

SALDO

Annual review 2020 Q4
Saldo Finance Oyj



www.saldo.com | investors@saldo.com

2020 a year of international growth

Saldo continued towards becoming an international financial institution

Saldo Finance Plc continued to take scalable steps in achieving its goal of becoming a diversified and international financial institution. The company expanded its business via corporate lending in Finland, extended lending to customers in Sweden through its sister company, and commenced operations in Lithuania. Saldo's continued investment in IT and its scoring system technology will support new product development and further international expansion.

As a company, Saldo discovered its ability to swiftly adapt to trying circumstances, learning and responding as situations remained unstable. Importantly, Financial year 2020 confirmed that Saldo's business strategy is solid, and one that will survive the toughest times.

The company's operating profitability was excellent during the financial year, despite temporary regulatory changes, the prevailing COVID-19 pandemic and write-downs. Profit before taxes (EBT) was €14.8 million (€26.4 million in 2019) and EBT margin of 43.1% (49.0% in 2019). The company's financial position remains strong, best illustrated by the 96.8% equity ratio for the financial year ended 31 December 2020.

Operating income was €34.3 million, corresponding to a decrease of 36.3% compared to the previous year. Operating income consisted mainly of interest income of €25.8 million (€35.8 million 2019) and delivery costs €4.6 million (€12.9 million 2019).

Tightening of consumer finance regulations was evident in 2019, and continued into 2020. Measures including a temporary 10% interest rate cap and direct marketing ban on consumer credit were introduced in Finland on 1 July. The company reacted quickly, optimising its lending criteria and operative actions, ultimately protecting its net sales. This is demonstrated in a decrease of only 36.5% on the previous financial year: an exceptional performance under the circumstances.

A review of the company's loan portfolio led to accounting write-downs of receivables, leading to a 45.0% decrease of operating profits on the previous year, balanced by an operating margin of 44.0% of net sales. The company's asset situation improved: liquid funds increased by €13.9 million, external loans were repaid during the financial year, and at the end of the financial year on 31 December 2020, the company had no loans from financial institutions.

Jarkko Mäensivu

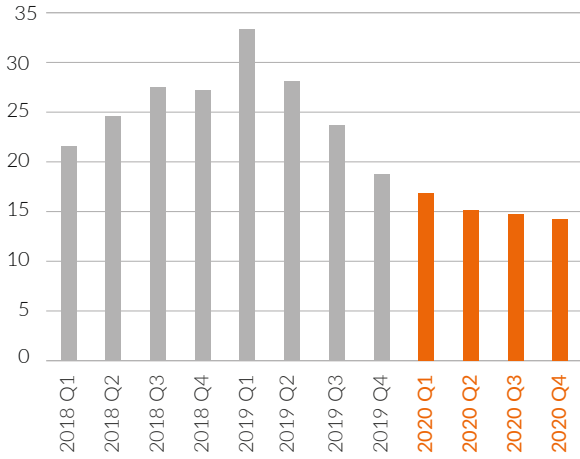
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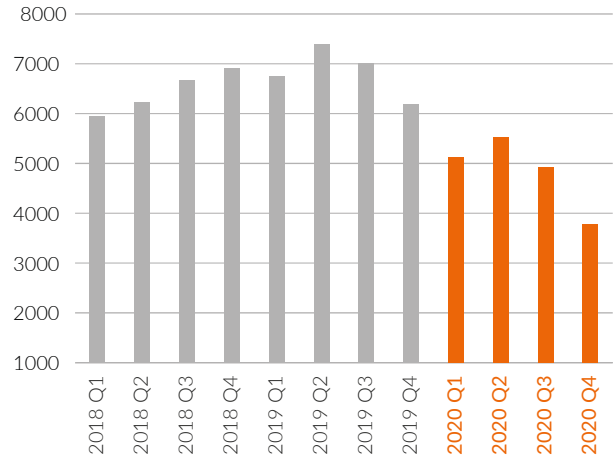
- The global COVID-19 pandemic and the tightening regulations it brought affected activities of the company. Company results however, from 2020 are excellent in relation to the prevailing market environment.
- Operating income was EUR 34.3 million, a decrease of 36.3% compared to 2019.
- Profit before taxes (EBT) was EUR 14.8 million (EUR 26.4 million in 2019) and EBT margin of 43.1% (49.0% in 2019).
- In Finland, the company developed corporate lending in particular and increased the efficiency of its operations in consumer financing
- The company also revised its loan portfolio and optimized its lending criteria and operational activities.
- In Sweden, the company opened lending operations for consumers through their sister company and commenced operations in Lithuania.

KPI's	2018	2019	2020
Turnover mEUR	44,9	58,9	34,2
Operating profit (loss) mEUR	25,8	27,4	15
Operating profit margin	57,30 %	50,80 %	44,01 %
Equity mEUR	55,2	76,3	86,9
Return on equity-%	44,00 %	32,07 %	13,83 %
Equity ratio %	72,40 %	83,02 %	96,81 %

