

A stylized, low-poly mountain range in shades of pink and purple against a dark purple background. The mountains are composed of various triangular facets, creating a geometric, crystalline appearance. The range spans the width of the image, with peaks of varying heights. The foreground is a white, sloping plane that the mountains rise from.

# stikcredit &

# afranga

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We launched our very own marketplace and we're super excited!

# The Company

Stikcredit is a European FinTech company underwriting short-term consumer loans entirely online.

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We lend money where traditional banks don't and we are on a mission to make credit as easily accessible as 1 click on any device.

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We operate on the Bulgarian market since 2013 and we have bold plans for global expansion.

## Highlights

We just launched [afranga.com](https://afranga.com) – a marketplace for investing in loans.

- **Net profit increased 39%** in FY20 vs FY19
- **Regulated by a European Banking and Financial Services regulator**
- Proprietary IT platform incorporating latest **FinTech innovations**



# The Solution: Technology & Profitability

Stikcredit leverages existing innovations in FinTech to underwrite short-term consumer loans entirely online.

We operate a lean FinTech business model which does not require the use of physical locations. Users submit applications online and our automated scoring algorithm makes an instant decision to approve or reject a loan. Money is advanced via an electronic payment transfer.



## Profitable Track Record

- Stikcredit granted over EUR 30m in loans since inception and achieved a pre-tax profit margin of over 48%.
- The company maintains impressive cash collection rate of 134% of the granted loan amount.
- Stikcredit generates strong growth achieving a CAGR of 52% in terms of loan issuance volume.



## Proprietary IT Platform

- The company runs on an internally developed cloud-based system supporting all core company activities from loan application processing to loan management and financial reporting.
- The system allows for full automation of a large number of processes and is easily integrated to external applications and services via APIs.



## Scalable Business Model

- Stikcredit is positioned for growth entirely online. We structure and develop our processes with an online mindset.
- The company does not require significant capital investment for physical offices and staffing in order to achieve rapid growth and to penetrate new markets.
- The operating processes are efficient, automated and scalable.

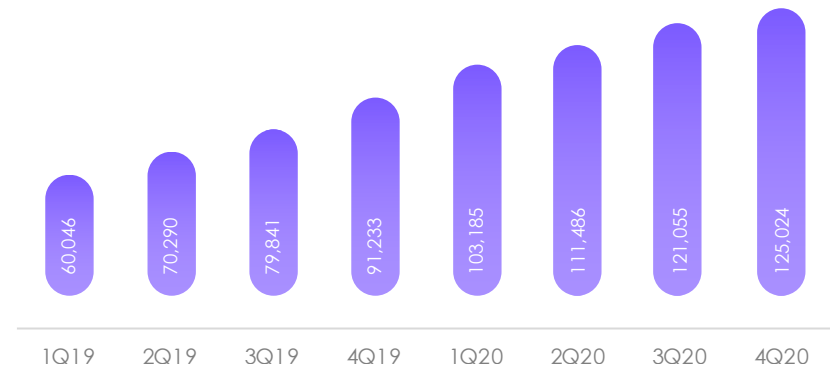


## Machine Learning

- State-of-art machine learning scoring algorithm combined with big data analytics perform behavioral analysis of all past loans, taking into account demographic, employment and credit history of all applicants.
- Data is automatically retrieved from the application form, external and internal databases to generate a score matching exactly every customer's risk profile.

Strong customer engagement and user growth. The company has almost 16 000 active customers and 65% returning customers.

Unique registered customers (cumulative)



Number of loans granted



- The number of unique customers grows by CAGR of **12.7% per quarter** for the past 2 years. We currently add around **10,000 new applicants** every quarter. Stikcredit has more than 125k unique applicants and almost **16k active clients**.
- Stikcredit has almost **doubled the rate** of granting loans since the beginning of 2019 - strong confirmation for customers' demand. The company enjoys very high levels of **customer loyalty** with **share of returning customers reaching c. 65%**.
- Tailored promotional activities and enhanced sales tactics place Stikcredit ahead of its competitors. The company **granted 30,004 loans** in 2019 – over twice the numbers achieved in 2018 and we've granted **over 36,000 loans** in 2020 an impressive growth of 20% in a tough environment.

