

AS Sun Finance Group

Unaudited Quarterly
results

Q3 2023



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Q3 HIGHLIGHTS

During the period, the Group issued €216.0 in loans to customers, reaching the all-time highest quarterly loan issuance level

Besides the strong demand in our current operational markets, the growth was also driven by the acquisition of AS Zenka Group, an online lending company operating in Kenya, at the beginning of July. Its financial results are now reflected as part of the Group's consolidated Q3'23 figures

Following the solid growth in loan sales, the net portfolio reached €191.9m, being a 9.3% increase QoQ and an increase of 28.8% compared to the end of Q3'22

During the period, the Group recorded EBITDA of €32.3m, up by 10.2% compared to Q3'22 and delivering a 41.2% margin

Volumes issued

€216.0m

↑ 16.8% PoP

The Group has issued **€216.0m** in loans during Q3'23, a 16.8% increase compared to **€184.9m** in Q3'22. The growth has been driven by the strong demand across our existing operational markets and geographic expansion

Net portfolio

€191.9m

↑ 28.8% PoP

Our net portfolio has reached **€191.9m**, an increase of **€42.9m** (+28.8%) vs Q3'22, supported by the growth in loan issuance volumes, scaling of the instalment loan product and healthy portfolio dynamics during the period

Cost/income ratio

26.0%

↑ 462 bps PoP

Cost/income ratio reached **26.0% for the period**, an increase of 462 bps compared to Q3'22. The increase in the ratio has been primarily influenced by the acquisition performed during the period

EBITDA

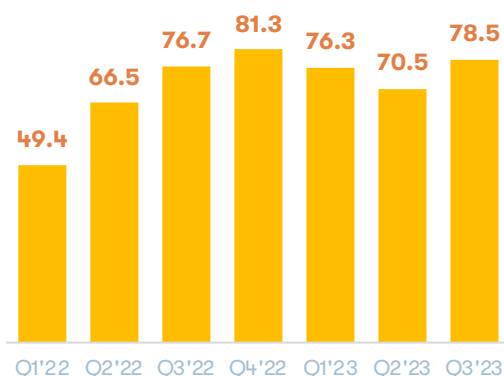
€32.3m

41.2% margin

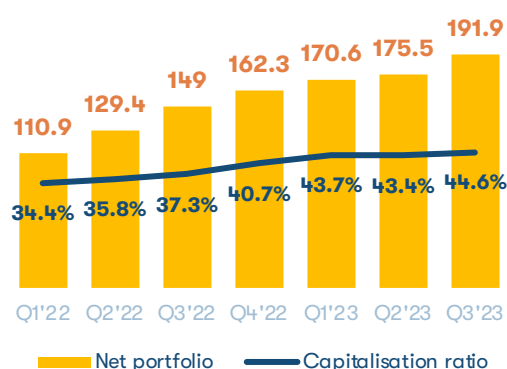
EBITDA of €32.3m was delivered during the period (**margin of 41.2%**), an increase by 10.2% compared to Q3'22, mainly driven by the growth in operating income, while maintaining the provisions level stable

KEY DEVELOPMENTS & BUSINESS PERFORMANCE

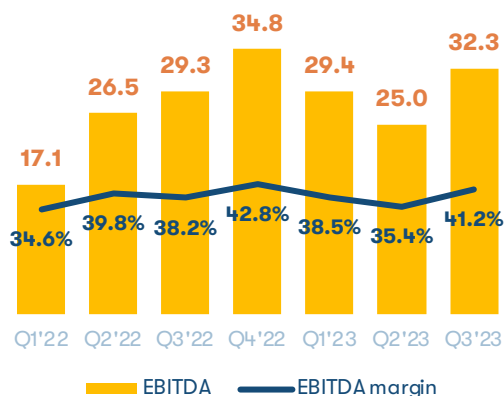
Revenues, €m



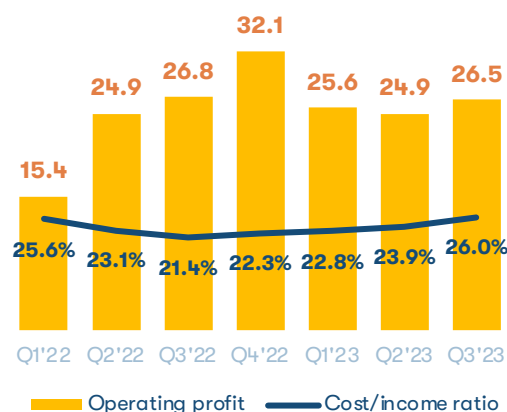
Net portfolio, €m (Capitalisation ratio, %¹)



