KRUSO KAPITAL

Sector: Financials

Loan expansion confirmed amid transitionary costs

Yesterday, 9M26 results confirmed healthy momentum in the core pawnbroking business, with DD loan growth already exceeding our FY26E assumption. Earnings were instead affected by higher funding and operating costs linked to the transition to a standalone structure, together with softer auction activity. Funding diversification progressed materially during the quarter, significantly reducing the group's dependence on CF+, although at a higher near-term cost. Management reiterated that FY26 remains in line with the 2026-28 BP. We uplift our FY26E loan figure, while leaving our earnings projections broadly unchanged. BUY and TP of Eu0.030 reiterated.

- **Loan growth remains the strongest datapoint.** Pawn loans reached Eu177.1mn at September-end, +14.6% YoY and already slightly above our Eu173.1mn FY26E assumption. Growth was broad-based across the group, with c.99k outstanding contracts, of which c.81k in Italy, 17.3k in Portugal and c.0.7k in Greece. The loan book also benefited from the Eu1.5mn Genova portfolio acquired in 2Q26. We see origination remains healthy and confirms the scalability of the business across both the domestic and international platforms.
- **Higher lending volumes support NII, while auction activity remains soft**. 9M26 net interest income increased 13.1% YoY to Eu11.7mn, driven by higher average loans and CEP's contribution, more than offsetting Eu0.2mn of PPA-related effects. However, 3Q NII declined 2% YoY as the higher cost of the new funding structure started to become visible. Net fee income declined 3.6% YoY to Eu15.1mn, mainly due to lower auction activity in Italy (34 vs 50 in 9M25), lower outstanding volumes going to auction and a softer Art-Rite contribution, partly offset by CEP and ProntoPegno Greece. Despite this, profitability of pawn-credit activity increased to 25.1% from 21.1% in 9M25.
- **Standalone build-up drives temporary cost inflation**. Operating costs increased 14.8% YoY to Eu18.7mn, reflecting the strengthening of the organisational structure, with headcount rising to 158 from 145, together with uplisting expenses, costs related to the new funding operations and a Eu0.6mn one-off MBO component related to 2024-25. As a result, Cost/Income increased to 69.8% from 62.6% in 9M25. Net profit declined 22% YoY to Eu4.9mn.
- **Funding diversification advances materially.** The group has made significant progress in reducing its dependence on CF+, which now accounts for c.22% of total funding, including CLNs. This was achieved through the Eu20mn bond issuance and, more importantly, the first securitisation of pawn loans completed in 3Q26, with a Eu60mn senior tranche placed with investors. The new funding structure is currently more expensive and is weighing on NII, but we view the reduction in concentration risk and the establishment of independent funding channels as strategically positive. Capital remains comfortable, with group TCR at 24.6%, or 11.7% under a theoretical CRR3 application. KK called a shareholders' meeting for 18 December 2026 to approve: 1) the 2027 remuneration policy; 2) changes to the 2024-26 incentive plan; 3) a new 2027-28 incentive plan and, 4) in extraordinary session, the proposed share consolidation.
- **4Q remains consistent with the Business Plan.** Management expects loan volumes to remain consistent with Plan targets and profitability to remain broadly in line with 9M26 levels. Funding costs will continue to reflect the diversification process, while structural costs, excluding uplisting expenses, should evolve in line with the Plan. Our current estimates imply Eu10.0mn of total income and Eu1.5mn of net profit in 4Q26, requiring a recovery from 3Q levels (in line with 4Q historical seasonality), and implying +2% YoY in total income.
- **FY26E now reflect the stronger loan expansion.** We only uplift our loan estimate for FY26E, now seen at Eu178.7mn, more aligned with the level of 9M26. Other numbers are broadly unchanged, confirming FY26E total income and net profit at Eu36.8mn and Eu6.4mn, respectively, with Cost/Income at 73.3%, in line with the plan's target. We continue to expect the stronger loan trajectory to be partly offset by higher funding and standalone operating costs in 2H26.
- **Rating and TP confirmed.** We reiterate our BUY rating and TP of Eu0.030, with 3Q trends broadly aligned with our FY estimates. Despite the transitional cost headwinds, we expect KK's business model to continue delivering an attractive ROTE of c.30%, with further room for expansion as the group benefits from a declining Cost/Income ratio once transition-related costs fade.

