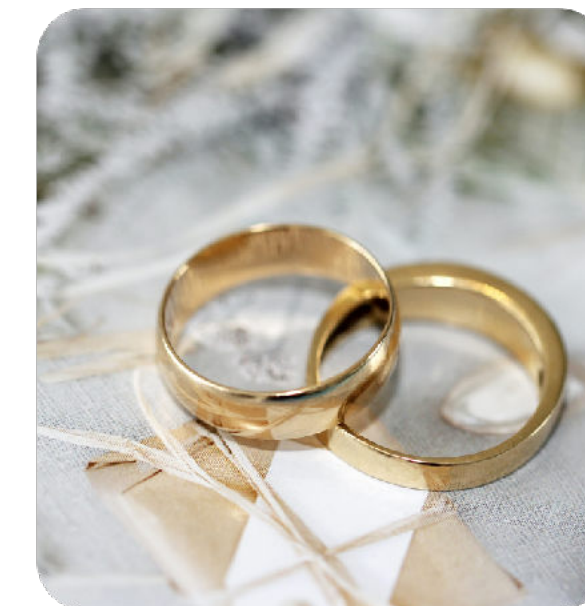




# Company Presentation.

November 2023



Our **mission** is to improve people's lives by using technology to provide seamless financial services.

Our **vision** is to be recognised as a trusted international leader in digital financial services.

**We work hard to identify customers' needs and make private financial services available to everyone.**

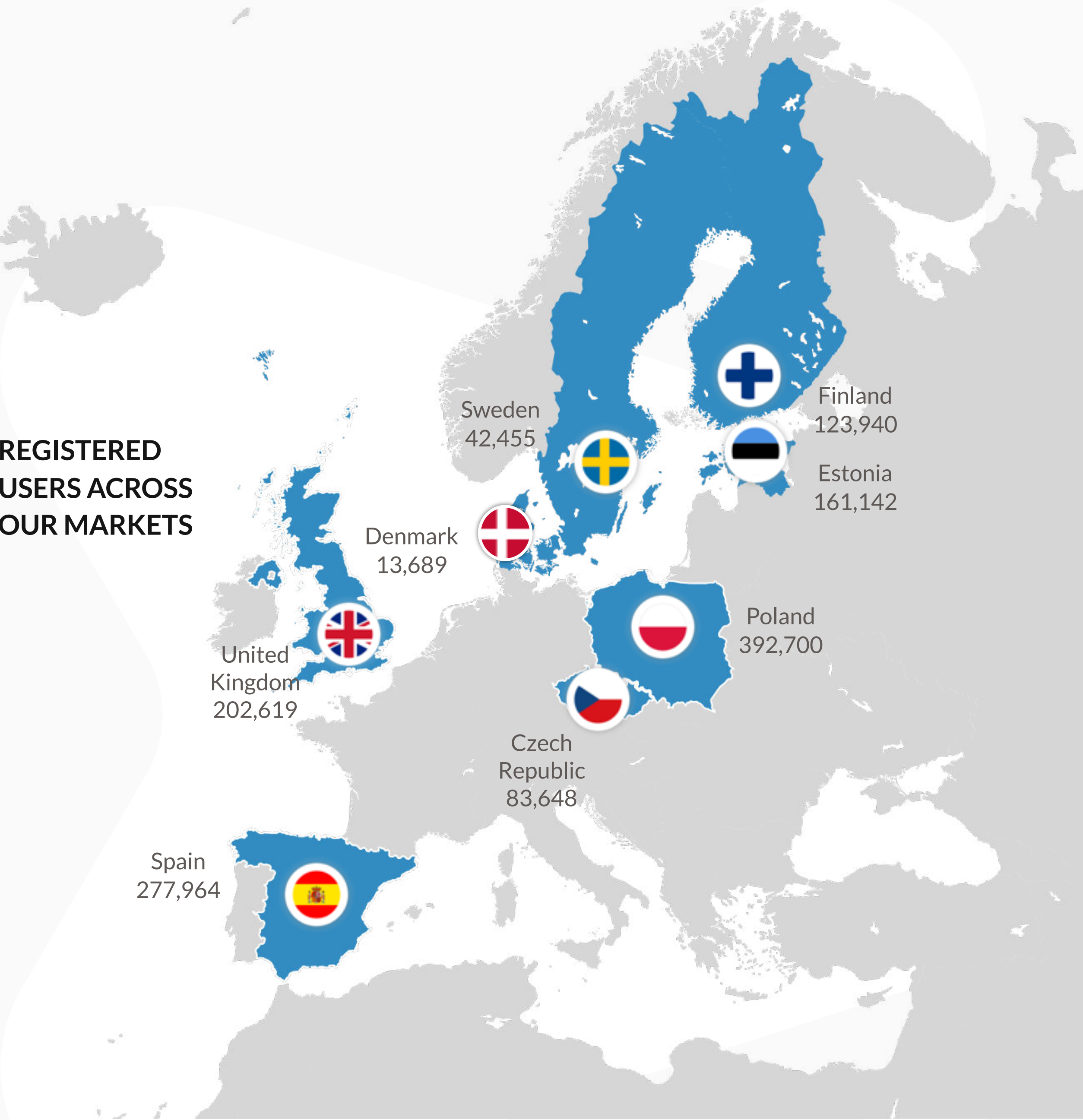


# Creditstar at a glance

Company's data as at 30.09.2023 or trailing 12 months prior to the date

<p><b>€62,078</b> (thousand) Interest income</p>	<p><b>€7,194</b> (thousand) Net profit</p>
<p><b>14,9%</b> Net interest margin<sup>1</sup></p>	<p><b>€247,225</b> (thousand) Total assets</p>

## REGISTERED USERS ACROSS OUR MARKETS



<sup>1</sup> Net interest margin = Annualised net interest divided by average outstanding TTM (trailing twelve months) portfolio.  
Annualised net interest is either the net interest of the full year (if we show full year info) or annualised based on latest quarterly info (if we show an interim TTM info).

# Profitable international finance business since 2006

**10,000** €

Loan up to 58+ months. Revolving Credit & Instalment Loan

**1.29 m+**

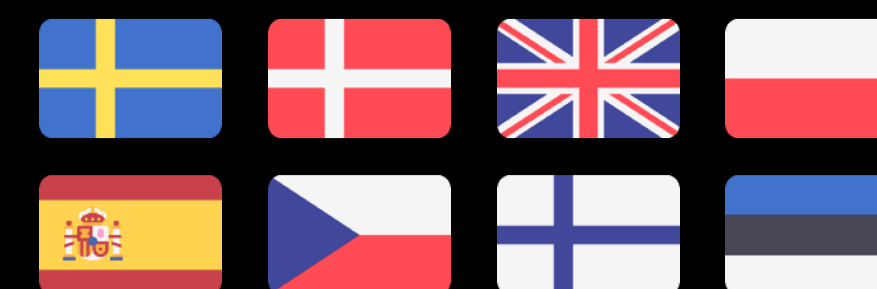
Registered users across all markets

**25 %** CAGR

Revenue since 2017

**120+**

Team members from 30 countries



Operational in 8 European countries



# We're well positioned to attract substantial growth in next 5 years.

Our competitive advantage is shaped by several factors that are hard for newcomers to replicate.

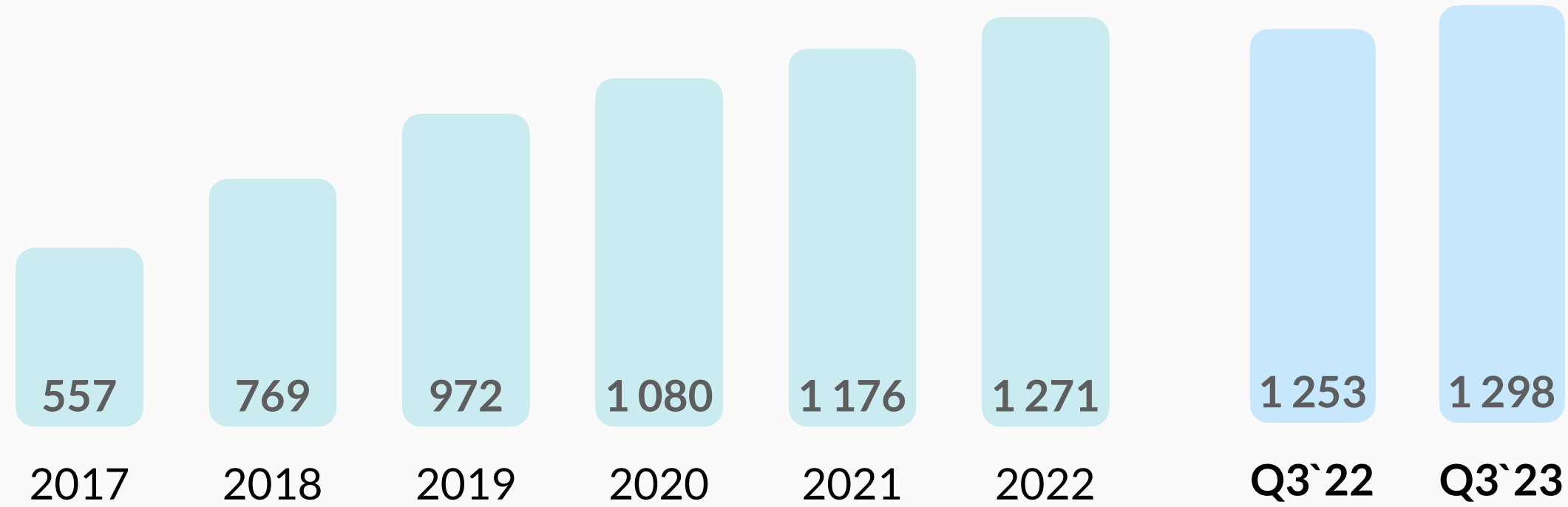
- Seasoned team
- Proven traction
- Efficient operation
- Substantial demand
- International experience
- Compliance & Reg expertise
- State of the art technology
- Scalable business model



