

# Sun Finance bond issue

Opportunity to invest in Sun Finance floating rate bonds with coupon rate of 11% + 3M EURIBOR and maturity on 30 Nov 2026

## About the Group

- One of the fastest-growing online consumer lending companies in Europe.
- Operates in 9 markets across 3 continents – Latvia, Denmark, Sweden, Poland, Kazakhstan, Kyrgyzstan, Vietnam, Philippines 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 2bn in issued loans in the beginning of 2023.
- 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 has introduced its BNPL (Buy Now Pay Later) product.
- In March 2023, Sun Finance Group has been recognized by the Financial Times as one of the 1,000 fastest-growing fintech companies in Europe for the third consecutive year.
- The Group is led by highly experienced management team who has been with Sun Finance since its inception.
- The Group's shareholders are AS Puzzle international 80% (Aigars Kesenfelds as ultimate beneficial owner) and founders/management - 20%.

## Loan portfolio

- A well diversified loan portfolio, with two new markets (Kyrgyzstan and Philippines) launched during 3Q'22.
- At the end of FY 2022, the net loan portfolio reached EUR 162.3m (+9% Q/Q & +68% Y/Y), showing notable increase of EUR 65.8m throughout the year.
- Central Asia HUB is the largest region representing 47% of net loan portfolio (up from 37% as of end 2021), while the second largest is Europe HUB with 31% (down from 37%). Other regions were rather stable during FY 2022 in terms of the share in total net loan portfolio. In 2022, the Group's impairment expense grew along with new loan issuance to EUR 112.0m (+40% Y/Y).
- Efficient debt management process, with focus on regular debt sales (and forward flow deals) ensure regular and predictable cash flows and a lean portfolio.
- At the end of FY 2022, current loans accounted for 78% of the gross loan portfolio, while NPLs 90+ days overdue made up 11%. The Group has a prudent provisioning policy, with the NPL coverage ratio (provisions to NPLs 90+ days) reaching 260%, giving a comfortable cushion.

## Financial highlights

- Sun Finance is continuing its rapid growth and has further increased new loan issuance during FY 2022 – the Group issued a total of EUR 704m in new loans (+54% Y/Y). The Group has demonstrated positive quarter on quarter loan issuance dynamics since 2Q 2020 – the growth has been driven by strong demand and new product scaling.
- The Group's interest income during FY 2022 reached a record high of EUR 273.9m (+42% Y/Y), while as a result of the strong revenue growth and strict cost control, EBITDA in FY 2022 reached EUR 107.7m (+35% Y/Y).
- The year 2022 has been the most profitable for the Group to this date, in which the net profit amounted to EUR 65.5m (+28% Y/Y). The profitability has had a large positive effect on the Group's equity level despite dividend payouts – as a result, the Group's capitalization ratio at the end of 2022 stood at 41% compared to 30% at the end of 2021.
- As of end 2022, Sun Finance meets all financial covenants under its bond terms with a comfortable reserve. At the beginning of 2023, the Group completed the placement of its EUR 50m bond issue, maturing in September 2025, and redeemed the subordinated notes at maturity.

Source: Sun Finance financial reports



## Financial highlights, EUR m

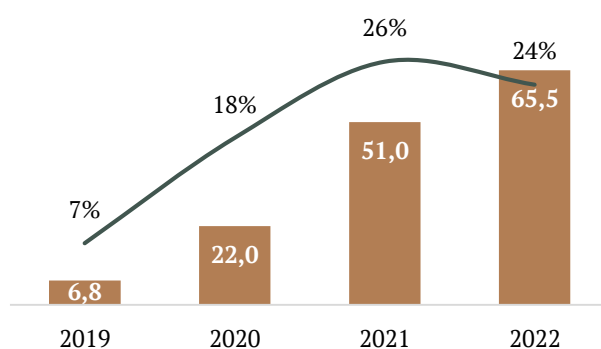
	FY 2020	FY 2021	FY 2022
<b>Interest income</b>	121.3	193.1	273.9
<b>EBITDA</b>	45.8	79.5	107.7
<b>EBITDA margin</b>	38%	41%	39%
<b>Net profit</b>	22.0	51.0	65.5
<b>Net loan portfolio</b>	75.8	96.6	162.3
<b>Cash</b>	8.7	7.2	8.7
<b>Total Equity</b>	19.4	29.1	66.0
<b>Total borrowings<sup>1</sup></b>	87.6	93.5	122.4
<b>Unencumbered receivables ratio</b>	2.8x	2.4x	2.7x
<b>EBITDA / Interest expense<sup>2</sup></b>	5.6x	7.0x	8.6x
<b>Capitalization ratio<sup>3</sup></b>	26%	30%	41%

