

Sun Finance bond issue

The Group launches its fourth bond issue with 3 year maturity and floating coupon rate of 11% + 3M EURIBOR and offers existing bondholders a 1% rollover premium



About the Group

- One of the fastest-growing online consumer lending companies in Europe.
- Operates in 7 markets across 3 continents – Latvia, Denmark, Sweden, Poland, Kazakhstan, Vietnam, and Mexico structured in regional HUBs for more effective management and performance analysis.
- The Group provides its services mostly online and through selected offline channels, having surpassed EUR 1bn in issued loans during 2021.
- The Group's core products are microloans with duration up to 30 days, open-ended line of credit and instalment loans with term up to 36 months. Recently the Group have started to offer its BNPL (Buy Now Pay Later) product.
- Sun Finance Group has been ranked No. 3 fastest-growing fintech in Europe in the 2022 Financial Times list of 1000 fastest-growing European companies.
- The Group is led by highly experienced management team who have been with Sun Finance since its inception.
- In 2018, the Group attracted an experienced strategic investor, who is also the owner of Europe's largest used car lender and leading peer-to-peer lending platform. Strategic investor as well as management team are Latvian citizens.

Loan portfolio

- A well diversified loan portfolio, with plans to launch additional markets as soon as 3Q22.
- During 6M 2022, the net loan portfolio grew to EUR 129.4m (+34% vs end-2021). Over the last 12 months, the portfolio has showed stable growth and increased by EUR 38m or 42%.
- Efficient debt management process, with focus on regular debt sales (and forward flow deals) ensure regular and predictable cash flows and a lean portfolio.
- As of end 6M 2022, current loans accounted for 77% of the gross loan portfolio, while NPLs 90+ days overdue made up 12%. The Group has a prudent provisioning policy, with the NPL coverage ratio (provisions to NPLs 90+ days) reaching 237%, giving a comfortable cushion.

Financial highlights

- Despite challenging global economic background the Group continues to show strong growth. Sun Finance keeps increasing its net loan portfolio (+42% y/y) and revenue (+28% y/y) as well as net profit (+21% y/y).
- After record high revenue during 2021 the Group is on track to surpass it during 2022 – 6M 2022 revenue came in at EUR 115.9m compared to EUR 90.9m for 6M 2021 (+28% y/y). Revenue for the last twelve months reached EUR 218.1m.
- The Group's costs (e.g. operating expense, marketing costs, salary expense) are rising as a result of new product development and product scaling activities, therefore the Group's cost to income ratio has showed just a slight increase – 22.7% during 6M 2022 compared to 20.4% during 6M 2021. This has impacted also the Group's profitability in terms of margins which have slightly decreased, but the Group's profitability is still at very good level.
- The Group's Capitalization ratio (Total Shareholder's Equity / Net loan portfolio) has continued to increase as a result of strong profitability, reaching a healthy 39% level as of 6M 2022 compared to 30% as of end 2021.

Financial highlights, EUR m

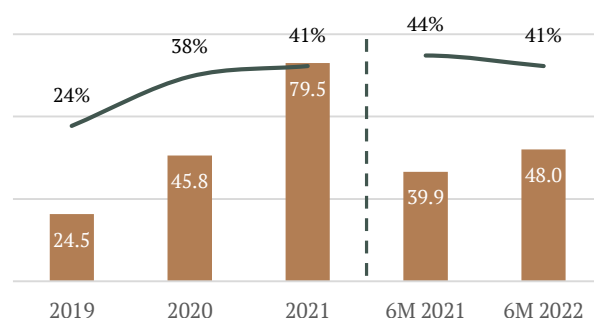
	FY 2020	FY 2021	6M 2021	6M 2022
Interest income	121.3	193.1	90.9	115.9
EBITDA	45.8	79.5	39.9	48.0
EBITDA margin	38%	41%	44%	41%
Net profit	22.0	51.0	23.9	28.8
Net loan portfolio	75.8	96.6	91.4	129.4
Cash	8.7	7.2	14.8	6.8
Total Equity	19.4	29.1	22.1	50.7
Total borrowings¹	67.4	75.1	78.1	80.1
Unencumbered receivables ratio	2.8x	2.4x	2.6x	3.0x
EBITDA / Interest expense²	5.6x	7.0x	6.3x	7.6x
Capitalization ratio³	26%	30%	24%	39%