# Track record

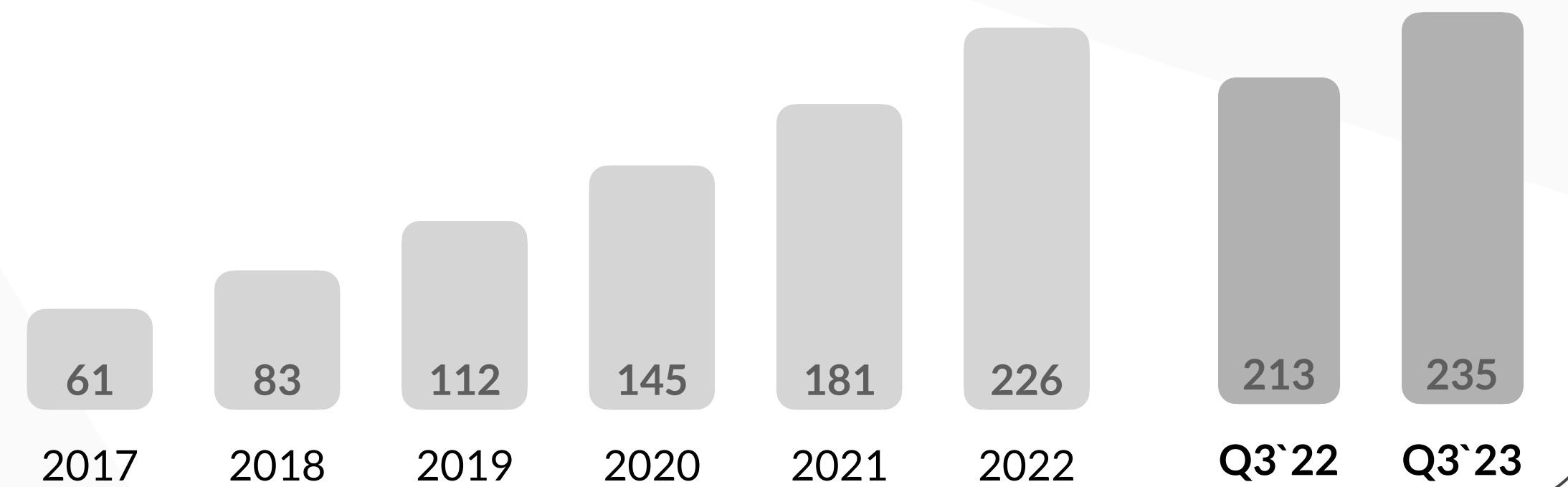
## CUSTOMERS

Total number of registered users, TH



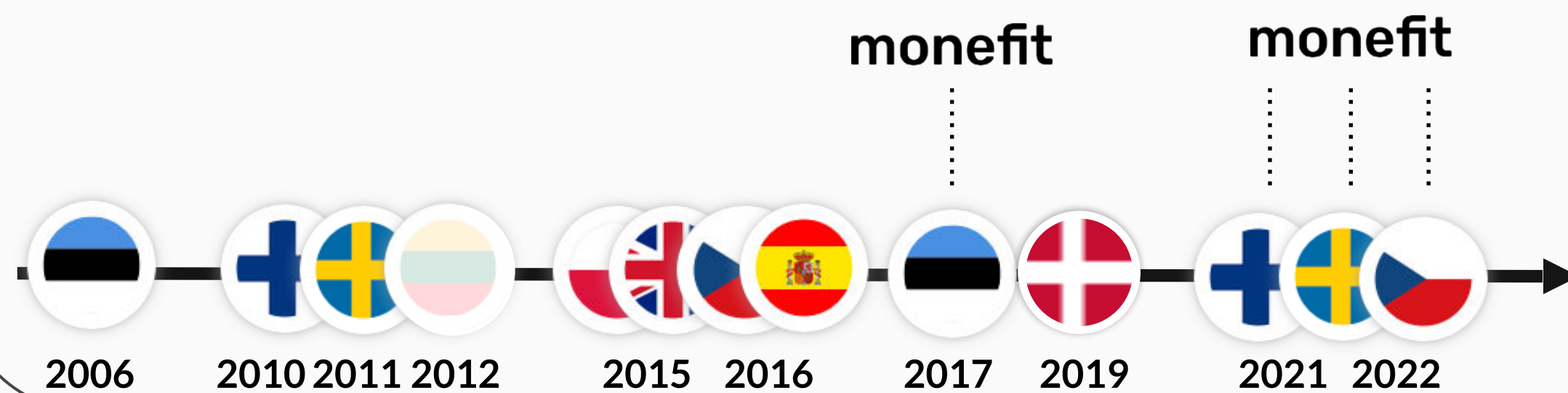
## LOAN PORTFOLIO

Loan portfolio after provisions, M EUR



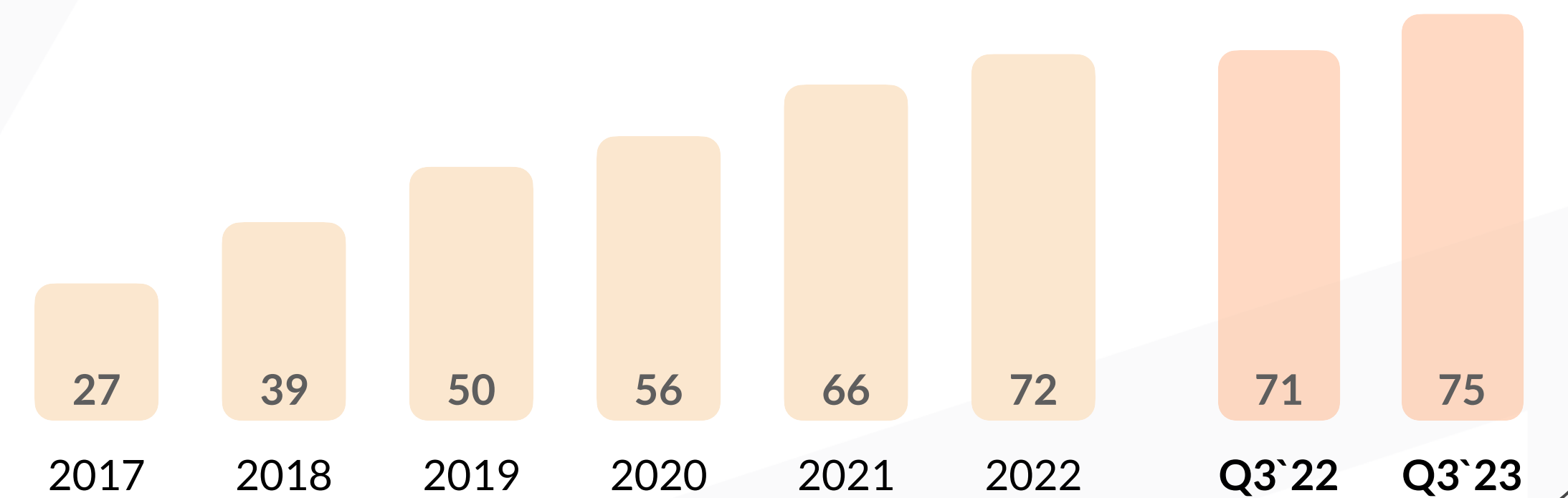
## INTERNATIONAL EXPANSION<sup>1</sup>

The Company is actively seeking new markets and has identified multiple new markets to expand into.



## CREDITSTAR IN THE CAPITAL MARKETS

Amount of bonds outstanding, M EUR



<sup>1</sup> Creditstar no longer operates in Lithuania

# Advanced data analytics and marketing

- Creditstar pursues data and analytics to build a competitive advantage and improve the customer experience, loan underwriting and scoring.
- The Company can analyse large volumes of data. This has resulted in improved marketing methods which can accommodate growth in current target markets and further international expansion.
- Scoring models reduce credit losses and increase revenue by expanding the client base. In addition, such a unified credit scoring model also provides an advantage when entering new markets.



## Data driven decisions

Creditstar uses and develops scoring models based on thousands of data points to assess credit risk.



## Real time

Despite loads of data analysed, credit scoring and underwriting analytics is instant.



## Automated processes

Advanced statistical and machine learning models make lending decisions, detect fraud, and expand the customer base more effectively.



## Optimisation

Reporting, marketing optimisation and customer segmentation analytics.



# Marketing



## Strong team + partners

Combination of the in-house marketing team and external digital marketing, performance marketing and media partners. Roles vary - in new markets, full-service is outsourced from a local marketing agency. Later this shifts to the in-house team as partners continue in a more limited capacity.

Benefits of becoming more international - marketing partnerships across several markets are convenient and cost-efficient.



## Channels

Mostly a variety of digital marketing options in both new and established markets. Additional TV advertising in established markets.



## Loyalty programme

Returning customers have an incentive to use Creditstar's services. Based on the number of loans taken, clients acquire a certain status. With every status upgrade, the credit limit of the client increases –special offers and awards for loyal customers.



## Data driven approach

Each marketing action is measured and analysed. Automation and data analysis gives a clear understanding of what works and what does not, which is especially important when entering new markets.



## Customer retention

Segmentation and automation with direct marketing through different channels (e-mails / online retargeting / telemarketing / SMS campaigns).

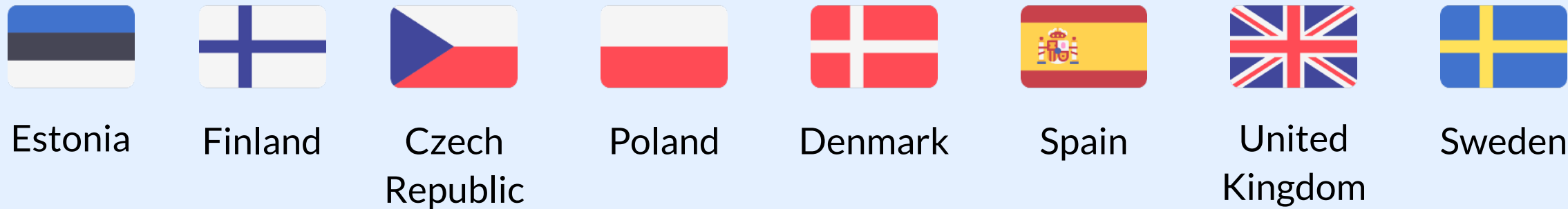
Marketing automation and its special-purpose software react to predefined triggers and actions (e.g. web banners with specific communications and a trigger to a call centre when no action is evidenced within certain amounts of days).





# Our products are designed for quick and easy user experience from all devices.

Our revenue and customer growth have been fuelled by entry to new geographical markets, expanding customer base and new product.



	Estonia	Finland	Czech Republic	Poland	Denmark	Spain	United Kingdom	Sweden
REVOLVING CREDIT	●	●	●					●
INSTALMENT LOAN	●		●	●	●	●	●	●
SMARTSAVER	Open to residents of 74 countries of all continents that have a bank account in the EEA							
SPLIT (Testing)	●	●	●					●

### REVOLVING CREDIT

- Amount up to 10 000 EUR
- Up to 58 months or longer with credit line
- Repayments in equal monthly instalments (credit account) or with minimum monthly instalments (credit line)
- Postpone repayments for up to 30 days

### INSTALMENT LOAN

- Amount up to 10 000 EUR
- Up to 36 months
- Repayments in equal monthly instalments
- Postpone repayments for up to 30 days

### SMARTSAVER

- Invest from 10 EUR to 250,000 EUR
- Up to 8.33% effective annual rate
- Withdraw funds at anytime & no additional fees
- Available to residents of 74 countries with bank account in EEA.



# Customers

We have an excellent understanding of our customer base.

The behaviour of all customers, both new and existing, is closely monitored. Our customer loyalty program has increased customer retention rates and lowered counterparty risk for us. We have 1,298,157 registered users as of 30 September 2023.

