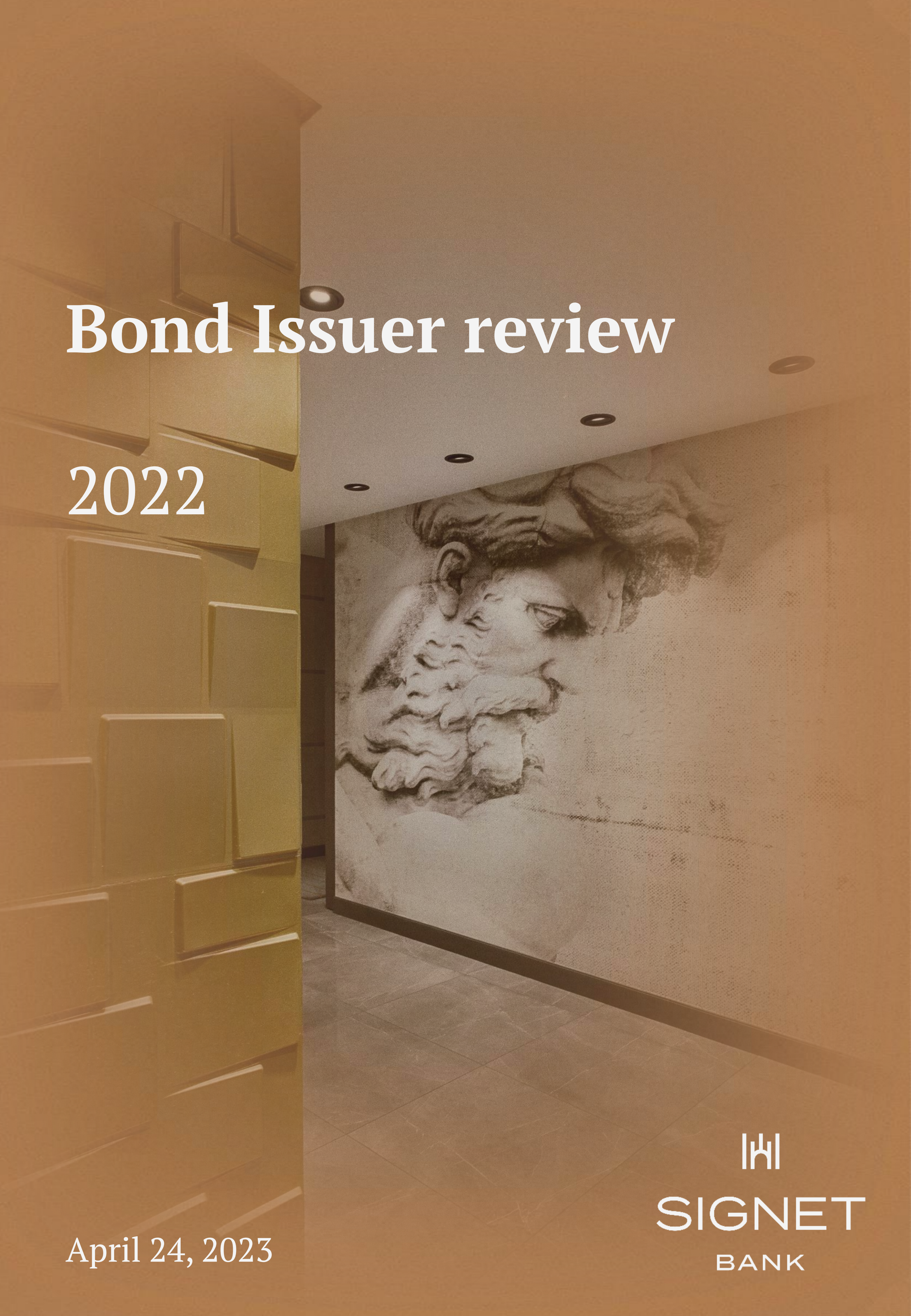


Bond Issuer review

2022

April 24, 2023

SIGNET

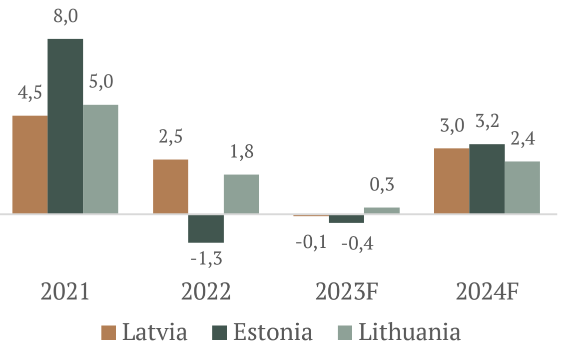
BANK

Bond Issuer review 2022

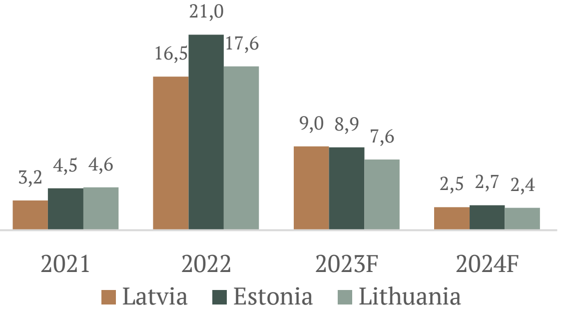
Sector highlights

- While the Baltic economy in the beginning of 2022 was negatively affected by geopolitical issues arising from the war in Ukraine as well as other unfavorable macro-economic conditions, the second half of the year, especially Q4 has been a period of steady business volume for the reviewed companies.
- Overall, the EBITDA and profitability were positively impacted by larger sales amounts and improving gross margins and majority of the companies have finished the year 2022 with significantly increased bottom-line results compared to the last year. The rising energy prices and overall cost inflation have had negative impact on the results, however, the effect appears to be less significant than it was initially anticipated.
- The bond yields remain elevated due to the contractionary central bank policies. For example, Akropolis Group and Maxima Group bonds, which can be considered as benchmarks in the Baltic bond market, trade at YTM of 9.3% and 6.9% respectively.
- During the last quarter of 2022, two of the reviewed companies completed their debut bond issue – CleanR Grupa with EUR 15m 6.5% floating secured 3-year bonds and L. J. LINEN with EUR 2m 10% floating secured 2-year bonds. In February 2023 Latvenergo completed a 6-year EUR 50m green bond issue with 4.95% coupon (while during 2022 Latvenergo completed EUR 100m green bond issue with coupon of 2.42%).
- Despite expectations of a mild recession due to the rising interest rate environment, the economic growth has generally surprised to the upside in the first quarter of 2023. Lower energy and oil prices have played an important role in the positive growth and lower headline inflation. Further interest rate hikes remain a possibility, which could further increase the borrowing costs and put pressure on the companies' profitability.

