

INTERIM REPORT

Q2 2024



Tallinn, 31 July 2024

CREDITSTAR GROUP AS



Highlights

Q2 2024 (1/3)

Creditstar successfully raises €24 million through bond issuance and loan syndicate

- In May 2024, Creditstar Group successfully raised €24 million by issuing new bonds and loan syndicate. The bonds were issued on June 3rd, with maturities of one, two, and three years.
- The funds raised are used to expand our consumer credit portfolios in key markets and to refinance existing liabilities.
- Aaro Sosaar, the CEO, stated, "This capital raise is a significant step in our ongoing strategy to strengthen and broaden our business and platform across our markets. We are excited about the opportunities to grow our operations and improve our product offerings in the target markets."
- Valter Kaleta, a Board Member at Creditstar Group, expressed his positive outlook: "I'm glad to see a significant number of investors participating in our current capital raise. Their active participation in our bonds and the loan syndicate demonstrates strong confidence in our company. The allocation of investments was predominantly towards the 36-month bonds, with most investors opting for this duration. This preference suggests that investors are keen to lock in high returns, anticipating a future decrease in interest rates. Despite the highly competitive environment in the Baltic bond market, we are satisfied with the results of this capital raise. Moving forward, we intend to maintain our momentum in capital raising, including further bond sales, to support our lending operations."
- Creditstar Group has a diverse European investor base and is a prominent issuer in the Baltic bond market. The latest issuance was registered by Nasdaq CSD SE, with legal documentation prepared by Sorainen.

Creditstar hosted investor events in May

- The executive team held an investor webinar on May 16th, followed by an in-person investor gathering in Vilnius, Lithuania, on May 21st. These events provided attendees with insights into the group's future plans and updates on current developments.

Creditstar Group AS publishes 2023 audited annual report

- Creditstar Group AS has released its Annual Report for 2023, audited by KPMG and signed by the auditor on June 28th. The Annual Report is also available on the company's website.



Highlights

Q2 2024 (2/3)

The upcoming new Monefit credit product

- We are excited to announce the upcoming launch of the New Monefit credit product, scheduled for Q3 in Spain, one of our key target markets. This innovative offering is designed to uniquely position our brand, attract high-quality customers, and deliver meaningful value, aligning seamlessly with our strategic future plans.
- Key features include competitive pricing based on fairness, an engineered user experience that makes financial management seamless, lifestyle integration for practical financial solutions, and behavioural rewards that foster responsible spending and borrowing habits. Additionally, the product offers helpful financial tools at an affordable price and ensures better financial control through transparency and clear terms.

Driving success with SmartSaver Vaults

- Monefit SmartSaver has sustained robust growth this quarter, offering a compelling blend of investing and saving for retail and corporate investors across Europe. As SmartSaver scales, we are reducing the cost of capital. Building on this success, we introduced Vaults in March, a feature that allows investors to park their money for six or twelve months, enjoying higher daily compounded returns of up to 9.96% APY. Vaults continue to be successful, with 33% of SmartSaver investors using them, and over 70% of all Vaults created are for a 12-month duration.
- SmartSaver further enhances the investment experience by allowing investors to name their Vaults with life goals like "Dream Bike Fund" or "Holiday Home in Spain," making saving a more engaging and goal-focused journey. With transparency and no hidden fees, SmartSaver appeals to over 10,000 investors from more than 40 countries looking for dynamic and efficient investment options.

Unified support platform: leading customer support enhancement

- We are leading customer support with fast, high-quality interactions. We aim to deliver diverse communication options for a better customer experience. This unified support platform will enable us to handle twice as many interactions with half the wait time without increasing personnel, ensuring our customers receive the best service possible.

Creditstar was awarded the Respecting Differences label

- This label indicates that the organisation places importance on caring for its employees, clients, and partners, valuing their differences and unique characteristics.



monefit



Highlights

Q2 2024 (3/3)

- It recognizes and provides opportunities for development for employers who value diversity and strive to create an inclusive work environment.
- The award was presented by Ahti Kuningas, the Secretary General of the Ministry of Economic Affairs and Communications, and Helen Talalaev, the representative of the Estonian Human Rights Centre.
- An important value at Creditstar is diversity, and one of our goals is to promote an inclusive, diverse, and equal work environment.

Creditstar has been recognized as a "Health Promoting Employer" by the Health Development Institute (TAI)

- TAI, a national institution dedicated to public health research, disease prevention, and health promotion, alongside the Labor Inspectorate, introduced the "Health-promoting workplace" label.
- We are honoured to receive this recognition. We aim to continually improve and diversify our healthy lifestyle initiatives, ensuring the well-being of our employees. We believe that fostering healthy minds helps us remain effective and thriving, propelling us toward achieving our company's mission.



Financial performance

2,204,000€

Q2 2024 – Net profit

Profit and interest income

- Interest income increased by 3.2% in comparison to Q1 2024.
- Net profit amounted to EUR 2.2M.
- Operating profit increase in Q2 was 2.95% from EUR 4.583M to EUR 4.718M.

Expenses

- Operating expenses decreased from EUR 2.58M in Q1 2024 to EUR 2.5M in Q2 2024.
- Interest expense on borrowings amounted to EUR 8.967M.
- Wages and salaries cost was EUR 1.04M, an increase of EUR 122 thousand in Q2 2024 compared with the previous quarter.

Comments on changes in the 2023 annual report compared to the 2023 interim report

The adjustments made to the audited annual report have also been applied to the interim report.

Cash and cash equivalents to other assets

Re-classification of cash equivalents to other assets. These were bond securities held by the Group with investor commitments, which were converted into cash shortly after the reporting date.

