

AS Sun Finance Group

Unaudited results
6M 2024



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One of the fastest-growing online lending platforms in Europe, driven by tech innovation, efficient risk management, and advanced data science solutions

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Operating countries

~1,400

Employees across the Group

22.5m+

Loan applications since inception

17.8m+

Registered customers

EUR 3.2bn+

Loans issued

EUR 77m

Bonds listed on Nasdaq First North

6M HIGHLIGHTS

During the period, the Group delivered solid financial results while navigating a strategic shift in the geographical scope of its operations. Interest income reached €133.6m (-7.4% vs 6M 2023), EBITDA of €48.5 was delivered (36.3% margin), while the net loan portfolio stood at €153.2m (-12.7% vs 6M 2023).

In March, Sun Finance was once more recognised as one of the Fastest Growing European Companies by The Financial Times, maintaining its position in the ranking for the 4th consecutive year - a notable achievement not only for the Baltic region but also at the European level.

Within the same month, the Group's 3.5-year senior unsecured bonds (LV0000802692), with a coupon rate of 11% + 3M EURIBOR and maturity in November 2026, were admitted to trading on the Nasdaq First North market.

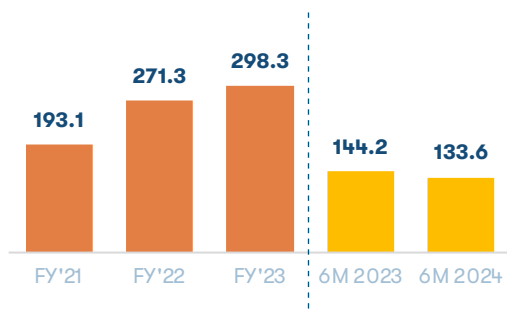
In April, the Group achieved a significant milestone, reaching €3 billion in loans issued to customers since the company's inception.

Towards the end of May, the Group registered a new senior unsecured bond issue of up to €40 million to refinance the 3-year €20 million bonds maturing on 30 June 2024, as well as to support new product development and further geographic expansion. The new bond issue, maturing in November 2027, has been organized as a private placement with an 11% coupon rate, paid monthly.

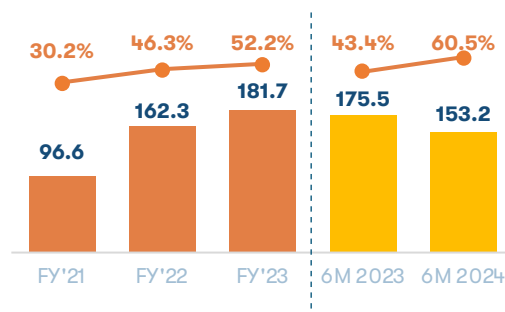
At the end of June, the Group published its consolidated audited annual report for the year 2023. Figures for the previous periods in this results update have been reflected accordingly.

6M 2024 HIGHLIGHTS

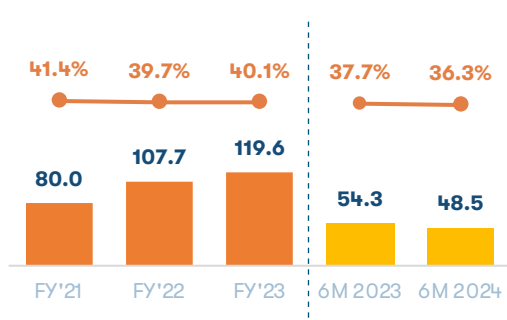
Interest income (€M)*



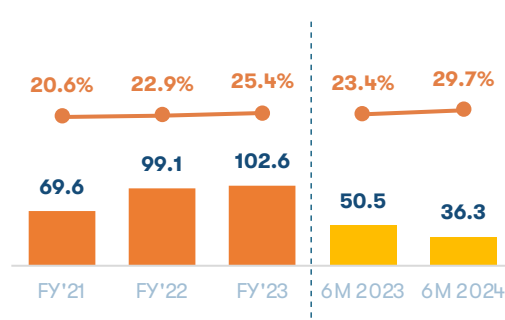
Net Portfolio (€M) (capitalisation ratio, %)



EBITDA (€M) (EBITDA margin, %)



Operating profit (€M) (Cost/income ratio, %)



*A reclassification from Interest income to Other operating income has been performed

Interest income

€133.6m

↓ 7.4% PoP

The Group's interest income reached **€133.6m** in 6M 2024, a 7.4% decrease compared to **€144.2m** in 6M 2023. The slight decline is attributed to the strategic decision to reduce the exposure in the Central Asia market.

