

DelfinGroup bond issue

Opportunity to invest in DelfinGroup EUR 15m bond issue with floating coupon rate of 9.0% + 3M EURIBOR



About the Company

- AS DelfinGroup is a licensed financial services company founded in 2009 that represents the brands Banknote and VIZIA.
- The Company operates the biggest pawn shop network in Latvia with more than 90 branches in the 38 Latvian cities. This allows DelfinGroup to serve clients both in the offline and online environment.
- The Company's core services are consumer loans (65% of revenue), pawn broking loans (loans against pledge of movable property; 17%) and sale of pre-owned goods (18%).
- DelfinGroup employs more than 350 people with highly-experienced management team.
- Since October 2021, DelfinGroup shares are listed on Nasdaq Riga regulated market with free float of 27% and current market capitalization of EUR 61.4m.

Portfolio snapshot

- DelfinGroup's net loan portfolio during 6M 2023 has showed a strong growth and reached EUR 78.1m (+45% y/y).
- Increasing lending activity continued for 8 consecutive quarters until Q1 2023, while during Q2 2023 it slightly decreased as the Group limited loan issuance in order to ensure well balanced growth and covenant fulfillment. During 6M 2023 loans in the amount of EUR 45.8 were issued, a 29% increase compared to 6M 2022.
- Consumer loans were the main reason behind the growth in new loan issuance. The average consumer loan size as of end 6M 2023 was EUR 1 765 with an average term of 34 months.
- The average pawn loan size as of end 6M 2023 was EUR 84. All pawn loans are secured with pledges on movable properties that can be sold.
- The quality of the consumer loan portfolio, which represents 92% of the total portfolio, remains good with a non-performing loan ratio (loans more than 90 days past due) of 2.3% at the end of 6M 2023.

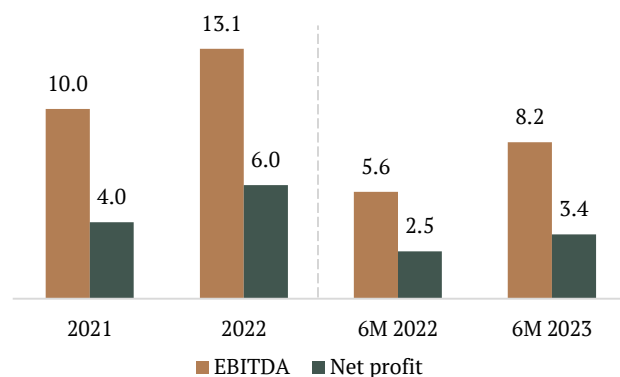
Financial highlights

- During 6M 2023 the Group's revenue reached EUR 23.7m, an increase of 51% compared to the same period in 2022.
- EBITDA for the Group has increased by 47% year on year, reaching EUR 8.2m during 6M 2023.
- As the Group's revenue grew it managed its expenses rather well, resulting in a small decrease in the Group's EBITDA margin – the EBITDA margin for 6M 2023 reached 35% (-1pp y/y).
- During 6M 2023 the Group's net profit has increased by 36% compared to 6M 2022 and reached EUR 3.4m mark.
- The Group's capitalization ratio for as of end 6M 2023 was 26%. The Group's capitalization has decreased if compared to end of 2021 due to dividend payout and rapid growth of loan portfolio.

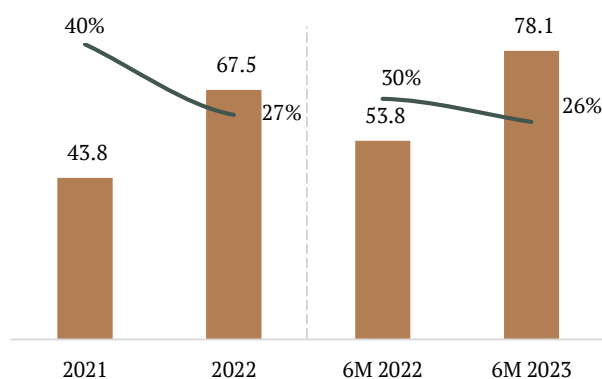
Financial highlights, EUR m

	FY 2021	FY 2022	6M 2022	6M 2023
Revenue	25.2	35.8	15.7	23.7
EBITDA	10.0	13.1	5.6	8.2
EBITDA margin	40%	37%	36%	35%
Net profit	4.0	6.0	2.5	3.4
Net loan portfolio	43.8	67.5	53.8	78.1
Cash	2.5	2.4	2.3	3.0
Total Equity	17.5	18.1	16.0	19.9
Total borrowings	29.4	54.0	40.5	65.9
EBITDA / Interest expense	2.6x	2.8x	3.0x	2.3x
Capitalization ratio	40%	27%	30%	26%

