

FINANCIAL AND PORTFOLIO REVIEW Q3 2022

PURO SECURING IT'S
FINANCIAL POSITION FOR
THE FUTURE

PURO

FINANCE

8.11.2022

PURO SECURING ITS FINANCIAL POSITION FOR THE FUTURE

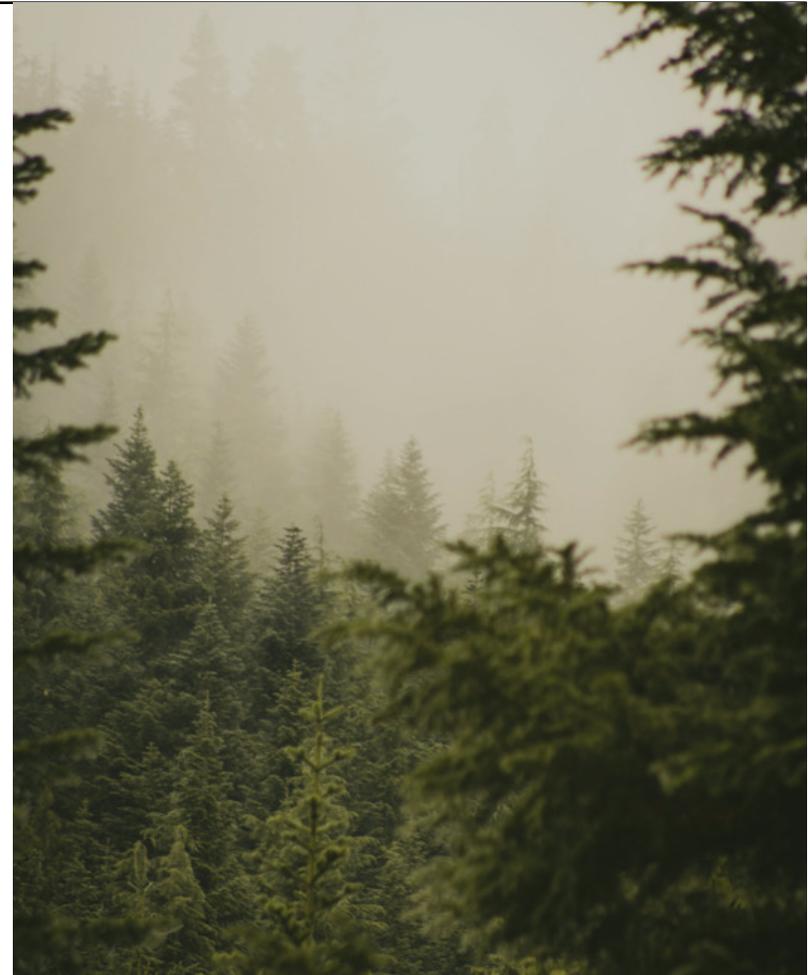
Highlights Q3

- Quarterly Recurring revenue up 66% from Q3 2021. YTD total turnover reaching 3.3 m eur with a 71% increase from previous year
- 80 new customers in Q3, raising the 2022 number of new customers to 260.
- 100 m eur of customer invoicing financed during Q3, up 68% from 2021.
- New significant financing arrangement with LähiTapiola and Lieto Savings bank.
- Response to market disturbances and hiking interests to secure PUROs financial and risk position going forward.

In Q3 PURO's growth continued strong from previous year with 66% growth in Quarterly Recurring Revenue (QRR). This spurred our year-to-date turnover to 3.3 m eur, with an impressive 71% rate of growth from 2021. Yet the monthly customer activity has somewhat levelled off from June highs in especially the larger customer segments. This, we feel, is mostly due to rocketing inflation and other disturbances in the market affecting our customer base. 100 m eur of customer invoicing was financed in Q3, matching the equal number of the previous quarter.

80 new customers were onboarded during the period. Close to one quarter of monthly revenue in September came from customers onboarded during this year. This is no mean feat as the sales organisation FTE-wise has been smaller than in 2021. First drops of revenue were also gained from new revenue streams as both the pilot for Accounts payable financing as well as the Software business model, where we offer a SaaS service for other financiers, accelerated in volume.