Net portfolio

€153.2m

↓ 12.7% PoP

Net portfolio amounted to **€153.2m** at the end of the period, representing a 12.7% decline vs 6M 2023, also primarily affected by the scale back of the Central Asia market. The net portfolio growth in other operational markets has been 45.6% compared to 6M 2023.

Cost/income

29.7%

↑ 634 bps PoP

Cost/income ratio was **29.7% for the period**, up by 634 bps compared to 6M 2023. The increase in the ratio was influenced by the scaling of new products and the shift in geographic dispersion of operational markets.

EBITDA

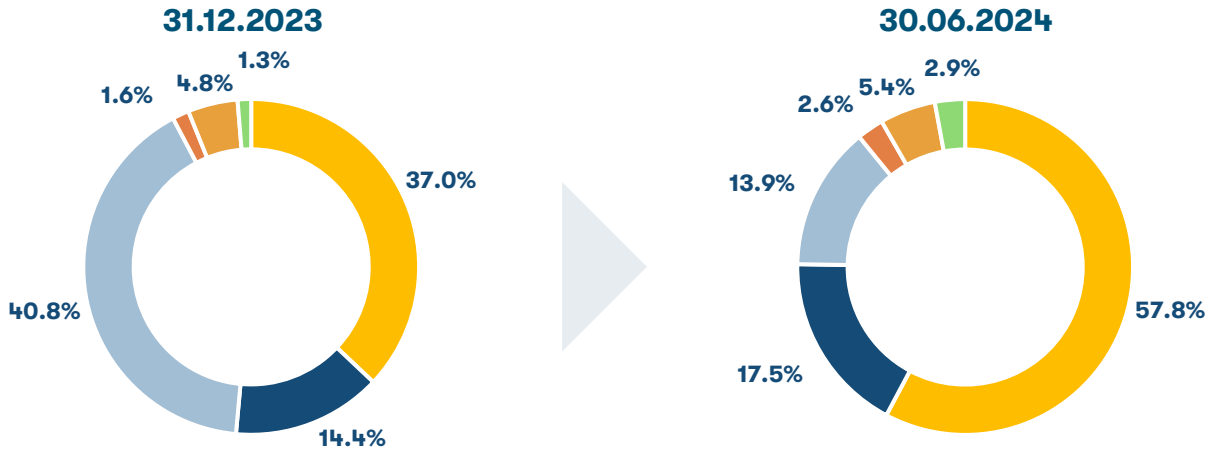
€48.5m

36.3% margin

EBITDA for the period amounted to **€48.5m**, with a margin of **36.3%**, being a 3.5% decrease compared to 6M 2023. The primary cause of the decline was a reduction in revenue.

