

AS
Sun Finance
Group

Unaudited Quarterly
results

Q1 2023



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Q1 HIGHLIGHTS

During the first three months of 2023, the Group's loan issuance amount reached €198.6m, a 41.0% increase compared to the corresponding period previous year, demonstrating a strong customer demand across our operational markets

For the 4th consecutive quarter, the Group's revenues have exceeded €65.0m, recording €76.3m in Q1'23 and surpassing the Q1'22 result by 54.5%

Following the steady loan sales growth, the net portfolio reached €170.6m (an increase of 53.7% compared to the end of Q1'22), driven by the rising customer base and expanded product line as well as continuous portfolio quality improvements

The Group recorded EBITDA of €29.4m for the period (up by 71.7% compared to Q1'22), delivering a 38.5% margin

To further support the Group's geographic and product line expansion, at the end of May the Group has registered a new bond issue in amount of EUR 50 million, interest rate of 11% + 3M EURIBOR and the maturity on 30 November 2026

Volumes issued

€198.6m

↑ 41.0% PoP

The Group has issued **€198.6m** in loans during Q1'23, a 41.0% increase compared to **€140.8m** in Q1'22. The growth has been driven by the strong demand across our operational markets and new product scaling

Net portfolio

€170.6m

↑ 53.7% PoP

Our net portfolio has reached **€170.6m**, an increase by **€59.6m** (+53.7%) vs Q1'22, supported by the growth in loan issuance volumes, scaling of the instalment loan product and healthy portfolio dynamics during the period

Cost/income ratio

22.6%

↓ 307 bps PoP

Cost/income ratio has remained stable, resulting in **22.6% for the period**, a decrease of 307 bps compared to Q1'22. Despite the top line growth and new product development, the Group maintains a strong cost discipline

EBITDA

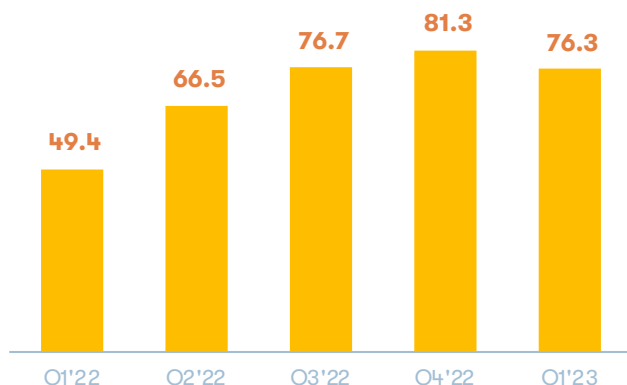
€29.4m

38.5% margin

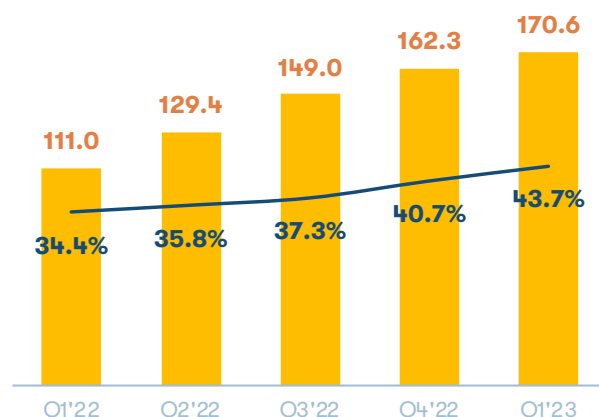
EBITDA of €29.4m was delivered during the period (**margin of 38.5%**), an increase by 71.7% compared to Q1'22, the main driver being the significant revenue growth