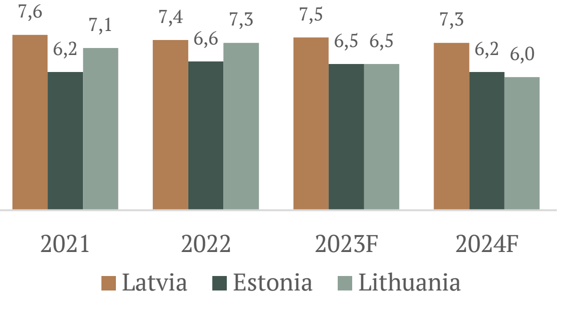
GDP Growth, % Y/Y



CPI, % Y/Y



Unemployment, %



Source: Bloomberg

2022 Financial highlights

EUR m	ELKO Group	CleanR Grupa	Coffee Address Holding	Longo Group	Given Jewellery	Banga Ltd	L. J. LINEN
Revenue	1 427.6	68.1	39.0	44.7	12.8	11.8	42.9
Gross margin	9%	15%	48%	11%	58%	10%	16%
EBITDA	76.8	10.6	7.5	1.6	2.2	1.0	4.3
Net profit	55.1	5.1	0.4	0.2	0.0	0.6	4.6
Total assets	454.2	78.7	52.6	20.3	18.0	7.1	18.7
Cash	21.8	18.2	1.8	1.4	1.3	0.4	0.0
Adjusted Equity	188.2	39.3	18.7	11.4	5.6	2.3	9.8
Net Debt / EBITDA	1.1x	0.1x	3.0x	2.7x	1.7x	2.3x	0.7x
Equity ratio	41%	50%	36%	56%	31%	33%	53%

2022
ELKO Group

Key parameters

Founded: 1993	**Bonds outstanding:** EUR 20m
Headquarters: Riga, Latvia	**Industry:** IT, consumer electronics
Employees: 1 500+	**Key markets:** CIS, CEE, Baltics, Nordics
Auditor: EY (IFRS)	

About company

- Founded in 1993, ELKO Group is one of the largest IT product and solutions distributors in Northern Europe and the CIS region, as well as the largest company in Latvia by turnover. The Group employs more than 1 500 employees across 11 countries and was founded by 4 Latvian citizens who still maintain the controlling stake (52%) of the Group.
- ELKO Group has more than 10 000 clients in 29 countries with retailers and internet shops being among the largest contributors. Other clients include household IT retailers in Latvia.
- Proven track record with international private equity investors. East Capital and Amber Trust jointly acquired 25.5% stake in ELKO Group in 2005 and both firms successfully exited their investments by selling to current shareholders in 2013 and 2020.
- Since the beginning of the war in Ukraine, ELKO Group has stopped supplying goods to the Russian market and divested Russian division at the end of April 2022.
- ELKO Group had a significant exposure to the CIS region at the time of the bond issue on January 2021 – 60% of the Group's revenue was generated from sales to Russia and Ukraine, indicating the importance of this region in the Group's business.

Financial highlights

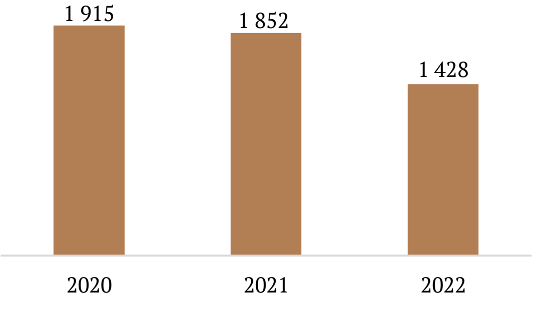
- The geopolitical turbulence in the beginning of 2022 negatively affected the mindset and behavior of all of the market participants in ELKO's primary markets, which in turn had a negative effect on the Group's revenue.
- During 2022, ELKO Group generated revenue of 1.43bn, which is a -23% Y/Y decrease and can mainly be explained by the divestment of Russian operations in April 2022. There were no sales in Ukraine during March, however, there was a noticeable recovery in the remaining year and the Ukrainian sales office managed to fully resume operations and finish the year profitably. Nevertheless, in order to reduce the risk associated with the Ukrainian market, the Group has sold a 100% stake in ELKO Ukraine LLC on February 20, 2023. It is expected that the entity will continue to serve the market under the ELKO brand based on a franchise agreement.
- Despite the decrease in revenue, the profitability of ELKO has remained strong due to prudent risk management, divestment of Russian entities and optimisation of the Group's legal structure, which has allowed to cut costs and optimize processes. The Group generated EBITDA of EUR 76.8m (+17% Y/Y) and Net profit of EUR 55.1m (+47% Y/Y), which was also positively impacted by rather large position of Other income.
- The total assets of the Group stood at EUR 454.2m (-33% Y/Y) at the end of 2022, which have decreased due to the disposal of the Russian subsidiary (decrease in inventory and trade receivables).
- The leverage level of the Group has decreased with a Net Debt / EBITDA ratio of 1.1x at the end of 2022, due to the divestment of Russian operations, which reduced the Group's total borrowings.
- The Equity ratio for ELKO has significantly increased and at the end of 2022 was 41% – the increase is attributable to a reduction in assets from the divestment, solid earnings for the year 2022, positive effect from FX, and increase in loans from shareholders.
- The Group meets all of the bond financial covenants at the end of 2022, and the key financial ratios have improved over the past years.

Financial highlights, EUR m

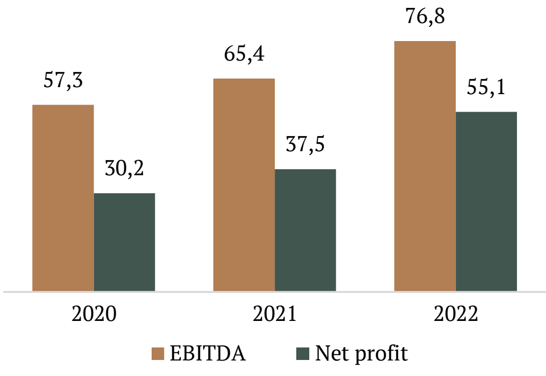
	FY 2020	FY 2021	FY 2022	
Revenue	1 914.6	1 852.1	1 427.6	*-23%*
Gross margin	6%	7%	9%	*+2pp*
EBITDA	57.3	65.4	76.8	*+17%*
Net profit	30.2	37.5	55.1	*+47%*
Total assets	487.5	678.1	454.2	*-33%*
Inventory	153.1	282.1	139.4	*-51%*
Cash	33.5	35.4	21.8	*-38%*
Adjusted Equity[1]	119.3	143.0	188.2	*+32%*
Total borrowings	141.4	236.5	109.0	*-54%*
Equity ratio[2] (min 16%)	24%	21%	41%	*+20pp*
EBIT / Interest expense (min 1.5x)	4.0x	4.9x	6.6x	*n/a*
Net Debt / EBITDA	1.9x	3.1x	1.1x	*n/a*

[1] Shareholder's Equity + Subordinated debt
[2] (Shareholder's Equity + Subordinated debt) / Assets

