

4finance 9M 2025 unaudited results conference call

Thursday, 20th November 2025

Participants:

Kieran Donnelly – CEO

James Etherington – CFO

Kieran Donnelly: Hey, thank you very much. Good afternoon. Good morning, everyone. Thank you very much for dialing in for this call. We will try to move through the slides efficiently so that we have plenty of time to answer any questions you may have. It's always the more interesting part of the presentation for us anyway. So through the nine months of 2025, we've had strong performance. We've been focusing on our profitability and efficiency. And that is what we continue to see in our cost to income ratio. And we have continued to enjoy positive contribution from TBI Bank as we move towards closing the sale of that bank. And we'll talk a little bit more about that later. Online net profit is up 9% year on year and something that we've had more and more focus on. Obviously, as moving forward, the online part of the business will be the business. So overall net profit is up 19% year on year to €45 million, and top line income is up 9%. Online adjusted EBITDA is up 11% year on year to €35 million for the nine months. Overall, the EBITDA is €143 million, and that is up 23% year on year. The adjusted EBITDA margin is 40%. On the new market side, the UK joint venture continues to progress well. We're issuing more, the unit economics are positive. So, we're very pleased with the development of the UK joint venture. We continue to work and fine tune it, as we do with all our businesses, to try to optimise it. But it's something that we think is an important part of our future in the coming years.

Georgia is showing gradual growth momentum. Here we have positive unit economics as well. The question and the challenge for us is scale, but we are scaling slowly, carefully. And that's the kind of the main challenge for the Georgian business to be able to scale that car lending business. In Mexico, I think we've discussed that we've been struggling. And so we've decided to explore a new approach or fresh approach. So we've stopped lending in Mexico, and we are looking to redirect the business and to kind of have a fresh start. So there'll be more on that. We don't have a conclusion of which way we're going to go there, but our approach of taking small steps carefully, slowly, certainly was the right move because it allows you to explore, to try new things without risking a lot of capital. And so, that's what we've done in Mexico. And we've been very disciplined about having set KPIs. If the KPIs aren't reached, then we pull the plug and reassess. And that's what we're doing.

Our cost to income ratio, 38% for the nine months, down from 42% in 2024. Again, this is our continuous drive for efficiency, something that we try to push through the entire organisation. Risk has continued to be a positive story for us as we grow the business and expand. And a lot of that is not only on the actual incurrence of risk, but importantly on the collection of bad debts. The balance sheet is very healthy, strong cash balances. Our debt profile is well spread out. And we are planning and coming up with different scenarios to deal with the October 2026 maturity of that bond. The TBI bank sale is in process. Everything seems to be going according to plan. Timing is out of our hands. We're waiting for the regulator, but we're doing, and the buyer is doing everything else that needs to be done to be able to close as soon as the regulator gives the green light. We have no reason to believe we will not get a green light. It's just timing. So that's where we are, there.

Online loan issuance is something that we focus on. And again, here, the prioritisation is on the profitability, not just issuing loans. We've been very careful about segmenting our customer base, segmenting the places where we have the best return on our investment and eliminating those places where we don't. So, you can't run the business by averaging. And if you're averaging and running a business averaging, you're certainly not optimising. So we focus on optimising, which means segmentation and therefore eliminating areas of risk which means that the volume might be lower, but the profit is higher. I mentioned Ondal, our UK joint venture, and the growth there, and we're going to continue to focus on that business and look to grow that business. Georgia, you see, we have started to pick up bit by bit, but it's still quite modest. And we think going forward, we'll be looking to at least double that issuance in the very near future.

James Etherington: Yeah, thanks, Kieran. Hello, everyone. Good to be talking with you today. On the left-hand side of the income here, we show the consolidated picture with TBI. That's kind of more for consistency as anything else, because as we've said, the focus is really on the online business. On the right-hand side, you can see there in the graph the 10 markets that we have active currently. That includes the full income rate from the UK joint venture, again, not consolidated, but still doing just to give you an idea of the scale. We're nicely diversified still even within the online business. And there we've got that mixture of kind of return structures and product types. The portfolio split, which we'll show later on, shows a slightly different mix. It's well diversified across product types as well. And we continue, as we said, to gradually invest in new areas. And the business is already preparing now, so that we're in a position to develop those post TBI next year.

