

Legal Balance

Investment teaser
2024 Q4



Board of directors



Evaldas Remeikis

A business manager with a diverse business experience, he is board member at various companies. Among his most interesting and most significant career achievements is his participation in the creation of successful companies that operate in the technology and finance industry and investments in startup companies



Vaidotas Pupalaigis

An expert in customer relationship management, backed up by 15+ years experience as a private banker. Excels at understanding needs and offering optimal solutions that best suit customer needs in coordination with their financial background, objectives and goals



Arminas Sinkevičius

Active business professional who plays a crucial part in various businesses and is an owner of many companies adding the fact that he is an active member of boards in those companies



Juratė Stanišauskienė

Strategy and corporate management expert and professional board member. Has more than 15 years of top-level management, strategy formulation and implementation experience both in Lithuania and Europe.

Management team



Marius Šlepetis

Managing director of the company with more than 8 years of experience in debt collection industry. Since 2018 is also the head of Lithuanian credit management companies' association.



Šarūnas Šimkus

Company's Chief Operations Officer with more than 5 years experience in debt collection. He has a background in law.



Nerdas Sangavičius

Chief financial officer with a vast experience in finance sector. Previously Nerdas worked at Big4 and provided audit services to the largest banking groups, investment and pension funds, state-owned enterprises. Main focus on FSI industry.



Julija Žiūkaitė

Head of legal department of the company, has a master degree in law. She also takes part in Lithuanian credit management companies' association.

Executive summary



Legal Balance is a company operating in Lithuania and Latvia working as a receivables management company specializing in collection and purchasing of non-performing private consumer debt portfolios.

Our clients are major telecommunications companies, banks, sports clubs and finance companies.

We are a preferred partner of EOS Global Collection network.

Our personnel is a team of passionate, ambitious and professional individuals. We manage to achieve outstanding results. We do not work with clients, we work for their interests and goals they want to achieve.

Investments into debt purchase

Debt portfolios are purchased for 10 – 70 % of the debt amount through auctions organised by sellers usually operating in financial, telecommunications and utilities sector. Acquisition price is determined through modeling projections of portfolio using historical data and benchmark portfolios. Cashflows projections are made 15 years into the future, acceptable investment project **IRR threshold – 20%**.

Shareholders actively participate in the business, with the goal of keeping equity ratio no less than **20%**.



Our partners



Purchased debts



Managed purchased debt portfolio – **above 123 mln. €**



Managed debt cases – **> 30 000**



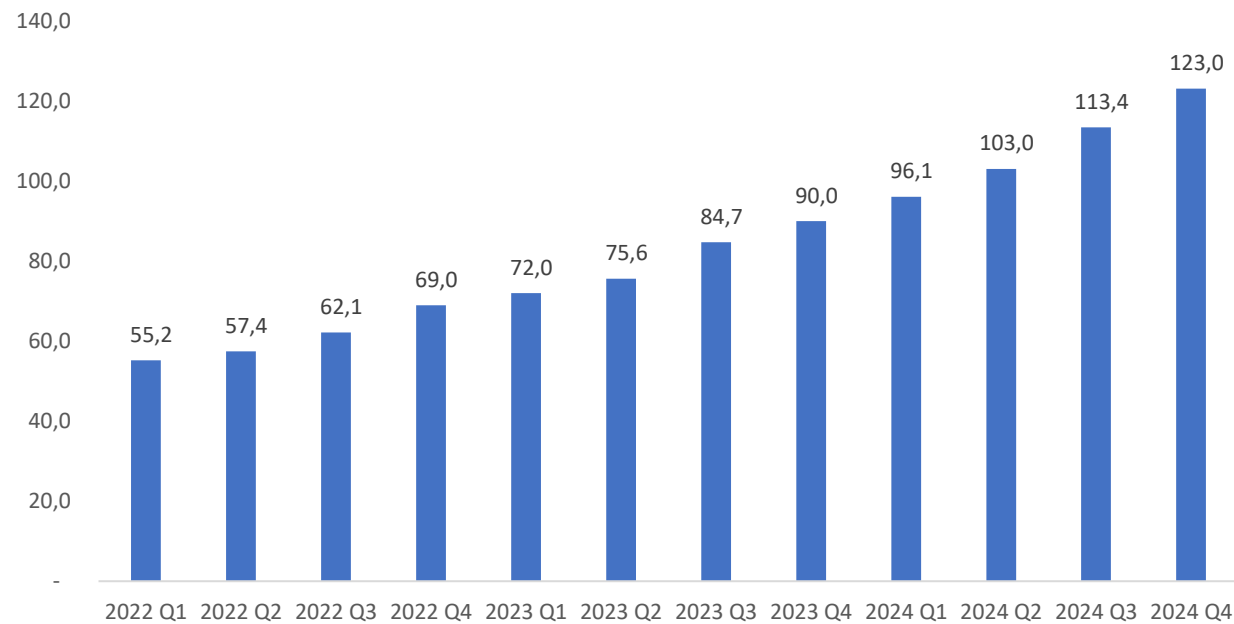
In 2024 company invested more than **14.3 mln. €** into debt purchase



