

**CREDITSTAR**  
**GROUP AS**

Interim Report  
January – December 2019

Tallinn 24 January 2020

# HIGHLIGHTS – Q4 2019 (1/2)

## Strong results for 2019

- ▶ For Creditstar Group, 2019 was another year of strong growth – we increased our net loan portfolio and revenues while growing profit. We increased our net loan portfolio by 36% to 113.2 million euros and revenue by 31% to 31.7 million euros while doubling profit to 5.8 million euros.
- ▶ The Group is seeing favourable economic conditions in all of its markets, which results in continuous increase in lending activity from customers and steady decrease of default rates.
- ▶ In 2019 we continued with the Group's strategy to expand geographically by starting operations in Denmark and continued to see strong growth from our credit line product, which is like a credit card but without the actual card - lenders are granted a maximum credit line, which can be used at any time.
- ▶ In 2019 we continued to expand our strong international team. A great extent of our efforts is achieved thanks to our people. We ended the year with a headcount of 120 people from over 30 different nationalities working across Creditstar offices.
- ▶ The Group continues to see strong customer demand for its products and expects lending volume, revenue and profit growth in the coming periods.



## New more spacious office in Poland

- ▶ We see Warsaw as a great destination to support our business growth and a key source of available qualified talent. Warsaw also offers competitive operating and employment costs
- ▶ We moved to a larger office in Warsaw in November.

## Outlook for 2020

- ▶ We continue to see strong growth opportunities in our current markets.
- ▶ We plan to further expand our product offerings in the current markets we are operating in by introducing new products.
- ▶ The Group expects to continue with international expansion, and has identified multiple new markets to expand to.
- ▶ The Group will continue to automate loan issuance processes and continue to improve its proprietary technology and underwriting models across all markets and platforms.

# HIGHLIGHTS – Q4 2019 (2/2)

## **Bond issue in December**

- ▶ In the beginning of December, Creditstar issued new bonds within the established bond programme.
- ▶ Creditstar issued new secured notes maturing in 01.06.2021 with fixed coupon rate of 10.5% and a supplementary issue of secured notes maturing in 01.06.2022 with fixed coupon rate of 11.5%.
- ▶ Proceeds of the bonds were used to refinance maturing notes and to finance further expansion of the Company.

## **Creditstar Group AS increases share capital**

- ▶ In December, Creditstar Group converted 11 235 thousand euros of retained earnings and voluntary reserve into share capital. The share capital after the conversion is 21 million euros.

# 1,707,000€

## Q4 2019 – Net profit

### Profit and interest income

- ▶ Interest income increased by 4,86% in comparison to Q3 2019.
- ▶ Growth in lending volumes from target markets attributed to increase in interest income.
- ▶ Net profit amounted to EUR 1,707 thousand.
- ▶ Operating profit increased by 3.32% to EUR 3,701 thousand in Q4 2019 compared to Q3 2019.

### Expenses

- ▶ Operating expenses increased from EUR 1,710 thousand in Q3 2019 to EUR 1,798 thousand in Q4 2019.
- ▶ Interest expense on loans and issued bonds amounted to EUR 2,970 thousand EUR.
- ▶ Wages and salaries cost was EUR 994 thousand, increased by EUR 141 thousand in Q4 2019.

### Loan impairment charges

- ▶ Loan impairment charges amount to EUR 1 536 thousand in Q4 2019.

# Statement of the management board

The financial and other additional information published in the Interim Report January – December 2019 is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the group.

Consolidated financial statements in the report for the period January – December 2019 are not audited.

A handwritten signature in blue ink, appearing to read 'Aaro Sosaar', with a long horizontal flourish extending to the right.