## Profile of average customer

## Customer geography<sup>1</sup>

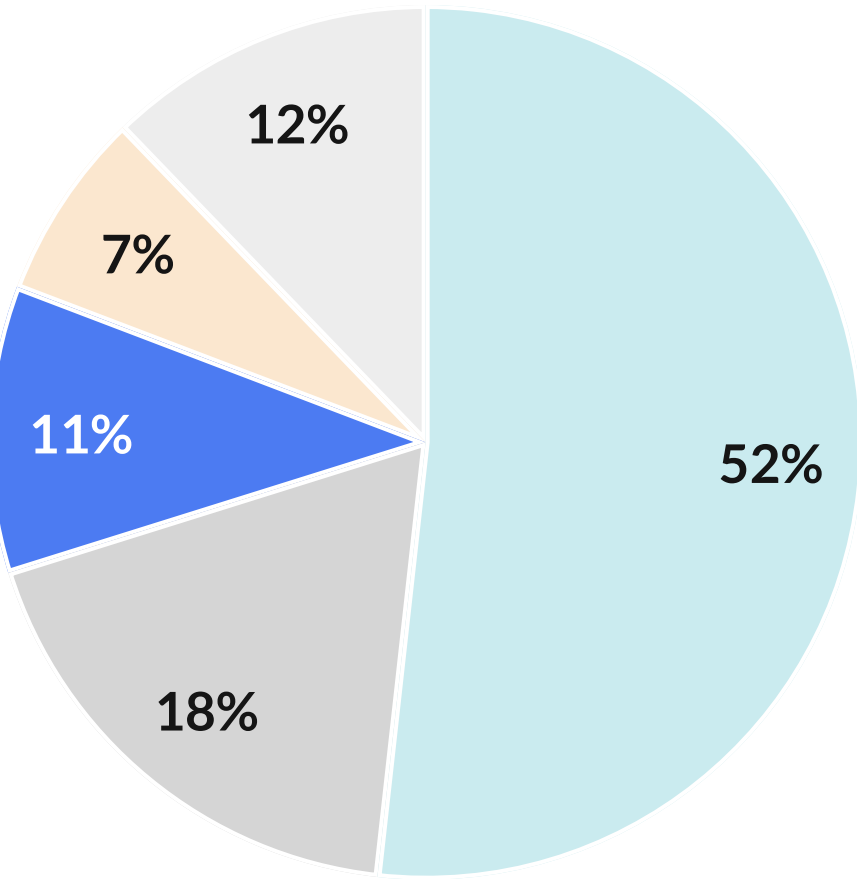
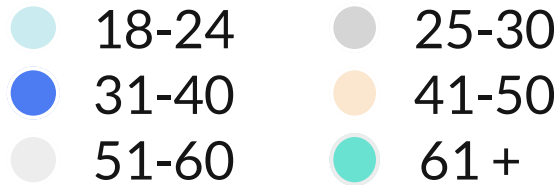
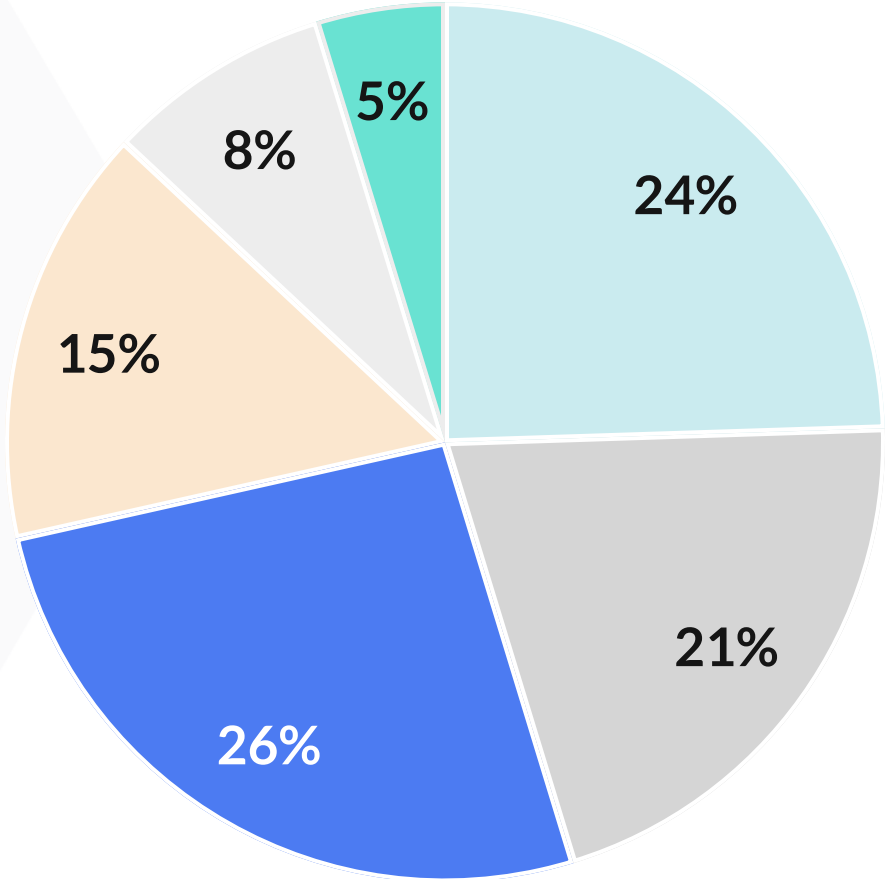
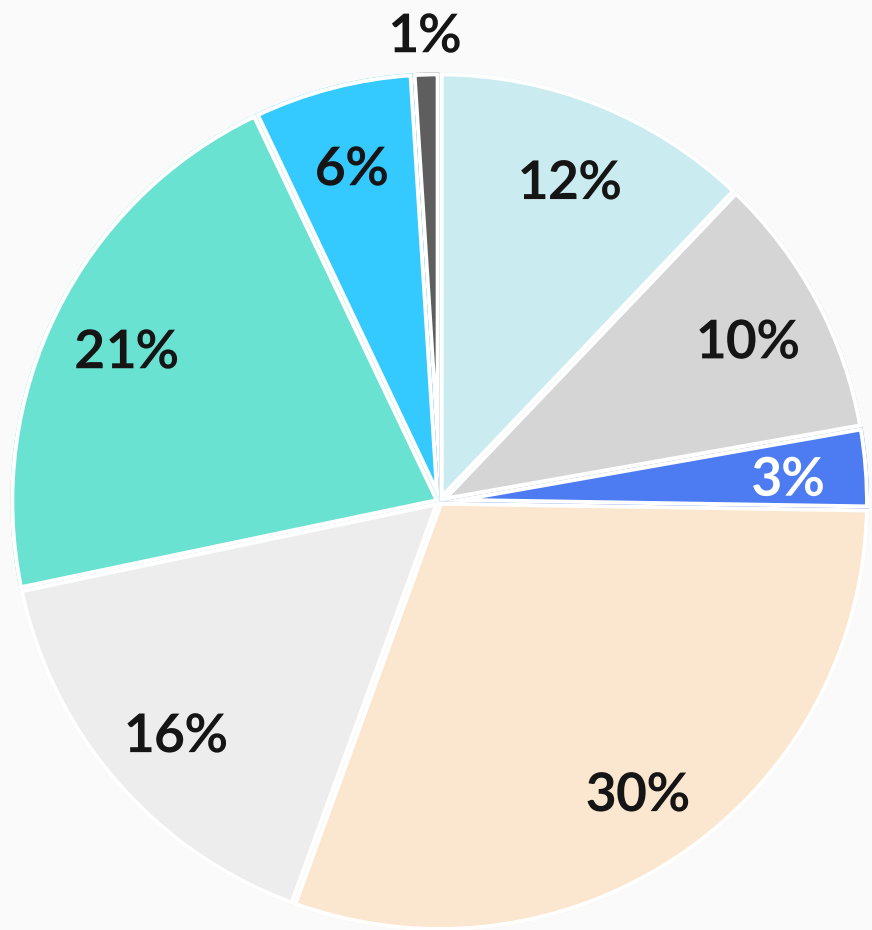
## Customer age

## No of Creditstar loans taken<sup>2</sup>

The typical Creditstar's customer remains out of the focus of large commercial banks.

Key characteristics of the typical customer:

- Active young male
- Average or above average salary
- Age group 25-40
- Has taken a loan more than once



<sup>1</sup> Division of registered users as of 30.09.2023  
<sup>2</sup> Data throughout Company's history  
 Source: Company's data

# Our clients straddle both the prime and near-prime groups.

With average or above average salaries, our customers are often still underserved by the high street banks - the 'hidden prime' - due to high banks' fixed process costs and lack of pricing knowledge.

Our customers are best described by the behavioural types and credit usage purposes. Within social-demographic characteristics we have all kinds of people using our lending service.

The Company targets prime and near-prime customers and does not target sub-prime consumers. Given the Company is a regulated business, we strictly follow responsible lending regulations.



**Instalment Loan clients** enjoy planning and budgeting. They avoid impulsive buying and want to understand their commitment.

Larger purchase

Renovation

Consumer goods

Travel



**Revolving Credit clients** want to prepare for unexpected expenses and don't want a new borrowing process every time.

Hobbies

Lifestyle purchases

Sports

Travel



# Our customers expect trustworthy financial services. We deliver on these expectations.



## Lending

- AVAILABLE AT THE TIME OF NEED
- SUITABLE FOR MULTIPLE NEEDS
- ATTRACTIVE PRODUCTS OFFERING
- FAVOURABLE REPAYMENT
- FASTER SERVICE
- BETTER CUSTOMER EXPERIENCE

## Investment

- HIGH YIELD RETURN
- NO FEES OR HIDDEN COST
- SIMPLE TO USE
- EASY ACCESS
- BETTER CUSTOMER SERVICE
- LOW BARRIER TO ENTRY



# We are regulated / meet licensing requirements in 8 European markets.



Under supervision as a public consumer credit lender (Creditor) by Estonian Financial Supervisory Authority Finantsinspektsioon

ESTONIA



Regulated by the Finnish Regional State Administrative Agencies

FINLAND



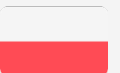
Authorised and regulated by the Financial Conduct Authority under registration number 675392

UNITED KINGDOM



Registered as a loan institution in the Polish Financial Supervision Authority

POLAND



Authorised and Regulated as a consumer credit company by the Swedish Financial Supervisory Authority Finansinspektionen

SWEDEN



Under supervision as a non-bank consumer credit provider by Czech National Bank under identification number 24247936

CZECH REPUBLIC



Licensed as a consumer loan company in Denmark by the Danish Financial Supervisory Authority

DENMARK



No license required by the legislation. Following the best practices and cooperating with the Financial Intelligence Unit

