KRUSO KAPITAL

Sector: Financials

Robust loan growth confirms healthy momentum

BUY

Unchanged

TP 0.030

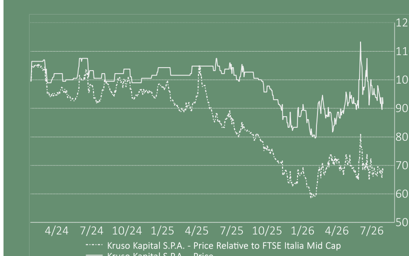
Unchanged

Target Price Upside 72%

Change in EPS est.	FY26E	FY27E
	0.0%	0.0%

Ticker (BBG, Reut)	KK IM	KK.MI
Share price Ord. (Eu)		0.017
N. of Ord. shares (mn)		2,412
Total N. of shares (mn)		2,412
Market cap (Eu mn)		42
Total Market Cap (EU mn)		42
Free Float Ord. (%)		6%
Free Float Ord. (Eu mn)		2
Daily AVG liquidity Ord. (Eu k)		30

	1M	3M	12M
Absolute Perf.	-6.3%	3.2%	-8.7%
Rel.to FTSEMidCap	-4.6%	-1.3%	-17.8%
52 weeks range		0.0	0.0



	FY25A	FY26E	FY27E
Total income	35.8	36.8	39.5
Pre-tax profit adj.	13.7	10.5	12.6
Net profit adj.	8.8	6.4	8.2
EPS adj.	0.004	0.003	0.003
DPS - Ord.	0.00	0.00	0.00
P/TBV	na	1.9x	1.4x
P/E adj.	na	6.6x	5.1x
ROTE adj.	83%	35%	32%
ROTE adj. norm.*	30%	31%	32%
Dividend yield	0.0%	0.0%	0.0%

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Yesterday, KK reported resilient 2Q26 results, with strong momentum in its core pawnbroking business offsetting softer auction activity against a demanding comparison base. Total income was broadly stable at Eu8.9mn, as 27% YoY growth in net interest income compensated for lower auction-related fees. In 1H26, total income rose 7% to Eu18.5mn, while net profit remained broadly stable at Eu4.4mn despite higher personnel and administrative expenses related to the development of KK's standalone structure. Balance-sheet fundamentals remain solid, with loans up 11.5% YoY to Eu170.5mn and the TCR at 30.8%, or 17.6% on a CRR3 pro-forma basis. We confirm our projections, forecasting FY26E total income and net profit of Eu36.8mn and Eu6.4mn, respectively, with softer 2H26 earnings reflecting near-term deconsolidation-related costs. Our medium-term view remains intact, supported by untapped growth opportunities in Italy and Portugal across physical and digital channels and a supportive gold-price environment. Potential portfolio acquisitions provide further upside. We reiterate our BUY rating and TP of Eu0.030, implying 72% upside. KK is trading at 6.6x FY26E P/E, offering an attractive entry point, in our view.

