



Unaudited quarterly results

Q2 2022

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Q1 Highlights

During the period, the Group has recorded all-time best quarterly performance and has maintained the continuous growth trend in loan sales by issuing €171m to customers, demonstrating increasing levels of issuance each quarter on quarter since Q2 of 2020

The €60m mark in quarterly revenue was surpassed for the first time, recording €66.5m in Q2'22, substantial increase of 41% compared to the same period last year

At the end of the period, net portfolio reached record high level of €129m (an increase of 42% vs 2021), driven by scaling new products, continuously growing our customer base, as well as working on portfolio quality improvements

In the beginning of May, the Group's audited Financial statements for 2021 were published and the results for 2021 in this results update has been reflected as audited results

The Group is also preparing for a new bond issue including to refinance the €15m bonds, maturing in September 2022

As part of our expansion strategy, the Group keeps having a strong focus on new product development and scaling, including the Buy Now Pay Later (BNPL) and installment loan product, expected to further enhance the Group's growth path in forthcoming periods

Volumes issued

€171m

↑ 52% PoP

The Group has issued **€171m** in loans during Q2'22, being an increase by 52% compared to **€113m** in Q2'21, and 22% increase since Q1'22. The growth has been driven by strong demand in our operational markets as well as new product scaling

Net portfolio

€129m

↑ 42% PoP

Net portfolio has reached **€129m**, an increase of **€38m** (+42%) vs Q2'21, supported by the significant growth in loan issuance volumes

Cost/income ratio

21.6%

↑ 172bps PoP

Cost/income ratio of **21.6%** was recorded in Q2'22, reflecting the stable and decreasing cost base. Slight increase of 178 bps vs Q2'21 is observed, yet the metric has noticeably improved since Q1'22, when 24.2% was recorded, as a result of new product development and scaling initiatives

EBITDA

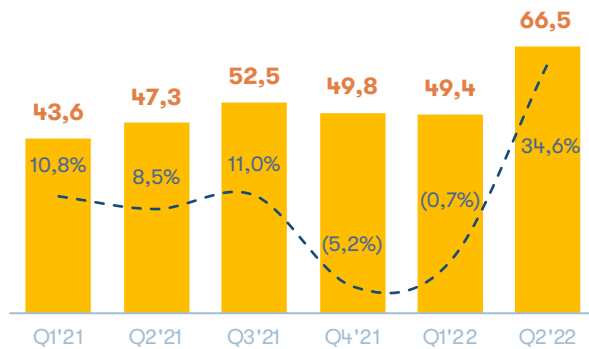
€28.6m

43.1% margin

EBITDA of €28.6m was delivered during the period (**margin of 43.1%**), being an increase of 38.5% compared to Q2'21, driven by the significant increase in revenues

Key Developments & Business Performance

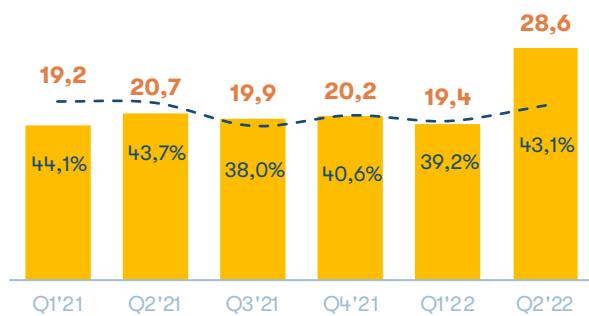
Revenues (QoQ growth %)



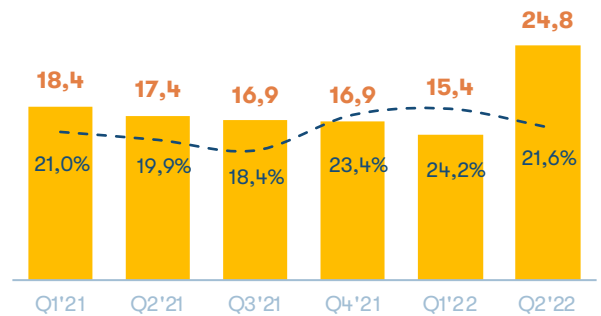
Net portfolio (capitalisation ratio %)