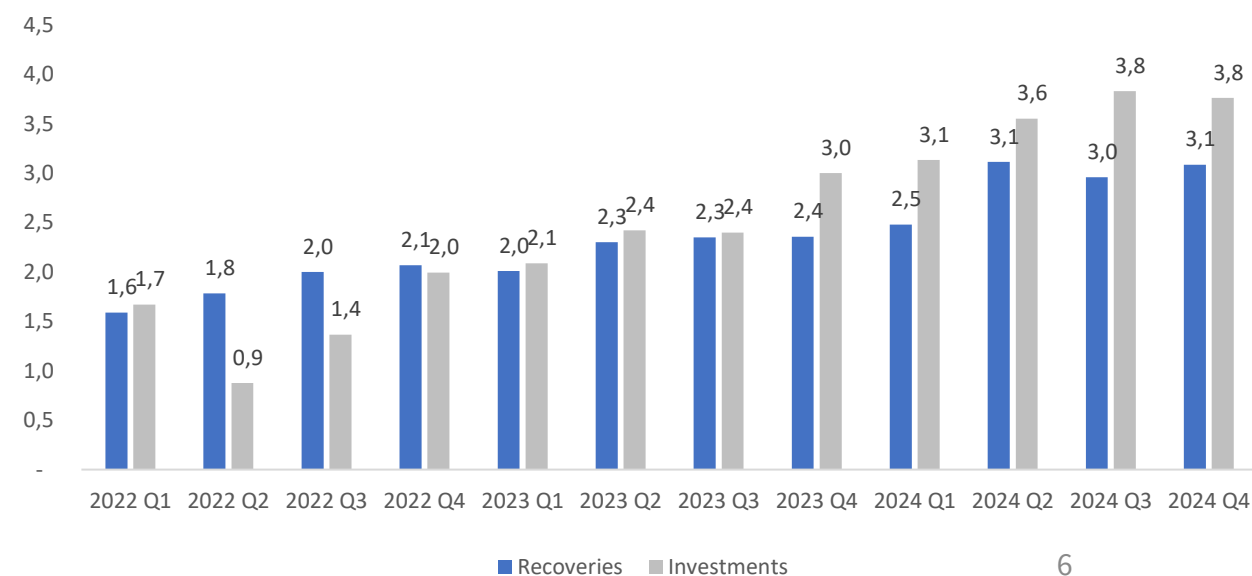
In 2024 company recovered more than **11.5 mln. €** from purchased debts

Acquisition year	Purchase price	Recoveries until 2024 Q3	Gross Cash-on-cash multiple	Forecasted recoveries	Cash-on-cash multiple
2016	367 663	1 622 595	4.41	102 260	4.69
2017	2 121 442	5 971 336	2.81	779 447	3.18
2018	1 997 177	3 791 213	1.90	854 463	2.33
2019	3 688 742	5 652 602	1.53	1 834 912	2.03
2020	4 518 939	6 541 345	1.45	4 645 770	2.48
2021	4 807 431	5 912 073	1.23	4 827 868	2.23
2022	6 485 670	6 208 105	0.96	11 595 638	2.75
2023	9 934 664	4 497 378	0.45	17 941 010	2.26
2024	14 374 405	2 065 638	0.14	32 724 312	2.42
TOTAL	48 296 133	42 262 286	0.88	75 314 680	2.43