KEY DEVELOPMENTS & BUSINESS PERFORMANCE

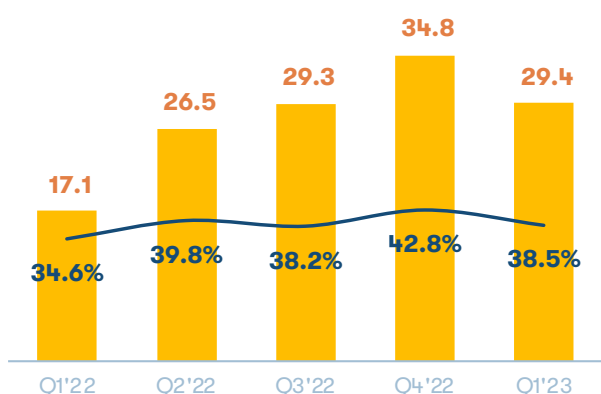
Revenues



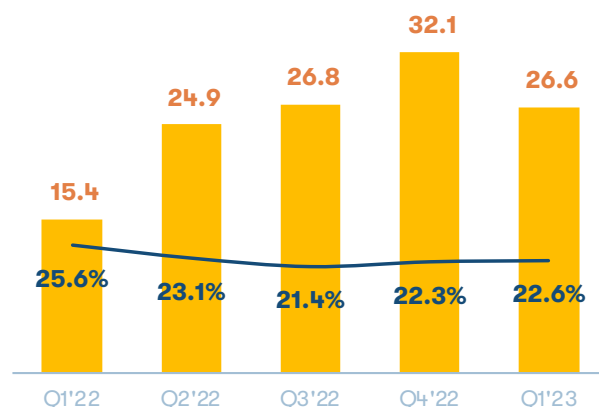
Net portfolio (capitalisation ratio %¹)



EBITDA (EBITDA margin %)



Operating profit (cost/income %)



¹ Capitalization ratio equals Total Shareholders' Equity at the end of period divided by Net loan portfolio at the end of the same period

- For the fourth consecutive quarter, the Group's revenue has surpassed €65m mark, recording €76.3m in Q1'23. A slight drop compared to the previous quarter has been caused by seasonal factors and product setup alterations in some of the operational markets
- The Group's net portfolio has grown to €170.6m at the end of Q1'23 – an increase of 53.7% compared to Q1'22. The key growth drivers during the period were instalment product scaling and continuously observed strong customer demand. At the end of the period, the capitalisation ratio exceeded the covenant threshold more than 2x
- In Q1'23, the Group recorded an EBITDA of €29.4m, up by 71.7% compared to the same period last year, and delivering a margin of 38.5%
- Cost/income ratio has remained stable at 22.6% during Q1'23, being in line with the Group's long-term target cost level

PERFORMANCE OVERVIEW BY GEOGRAPHY

Sun Finance Group Q1'23 sales: **€199m** ↑ 41% PoP

EUROPE HUB

- The European HUB has delivered solid and stable results in terms of revenue and profitability over the period
- The customer demand remains strong in our most mature market, and it continues to deliver a high-quality portfolio performance
- Continuous efforts have been placed to provide an enhanced product mix to clients in this region

SCANDINAVIA HUB

- The Scandinavian HUB continued to deliver steady growth in revenue and profitability
- The portfolio structure remains stable, inhibiting qualities of portfolios typically seen in Scandinavian countries
- We continue to assess our product setup and strategy going forward in the Danish market, having obtained a consumer lending licence for our Danish business

CENTRAL ASIA HUB

- The Central Asian HUB delivered a continuous growth in loan sales and net portfolio and strong financial results during the period
- Notwithstanding the growth dynamics, our portfolio quality has not been compromised and remains at a high level
- We continue to observe high customer demand and expect to further strengthen our positions in the market by scaling our recently launched products

PERFORMANCE OVERVIEW BY GEOGRAPHY (CONT.)

Sun Finance Group Q1'23 sales: €199m ↑ 41% PoP

SOUTH EAST ASIA HUB

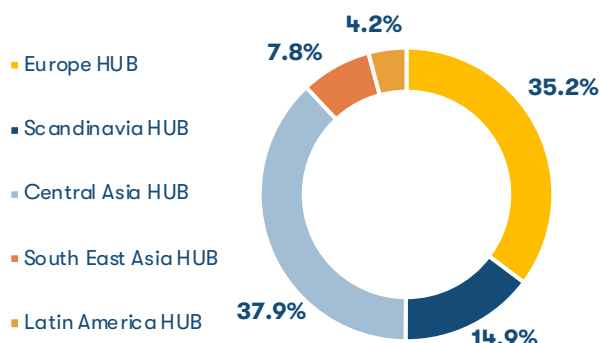
- The Southeast Asian HUB delivered solid and stable revenues and profits during the period
- We have reviewed our risk policies to further improve the portfolio quality, which has resulted in a slight portfolio decrease
- For the upcoming periods, we have put our focus on business development and expansion in other regions