SPAIN



# Group structure



## Operations in the Company

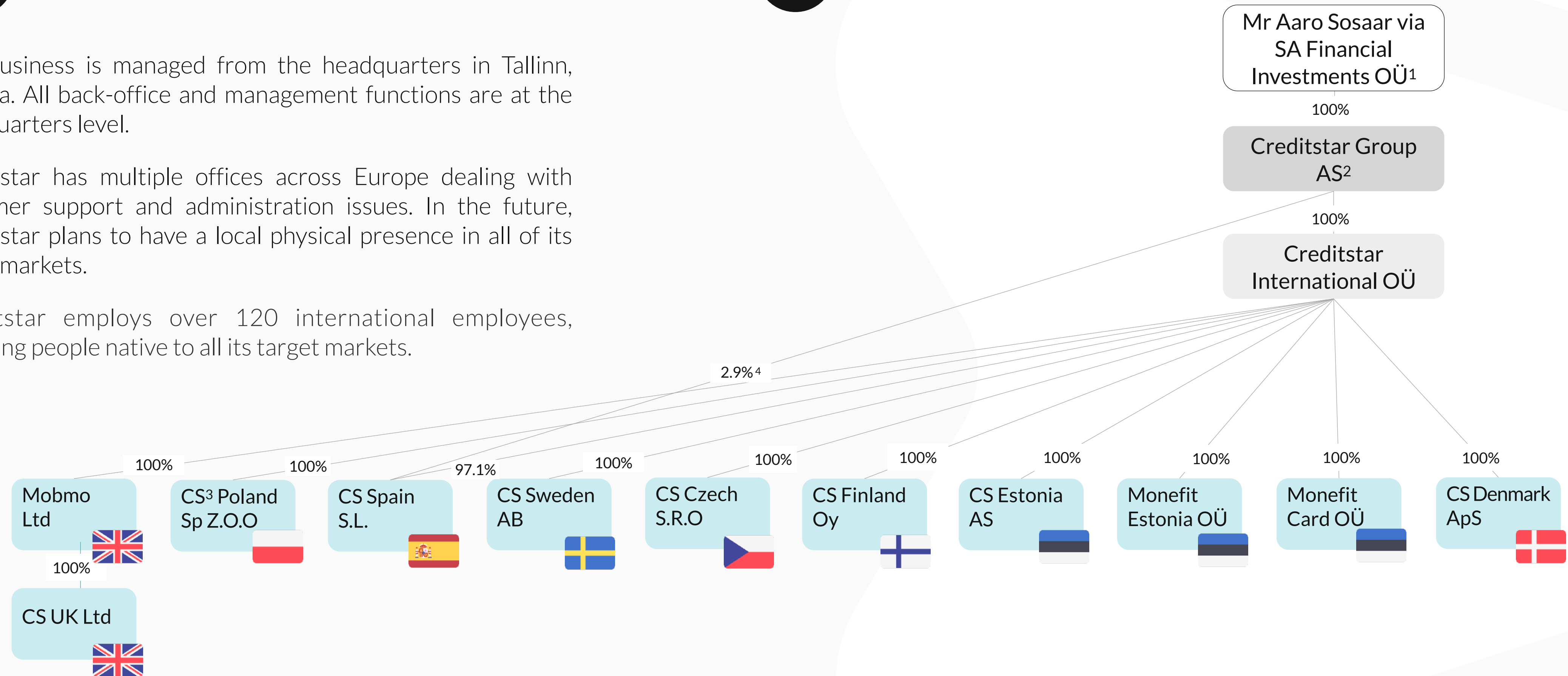
Our business is managed from the headquarters in Tallinn, Estonia. All back-office and management functions are at the headquarters level.

Creditstar has multiple offices across Europe dealing with customer support and administration issues. In the future, Creditstar plans to have a local physical presence in all of its larger markets.

Creditstar employs over 120 international employees, including people native to all its target markets.



## Legal Structure



<sup>1</sup> SA Financial Investments OÜ owns shares also in other entities not related to Creditstar (hence not presented in the chart).

<sup>2</sup> Creditstar Group includes some other entities, which are currently inactive (hence not presented in the chart).

<sup>3</sup> "CS" is an abbreviation for "Creditstar"

<sup>4</sup> Transfer of holding from Creditstar Group AS to Creditstar International OÜ is in progress.

# Experienced & driven leadership team to realise serious ambitions.



**Aaro Sosaar**  
Founder & CEO (2007)

Founded Creditstar after working & studied in London. Aaro holds a BSc in Banking and International Finance from Bayes (Cass) Business School in London and has attended Executive Education Programs in Columbia Business School (New York).



**Kashyap Shah**  
Chief Product Officer (2022)

Seasoned CPO. Experienced in building large scale direct to consumer fintech products & businesses internationally. // Masters in Computers from South Gujarat University.



**Sven Silver**  
Chief Financial Officer (2007)

Previously Chief Accountant in various Estonian companies // Tallinn College of Technical University of Tallinn, Business and Financial Management.



**Kristjan Sepp**  
Chief Technology Officer (2018)

Experienced tech leader in building and driving effective teams with an emphasis on collaboration and early delivery of business value // Tallinn University, IT Administration.



**Valter Kaleta**  
Board Member (2012)

Previously Managing Director in an international branding agency LOOVVOOL // Int. Uni. Concordia Audentes, Business Management and International Marketing.



**Christian Isaksen**  
VP of Operations (2023)

Accomplished operational leader with over 20 years financial services experience, delivering change and excellence. Bsc in Business Management, marketing and related support services.



**Jevgeni Belavin**  
Head of Legal & Compliance (2020)

Previously worked long-term as a Legal Advisor in a law firm, specialising in private law, with a focus on Estonian and international finance law // University of Tartu, School of Law.



**Irina Zozulja**  
Head of People Operations and Culture (2022)

Self- motivated and results oriented HR leader with 7 years experience in financial and advertising industries. Previously worked in various Estonian leading companies. Bachelors degree in Law, HR specialist level 5 certificate and International HR Leadership Strategy certificates owner.



# 120

Fintech professionals



**Tallinn, Estonia**

Headquarter

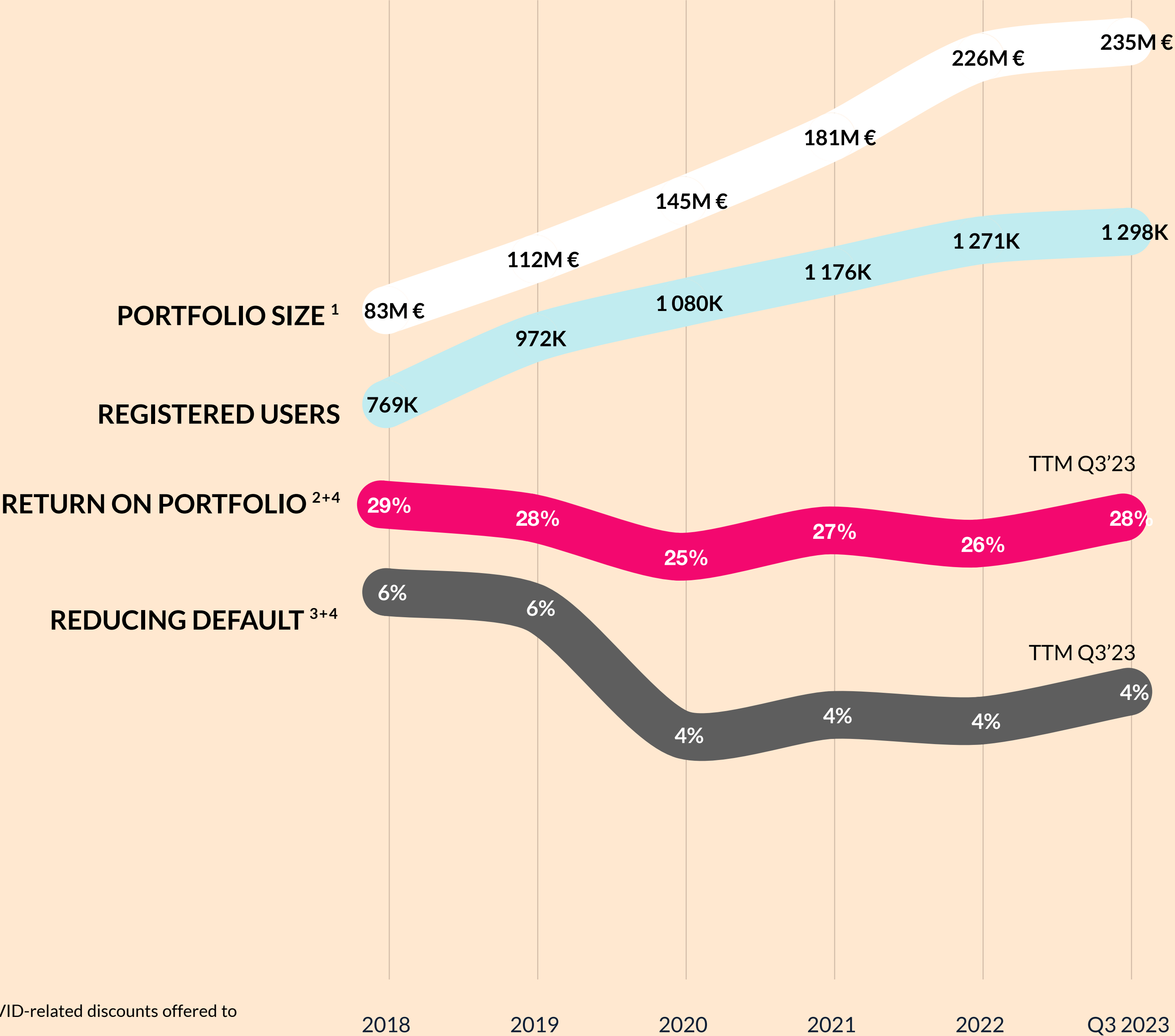
**London**

**Warsaw**



# Key metrics are improving as we scale the business across the markets.

Reducing interest rates with longer-term products and improved decision-making have allowed us to grow our portfolio while significantly improving quality. And help a growing number of customers with better-priced products.



<sup>1</sup> Growing portfolio size after provision (M €)  
<sup>2</sup> Defined as interest income generated / net loan portfolio (%). 2020 is lower mainly due to COVID-related discounts offered to consumers (e.g. 0% interest breaks)  
<sup>3</sup> Default rates are described as annual impairment rate. It is annual impairment charge divided by end-of-year net loan portfolio.  
<sup>4</sup> Data of previous years is based on audited statements.



