



Finko

**Investor Presentation
2020**

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EXECUTIVE SUMMARY

FINKO Group is one of the largest and most profitable loan originators listed on Mintos platform.

Group has been profitable since Q4 2018, reaching total EBITDA of €35.8m and Net Profit of €17.6m in 2019.

Diversified risk profile – currently operates in 5 countries: Georgia, Armenia, Moldova, Russia and Ukraine.

FINKO Group has managed to find a balance between high profitability and fast growth of good quality credit portfolio of more than €85m

The growth is supported by innovative technology and comprehensive experience. FINKO Group team consists of industry leading professionals with extensive experience in finance, IT, risks and marketing.

Strong unit economics in all countries of operations as well as group guarantee covering all countries of FINKO Group supports a strong investment case.



5
COUNTRIES



€17.6M
NET PROFIT FY2019



115
BRANCHES



€86M
NET LOAN PORTFOLIO



1276
EMPLOYEES



€600M +
LOANS ORIGINATED



600k+
ACTIVE CLIENTS



1.5M
REGISTERED USERS

BUSINESS OVERVIEW



2019: BUSINESS AND FINANCIAL HIGHLIGHTS

2019 was a successful year for FINKO Group. Supported by strong performance across all markets FINKO Group **issued loans** in amount of **€366m** in 2019, which is an increase of €173m (+90%) compared to 2018 (€193m issued).

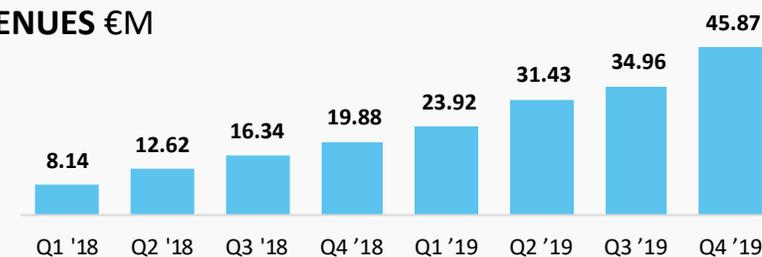
Substantial business growth, coupled with efficiency improvements have resulted in a record **revenues** of **€136m** (€57m in 2018) and materially improved EBITDA of **€35.8m** (€7.1m in 2018).

As at EOY 2019 FINKO Group is supported by **1276 full time employees** (839 in 31.12.2018) and has strengthened its capacity across all of its functions while reaching **EBITDA** margin of **26%** in Q4 2019.

The Group continued to invest in its IT and Risk functions with total investments reaching **€2.5m** in 2019.

FINKO Group's **net portfolio** has reached **€86m**, an increase of €40m (88%) compared to FY 2018.

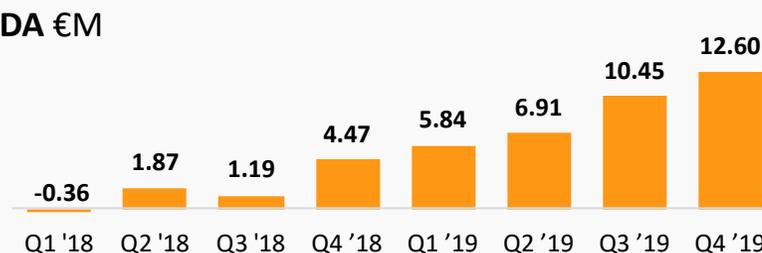
REVENUES €M



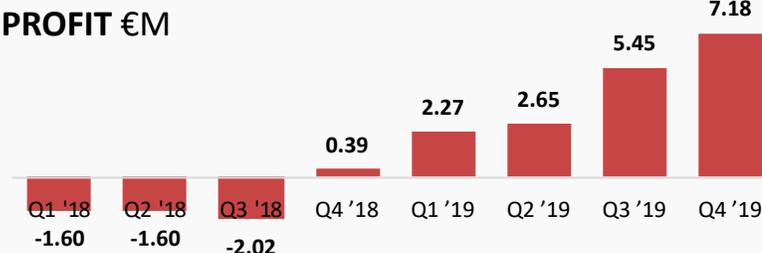
NET PORTFOLIO €M



EBITDA €M



NET PROFIT €M



PORTFOLIO ANALYSIS

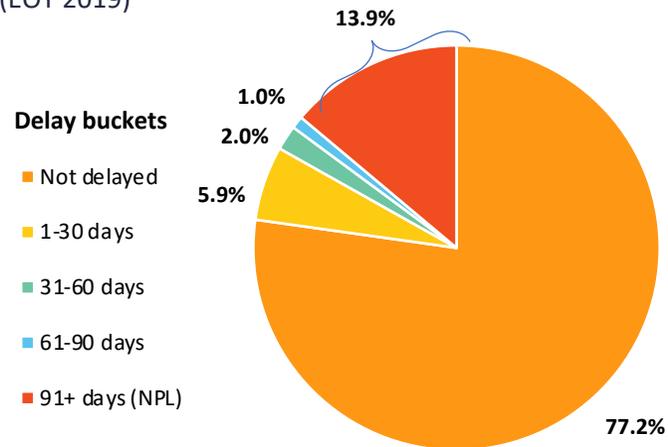
NPL has improved over time with more data, better score cards and more returning customers.