LATIN AMERICA HUB

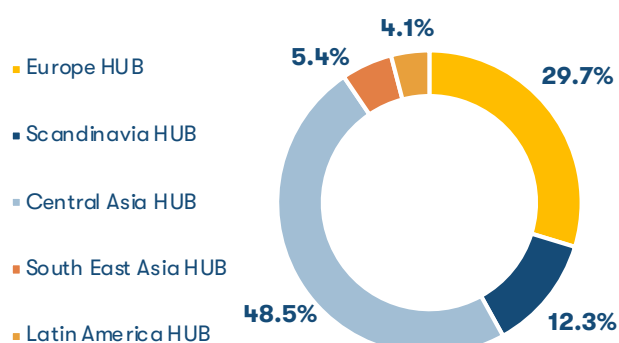
- During the period, the Latin American HUB has demonstrated increasing loan issuance volumes and solid revenues
- A steady net portfolio growth has been delivered and the customer dynamics and quality of the loan portfolio has remained stable
- Latin America remains the smallest market in our portfolio, while we see material potential in the region in the long-term, given the large unbanked population

PORTFOLIO ANALYSIS – GROUP & REGIONS

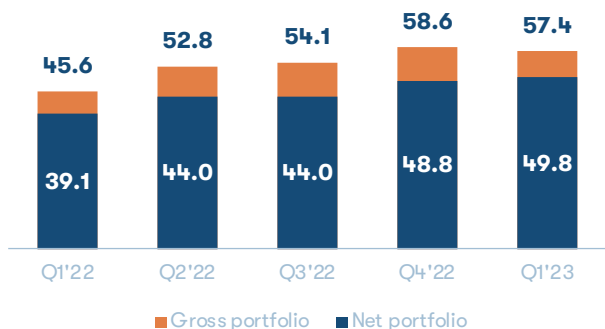
Portfolio dynamics (Q1'22)



Portfolio dynamics (Q1'23)

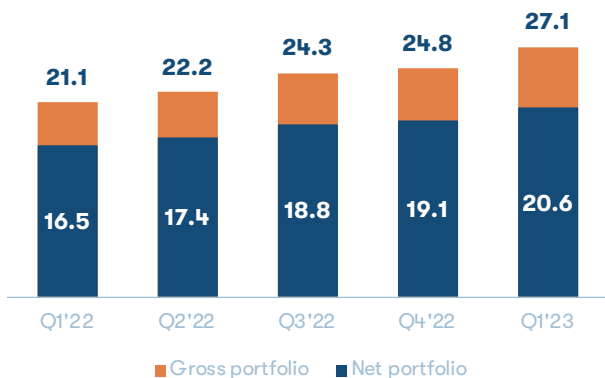


Portfolio – Europe HUB (Q1'22 – Q1'23)



- We continue to observe **strong customer demand** and a **high-quality portfolio performance** in the market
- The European HUB is our **most mature** and **stable region** in terms of operations and industry development stage

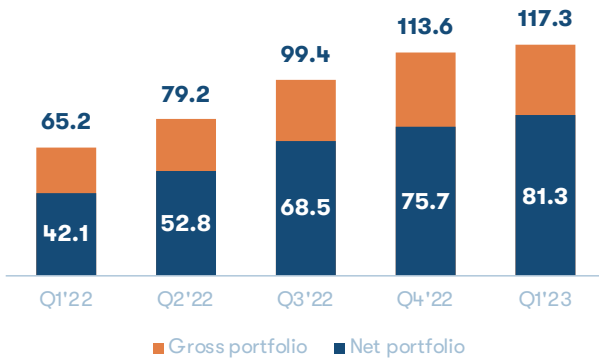
Portfolio – Scandinavia HUB (Q1'22 – Q1'23)



