

DelfinGroup bond issue

Opportunity to invest in DelfinGroup EUR 10m bond issue with 2 year maturity and 8.5% YTM

About Company

- AS DelfinGroup is a licensed consumer lending company founded in 2009 that represents the brands Banknote, VIZIA and Riga City Pawnshop.
- The company operates the biggest pawn shop network in Latvia with more than 90 branches in the 38 largest Latvian cities. This allows DelfinGroup to serve clients both in the offline and online environment.
- The company's core services are consumer loans, pawn broking loans (loans against pledge of movable property) and sale of pre-owned goods.
- DelfinGroup employs more than 270 people and its core management has remained unchanged since 2014.
- On 14 October DelfinGroup completed its initial public offering (IPO), and as a result raised more than EUR 8m. DelfinGroup shares are listed on Nasdaq Riga regulated market and currently the company's market capitalization has reached EUR 67m.
- During Q3 2021 DelfinGroup signed a contract with AS Moda Kapitāls to purchase the Moda pawn shop business, which includes 25 branches throughout Latvia.

Portfolio snapshot

- DelfinGroup's net loan portfolio at the end of 9M 2021 has noticeably increased and reached EUR 38.2m, which is a 12% increase compared 9M 2020.
- Increasing lending activity during Q3 2021 allowed the Group to reach an all-time high for loans issued in a single quarter. During 9M 2021 loans in the amount of EUR 37.1 were issued, a 7% increase compared to 9M 2020.
- Consumer loans made up 69% of total loans issued during 9M 2021. The average consumer loan size as of 9M 2021 was EUR 1090 with an average term of 24 months.
- Pawn loans made up 31% of total loans issued during 9M 2021. The average loan size was EUR 73. All pawn loans are secured with pledges on movable properties that can be sold.
- Non-performing loan ratio has remained low (5.3% as of 9M 2021) due to Group's conservative credit policy and stable customer base.

Financial highlights

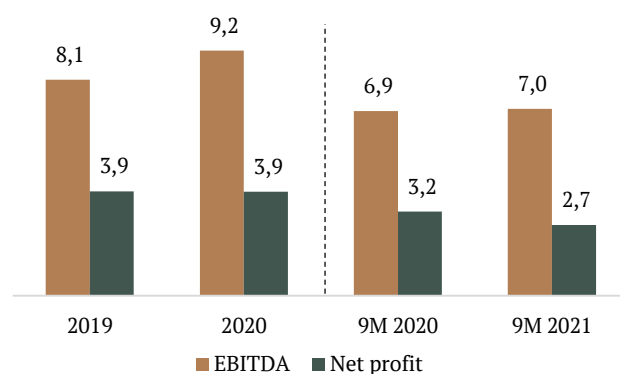
- In 9M 2021 the Group's revenue reached EUR 18.4m, increase of 8% compared to 9M 2020.
- EBITDA for the Group has increased by 1% year on year, reaching EUR 7m during 9M 2021.
- The Group's EBITDA margin has stayed relatively stable over the years and stands at 38% for 9M 2021.
- During Q3 2021 the Group's net profit has increased by 24% compared to Q2 2021.
- Although slightly decreased, Group's capitalization ratio for 9M 2021 is at 23% level, which is in line with other peers in the industry. After IPO results, it is expected that the capitalization ratio will exceed 40%.