Accumulated debt portfolio, mEUR



Recoveries and investments, mEUR



Client debts (servicing)



Managed client debt portfolio **more than 50 mln. €**



Managed client cases– **more than 20 000**

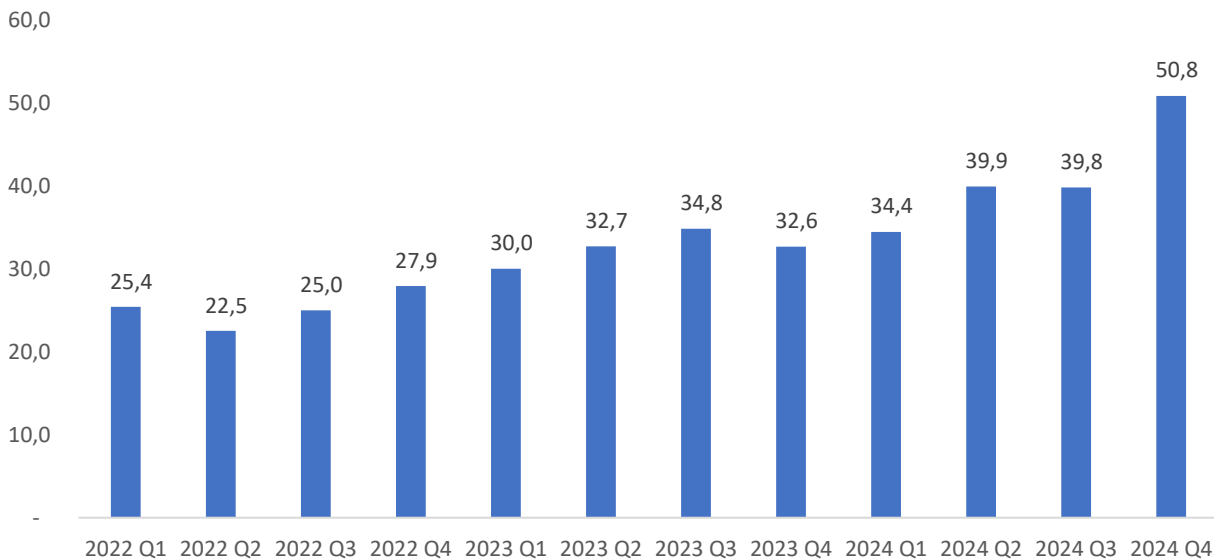


In 2024 company received **more than 34 mln. €** of new client cases

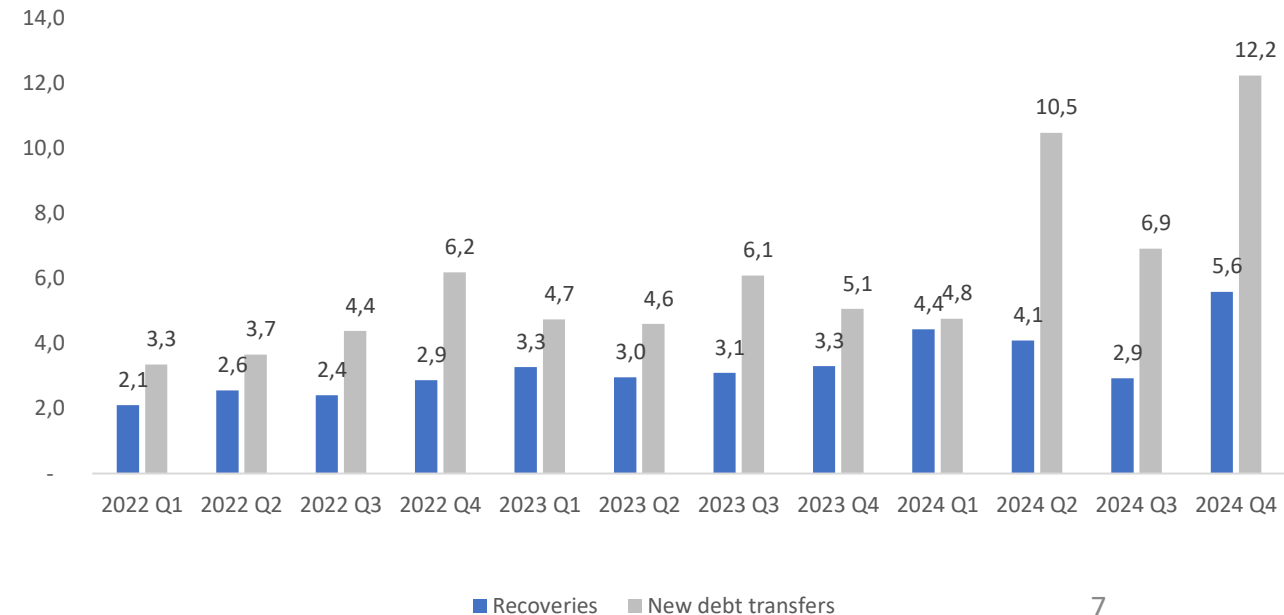


In 2024 company recovered **more than 17 mln. €** from administered client debts

Servicing portfolio, mEUR



Recoveries and new debt transfers, mEUR



eSkolos platform



Managed eSkolos debt portfolio – **more than 40 mln. €**



Number of cases – **more than 10 000**

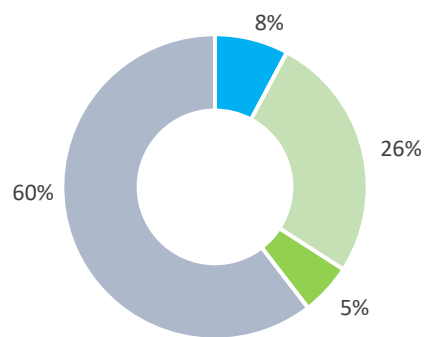


In 2024 company acquired **~ 14 mln. €** nominal value debts through eSkolos platform