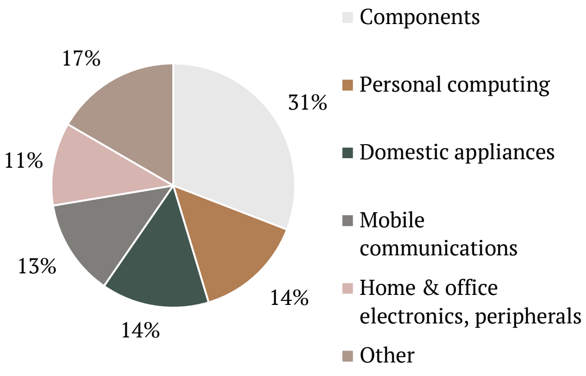
Revenue, EUR m



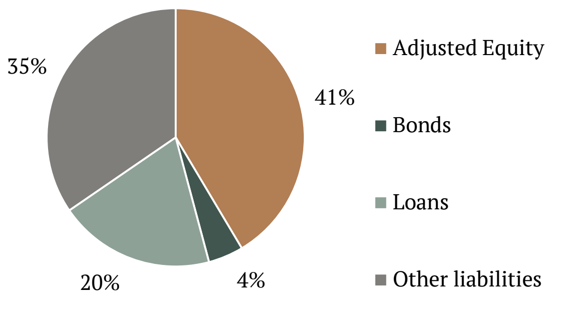
EBITDA and Net profit, EUR m



Revenue split by product type (FY 2021)



Funding structure (FY 2022)



2022
CleanR Grupa

Key parameters

Founded: 1944	**Bonds outstanding:** EUR 15m
Headquarters: Riga, Latvia	**Industry:** Environmental services
Employees: 1 300+	**Key markets:** Latvia
Auditor: Potapoviča un Andersone (LV GAAP)	

About company

- With its history dating back as far as to 1944, CleanR Grupa is the market leader in Latvia, mainly providing waste management and sorting services.
- CleanR Grupa has around 50 000 customers and its main segments are: waste management (household, industrial and commercial sector), building and maintenance of roads, cleaning territories and premises as well as property management.
- Since 2014 CleanR Grupa has acquired and integrated eight entities involved in the Group's key business segments, strengthening its position in the market and expanding its services.
- The Group is the largest operator offering a wide range of waste management services in Latvia, with an estimated 28% market share. Waste management being the main Group's service, the Group also operates the largest household waste sorting center in the region. In 2020 the Group gained the right to provide waste management services for the next 7 years in 2 areas of Riga, covering 53% of Riga municipality, thus, Riga is the Group's largest market.
- CleanR Grupa is owned by its Chairman of the Council Guntars Kokorevičs, former CEO of Riga Stock Exchange and Dalkia Latvia (part of Veolia Group), who in 2014 acquired the business from Finnish waste management Group L&T.

Financial highlights

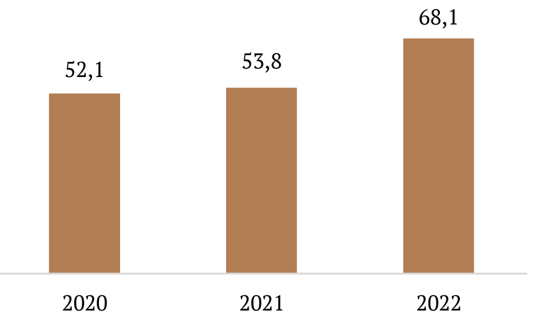
- The Group managed to increase its revenue by 27% Y/Y during 2022 to EUR 68.1m, as increase in the state waste disposal tariff and subsequent indexation of tariffs for the Group's customers positively affected the revenue. Going further, the revenue will be positively impacted by two M&A deals that were completed at the end of 2022 – acquisition of SIA RSC Noma, the largest construction waste management company in Latvia, and a majority stake acquisition in SIA Zaļā josta.
- The gross margin of the Group has decreased by 3pp during 2022 due to increases in direct costs related to waste management.
- CleanR Grupa generated EBITDA of EUR 10.6m (+5% Y/Y), despite a significant increase in energy costs, which has affected waste collection and sorting business, and despite inflationary pressure on employee's salaries and supply chain costs. The various cost increases were partially offset by the pass-through of tariffs to customers, as well as improvements made to the equipment and efficiency by investing in modern technologies.
- The PPE of the Group has increased by 26% Y/Y and stood at EUR 27.5m at the end of 2022, as the Group has made significant investments during the year – opening of a first polymer processing plant, investments in modernisation and automation of the sorting centre in Riga and expansion of industrial waste sorting centre «Nomales».
- Despite the bond issue, the Group maintains a strong equity base with Equity ratio of 50% as of 31 December, 2022 - over the years most of the Group's earnings have been reinvested into the Group's development, demonstrating strong shareholder support.
- CleanR Grupa meets all of the bond financial covenants by a large margin at the end of 2022.

Financial highlights, EUR m

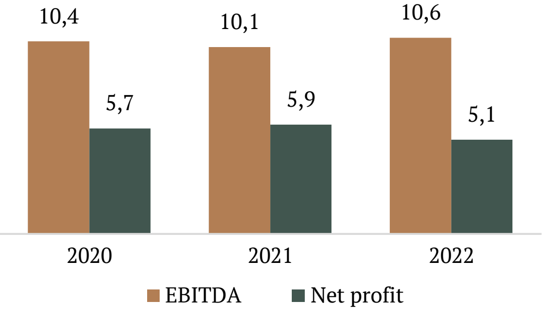
	FY 2020	FY 2021	FY 2022	
Revenue	52.1	53.8	68.1	*+27%*
Gross margin	17%	18%	15%	*-3pp*
EBITDA	10.4	10.1	10.6	*+5%*
Net profit	5.7	5.9	5.1	*-14%*
Total assets	50.7	57.0	78.7	*+38%*
PPE	20.0	21.8	27.5	*+26%*
Cash	8.9	7.5	18.2	*+143%*
Adjusted Equity[1]	32.7	37.3	39.3	*+5%*
Total borrowings	7.1	6.1	19.6	*+222%*
Equity ratio[2] **(min 30%)**	64%	66%	50%	*-16pp*
EBITDA / Interest expense (min 3.0x)	50x	60x	46x	*n/a*
Net Debt / EBITDA (max 3.5x)	-0.2x	-0.1x	0.1x	*n/a*

[1] *Shareholder's Equity + Subordinated debt*
[2] *(Shareholder's Equity + Subordinated debt) / Assets*

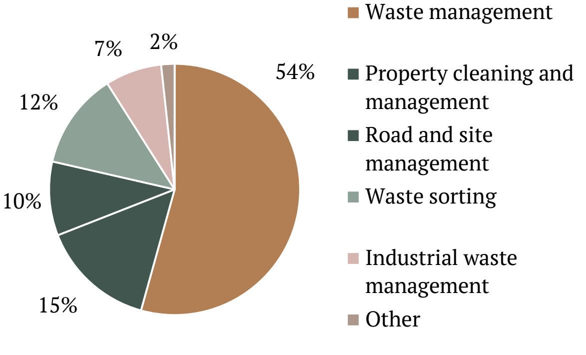
Revenue, EUR m



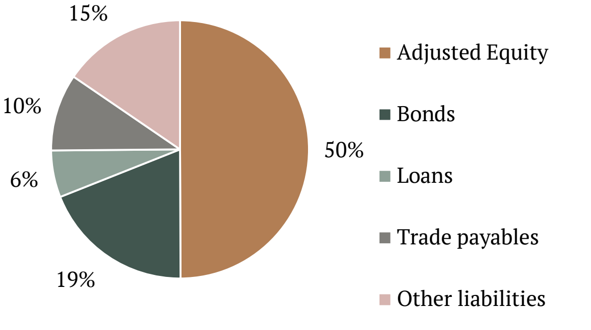
EBITDA and Net profit, EUR m



Revenue split by segment (6M'22)