EBITDA and Net profit, EUR m



Net loan portfolio and Capitalization ratio, EUR m



DelfinGroup bond issue

Term Sheet

Issuer	AS DelfinGroup
Security type	Unsecured bonds
Issue size	Up to EUR 15 000 000
ISIN	LV0000860146
Coupon rate	9.0% + 3M EURIBOR
Current coupon	12.948% (fixed until 25.12.2023)
Coupon frequency	Monthly
Term	3 years
Principal repayment	Maturity date, bullet
Call Option	@101% starting from 25.05.2024 @100% last six months before maturity
Nominal value	EUR 1 000
Minimum subscription	EUR 100 000
Listing	Nasdaq First North
Covenants¹	<ul style="list-style-type: none">Capitalization ratio at least 20%ICR at least 1.5x
Arranger	Signet Bank AS

Offer for LV0000802536 bondholders (maturity 25 Nov 2023):

- 1% premium for exchanging their existing bonds for new bonds (1:1 exchange)

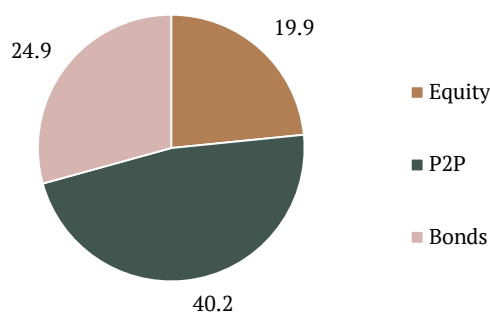
New bond issue

- DelfinGroup has started a new bond issue in the amount of up to EUR 15m. Proceeds from the new bond will be used to finance further growth of the Company and refinancing EUR 10m bonds maturing in November 2023.
- LV0000802536 bondholders will receive a 1% premium for exchanging their existing bonds for new bonds.

DelfinGroup and capital markets

- Until now DelfinGroup has issued 10 bonds in total amount exceeding EUR 60m and the Company's bonds have been listed on the Nasdaq Riga stock exchange since 2014.
- Six bond issues in total amount of EUR 27m were successfully redeemed.
- The Company currently has 4 outstanding bond issues, which investor base includes both individual and institutional investors from Baltics and other countries.
- After completion of its initial public offering, DelfinGroup shares are listed on Nasdaq Riga regulated market since October 2021. Funds from IPO have helped the Company to strengthen its capitalization and to further develop their existing services as well as develop new ones, of which positive effect already can be seen in the Company's results.

Funding profile as of 30 June 2023, EUR m



DelfinGroup bond issues

ISIN	Issue date	Issue size, EUR	Maturity date	Coupon rate	Security type	Listing
LV0000802718	23.08.2023	15 000 000	25.02.2026	9.00% + 3M EURIBOR	Unsecured	Nasdaq Riga First North
LV0000802700	25.07.2023	5 000 000	28.07.2028	11.5% + 3M EURIBOR	Subordinated	-
LV0000850055	08.07.2022	10 000 000	25.09.2024	8.75% + 3M EURIBOR	Unsecured	Nasdaq Riga First North
LV0000802536	24.11.2021	10 000 000	25.11.2023	8.00%	Unsecured	Nasdaq Riga First North
LV0000850048	09.07.2021	5 000 000	Redeemed	9.75%	Unsecured	Private placement
LV0000802429	25.09.2020	3 500 000	Redeemed	12.0%	Unsecured	Private placement
LV0000802379	15.11.2019	5 000 000	Redeemed	14.0%	Secured	Nasdaq Riga First North
LV0000802213	19.10.2016	5 000 000	Redeemed	14.0%	Unsecured	Nasdaq Riga First North
LV0000801322	15.01.2014	3 500 000	Redeemed	15.0%	Unsecured	Nasdaq Riga Baltic Bond List
LV0000801280	15.11.2013	5 000 000	Redeemed	14.0%	Secured	Nasdaq Riga Baltic Bond List

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

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When investing funds in bonds, investors undertake the following risks related to debt securities: bonds repayment risk, bonds early repayment risk, liquidity risk, price risk and tax risk.

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