BUY

Unchanged

TP 0.030

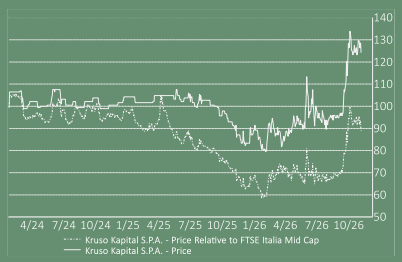
Unchanged

Target Price Upside 27%

Change in EPS est.	FY26E	FY27E
	0.0%	0.0%

Ticker (BBG, Reut)	KK IM / KK.MI
Share price Ord. (Eu)	0.024
N. of Ord. shares (mn)	2,412
Total N. of shares (mn)	2,412
Market cap (Eu mn)	57
Total Market Cap (EU mn)	57
Free Float Ord. (%)	35%
Free Float Ord. (Eu mn)	20
Daily AVG liquidity Ord. (Eu k)	55

	1M	3M	12M
Absolute Perf.	0.0%	37.1%	41.5%
Rel.to FTSEMidCap	-4.4%	37.4%	32.1%
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	2.6x	1.9x
P/E adj.	na	8.9x	6.9x
ROTE adj.	83%	35%	32%
ROTE adj. norm.*	30%	31%	32%
Dividend yield	0.0%	0.0%	0.0%

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ALANTRA
Italian Equity Research

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%	15.2%	5.5%	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	10.3	15.7	26.8
Loans	143.9	155.2	178.7	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%	8.4%	8.6%	8.9%
TIM (TI on avg loans)	19.7%	23.9%	22.0%	21.5%	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%	74.5%	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		**3.1x**	**2.6x**	**1.9x**	**1.2x**
P/E adj.		**5.2x**	**8.9x**	**6.9x**	**5.5x**
Dividend yield		0.0%	0.0%	0.0%	9.0%
Share price Ord. (Eu)		0.019	0.024	0.024	0.024
Market cap		45.5	56.9	56.9	56.9

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. 58% vs IPO price (i.e. Eu0.019)



Valuation

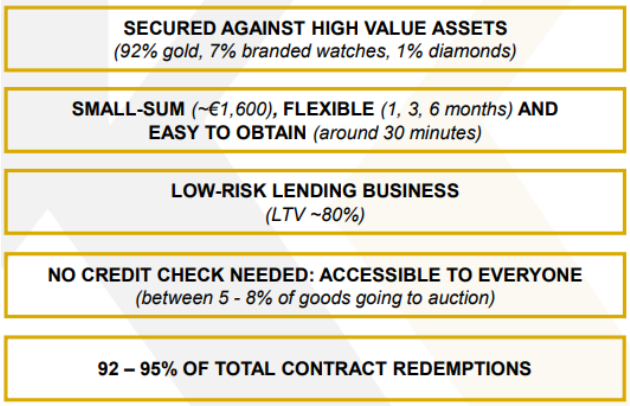
Multiples de-rated recently (P/E)



Key Charts

Overview of KK pawnbroking activity

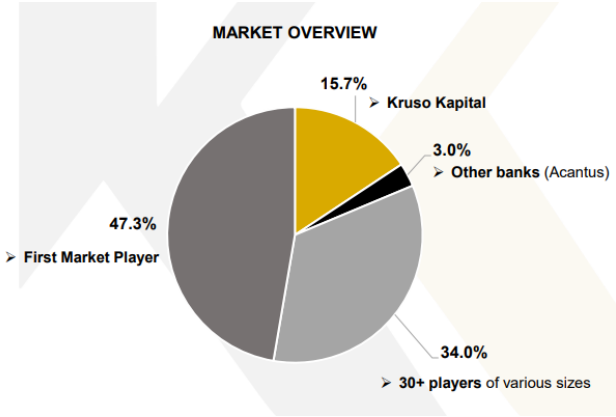
A low risk/ high return landing business that democratize access to finance to all



Source: Company presentation

A leading positioning in the Italian competitive landscape

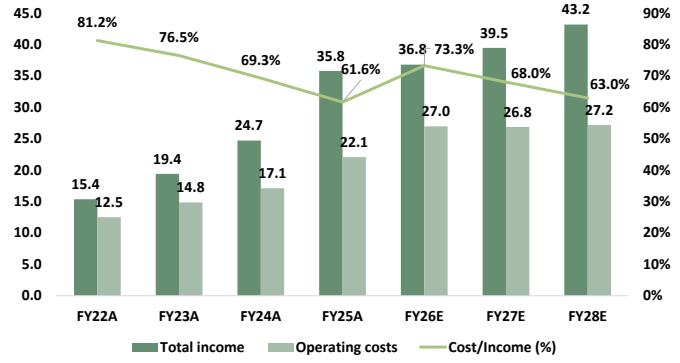
Kruso Kapital is the second player in Italy