Source: DelfinGroup financial reports and presentations

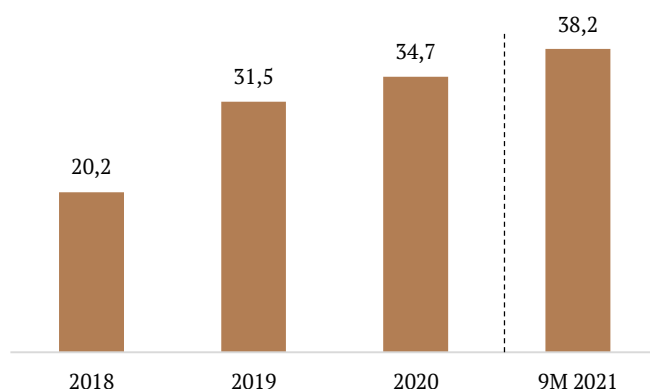
Financial highlights, EUR m

	FY 2019	FY 2020	9M 2020	9M 2021
Revenue	22.2	23.7	17.0	18.4
EBITDA	8.1	9.2	6.9	7.0
EBITDA margin	37%	39%	41%	38%
Net profit	3.9	3.9	3.2	2.7
Net loan portfolio	31.5	34.7	34.0	38.2
Cash	1.1	4.6	2.4	2.5
Total Equity	8.4	9.3	9.5	8.7
Total borrowings	26.4	31.2	27.6	33.3
EBITDA / Interest expense	2.8x	2.6x	2.8x	2.6x
Capitalization ratio	27%	27%	28%	23%

EBITDA and net profit, EUR m



Net loan portfolio, EUR m



DelfinGroup bond issue

Term Sheet

Issuer	AS DelfinGroup
Security type	Senior unsecured bonds
Issue size	Up to EUR 10 000 000
Coupon rate	8.0%
Yield to Maturity	8.55% (issue price @99.00)
Coupon frequency	Monthly
Term	2 years
Principal repayment	Maturity date, bullet
Call Option	@101% last 6 months before maturity
Nominal value	EUR 1 000
Minimum subscription	EUR 100 000
Listing	Nasdaq First North (subject to regulatory approval)
Covenants¹	<ul style="list-style-type: none"> Capitalization ratio at least 25% ICR at least 1.25x From 15.10.2022: <ul style="list-style-type: none"> ICR at least 1.5x
Arranger	Signet Bank AS

¹ Full list of covenants are available in the Terms of the Issue

New bond issue

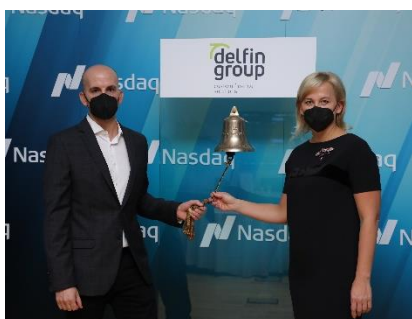
- DelfinGroup plans to begin a new bond issue in the amount of up to EUR 10m. Proceeds from the new bond issue will be used to refinance LV0000802379 bonds, which will be redeemed before maturity on 25.11.2021.
- For new investors, who decide to participate in the DelfinGroup bond issue, the bonds will be offered with a discount for a price of 99% of nominal value, which increases the yield to maturity up to 8.55%.
- DelfinGroup's strategy is to refinance and reduce the cost of debt financing, which will help the company to better reach its long term growth targets.

DelfinGroup and capital markets

- Until now DelfinGroup has issued 6 bonds in total amount of EUR 27m and the company's bonds have been listed on the Nasdaq Riga stock exchange since 2014.
- Three bond issues in total amount of EUR 13.5m were successfully redeemed, as well as EUR 5m 14% bonds will be redeemed before maturity.
- The company currently has 3 outstanding bond issues, which investor base includes both individual and institutional investors from Baltics and other countries.
- On 14 October 2021, DelfinGroup completed its initial public offering (IPO). In total, almost 6 000 investors participated in the IPO, as a result the DelfinGroup successfully raised EUR 8.09m, which the company will invest to further develop their existing services as well as develop new services, which will allow the company to increase revenue and profit. DelfinGroup shares were listed on Nasdaq Riga Baltic main list on 20 October 2021.

DelfinGroup bond issues

ISIN	Issue date	Issue size, EUR	Maturity date	Coupon rate	Listing
LV0000850048	09.07.2021	5 000 000	25.08.2023	9.75%	Private placement
LV0000802429	25.09.2020	3 500 000	25.11.2022	12.0%	Private placement
LV0000802379	15.11.2019	5 000 000	25.11.2022*	14.0%	Nasdaq Riga First North
LV0000802213	19.10.2016	5 000 000	Redeemed	14.0%	Nasdaq Riga First North
LV0000801322	15.01.2014	3 500 000	Redeemed	15.0%	Nasdaq Riga Baltic Bond List
LV0000801280	15.11.2013	5 000 000	Redeemed	14.0%	Nasdaq Riga Baltic Bond List



*Planned redemption on 25.11.2021 before maturity

Source: DelfinGroup financial reports and presentations

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