EBITDA, €m (EBITDA margin, %)



Operating profit², €m (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

² Reclassification between Other operating and Other non-operating income was made in Q1'23 to ensure consistency of presented results

- The Group recorded €78.5m revenue for the period, delivering an 11.3% growth QoQ and surpassing the Q3'22 result by 2.3%
- The Group's net portfolio has grown to €191.9m at the end of Q3'23 – an increase of 28.8% compared to Q3'22. The key growth drivers during the period were the strong loan sales and continuous instalment product scaling. At the end of the period, the capitalisation ratio exceeded the covenant threshold more than 2x
- In Q3'23, the Group recorded an EBITDA of €32.3m, up by 10.2% compared to the same period last year, and delivering a margin of 41.2%
- Cost/income ratio slightly increased to 26.0% for Q3'23, predominantly due to additional costs that were incurred following the acquisition. The ratio is expected to reduce in upcoming periods, as the acquired entity is now fully integrated within the Group's operational structure

Sun Finance Group Q3'23 sales: €216.0m ↑ 16.8% PoP

EUROPE HUB

The European HUB has continued to deliver solid results in terms of revenue and profitability over the period while maintaining growth in loan issuance volumes and loan portfolio

We continue to observe strong demand from customers in the market and the region continuously demonstrates high quality portfolio performance

To grow our presence in the European market further, we have recently launched operations in Spain

SCANDINAVIA HUB

The Scandinavian HUB continued to deliver solid growth in loan sales, revenue and profitability

The efforts to expand the product line during the previous period have resulted in considerable loan portfolio growth

The portfolio structure remains stable, inheriting qualities of portfolios typically seen in Scandinavian countries

CENTRAL ASIA HUB

During the period, the Central Asian HUB has achieved a substantial increase in loan sales and net portfolio, while also delivering solid growth in revenues and profitability

Despite the notable loan portfolio increase, the portfolio quality remains at a high level

In the upcoming periods, the Group expects to further develop recently launched products and strengthen its position in the region

PERFORMANCE OVERVIEW BY GEOGRAPHY (CONT.)

Sun Finance Group Q3'23 sales: €216.0m ↑ 16.8% PoP

SOUTH EAST ASIA HUB

During the first half of 2023, the Group stopped active operations in Vietnam, resulting in a decrease in the Southeast Asian HUB loan portfolio

Nevertheless, we observe continuous growth in the loan issuance level and revenues in the Philippine market

LATIN AMERICA HUB

During the period, the Latin American HUB has demonstrated a solid increase in loan issuance volumes and revenues

The Group closely monitors customer dynamics to maintain a healthy portfolio quality as the loan sales volumes increase

AFRICA HUB

Following the acquisition of AS Zenka Group, an online lending company operating in Kenya, the Group has entered the rapidly developing African lending market

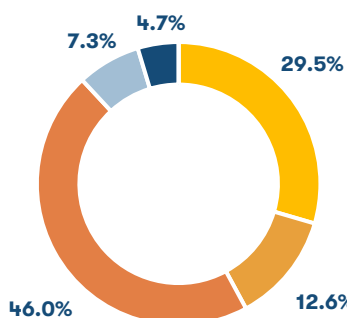
The company has now been fully incorporated into the Group's operational structure