Source: Company presentation

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

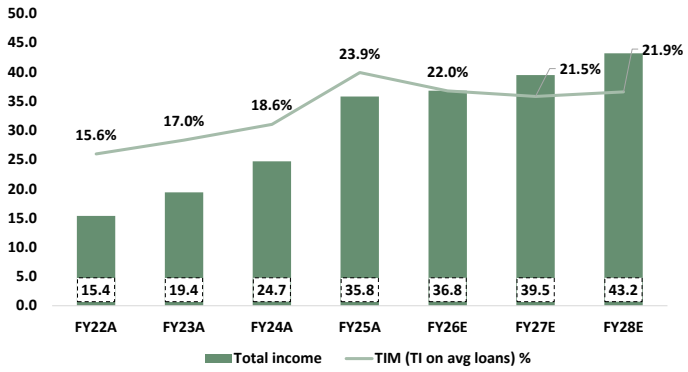
Cost/income ratio should land at 63.0% in 2028



Source: Company data and Alantra estimates

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

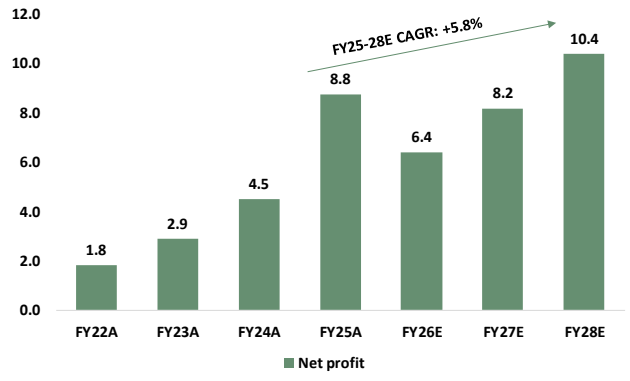
TIM should soar from 18.6% in FY24A to c.22% on average FY26E-28E



Source: Company data and Alantra estimates

Net profit evolution (Eumn, FY22-28E)

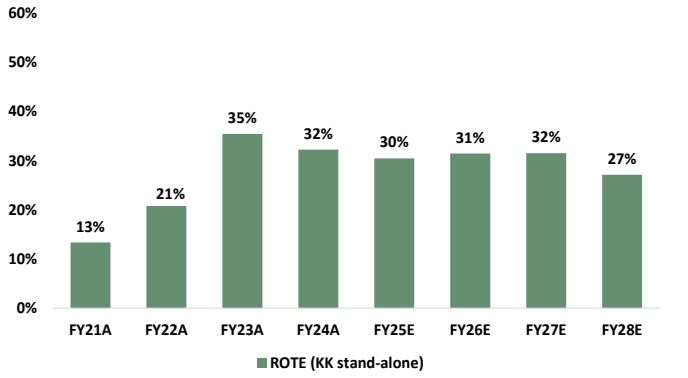
We expect net profit to reach Eu10.4mn in FY28E from Eu4.5mn in FY24A



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	Shareholders meeting: 18/12/26
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%		

3Q/9M26 Results

3Q/9M26 Results

Strong loan growth offsets softer earnings; FY26E broadly on track

Eu mn	3Q25A	3Q26A	YoY %	9M25A	9M26A	YoY %	4Q25A	4Q26E	YoY %	FY25A	FY26E	YoY %
Total income	8.7	8.3	-5%	26.0	26.8	3.0%	9.8	10.0	2%	35.8	36.8	3%
Net Profit	1.9	0.5	-74%	6.2	4.9	-22.2%	2.5	1.5	-39%	8.8	6.4	-27%
Loans	154.8	177.6	15%	154.8	177.6	14.7%	155.2	178.7	15%	155.2	178.7	15%
Equity	55.7	58.2	5%	55.7	58.2	4.5%	58.3	64.6	11%	58.3	64.6	11%
RATIO - Total Capital	*26.2%*	*24.6%*		*26.2%*	*24.6%*					*29.6%*	*16.8%*	
Cost/Income	*62.6%*	*69.8%*		*62.6%*	*69.8%*					*61.6%*	*73.3%*	

Source: Company data, Alantra estimates

Change in estimates

Change in Estimates

Projections are broadly confirmed.

	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	178.7	188.6	204.8	3.2%	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	73.3%	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.43-50% discount versus Pawnbrokers peers on P/E FY26-27E