THE FLOW IN FINANCE



The plateaued customer activity after summer holiday period saw our loan receivables decrease from June high by 15% amounting to 24 m eur. This was met with an equal decrease in short-term overdue receivables with 1-30 days overdues decreasing from 4.0 to 2.1 m eur. The longer overdues (30+ days) unfortunately continued to increase from 1.9 to 2.6 m eur with a few elevated risk positions within our portfolio. Therefore we doubled the loss provisions for the year with an equal 100 t eur provision booking made in September as in June.

	Q3/22	Q2/22	Q3/21	2022	2021	Chg 22/21
# of active customers	706	680	437	706	363	62 %
Facility limits, m eur	81	80	54	81	47	51 %
Loan receivables, m eur	24	28	16	24	14	47 %
Customer invoicing, m eur	100	102	60	280	150	87 %
Turnover, t eur	1 166	1 160	717	3 265	1 906	71 %
Operating profit, t eur	455	530	295	1 282	787	63 %
Profit before taxes, t eur	66	136	84	241	175	38 %

We have responded to the challenges both within our customer portfolio and elsewhere in the market with tightening our credit policy. Elevated scrutiny in customer selection as well as higher demand for personal quarantees, outsourced collection and use of credit insurance are means for us to live up to our fundamental promise for sustainable and profitable growth albeit sacrificing a portion of our growth potential.

Due to the loss provisions the profitability in Q3 somewhat dipped with EBIT (39%) and PBT (6%), yet the year-to-date profit remained clearly above the annual target.



Regarding our financial position we closed a financing arrangement with Lähitapiola and Lieto Savings Bank during the quarter. Furthermore, we are on the closing stages of securing a major debt financing agreement with a large Nordic investment company while also preparing an equity round to boost our capital by the end of this fiscal year.

We anticipate the cost of funds to increase in the coming period due to market interest hikes. As a result we have communicated to our customers that we will increase our pricing from 1 December which will secure the positive development of our bottom-line as well as our commitments to our shareholders.

In Finland we will be extending our partner network with a major player which we hopefully can communicate soon. In Sweden the progress on achieving the needed permits and setting up bank accounts has been hopelessly slow but now we are proceeding with full steam. The first Swedish invoices will be financed still in Q4 while 2023 will be our break-through there.

It will be an extremely busy period until the last day of the year and also a difficult one especially to many of our customers with so many uncertainties in the world right now. Our promise is to push through, take good care of our customers and continue with our commitment to profitable and sustainable growth.

8 November 2022

Junno Roine, CEO



THE FLOW IN FINANCE

FINANCIAL HIGHLIGHTS - SEPTEMBER 2022 (YTD)