EBITDA (EBITDA margin %)



Operating profit (cost/income %)



- For the first time the Group has **exceeded the €60m mark in quarterly revenues – recording €66.5m**
- Our net portfolio has significantly increased during the period, **reaching €129m** – an increase of 42% vs Q2'21. The key growth driver during the period was the Central Asia HUB. Capitalisation ratio in Q2'22 remained at a level of almost 3x the covenant threshold
- Remarkable turnover growth and controlled expenses resulting in superior EBITDA growth. In Q2'22, the Group recorded an **EBITDA of €28.6m**, up by 38.5% compared to the same period last year, and delivering a margin of **43.1%**
- Cost/income ratio of **21.6%** was recorded for Q2'22 – a slight increase in the metric in comparison to the prior year as a consequence of our strong focus on new product development and scaling projects during the year and upcoming quarters

Performance Overview by Geography

Sun Finance Group Q2'22 sales: **€171m** ↑ 52% PoP

EUROPE HUB

The European HUB has continued to deliver strong results in terms of revenue and profitability over the period

The market has demonstrated a steady increase in the loan issuance level during 2022 and we continue to see **increasing demand from customers** in the market

The region continuously demonstrates high quality portfolio performance as this is our most mature and stable market in terms of operations and industry development stage

Nevertheless, we are working on installment product development in the region to offer our clients an enhanced product mix

SCANDINAVIA HUB

The Scandinavian HUB continued to grow and in Q2'22 recorded noticeable increase in the loan issuance levels which resulted in solid **revenue increase**, while also maintaining strong **profitability**

We **continue to assess our product setup** and **strategy going forward** in the **Danish market**, having obtained a consumer lending licence to our Danish business

Our **portfolio structure** remains very **solid**, inhibiting qualities of portfolios typically seen in Scandinavian countries

CENTRAL ASIA HUB

During Q2'22, the Central Asian HUB continues to achieve significant increase in loan sales and net portfolio, while also delivering **solid revenues**

Notwithstanding the growth dynamics, **portfolio quality has not been compromised**, driven by an continuously improved and controlled scoring methodology

We expect to further **scale** new products as well as strengthen positions of the mature ones in the market

Performance Overview by Geography (cont.)

Sun Finance Group Q2'22 sales: €171m ↑ 52% PoP

SOUTH EAST ASIA HUB

The South East Asian HUB delivered strong financial results during the period by growing loan sales, followed by a solid increase in revenue and profitability

We have continued to observe **portfolio quality improvements** also during the Q2'22, which allowed us to reduce the provisioning level, albeit still maintaining a **conservative approach** in the market

We continue to **review new geographies** in **the region** and assess the situation in the market, while also preparing for new product launches in the upcoming periods

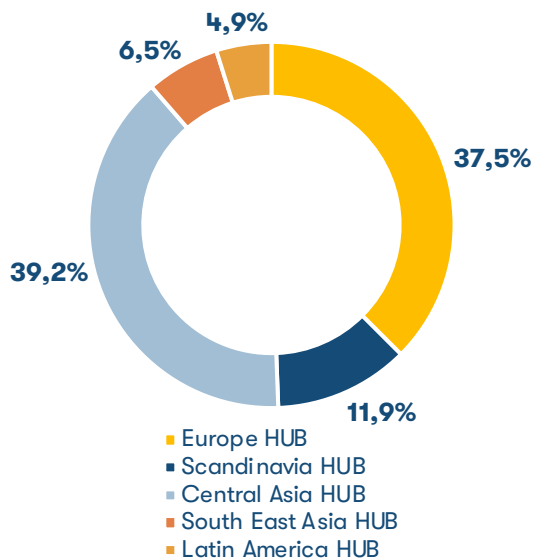
LATIN AMERICA HUB

Latin America remains the smallest market in our portfolio, while in Q2'22 the market has experienced solid growth, we see material potential in the region in the long term, given the large unbanked population

