

INTERIM REPORT

Q2 2023



Tallinn, 24 July 2023

CREDITSTAR GROUP AS



Highlights

Q2 2023 (1/3)

Creditstar successfully issued two new bonds in the amount of €14.1 million.

In May 2023, Creditstar Group raised capital in the total amount of €14.1 million and issued two bonds on 1st of June with maturities of 12 and 24 months. The proceeds of the offering were used to finance the growth of Creditstar's growing consumer credit portfolios in our target markets, as well as refinance maturing notes.

Aaro Sosaar, CEO of Creditstar Group: *"The money raised will support the Group's development and enable us to continue to focus on growing the business, credit volumes, the evolution of our platform and product offerings. We continue to see opportunities in our current markets and we are in a favourable position to realise our vision and continue our exciting journey."*

Valter Kaleta, Board Member of Creditstar Group: *"We are delighted to see solid investor confidence towards our company as there was a strong demand towards our bond offerings and the capital raise was conducted effectively. We carry on with an active focus on future capital-raising initiatives, including additional bond sales and diversifying our funding sources to keep up with the demand for lending."*

Creditstar held an Investor Event on the 11th of May

On May 11th, Creditstar held its semi-annual Investor Webinar, continuing its tradition of hosting these informative sessions every May and November. The event offered investors first-hand updates on the company's recent developments, direct access to Creditstar's management, and a deeper understanding of its strategy.

Creditstar Pursues New Capital Opportunities to Fuel Future Expansion

Creditstar is actively exploring additional debt and equity capital opportunities to fuel its future expansion. The company is engaging with various financial institutions and investors, considering options such as sizable debt facilities and equity investments. Creditstar's goal is to support its growth strategy, product development, and continued innovation in the European digital consumer lending space by securing additional capital.



Highlights

Q2 2023 (2/3)

One Team - Changing the way we work to deliver the outstanding customer experience.

- The One Team initiative has been developed and supported, to allow a multi- skilled workforce that can span many markets and products. One Team has a clear objective to develop outstanding customer service to any client that it services.
- In customer support, we employ a multi-skilled team capable of operating across multiple markets. The multi-skilled nature allows us to deal with shocks in demand for our services with ease.
- Our customer development strategies revolve around interpreting and aggregating customer feedback, which allows us to make necessary improvements.
- Our debt collection process involves carefully monitoring consumer behaviour so that potential issues can be predicted.
- To ensure compliance, we take a robust approach to regulatory requirements in each market we operate in.

Unlocking the UK potential through new lending licence.

- The UK has the potential to become one of the key growth markets for our operations and strategic expansion. We have applied for a new general lending licence in the UK to expedite our expansion efforts from the Financial Conduct Authority.
- By targeting underserved demographics in the UK, we aim to meet the financial needs of 15 million underserved near-prime consumers.
- Our strategy includes implementing dynamic risk-based pricing products tailored to accommodate diverse customer profiles and needs.
- As of now we are expecting to receive the general lending licence within Q1 of 2024.





Highlights

Q2 2023 (3/3)

Monefit SmartSaver team participated in the largest P2P investing conference in the Baltics

- In June, the Monefit team participated in the largest P2P investing conference in the Baltics, hosted by Finfellas. The team had a great opportunity to meet investors and industry leaders, discuss the future of P2P investing, and showcase our new product, Monefit SmartSaver.
- Creditstar's Chief Product Officer, Kashyap Shah, participated in a panel discussion during the event. He shared his invaluable insights on the transformative potential of one-click solutions within P2P investing platforms. Kashyap emphasized the significance of easy access and providing investors with the most critical metrics, ensuring a balanced and seamless investment experience.
- Creditstar has witnessed strong growth for the SmartSaver investment product under the Monefit brand this year. Built on the P2P model, SmartSaver boasts transparency with no hidden fees or withdrawal lock-in periods. Customers can start their investment journey with as little as 10 euros and access their funds anytime with 10-day notice.
- SmartSaver welcomes anyone at least 18 years old and holding a personal bank account in the European Economic Area, the UK, or Switzerland. SmartSaver funds are invested in consumer credit issued by the group to fast-track our consumer lending business across key markets. Initial customer feedback is positive, and we're eager to scale this innovative product further.

In May, Creditstar successfully moved its headquarters to a new location in Porto Franco at 4 Kai Street.

- Located at 4 Kai Street, this strategic move signifies our continuous adaptation to meet changing needs and demands. Positioned in the heart of the city, our new office delivers a vibrant, yet comfortable and inventive work environment to our team members.
- The newly adopted headquarters have dedicated work zones, relaxation areas, and collaborative spaces. These spaces are all intended to stimulate creativity and productivity among our existing and potential team members.
- This move underscores our commitment to cultivating a supportive, creative environment in line with our business evolution and growth.

Financial performance

1,517,000€

Q2 2023 – Net profit

Profit and interest income

- Interest income increased by 1,2% in comparison to Q1 2023.
- Net profit amounted to EUR 1,517 thousand.
- Operating profit decreased by 6,9% to EUR 4,486 thousand in Q2 2023 compared to EUR 4,818 in Q1 2023.