At the end of Q3'23, the African HUB net loan portfolio amounted to €3.1m

PORTFOLIO ANALYSIS – GROUP & REGIONS

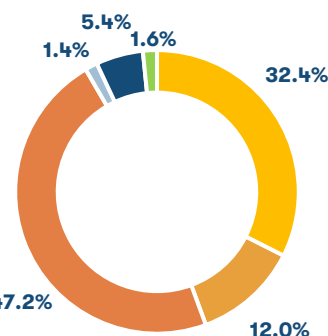
Portfolio dynamics (Q3'22)

- Europe HUB
- Scandinavia HUB
- Central Asia HUB
- South East Asia HUB
- Latin America HUB

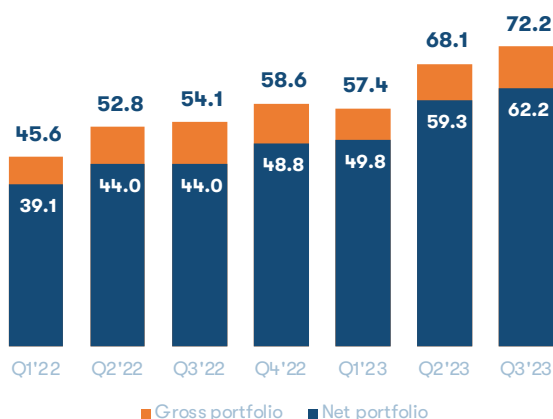


Portfolio dynamics (Q3'23)

- Europe HUB
- Scandinavia HUB
- Central Asia HUB
- South East Asia HUB
- Latin America HUB
- Africa HUB

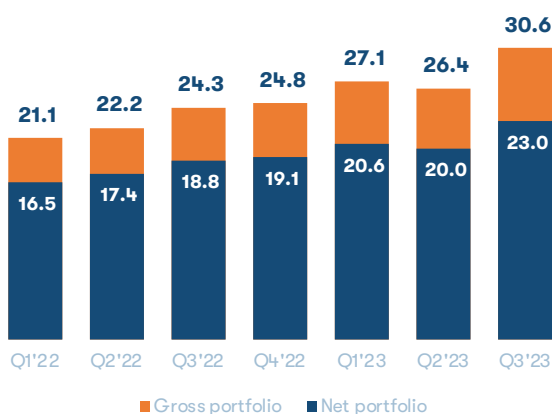


Portfolio – Europe HUB (Q1'22 – Q3'23)



- Despite being the Group's **most mature and stable market** in terms of operations and industry development stage, the European HUB has **demonstrated continuous growth**
- The Group continues working on the diversification of the product offering in the region

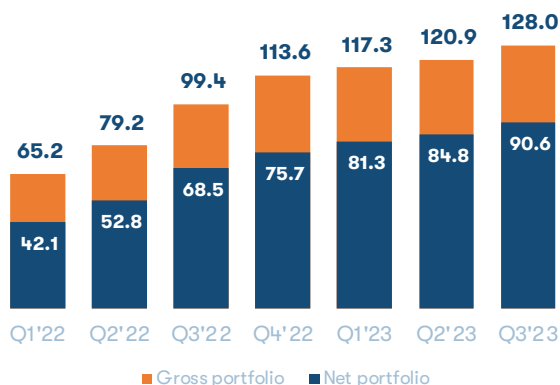
Portfolio – Scandinavia HUB (Q1'22 – Q3'23)



- To facilitate the strong customer demand, the Group worked on **expanding the existing product** line in the market during the previous period, resulting in a considerable loan portfolio growth

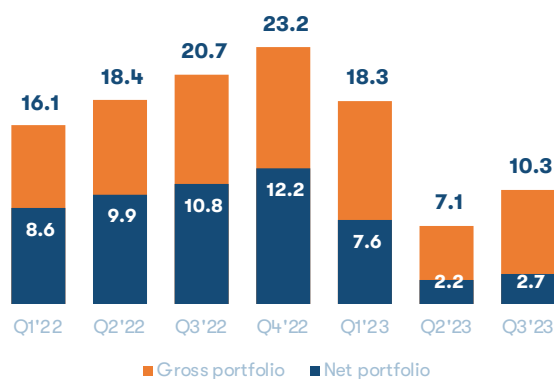
PORTFOLIO ANALYSIS – GROUP & REGIONS (CONT.)