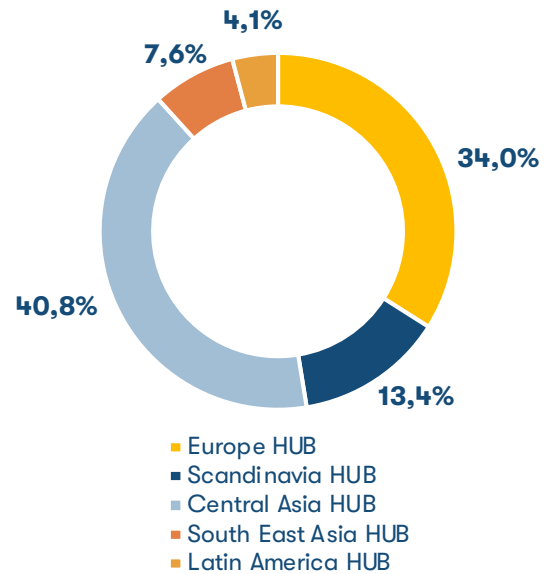
During the period, we have increased the loan issuance volume and continue to achieve stable results in terms of **revenues, net profits and portfolio performance**

Portfolio Analysis – Group & Regions

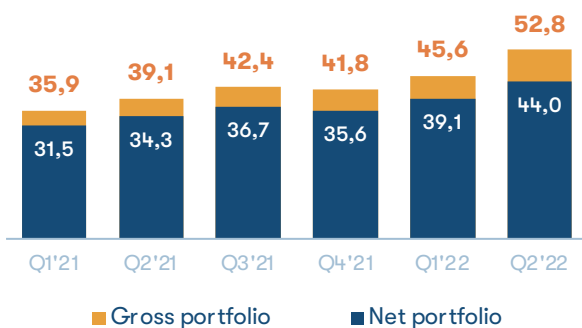
Portfolio dynamics (Q2'21)



Portfolio dynamics (Q2'22)

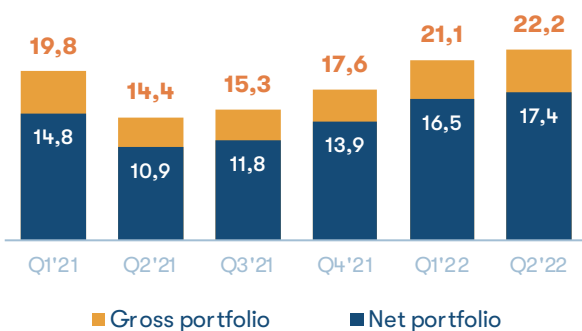


Portfolio – Europe HUB (Q1'21 – Q2'22)



- A steady increase in loan issuance level has been delivered and we continue to observe a **high quality** portfolio performance
- Our **most mature** and **stable region** in terms of operations and industry development stage

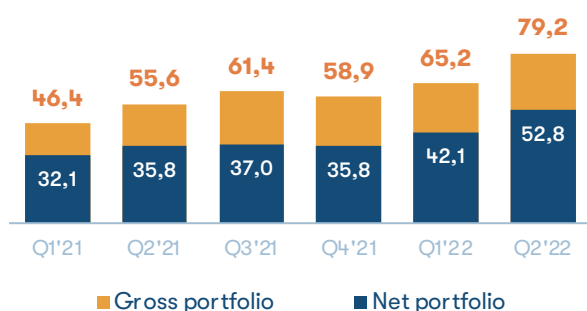
Portfolio – Scandinavia HUB (Q1'21 – Q2'22)



- A strong demand is continuously observed in the market, resulting in **increased loan sales** during the period
- Notwithstanding continuous market development, loan **portfolio structure** remains **solid** also during Q2'22

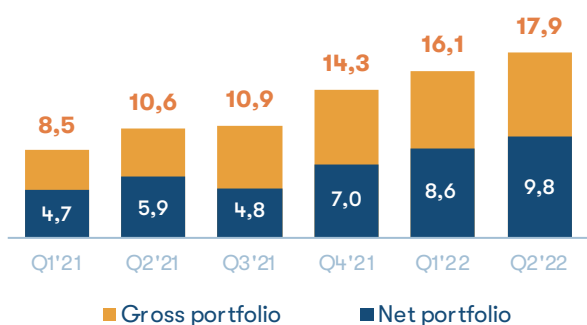
Portfolio Analysis – Group & Regions (cont.)

