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**ESTO GROUP**

**Unaudited Financial Results  
2023 3M**

# Highlights

## Strategical

- Profitable growth in all operating markets (Estonia, Latvia, Lithuania)
- Successfully executed group wide audit by KPMG Baltics
- Multiple fundraising projects ongoing

## Operational

*(in millions of euros)*

	<b>2023/3M</b>	<b>2022/3M</b>	<b>Δ in %</b>
Revenue	5.3	3.4	54%
EBITDA	2.0	1.4	44%
Net Profit	0.8	0.7	15%
Balance sheet	56.3	34.9	61%
Net Loan portfolio	48.6	31.8	53%
Gross Loan portfolio	49.7	32.5	53%
Equity	6.7	4.2	58%
Equity*	11.3	7.7	46%
GMV	27.2	18.3	49%
Loans issued	13.9	9.7	43%

# Statement of the management

ESTO demonstrated strong financial performance in Q1 2023, building upon its momentum from prior year and investing in our new operating regions and products. We maintained a strong balance sheet with a total size of 56.3 million EUR, of which 11.3 million EUR is equity. Ultimately our activities enabled us to stay on a profitable growth path and allowed us to earn 2 million EUR EBITDA and ca. 1 million EUR net profit.

ESTO's success is fundamentally aligned with our users' success. Our proprietary risk model has consistently outperformed traditional credit models, enabling us to better help eligible users finance their purchases and show remarkable payment behavior. Our portfolio quality numbers speak for themselves.

I would like to thank our dedicated team members, our supportive investors and our loyal customers for their continued trust and support. Together, we are building a better future for the world of commerce.

**Mikk Metsa**

Founder & CEO

## Key consolidated financial figures

<b>Capitalization</b>	<b>2023.03.31</b>	<b>2022.03.31</b>	<b>Δ in %</b>
Gross loan portfolio <i>(in thousands of EUR)</i>	49,667	32,514	52.8%
Net loan portfolio <i>(in thousands of EUR)</i>	48,576	31,839	52.6%
Assets <i>(in thousands of EUR)</i>	56,277	34,917	61.2%
Equity <i>(in thousands of EUR)</i>	6,695	4,236	58.1%
Equity* <i>(in thousands of EUR)</i>	11,293	7,738	45.9%
Equity to assets ratio	21%	23%	
Interest coverage ratio	1.6	2.1	
<b>Profitability</b>	<b>2023/3M</b>	<b>2022/3M</b>	<b>Δ in %</b>
Revenue <i>(in thousands of EUR)</i>	5,281	3,440	53.5%
Interest income <i>(in thousands of EUR)</i>	3,872	2,432	59.2%
Net interest margin	6%	6%	
Cost to income ratio	26%	31%	
EBITDA <i>(in thousands of EUR)</i>	2,031	1,406	44.4%
Profit margin before tax	14%	19%	
Net profit <i>(in thousands of EUR)</i>	771	672	14.8%
Return on assets	2%	2%	
Return on equity	12%	16%	
<b>Asset quality</b>	<b>2023.03.31</b>	<b>2022.03.31</b>	<b>Δ in %</b>
Provision cost to loan portfolio	2%	2%	
<b>Pledged loan receivables %</b>	<b>2023.03.31</b>	<b>2023.03.31</b>	
ESTO Bond	120%	120%	

# Financial review

## Consolidated Income statement

The table below sets out the consolidated statement of profit or loss for the three months ending 31 March 2023 and 31 March 2022 in thousands of euros.

*(in thousands of euros)*

	2023/3M	2022/3M	Δ in %
Interest income	3,872	2,432	59%
Interest expense	(1,228)	(707)	74%
<b>Net interest income</b>	<b>2,645</b>	<b>1,726</b>	<b>53%</b>
Fee and commission income	523	503	4%
Fee and commission expense	(57)	(53)	7%
<b>Net fee and commission income</b>	<b>466</b>	<b>450</b>	<b>4%</b>
Net loss arising from derecognition of financial assets measured at amortised cost	(688)	(298)	131%
Impairment losses and on financial instruments	(181)	(72)	151%
Other operating expenses	(866)	(724)	20%
Personnel expenses	(530)	(338)	57%
Depreciation and amortisation	(54)	(40)	34%
Other expenses	(42)	(45)	-7%
<b>Profit (loss) before income tax</b>	<b>750</b>	<b>660</b>	<b>14%</b>
Income tax	21	12	81%
<b>Profit (loss) for the period</b>	<b>771</b>	<b>672</b>	<b>15%</b>

## Net interest income

The table below shows detailed information of net interest income for three months ending 31 March 2023 and 31 March 2022 in thousands of euros.