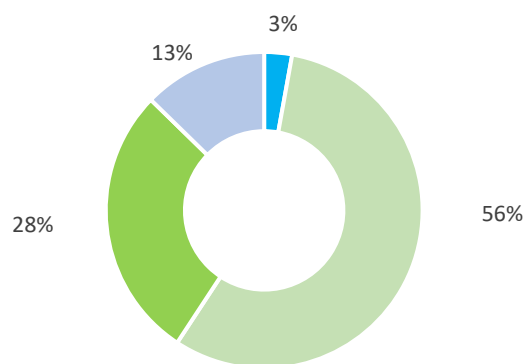


In 2024 company recovered **~ 2 mln. €** from eSkolos platform debts

% purchased debts, EUR

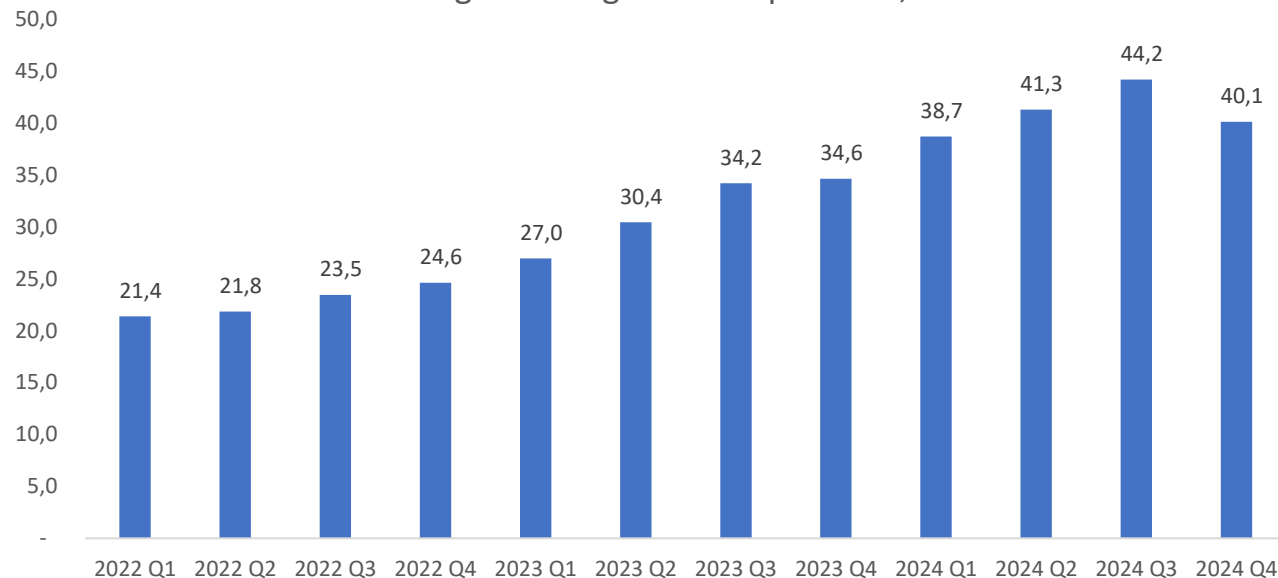


% success fee debts, EUR

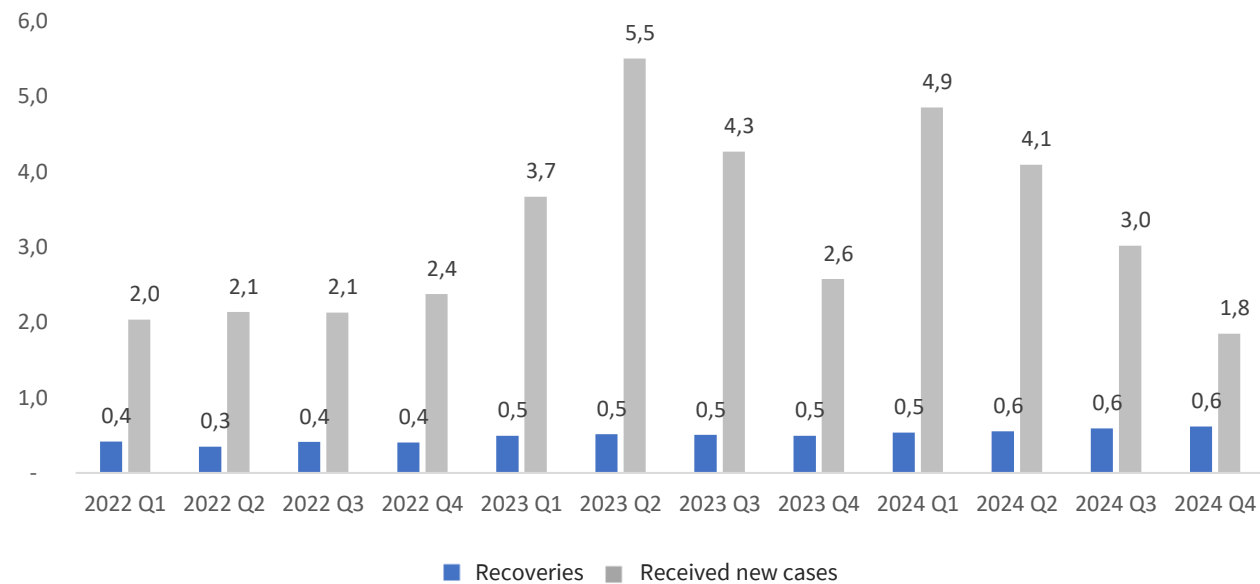


■ Salary dispute
 ■ Goods and services
 ■ Administrative breach
 ■ Loan

Debts managed through eskolos platform, mEUR