3.3M

TURNOVER
EUR

71%

GROWTH

700

CUSTOMER PORTFOLIO

1.2M

QUARTERLY RECURRING
REVENUE EUR

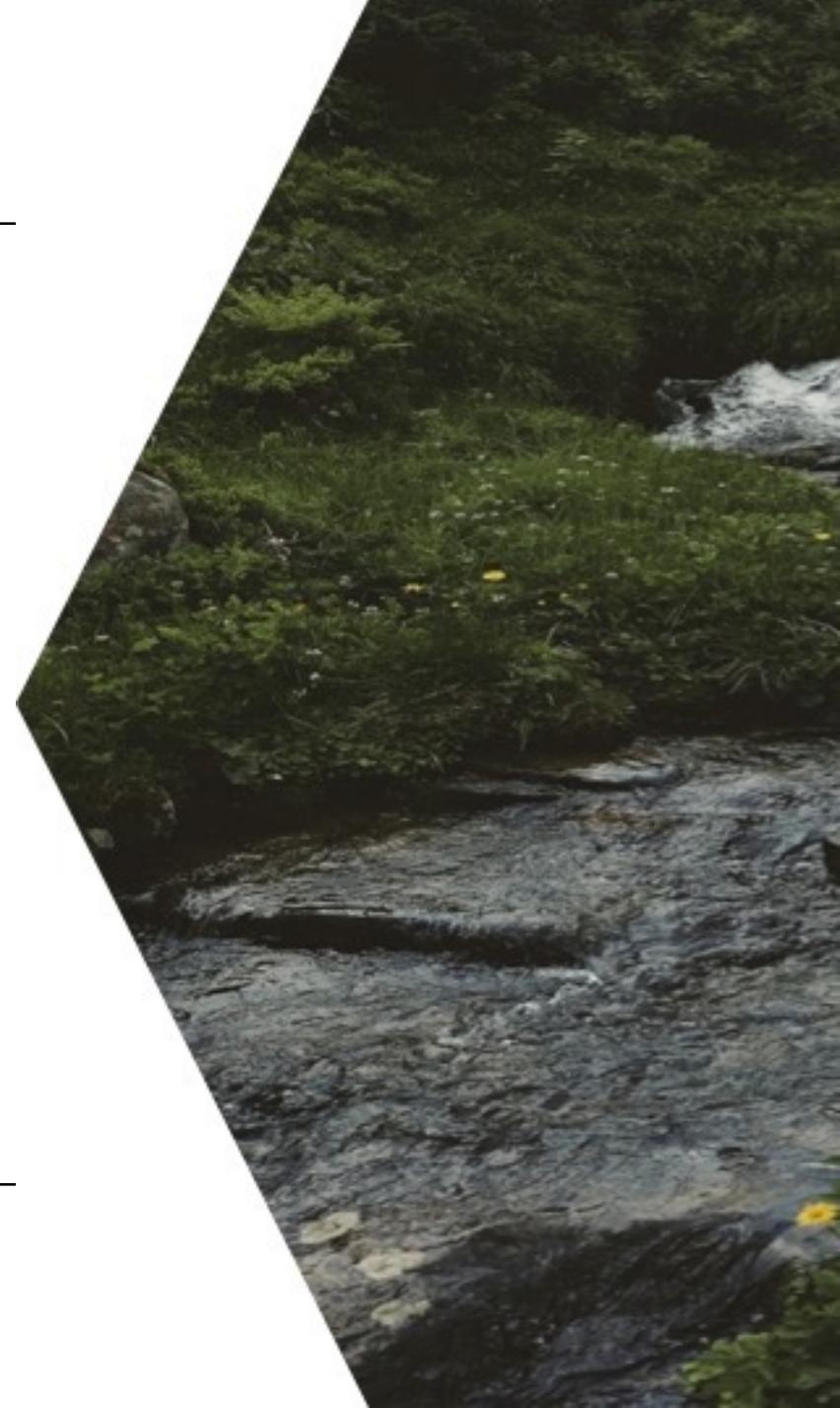
66%

QRR GROWTH

280M

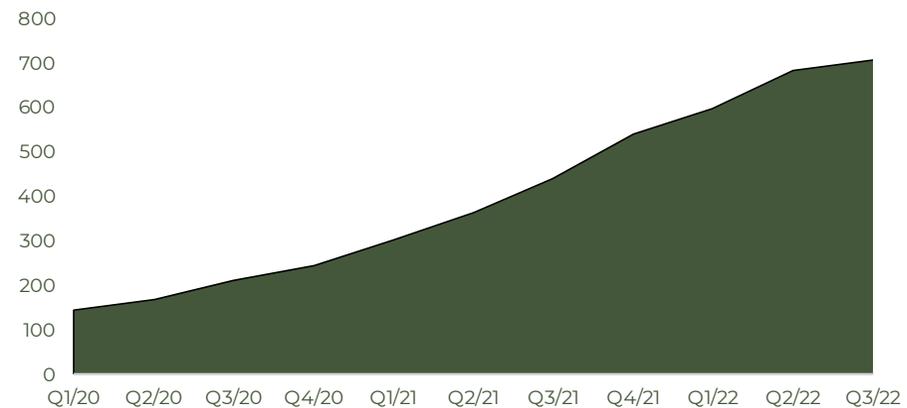
FINANCED INVOICING
EUR

THE FLOW IN FINANCE



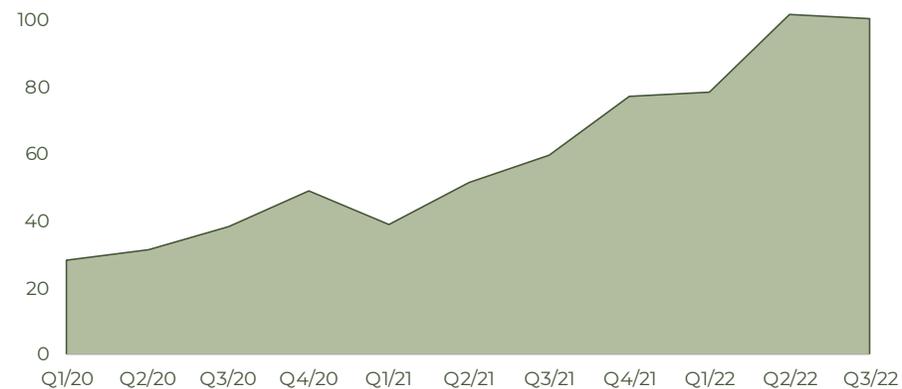
CUSTOMERS

Total number of active customers



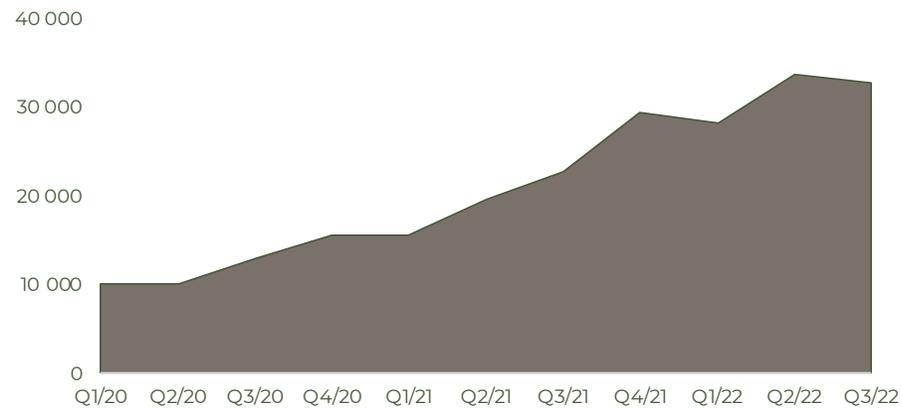
CUSTOMER INVOICING

Financed invoicing, m EUR



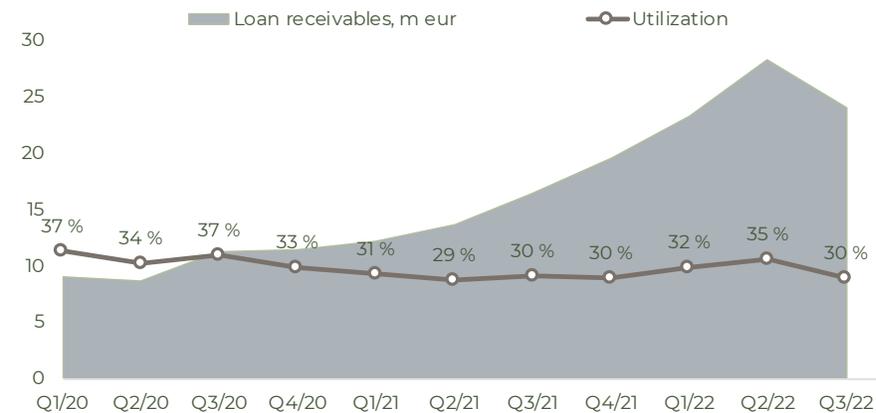
CUSTOMER INVOICING

Number of invoices



LOAN RECEIVABLES