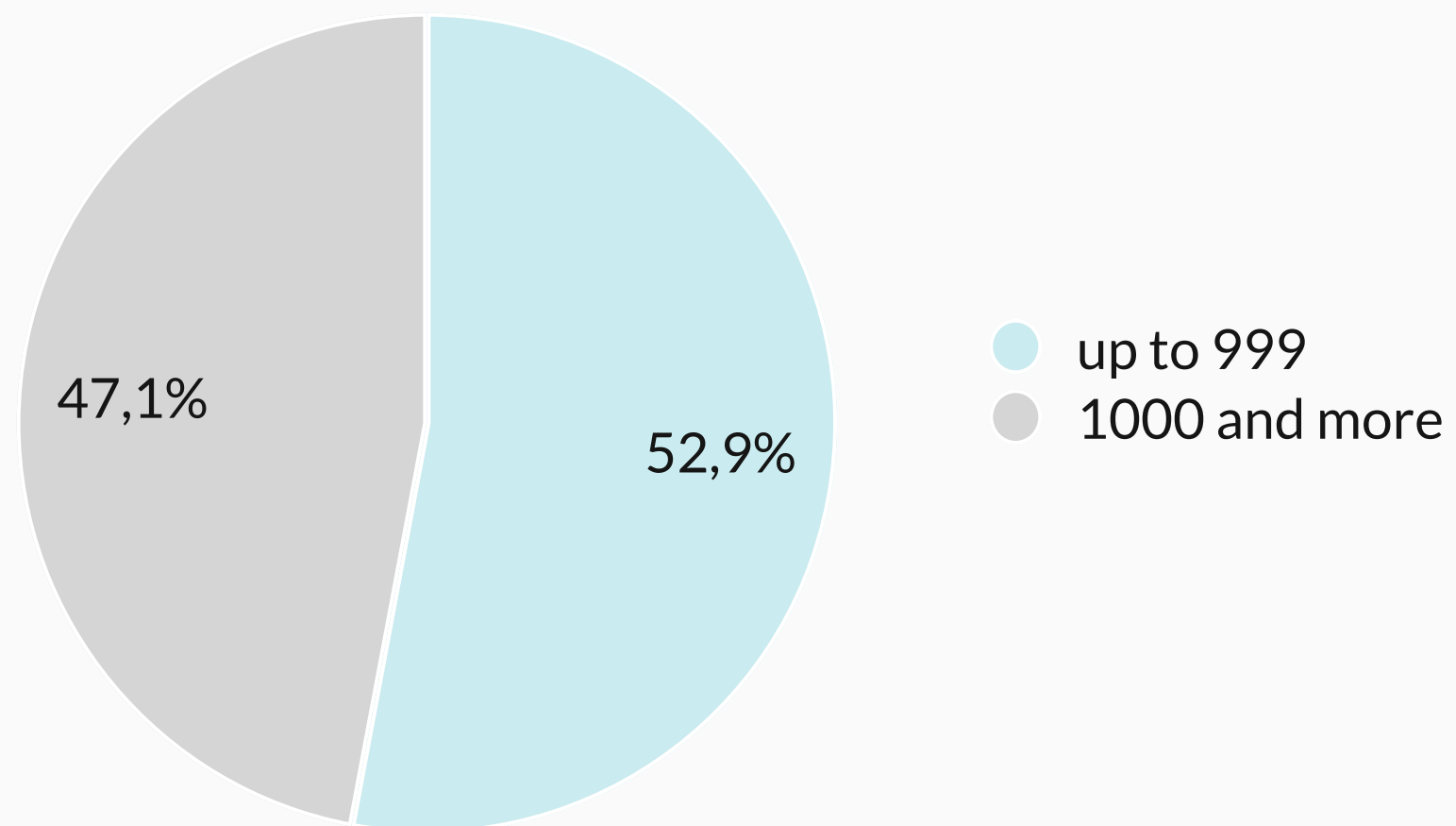


# Loan portfolio

## Summary

- 255,041** outstanding loans, number of agreements
- 292,533** gross value of the loans, thousand EUR
- 57,749** accumulated impairments, thousand EUR
- 234,784** net loan portfolio, thousand EUR
- 1,147** average size of a loan, EUR

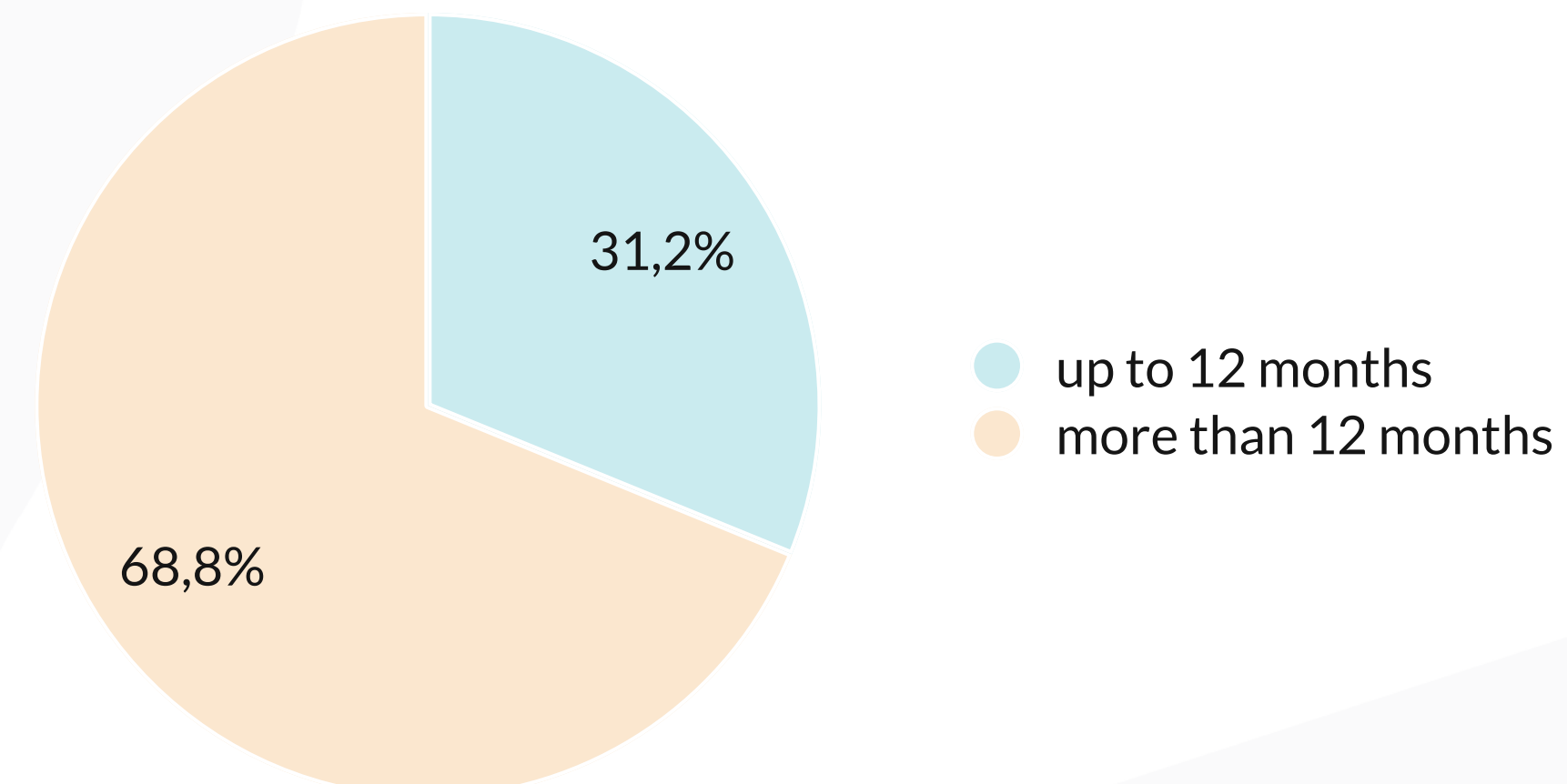
## Distribution of the loans by size (EUR)



## Non-performing loans

- The majority of the non-performing loans have been recoverable – the small size of the loans has helped keep recovery rates at high levels.
- Historically up to 20% of all loans fail to comply with the initial or extended payment schedule. Such loans are recovered through internal collection efforts or with the help of an external debt collection service or bailiffs.
- Only a minor part of the loans have not been recoverable due to several reasons, e.g. bankruptcy, death, fraud.

## Distribution of net portfolio: loans by tenure (loan value)



# We pride ourselves on delivering customer value through seamless lending operations while maintaining unit economics.

Strong underwriting, portfolio monitoring and seamless operations produce attractive repayment results and favourable pricing while offloading non-performing loans.

## Responsible lending

We follow a responsible lending policy in all markets. The policy includes thorough background checks for all loan applicants, the rejection of applicants with previous loan repayment issues and providing applicants with simple agreements. Product marketing and communications also highlight responsible consumer borrowing.