¹ Excluding subordinated borrowings

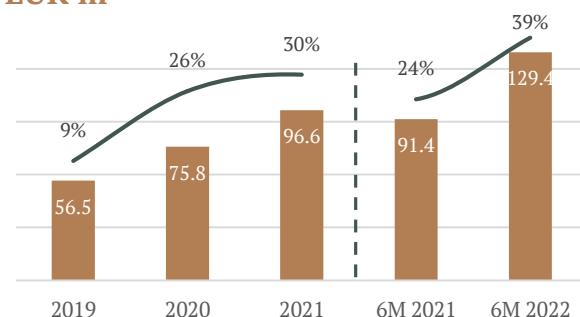
² For trailing twelve months

³ Equity / Net loan portfolio

EBITDA and EBITDA margin, EUR m



Net portfolio and Capitalization ratio, EUR m



Sun Finance bond issue



Term Sheet

Issuer	Sun Finance Treasury Ltd (Malta)
Security type	Senior unsecured
Type	Private placement
Guarantors	Holding company and all material Group subsidiaries
Issue size	Up to EUR 50 000 000
Coupon rate	11% + 3M Euribor (floor 0%)
Coupon frequency	Monthly
Term	3 years (bullet)
Rollover premium for LV0000802445 holders	1%
Call Options	102% after Y1, 101% after Y2
Nominal value	EUR 1 000
Minimum subscription	EUR 100 000
Listing	Planned listing on Nasdaq First North within 12 months from issue date
Negative pledge	The Issuer and Group subsidiaries may not pledge their assets (present or future) to secure any Financial Indebtedness other than any Permitted Security (local peer-to-peer and bank lending).
Covenants¹	<ul style="list-style-type: none"> Consolidated Capitalisation Ratio (Total shareholder's equity / Net loan portfolio) at least 20% Consolidated Interest coverage ratio at least 1.75x Unencumbered net loan portfolio / Total unsecured financial indebtedness at least 140%
Use of proceeds	Refinancing and portfolio growth funding
Arranger	Signet Bank AS

¹ Full list of covenants can be found in the Terms of the Issue

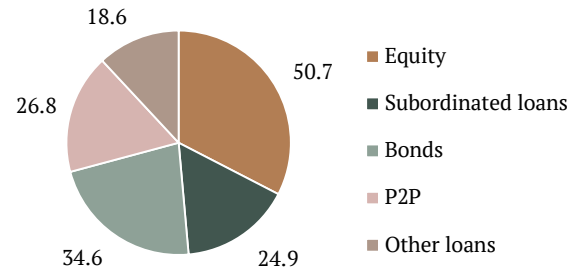
Existing bonds

Bond ID	Issue Date	Amount	Coupon	Status
LV0000802395	Aug 2021	EUR 10m	11%	Repaid
LV0000802445	Sep 2022	EUR 15m	11%	Planned refinancing
LV0000802494	Jun 2024	EUR 20m	11%	-
TBA	TBA 2025	EUR 50m	11% + 3M EURIBOR	Planned new issue

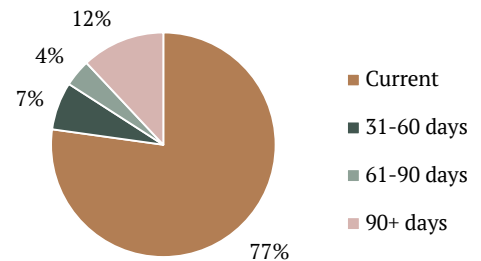
- Sun Finance is an experienced issuer in the Baltic bond market with two outstanding bond issues. The Group launches its fourth and largest bond issue to date with a goal to refinance the LV0000802445 issue and to fund the Group's rapid growth, while maintaining diversified funding structure.
- The Group offers an opportunity for holders of LV0000802445 bonds to exchange their existing bonds for the new bonds, receiving a 1% roll-over premium.

Source: Sun Finance financial reports

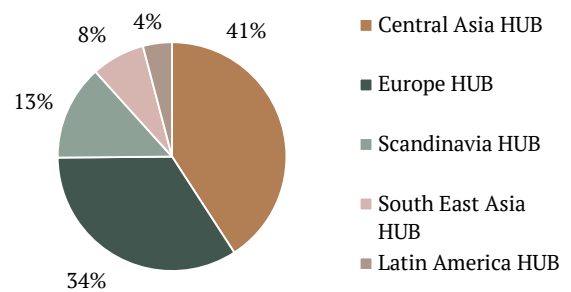
Funding structure, EUR m



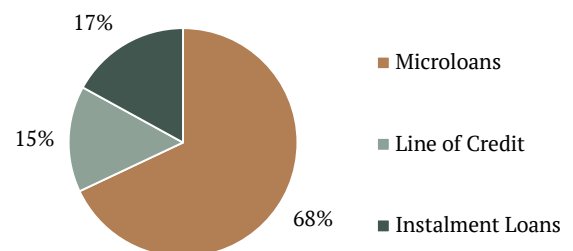
Net portfolio breakdown by quality



Net portfolio breakdown by regions



Net portfolio breakdown by product



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When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence Sun Finance Treasury Ltd. are macroeconomic and political risk, regulatory and licensing risk, competition risk, credit risk, dependency on Group's information technology systems risk, growth and expansion risk, new product and services risk, privacy and data protection breach risk, anti-money laundering breach risk, reputation risk, cybersecurity risk, marketing risk, counterparty risk, liquidity risk, loan marketplace risk, interest rate risk, employees risk, foreign exchange risk, litigation risk, natural disaster and other business disruption risk, and taxation risk.

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