Funding structure (FY 2022)



2022
Coffee Address Holding

Key parameters

Founded: 1993	**Bonds outstanding:** EUR 5m
Headquarters: Riga, Latvia	**Industry:** Coffee and convenience food
Employees: 300+	**Key markets:** Latvia, Estonia, Lithuania
Auditor: EY (IFRS)	

About company

- With its history dating back to 1993, Coffee Address is the market leader in the Baltics, providing self-service premium coffee and convenience food solutions. Coffee Address has around 5 000 clients and operates in three main segments: vending (under the brand names Coffee Address and Lavazza), retail and convenience, and office solutions.
- Coffee Address holds #1 position in relevant segments in all 3 countries, with 49% market share in Lithuania, 42% in Latvia, and 30% in Estonia.
- Since 2017 Coffee Address has been 100% owned by BaltCap, the leading private equity manager in the Baltics. Under BaltCap ownership Coffee Address has transformed from 3 independent Selecta subsidiaries to one pan-Baltic operation and has grown both organically, as well as through acquisitions.
- Since 2017 Coffee Address has acquired and integrated 7 entities, consolidating the market, and built a dense presence and strategic network of locations across the Baltics.
- The Group cooperates with global leading suppliers of coffee and vending machines and coffee and snack producers. Its top 3 coffee suppliers are Pelican Rouge, Schirmer Kaffee and Lavazza.

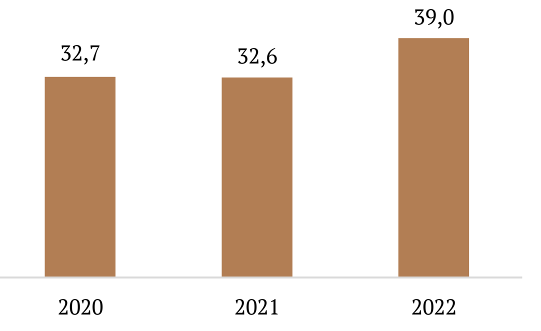
Financial highlights

- Coffee Address has generated revenue of EUR 39.0m (+20% Y/Y) during 2022 – the sales since the beginning of 2022 until March were slower, however, in the second quarter sales significantly picked up pace and returned to pre-Covid levels, bringing Coffee Address back on its planned growth track. Since 2017 the Group has increased its sales more than 3 times, which has been fueled by both organic growth and acquisitions.
- EBITDA for the Group reached EUR 7.5m (+32% Y/Y) in 2022, exceeding pre-Covid levels and in line with management's guidance for the year, as the Group has returned to growth following the end of Covid related restrictions. The Group's EBITDA growth is driven by increase in sales and cost optimization through increased digitalization and economies of scale.
- The Group generated net profit of EUR 0.4m during 2022, showing an increase compared to the previous years. The increase in net profit can mainly be attributable to lower depreciation expenses during the year (EUR 4.5m in 2022, compared to EUR 5.7m in 2021). The Group has reviewed and softened its depreciation policy during the year, as previously the assets were aggressively depreciated and had a short useful life, leading to large annual depreciation expenses and lower book value of the assets.
- The Equity ratio, which includes subordinated loans from BaltCap was at 36% level at the end of 2022, unchanged from the previous year.
- The bond financial covenant ratios are maintained at the end of 2022, and have been generally stable throughout the years.

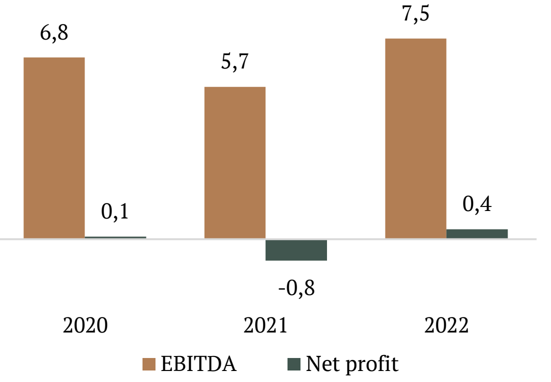
Financial highlights, EUR m

	FY 2020	FY 2021	FY 2022	
Revenue	32.7	32.6	39.0	*+20%*
Gross margin	48%	47%	48%	*+1pp*
EBITDA	6.8	5.7	7.5	*+32%*
Net profit[1]	0.1	-0.8	0.4	*n/a*
Total assets	47.0	49.7	52.6	*+6%*
PPE	13.1	14.1	16.4	*+16%*
Cash	2.4	1.9	1.8	*-7%*
Adjusted Equity[2]	17.6	17.9	18.7	*+4%*
Net debt	19.2	22.1	18.0	*-19%*
Equity ratio[3] (min 30%)	37%	36%	36%	*+0pp*
EBITDA / Interest expense	5.7x	5.7x	5.4x	*n/a*
Net Debt / EBITDA (max 4x)	2.8x	3.9x	3.0x	*n/a*

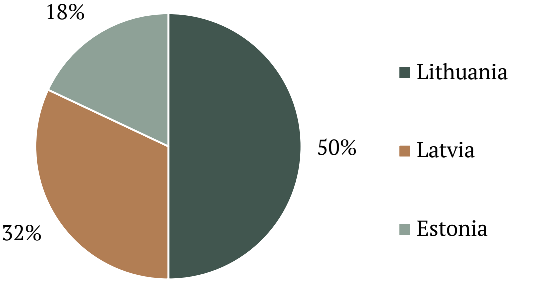
Revenue, EUR m



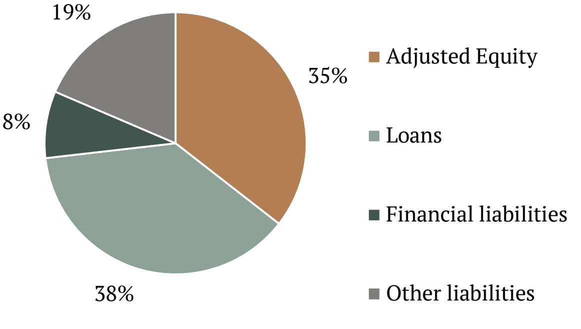
EBITDA and Net profit, EUR m



Revenue split by countries (2022E)



Funding structure (FY 2022)



[1] Adjusted costs related to M&A acquisitions and other one-offs *[2] Shareholder's Equity + Subordinated debt* *[3] (Shareholder's Equity + Subordinated debt) / Assets*

2022
Longo Group

Key parameters

Founded: 2018	**Bonds outstanding:** EUR 6m
Headquarters: Riga, Latvia	**Industry:** Used cars
Employees: 130+	**Key markets:** Latvia, Estonia, Lithuania
Auditor: KPMG (IFRS)	

About company

- Established in 2018, Longo is the fastest growing and the largest used car retailer in Baltics present in Lithuania, Latvia and Estonia.
- The Group is fully vertically integrated from sourcing (Longo sources cars from the Netherlands, Belgium and Germany) to sales. Its data-driven approach and significant online presence has allowed it to build efficient operations spanning multiple geographies and jurisdictions.
- The Group is transforming the market and offers convenient and safe used car shopping experience end-to-end, both digital and on-site with the largest and widest competitively priced assortment of popular used car models in the Baltics.
- Longo transports all sourced cars to Panevežys, Lithuania, where its inhouse end-to-end preparation center is located and all cars are serviced, repaired, cleaned and photographed. Current inhouse preparation center capacity is 120 cars per week with further mid-term increase to 150-180 cars per week achievable.
- Longo has launched a new concept in the market – opening of showrooms in shopping malls and similar locations where customers have the opportunity to interact with sales representatives and order cars to be delivered for test drives.