Then we've maintained that good discipline on the cost side, cost income ratio again improving in Q3, which is good. TBI contributed to that as well. But within online, we've got a broadly stable cost base down a bit actually on the on the quarter. And we've got about

the same level, 38% of cost income ratio in the online business year to date. We're very much focused on targeting the investments that we make there and on the unit economics. And we've got a mix of efficiency savings and some startup costs from the newer ventures as well. This has also been a focus in the budgeting process, and it's very much just part of the ongoing culture of the group to maintain that efficiency and make sure that we keep reviewing how we do things to be most efficient.

If we look at the next slide on the profitability, we've continued to build on that strong track record with the nine months, up 19% year on year overall in net profit. And then the online business being up 9% on last year to €8 million for the 9 months. We've got some areas performing a bit better, some a bit behind, but overall still solidly profitable and decent EBITDA generation there. TBI profitability continues to be very solid as well. So we've increased that PBT and EBITDA margin as we've mentioned. So I think it's a strong picture overall from both sides.

And if we look at the credit ratios, these have continued to improve slightly during the year. I think we've got good, comfortable levels on both the interest coverage and the capitalisation metrics on that consolidated view. Equity base now well over €300 million euros that continues to build. The bank's got its strong regulatory capital ratios. But as we said last time, just to illustrate what those ratios will look like after the sale. Then if we sell around book value, we remove the assets and liabilities from the balance sheet. There's some impact from goodwill and a couple of other things, but the equity level remains around broadly the same – around €300 million; about €600 million of total assets on just very round numbers. So about a 50% equity to assets ratio and a lot of the assets being cash there, and equity receivables of over 100%. So that just illustrates the strong pro forma balance sheet position that the business will be in after the bank sale.

If we move to slide 9, looking at the loan portfolio, it continues to grow overall. Obviously, the TBI side is growing, but we've grown actually quite a bit within online this quarter. We've seen increases in Lithuania on the instalment loans. We've had good demand in Spain, actually, across the products. Georgia, as we've mentioned, starting up, and the UK also contributing to that. In difficult typhoon season in Philippines, they're down a little bit. And again, we have that loan portfolio breakdown by market. So it's a balanced picture with the income side, reflecting the different risk return and average tenor and things with the products. Then we saw good cash levels. Overall, we've deployed most of that excess cash in that portfolio growth, and in some of the other funding we've provided to get that sort of early exposure for these new markets. But overall, solid position on the cash and portfolio side.

Kieran Donnelly: Portfolio quality has remained very strong. And actually there's not too much to discuss here as far as our vintage analysis. As James mentioned, there has been a bit of a hit because of the typhoons in the Philippines. That's the only place where we've seen some bump up in risk, but it's very much connected to the events rather than our processes or a general credit deterioration. It's very much that customers were adversely impacted by the typhoon. We are working out payment plans with those customers and trying to help them out and to work through that crisis. But other than that, and overall, even including that, the risk quality is very good.

Talking about our impairment charges here, you see that our impairment charges are more or less flat and staying in there. We also have good portfolio sales, which again, continuously show that our provisioning is conservative. And if you look at the cost of risk numbers on both the bank and the online business, they have decreased. So, cost of risk is well in hand. And the overall risk situation is well on hand. So we're quite happy about this.

James Etherington: And yeah, looking at the overall EBITDA levels, so another strong quarterly performance overall. Again, that consolidated view, less relevant for the future, but still very good to have strong contribution from both sides and to be at a record level of over €50 million EBITDA for the quarter. With the online side, we had a solid third quarter, bringing **just over** €11 million, similar to prior quarter and ahead of Q3 last year, despite some of those investments we're making. And with €35 million for the nine months, again, that's nicely ahead of where we were for last year. We've maintained good coverage on even the full level of bond interest expense. We've paid over €11 million of coupons out in the last month or so. And obviously, we'll have the flexibility to reduce that interest expense going forward. So overall, credit metrics look solid, particularly when you look at the split of the bonds, which we'll see on the next slide.