Expenses

- Operating expenses increased from EUR 2,038 thousand in Q1 2023 to EUR 2,315 thousand in Q2 2023.
- Interest expense on loans and issued bonds amounted to EUR 7,150 thousand.
- Wages and salaries cost was EUR 1,259 thousand, a decrease of EUR 112 thousand in Q2 2023 compared with the previous quarter.

Comment to the Interim Report

The full year numbers for 2022 will be adjusted in accordance to the Audited Annual Report of 2022 in the Interim Report Q3 2023, as the Q2 2023 Interim Report was prepared ahead of the Annual Report for 2022 was finalised.



The financial and other additional information published in the Interim Report January - June 2023 is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations, and Groups cash flows.

Consolidated financial statements in the report for the period January - June 2023 are not audited.

Aaro Sosaar

Member of the Management Board

Tallinn, 24.07.2023



Consolidated Comprehensive Income Statement

In thousands Euro's

	3Q 2022	4Q 2022	Total 2022	1Q 2023	2Q 2023	6M 2023
Interest income	15 056	15 916	59 339	15 028	15 209	30 237
Interest expense	-5 929	-6 804	-23 281	-6 803	-7 150	-13 953
Net interest income	9 127	9 112	36 058	8 225	8 059	16 284
Other income	5	1	17	2	1	3
Operating expenses	-2 606	-3 147	-11 543	-2 038	-2 315	-4 353
Wages and salaries	-1 225	-1 116	-5 157	-1 371	-1 259	-2 630
Operating profit	5 301	4 850	19 375	4 818	4 486	9 304
Depreciation	-349	-344	-1 388	-402	-402	-804
FX realized cost	-13	-19	-91	-15	-11	-26
Loan impairment charges	-2 123	-2 336	-8 537	-2 497	-2 501	-4 998
Corporate income tax	-121	-74	-400	-35	-55	-90
Net profit	2 695	2 077	8 959	1 869	1 517	3 386
FX translation adjustment	-271	-114	-1 063	169	-59	110
Comprehensive profit	2 424	1 963	7 896	2 038	1 485	3 496



Consolidated Balance Sheet

In thousands Euro's

	30.06.2022	30.09.2022	31.12.2022	31.03.2023	30.06.2023
Assets					
Cash	2 039	2 485	1 308	1 385	1 391
Loans to customers	206 023	214 280	217 429	217 791	220 216
Other assets	12 295	12 553	12 187	11 726	11 587
Total assets	220 357	229 318	230 924	230 902	233 194
Liabilities and Equity					
Borrowings	175 626	179 999	178 395	177 261	178 128
Payables and prepayments	3 068	2 632	3 879	2 953	2 920
Total liabilities	178 694	182 631	182 274	180 214	181 048
Equity					
Issued capital	21 000	21 000	21 000	21 000	21 000
Voluntary reserve	5 656	8 256	8 256	8 256	8 256
Retained earnings	15 007	17 431	19 394	21 432	22 890
Total equity	41 663	46 687	48 650	50 688	52 146
Total Liabilities and Equity	220 357	229 318	230 924	230 902	233 194

Consolidated Cash Flow Statement

In thousands Euro's

	3Q 2022	4Q 2022	Total 2022	1Q 2023	2Q 2023	6M 2023
Operating activities						
Net profit	2 695	2 077	8 959	1 869	1 517	3 386
Adjustment to net profit:						
Depreciation	349	344	1 388	402	402	804
Interest income	-15 056	-15 916	-59 339	-15 028	-15 209	-30 237
Interest expense	5 929	6 804	23 281	6 803	7 150	13 953
Impairments	2 123	2 336	8 537	2 497	2 501	4 998
Change in operating assets:						
Loans to customers	-8 257	-3 149	-36 463	-362	-2 425	-2 787
Other receivables and prepayments	84	274	-992	-315	-263	-578
Change in operating liabilities	-436	1 247	1 971	-926	-33	-959
Interests received	12 933	13 886	50 490	12 890	12 728	25 618
Total cash flow from operating activities	364	7 903	-2 168	7 830	6 368	14 198
Investing activities						
Additions to tangible fixed assets	-263	-56	-319	-	-	-
Additions to intangible fixed assets	-428	-171	-599	-	-	-
Total cash flow from investing activities	-691	-227	-918	-	-	-
Financing activities						
Proceeds from debt issued and borrowed funds	7 052	17 718	35 917	14 403	6 872	21 275
Repayment of debt issued and borrowed funds	-2 293	-19 692	-16 339	-15 555	-6 190	-21 745
Interest paid	-6 315	-6 849	-23 708	-6 770	-6 985	-13 755
Equity injections	2 600	0	2 600	-	-	-
Total cash flow from financing activities	1 044	-8 823	-1 530	-7 922	-6 303	-14 225
Total cash flow	717	-1 147	-4 616	-92	65	-27
Cash and cash equivalents in beginning	2 039	2 485	5 985	1 308	1 385	1 308
FX impact	-271	-30	-61	169	-59	110
Change in cash and cash equivalents	717	-1 147	-4 616	-92	65	-27
Cash and cash equivalents in the end	2 485	1 308	1 308	1 385	1 391	1 391

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