Portfolio – Central Asia HUB (Q1'21 – Q2'22)



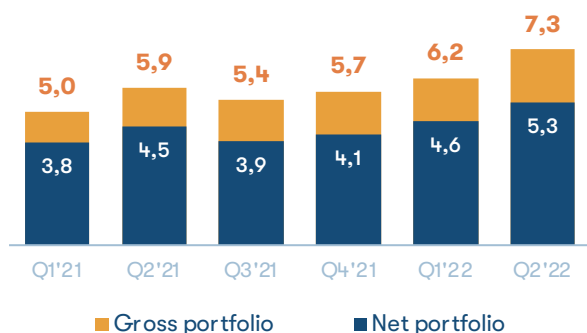
- An **increase in net portfolio** has been achieved, as a result of significant increase in loan sales throughout Q2'22
- **The client performance remains high quality**, continuing to deliver **solid profitability** quarter on quarter

Portfolio – South East Asia HUB (Q1'21 – Q2'22)



- A steady **growth** trend has been maintained in the South East Asian market loan issuance volumes
- An **improved client performance** and **portfolio quality** observed during the period

Portfolio – Latin America HUB (Q1'21 – Q2'22)



- An increase in the net portfolio resulted from a growth in volumes issued during Q2'22
- Customer dynamics have remained stable, with **healthy** portfolio performance

Financial Performance: Income Statement

Income statement (EURm)	2021				2022		2021	2022	2021 vs 2022	
	Q1	Q2	Q3	Q4	Q1	Q2	Q2	Q2	Δ QoQ	ΔQoQ(%)
Turnover ¹	43,6	47,3	52,5	49,8	49,4	66,5	47,3	66,5	19,2	41%
Interest expense	(3,2)	(3,0)	(2,9)	(2,8)	(2,8)	(3,0)	(3,0)	(3,0)	(0,0)	0,5%
Net provisions ²	(14,7)	(19,5)	(24,8)	(21,1)	(21,9)	(26,7)	(19,5)	(26,7)	(7,2)	36,9%
GROSS PROFIT	25,7	24,8	24,7	25,8	24,8	36,7	24,8	36,7	12,0	48,3%
Salaries and related taxes ³	(3,4)	(3,4)	(3,2)	(3,7)	(3,8)	(4,3)	(3,4)	(4,3)	(0,9)	27,7%
Direct operating expense	(2,0)	(2,1)	(2,0)	(2,4)	(2,5)	(3,1)	(2,1)	(3,1)	(1,0)	50,1%
Indirect operating expense	(2,7)	(2,5)	(2,7)	(3,5)	(3,4)	(3,8)	(2,5)	(3,8)	(1,3)	52,5%
Marketing expense	(1,6)	(1,9)	(2,1)	(2,8)	(3,1)	(3,8)	(1,9)	(3,8)	(1,9)	98,3%
Other operating income	2,3	2,5	2,2	3,4	3,5	3,2	2,5	3,2	0,7	26,3%
OPERATING PROFIT/(LOSS) ⁴	18,4	17,4	16,9	16,9	15,4	24,8	17,4	24,8	7,4	42,7%
Other non-operating income	1,2	0,8	1,0	1,1	1,2	1,3	0,8	1,3	0,5	59,3%
Other expense	(3,7)	(0,7)	(1,1)	(1,0)	(0,3)	(0,8)	(0,7)	(0,8)	(0,1)	16,8%
NET PROFIT/(LOSS) BEFORE TAXES	15,8	17,5	16,8	16,9	16,3	25,3	17,5	25,3	7,8	44,6%
Profit tax	(4,5)	(5,4)	(4,3)	(3,6)	(4,1)	(8,0)	(5,4)	(8,0)	(2,7)	49,6%
NET PROFIT/(LOSS) before FX effect ⁵	11,4	12,1	12,6	13,4	12,2	17,2	12,1	17,2	5,1	42,4%
FX income/(expense)	0,7	(0,3)	0,5	0,7	(1,5)	0,8	(0,3)	0,8	1,1	(400,6%)
NET PROFIT/(LOSS) after FX ⁶	12,1	11,8	13,1	14,1	10,7	18,1	11,8	18,1	6,2	52,6%
Adj.:										
Tax	4,5	5,4	4,3	3,6	4,1	8,0	5,4	8,0	2,7	49,6%
Interest	3,2	3,0	2,9	2,8	2,8	3,0	3,0	3,0	0,0	0,5%
EBIT	19,7	20,2	20,2	20,4	17,6	29,1	20,2	29,1	8,9	44,0%
Depreciation and amortization	0,2	0,2	0,2	0,5	0,3	0,3	0,2	0,3	0,1	75,0%
FX income/(expense)	(0,7)	0,3	(0,5)	(0,7)	1,5	(0,8)	0,3	(0,8)	(1,1)	(400,6%)
EBITDA ⁷	19,2	20,7	19,9	20,2	19,4	28,6	20,7	28,6	8,0	38,5%
EBITDA %	44,1%	43,7%	38,0%	40,6%	39,2%	43,1%	43,7%	43,1%	(0,6%)	(1,5%)