- **Strong net interest income growth offsets softer auction activity.** 2Q26 total income was Eu8.9mn, -1% YoY, as robust momentum in the pawnbroking business was offset by weaker auction-related fees. Net interest income rose 27% YoY to Eu4.0mn from Eu3.1mn, supported by the growth in Portugal. By contrast, net fee income declined 16% to Eu4.9mn from Eu5.8mn, reflecting lower auction volumes. In 2Q26, 10 auctions were held versus 22 in 2Q25, also due to KrusoArt's relocation, which delayed some sales into 2H. We note that 2Q25 represented a record quarter in both auction activity and fee income, making the YoY comparison challenging. On a half-year basis, total income increased 7% YoY to Eu18.5mn from Eu17.3mn, maintaining an attractive margin of 21.9%.
- **Higher operating costs weighed on the bottom line, as expected.** 2Q26 operating costs totalled Eu6.1mn, up 13.2% YoY, reflecting higher G&A and personnel expenses as KK continued to strengthen its organisational structure ahead of its deconsolidation from Banca Sistema. We note that personnel costs exclude an estimated Eu0.8mn accrual for variable remuneration relating to FY24-26, which management expects to recognise once the relevant supervisory restrictions are lifted. Against this backdrop, net profit fell 28% YoY to Eu1.8mn from Eu2.5mn in 2Q25. In 1H26, net profit stood at Eu4.4mn, in line YoY.
- **Double-digit loan growth, with capital ratios remaining solid**. Loans reached Eu170.5mn in 2Q26, up 11.5% YoY from Eu152.9mn, reflecting continued growth in Italy and strong momentum at CEP in Portugal. The number of outstanding pawn loans stood at c.96.2k (+3% vs YE25), confirming solid origination across the group's core markets. Total equity rose to Eu62.6mn from Eu58.2mn at FY25. TCR reached 30.8%, up from 29.7% at FY25 and 30.5% at 1Q26, as net profit generation more than offset the increase in RWA to Eu95.2mn from Eu92.5mn in 1Q26. On a pro-forma basis, assuming the application of CRR3, the TCR would stand at 17.6%, versus 16.9% at FY25, well above minimum requirements. Looking ahead, management confirmed expectations for continued loan growth and profitability broadly in line with the levels envisaged in the plan.
- **Results on track with our expectations**. We maintain our estimates broadly unchanged. Our FY26E total income points to Eu36.8mn, implying Eu18.3mn in 2H (-1.4% YoY), which we deem feasible given the higher funding costs ahead, which should be counterbalanced by stronger income in pawn activity. We confirm FY26E net profit at Eu6.4mn, implying Eu2.0mn in 2H26, as operating costs are expected to weigh further due to the anticipated deconsolidation. Beyond these near-term transition effects, we reiterate KK's attractive LT growth and profitability targets, with total income expected to set 7% CAGR 25-28E, reaching 17.4mn/22% margin, in line with mgmt. targets. Potential acquisitions of pawn-loan portfolios represent an upside risk to our estimates.
- **Still trading at undemanding levels; BUY and TP of Eu0.030/sh reiterated.** KK's strong competitive positioning and the growth opportunities offered by its digital channel and the Portuguese market support a compelling investment case, further reinforced by an undemanding valuation (FY26E P/E of 6.6x). We confirm our TP of Eu0.030/sh and BUY rating.

Summary Financials (IFRS)

P&L account (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	10.4	14.2	14.1	15.8	17.4
Net fee income	14.3	21.6	22.7	23.7	25.7
Total income	**24.7**	**35.8**	**36.8**	**39.5**	**43.2**
Operating costs	(17.1)	(22.1)	(27.0)	(26.8)	(27.2)
Provisions/Writedowns	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.2	0.0	0.7	0.0	0.0
Pre-tax profit	7.6	13.7	9.8	12.6	16.0
Taxes	(3.1)	(5.1)	(3.4)	(4.4)	(5.6)
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit reported	4.5	8.8	6.4	8.2	10.4
Pre-tax profit adjusted	**7.7**	**13.7**	**10.5**	**12.6**	**16.0**
Net profit adjusted	**4.5**	**8.8**	**6.4**	**8.2**	**10.4**

Growth rates (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	47.3%	36.2%	-1.0%	12.2%	10.4%
Net fee income	72.2%	51.2%	5.4%	4.2%	8.7%
Total income	60.7%	44.9%	2.8%	7.3%	9.4%
Pre-tax profit	nm	80.9%	-28.3%	28.2%	26.8%
Pre-tax profit adjusted	nm	77.3%	-23.2%	19.7%	26.8%
Net profit	nm	94.9%	-27.1%	28.2%	26.8%
Net profit adjusted	nm	94.9%	-27.1%	28.2%	26.8%
Loans	34.6%	7.8%	11.6%	9.0%	8.6%
Credit lines	39.6%	-0.3%	15.1%	3.9%	6.6%