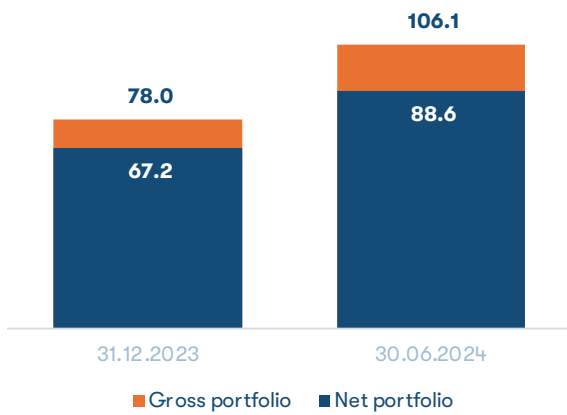
PORTFOLIO ANALYSIS – GROUP & REGIONS

Portfolio Analysis



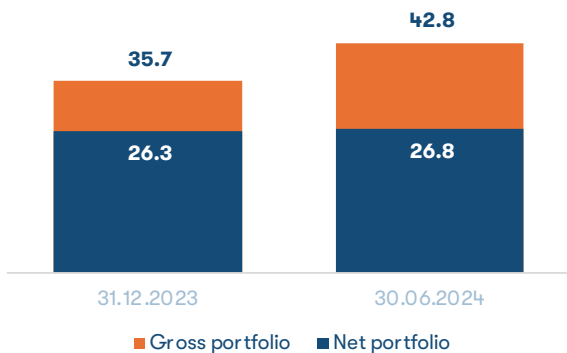
● Europe HUB
 ● Scandinavian HUB
 ● Central Asia HUB
 ● South East Asia HUB
 ● Latin America HUB
 ● Africa HUB

Portfolio – Europe HUB (€M)



- Despite being the Group's most mature and stable market in terms of operations and industry development, the European HUB has demonstrated continuous growth
- The portfolio quality has been consistently preserved at a high level
- In Q4'23, the Group launched operations in Spain, further contributing to the growth of loan portfolio

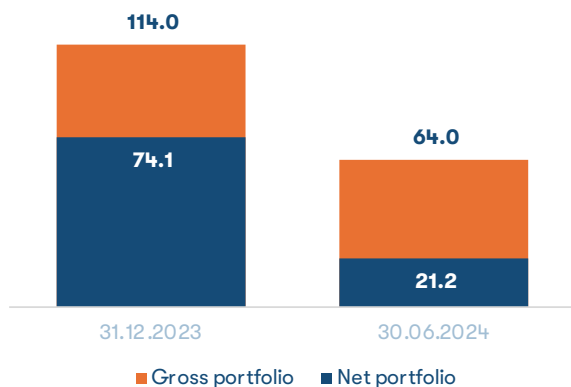
Portfolio – Scandinavia HUB (€M)



- The Scandinavian HUB sustained strong performance in terms of loan sales, revenue and profitability
- Given the continuously strong demand in the market, we closely monitor customer dynamics to ensure stable portfolio quality and growth

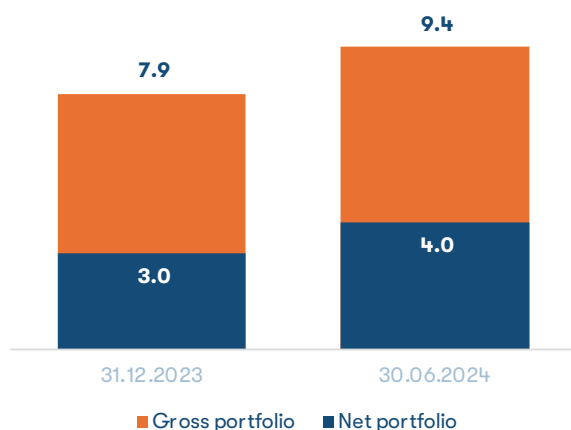
PORTFOLIO ANALYSIS – GROUP & REGIONS

Portfolio – Central Asia HUB (€M)



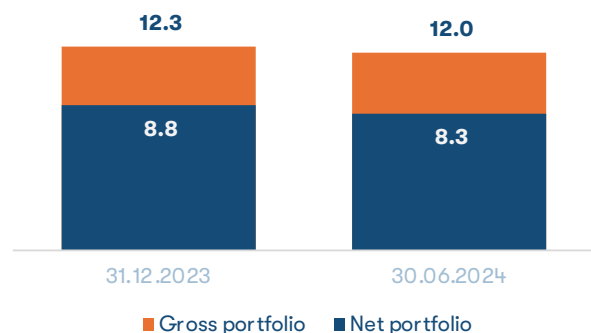
- During the period, the Group maintained focus on its long-term strategic plan to reduce exposure in the Central Asia HUB, resulting in a portfolio decline

Portfolio – South East Asia HUB (€M)



- The market has demonstrated steady growth in loan issuance volumes and revenue
- We continue to review new geographies in the region for potential product launches in upcoming periods