- A **steady growth** in the loan portfolio demonstrated as a result of the solid customer demand
- The **portfolio performance** remains at a **high level**, inhibiting qualities typically seen in the Scandinavian market

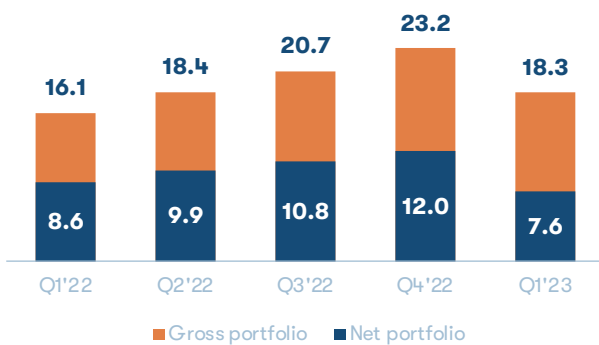
PORTFOLIO ANALYSIS – GROUP & REGIONS (CONT.)

Portfolio – Central Asia HUB (Q1'22 – Q1'23)



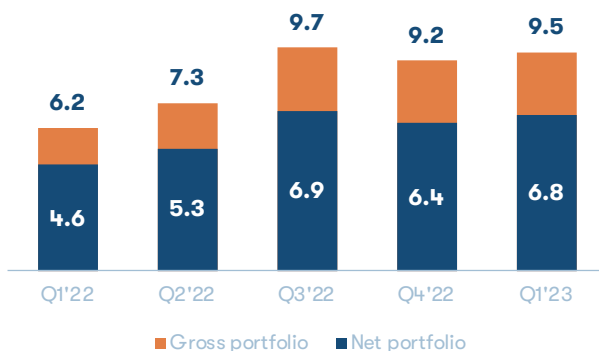
- The **net portfolio has continued to steadily grow**, primarily attributable to the increasing loan issuance volumes
- The maintained **high portfolio quality** continues to deliver a **solid profitability** quarter on quarter

Portfolio – South East Asia HUB (Q1'22 – Q1'23)



- During the period, we have **reviewed our risk policies** to further improve the portfolio quality, resulting in a slight portfolio decrease
- The Group has put focus on business expansion in other regions in the upcoming periods

Portfolio – Latin America HUB (Q1'22 – Q1'23)



- A **steady growth** in loan sales and the loan portfolio was delivered by the Latin American HUB
- Customer dynamics have remained stable, with a **healthy** portfolio performance