Target Client Profile



# Strong Portfolio Performance

We navigated the coronavirus storm outstandingly.

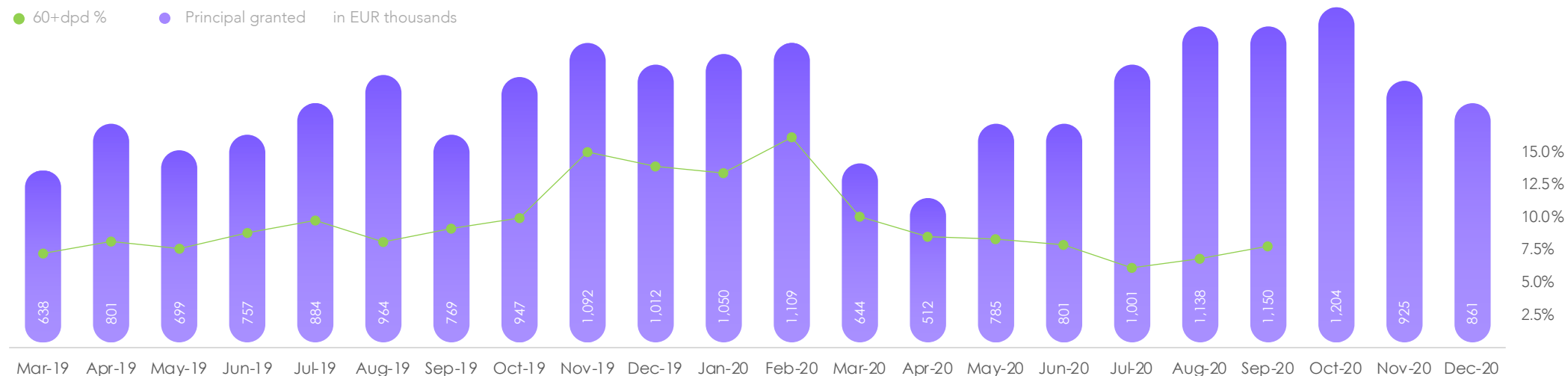
- Our proprietary scoring model and the company's robust risk management framework have allowed Stikcredit to react adequately and swiftly to the sudden covid-19 wave. We hit the breaks immediately, but this helped us to achieve **delinquency levels even lower than under normal operating circumstances** and maintain the company's risk within our comfort zone.
- As the effects of the health crisis wore off, we got back on the accelerator and we reached our pre-crisis lending levels, surpassing our all time highs in October 2020. Stikcredit has recorded a **growth in issuance volume of 139%** between 4Q18 - 4Q20, reaching a net portfolio of EUR 6.0m as of end of December 2020.
- Strict risk management controls ensured **stable delinquency levels** and enhanced profitability. Despite the significant pick up in lending volume, the % of loans which are 60+ days delinquent remain **below 15% for every vintage month**.

## Collection from granted loans



## Principal issuance rate and delinquency

60+dpd %    Principal granted    in EUR thousands



# Geographical Scope

We will further develop the Bulgarian market and we have expansion plans for 3 new markets in Europe.