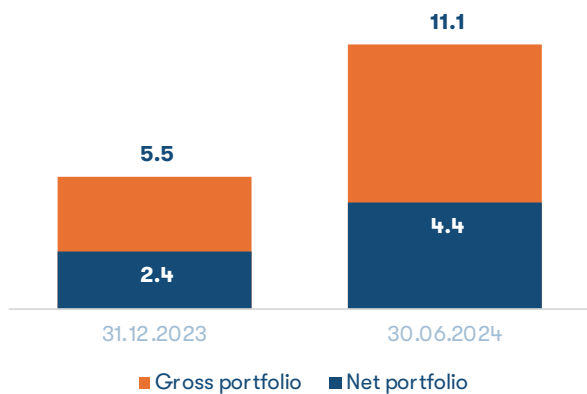
Portfolio – Latin America HUB (€M)



- Enhanced customer dynamics and a robust portfolio structure have been maintained throughout the period; however, the portfolio balance at the period's end has been impacted by currency fluctuations
- We continue to closely monitor customer dynamics to sustain a healthy portfolio quality

PORTFOLIO ANALYSIS – GROUP & REGIONS

Portfolio – Africa HUB (€M)



- Following the acquisition in Q3'23, the Group has closely monitored customer dynamics in the market and worked on risk strategy improvements to ensure healthy loan portfolio development
- The market consistently demonstrates growth in terms of business volumes and profitability

FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

	Notes	6M 2024 (€M)	6M 2023 (€M)
Interest income		133.6	144.2
Interest expense		(9.2)	(8.2)
Net interest income		124.4	136.0
Impairment and write-off expense		(61.9)	(62.8)
Operating costs	1	(45.5)	(37.0)
Other operating income		22.2	17.8
Other operating expense		(0.8)	(9.1)
Net foreign exchange result		1.8	0.1
Profit before tax		40.0	45.1
Corporate income tax for the reporting period		(13.3)	(11.6)
PROFIT FOR THE PERIOD		26.8	33.5

(1) Operating costs

	6M 2024 (€M)	6M 2023 (€M)
Direct costs	16.3	10.7
Personnel costs	11.0	10.1
Indirect costs	11.0	7.8
Marketing and sponsorship	6.2	7.3
Amortisation and depreciation	1.0	0.9
Other costs	0.1	0.2
TOTAL	45.5	37.0

FINANCIAL PERFORMANCE

Consolidated Statement of Financial Position

	Notes	30.06.2024 (€M)	31.12.2023 (€M)
Tangible and Intangible assets		17.4	17.6
Other non-current assets		2.8	2.9
Loans and advances to customers	2	153.2	181.7
Cash and cash equivalents		31.9	22.6
Other receivables	3	30.1	29.7
TOTAL ASSETS		235.4	254.6
Share capital and Share premium		0.4	0.4
Retained earnings, reserves and NCI		92.3	94.4
Total equity		92.7	94.8
Loans and borrowings	4	107.3	126.7
Taxes payable		7.9	13.8
Trade and other payables		17.0	8.2
Prepayments and other payments received from clients		5.5	6.2
Other liabilities		5.0	5.0
Total liabilities		142.7	159.8
TOTAL EQUITY AND LIABILITIES		235.4	254.6

(2) Loans and advances to customers

	30.06.2024 (€M)	31.12.2023 (€M)
Gross receivables	245.3	253.6
Allowance for doubtful debts	(92.1)	(71.9)
NET RECEIVABLES	153.2	181.7

(3) Other receivables include receivables from sold portfolio, tax advance payments and other prepaid expense.

FINANCIAL PERFORMANCE

(4) Loans and borrowings

	30.06.2024 (€M)	31.12.2023 (€M)
Unsecured bonds ¹	67.0	81.8
Loan marketplace (P2P)	4.4	21.9
Other loans ²	35.9	23.0
TOTAL	107.3	126.7

¹ Unsecured notes maturing September 2025, November 2026 and November 2027

² Other loans include loans received from minority shareholders, management, and other investors. Maturities ranging from 2024 to 2027