Per share data	FY24A	FY25A	FY26E	FY27E	FY28E
Shares		2,412	2,412	2,412	2,412
Shares diluted		2,412	2,412	2,412	2,412
N. of shares AVG		2,412	2,412	2,412	2,412
EPS adjusted		**0.0036**	**0.0027**	**0.0034**	**0.0043**
DPS - Ord.		**0.00**	**0.00**	**0.00**	**(0.00)**
DPS - Sav.		0.00	0.00	0.00	(0.00)
TBVPS		0.00615	0.00898	0.01257	0.01918

Balance sheet (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	9.0	8.5	15.9	15.7	26.8
Loans	143.9	155.2	173.1	188.6	204.8
Tangibles	4.6	4.2	4.0	3.6	3.3
Intangibles	43.3	43.4	43.0	42.5	42.1
Other assets	3.7	3.7	3.9	4.4	4.7
Total assets	**204.5**	**215.0**	**239.9**	**254.9**	**281.8**
Credit lines	141.8	141.4	162.8	169.1	180.2
Other liabilities	13.2	15.3	12.5	13.0	13.2
Shareholders funds	49.5	58.3	64.6	72.8	88.4
Total liabilities & equity	**204.5**	**215.0**	**239.9**	**254.9**	**281.8**
Tangible BV	6.2	14.8	21.7	30.3	46.3

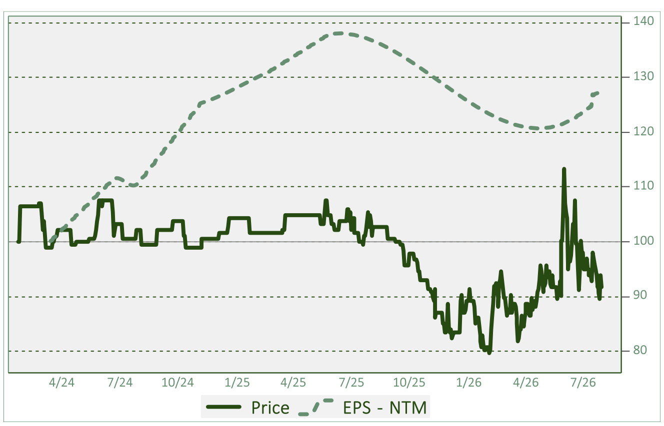
Ratios (%)	FY24A	FY25A	FY26E	FY27E	FY28E
NIM (NI on avg loans)	8.3%	9.5%	8.6%	8.7%	8.9%
TIM (TI on avg loans)	19.7%	23.9%	22.4%	21.8%	21.9%
Cost/Income	69.3%	61.6%	73.3%	68.0%	63.0%
Tax rate	40.7%	37.5%	35.0%	35.0%	35.0%
Costs/Tangible assets*	12.1%	13.3%	14.6%	13.1%	12.0%
ROE adj.	10.1%	16.3%	10.4%	11.9%	12.9%
ROTE adj.	59.2%	83.4%	35.0%	31.5%	27.1%
ROTE norm.**	32.3%	30.5%	31.5%	31.5%	27.1%
RORWA adj.	4.9%	10.0%	3.3%	3.8%	4.3%
ROTA*	3.2%	5.3%	3.5%	4.0%	4.6%
CET1	21.7%	29.6%	16.8%	18.7%	18.8%
T1	21.7%	29.6%	16.8%	18.7%	18.8%
Loans/Assets	70.4%	72.2%	72.2%	74.0%	72.7%
Dividend pay-out	0.0%	0.0%	0.0%	0.0%	62.5%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/TBV		**0.0x**	**1.9x**	**1.4x**	**0.9x**
P/E adj.		**0.1x**	**6.6x**	**5.1x**	**4.0x**
Dividend yield		0.0%	0.0%	0.0%	-12.2%
Share price Ord. (Eu)		0.00019	0.01740	0.01740	0.01740
Market cap		0.5	42.0	42.0	42.0

Source: Company data, Alantra est. *Tangible assets = Total assets – Intangibles. **Excl. the Portuguese acquisition
Note1: Ratios are calculated on average balance sheet items (excl. Loans/Assets)