**Aaro Sosaar**

**Member of the Management Board**

Tallinn, 24.01.2020

# Consolidated Income Statement

*In thousands Euros's*

	2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	2019
Interest income	24 172	6 750	7 525	8 484	8 896	31 655
Interest expense	-7 615	-2 233	-2 367	-2 736	-2 790	-10 126
<b>Net interest income</b>	<b>16 557</b>	<b>4 517</b>	<b>5 158</b>	<b>5 748</b>	<b>6 106</b>	<b>21 529</b>
Other income	1 217	202	415	397	387	1 401
Operating expenses	-6 404	-1 514	-1 890	-1 710	-1 798	-6 912
Wages and salaries	-2 766	-745	-776	-853	-994	-3 368
<b>Operating profit</b>	<b>8 604</b>	<b>2 460</b>	<b>2 907</b>	<b>3 582</b>	<b>3 701</b>	<b>12 650</b>
Depreciation	-436	-121	-121	-121	-121	-484
Currency effect	-300	77	-49	-61	-252	-285
Loan impairment charges	-4 809	-1 418	-1 458	-1 357	-1 536	-5 769
Corporate income tax	-199	-75	-80	-80	-85	-320
<b>Net profit</b>	<b>2 860</b>	<b>923</b>	<b>1 199</b>	<b>1 963</b>	<b>1 707</b>	<b>5 792</b>

# Consolidated Balance Sheet

*In thousands Euros's*

	31.12.2018	31.03.2019	30.06.2019	30.09.2019	31.12.2019
<b>Assets</b>					
Cash	939	2 474	1 641	1 022	1 767
Loans to customers	83 201	88 520	95 346	105 589	113 242
Other assets	6 866	7 253	7 335	7 311	8 838
<b>Total assets</b>	<b>91 006</b>	<b>98 247</b>	<b>104 322</b>	<b>113 922</b>	<b>123 847</b>
<b>Liabilities and Equity</b>					
Borrowings	69 932	76 337	80 896	89 350	96 294
Payables and prepayments	1 866	1 779	2 096	1 279	2 238
<b>Total liabilities</b>	<b>71 798</b>	<b>78 116</b>	<b>82 992</b>	<b>90 629</b>	<b>98 532</b>
<b>Equity</b>					
Issued capital	9 765	9 765	9 765	9 765	21 000
Mandatory reserve	325	325	325	325	325
Voluntary reserve	2 000	2 000	2 000	2 000	606
Retained earnings	7 118	8 041	9 240	11 203	3 384
<b>Total equity</b>	<b>19 208</b>	<b>20 131</b>	<b>21 330</b>	<b>23 293</b>	<b>25 315</b>
<b>Total Liabilities and Equity</b>	<b>91 006</b>	<b>98 247</b>	<b>104 322</b>	<b>113 922</b>	<b>123 847</b>

# Consolidated Cash Flow Statement

*In thousands Euros's*

	2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	2019
<b>Operating activities</b>						
Net profit	2 860	923	1 199	1 963	1 707	5 792
Adjustment to net profit:						
Depreciation	436	121	121	121	121	484
Interest income	-6 167	-1 132	-1 795	-2 086	-1 657	-6 670
Interest expense	7 615	2 233	2 367	2 736	2 790	10 126
Impairments	4 809	1 418	1 458	1 357	1 536	5 769
Other adjustments	300	-155	28	173	-32	14
Change in operating assets:						
Loans to customers	-21 940	-5 622	-6 826	-10 243	-7 653	-30 344
Other receivables and prepayments	-1 206	-568	-206	-289	-744	-1 395
Change in operating liabilities	151	175	317	-817	959	-421
<b>Total cash flow from operating activities</b>	<b>-13 151</b>	<b>-2 820</b>	<b>-2 925</b>	<b>-7 085</b>	<b>-2 973</b>	<b>-15 803</b>
<b>Financing activities</b>						
Proceeds from debt issued and borrowed funds	30 330	7 835	8 268	10 262	7 842	33 757
Repayment of debt issued and borrowed funds	-9 183	-1 097	-3 976	-1 187	-1 616	-7 876
Interest paid	-7 461	-1 933	-2 200	-2 609	-2 508	-9 250
<b>Total cash flow from financing activities</b>	<b>13 686</b>	<b>4 355</b>	<b>2 092</b>	<b>6 466</b>	<b>3 718</b>	<b>16 631</b>
<b>Total cash flow</b>	<b>535</b>	<b>1 535</b>	<b>-833</b>	<b>-619</b>	<b>745</b>	<b>828</b>
<b>Cash and cash equivalents in beginning</b>	<b>404</b>	<b>939</b>	<b>2 474</b>	<b>1 641</b>	<b>1 022</b>	<b>939</b>
Change in cash and cash equivalents	535	1 535	-833	-619	745	828
<b>Cash and cash equivalents in the end</b>	<b>939</b>	<b>2 474</b>	<b>1 641</b>	<b>1 022</b>	<b>1 767</b>	<b>1 767</b>



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