FINANCIAL PERFORMANCE: INCOME STATEMENT

Income statement (€m)	2022				2023		2022		2023		2022 vs 2023	
	Q1	Q2	Q3	Q4	Q1	Q1	Q1	Q1	Δ QoQ	Δ QoQ (%)		
Turnover ¹	49.4	66.5	76.7	81.3	76.3	49.4	76.3	26.9	54.5%			
Interest expense	(2.8)	(3.0)	(3.3)	(3.8)	(4.0)	(2.8)	(4.0)	(1.3)	47.0%			
Net provisions ²	(21.9)	(26.7)	(32.7)	(30.7)	(32.7)	(21.9)	(32.7)	(10.8)	49.6%			
GROSS PROFIT	24.8	36.7	40.7	46.9	39.6	24.8	39.6	14.8	59.7%			
Salaries and related taxes ³	(3.8)	(4.3)	(4.4)	(4.8)	(5.2)	(3.8)	(5.2)	(1.4)	37.1%			
Direct operating expense	(3.5)	(4.4)	(5.3)	(5.7)	(5.3)	(3.5)	(5.3)	(1.8)	52.5%			
Indirect operating expense	(3.4)	(3.8)	(3.7)	(3.7)	(4.4)	(3.4)	(4.4)	(0.9)	26.9%			
Marketing expense	(3.1)	(3.8)	(3.7)	(4.9)	(3.6)	(3.1)	(3.6)	(0.5)	16.8%			
Other operating income	4.4	4.5	3.2	4.3	5.5	4.4	5.5	1.1	24.2%			
OPERATING PROFIT/(LOSS) ⁴	15.4	24.9	26.8	32.1	26.6	15.4	26.6	11.2	72.8%			
Other non-operating income	1.2	1.3	1.3	1.9	0.4	1.2	0.4	(0.8)	-63.1%			
Other expense	(2.5)	(3.0)	(2.5)	(3.8)	(2.1)	(2.5)	(2.1)	0.4	-15.5%			
NET PROFIT/(LOSS) BEFORE TAXES	14.1	23.1	25.6	30.2	24.9	14.1	24.9	10.8	76.7%			
Profit tax	(4.1)	(8.0)	(7.8)	(5.3)	(6.5)	(4.1)	(6.5)	(2.4)	58.0%			
NET PROFIT/(LOSS) before FX effect ⁵	10.0	15.1	17.8	24.9	18.4	10.0	18.4	8.4	84.4%			
FX income/(expense)	(1.5)	0.8	2.3	(4.0)	1.1	(1.5)	1.1	2.6	-173.2%			
NET PROFIT/(LOSS) after FX	8.5	15.9	20.2	21.0	19.5	8.5	19.5	11.0	130.0%			
Adj.:												
Tax	4.1	8.0	7.8	5.3	6.5	4.1	6.5	2.4	58.0%			
Interest	2.8	3.0	3.3	3.8	4.0	2.8	4.0	1.3	47.0%			
EBIT	15.3	26.9	31.3	30.0	30.1	15.3	30.1	14.7	95.8%			
Depreciation and amortization	0.3	0.3	0.4	0.9	0.4	0.3	0.4	0.2	59.7%			
FX income/(expense)	1.5	(0.8)	(2.3)	4.0	(1.1)	1.5	(1.1)	(2.6)	(173.2%)			
EBITDA ⁶	17.1	26.5	29.3	34.8	29.4	17.1	29.4	12.3	71.7%			
EBITDA %	34.6%	39.8%	38.2%	42.8%	38.5%	34.6%	38.5%	3.8%	11.1%			

1

The quarterly revenue has surpassed the €65m mark for the fourth consecutive quarter, being an increase by 54.5% vs Q1'22

2

Net provisions increase in line with the loan portfolio growth notably instalment loan portfolio

3

A slight increase in Salaries and related taxes costs in line with the overall business operational volume growth

4

The increase in operating profit (up by 72.8% vs Q1'22) has mainly been driven by the significant growth in revenues

5

Net profit before FX effect of €18.4m was recorded, almost double the result of Q1'22, also primarily affected by the growth in revenues and the maintained high portfolio quality

6

A solid EBITDA of €29.4m was recorded for the period, delivering a margin of 38.5%