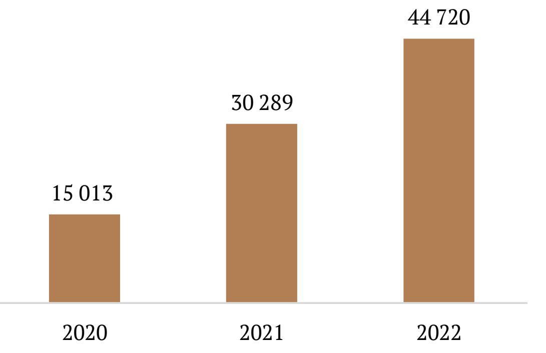
Financial highlights

- The Group has shown a significant growth in car sales revenue and profitability – the revenue reached EUR 44.7m (+48% Y/Y) during 2022, while the gross profit in 2022 was EUR 5.0m (+35% Y/Y). The second and third quarters were particularly good (together accounting for almost the entire 2021 revenue). Longo is continuously expanding its business and physical network, and in 2022 launched its operations in Poland as well as opened two new branches in Lithuania, which contributed to the Group's revenue growth.
- Growth in sales offset the slight decrease in gross margin (which decreased by 1pp during 2022) and substantially improved the results for Longo – EBITDA during 2022 reached EUR 1.6m (+89% Y/Y) and net profit reached EUR 0.2m (+25% Y/Y).
- Car inventory of Longo Group has steadily grown and stood at EUR 13.2m as of 31 December, 2022 (+60% Y/Y). The Group's inventory almost entirely (98%) is located in the Baltic countries and it is well diversified among different car brands, with an increasing share of more premium cars.
- The Group has a strong own capital base with Equity ratio of 56% at the end of 2022, even though the ratio has decreased over the years due to significant increase in assets, which were financed with external debt. Longo Group comfortably meets all of the bond financial covenants at the end of 2022.

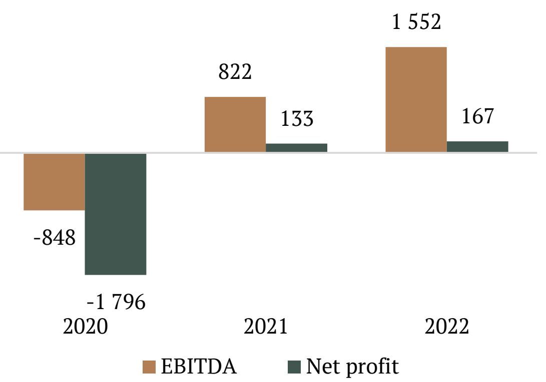
Financial highlights, EUR th

	FY 2020	FY 2021	FY 2022	
Revenue	15 013	30 289	44 720	*+48%*
Gross margin	9%	12%	11%	*-1pp*
EBITDA	-848	822	1 552	*+89%*
Net profit	-1 796	133	167	*+25%*
Total assets	11 067	15 329	20 251	*+32%*
Inventory	6 599	8 229	13 176	*+60%*
Cash	1 482	2 891	1 425	*-51%*
Adjusted Equity[1]	8 030	10 254	11 382	*+11%*
Total borrowings	503	2 453	5 620	*+129%*
Equity ratio[2] (min 30%)	73%	67%	56%	*-11pp*
EBITDA / Interest expense (min 2x)	*n/a*	4.0x	2.8x	*n/a*
Net Debt / EBITDA	*n/a*	-0.5x	2.7x	*n/a*

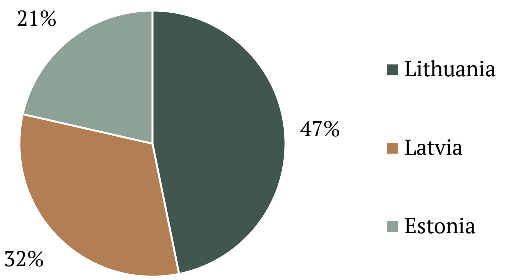
Revenue, EUR th



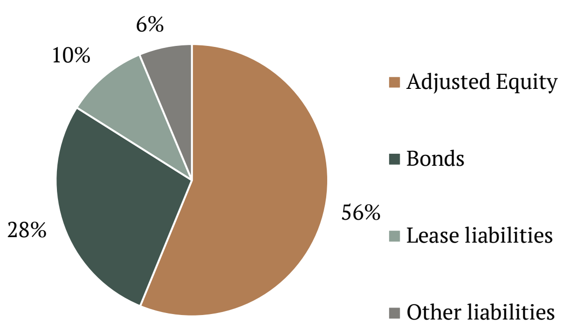
EBITDA and Net profit, EUR th



Revenue split by countries (FY 2021)



Funding structure (FY 2022)



[1] *Shareholder's Equity + Subordinated debt*
[2] *(Shareholder's Equity + Subordinated debt) / Assets*

2022
GIVEN Jewellery

GIVEN

Key parameters

Founded: 2018	**Bonds outstanding:** EUR 5m
Headquarters: Riga, Latvia	**Industry:** Jewellery
Employees: 150+	**Key markets:** Latvia, Estonia, Lithuania
Auditor: Grant Thornton (IFRS)	

About company

- Established in 2018, GIVEN is the leading and fastest growing jewellery retailers in the Baltics with presence mostly in top shopping centers. The Group currently operates 44 shops in Latvia, 10 shops in Estonia and 10 shops in Lithuania. The Group has opened 20 shops during 2022 and has become the jewellery market leader by the number of shops in the Baltics.
- The Group offers wide assortment of high quality jewellery at affordable prices and unique private brands, and additionally has a well developed e-commerce platform.
- The founder and largest shareholder of GIVEN Ainārs Spriņģis is a successful Latvian entrepreneur with 20+ years of experience in jewellery (as the founder of Grenardi) and retail industry.
- GIVEN operates both with physical shops and an online e-commerce platform. Online shop allows the Group to capitalize on the steady growth of online shopping and has provided crucial support during period(s) of Covid-19 restrictions, which restricted the operations of physical retail.

