

Grenardi Group bond issue

Secured 3-year bond issue with 10% coupon

GRENARDI
GROUP

SIGNET
BANK

About Grenardi Group

- Grenardi Group stands as the largest regional chain of both affordable and luxury jewellery stores with double-digit growth, boasting over 20 years of industry experience and a workforce exceeding 290 employees.
- The Group operates 82 stores across 34 cities and 3 countries: 50 stores in Latvia, 16 stores in Estonia, and 16 stores in Lithuania. The Group plans to continue its growth in the coming years, both by boosting sales in its existing stores, as well as by further extending its store network, particularly in Lithuania and Estonia.
- Grenardi Group offers a wide assortment of high-quality jewellery in specialized stores, catering "all occasions, all budgets" for most of the age groups. The Group's key approach is to develop a distinct and diverse product range to meet customer requirements within different price points.
- With a wide customer reach, Grenardi Group has amassed more than 120 thousand registered customers.
- The largest shareholder and founder of Grenardi Group, Ainārs Sprīngis, is a successful Latvian entrepreneur with over 20 years of experience in the jewellery and retail industry. Prior to Grenardi Group, Ainārs Sprīngis successfully established and exited the then-largest retail chain of mobile phones & accessories in the Baltics – Trodeks & DUAL.

Business overview

- Since opening the first GRENARDI store in 2000 as a family business, the Group has expanded its operations organically, entering Estonia in 2004 and Lithuania in 2022, and is now the market leader in the Baltics, ranked #1 in Latvia, #2 in Estonia, and #3 in Lithuania.
- The Group operates two distinct jewellery retail brands, GIVEN and GRENARDI, each catering to differentiated market segments by offering both affordable and luxury jewellery options.
- The product offering of the Group primarily consists of precious jewellery from gold and silver, as well as watches. The Group also provides split payment services, gold exchange, gift card purchases, as well as engraving and jeweler services.
- With a strong online presence, the Grenardi Group asserts its dominance in the jewellery retail market. GRENARDI pioneered its e-commerce platform in 2009, while GIVEN online store launched in 2019. These online shops enable the Group to capitalize on the continuous growth of online shopping.
- The jewellery retail industry exhibits a distinct seasonality, with sales in December typically significantly surpassing those of other months throughout the year.

Financial highlights

- On Dec 1, 2023, AS GIVEN Jewellery acquired the GRENARDI retail chain and was renamed AS Grenardi Group after the transaction.
- In 2023, Grenardi Group continued its growth in the Baltics, with revenue increasing by 40%. The growth was driven by the retail chain expansion, current network sales growth & the GRENARDI acquisition.
- Additionally, in 2023, the Group achieved an EBITDA of €2.9m, marking a significant 31% increase from 2022, highlighting a strong growth trend. The operating EBITDA for 2023 includes GRENARDI's results for just one month (post-acquisition on Dec 1, 2023).
- The Group's adjusted pro-forma EBITDA for 2023 was €3.7m, offering a comprehensive view by incorporating the acquisition of GRENARDI from the beginning of the year, thus improving clarity regarding the new Group's financial standing.
- The investments in scaling up the business in Estonia and Lithuania have placed some pressure on the Group's profitability in 2023, while the mature business in Latvia has shown strong profitability.
- As of Dec 31, 2023, the Group's inventory totaled €15.5m, representing a significant increase from €9.1m in 2022 (+70% YoY). This surge in inventory was propelled by the acquisition of GRENARDI and the expansion of both the number of shops and assortment within existing shops. Mostly consisting of gold jewelry (87% as of 2023), this inventory provides a comfortable coverage for the Group's existing liabilities.
- Shareholders have continued investing in the Group via subordinated bonds to support growth initiatives. As of Dec 31, 2023, the Group maintains a solid capitalization ratio of 36%.

Financial highlights

€ thousand	2021 (audited)	2022 (audited)	2023 ¹ (operating)	2023 ² (pro-forma)
Revenue	6,511	12,837	18,011	23,221
Gross margin	54%	58%	57%	55%
EBITDA	1,650	2,193	2,862	3,656
Net profit	477	13	-259	68
Total assets	12,346	17,976	35,583	35,583
Inventory	6,090	9,030	15,511	15,511
Cash	694	1,479	1,621	1,621
Adjusted Equity	4,449	5,580	12,691	12,691
Net Debt	2,342	3,622	5,462	5,462
Capitalization ratio	36%	31%	36%	36%
EBITDA / Interest expense	5.0x	3.3x	2.6x	3.0x
Inventory coverage ratio	2.0x	1.9x	2.3x	2.3x

Presence across the Baltics

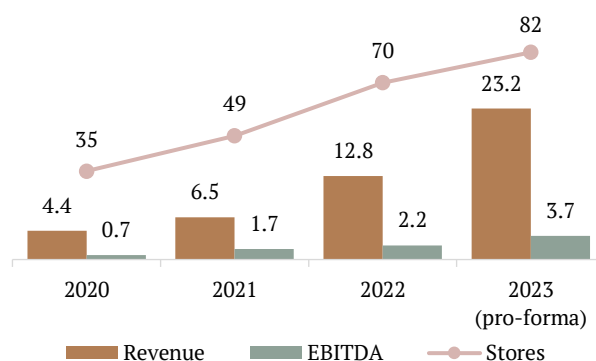


16 stores
13 GIVEN
3 GRENARDI

50 stores
46 GIVEN
4 GRENARDI

16 stores
16 GIVEN

Financial (€m) and store development



Source: Financial reports and information provided by the Management

Notes: 1 Unaudited financial highlights for 2023 incorporate financial data from the acquired Grenardi chain starting from 1 Dec 2023