Portfolio – Central Asia HUB (Q1'22 – Q3'23)



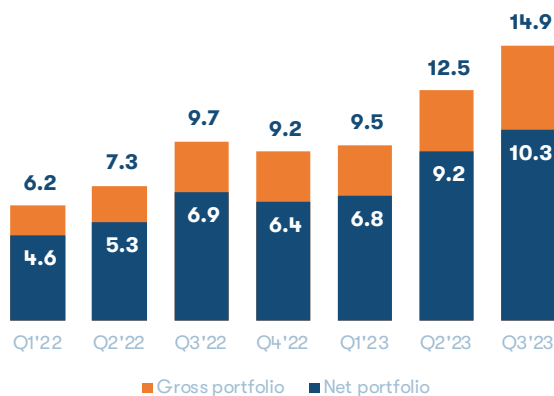
- The **loan portfolio has continued to steadily grow**, primarily attributable to the increasing loan issuance volumes
- Despite the notable loan portfolio increase, the **portfolio quality remains at a high level**

Portfolio – South East Asia HUB (Q1'22 – Q3'23)



- During the first half of 2023, the Group stopped lending operations in Vietnam
- The **Philippines demonstrates steady growth** in loan issuance volumes and overall business activity

Portfolio – Latin America HUB (Q1'22 – Q3'23)



- The Latin American Hub continues to deliver **steady growth** in the loan portfolio following the increasing loan issuance volumes and positive effects from currency markets
- We continue to closely monitor customer dynamics to maintain a healthy portfolio quality as the loan sales grow

FINANCIAL PERFORMANCE: INCOME STATEMENT

Income statement (€m)	2022				2023			2022	2023	2022 vs 2023	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3	Q3	Δ PoP	Δ PoP (%)
Revenues ¹	49.4	66.5	76.7	81.3	76.3	70.5	78.5	76.7	78.5	1.8	2.3%
Interest expense	(2.8)	(3.0)	(3.3)	(3.8)	(4.0)	(4.4)	(5.0)	(3.3)	(5.0)	(1.7)	51.2%
Net provisions ²	(21.9)	(26.7)	(32.7)	(30.7)	(32.7)	(30.1)	(33.0)	(32.7)	(33.0)	(0.3)	0.9%
GROSS PROFIT	24.8	36.7	40.7	46.9	39.6	36.1	40.5	40.7	40.5	(0.2)	-0.6%
Salaries and related taxes ³	(3.8)	(4.3)	(4.4)	(4.8)	(5.2)	(5.0)	(5.1)	(4.4)	(5.1)	(0.7)	16.9%
Direct operating expense	(3.5)	(4.4)	(5.3)	(5.7)	(5.3)	(5.4)	(7.2)	(5.3)	(7.2)	(1.9)	36.6%
Indirect operating expense	(3.4)	(3.8)	(3.7)	(3.7)	(4.4)	(4.6)	(5.2)	(3.7)	(5.2)	(1.5)	39.6%
Marketing expense	(3.1)	(3.8)	(3.7)	(4.9)	(3.6)	(3.6)	(5.1)	(3.7)	(5.1)	(1.4)	38.8%
Other operating income ¹	4.4	4.5	3.2	4.3	4.5	7.4	8.7	3.2	8.7	5.5	173.2%
OPERATING PROFIT/(LOSS) ⁴	15.4	24.9	26.8	32.1	25.6	24.9	26.5	26.8	26.5	(0.3)	-1.1%
Other non-operating income ¹	1.2	1.3	1.3	1.9	1.4	1.9	1.5	1.3	1.5	0.2	11.8%
Other expense	(2.5)	(3.0)	(2.5)	(3.8)	(2.1)	(6.7)	(1.1)	(2.5)	(1.1)	1.5	-58.0%
NET PROFIT/(LOSS) BEFORE TAXES	14.1	23.1	25.6	30.2	24.9	20.1	26.9	25.6	26.9	1.3	5.1%
Profit tax	(4.1)	(8.0)	(7.8)	(5.3)	(6.5)	(5.1)	(6.2)	(7.8)	(6.2)	1.6	-20.7%
NET PROFIT/(LOSS) before FX effect ⁵	10.0	15.1	17.8	24.9	18.4	14.9	20.8	17.8	20.8	2.9	16.4%
FX income/(expense)	(1.5)	0.8	2.3	(4.0)	1.1	(1.0)	(2.4)	2.3	-2.4	(4.8)	-203.7%
NET PROFIT/(LOSS) after FX	8.5	15.9	20.2	21.0	19.5	13.9	18.3	20.2	18.3	(1.8)	-9.1%
Adj.:											
Tax	4.1	8.0	7.8	5.3	6.5	5.1	6.2	7.8	6.2	(1.6)	(20.7%)
Interest	2.8	3.0	3.3	3.8	4.0	4.4	5.0	3.3	5.0	1.7	51.2%
EBIT	15.3	26.9	31.3	30.0	30.1	23.4	29.5	31.3	29.5	(1.8)	(5.6%)
Depreciation and amortization	0.3	0.3	0.4	0.9	0.4	0.5	0.4	0.4	0.4	(0.0)	(2.9%)
FX income/(expense)	1.5	(0.8)	(2.3)	4.0	(1.1)	1.0	2.4	(2.3)	2.4	4.8	(203.7%)
EBITDA ⁶	17.1	26.5	29.3	34.8	29.4	25.0	32.3	29.3	32.3	3.0	10.2%
EBITDA %	34.6%	39.8%	38.2%	42.8%	38.5%	35.4%	41.2%	38.2%	41.2%	2.9%	294.6%