FINANCIAL PERFORMANCE

Consolidated Statement of Cash flows

	6M 2024 (€M)	6M 2023 (€M)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxes	40.0	45.1
Adjustments for:		
Depreciation and amortization	1.0	0.9
Sold portfolio write off	69.5	79.1
Increase in impairment allowance	26.5	16.6
Write-off and disposal of intangible and property and equipment assets	0.2	0.3
Provisions (except doubtful debt allowance)	0.1	3.1
Non-controlling interest retained earnings	(0.1)	(0.3)
Interest income	(0.1)	(0.0)
Interest expenses	9.2	8.2
Profit or loss before adjustments for the effect of changes to current assets and short-term liabilities	146.3	153.0
Adjustments for:		
(Increase) / Decrease in loans due from customers	(67.5)	(108.8)
(Increase) / Decrease in other assets	3.1	2.6
Increase / (Decrease) in accounts payable to suppliers, contractors and other creditors	9.0	1.6
Gross cash flows from operating activities	90.9	48.4
Corporate income tax paid	(20.0)	(12.0)
Net cash flows used in operating activities	70.9	36.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and intangible assets	(0.9)	(1.5)
Loans issued to unrelated parties	(3.4)	(1.2)
Acquisition of Non-controlling interests	(0.1)	-
Net cash flows used in investing activities	(4.4)	(2.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received and notes issued	40.0	39.3
Repayment of loans and interest	(68.2)	(41.4)
Return to Investors	(28.5)	(23.0)
Net cash flows from financing activities	(56.7)	(25.1)
Net increase/(decrease) in cash and cash equivalents	9.8	8.6
Cash and cash equivalents at the beginning of the period	22.6	8.7
Effect of exchange rate fluctuations on cash	(0.5)	(0.2)
Cash and cash equivalents at the end of the period	31.9	17.0

FINANCIAL PERFORMANCE

Consolidated Statement of Changes in Equity

	Share capital and premium	Currency translation reserve	Other reserves	Retained earnings	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Group	(€M)	(€M)	(€M)	(€M)	(€M)	(€M)	(€M)
31/12/2022	0.4	0.7	1.5	62.8	65.4	0.6	66.0
Changes in ownership							
Transactions with NCI	-	-	-	(0.0)	(0.0)	0.7	0.7
Total comprehensive income							
Profit for the reporting period	-	-	-	69.7	69.7	2.3	72.1
Other comprehensive income/(loss)	-	(0.6)	-	-	(0.6)	0.0	(0.6)
Transactions with shareholders recorded directly in equity							
Value of employee services	-	-	0.1	-	0.1	-	0.1
Earnings allocation	-	-	-	(41.8)	(41.8)	(1.7)	(43.5)
31/12/2023	0.4	0.0	1.7	90.8	92.8	2.0	94.8
Changes in ownership							
Transactions with NCI	-	-	-	(0.0)	(0.0)	(0.0)	(0.1)
Total comprehensive income							
Profit for the reporting period	-	-	-	25.4	25.4	1.4	26.8
Other comprehensive income/(loss)	-	(0.2)	-	-	(0.2)	(0.1)	(0.3)
Transactions with shareholders recorded directly in equity							
Earnings allocation	-	-	-	(27.3)	(27.3)	(1.2)	(28.5)
30/06/2024	0.4	(0.1)	1.7	88.8	90.7	2.0	92.7

KEY FINANCIAL METRICS & RATIOS

	6M 2024	6M 2023
Turnover	133.6	144.2
EBITDA	48.5	54.3
EBITDA margin (%)	36.3%	37.7%
Net loan portfolio	153.2	175.5
Capitalization ratio (%) ¹	60.5%	43.4%
Interest coverage ratio ²	5.9x	7.6x
Unencumbered receivables ratio ³	2.2x	1.9x
Cost/Income Ratio (%) ⁴	29.7%	23.4%

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

At the period end, the Group's financial results provided sufficient headroom to fulfil bond covenants.

A photograph of a modern, multi-story office building with a dark facade and large windows. The building is illuminated from within, and the Sun Finance logo is visible on the top right corner. The sky is a vibrant orange and red, suggesting a sunset. In the foreground, there is a road with light trails from cars, and a few people are walking on the sidewalk.

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

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