Loans to customers and borrowings

Changes in the legal structure of the P2P financing platform led to adjustments in how loans funded through the platform are reported, leading to an increase in both Loans to Customers and Borrowings on our balance sheet.

Other reserves and retained earnings

Re-classification of Comprehensive FX translation adjustment from Retained Earnings to Other Reserves.

Interest expense

Implementation of the Effective Interest Rate (EIR) method for the amortization of bonds. The bond discount or premium is amortized to interest expense over the bond's life. As a bond's book value increases, the amount of interest expense increases. Previously, bond discount or premium costs were presented within operating expenses.

Other income

Revision in the method used to calculate income from the sale of a non-active subsidiary.

Financial performance

Comments on changes in the 2023 annual report compared to the 2023 interim report, continued

Wages and salaries

Capitalization of IT development-related salary costs to intangible assets. Re-classification of employment contract types, resulting in some salary costs being re-classified as operating expenses.

Loan impairments and write-offs

Cancellation of extraordinary impairment reserves. These reserves were created in 2020 for potential negative effects from COVID-19 and the Ukrainian war but were not needed due to positive portfolio performance.



The financial and other additional information published in the Interim Report January 2024 – June 2024 is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations, and Group's cash flows.

Consolidated financial statements in the report for the period January 2024 - June 2024 are not audited.

A handwritten signature in purple ink, appearing to read 'Aaro Sosaar', written over a light blue abstract background.

Aaro Sosaar

Member of the Management Board

Tallinn, 31.07.2024

Consolidated Comprehensive Income Statement

In thousands Euro's

	Q3 2023	Q4 2023	2023 TOTAL	Q1 2024	Q2 2024	2024 6M TOTAL
Interest income	15 925	16 977	63 139	16 686	17 214	33 900
Interest expense	-7 321	-10 185	-31 459	-8 617	-8 967	-17 584
Net interest income	8 604	6 792	31 680	8 069	8 247	16 316
Other income	0	1 371	1 374	14	14	28
Operating expenses	-2 383	-3 527	-10 289	-2 583	-2 504	-5 087
Wages and salaries	-874	-829	-3 854	-917	-1 039	-1 956
Operating profit	5 347	3 807	18 911	4 583	4 718	9 301
Depreciation	-422	-569	-1 846	-411	-393	-804
Loan impairment charges	-2 488	-1 227	-8 480	-2 515	-2 008	-4 523
Corporate income tax	-60	-169	-319	-30	-113	-143
Net profit	2 377	1 842	8 266	1 627	2 204	3 831
FX translation adjustment	-228	2 514	2 396	329	49	378
Comprehensive profit	2 149	4 356	10 662	1 965	2 253	4 209



Consolidated Balance Sheet

In thousands Euro's

	30.06.2023	30.09.2023	31.12.2023	31.03.2024	30.06.2024
Assets					
Cash and cash equivalents	1 391	2 588	809	3 179	4 711
Loans to customers	247 736	258 449	276 092	289 198	304 879
Other assets	9 804	8 353	11 540	8 012	7 549
Total assets	258 931	269 390	288 441	300 389	317 139
Liabilities and Equity					
Borrowings	204 052	212 234	225 688	237 792	251 141
Other payables	3 043	2 871	4 515	2 500	2 515
Total liabilities	207 095	215 405	230 203	240 292	253 656
Equity					
Issued capital	21 000	21 000	21 000	21 000	21 000
Other reserves	7 915	7 687	10 098	10 330	11 962
Retained earnings	22 921	25 298	27 140	28 767	30 521
Total equity	51 836	53 985	58 238	60 097	63 483
Total Liabilities and Equity	258 931	269 390	288 441	300 389	317 139

Consolidated Cash Flow Statement

In thousands Euro's

	2023 Q3	2023 Q4	2023 TOTAL	2024 Q1	2024 Q2	2024 TOTAL
Operating activities						
Net profit	2 377	1 842	8 266	1 627	2 204	3 831
Adjustment to net profit:						
thereof depreciation of tangible fixed assets and amortization of intangible fixed assets	422	568	1 845	411	393	804
thereof other adjustments	9 809	11 453	39 980	11 132	10 975	22 107
Change in operating assets:						
thereof loans to customers	-13 243	-19 000	-59 171	-15 645	-17 726	-33 371
thereof other receivables and prepayments	-210	662	267	3 758	-188	3 570
Change in operating liabilities	-172	1 645	1 108	-2 015	15	-2 000
Total cash flow from operating activities	-1 017	-2 830	-7 705	-732	-4 327	-5 059
Investing activities						
Additions to intangible fixed assets	-209	-449	-1 078	0	0	0
Sale of subsidiaries	0	1 291	1 291	0	0	0
Total cash flow from investing activities	-209	842	213	0	0	0
Financing activities						
Proceeds from debt issued and borrowed funds	11 748	12 258	42 306	9 872	14 626	24 500
Repayment of debt issued and borrowed funds	-5 082	-8 016	-18 014	-2 254	-4 006	-6 260
Interest paid	-4 211	-3 969	-16 251	-4 495	-4 781	-9 276
Total cash flow from financing activities	2 455	273	8 041	3 123	5 841	8 964
Total cash flow	1 229	-1 715	549	2 391	1 514	3 905
Cash and cash equivalents in beginning	1 391	2 588	364	809	3 179	809
Change in cash and cash equivalents	1 229	-1 715	549	2 391	1 514	3 905
FX impact	-32	-64	-104	-21	18	-3
Cash and cash equivalents in the end	2 588	809	809	3 179	4 711	4 711

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