¹ Reclassification between Other operating and Other non-operating income was made in Q1'23 to ensure consistency of presented results

- 1** The Group recorded €78.5m revenue for the period, delivering a 11.3% growth QoQ and surpassing the Q3'22 result by 2.3%.

4 Operating profit has remained stable compared to Q3'22
- 2** Despite 28.4% increase in gross loans receivable compared to Q3'22, Net provisions line has remained stable, indicating the high quality of the loan portfolio

5 Net profit before FX effect of €20.8m was recorded, (up by 16.4% vs Q3'22), primarily affected by the lower tax expense for the period
- 3** An increase in direct operating costs has been attributed to the overall business operational volume growth and the addition of a new market

6 A solid EBITDA of €32.3m was recorded for the period, delivering a margin of 41.2%

FINANCIAL PERFORMANCE: BALANCE SHEET

Balance Sheet (€m)	2022				2023			2022	2023	2022 vs 2023	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3	Q3	Δ PoP	Δ PoP (%)
Non-current assets ¹	20.8	18.8	16.8	14.4	14.8	14.5	21.9	16.8	21.9	5.0	29.7%
Goodwill & intangible assets	15.6	13.7	11.7	9.9	10.1	10.5	16.8	11.7	16.8	5.0	42.9%
Fixed assets	4.5	4.9	5.2	4.9	5.1	5.2	5.5	5.2	5.5	0.2	4.6%
Accrued D&A	(1.5)	(1.8)	(2.1)	(2.4)	(2.8)	(3.1)	(4.5)	(2.1)	(4.5)	(2.4)	110.7%
Other non-current assets	2.2	2.0	2.0	2.0	2.4	1.9	4.1	2.0	4.1	2.1	103.6%
Current assets	143.0	162.4	185.4	196.8	205.8	215.6	239.3	185.4	239.3	53.9	29.1%
Loans receivable	154.7	180.1	208.3	229.3	237.9	239.5	267.5	208.3	267.5	59.2	28.4%
Provisions for doubtful debts	(43.7)	(50.7)	(59.3)	(67.0)	(67.3)	(64.0)	(75.6)	(59.3)	(75.6)	(16.3)	27.6%
Cash in bank	9.8	6.8	10.5	8.7	13.5	17.0	22.7	10.5	22.7	12.2	116.8%
Other receivables	22.2	26.2	25.9	25.8	21.7	23.1	24.7	25.9	24.7	(1.2)	(4.6%)
ASSETS ³	163.8	181.2	202.2	211.2	220.7	230.1	261.1	202.2	261.1	58.9	29.1%
Equity ⁴	38.2	46.3	55.5	66.0	74.5	76.1	85.6	55.5	85.6	30.1	54.2%
Share capital	0.4	0.4	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	74.4	85.9	51.7	85.9	34.2	66.2%
Other reserves	1.4	1.3	1.3	1.5	1.5	1.5	1.5	1.3	1.5	0.2	14.4%
FX reserve	(0.8)	1.1	2.1	0.7	(0.9)	(0.2)	(2.2)	2.1	(2.2)	(4.3)	(201.6%)
Liabilities	125.6	134.9	146.7	145.1	146.2	154.0	175.5	146.7	175.5	28.8	19.6%
Loans payable	95.4	105.0	114.1	122.4	121.4	128.3	140.1	114.1	140.1	26.0	22.8%
Deferred income	3.8	4.4	5.5	3.3	3.3	3.1	3.0	5.5	3.0	(2.5)	(45.8%)
Accounts payable	6.9	12.3	11.9	6.7	7.4	6.6	11.8	11.9	11.8	(0.1)	(0.8%)