(in thousands of euros)

	2023/3M	2022/3M	Δ in %
<b>Interest income</b>			
Loans and advances to customers	3,872	2,432	59%
<b>Total interest income</b>	<b>3,872</b>	<b>2,432</b>	<b>59%</b>
<b>Interest expense</b>			
Other interest expense	(1,228)	(707)	74%
<b>Total interest expense</b>	<b>(1,228)</b>	<b>(707)</b>	<b>74%</b>
<b>Net interest income</b>	<b>2,645</b>	<b>1,726</b>	<b>53%</b>

## Interest income

Interest income for the reporting period was € 3,9 million, a 59 % increase compared with € 2,4 million for the three months ending 31 March 2022.

## Interest expense

Interest expense for the reporting period was € 1,2 million, an increase of 74% compared with € 0.7 million for the three months ending 31 March 2022.

## Net fee and commission income

The table below shows detailed information of net fee and commission income for three months ending 31 March 2023 and 31 March 2022 in thousands of euros.

(in thousands of euros)

	2023/3M	2022/3M	Δ in %
<b>Service lines</b>			
Income from contract fees on loans	10	34	-69%
Income from management fees on loans	92	105	-12%
Other income on loans	420	364	15%
<b>Total fee and commission income from contracts with customers</b>	<b>523</b>	<b>503</b>	<b>4%</b>
Fee and commission expense	(57)	(53)	7%
<b>Net fee and commission income</b>	<b>466</b>	<b>450</b>	<b>4%</b>

## Fee and commission income

Fee and commission income for the reporting period was € 0,52 million, a 4% increase compared to € 0,50 million for the three months ending 31 March 2022.

## Net loss arising from derecognition of financial assets measured at amortised cost

Net loss arising from derecognition of financial assets measured at amortised cost in the company is comprised from fund received and write-off from the sale of delinquent debt in the portfolio. For the reporting period the amounts consisted of 0,7 million, a 131% increase when compared to 0,3 million for the three months ending 31 March 2022. An increase is seen due to overall growth of the consumer debt portfolio.

## Impairment losses and write off on financial instruments

Impairment losses on financial instruments for the reporting period was at € 0,2 million and at € 0,07 million for the three months ending March 2022. An increase is seen due to overall growth of the consumer debt portfolio.

# Consolidated Statement of financial position

The table below sets out the consolidated statement of financial position for the three months ending 31 March 2023 and 31 December 2022 in thousands of euros.

(in thousands of euros)

	31.03.2023	31.03.2022	Δ in %
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,950	900	228%
Loans and advances to customers	45,430	44,386	2%
Prepayments	648	784	-17%
Other assets	696	422	65%
<b>Total current assets</b>	<b>49,725</b>	<b>46,492</b>	<b>7%</b>
<b>Non-current assets</b>			
Loans and advances to customers	4,678	4,574	2%
Property and equipment	86	92	-6%
Intangible assets	1,582	1,553	2%
Other assets	206	489	-58%
<b>Total non-current assets</b>	<b>6,553</b>	<b>6,708</b>	<b>-2%</b>
<b>TOTAL ASSETS</b>	<b>56,277</b>	<b>53,200</b>	<b>6%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loans and borrowings	9,589	10,328	-7%
Trade payables and other payables	980	1,101	-11%
Tax liabilities	87	98	-12%
<b>Total current liabilities</b>	<b>10,655</b>	<b>11,528</b>	<b>-8%</b>
<b>Non-current liabilities</b>			
Loans and borrowings	38,927	35,748	9%
<b>Total non-current liabilities</b>	<b>38,927</b>	<b>35,748</b>	<b>9%</b>
<b>TOTAL LIABILITIES</b>	<b>49,582</b>	<b>47,275</b>	<b>5%</b>



	31.03.2023	31.03.2022	Δ in %
<b>Equity</b>			
Share capital	484	484	-
Share premium	155	155	-
Statutory reserve capital	11	11	-
Accumulated other comprehensive income	41	-	-
Retained earnings	5,233	2,914	80%
Total comprehensive income	771	2,360	-67%
<b>Total equity</b>	<b>6,695</b>	<b>5,924</b>	<b>13%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>56,277</b>	<b>53,200</b>	<b>6%</b>

## Assets

The Group had total assets of € 56,3 million as of 31 March 2023, compared with € 53,2 million as of 31 December 2022. The main change during the period is due to an increase of the loan portfolio by 2% linked to the strong operations of the group companies.

## Loan portfolio

Loans and advances to customer net of impairment loss allowance as of 31 March 2023 was € 50,1 million and increased by 2% compared to 31 December 2022 where Loans and advance to customer net impairment loss allowance was € 48,9 million.

## Liabilities

The Group had total liabilities € 49,6 million as of 31 March 2023, compared with € 47,3 million as of 31 December 2022, representing an increase of € 2,3 million. Liabilities increased in line with group portfolio growth and used to fund new issuance.