Recoveries and obtained new cases, mEUR

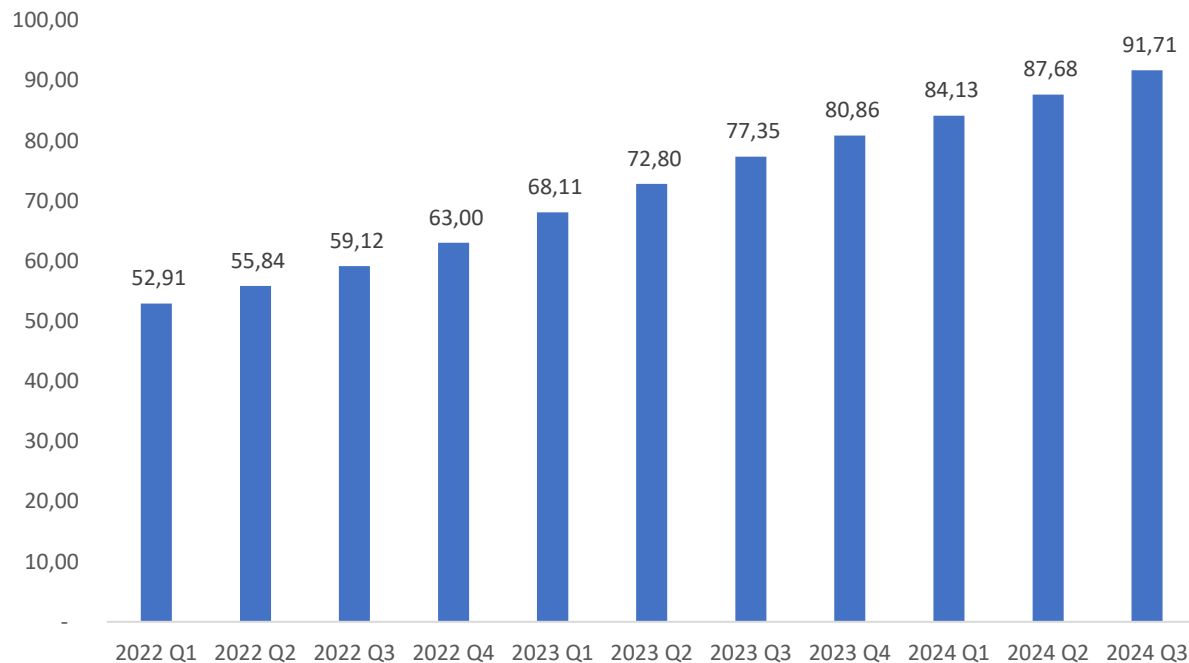


Business environment

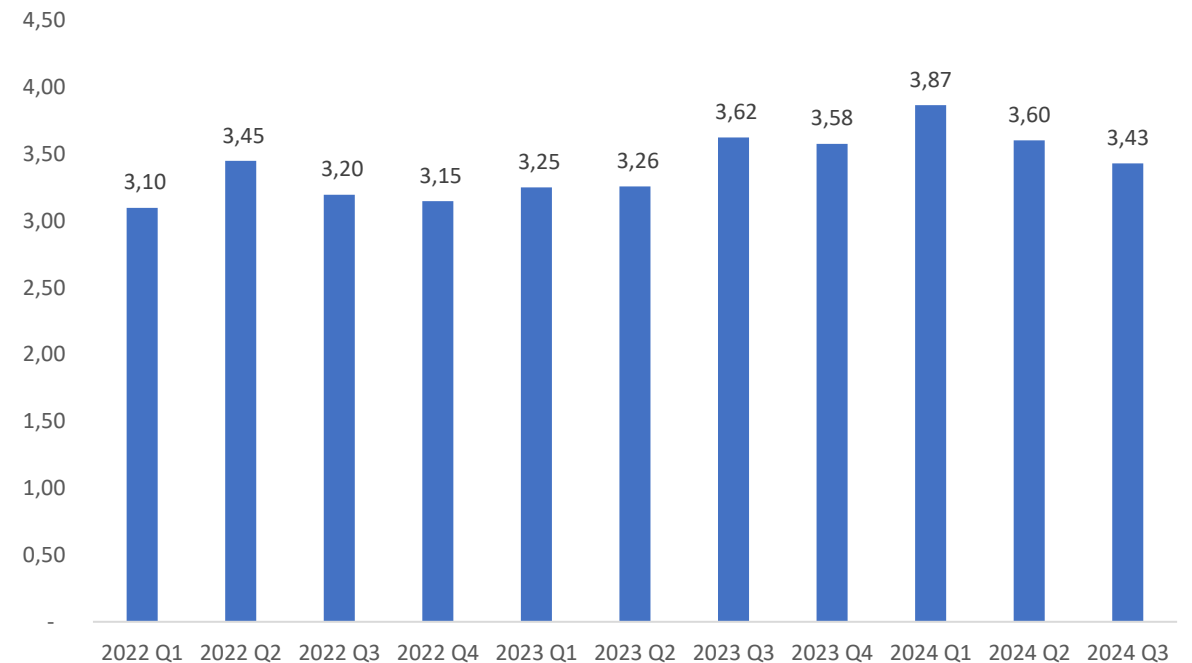
According to the data of the Bank of Lithuania, the amount of overdue consumer credits >90 days in Q1 2024 amounted to 91,7 mEUR (+18% YoY). Due to limited resources, financial institutions very often hand over