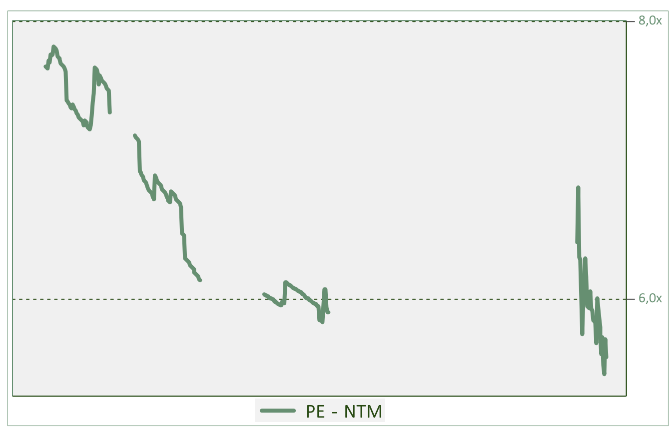
Share price performance

The stock is down c. 11% vs IPO price (i.e. Eu0.019)



Valuation

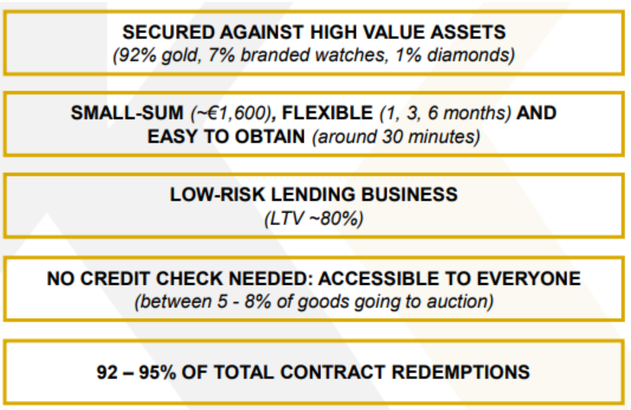
Multiples de-rated recently (P/E)



Key Charts

Overview of KK pawnbroking activity

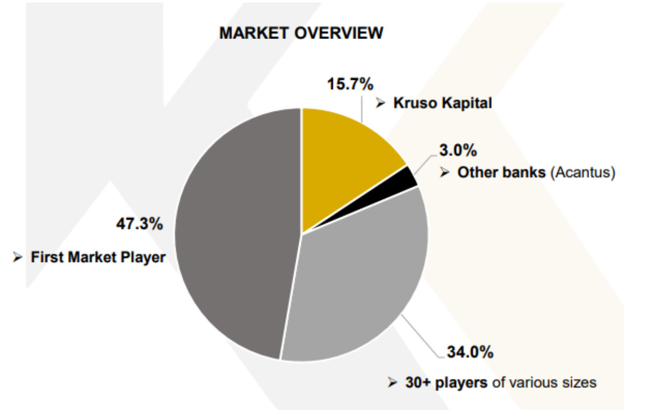
A low risk/ high return landing business that democratize access to finance to all



Source: Company presentation

A leading positioning in the Italian competitive landscape

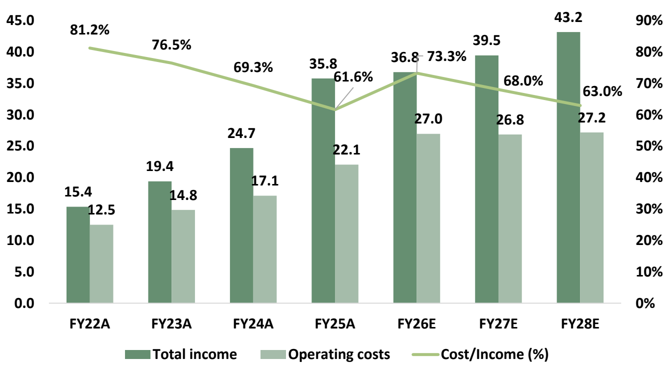
Kruso Kapital is the second player in Italy



Source: Company presentation

Cost/income evolution (Eumn, FY22-28E)