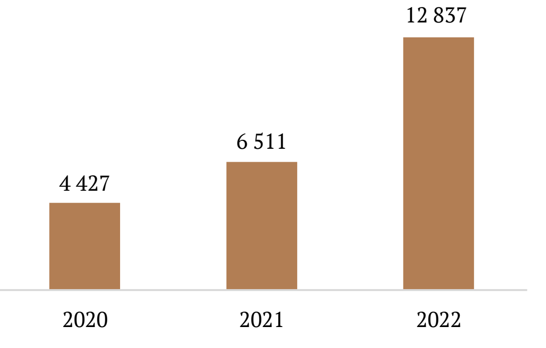
Financial highlights

- The revenue of the Group reached a record high of EUR 4.6m (+93% Y/Y) in 4Q'22 and EUR 12.8m (+97% Y/Y) in 2022, showing a significant improvement compared to the previous year, when the results were affected by physical Covid-19 restrictions. There has been a constant quarter on quarter revenue growth since Q1 2021.
- The revenue for GIVEN is continuing to grow due to a higher number of shops, as well as same store sales growth (+46% during FY 2022, exceeding the inflation in Baltic countries), which indicates rising customer demand.
- Growth in sales and increased gross margins have improved the results for GIVEN – EBITDA during 2022 reached EUR 2.2m (+28% Y/Y), showing a significant increase compared to the previous year. In the last quarter of the year, which is the most important for the Group as the holiday season boosts its revenues, the Group's EBITDA showed a solid growth of 58% Y/Y and reached EUR 0.9m, accounting for 40% of the full year's EBITDA.
- The Group is continuing its geographical expansion and focuses on opening more shops in Estonia and Lithuania. The regular opening of new shops has increased the costs for the Group and negatively impacts the profitability in the short term, while the Group establishes its position in the new markets and the shops reach their full sales potential. Even though GIVEN Latvia operates with a solid net profit (EUR 1.2m in 2022), the EE and LT results negatively affect the Group's total bottom-line.
- As at 31 December, 2022 the Group had inventory in the amount of EUR 9.0m (+48% Y/Y), which has been increasing together with a growing number of shops and expansion of operations in all three Baltic states. The inventory of GIVEN has high liquidity, as it mainly consists of gold (86% as at 31 December, 2022).
- The Group had Equity ratio of 31% at the end of 2022. The shareholders have invested slightly more than EUR 1.0m in the Group during 2022 through subordinated bonds and additional funds have been provided during 1Q'23 to maintain the Equity ratio, which is currently close to the bond covenant level. Otherwise, GIVEN meets all of the financial covenants at the end of 2022.

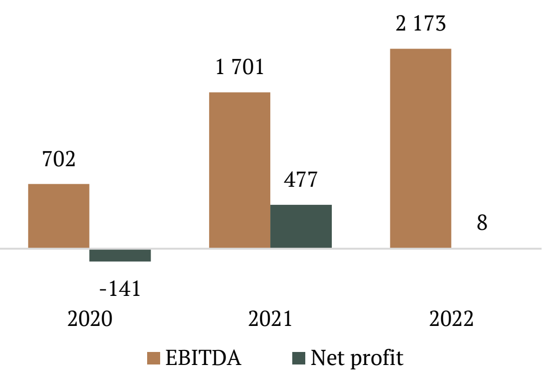
Financial highlights, EUR th

	FY 2020	FY 2021	FY 2022	
Revenue	4 427	6 511	12 837	*+97%*
Gross margin	50%	54%	58%	*+4pp*
EBITDA[1]	702	1 701	2 173	*+28%*
Net profit[1]	-141	477	8	*-98%*
Total assets	7 884	12 346	17 958	*+45%*
Inventory	3 491	6 090	9 030	*+48%*
Cash	41	694	1 329	*+91%*
Adjusted Equity[2]	3 152	4 449	5 557	*+25%*
Total borrowings	820	3 036	5 100	*+68%*
Equity ratio[3] (min 30%)	40%	36%	31%	*-5pp*
EBITDA / Interest expense (min 2x)	3.6x	5.2x	3.2x	*n/a*
Net Debt / EBITDA	1.1x	2.1x	1.7x	*n/a*

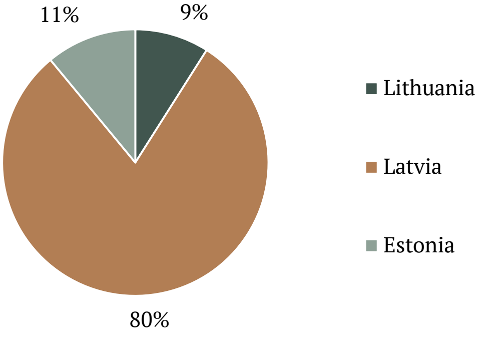
Revenue, EUR th



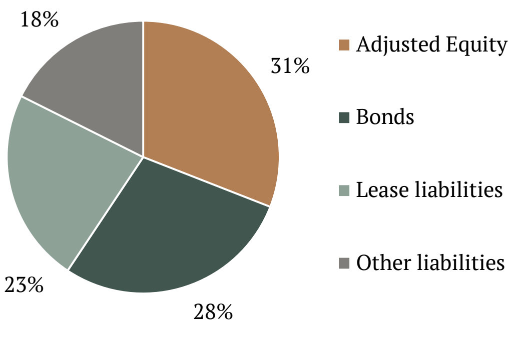
EBITDA and Net profit, EUR th



Revenue split by countries (FY 2022)



Funding structure (FY 2022)



[1] Including Covid-19 related government grants for working capital in the amount of EUR 0.3m during Q1 2021 and EUR 0.6m during FY 2021

[2] Shareholder's Equity + Subordinated debt

[3] (Shareholder's Equity + Subordinated debt) / Assets

2022
Banga Ltd

Key parameters

Founded: 1947	**Bonds outstanding:** EUR 2.5m
Headquarters: Roja, Latvia	**Industry:** Canned seafood
Employees: 140+	**Key markets:** Baltics, EU, USA, Asia-Pacific, Others
Auditor: Grant Thornton (from 2022)	

About company

- SIA Banga LTD is canned seafood production company located in north-western part of Latvia, in Roja with roots as far as to 1947.
- The Company exports its products to more than 30 countries across four continents with key markets being Ukraine, Latvia, USA, Japan and Germany.
- The Company offers wide assortment of high quality canned seafood both under its own brand (62% of sales) and private label (38% of sales).
- The Company is equally owned by brothers Ingus Veckāgans and Raivis Veckāgans. Ingus is CEO of the Company and Raivis is responsible for development and financing.
- Throughout the full production cycle the Company does fresh and frozen fish pre-treatment, insertion, packing and delivery.
- More than one third of raw materials such as herring is sourced locally with the rest secured from global leading suppliers, securing high quality of the Company's products.
- The Company produces more than 50 products, with products from sprats and sardines accounting for 37%, salmon 34%, cod liver 20%, mussels 3%, mackerel and herring 3% of 2022 revenue.

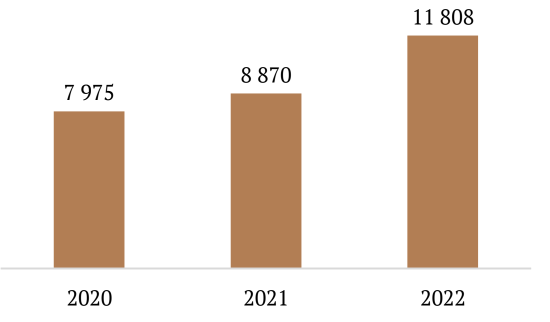
Financial highlights

- The revenue of Banga reached EUR 11.8m (+33% Y/Y) during 2022. The company has demonstrated resilience despite economic challenges and the demand for the company's products has remained stable. The main factors that have contributed to the growing demand are – high quality products, large assortment, easy storage and long shelf life, which have played a particularly important role during 2022.
- In the first half of the year, the Company's cost of goods sold increased significantly, but most of the increase was passed through to the customer's final price and closer to the end of 2022 raw material prices stabilized, allowing the Company to improve its gross margin, which increased to 10% (+1pp Y/Y) during 2022.
- Increase in revenue and slight improvement in the Company's gross margin, positively impacted the Company's EBITDA for year 2022 which increased by 30% Y/Y and reached EUR 1.0m.
- With the help from the proceeds of the bond issue, the Company's investment project is 90% completed and the Company plans to launch the new production facility in Q1 2023. This is will significantly increase the Banga's production capacity and sales potential and allow it to utilize gains from economies of scale.
- Banga had a solid Equity ratio of 33% as of 31 December, 2022, which has decreased due to the growth in total assets as a result of the bond issue and a modest dividend payment of EUR 50 th in 6M'22.
- Banga exceeds all of the bond financial covenants at the end of 2022 with a comfortable reserve, except for Equity ratio, which stands slightly above the covenant level.