insolvent clients to debt collection specialists for administration, and at a later stage to get rid of NPLs by selling them with discount to such companies as Legal Balance.

The difficult inflationary environment and high interest rates are likely to further increase the number of customers who will find it increasingly difficult to meet their financial obligations. The company expects to be able to expand its customer base and increase investments during this period.

Consumer credits, DPD >90, mEUR



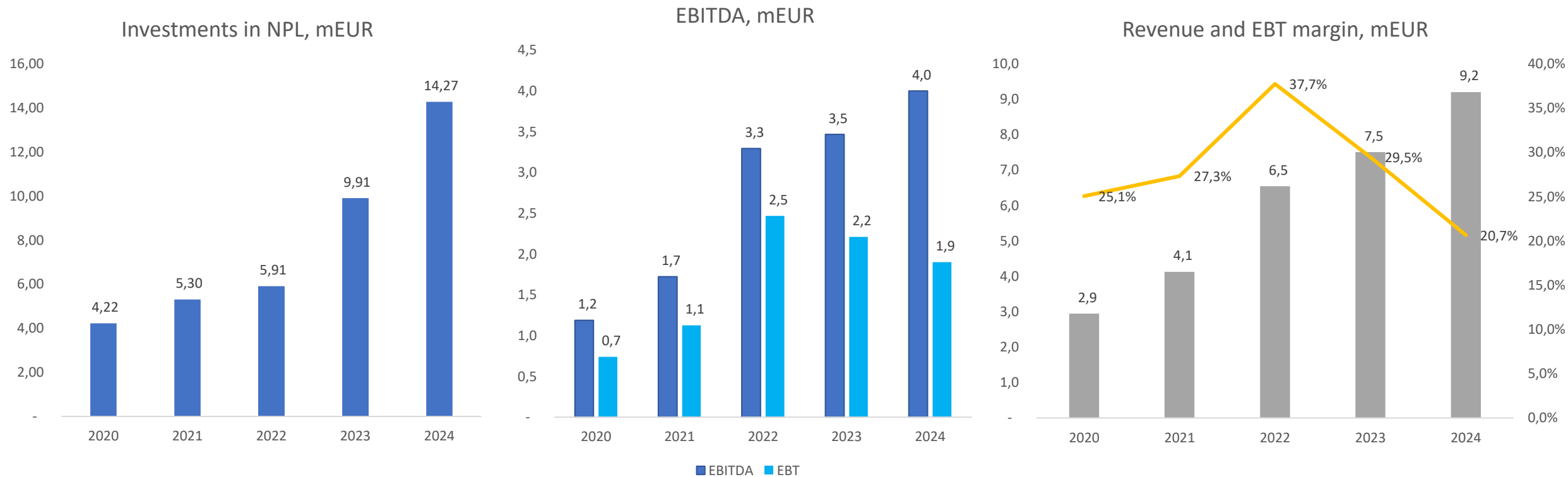
Terminated consumer credit agreements, th of cases



Profitability and investments (LT)

The largest share in the company's income structure (>80%) is the income from purchased debts.