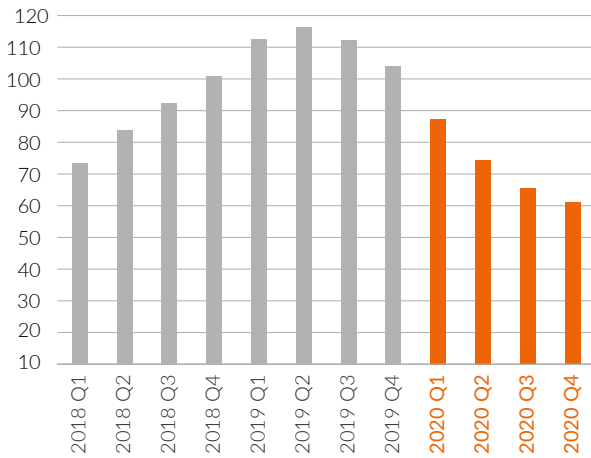
Lending quarterly mEUR



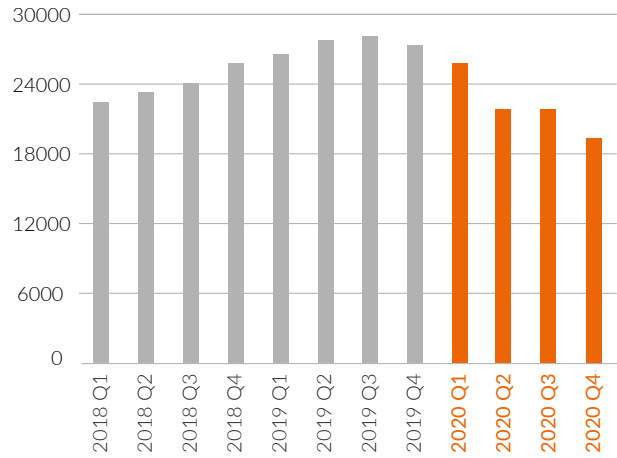
Operating profit quarterly, kEUR (2020 Q4 without one-offs)



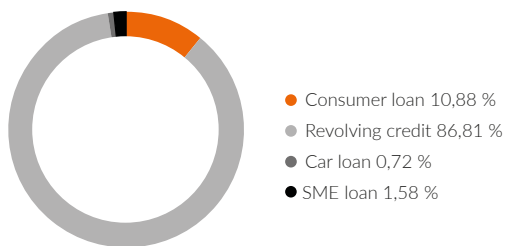
Lending quarterly, mEUR (12 months rolling)



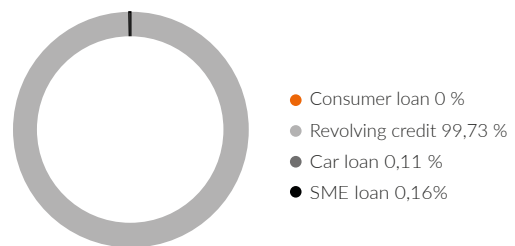
Operating profit quarterly, kEUR (12 months rolling, 2020 Q4 without one-offs)



Share of lending 2020, %



Share of operating profit 2020, %



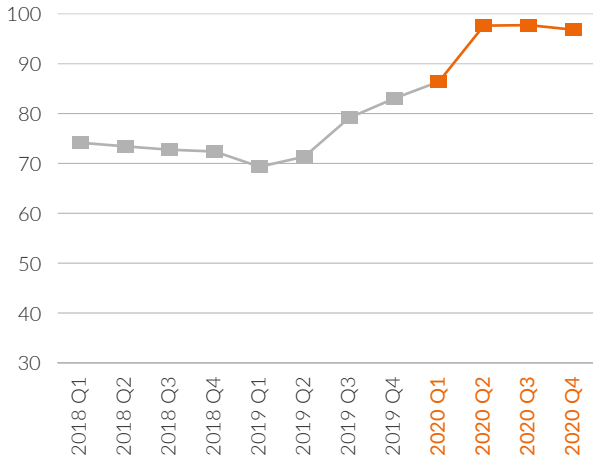
Profit and Loss kEUR

	2018	2019	2020
Turnover	44938	53856	34193
Other operating income	6	19	143
Income, total	44944	53875	34336
Expences, total	-19176	-26505	-19278
Depreciation and reduction in value	-8	-15	-11
Operating profit (loss)	25760	27355	15047
Financial income and expences	-803	-946	-296
Profit before tax and appropriations	24956	26409	14751
Income taxes	-5021	-5308	-3469
Profit (loss)	19935	21101	11282

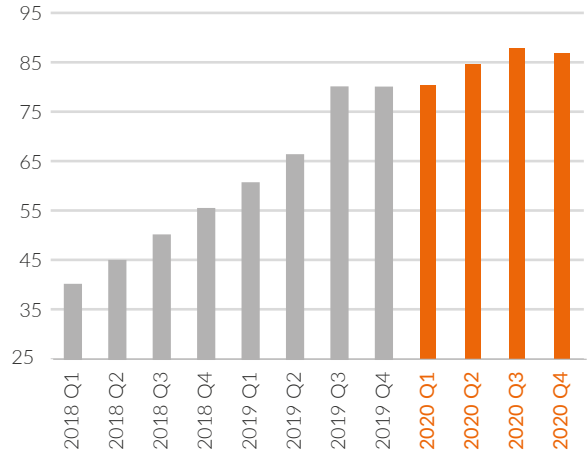
Balance sheet kEUR

	2018	2019	2020
Assets			
Non-Current assets	19	93	89
Current assets			
Long-term debtors	38725	44448	44610
Short-term debtors	36271	35977	19701
Cash in hand and at banks	1306	11449	25317
Total current assets	76303	91874	89628
Total assets	76323	91967	89717
Liabilities			
Capital and reserves			
Subscribed capital	150	150	150
Other reserves	668	668	668
Retained earnings (losses)	34493	54428	74749
Profit (loss) for the financial year	19936	21101	11282
Total shareholder's equity	55247	76348	86850
Creditors			
Long-term creditors	14840	146	0
Short-term creditors	6236	15473	2866
Total creditors	21076	15619	2866
Total Liabilities	76323	91967	89717

Equity ratio, %



Equity, mEUR



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