Target  
Client  
Profile

Private  
Individual

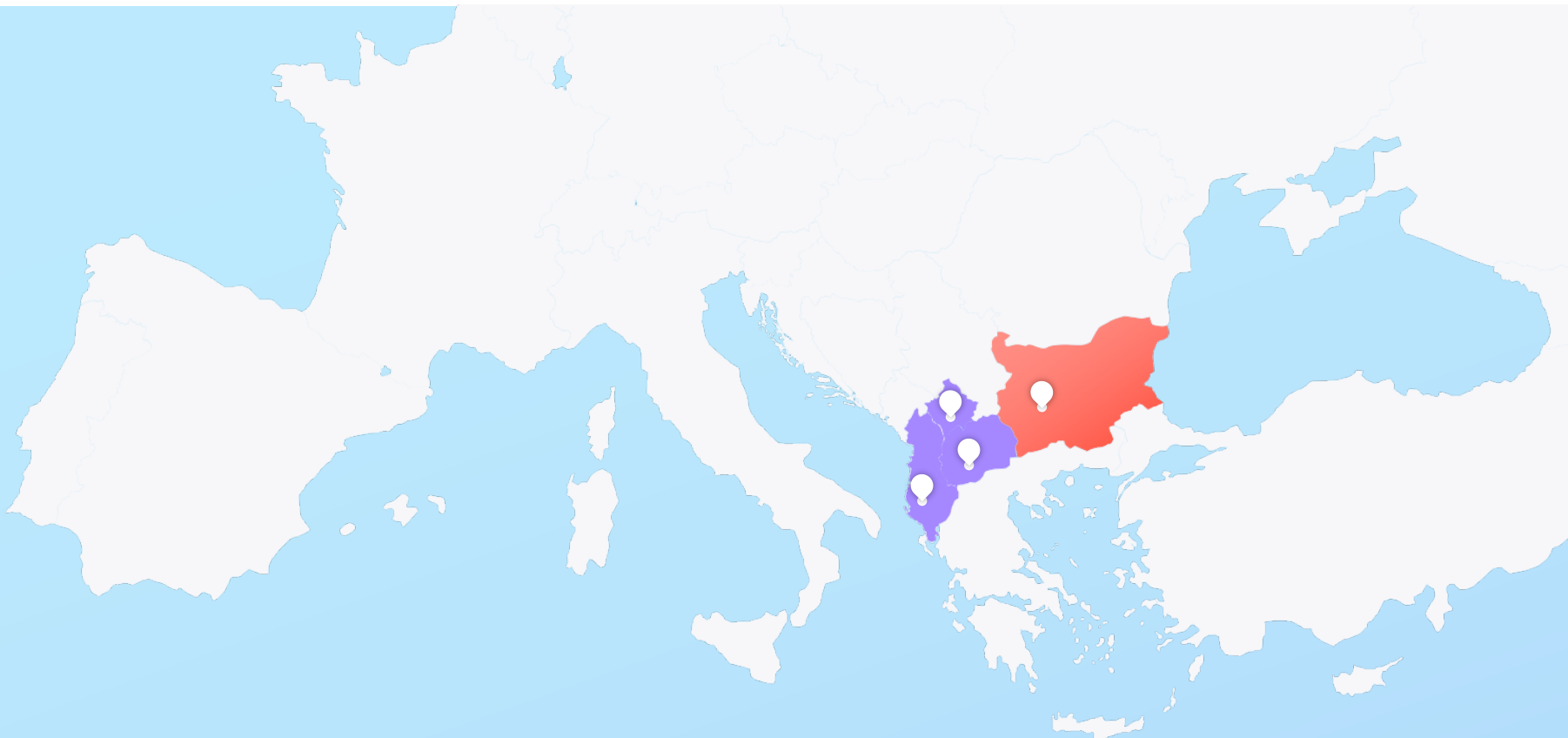
20 to 45  
years old

Regular  
Income

Tech  
Savvy

Good or  
No Credit  
History

Little or  
No  
Savings



**Bulgaria**

Population: 7 million  
GDP: 65.2 billion USD



**Macedonia**

Population: 2.1 million  
GDP: 12.7 billion USD



**Kosovo**

Population: 1.8 million  
GDP: 8.0 billion USD

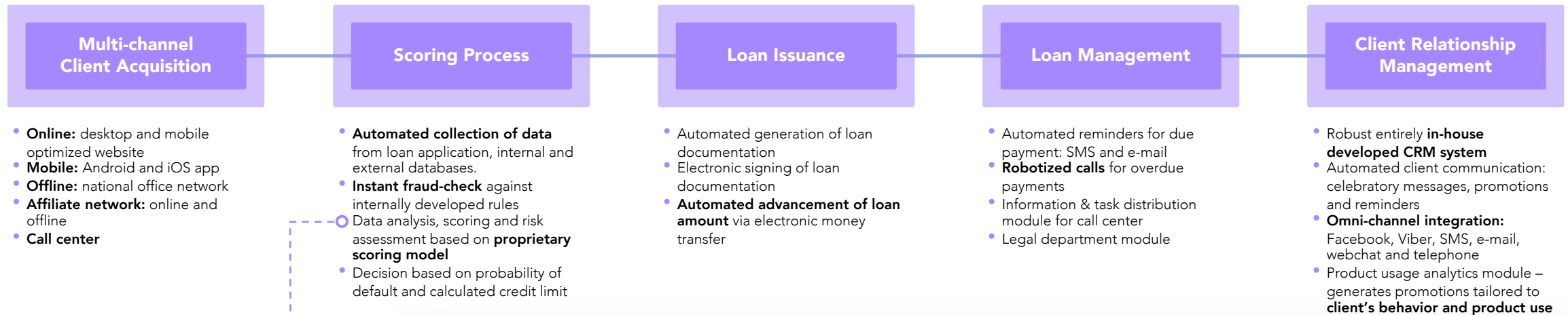


**Albania**

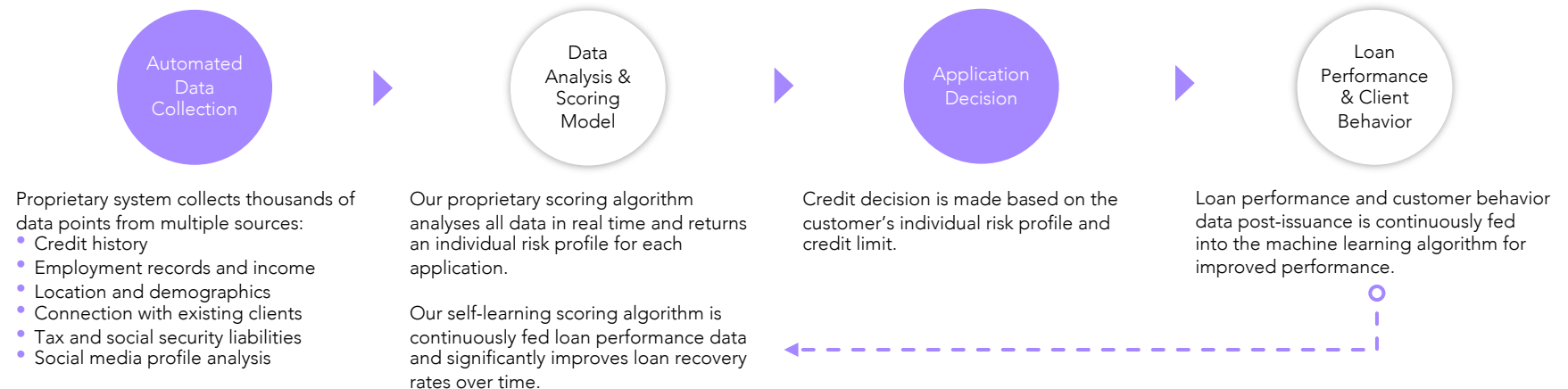
Population: 2.9 million  
GDP: 15.4 billion USD

# Our comprehensive loan management system and sophisticated credit scoring models provide Stikcredit with a significant competitive edge.

Our business model is built around full automation.



## Sophisticated machine learning scoring algorithm.



# The Solution: Simple Products

Simple yet robust product mix supported by the most innovative solutions in the FinTech space.

The product range and loan terms are perfectly aligned with the customers' needs. The company actively monitors competitors' activities and adjusts its strategy accordingly.