FINANCIAL PERFORMANCE: BALANCE SHEET

Balance Sheet (€m)	2022				2023	2022	2023	2022 vs 2023	
	Q1	Q2	Q3	Q4	Q1	Q1	Q1	Δ QoQ	Δ QoQ (%)
Non-current assets ¹	20.8	18.8	16.8	14.4	14.8	20.8	14.8	(6.0)	(28.8%)
Goodwill & intangible assets	15.6	13.7	11.7	9.9	10.1	15.6	10.1	(5.5)	(35.1%)
Fixed assets	4.5	4.9	5.2	4.9	5.1	4.5	5.1	0.6	12.5%
Accrued D&A	(1.5)	(1.8)	(2.1)	(2.4)	(2.8)	(1.5)	(2.8)	(1.3)	85.3%
Other non-current assets	2.2	2.0	2.0	2.0	2.4	2.2	2.4	0.2	8.8%
Current assets	143.0	162.4	185.4	196.8	205.8	143.0	205.8	62.8	44.0%
Loans receivable ²	154.7	180.1	208.3	229.3	237.9	154.7	237.9	83.2	53.8%
Provisions for doubtful debts ²	(43.7)	(50.7)	(59.3)	(67.0)	(67.3)	(43.7)	(67.3)	(23.6)	54.1%
Cash in bank	9.8	6.8	10.5	8.7	13.5	9.8	13.5	3.7	38.1%
Other receivables	22.2	26.2	25.9	25.8	21.7	22.2	21.7	(0.5)	(2.1%)
ASSETS ³	163.8	181.2	202.2	211.2	220.7	163.8	220.7	56.8	34.7%
Equity ⁴	38.2	46.3	55.5	66.0	74.5	38.2	74.5	36.3	94.9%
Share capital	0.4	0.4	0.4	0.4	0.4	0.4	0.4	(0.0)	(0.0%)
Retained earnings	37.3	43.5	51.7	63.5	73.5	37.3	73.5	36.2	97.2%
Other reserves	1.4	1.3	1.3	1.5	1.5	1.4	1.5	0.1	7.8%
FX reserve	(0.8)	1.1	2.1	0.7	(0.9)	(0.8)	(0.9)	(0.1)	9.5%
Liabilities	125.6	134.9	146.7	145.1	144.7	125.6	144.7	19.1	15.2%
Loans payable ⁵	95.4	105.0	114.1	122.4	121.4	95.4	121.4	25.9	27.2%
Deferred income	3.8	4.4	5.5	3.3	3.3	3.8	3.3	(0.4)	(11.7%)
Accounts payable	6.9	12.3	11.9	6.7	7.4	6.9	7.4	0.5	7.9%
Taxes payable	12.2	7.3	9.1	7.6	8.1	12.2	8.1	(4.1)	(33.5%)
Accrued expenses	3.1	2.7	2.9	2.7	2.3	3.1	2.3	(0.7)	(24.2%)
Other payables	4.2	3.3	3.3	2.4	3.6	4.2	3.6	(0.6)	(14.9%)
EQUITY AND LIABILITIES ⁶	163.8	181.2	202.2	211.2	220.7	163.8	220.7	56.8	34.7%

1

No material movements in the non-current assets during the period

2

Increase in gross and net portfolio related to a growth in issuance levels during the period and scaling of instalment products

3

Total assets have increased to €220.7m, in line with the overall business growth dynamics

4

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

5

At the end of period, loans payable includes subordinated debt of €9.8m, unsecured bonds of €69.4m, loans placed on the Mintos P2P platform in amount of €25.9m, and shareholder loans and other loans payable of €16.3m

6

The total balance sheet has increased by 33.8% vs Q1'22, driven by the solid growth and profitability of the Group's business

FINANCIAL PERFORMANCE: FINANCIAL METRICS & RATIOS

Key financial metrics & ratios	2022				2023	2022	2023
	Q1	Q2	Q3	Q4	Q1	Q1	Q1
Turnover	49.4	66.5	76.7	81.3	76.3	49.4	76.3
EBITDA	17.1	26.5	29.3	34.8	29.4	17.1	29.4
EBITDA margin (%)	34.6%	39.8%	38.2%	42.8%	38.5%	34.6%	38.5%
Net loan portfolio	111.0	129.4	149.0	162.3	170.6	111.0	170.6
Capitalization ratio (%) ¹	34.4%	35.8%	37.3%	40.7%	43.7%	34.4%	43.7%
Interest coverage ratio ²	6.8x	7.3x	7.8x	8.4x	8.5x	6.8x	8.5x
Unencumbered receivables ratio ³	2.6x	3.0x	2.8x	2.1x	2.1x	2.6x	2.1x
Cost/Income Ratio (%) ⁴	25.6%	23.1%	21.4%	22.3%	22.6%	25.6%	22.6%

Notes

- 1 Capitalization ratio equals Total Shareholders' Equity at the end of period divided by Net loan portfolio at the end of the same period
- 2 Interest coverage ratio equals trailing 12-month EBITDA divided by trailing 12-month Interest expense
- 3 Unencumbered receivables ratio equals Net unencumbered loan portfolio divided by Total unsecured financial indebtedness
- 4 Cost / Income ratio is calculated by dividing Operating costs with operating income

A photograph of a modern, multi-story office building with a glass facade, illuminated from within. The building is set against a dramatic sunset sky with orange and red clouds. In the foreground, there is a road with light trails from moving vehicles, suggesting a long-exposure shot. The Sun Finance logo is visible on the top right of the building.

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

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