### Verification & Decisioning



Online identification



User information collecting



Statistical scoring model



Contract and digital signing



Process completion

### Repayments & Collection



Automated invoice & repayment plans



Automated reminders



Manual contact for repayments



Payment reconciliation



Self-service client portal

### Billing Tools



Principle & interest payments



Pre-collection process



Agency collection after 90 days



Court proceeding



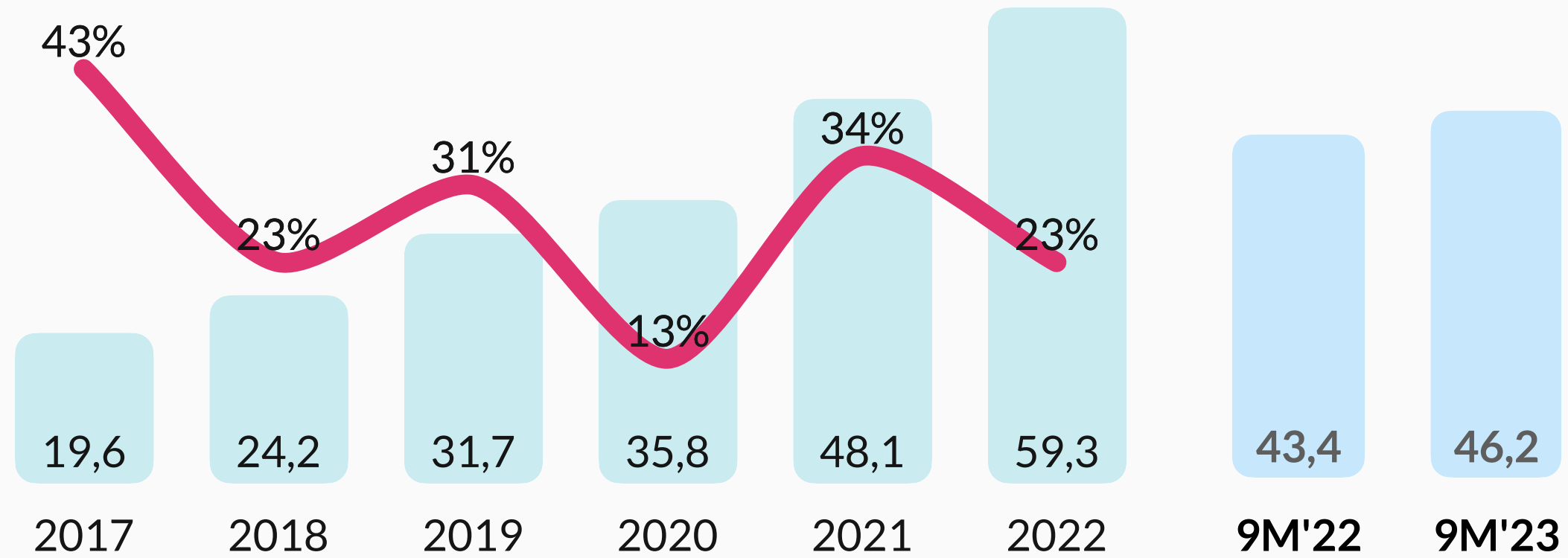
Offloading non-performing loans



# Portfolio performance<sup>1</sup>

## CONTINUOUS GROWTH OF REVENUE

■ Interest income growth, y-o-y



## Strong financial output across the years.

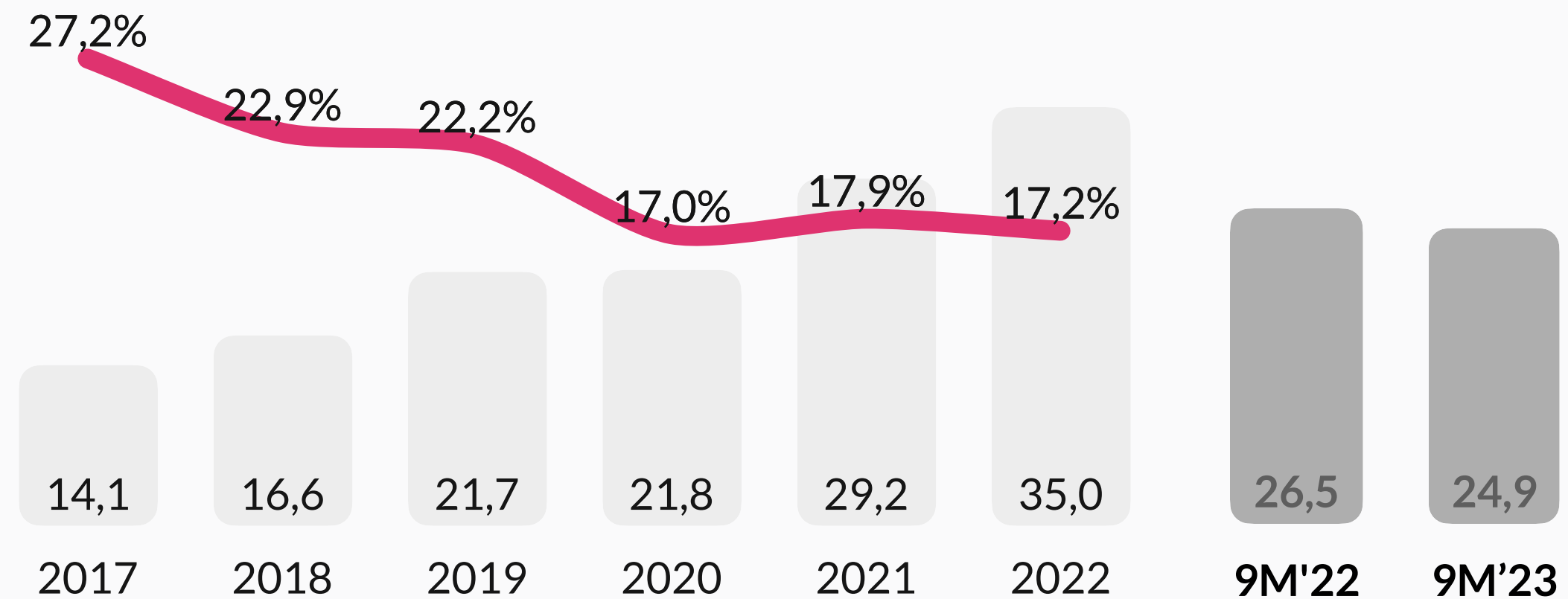
Revenue almost doubled in 4 years with a stable net profit & margin, despite the challenging environment starting in 2020.



Creditstar Group's auditor from 2020 is KPMG.

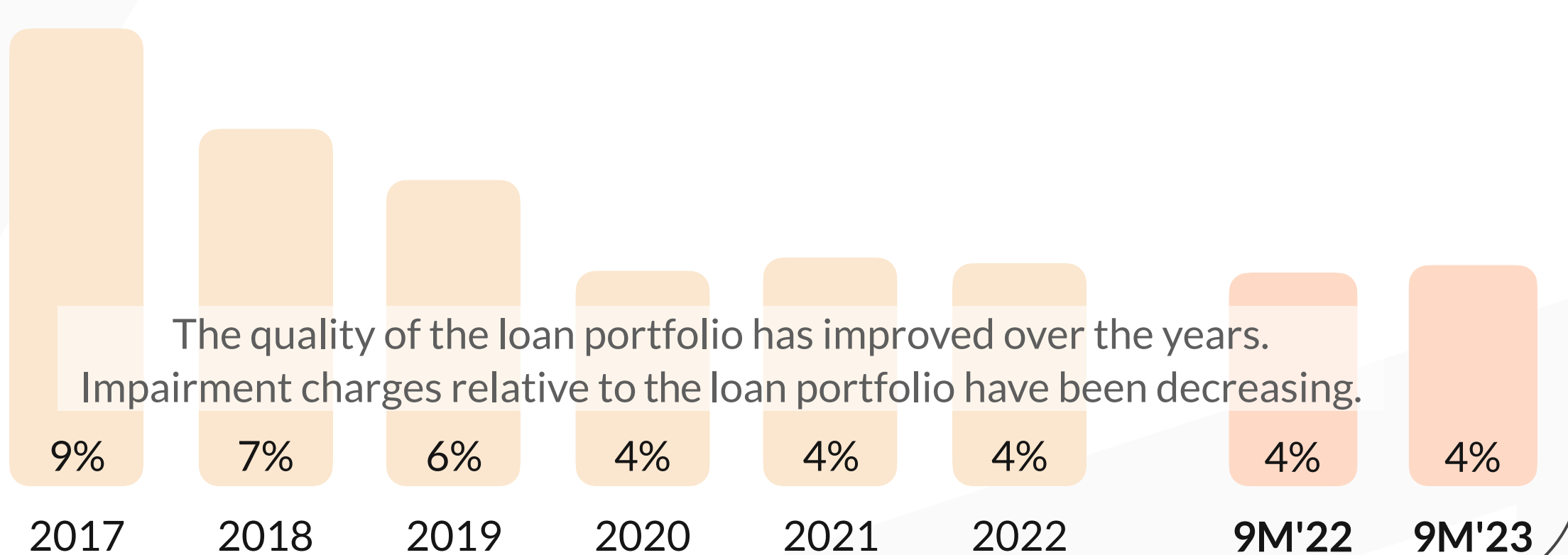
## INTEREST INCOME IS STABLE

■ Net interest income, EUR M ■ Annualised (TTM) net interest margin, %



## STABLE PORTFOLIO QUALITY

Annualised (TTM) impairment charges / average loan portfolio, %



The quality of the loan portfolio has improved over the years. Impairment charges relative to the loan portfolio have been decreasing.

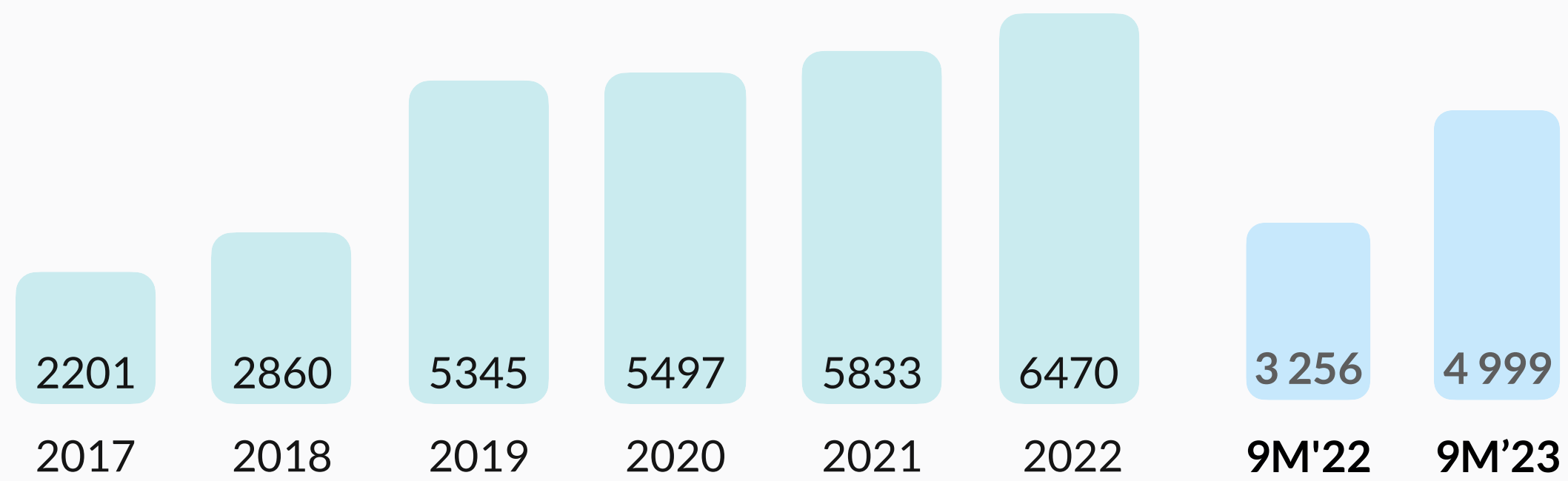


<sup>1</sup> Data of previous years is based on audited statements. Source: Company's data