Loan receivables, m eur, and utilization, %



TRACK RECORD

FINANCIAL OVERVIEW

INCOME STATEMENT*

t eur	Jan-Sep 2022	Jan-Sep 2021
Net revenue	3 265	1 906
Other operating income	0	0
Purchased services	-470	-237
Personnel expenses	-790	-638
Depreciation	-49	-38
Other operating expenses	-673	-206
Operating profit	1 282	787
Financial income and expenses	-1 042	-612
Profit before taxes	241	175
Income taxes	-58	-36
Profit for the period	183	139

* Unaudited figures

BALANCE SHEET*

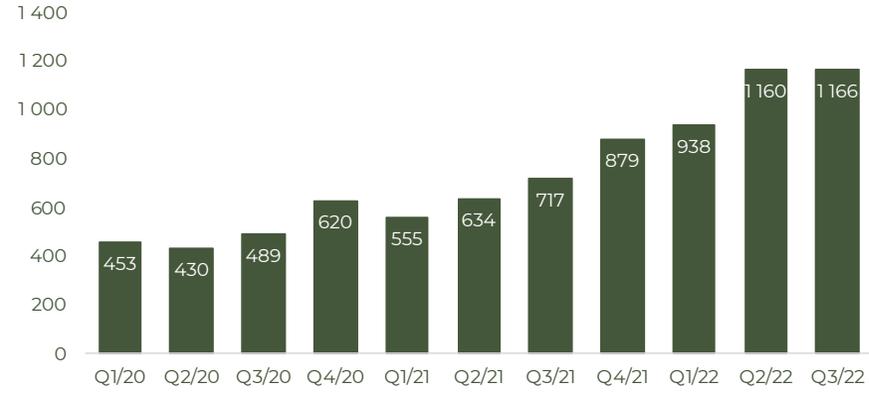
t eur	Sep-22	Sep-21
Intangible assets	437	376
Tangible assets	11	1
Non-current assets	448	377
Long-term receivables	168	168
Short-term receivables	23 905	16 222
Total receivables	24 073	16 390
Cash in hand and at banks	1 158	858
Current assets	25 231	17 248
Total assets	25 679	17 625
Share capital	3	3
Reserve for invested unrestricted capital	3 100	3 100
Retained earnings	220	-17
Profit for the financial year	183	139
Total equity	3 505	3 225
Long-term liabilities	5 805	1 241
Short-term liabilities	16 369	13 159
Creditors in total	22 174	14 400
Total equity and liabilities	25 679	17 625