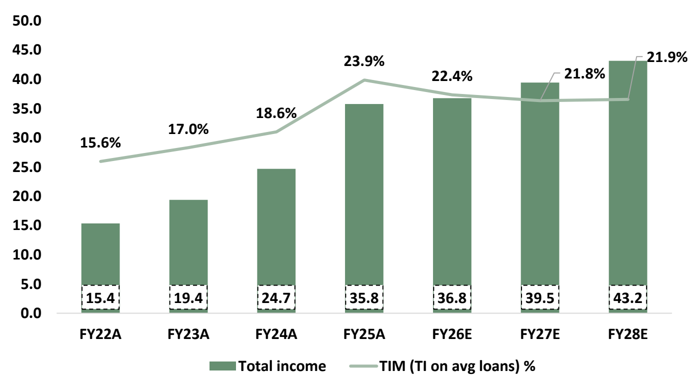
Cost/income ratio should land at 63.0% in 2028



Source: Company data and Alantra estimates

Total income (Eumn, LHS) and TIM (TI on avg loans, %, RHS)

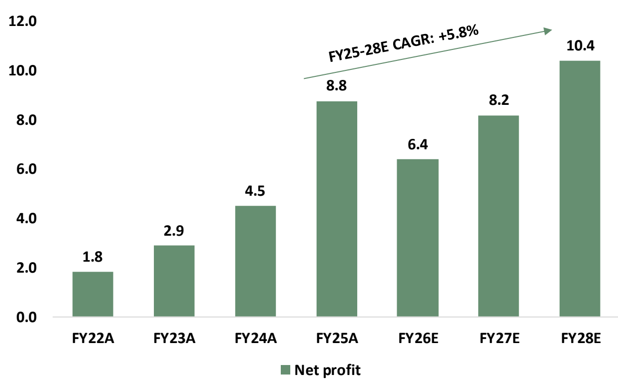
TIM should soar from 18.6% in FY24A to c.22% on average FY26E-28E



Source: Company data and Alantra estimates

Net profit evolution (Eumn, FY22-28E)

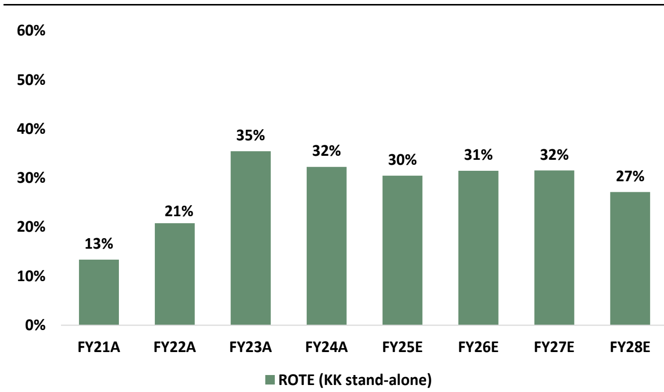
We expect net profit to reach Eu10.4mn in FY28E from Eu4.5mn in FY24A



Source: Company data and Alantra estimates

Attractive ROTE expectations (Eumn, FY21-28E)

ROTE (KK stand-alone) is expected to remain at around 30% in FY25E-28E



Source: Company data and Alantra estimates

Profile

Background

Kruso Kapital (KK) is a leading Italian pawnbroking player, ranking as the #2 operator in Italy with an estimated 16% market share in FY25, and an extended footprint of 33 branches, including 16 in Italy, 16 in Portugal and 1 in Greece. The company, formerly ProntoPegno and established as a spin-off of Banca Sistema in 2018, democratizes access to financing by enabling unbanked/underbanked customers to obtain credit through flexible 3/6/12-month small-ticket loans, with an average ticket of Eu1.6k. The credit is pledged against high and stable-value assets, mainly gold, which represented 92.5% of outstanding loans in FY25, alongside watches, diamonds and other precious goods appraised by the group's professional experts, providing a second useful life to precious goods. The business carries a prudent loan-to-value of c.78%, resulting in a low-risk secured lending model. In FY25, 12.4% of the equivalent financed amount was closed through auction sales of pledged assets, managed by KK.