Strong NPL management resulting in **7.4%** of NPL to issued loan volume.

Performing loans account for **81.1%** of total net loan portfolio.

Prudent and IFRS9 compliant impairment policy ensures that NPL (€25.5m) are almost doubly provided for with provisions delivering a **buffer of €23.7m**

Net loan portfolio – Quality analysis (EOY 2019)



13.9%

NPLs 90+ overdue

193%

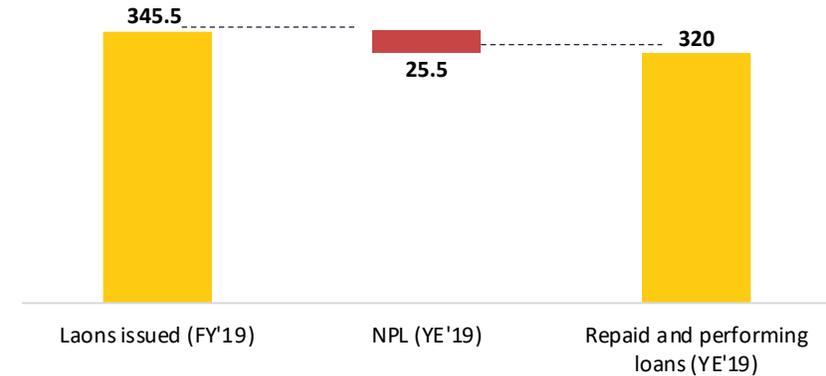
NPL coverage

7.4%

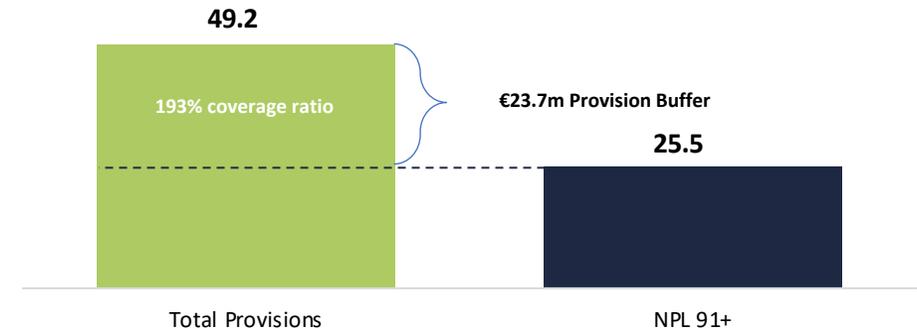
NPL to issued loans

Non-performing loans of total loans issued in 2019 (€M)

7.4% of total loans issued



Total provisions vs NPLs (€M) (EOY 2019)



FURTHER DEVELOPMENT STRATEGY



Expansion

Growing and expanding into new areas in the existing markets.
Constant branch expansion and development.
Exploring the possibilities of entering new emerging markets.



Product Rollout

Continuous development of new products and loyalty programmes, introduction of Instalment loan product in markets where it is currently not offered.



Financing

Diversification of funding sources.
Cost optimisation.
Efficiency improvements.



Leveraging on Technology

Improving the functionality of existing products.
Integrating the latest technologies in digital marketing, credit scoring, risk management, user experience and debt collection processes



Strengthening Foundation

Further increasing of brand awareness.
Maintaining the existing customer base and attracting new customers.
Increasing portfolio profitability.
Ensuring compliance with regulations.

FINKO GROUP: INVESTMENT HIGHLIGHTS



RESPECTABLE PLAYER IN CONSUMER LENDING INDUSTRY

Data driven approach and dedicated data science team through use of technology has enabled FINKO Group to build a sizeable, well-performing and profitable portfolio within a short period of time.



EXPERIENCED MANAGEMENT TEAM WITH PROVEN TRACK RECORD

Management team with exceptional 12+ years of experience in management roles in FinTech, Finance and IT¹

Note:

¹See more detailed information on the management team in Appendix: Key management



STRONG STRATEGIC INVESTOR SUPPORT

Strategic investors with extensive industry experience: previous shareholders of one of Europe's leading consumer lending groups and current owners of Europe's largest used car lender.



DIVERSIFIED PORTFOLIO

Operating in 5 countries with 8 brands, covering a total population of ~195.5m people

Average loan ticket of €130 for Single Payment loans and €252 for Line of Credit

€600m+ issued loans since inception in 2015

FINKO GROUP: INVESTMENT HIGHLIGHTS

BUYBACK GUARANTEE

All loans from FINKO Group available in Mintos are provided with buyback guarantee.

If a loan with a buyback guarantee is delayed by more than 60 days, the loan is automatically bought back by Finko from the investor at the nominal value of the outstanding principal, plus accrued interest income.

GROUP LEVEL GUARANTEE

Additional to buyback FINKO Group has decided to provide to all Mintos investors GROUP LEVEL GUARANTEE for all countries/brands represented in Mintos. The guarantee will imply that FINKO group covers all liabilities in case there are unexpected negative events with any of the brands represented under FINKO Group.