# Financial highlights<sup>1</sup>

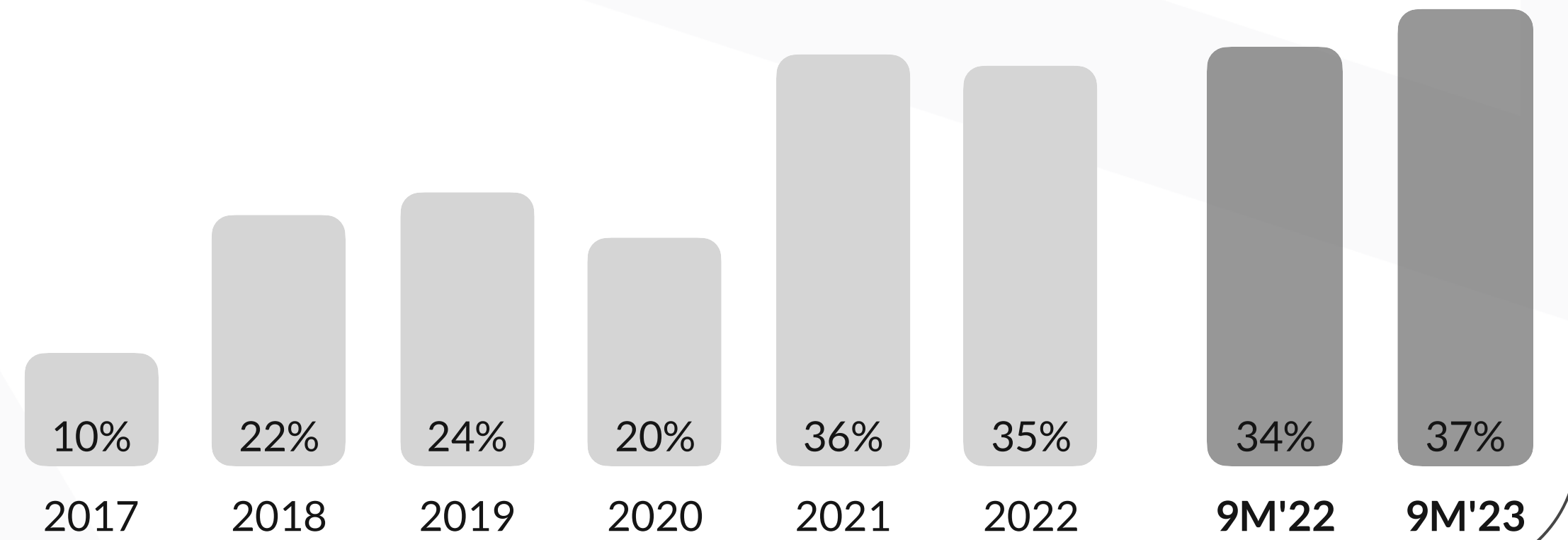
## PROFITABLE THROUGHOUT ITS HISTORY

Comprehensive profit, TH EUR



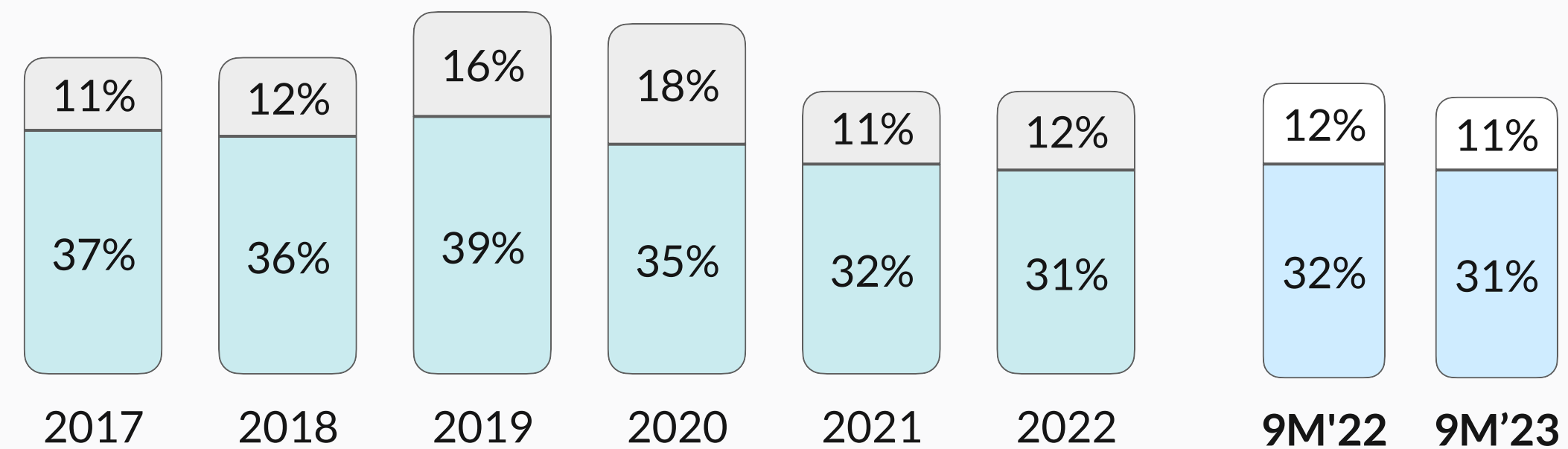
## EFFICIENT OPERATIONS

CIR, % = (operating expenses + wages and salaries) / (net interest income - impairments)



## STABLE PROFITABILITY

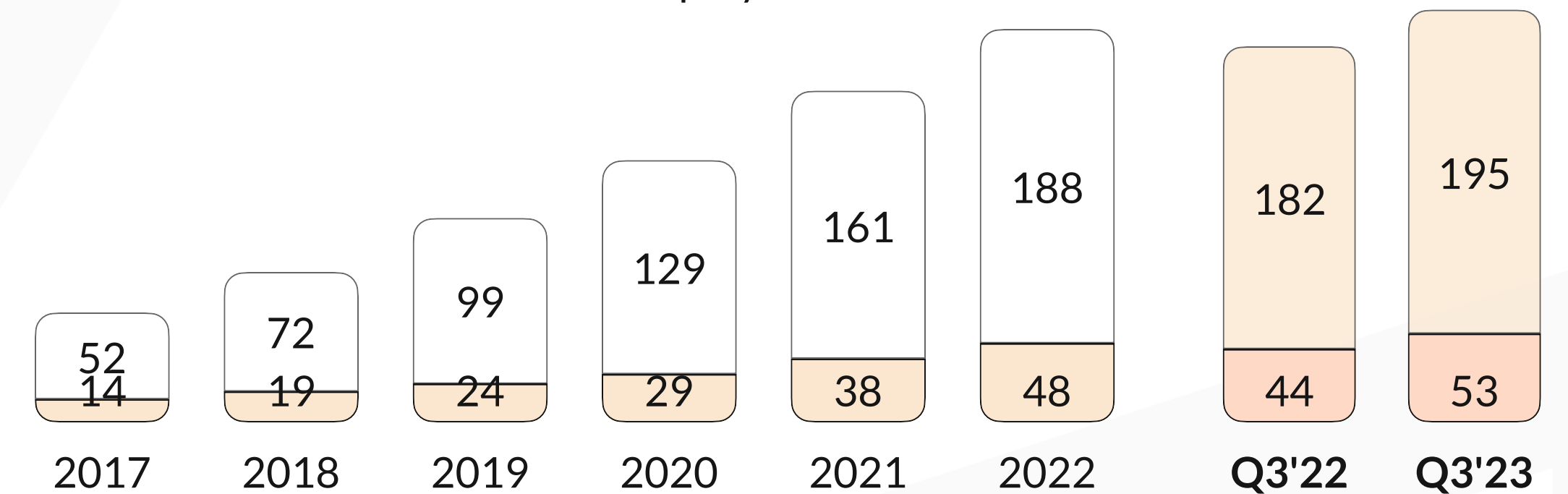
Operating profit margin % Net profit margin %



## STRONG BALANCE SHEET

Equities and liabilities, M EUR

Equity Liabilities



<sup>1</sup> Data of previous years is based on audited statements.  
Source: Company's data



”

*Our credit products are suitable for everyday purchases to higher value highly considered purchases and everything in between.”*

”

*Creditstar is an international consumer finance company. We use technology, automated processes, algorithms, and data analysis to make our credit products easily available to hundreds of thousands of customers in 8 countries in Europe.”*



# Future developments

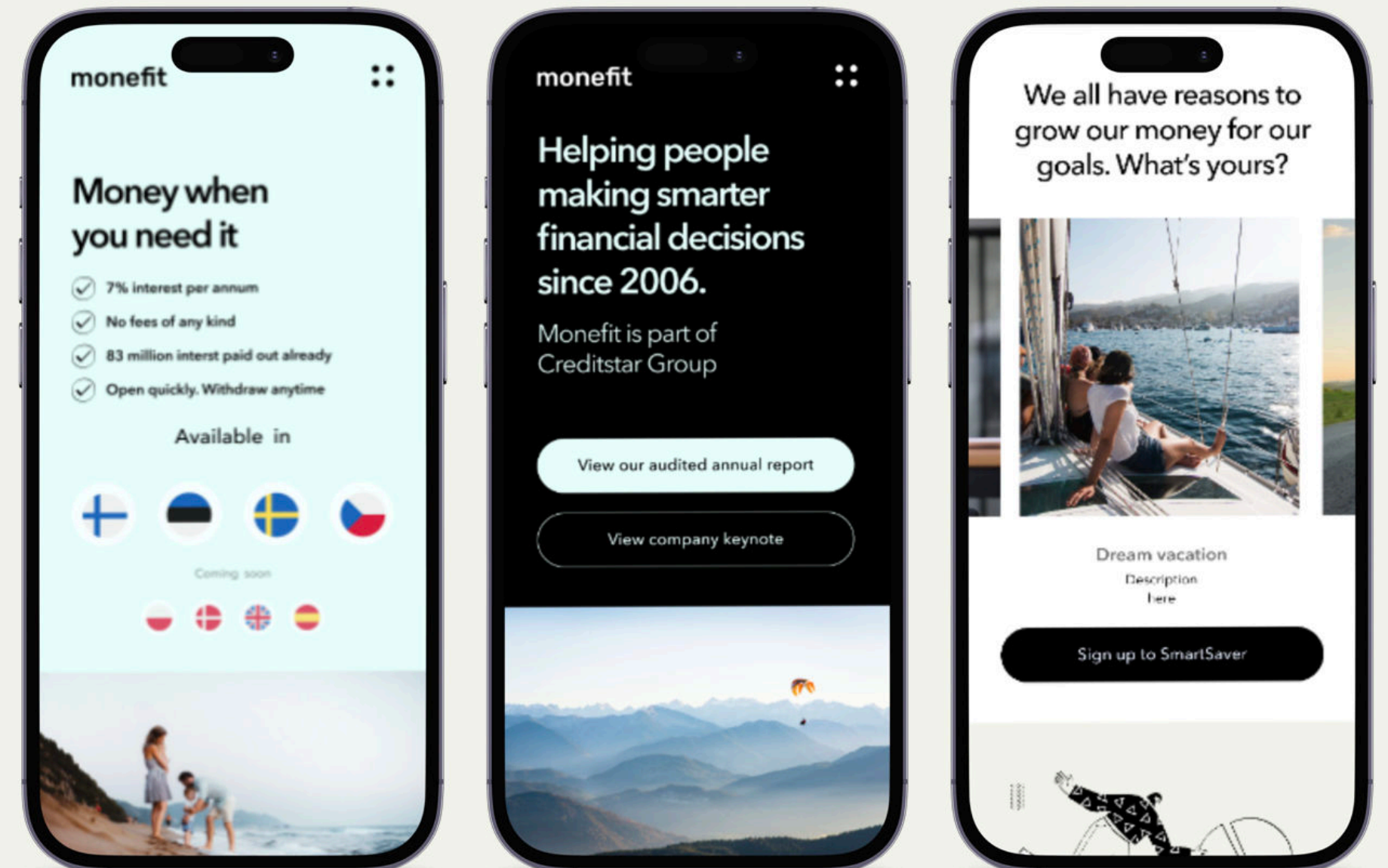
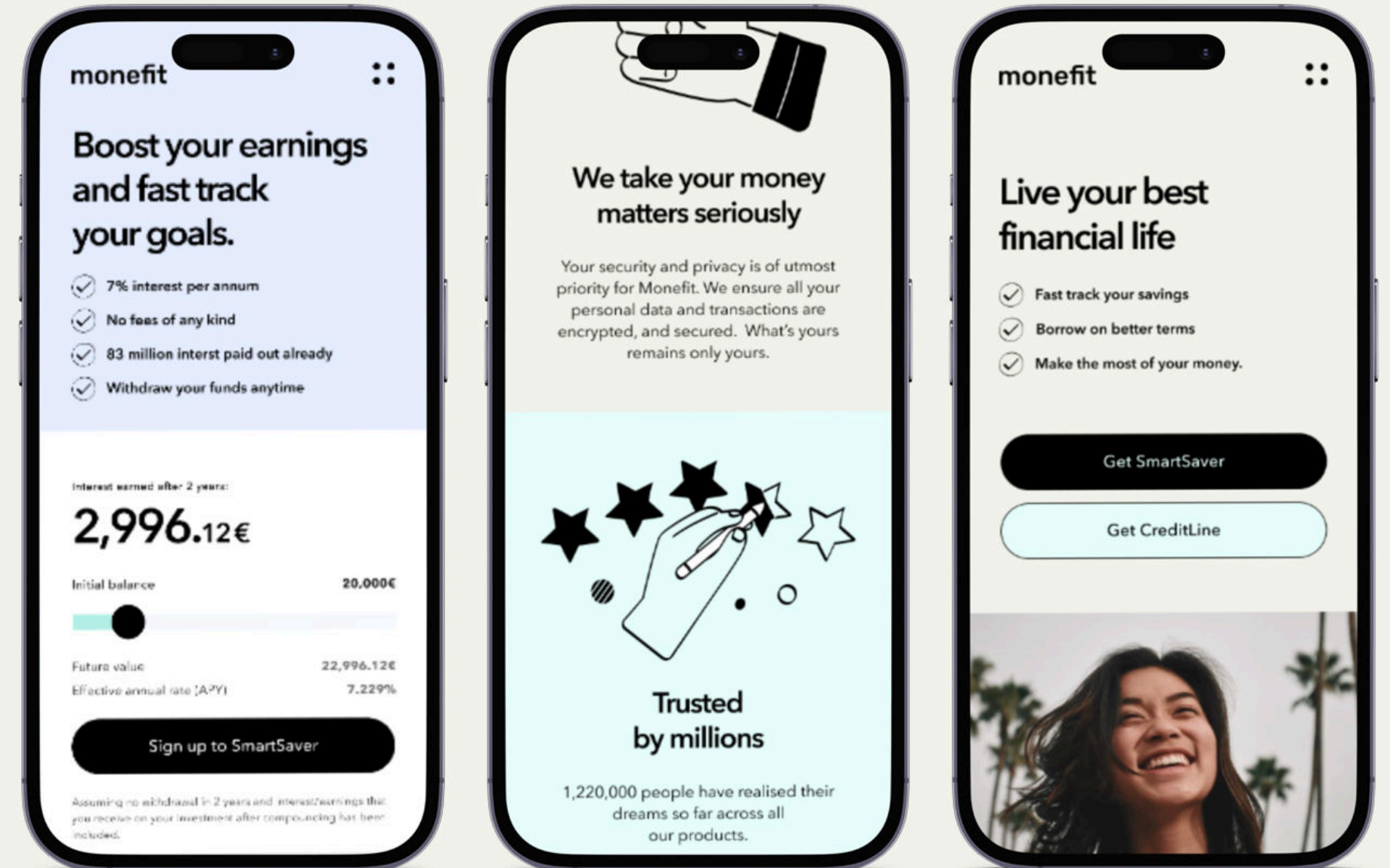


