.3	22.7	20.8	20.1	20.8	45.9	84.4
EBITDA margin (%)	39.9%	30.2%	33.1%	44.0%	49.6%	41.9%	36.8%	39.2%	37.9%	41.5%
Gross loan portfolio	81.2	78.3	97.8	100.1	115.6	125.8	135.5	138.5	100.1	138.5
Net loan portfolio	57.0	52.8	66.6	75.8	86.9	91.4	94.2	94.2	75.8	96.5
Capitalization ratio (%)	48.4%	59.8%	51.7%	52.3%	53.9%	47.0%	48.5%	59.2%	52.3%	59.2%
Interest coverage ratio	5.7x	2.7x	4.8x	7.6x	7.2x	6.9x	6.9x	7.6x	5.2x	7.1x
ROA, % <sup>1</sup>	9.9%	12.8%	13.3%	17.7%	25.6%	29.2%	37.5%	37.6%	17.7%	37.6%
ROE, % <sup>2</sup>	33.5%	39.6%	39.1%	54.3%	73.4%	97.7%	115.5%	97.7%	54.3%	97.7%
Cost/Income Ratio, % <sup>3</sup>	29.3%	30.5%	24.3%	24.0%	20.6%	19.6%	18.1%	23.3%	24.0%	23.3%

## Notes

- 1 Return on Average Total Assets (ROAA) equals Net Income of the period on an LTM basis divided by Total Assets at the end of the same period
- 2 Return on Average Total Equity (ROAE) equals Net Income of the period on an LTM basis divided by Total Equity at the end of the same period
- 3 Cost / Income ratio is calculated by dividing Operating costs with operating income (revenue)



A large, modern office building with a dark facade and many windows, some of which are illuminated. The building is situated behind a road with light trails from cars. The sky is a vibrant orange and red from the setting or rising sun. The Sun Finance logo is visible on the top right of the building.

# Modern finance. For a modern **society.**

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