APPENDIX

APPENDIX: KEY MANAGEMENT



Maris Strods

Co-Founder and Board Member

Maris has over 12 years of professional experience in senior executive roles in the areas of e-commerce, finance audit and online/offline consumer lending. He played a key role in the business development in Moldova, Armenia, Georgia, Russia, and Ukraine.



Janis Pizics

Chief Executive Officer

Holding an MBA degree in finance and ACCA qualification, Janis has more than 10 years of experience in the areas of finance and general management across different industries and markets. He was part of the initial launch team and succeeded in opening 3 new markets in less than 12 months. Currently participating in the full scope of business overseeing operations with more than 1200 employees.



Reinis Vaivars

Co-Founder and Board Member

Reinis has co-founded many successful companies in different industries. He has served in executive positions for more than 10 years in areas related to Financial audit, Marketing, E-commerce and Consumer lending. At Finko Reinis is leading the business development side and driving growth across all Finko markets.

APPENDIX: KEY MANAGEMENT



Sanita Viba

Chief Financial Officer

Sanita has more than 10 years of experience in CFO role across various industries and markets. She has specialized in reorganization of finance functions in medium/large companies starting with accounting data and internal controls, continuing with IT systems, online reports and cost controls, and attraction of financing/refinancing, realized M&A processes. Sanita holds FCCA certificate.



Branka Mracajac

Chief Risk Officer

Branka is an experienced risk management executive with more than 10-years of hands-on experience in banking and FinTech industries. She has recently joined FINKO Group as the CRO and is bringing a vast international experience from twenty developed and emerging markets obtained over the last five years in Moscow- and Tallinn-based FinTech Groups.

APPENDIX: INCOME STATEMENT (EUR)

	2018	2019	'18 vs '19 FY	
	FY	FY	Δ YoY	Δ YoY (%)
Revenues	57.0	136.2	79.2	139%
Interest expense	(9.5)	(10.4)	(0.9)	9%
Net provisions	(30.8)	(62.4)	(31.6)	103%
GROSS PROFIT	16.6	63.4	46.7	281%
Salaries and related taxes	(8.1)	(13.7)	(5.6)	70%
Direct operating expense	(3.0)	(5.9)	(2.9)	99%
Indirect operating expense	(6.3)	(9.4)	(3.1)	49%
<i>of which Amortisation and depreciation</i>	(0.7)	(1.2)	(0.5)	67%
Marketing expense	(3.3)	(10.9)	(7.7)	234%
OPERATING PROFIT/(LOSS)	(4.0)	23.5	27.4	(683%)
Other non-operating income	1.6	5.6	4.0	248%
Other expense	(0.7)	(4.7)	(4.0)	591%
NET PROFIT/(LOSS) BEFORE TAXES	(3.1)	24.3	27.3	(885%)
Profit tax	(1.7)	(6.7)	(5.0)	283%
NET PROFIT/(LOSS)	(4.8)	17.6	22.4	(463%)
<i>Adj.:</i>				
Tax	1.7	6.7	5.0	283%
Interest	9.5	10.4	0.9	9%
EBIT	6.5	34.7	28.2	437%
Depreciation and amortization	0.7	1.1	0.5	67%
EBITDA	7.1	35.8	28.7	402%
EBITDA %	12.5%	26.3%	13.8%	110%

APPENDIX: BALANCE SHEET (EUR)

	2018	2019	Q4'18 vs Q4'19	
	FY	FY	Δ YoY	Δ YoY (%)
Non-current assets	5.2	14.4	4.5	176%
Intangible assets	2.7	4.2	1.5	55%
Fixed assets	1.2	2.0	0.8	74%
Accrued D&A	(0.6)	(1.8)	(1.2)	202%
Deferred tax	1.6	8.5	6.9	430%
Other non-current assets	0.3	1.4	1.1	355%
Current assets	68.4	100.4	32.0	47%
Loans receivable	69.4	135.0	65.6	95%
Provisions for doubtful debts	(23.9)	(49.2)	(25.4)	106%
Accounts receivable	12.7	6.8	(5.8)	(46%)
Cash in bank	7.3	4.2	(3.0)	(42%)
Other receivables	2.9	3.6	0.7	24%
ASSETS	73.6	114.8	36.5	56%
Equity	(12.2)	18.0	15.2	(125%)
Share Capital and subordinated debt	6.9	15.0	8.1	117%
Retained earnings/(loss) for prior years	(14.1)	(14.8)	(0.7)	5%
Retained earnings/(loss) for this year	(5.0)	17.6	22.6	(452%)
FX reserve	–	0.2	0.2	NA
Liabilities	85.8	96.8	11.0	13%
Loans payable	71.2	78.0	(6.8)	10%
Accounts payable	4.6	2.0	2.7	(58%)
Accrued expenses	0.8	1.4	(0.6)	77%
Other payables	9.2	15.4	(21.3)	232%
EQUITY AND LIABILITIES	73.6	114.8	41.2	56%



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