Positioning

The competitive landscape in Italy remains fragmented, with around 30 operators, but highly concentrated in terms of outstanding loans, with the top three players accounting for c.66% of the market in FY25. KK is the #2 Italian pawnbroking player, with an estimated market share of c.16% in FY25, behind Affide, the market leader with c.47%. The third-largest operator accounts for c.3% of the market. We believe KK has strong potential to expand its market share thanks to its established track record, brand awareness and capillary presence across 16 branches in Italy, alongside its online pawnbroking offer. The group also benefits from clear advantages vs small local players, which are increasingly challenged by: 1) high funding costs, 2) growing compliance requirements and 3) limited ability to invest properly in digitalisation, while pawnbroking remains a marginal business for other banking players.

Growth

We expect internationalization, digitization, and market share gains over the coming years (we expect a lift in Italian mkt share from current c. 16% to >18% in 2028), bolstered by the group's total outstanding. Total income should climb by 6.5% CAGR 25-28E to Eu43.2mn. Digitization of the business should also unlock a strong operating leverage, benefitting the group's cost/income ratio with a reduction from 73.3% in 26E to 63.0% in 28E. Net profit is expected to increase by 5.8% CAGR 25-28E to Eu10.4mn from Eu8.8mn in FY25A. The attractive profitability of the business is reflected into the increase in total income margin on average loans (TIM), which is expected to remain to c.22% in the next three years.

Strategy

KK is well positioned to bolster market share expansion through several strategic options. The group should primarily pivot on its new app to scale the business among regions and enlarge its potential customers due to a digital and attractive process (the face-to-face method might discourage customers). The app allows KK to process a higher number of contracts therefore expanding its market reach while increasing operating leverage. M&A could be an option to accelerate growth with the acquisition of existing pawnbroker's portfolios or small local players in Europe (Spain and the UK), following the successful Portuguese acquisition. The group aims to expand the type of collateralizable assets to art, luxury handbags and wine, therefore diversifying while attracting new customers, enlarging the total addressable market and increasing the total outstanding.

Strengths	Weaknesses
2nd pawnbroking player in Italy	Limited type of collaterals might reduce the arena of potential clients
A full digital pawnbroking offer with a large number of branches in Italy	Limited scale prevents full operating leverage extraction
Business diversification with Art-lending	Not being part of a bank expose the business to higher funding costs

Opportunities	Threats
International expansion	Increase competition in digital offer
Digitization offers untapped growth potential	Ratracement of interest rates lead to a lower pace in business growth
M&A to accelerate growth	Large international players might enter the Italian market

Key shareholders (1)	Management	Next events
Gianluca Garbi - 19.1%	Gianluca Garbi - Chairman	3Q26 results: 05/11/26
Fondazione CRC - 15.2%	Giuseppe Gentile - General Manager	
Fondazione CR Alessandria - 11.5%	Carlo Di Pierro - CFO & IR	
Fondazione Pisa - 9.1%		
Fondazione Sicilia - 5.6%		
Banca CF+ through Banca Sistema - 4.9%		
Market - 34.7%		

2Q/1H26 Results

2Q/1H26 Results

Strong net interest income growth offsets softer auction activity. Higher operating costs weighed on bottom line, as expected

Eu mn	2Q25A	2Q26A	YoY %	1H25A	1H26A	YoY %	2H25A	2H26E	YoY %	FY25A	FY26E	YoY %
Net interest income	3.1	4.0	*27%*	6.6	8.1	*21.7%*	7.6	6.0	*-20.8%*	14.2	14.1	*-1%*
Net fee income	5.8	4.9	*-16%*	10.6	10.4	*-1.5%*	11.0	12.3	*12.0%*	21.6	22.7	*5%*
Total income	9.0	8.9	*-1%*	17.3	18.5	*7.0%*	18.6	18.3	*-1.4%*	35.8	36.8	*3%*
Net Profit	2.5	1.8	*-28%*	4.4	4.4	*-0.3%*	4.4	2.0	*-53.9%*	8.8	6.4	*-27%*
Loans	152.9	170.5	*12%*	152.9	170.5	*11.5%*	155.2	173.1	*11.6%*	155.2	173.1	*12%*
Equity	49.5	62.6	*27%*	49.5	62.6	*26.6%*	58.3	64.6	*11.0%*	58.3	64.6	*11%*
RATIO - Total Capital	*23.6%*	*30.8%*		*23.6%*	*30.8%*					*29.6%*	*16.8%*	
Cost/Income	*59.6%*	*68.4%*		*61.3%*	*62.8%*					*61.6%*	*73.3%*	