# Moving into connected finance to build deeper relationship with our users.

Building a financial toolkit to help everyone get the most of their money (savings, borrowing, growing, spending) and achieve greater financial stability. Going deeper into lifestyle goals with Revolving Credit being the prime borrowing product.

Revolving Credit	Private Bonds	Cashback & Rewards	Debit Account
Instalment Loan	P2P Invest	Cards / Prepaid	Premium
SmartSaver	Monefit Split		

● Available   ● Future roadmap



# Financial statements





# Consolidated comprehensive income statement

(TH EUR)	2018	2019	2020	2021	2022	9M 2022	9M 2023
Interest & other income	24,172	31,659	35,808	48,068	59,339	43,423	46,162
Interest expense	-7,615	-9,967	-13,995	-18,865	-24,323	-16,973	-21,274
<b>Net interest income</b>	<b>16,557</b>	<b>21,692</b>	<b>21,813</b>	<b>29,203</b>	<b>35,016</b>	<b>26,450</b>	<b>24,888</b>
Other income	1,217	2,492	3,971	26	21	8	3
Operating expenses	-6,404	-8,410	-8,592	-9,491	-11,977	-8,923	-6,935
Wages and salaries	-2,766	-3,401	-4,578	-4,497	-4,910	-3,666	-3,868
<b>Operating profit</b>	<b>8,604</b>	<b>12,373</b>	<b>12,614</b>	<b>15,241</b>	<b>18,150</b>	<b>13,869</b>	<b>14,088</b>
Depreciation	-436	-874	-592	-2,106	-1,539	-1,134	-1,117
Currency effect	-300	-39	-62	-98	-91	-73	-27
Loan impairment charges <sup>1</sup>	-4,809	-6,252	-5,448	-7,308	-8,944	-7,376	-7,617
Income tax	-199	-127	104	-312	-200	0	-150
<b>Net profit</b>	<b>2,860</b>	<b>5,082</b>	<b>6,616</b>	<b>5,417</b>	<b>7,376</b>	<b>5,286</b>	<b>5,117</b>
FX translation adjustment	0	263	-1,119	416	-906	-2,030	-118
<b>Comprehensive profit</b>	<b>2,860</b>	<b>5,345</b>	<b>5,497</b>	<b>5,833</b>	<b>6,470</b>	<b>3,256</b>	<b>4,999</b>



<sup>1</sup> In 2020, the company allocated 1.5 million euros to an Extraordinary Situations Reserve to address potential impacts on the company's loan portfolio.

# Consolidated balance sheet

(TH EUR)	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.09.2022	30.09.2023
Cash	939	1,765	1,533	5,985	364	2,485	2,588
Loans to customers	83,201	112,407	144,763	180,981	225,868	212,537	234,784
Other assets	6,866	8,958	11,791	11,798	9,574	11,069	9,853
<b>Total assets</b>	<b>91,006</b>	<b>123,130</b>	<b>158,086</b>	<b>198,764</b>	<b>235,806</b>	<b>226,091</b>	<b>247,225</b>
Borrowings	69,932	96,125	126,655	158,292	184,719	179,449	191,676
Payables and prepayments	1,866	2,614	2,667	2,318	3,408	2,632	2,871
<b>Total liabilities</b>	<b>71,798</b>	<b>98,739</b>	<b>129,322</b>	<b>160,610</b>	<b>188,127</b>	<b>182,081</b>	<b>194,547</b>
Issued capital	9,765	21,000	21,000	21,000	21,000	21,000	21,000
Voluntary reserve	2,000	606	1,806	5,656	8,256	8,256	8,256
Retained earnings	7,443	2,785	5,959	11,498	18,423	14,754	23,422
<b>Total equity</b>	<b>19,208</b>	<b>24,391</b>	<b>28,765</b>	<b>38,154</b>	<b>47,679</b>	<b>44,010</b>	<b>52,678</b>
<b>Total liabilities and equity</b>	<b>91,006</b>	<b>123,130</b>	<b>158,086</b>	<b>198,764</b>	<b>235,806</b>	<b>226,091</b>	<b>247,225</b>



# Overview of financing (consolidated)

<b>Owners' equity</b>	<b>52.7 M EUR</b>	Registered share capital EUR 21 M EUR Dividend payments limited to 20% of the annual net profit
<b>Private loans</b>	<b>39.2 M EUR</b>	Maturity: different maturities, automatically extending agreements Collateral: none
<b>Bonds</b>	<b>75.2 M EUR</b>	9 outstanding bond issues Collateral: secured with pledges on claims, bank accounts
<b>Credit line</b>	<b>4.7 M EUR</b>	Creditor: a Swedish financial group Collateral: secured with pledges on claims
<b>P2P financing</b>	<b>70.8 M EUR</b>	Mintos Marketplace, Lendermarket, Monefit SmartSaver Collateral: buy-back guarantee



# Key risks influencing the Company

## Financing risk

The future growth of the Company, as well as its capability to duly serve its debt liabilities, depends on its ability to attract financing. Poor investor relationships or inability to attract new financing may limit the growth or lead to violation of its financial liabilities.

If the maturity date of a bullet debt falls into a period of unfavourable market conditions, the costs of refinancing, if available at all, may be significantly higher and result in the weakening of the Company's financial position.

Failure to meet covenants of any financing agreement could trigger an early repayment request of the respective loan and other financing agreements through cross-default clauses.

## Interest rate risk

The Company has financed a significant share of its activities with different credit facilities. All credit agreements are with fixed interest rates. However, short term credit agreements mean that they need to be regularly refinanced. Any increase in general corporate interest rates in the market will potentially lead to higher financial costs for the Company.

## Default risk of clients

The Company might face temporary or permanent financial distress, liquidity problems or inability to duly serve its financial obligations if a significant number of clients default on their loans. Historically the level of defaulting loans has been low with good recovery rates. Fines and penalties have covered the provisions.

## Operational risk

Losses stemming from inadequate or failed internal processes, procedures, policies, people and systems.

## Dependency on cash-flows from subsidiaries

The Company is a holding company conducting its operations through its subsidiaries. The Company itself does not own significant assets other than investments in the subsidiaries. Therefore, to meet its obligations arising from the bonds, the Company is dependent on the receipt of dividends and interest payments or payments from share capital decrease from its subsidiaries.

## Regulatory risk

The Company operates in highly regulated fields of business, and its operations are subject to several laws, regulations, policies, guidance and voluntary codes of practice, which are subject to changes.

Losses stemming from adverse changes in the legislation may increase costs of operating the business, change the competitive landscape, decrease revenues etc.

Expiry or revocation of licenses or failure to acquire new licenses could materially limit or prevent Company's operations and have an adverse effect on the Company's cash flows and financial position.

## Risk of foreign and business expansion

The Company plans to expand its operations to new markets and business segments. This includes numerous risks, most importantly exposure to new countries' economies and legal environments, additional currency risk, and increased operational risks.

The Company needs to adopt and enforce all its internal routines and procedures in a new branch/field operating in a new country/segment.

## Dependency on information technology systems

The Company has developed and uses a variety of custom-made information technology systems to carry out its business operations and provide services to its clients. Failures or significant disruptions to the Company's information technology systems could prevent it from conducting its operations.

## Financial reporting risk

Risks arise from the potential reporting errors and unproven reliability of the financial statements.

Creditstar Group's auditor from 2020 is KPMG.

## Macro-economic risk

A significant economic downturn may increase the level of non-performing loans and decrease the value of the loan collaterals. An adverse change in economic conditions might also affect Company's ability to refinance its debt liabilities.

## Foreign exchange risk

The Company operates internationally and is thereby exposed to fluctuations in exchange rates due to the collection of loan instalments in various currencies. Adverse foreign exchange rate fluctuations against the Euro could have a material adverse effect on the Company's financial standing.



# Thank you!

Contact us to receive more information  
about the company:

investors@creditstar.com  
T: +372 698 8710

## **CREDITSTAR GROUP AS**

Kai 4, 10111 Tallinn, Estonia  
Phone: +372 698 8710  
Fax: +372 653 1508  
[www.creditstar.com](http://www.creditstar.com)