1 The revenue mark above €60m was hit by the first time, an increase of 41% vs Q2'21

2 Net provisions increase driven by the significant portfolio growth

3 A slight increase in Salaries and related taxes costs in line with the growth in operational activity

4 The increase in operating profit has mainly been driven by the significant growth in revenues (up by 42.7% compared to Q2'21)

5 Net profit before FX effect of €17.2m was recorded, an increase by 42.4% vs Q2'21, also predominantly affected by the growth in revenues

6 FX movements in Q2'22 have been mainly driven by the turbulent situation in the financial markets, although a stabilisation of the operational currencies has been observed at the end of the period

7 As solid EBITDA of €28.6 was recorded in Q2'22, resulting in a margin of 43.1%

Financial Performance: Balance Sheet

Balance Sheet (EURm)	2021				2022		2022		2021		2022		2021 FY vs 2022 FY	
	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q1	Δ QoQ	ΔQoQ (%)				
Non-current assets ¹	20,0	20,0	20,0	22,5	23,0	23,2	20,0	23,2	3,2	16,2%				
Goodwill & intangible assets	16,2	16,2	16,2	17,6	17,8	18,1	16,2	18,1	1,9	11,8%				
Fixed assets	3,4	3,5	3,4	5,1	4,5	4,9	3,5	4,9	1,4	40,4%				
Accrued D&A	(0,9)	(1,1)	(1,1)	(1,9)	(1,5)	(1,8)	(1,1)	(1,8)	(0,7)	59,3%				
Other non-current assets	1,4	1,4	1,4	1,8	2,2	2,0	1,4	2,0	0,6	41,2%				
Current assets	111,1	120,2	117,4	123,1	143,0	162,4	120,2	162,4	42,2	35,1%				
Loans receivable	115,6	125,8	135,5	138,6	154,7	180,1	125,8	180,1	54,3	43,2%				
Provisions for doubtful debts	(28,7)	(34,4)	(41,3)	(42,0)	(43,7)	(50,7)	(34,4)	(50,7)	(16,3)	47,5%				
Accounts receivable	0,1	0,1	0,2	0,3	–	–	0,1	–	(0,1)	(100,0%)				
Cash in bank	9,0	14,8	8,3	7,2	9,8	6,8	14,8	6,8	(8,0)	(54,1%)				
Other receivables	15,0	13,9	14,7	19,1	22,2	26,2	13,9	26,2	12,3	88,2%				
ASSETS ³	131,1	140,2	137,4	145,6	166,0	185,6	140,2	185,6	45,4	32,4%				
Equity ⁴	43,5	39,6	42,4	54,0	64,3	75,6	39,6	75,6	36,0	91,0%				
Share capital and subordinated debt	20,8	21,2	22,1	25,2	24,2	25,3	21,2	25,3	4,1	19,5%				
Retained earnings	20,4	17,2	19,0	27,3	39,5	47,9	17,2	47,9	30,7	178,6%				
Other reserves	1,2	1,2	1,2	1,3	1,4	1,3	1,2	1,3	0,1	10,6%				
FX reserve	1,1	0,0	(0,0)	0,2	(0,8)	1,1	0,0	1,1	1,1	2292,0%				
Liabilities ⁵	87,6	100,6	95,0	91,7	101,8	109,9	100,6	109,9	9,4	9,3%				
Loans payable	70,4	78,1	71,4	68,7	71,6	80,1	78,1	80,1	1,9	2,5%				
Deferred income	3,0	3,4	3,9	2,4	3,8	4,4	3,4	4,4	0,9	26,5%				
Accounts payable	2,9	4,2	3,9	4,0	6,8	12,2	4,2	12,2	8,0	192,2%				
Taxes payable	7,9	10,7	12,0	12,3	12,2	7,3	10,7	7,3	(3,3)	(31,2%)				
Accrued expenses	1,6	1,7	1,4	3,2	3,1	2,7	1,7	2,7	0,9	54,3%				
Other payables	1,8	2,4	2,5	1,1	4,2	3,3	2,4	3,3	0,9	35,5%				
EQUITY AND LIABILITIES ⁶	131,1	140,2	137,4	145,6	166,0	185,6	140,2	185,6	45,4	32,4%				