Company	Country	Mkt Cap (Eu mn)	P/E			P/TBV			ROTE (%)		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
KRUSO KAPITAL S.p.A.	ITALY	57	8.9 x	6.9 x	5.5 x	2.6 x	1.9 x	1.2 x	31%	32%	27%
Premium (discount) to ITA Specialty Fin			*-27%*	*6%*	*-5%*	*413%*	*292%*	*178%*	*23%*	*22%*	*na*
Premium (discount) to Pawnbrokers			*-43%*	*-50%*	*-54%*	*-80%*	*-69%*	*-67%*	*na*	*na*	*na*
PEERS	Average		12.1 x	8.3 x	7.0 x	5.0 x	2.5 x	1.7 x	12%	13%	na
	Median		13.2 x	7.1 x	5.9 x	1.4 x	1.2 x	1.1 x	9%	10%	na
EZCORP, Inc. Class A	USA	1,536	14.3 x	13.1 x	11.5 x	3.1 x	2.6 x	2.2 x	na	na	na
FirstCash Holdings, Inc.	USA	7,381	17.2 x	14.8 x	12.5 x	23.2 x	9.5 x	5.3 x	na	na	na
Ramsdens Holdings PLC	UK	247	na	na	na	na	na	na	na	na	na
Pawnbrokers	Average		15.7 x	13.9 x	12.0 x	13.2 x	6.0 x	3.8 x	na	na	na
	Median		15.7 x	13.9 x	12.0 x	13.2 x	6.0 x	3.8 x	na	na	na
Generalfinance S.p.A.	IT	236	7.9 x	6.5 x	5.8 x	2.3 x	1.9 x	1.7 x	29%	29%	28%
BFF Bank SpA	IT	392	2.9 x	3.3 x	3.1 x	0.5 x	0.4 x	0.4 x	14%	12%	12%
Banca IFIS S.p.A.	IT	635	12.2 x	5.1 x	4.3 x	0.3 x	0.3 x	0.3 x	3%	6%	7%
doValue S.p.A.	IT	344	13.2 x	7.1 x	5.9 x	na	na	na	na	na	na
Banca Sistema S.p.A.	IT	122	16.7 x	8.0 x	5.9 x	0.6 x	0.5 x	0.5 x	3%	7%	9%
Italian Specialty Finance	Average		10.6 x	6.0 x	5.0 x	0.9 x	0.8 x	0.7 x	12%	13%	na
	Median		12.2 x	6.5 x	5.8 x	0.5 x	0.5 x	0.4 x	9%	10%	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		CAGR FY24A - FY27E
			Net Income Margin	Dividend Payout	Net profit
KRUSO KAPITAL S.p.A.	ITALY	59	22.1%	0.0%	5.8%
EZCORP, Inc. Class A	USA	1,536	9.4%	na	25.2%
FirstCash Holdings, Inc.	USA	7,381	10.0%	17.0%	24.0%
Ramsdens Holdings PLC	UK	247	10.2%	44.4%	na
Pawnbrokers	Average		9.8%	30.7%	24.6%
	Median		10.0%	30.7%	24.6%
Generalfinance S.p.A.	IT	236	41.1%	52.5%	18.6%
BFF Bank SpA	IT	392	23.3%	5.5%	-9.0%
Banca IFIS S.p.A.	IT	635	22.9%	66.6%	-13.7%
doValue S.p.A.	IT	344	1.8%	62.7%	-2.3%
Banca Sistema S.p.A.	IT	122	28.0%	8.1%	-14.6%
Italian Specialty Finance	Average		23.4%	39.1%	-4.2%
	Median		23.3%	52.5%	-9.0%

Source: Factset, Alantra

Performance

KK share price is up 41.5% over the last year.

Company	Country	Mkt Cap (Eu mn)	Performance 1M	3M	6M	1YR	3YR	5YR
KRUSO KAPITAL S.p.A.	ITALY	59	0.0%	37.1%	39.0%	41.5%	na	na
PEERS	Average		-2.1%	-15.4%	-9.8%	0.0%	60.9%	70.6%
	Median		-1.8%	-10.2%	-11.7%	-4.5%	51.9%	-35.3%
EZCORP, Inc. Class A	USA	1,536	-2.3%	-4.8%	-9.5%	67.0%	247.7%	288.4%
FirstCash Holdings, Inc.	USA	7,381	-8.1%	-10.0%	-12.7%	20.9%	77.2%	125.3%
Ramsdens Holdings PLC	UK	247	-0.3%	-5.0%	61.8%	88.4%	196.9%	313.8%
Pawnbrokers	Average		-3.6%	-6.6%	13.2%	58.8%	174.0%	242.5%
	Median		-2.3%	-5.0%	-9.5%	67.0%	196.9%	288.4%
Generalfinance S.p.A.	IT	236	-1.3%	-10.3%	-38.7%	-4.6%	126.1%	na
BFF Bank SpA	IT	392	-11.4%	-32.4%	4.9%	-80.6%	-78.2%	-72.0%
Banca IFIS S.p.A.	IT	635	-4.0%	-31.2%	-55.2%	-53.6%	-38.3%	-38.4%
doValue S.p.A.	IT	344	9.6%	-25.7%	-18.1%	-32.8%	-70.9%	-87.8%
Banca Sistema S.p.A.	IT	122	0.7%	-3.8%	-10.6%	-4.4%	26.7%	-35.3%
Italian Specialty Finance	Average		-1.3%	-20.7%	-23.5%	-35.2%	-6.9%	-58.4%
	Median		-1.3%	-25.7%	-18.1%	-32.8%	-38.3%	-55.2%

Source: Alantra estimates and Factset

ALANTRA
Italian Equity Research

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