THE FLOW IN FINANCE

PORTFOLIO PERFORMANCE

REVENUE

Turnover, t eur



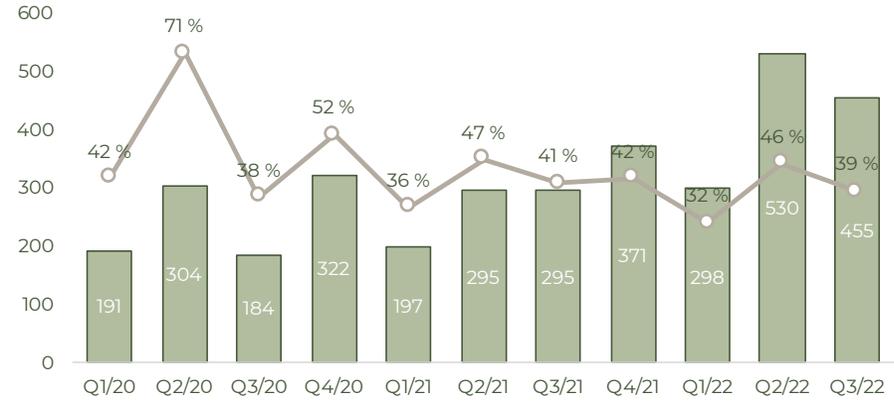
PROFITABILITY

Profit before taxes, t eur



PROFITABILITY

Operating profit, t eur & Operating profit margin %



BALANCE SHEET

Balance sheet totals, m eur



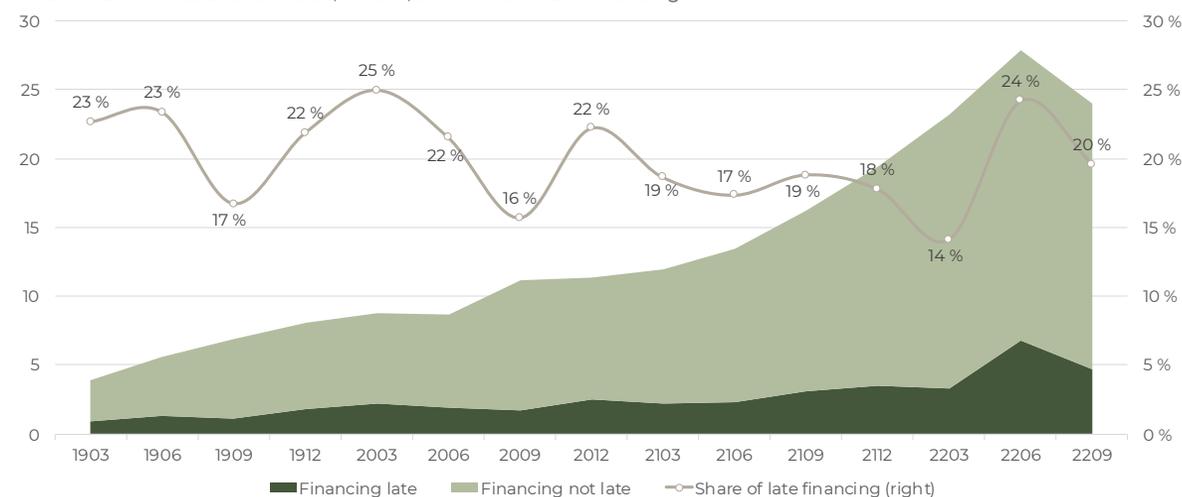
THE FLOW IN FINANCE

FINANCED RECEIVABLES OUTSTANDING, EOP

t eur	2019	2020	2021	Q3/22	Chg
Total Financing	8 092	11 392	19 430	24 020	4 590
Financing not late	6 322	8 861	15 975	19 309	3 334
Financing late	1 770	2 531	3 455	4 710	1 255
1-7 days	828	1 402	1 582	1 276	-306
8-14 days	236	404	630	385	-246
15-30 days	242	165	563	460	-103
31-45 days	107	87	45	109	64
46-60 days	45	13	75	63	-11
61-90 days	51	55	116	684	567
91- days	262	405	444	1 734	1 290
1-30 days	1 306	1 971	2 775	2 121	-655
30+ days	464	560	680	2 589	1 910
Financing not late	78 %	78 %	82 %	80 %	-2 %
Financing late	22 %	22 %	18 %	20 %	2 %
1-7 days	10 %	12 %	8 %	5 %	-3 %
8-30 days	6 %	5 %	6 %	4 %	-3 %
31-90 days	2 %	1 %	1 %	4 %	2 %
91- days	3 %	4 %	2 %	7 %	5 %
1-30 days	16 %	17 %	14 %	9 %	-5 %
30+ days	6 %	5 %	3 %	11 %	7 %
Bad debt ratio	2,2 %	1,5 %	0,5 %	1,3 %	0,8 %

SHARE OF LATE FINANCED RECEIVABLES

Historical Financed receivables, m eur, and share of late financing



CREDIT LOSS PROVISIONS

Credit loss provisions amounting to 325 t eur had been booked per financed receivables by September 2022. Bad debt ratio was thus 1.3%. The provisions are set on customer level after thorough analysis on the past-due items as well as customer financial health. Minimum target provisioning level for the company is 25% on 90+ days past-due receivables. Final credit losses 114 t eur had been booked per end-Q3.

PORTFOLIO RISK

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