Taxes payable	12.2	7.3	9.1	7.6	8.1	7.4	12.4	9.1	12.4	3.3	36.3%
Accrued expenses	3.1	2.7	2.9	2.7	2.3	4.5	3.2	2.9	3.2	0.3	10.5%
Other payables	4.2	3.3	3.3	2.4	3.6	4.1	5.1	3.3	5.1	1.9	57.0%
EQUITY AND LIABILITIES ⁶	163.8	181.2	202.2	211.2	220.7	230.1	261.1	202.2	261.1	58.9	29.1%

1 Following the acquisition of AS Zenka Group, goodwill has been recognised, resulting in an increased Non-current asset base

2 Increase in net portfolio related to the strong growth in issuance levels during the period and scaling of instalment product

3 Total assets have increased to €261.1m, in line with the overall business growth dynamics

4 Healthy equity base, driven by the solid profitability of the business

5 At the end of period, loans payable includes subordinated debt of €3.5m, unsecured bonds of €81.8m, loans placed on the Mintos P2P platform in amount of €34.0m, and shareholder loans and other loans payable of €20.8m

6 The total balance sheet has increased by 29.1% vs Q3'22, 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	Q2	Q3	Q3	Q3
Revenue	49.4	66.5	76.7	81.3	76.3	70.5	78.5	76.7	78.5
EBITDA	17.1	26.5	29.3	34.8	29.4	25.0	32.3	29.3	32.3
EBITDA margin (%)	34.6%	39.8%	38.2%	42.8%	38.5%	35.4%	41.2%	38.2%	41.2%
Net loan portfolio	111.0	129.4	149.0	162.3	170.6	175.5	191.9	149.0	191.9
Capitalization ratio (%) ¹	34.4%	35.8%	37.3%	40.7%	43.7%	43.4%	44.6%	37.3%	44.6%
Interest coverage ratio ²	6.8x	7.3x	7.8x	8.4x	8.5x	7.6x	7.1x	7.8x	7.1x
Unencumbered receivables ratio ³	2.6x	3.0x	2.8x	2.1x	2.1x	1.9x	1.9x	2.8x	1.9x
Cost/Income Ratio (%) ⁴	25.6%	23.1%	21.4%	22.3%	22.8%	23.9%	26.0%	21.4%	26.0%

Notes

- Capitalization ratio equals Total Shareholders' Equity at the end of period divided by Net loan portfolio at the end of the same period
- Interest coverage ratio equals trailing 12-month EBITDA divided by trailing 12-month Interest expense
- Unencumbered receivables ratio equals Net unencumbered loan portfolio divided by Total unsecured financial indebtedness
- Cost / Income ratio is calculated by dividing Operating costs with operating income; some items have been reclassified between Other operating and Other non-operating income for previous periods in 2023 to ensure consistency of presented results

A photograph of a modern, multi-story office building with a dark facade and large windows, 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 building's facade.

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

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