## Loans and borrowings

As of 31 March 2023, the Group had loans and borrowings of € 48,5 million, compared with € 46,1 million as of 31 December 2022.

## Equity

As of 31 March 2023, the Group's total equity amounted to € 6,7 million, compared with € 5,9 million as of 31 December 2022, representing an increase of € 0,7 million.

# Consolidated Statement of cash flows

The table below sets out the condensed consolidated statement of cash flows for the three months ending 31 March 2023 and 31 March 2022 in thousands of euros.

(in thousands of euros)

	2023/3M	2022/3M
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit (loss)</b>	<b>771</b>	<b>672</b>
<b>Adjustments or changes for:</b>	<b>(811)</b>	<b>(240)</b>
Interest income	(152)	(118)
Interest expense	18	41
Net impairment loss on loans and advances	181	72
Net loss arising from derecognition of financial assets measured at amortised cost	(688)	(298)
Depreciation and amortisation	(54)	(8)
Other adjustments	(115)	72
<b>Total adjustments or changes</b>	<b>(40)</b>	<b>433</b>
<b>Changes in:</b>		
Trade and other receivables	144	4
Trade and other payables	(134)	161
Loans and advances to customers	(309)	(1,383)
<b>Total changes</b>	<b>(298)</b>	<b>(1,218)</b>
<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>(338)</b>	<b>(786)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(6)	(12)
Acquisition of intangible assets	(144)	(88)
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(150)</b>	<b>(100)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans and borrowings	5,092	4,122
Repayments of borrowings	(2,554)	(3,437)

	2023/3M	2022/3M
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>2,538</b>	<b>685</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,050</b>	<b>(201)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>900</b>	<b>787</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,950</b>	<b>586</b>

Net cash flows used in operating activities in the reporting period were € 0,3 million. Net cash flows used in investing activities were € 150 thousand in the reporting period. The Group's cash flows from financing activities were € 2,5 million.

## Consolidated statement of changes in equity

The table below sets out the condensed consolidated statement of changes in equity for the three months ending 31 March 2023 and 31 December 2022 in thousands of euros.

(in thousands of euros)

	Share capital	Share premium	Statutory re-serve capital	Accumulated other comprehensive income	Retained earnings	Total equity
<b>Balance at 31.12.2022</b>	<b>484</b>	<b>155</b>	<b>11</b>	<b>41</b>	<b>5,233</b>	<b>5,924</b>
Total profit and other comprehensive income for the period	-	-	-	-	771	771
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>771</b>	<b>771</b>
<b>Balance at 31.03.2023</b>	<b>484</b>	<b>155</b>	<b>11</b>	<b>41</b>	<b>6,004</b>	<b>6,695</b>

Group profit € 0,7 million for the reporting period increased the total equity to € 6,7 million as at 31.03.2023.

# Definitions

**EBITDA** – EBITDA means for the reporting period prior the calculation date, the consolidated net earnings of the Borrower prepared in accordance with the IFRS before any provision on account of taxation, depreciation and amortization, any interest, commissions, discounts and other fees incurred in respect of any financial debt, or any interest earned on debts.

**Equity\*** – Equity and subordinated loans.

**Cost to income ratio** – Operating costs / income.

**Equity to assets ratio** – Total equity / total assets deducting cash.

**Gross loan portfolio** – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income.

**Intangible assets** – Intangible IT assets (software and developments costs).

**Interest and similar income** – Income received from customer loan portfolio.

**Interest coverage ratio** – The ratio of EBITDA to Net Finance Charges.

**Net loan portfolio** – Gross loan portfolio (including accrued interest) less impairment provisions.

**Net interest margin** – Annualized net interest income / average gross loan principal (total gross loan principal as of the start and end of each period divided by two).

**Profit before tax margin** – Profit before tax / interest income.

**Provision cost to loan portfolio** – provision costs / total loan portfolio.

**Return on average assets** – Annualized profit from continuing operations / average assets (total assets as of the start and end of each period divided by two).

**Return on average equity** – Annualized profit from continuing operations / average equity (total equity as of the start and end of each period divided by two).

## Disclaimer

Please be noted that certain information and illustrations set forth herein are forward-looking. These statements, including internal expectations, estimates, projections, assumptions and beliefs, and which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "anticipate", "believe", "plan", "estimate", "expect", "predict", "intend", "will", "may", "could", "would", "should" and similar expressions intended to identify forward-looking statements. These statements should not be considered as guarantees of future performance. The forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Group's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the Group's lack of revenues and unpredictability of future revenues; results of operations; solvency ratios, financial conditions; the Group's future capital requirements; capital or liquidity positions or prospects; the Company's reliance on third parties; the risks associated with rapidly changing legal requirements and technology, risks associated with international operations and changes in general economic, market and business conditions. These changing factors are not exhaustive. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Esto Group undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

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