2 Pro-forma results show the Group's results as if Grenardi had been acquired on 1 Jan 2023 to indicate the Group's potential financial performance

Term Sheet

Issuer	AS Grenardi Group (Latvia)
Security type	Senior secured bonds
Offer type	Public offering
Use of proceeds	Refinancing of the Group's existing liabilities, investment in working capital and financing M&A activities
Collateral	Commercial pledge on assets of all subsidiaries
Bond program	Up to EUR 17 million
First tranche	EUR 12 million
Coupon rate	10.0%
Coupon frequency	Monthly
Maturity	3 years
Principal repayment	Maturity date, <i>bullet</i>
Call Option	Year 1 – No call; Year 2 – @102%; Year 3 – @101%; 6 months before maturity – @100%
Nominal value	EUR 100
Minimum subscription	EUR 100
Listing	Nasdaq Riga Baltic Bond List within 3 months after the Issue Date
Covenants ¹	<ul style="list-style-type: none"> Capitalization ratio min 30% Inventory coverage ratio min 1.25x Interest coverage ratio min 2x
Arranger	Signet Bank AS
Legal Advisor	ZAB Eversheds Sutherland Bitāns SIA
Collateral Agent	ZAB Vilgerts SIA
Offer for LV0000860054 bondholders (maturity 30 Apr 2024):	
Exchanging existing bonds for new bonds (1:10 exchange ratio)	

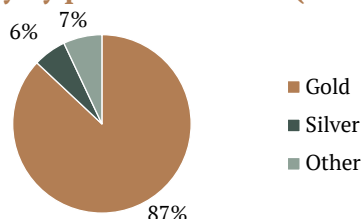
Key investment highlights

1. Market leader – the leading and fastest growing jewellery retailer in the Baltics with 82 stores in 34 cities and across 3 countries
2. Secured transaction – collateral of highly liquid inventory, predominantly consisting of gold jewelry
3. Commendable financial health, with pro-forma capitalization ratio of 36%, inventory coverage ratio of 2.3x and an interest coverage ratio of 3.0x
4. Loyalty program available for investors investing more than €500
5. Strong strategic investors providing financing to support Grenardi Group's growth plans through both equity and bonds

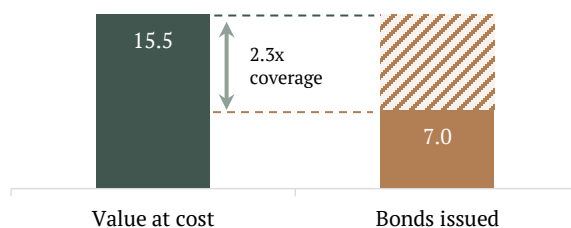
Funding profile and the bond issue

- The bond proceeds will refinance a €3.0m secured note and fund expansion initiatives, including new store openings, inventory purchases for new and existing stores, and M&A activities to strengthen the Group's market position.
- The bonds will be secured by highly liquid inventory valued at €15.5m, predominantly comprising of gold jewellery. As most of the proceeds from the bond issue will be directed to purchases of new inventory, the Group anticipates maintaining a comfortable inventory coverage ratio post-issuance.
- The Group has implemented a three-tier loyalty program for investors investing more than €500, providing various benefits depending on the investment amount.
- Grenardi Group is an experienced issuer with two secured bonds with total nominal value of €7m listed on Nasdaq First North.
- Additionally, the Group has subordinated debt from shareholders in the form of subordinated notes with maturity date on May 2028, in the amount of €4.5m.
- Existing bondholders with bonds maturing on Apr 30, 2024, can exchange them for new bonds. For instance, each investor holding one existing bond worth €1,000 will receive ten new bonds with nominal value of €100 each.

Group inventory by precious metals (2023)



Inventory value (2023)



Grenardi Group stores



Notes: ¹ Full list of covenants can be found in the Base Prospectus and Final Terms
 Source: Financial reports and information provided by the management

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Risk factors

When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence AS Grenardi Group are: macroeconomic risk, geopolitical risk, global pandemic risk, seasonality risk, risk of price volatility of precious metals and stones, consumer trend risk, expansion and competition risk, risk of theft or misappropriation, risk of current and new retail space availability, supply chain and key manufacturer risk, inventory management risk, employee attraction risk, dependence on key employees' risk, risk related to the use of social media and influencers, brand reputation risk, regulatory risk, IT systems risk, anti-money laundering (AML) breach risk, risk related to changes in customs regulations, taxation risk, privacy and data protection breach risk, intellectual property (IP) risk, e-commerce risk, financial leverage risk, credit risk of clients.

When investing funds in bonds, investors undertake the following risks related to debt securities: liquidity risk, notes repayment risk, offering cancellation and delisting risk, price risk, early redemption risk, tax risk, resolutions of Noteholders risk, risks associated with the Collateral Agent Agreement, risks associated with the market value of the Collateral, risks associated with certain limitations relating to the validity and enforceability of the Collateral, risks associated with the limitations and procedures concerning enforcement of the Collateral, risks related to amendments to laws and regulations, risks related to the actions and financial standing of the Collateral Agent.

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