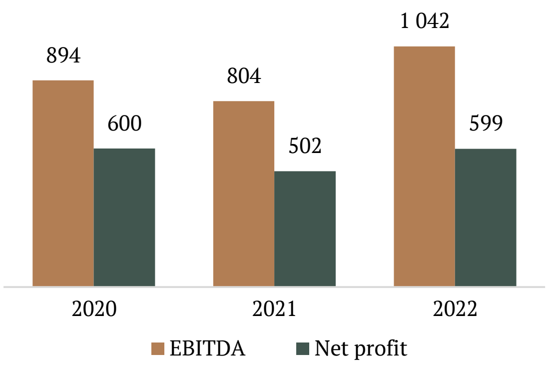
Financial highlights, EUR th

	FY 2020	FY 2021	FY 2022	
Revenue	7 975	8 870	11 808	*+33%*
Gross margin	14%	9%	10%	*+1pp*
EBITDA	894	804	1 042	*+30%*
Net profit	600	502	599	*+19%*
Total assets	3 801	4 424	7 050	*+58%*
Inventory	1 407	1 441	2 519	*+75%*
Cash	25	27	432	*+1499%*
Adjusted Equity[1]	1 295	1 797	2 344	*+30%*
Total borrowings	923	842	2 823	*+235%*
Equity ratio[2] (min 30%)	34%	41%	33%	*-8pp*
EBITDA / Interest expense (min 3x)	9.9x	17.7x	7.5x	*n/a*
Net Debt / EBITDA (max 4x)	1.0x	1.0x	2.3x	*n/a*

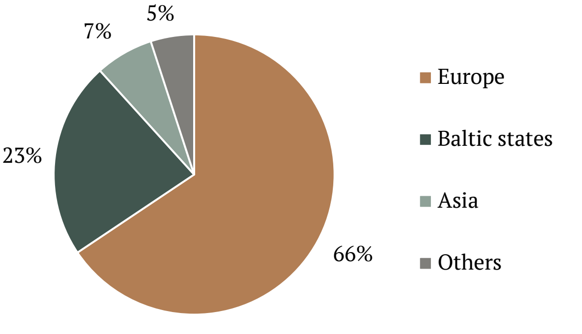
Revenue, EUR th



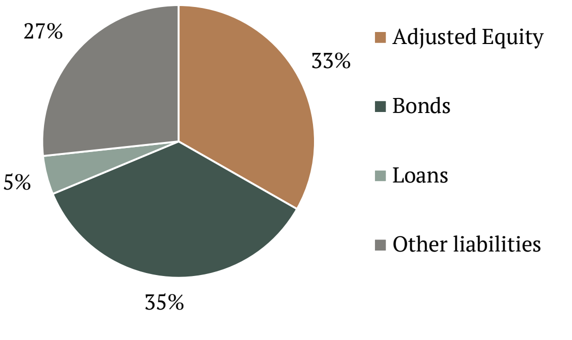
EBITDA and Net profit, EUR th



Revenue split by region (FY 2022)



Funding structure (FY 2022)



[1] Shareholder's Equity + Subordinated debt *[2] (Shareholder's Equity + Subordinated debt) / Assets*

2022
L. J. LINEN

Key parameters

Founded: 1994	**Bonds outstanding:** EUR 2m
Headquarters: Riga, Latvia	**Industry:** Agro-products trading
Employees: 35+	**Key markets:** Europe, Asia, Africa
Auditor: EY (from 2022)	

About company

- With its origins dating back to 1994, SIA L. J. LINEN is a family owned B2B agro-products trading company with presence in 4 continents and 46 countries, and with approximately 160 suppliers and 175 clients worldwide.
- The Group trades animal origin products and grains that have wide application in animal feeds, organic fertilizers, pet food, aquafeed, biodiesel, and cosmetics. L.J. LINEN provides door-to-door delivery service by offering sourcing, quality management, logistics, warehousing, customs clearance, supply chain financing to customers around the world.
- Over the years, L. J. LINEN has become one the leading players in the segment and has established a wide network of suppliers and customers with presence in both Europe and Asia.
- The Company has a solid supplier base in Europe and the top supplier countries are Germany, Denmark, Poland, and UK, with key suppliers - Saria and Darling Ingredients, which are two of the largest producers of animal proteins and fats in the world.
- By connecting animal by-products recyclers with animal food and other goods producers the Group facilitates circular economy and reduces dependency on fossil fuels – the Group is operating with an environmentally sustainable business model.
- L. J. LINEN is a family owned business and the shareholders are in the management board of the Group and have more than 20 years of experience in the field.

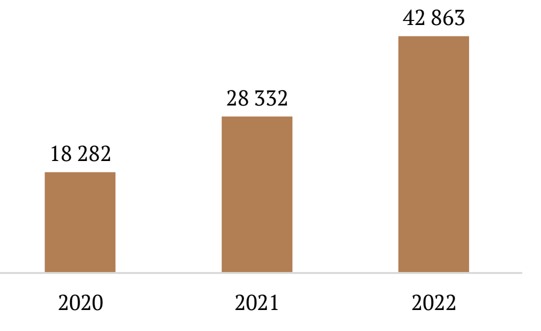
Financial highlights

- The year 2022 has been successful for L. J. LINEN, as the Group took advantage of the increasing raw material prices worldwide and entered new markets, which provided new customers. The revenue reached EUR 42.9m (+51% Y/Y) in 2022, which exceeded the Group's management's guidance for the year, while the favourable market trends allowed the Group to increase the gross margin by 3pp.
- Growth in sales and improved margins have allowed L. J. LINEN to significantly increase their EBITDA and Net profit during 2022, which reached EUR 4.3m (+70% Y/Y) and EUR 4.6m (+65% Y/Y) respectively, exceeding the management's guidance for the year. The difference between EBITDA and net profit comes from FX gain, as the Group receives large part of the revenue in USD, which has appreciated during the year.
- L. J. LINEN assets mainly consist of trade receivables (98% as of 2022) from trade partners located in Europe, Africa and Asia and a large majority are secured by a letter of credit.
- The proceeds from the bond issue are used for working capital investments to fuel growth in Europe and Asia, while the leverage level of the Group remains at a comfortable level.
- The Group had a solid Equity ratio of 53% at the end of 2022 and comfortably meets the rest of the bond covenants for the year.
- L. J. LINEN has moved forward with reorganization of the Group's structure, as described in the terms of the bond issue – during December 2022 Arowana Exim PTE became a subsidiary of L. J. LINEN.