Source: Company data, Alantra estimates

Change in estimates

Change in Estimates

We confirm our projections, implying a softer 2H26 earnings reflecting near-term deconsolidation-related costs.

	NEW Estimates			% Change			OLD Estimates			KK business plan targets		
(Eu mn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total income	36.8	39.5	43.2	0.0%	0.0%	0.0%	36.8	39.5	43.2	36.9	//	43.7
Net profit adjusted	6.4	8.2	10.4	0.0%	0.0%	0.0%	6.4	8.2	10.4	//	//	//
Loans	173.1	188.6	204.8	0.0%	0.0%	0.0%	173.1	188.6	204.8	173.5	//	205.7
Shareholders funds	64.6	72.8	88.4	0.0%	0.0%	0.0%	64.6	72.8	88.4	//	//	//
EPS	0.00265	0.00340	0.00431	0.0%	0.0%	0.0%	0.00265	0.00340	0.00431	//	//	//
Cost/Income	73%	68.0%	63.0%	0.0%	0.0%	0.0%	73.3%	68.0%	63.0%	73.2%	//	62.4%

Source: Alantra estimates

Peers

Trading multiples

The stock is now trading at a c.55-65% discount versus Pawnbrokers peers on P/E FY26-27E

Company	Country	Mkt Cap (Eu mn)	P/E FY25A	P/E FY26E	P/E FY27E	P/E FY28E	ROTE (%) FY26E	ROTE (%) FY27E	ROTE (%) FY28E	Dividend Yield (%) FY26E	Dividend Yield (%) FY27E	Dividend Yield (%) FY28E
KRUSO KAPITAL S.p.A.	ITALY	42	0.1 x	6.6 x	5.1 x	4.0 x	31%	32%	27%	na	na	na
Premium (discount) to ITA Specialty Fin			*-99%*	*-31%*	*-31%*	*-30%*	*17%*	*19%*	*na*	*na*	*na*	*na*
Premium (discount) to Pawnbrokers			*-100%*	*-54%*	*-65%*	*-68%*	*na*	*na*	*na*	*na*	*na*	*na*
PEERS	Average		12.9 x	11.8 x	9.8 x	7.9 x	19%	16%	na	3%	5%	6%
	Median		13.5 x	10.5 x	7.8 x	6.4 x	21%	15%	na	3%	5%	7%
EZCORP, Inc. Class A	USA	1,495	20.1 x	14.4 x	13.4 x	12.1 x	na	na	na	na	na	na
FirstCash Holdings, Inc.	USA	7,706	22.9 x	17.8 x	15.6 x	12.9 x	na	na	na	1%	na	na
Ramsdens Holdings PLC	UK	253	18.4 x	9.9 x	14.5 x	na	27%	16%	na	4%	3%	na
Pawnbrokers	Average		20.5 x	14.0 x	14.5 x	12.5 x	na	na	na	2%	3%	na
	Median		20.1 x	14.4 x	14.5 x	12.5 x	na	na	na	2%	3%	na
Generalfinance S.p.A.	IT	301	9.8 x	9.6 x	8.0 x	6.9 x	29%	29%	29%	5%	6%	7%
BFF Bank SpA	IT	561	3.6 x	4.7 x	5.1 x	5.4 x	15%	13%	13%	0%	3%	0%
Banca IFIS S.p.A.	IT	924	7.9 x	17.4 x	7.5 x	6.4 x	3%	6%	7%	3%	9%	11%
doValue S.p.A.	IT	425	17.2 x	9.3 x	6.5 x	5.8 x	na	na	na	7%	9%	9%
Banca Sistema S.p.A.	IT	125	3.1 x	11.2 x	7.6 x	5.7 x	na	na	na	0%	3%	4%
Italian Specialty Finance	Average		8.3 x	10.4 x	6.9 x	6.0 x	16%	16%	na	3%	6%	na
	Median		7.9 x	9.6 x	7.5 x	5.8 x	15%	13%	na	3%	6%	na