1

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

4

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

2

Increase in gross and net portfolio related to a growth in issuance levels during the period

5

Loans payable include the issued Bonds, loans placed on the Mintos P2P platform, shareholder loans and other loans payable

3

Total assets have increased to €186m, in line with the overall business growth dynamics

6

Our total balance sheet has increased by ~29% vs Q2'21, mainly driven by the growth and profitability of our business (key increases in equity)

Financial Performance: Financial Metrics & Ratios

Key financial metrics & ratios	2021				2022		2021	2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q1
Turnover	45,8	49,7	54,6	53,0	52,8	52,8	45,8	52,8
EBITDA	19,2	20,7	19,9	20,2	19,4	28,6	20,7	28,6
EBITDA margin (%)	44,1%	43,7%	38,0%	40,6%	39,2%	43,1%	43,7%	43,1%
Net loan portfolio	86,9	91,4	94,2	96,6	111,0	129,4	91,4	129,4
Capitalization ratio (%)	50,1%	43,3%	45,0%	55,9%	57,9%	58,4%	43,3%	58,4%
Interest coverage ratio	6,1x	6,9x	6,8x	7,2x	7,0x	9,5x	6,9x	9,5x
ROA, % ¹	23,5%	27,2%	35,5%	35,0%	29,9%	30,1%	27,2%	30,1%
ROE, % ²	70,8%	96,4%	115,2%	94,6%	77,4%	74,0%	96,4%	74,0%
Cost/Income Ratio, % ³	21,0%	19,9%	18,4%	23,4%	24,2%	21,6%	19,9%	21,6%

Notes

- 1 Return on Average Total Assets (ROAA) equals Net Income of the period on an LTM basis divided by Total Assets at the end of the same period
- 2 Return on Average Total Equity (ROAE) equals Net Income of the period on an LTM basis divided by Total Equity at the end of the same period
- 3 Cost / Income ratio is calculated by dividing Operating costs with operating income (revenue)

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, a road with light trails from passing vehicles is visible. The Sun Finance logo is visible on the building's upper right corner.

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

Contacts

Elina Zerne

Chief Financial Officer

Elina.Zerne@sunfinance.group

+371 26 429 095

Zanda Apine

Financial Planning and Analysis manager |
Investor Relations

Zanda.Apine@sunfinance.group

+371 26 398 416

investors@sunfinance.group

Floor 5th
Skanstes 52
Riga