<sup>1</sup> Including subordinated borrowings

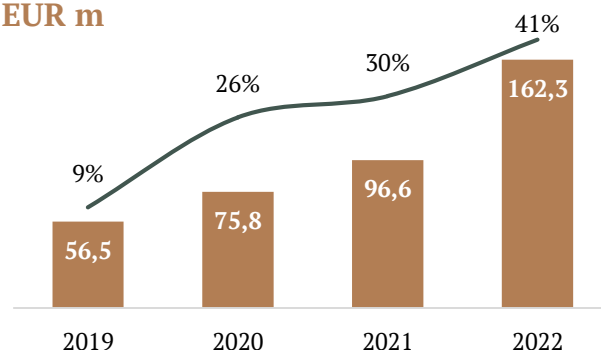
<sup>2</sup> For trailing twelve months

<sup>3</sup> Equity / Net loan portfolio

## Net profit and net margin, EUR m



## Net portfolio and Capitalization ratio, EUR m



# Sun Finance bond issue

## Term Sheet

<b>Issuer</b>	Sun Finance Treasury Ltd (Malta)
<b>Security type</b>	Senior unsecured
<b>Type</b>	Private placement
<b>Guarantors</b>	Holding company and all material Group subsidiaries
<b>Issue size</b>	<b>Up to EUR 50 000 000</b>
<b>Coupon rate</b>	<b>11% + 3M EURIBOR</b>
<b>Coupon frequency</b>	Monthly
<b>Term</b>	3.5 years (bullet)
<b>Call Options</b>	<ul style="list-style-type: none"> <li>• 102% after Y1</li> <li>• 100.5% last 3 months before maturity</li> </ul>
<b>Nominal value</b>	EUR 1 000
<b>Minimum subscription</b>	EUR 100 000
<b>Listing</b>	Planned listing on Nasdaq First North within 12 months from issue date
<b>Negative pledge</b>	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)
<b>Covenants<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• Consolidated Capitalization Ratio (Total shareholder's equity / Net loan portfolio) at least 20%</li> <li>• Consolidated Interest coverage ratio at least 1.75x</li> <li>• Unencumbered net loan portfolio / Total unsecured financial indebtedness at least 140%</li> </ul>
<b>Use of proceeds</b>	Refinancing of existing liabilities and portfolio growth funding
<b>Arranger</b>	Signet Bank AS

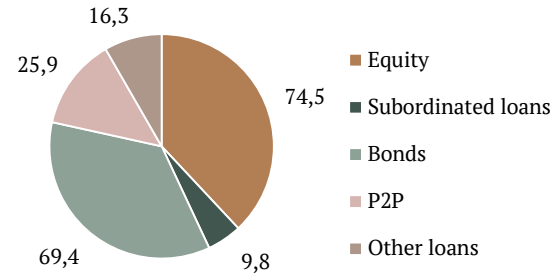
<sup>1</sup> Full list of covenants can be found in the Terms of the Issue

## Existing bonds

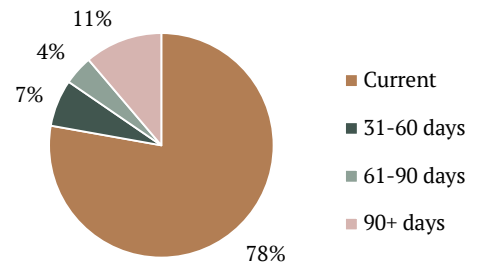
ISIN	Maturity	Amount	Coupon	Status
LV0000802395	Aug 2021	EUR 10m	11%	Repaid
LV0000802445	Sep 2022	EUR 15m	11%	Repaid
LV0000802494	Jun 2024	EUR 20m	11%	-
LV0000860112	Sep 2025	EUR 50m	11% + 3M EURIBOR	-
<b>LV0000802692</b>	<b>Nov 2026</b>	<b>EUR 50m</b>	<b>11% + 3M EURIBOR</b>	<b>New issue</b>

- Sun Finance is an experienced issuer in the Baltic bond market and currently has two outstanding bond issues, which are listed on the Nasdaq Baltic First North market. The Group launches its fifth bond issue with a goal to refinance its liabilities on P2P marketplace and to fund new product development and geographic expansion. The Group maintains a well-diversified funding structure.

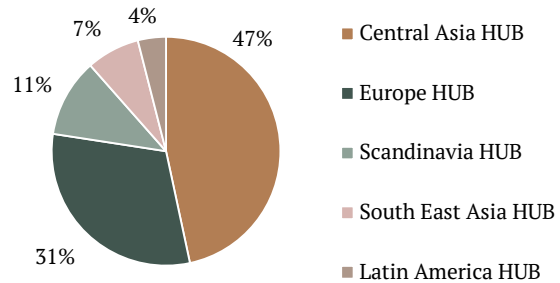
## Funding structure, EUR m (Q1'23)



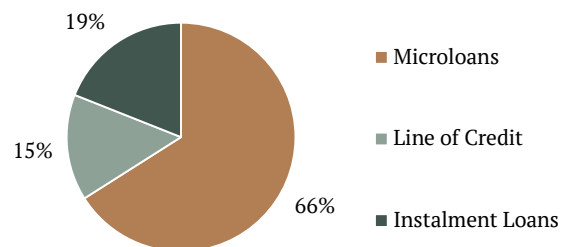
## Net portfolio breakdown by quality



## Net portfolio breakdown by regions



## Net portfolio breakdown by product



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