Source: Factset, Alantra

Financials – Kruso Kapital versus selected peers

Higher net income margin vs pawnbroking peers

Company	Country	Mkt Cap (Eu mn)	FY25A - FY27E average margins: Net Income Margin	FY25A - FY27E average margins: Dividend Payout	CAGR FY24A - FY27E: Net profit
KRUSO KAPITAL S.p.A.	ITALY	43	22.1%	0.0%	5.8%
EZCORP, Inc. Class A	USA	1,495	9.3%	na	24.1%
FirstCash Holdings, Inc.	USA	7,706	10.1%	17.0%	24.2%
Ramsdens Holdings PLC	UK	253	11.6%	42.2%	21.0%
Pawnbrokers	Average		10.3%	29.6%	23.1%
	Median		10.1%	29.6%	24.1%
Generalfinance S.p.A.	IT	301	41.1%	53.3%	18.7%
BFF Bank SpA	IT	561	22.5%	5.5%	-9.0%
Banca IFIS S.p.A.	IT	924	23.2%	73.3%	-12.7%
doValue S.p.A.	IT	425	3.6%	64.2%	8.9%
Banca Sistema S.p.A.	IT	125	21.0%	13.0%	-13.0%
Italian Specialty Finance	Average		22.3%	41.9%	-1.4%
	Median		22.5%	53.3%	-9.0%

Source: Factset, Alantra

Performance

KK share price is down 9% over the last year.

Company	Country	Mkt Cap (Eu mn)	Performance 1M	3M	6M	1YR	3YR	5YR
KRUSO KAPITAL S.p.A.	ITALY	43	-6.3%	3.2%	16.3%	-8.7%	na	na
PEERS	Average		0.7%	2.4%	-2.7%	23.9%	74.4%	94.9%
	Median		-0.2%	-7.4%	-4.1%	14.7%	70.0%	7.0%
EZCORP, Inc. Class A	USA	1,495	-12.8%	-10.0%	37.8%	121.3%	220.4%	398.5%
FirstCash Holdings, Inc.	USA	7,706	-6.0%	-6.2%	18.4%	64.1%	111.9%	154.4%
Ramsdens Holdings PLC	UK	253	12.5%	70.3%	52.6%	104.3%	185.6%	284.9%
Pawnbrokers	Average		-2.1%	18.0%	36.3%	96.6%	172.6%	279.2%
	Median		-6.0%	-6.2%	37.8%	104.3%	185.6%	284.9%
Generalfinance S.p.A.	IT	301	-15.6%	-20.7%	-3.6%	41.7%	197.5%	na
BFF Bank SpA	IT	561	1.7%	23.6%	-63.0%	-71.5%	-71.0%	-66.6%
Banca IFIS S.p.A.	IT	924	22.8%	-35.1%	-44.8%	-38.0%	-5.8%	7.0%
doValue S.p.A.	IT	425	5.3%	6.1%	-14.9%	-12.2%	-71.4%	-86.2%
Banca Sistema S.p.A.	IT	125	-2.1%	-8.5%	-4.6%	-18.2%	28.1%	-27.2%
Italian Specialty Finance	Average		2.4%	-6.9%	-26.2%	-19.7%	15.5%	-43.3%
	Median		1.7%	-8.5%	-14.9%	-18.2%	-5.8%	-46.9%

Source: Alantra estimates and Factset

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SELL: The stock is expected to generate negative returns during the next 12 months.

NOT RATED: The stock is not covered.

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