## Payday Loans

- Single payment loans with short maturity of up to 30 days and maximum amount of 400 EUR
- 0% interest for new customers
- Processed in seconds

**EUR 50 to 400**  
**5 to 30 days**

## Installment Loans

- Installment loans repaid at equal monthly installments
- Maturity of up to 24 months
- Maximum amount of 2 500 EUR

**EUR 100 to 2 500**  
**3 to 24 months**



### Secure

Every new customer undergoes strict identity verification procedure.



### Simple & Quick

Loan documentation is signed electronically.



### Powerful Sales Tactics

All new customers receive 30 days grace period on their first payday loan.





# Profit and Loss Summary

Strong operating results and excellent financial health with 39% pre-tax profit margin for FY20.

We have proven our capability to steer our company towards the most profitable path not only in good times, but also in turbulent ones. **Our company navigated the unexpected covid-19 situation with excellence and we have proven our resilience and ability to respond to crises.** Despite the slower than expected revenue growth in 2020, we have been able to **maintain a healthy profit margin of c. 48%** and we finished the year with a 39% net profit increase vs. 2019.

The strict financial policy and robust risk management framework allow the company to maintain excellent financial and operating health:

- Stikcredit maintains a net profit margin c. 48%;
- we have kept our customer acquisition costs within our desired targets;
- we observe stable recovery rates at 100% of the cash granted within the first 4 months of loan issuance;

EUR, '000	FY20	FY19	FY18
Income from interest and commissions	5 124	3 477	1 315
Interest expense	(240)	(114)	(11)
Other lending expenses	(56)	(33)	
<b>Net income from interest and commissions</b>	<b>4 827</b>	<b>3 331</b>	<b>1 304</b>
Losses from impairment of loans	(636)	(279)	(2)
<b>Income after impairment</b>	<b>4 191</b>	<b>3 051</b>	<b>1 302</b>
G&A expenses	(1 709)	(1 249)	(299)
Other income from operations	121	60	12
<b>Income before tax</b>	<b>2 602</b>	<b>1 863</b>	<b>1 016</b>
Income tax	(260)	(188)	(102)
<b>Net income</b>	<b>2 342</b>	<b>1 675</b>	<b>914</b>

- All figures are in thousand of EUR.
- Stikcredit prepares its financial statements in accordance with International Financial Reporting Standards.
- Figures presented for FY18 and FY19 are audited. Figures for FY20 are preliminary and unaudited.
- Financial assets are presented according to IFRS 9.

# Balance Sheet

Total assets double in size every year.

- Our asset base continues its strong growth and in 2019 we almost doubled our assets currently standing at almost EUR 9 million.
- All generated profits are reinvested back into the business to support its strong growth and maintain low levels of financial leverage.
- We maintain a very healthy shareholder equity ratio of c. 67%.
- Figures provided for FY18 and FY19 are audited. Figures as of Dec-20 are unaudited.

EUR, '000	Dec-20	Dec-19	Dec-18
<b>Assets</b>			
Cash and cash equivalents	1 658	766	411
Loans to clients	6 026	4 404	1 625
Loans to related parties	850	270	216
Other current assets	123	159	42
Land, machinery and equipment	293	106	7
<b>Total assets</b>	<b>8 953</b>	<b>5 704</b>	<b>2 301</b>
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
Short-term loans	2 296	1 578	171
Trade payables	36	86	23
Short-term leases	15	12	
Current tax liabilities	273	179	40
Other current liabilities	37	66	17
Long-term leases	226	57	
<b>Total liabilities</b>	<b>2 885</b>	<b>1 979</b>	<b>251</b>
Share capital	515	515	515
General reserves	26	26	26
Retained earnings	3 184	1 509	596
Profit (loss) for the financial year	2 342	1 675	914
<b>Total equity</b>	<b>6 068</b>	<b>3 726</b>	<b>2 051</b>
<b>Total equity and liabilities</b>	<b>8 953</b>	<b>5 704</b>	<b>2 301</b>



We are happy to address all your  
questions and requests.

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**stikcredit**