So here on the left-hand side, we have the book value of TBI now just over €300 million, and the initial proceeds from the sale would represent most of that net bond debt bar of kind of just over €260 million there. So the key focus for us is getting that closed and realising those proceeds. And both bond maturities very manageable in size and spaced out in time. And the bank sale comes at a good moment to allow the business to address that 2026 bond maturity in a very efficient way and then be able to reset capital structure more broadly in due course. We're just making sure that we're fully prepared for that. But it all starts with closing the bank sale. With that, let me pass back to Kieran.

Kieran Donnelly: So we've had a very strong nine months. The online business is up 9% in profits. It's up 11% in EBITDA. So this is quite important. We continue our focus on costs and improvements. But we're also looking for growth. Just because we're trying to be efficient doesn't mean we're not trying to grow. And we will be looking for new areas, new markets to

grow in as we move forward. As I mentioned, the bank, we're waiting for regulatory approvals. Everything is on track. When it does close and the proceeds come in, we will look to deploy those in a very strategic way. Take into account our capital structure, our opportunities, and the fact that we already have a liquid balance sheet, we will take all factors into account and we're looking at different scenarios, but we do not want to announce anything or announce any plans until we actually have the cash. We don't want to count our chickens before they are hatched. As far as new markets are concerned, as I said, the UK, we continue to go with. Georgia is moving along. Mexico, we're re-examining, but we're looking at other market opportunities. And as those happen and develop, we'll be sharing that information. And finally, one of the things – I want to thank James. James will be moving on in January, and he has a very interesting and exciting opportunity for him. So we're wishing him well and want to thank James for 10 years of service at 4finance. He started in investor relations back in 2015, and then in 2020, I asked him to step up and take on the role of CFO, which I think he's done admirably well. Obviously, the headhunters thought so, so we wish James well and thank him very much for everything he's done for the company. With that, Sarah, I think we're ready for questions.

Moderator: Could you share an update and give a bit more colour on the progress in Georgia?

Kieran Donnelly: The Georgian market, we've mentioned before that the team we've put to work in Georgia is our former team when we had the short-term lending business in Georgia, which was a very successful business, which due to regulatory changes, unfortunately, we had to close down. They came back to us the same team with this business plan for auto lending in Georgia. And we have been progressing with that in a very careful sort of way. They're making very good progress. Systems, brand, distribution, product, operational issues, all set up. And moving along, they've signed up some very interesting partnerships in the local market, some very good loyalty programs to go along with loan, things like insurance discounts, discounts at petrol stations, et cetera. So it's a matter now where we think that the business model is set up properly and it's a matter of scaling, scaling the business. So that's kind of the phase we're in. We've kind of got past the initial phase, the pilot phase very successfully. And now it's really a question of scaling that business. I hope that answered the question.

Moderator: When do you expect the bank sale to happen?

Kieran Donnelly: The bank sale could happen anytime, the window would probably be December, just before Christmas. If it's not then, I think it probably goes to February, because in early January is probably a slower time. Again, it's really just a matter of the regulatory bureaucracy that's taking place. Everything is submitted. We've been given kind

of indications from, and as the buyer as well, that everything is in good order, but it just has to go through the process. So sure, we would love it to happen as soon as possible, but I think probably either it's going to happen in December or it'll happen then I would say if it doesn't happen in December, then it probably happens in February. Not that it couldn't happen in January, it could, it's just my opinion. I don't see it dragging on past that.

Moderator: All right. And in the meantime, we received a further question in the chat. Are you exploring other new markets and/or inorganic growth opportunities?

Kieran Donnelly: We are exploring new markets. To be frank, we're always looking at new markets and new market opportunities. Some markets that we've kind of established companies in order to be able to explore more diligently, more completely, kind of to see if we can get things set up would be in Uzbekistan and in South Africa. Those are two places where we're actively looking and exploring and taking initial steps to get something going, to see if our desktop analysis can pan out, in reality. So you take that next step and you see if you can get the basics in place before you start to deploy capital. And again, the step-by-step approach in a way that we're not risking a lot of capital, but we are exploring those two markets and we're looking at other opportunities on a regular basis.

Kieran Donnelly: Once again, I'd like to thank James for his service, and I'd like to thank all the bondholders for calling in and for your support. We will be keeping you up to date. There are a lot of things that we're waiting for. And as soon as we have the information, we'll be sharing that information and also our plans as we go forward, which will be more clear once we do actually sell the bank.

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