

IDF EURASIA

LLP OnlineKazFinance (IDF Eurasia subsidiary) Income statement for 2019 and preceding 2018

	2019	2018
	'000 KZT	'000 KZT
Interest and financial services income	5 734 810	1 738 881
Net impairment losses	(1 601 350)	(798 075)
Interest expenses	(1 538 738)	(323 926)
Net interest and financial services income	2 594 722	616 880
Operating expenses	(424 787)	(414 018)
Operating profit	2 169 935	202 862
General and administrative expenses	(257 476)	(177 122)
Other expenses, net	(150 011)	(170 892)
Profit before tax	1 762 448	(145 152)
Income tax	(331 300)	2 046
Net profit	1 431 148	(143 106)

LLP OnlineKazFinance (IDF Eurasia subsidiary) Balance sheet for the 2019 and preceding 2018

	31 Dec	31 Dec
	2019	2018
	'000 KZT	'000 KZT
ASSETS		
Cash & equivalents	419 070	93 234
Deposits	1 143 921	-
Loans due from customers	18 262 172	5 465 596
Capitalized issue costs	691 856	105 807
PPE and intangible assets	7 739	3 473
Right-of-use assets	37 207	-
Deferred tax assets	-	2 046
Other assets	203 533	59 747
Total assets	20 765 498	5 729 903
LIABILITIES		
Loans and borrowings	14 044 438	5 208 176
Current tax liability	213 424	-
Deferred tax liability	115 830	-
Accounts payable	478 755	86 533
Deferred revenue	925 976	50 580
Lease liabilities	44 104	-
Other liabilities	126 131	17 267
Total Liabilities	15 948 658	5 362 556
EQUITY		
Issued capital	1 120 151	686 651
Subordinated Debt	2 584 845	-
Retained earnings	1 111 844	(319 304)
Total equity	4 816 840	367 347
Total equity and liabilities	20 765 498	5 729 903

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Key Highlights

Net income: Net income for the year ended December 31, 2019 totaled KZT 1.43 billion (EUR 3.3 million) compared to net loss of KZT 143 million (EUR 351 000) in the prior year.

Revenue: Revenues increased 230% to KZT 5.73 billion (EUR 13.4 million) for the year ended December 31, 2019 compared to KZT 1.74 billion (EUR 4.28 million) for the prior-year period. Such impressive growth was a result of massive business scaling after the right “product-market-fit” was achieved in 2018.

Cost management: OPEX and SG&A costs growth was much below the revenue growth (15% as opposed to 230%), representing the great scalability of the Company’s business model which to a great extent relies on the state-of-art scoring technologies and very little incremental costs of the proprietary IT infrastructure. As a result, the cost-to-income ratio (CIR) was 16% in 2019.

Liquidity and Capital Resources

For fiscal year 2019, interest expense totaled KZT 1.54 billion (EUR 3.6 million), up KZT 1.22 billion (EUR 2.85 million), or 381%, from KZT 320 million (EUR 748 thousand) in fiscal year 2018. This increase resulted from a significant scaling of the operations provided that 2018 was the first full year of operations since launch of the business in 2017.

The Company's return on average equity became positive for the year ended December 31, 2019 and was 55%. Additionally, the Company's debt-to-equity ratio decreased from 14.6x at December 31, 2018 to 3.3x at December 31, 2019, underpinned by the strong profitability and the share capital and subordinated debt increase.

Over KZT 2.7 billion (EUR 5.9 million) of subordinated debt was received during Q1 2020 by the Company to further enhance the capital structure and strengthen the position on the capital markets ahead of future debt fundraisings.

Financial Outlook

Though the Company does not provide financial guidance, the business targets for 2020 will be to continue the growth of the loan book for the consumer segment and to launch the new products in SME segments like SME unsecured lending and trade financing (factoring).

Nowadays we see the economy in Kazakhstan is being reopened from the COVID-19 outbreak and our goal is to fulfill the unlocking demand for the credit to help the economic agent’s smooth and fast recovery.