The growth of investments in bad debts and the growing portfolio of managed debts continuously leads to better company results. The company collects significantly more receivables from borrowers than planned, which directly affects higher EBITDA and pre-tax profit numbers.



Financials (Profit-loss)

The company's income growth was driven mainly by investments in NPL portfolios and the expanding number of clients for servicing.

Cost of sales includes legal and enforcement costs, which increase as the amount of claims under management increases.

EBITDA and EBIT numbers are nearly identical because the company has insignificant depreciation costs.

Decreased profitability was mainly influenced by two things: increased interest costs (due to the situation in the capital markets) and increased operating costs (higher processing costs are required for a large amount of new debt portfolios).

Profit loss statement, th Eur	2020	2021	2022	2023	2024*
Revenue	2 947	4 125	6 542	7 503	9 211
<i>Annual change</i>	-	40.0%	58.6%	14.7%	22.8%
Cost of sales	501	499	997	1 064	1 503
<i>Annual change</i>	-	-0.4%	99.6%	6.7%	41.3%
Gross profit	2 445	3 625	5 544	6 438	7 707
<i>Annual change</i>	-	48.3%	52.9%	16.1%	19.7%
<i>Gross profit margin</i>	83%	87.9%	84.8%	85.8%	83.7%
Operating expenses	1 258	1 902	2 250	2 972	3 760
EBITDA	1 187	1 722	3 293	3 466	4 081
<i>EBITDA margin</i>	40.3%	41.8%	50.4%	46.2%	44.3%
Depreciation (amortisation)	24	18	10	1	135
EBIT	1 162	1 704	3 283	2 210	3 946
<i>EBIT margin</i>	39.5%	41.3%	50.2%	29.5%	42.8%
Interest expenses	424	577	816	1 255	2 036
EBT	738	1 126	2 467	1 991	1 910
<i>EBT margin</i>	25.1%	27.3%	37.7%	26.5%	20.7%

*unaudited numbers

Financials (Balance sheet)

The largest part of the company's assets consists of purchased debt portfolios, which are accounted for using the amortized cost and effective interest rate method.

In order to maintain an optimal capital structure, the company invests in debt by consistently borrowing in the form of bonds. The company aims to maintain an equity ratio of at least 20%

Company's other liabilities include mainly amounts due to sellers of debt portfolios.

Balance sheet, th Eur	2020	2021	2022	2023	2024*
Intangible assets	14	3	244	430	560
Tangible assets	18	12	4	27	78
Financial assets	6 904	8 827	12 908	18 864	26 927
NON-CURRENT ASSETS	6 936	8 842	13 158	19 321	27 566
Inventories	150	67	67	31	37
Receivables	3 235	4 805	6 443	9 580	13 233
Other	12	5	25	27	40
Cash and cash equivalents	537	470	949	822	2 139
CURRENT ASSETS	3 934	5 344	7 459	10 460	15 409
TOTAL ASSETS	10 870	14 190	20 642	29 781	43 015
EQUITY	3 265	3 489	5 812	7 805	9 836
Non-current part of financial debts	5 538	6 843	10 986	15 067	23 050
Other	201	43	498	627	617
NON-CURRENT AMOUNTS PAYABLE AND LIABILITIES	5 739	6 886	11 484	15 695	23 668
Current part of financial debts	1 388	1 984	2 155	4 393	6 723
Trade amounts payable	258	603	242	404	774
Other	186	1 228	949	1 484	2 013
CURRENT AMOUNTS PAYABLE AND LIABILITIES	1 832	3 815	3 346	6 281	9 510
TOTAL EQUITY AND LIABILITIES	10 870	14 190	20 642	29 781	43 015

*unaudited numbers