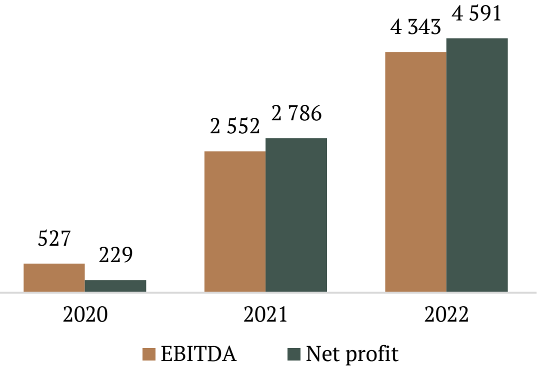
Financial highlights, EUR th

	FY 2020	FY 2021	FY 2022	
Revenue	18 282	28 332	42 863	*+51%*
Gross margin	7%	13%	16%	*+3pp*
EBITDA	527	2 552	4 343	*+70%*
Net profit	229	2 786	4 591	*+65%*
Total assets	5 770	7 277	18 648	*+156%*
Trade receivables	5 026	6 993	18 283	*+161%*
Cash	136	15	33	*+114%*
Adjusted Equity[1]	2 528	5 314	9 785	*+84%*
Total borrowings	21	270	3 000	*+1012%*
Equity ratio[2] (min 40%)	44%	73%	53%	*-21pp*
EBITDA / Interest expense (min 3x)	369x	256x	99x	*n/a*
Net Debt / EBITDA (max 2x)	-0.2x	0.1x	0.7x	*n/a*

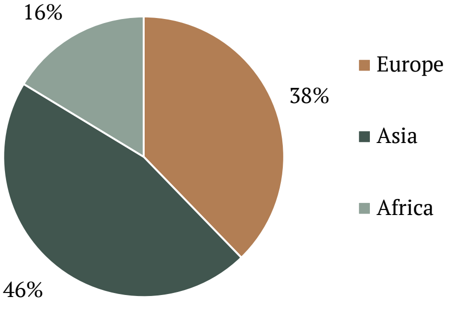
Revenue, EUR th



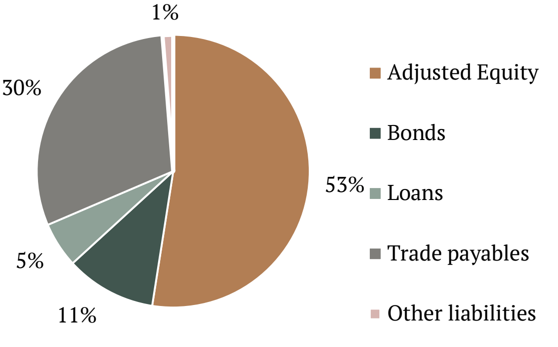
EBITDA and Net profit, EUR th



Revenue split by region (FY 2022)



Funding structure (FY 2022)



[1] Shareholder's Equity + Subordinated debt *[2] (Shareholder's Equity + Subordinated debt) / Assets*

Bond issues included in the review

	Issuer	ISIN	Maturity	Coupon	Issue size	YTM	Call option	Collateral	Listing
	AS ELKO GRUPA (Latvia)	LV0000870079	12.02.2026	6.00%	EUR 20 000 000	8.0%	Yes	Unsecured	Nasdaq Baltic First North
	AS CleanR Grupa (Latvia)	LV0000802676	09.12.2025	6.5% +3M EURIBOR	EUR 15 000 000	9.5%	Yes	Secured	Nasdaq Baltic First North
	SIA Coffee Address Holding (Latvia)	LV0000802585	30.06.2025	9.00%	EUR 5 000 000	9.5%	Yes	Unsecured	Nasdaq Baltic First North
	AS Longo Group (Latvia)	LV0000860062	30.11.2024	6.00%	EUR 3 000 000	9.0%[1]	Yes	Secured	Nasdaq Baltic First North
		LV0000860096	30.06.2025	6% + 3M EURIBOR	EUR 5 000 000	9.0%	Yes	Secured	-
	AS GIVEN Jewellery (Latvia)	LV0000860054	30.04.2024	6.00%	EUR 3 000 000	8.5%[1]	Yes	Secured	Nasdaq Baltic First North
		LV0000860104	31.07.2025	6% + 3M EURIBOR	EUR 4 000 000	8.5%	Yes	Secured	-
	SIA L. J. LINEN (Latvia)	LV0000850071	16.12.2024	10% + 3M EURIBOR	EUR 2 000 000	13.0%	Yes	Secured	Nasdaq Baltic First North
	SIA Banga Ltd (Latvia)	LV0000860088	09.05.2025	6.00%	EUR 2 500 000	8.5%[1]	Yes	Secured	Nasdaq Baltic First North

Baltic government bonds

	Issuer	ISIN	Maturity	Coupon	Issue size	YTM	Call option	Collateral	Listing
	Republic of Latvia	XS2576364371	17.01.2028	3.50%	EUR 945 000 000	3.7%	No	Unsecured	-
	Republic of Latvia	XS1501554874	07.10.2026	0.375%	EUR 2 020 000 000	3.9%	No	Unsecured	-
	Republic of Lithuania	XS2487342649	01.06.2032	2.125%	EUR 1 085 000 000	3.9%	No	Unsecured	-
	Republic of Lithuania	XS1020300288	22.01.2024	3.375%	EUR 700 000 000	3.8%	No	Unsecured	-
	Republic of Estonia	XS2181347183	10.06.2030	0.125%	EUR 1 500 000 000	3.5%	No	Unsecured	-

Baltic benchmark bonds

	Issuer	ISIN	Maturity	Coupon	Issue size	YTM	Call option	Collateral	Listing
	Attīstības finanšu institūcija Altum AS	LV0000880037	07.03.2025	1.30%	EUR 45 000 000	3.7%	No	Unsecured	Nasdaq Baltic Regulated Market
	Latvenergo AS	LV0000870129	05.05.2027	2.42%	EUR 100 000 000	4.9%	Yes	Unsecured	Nasdaq Baltic Regulated Market
	Augstsprieguma tīkls AS	LV0000802528	20.01.2027	0.50%	EUR 100 000 000	4.8%	Yes	Unsecured	Nasdaq Baltic Regulated Market
	Air Baltic Corporation AS	XS1843432821	30.07.2024	6.75%	EUR 200 000 000	29.7%	Yes	Unsecured	Euronext Dublin stock exchange
	Ignitis Grupe AB	XS2177349912	21.05.2030	2.00%	EUR 300 000 000	4.8%	Yes	Unsecured	Nasdaq Baltic Regulated Market
	Maxima Grupe UAB	XS2485155464	12.07.2027	6.25%	EUR 240 000 000	6.9%	Yes	Unsecured	Nasdaq Baltic Regulated Market
	Akropolis Group UAB	XS2346869097	02.06.2026	2.875%	EUR 300 000 000	9.5%	Yes	Unsecured	Nasdaq Baltic Regulated Market

[1]Based on the current YTM of the new bond issues by Longo and GIVEN

Important notice

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