

Sun Finance bond issue

Opportunity to invest in Sun Finance bonds with a fixed coupon rate of 11% and maturity on 30 Nov 2027



About the Group

- One of the fastest-growing online consumer lending companies in Europe.
- Operates in 9 markets across 3 continents – Latvia, Denmark, Sweden, Spain, Poland, Kazakhstan, Philippines, Mexico and Kenya 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 3bn in issued loans in the beginning of 2024.
- 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 2024, Sun Finance Group has been recognized by the Financial Times as one of the 1,000 fastest-growing fintech companies in Europe for the fourth 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 presence in nine markets across three continents. At the end of 1Q 2024, the net loan portfolio reached EUR 174.9m (+3% Y/Y), showing an increase of EUR 4.3m throughout the year.
- Europe HUB is the largest region representing 44% of net loan portfolio (up from 37% as of end 2021), while the second largest is Central Asia HUB with 32% (down from 37%).
- In 4Q 2023 the Group started loan issuance in Spain, furthermore contributing to the loan portfolio growth and increasing the European HUB's share within the overall portfolio. While during 3Q 2023, after acquiring AS Zenka Group, an online lending company in Kenya, the Group has entered the rapidly evolving African lending market.
- Efficient debt management process, with focus on regular debt sales (and forward flow deals) ensure regular and predictable cash flows and a lean portfolio.

Financial highlights

- The Group's interest income during 1Q 2024 reached EUR 79.5m (+4% Y/Y), driven by the strong customer demand across operational markets and new market scaling.
- EBITDA in 1Q 2024 reached EUR 31.3m (+7% Y/Y) supported by the solid revenue growth and strict cost control, while EBITDA margin increased to 39% (+1pp Y/Y).
- The 1Q 2024 profitable for the Group, in which the net profit amounted to EUR 24.1m (+24% 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 1Q 2024 stood at 60% compared to 30% at the end of 2021.
- At the end of 1Q 2024, the Group held EUR 35.7m in cash on hand. This accumulation was a result of slower portfolio growth, driven by the Group's decision to limit its exposure to the Central Asian market.
- As of end 1Q 2024, Sun Finance meets all financial covenants under its bond terms with a comfortable reserve.

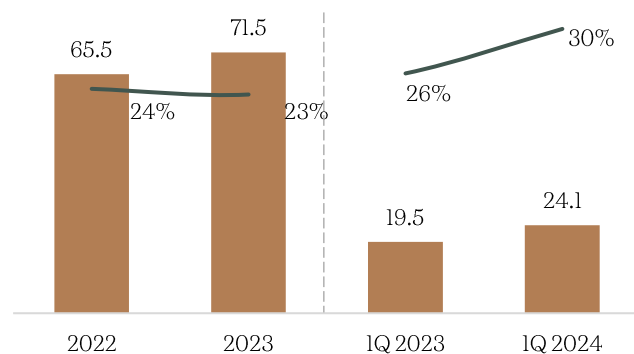
Financial highlights, EUR m

	FY 2022	FY 2023	1Q 2023	1Q 2024
Interest income	273.9	306.8	76.3	79.5
EBITDA	107.3	119.4	29.3	31.3
EBITDA margin	39%	39%	38%	39%
Net profit	65.5	71.5	19.5	24.1
Net loan portfolio	162.3	181.8	170.6	174.9
Cash	8.7	22.6	13.5	35.7
Total Equity	66.0	96.0	74.5	104.2
Total borrowings	122.4	126.4	121.4	127.0
Unencumbered receivables ratio	2.1x	2.0x	2.1x	2.0x
EBITDA / Interest expense ¹	8.6x	6.5x	8.7x	6.4x
Capitalization ratio ²	41%	53%	44%	60%

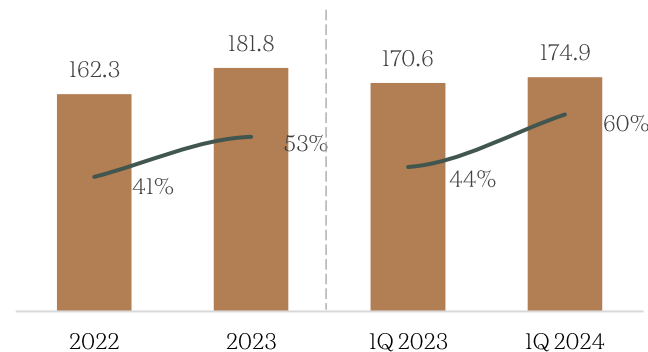
¹ For trailing twelve months

² Equity / Net loan portfolio

Net profit and net 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 40 000 000
Coupon rate	11%
Coupon frequency	Monthly
Maturity	30 November 2027
Offer to existing bondholders	<ul style="list-style-type: none"> 1% roll-over premium for existing bondholders (ISIN LV0000802494; maturity 30.06.2024) 1:1 exchange ratio
Call Options	@102% after Y1 @100% last 6 months before maturity
Nominal value	EUR 1 000
Minimum subscription	EUR 100 000
Listing	Planned listing on Nasdaq First North within 12 months from issue date
Covenants ¹	<ul style="list-style-type: none"> Consolidated Capitalization 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 of existing liabilities and portfolio growth funding
Arranger	Signet Bank AS

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

Sun Finance bond issues

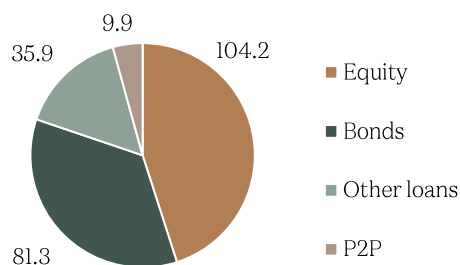
ISIN	Issue date	Issue size	Maturity date	Coupon	Security type	Status
LV0000802692	31.05.2023	EUR 27m	30.11.2026	11% + 3M EURIBOR	Senior Unsecured	-
LV0000860112	19.08.2022	EUR 50m	30.09.2025	11% + 3M EURIBOR	Senior Unsecured	-
LV0000802494	20.07.2021	EUR 20m	30.06.2024	11%	Senior Unsecured	-
LV0000802445	16.10.2020	EUR 15m	30.09.2022	11%	Senior Unsecured	Repaid
LV0000802395	22.08.2019	EUR 10m	20.08.2021	11%	Senior Unsecured	Repaid

Source: Sun Finance financial reports

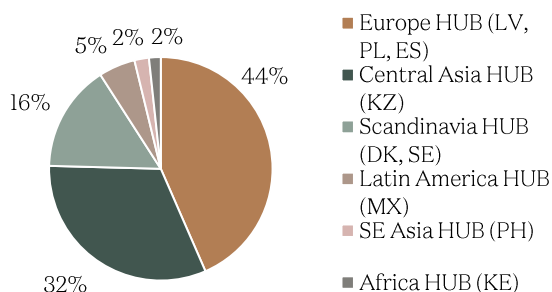
Sun Finance and capital markets

- Sun Finance is an experienced issuer in the Baltic bond market and currently has three outstanding bond issues, which are listed on the Nasdaq Baltic First North market. While the Group launches its sixth bond issue it has successfully redeemed two of their previous bond issues.
- Sun Finance has started a new bond issue in the amount of up to EUR 40m. Proceeds from the new bond will be used for refinancing EUR 20m bonds maturing in June 2024 and financing further growth of the Group.
- LV0000802494 bondholders will receive a 1% premium for exchanging their existing bonds for new bonds.

Funding structure as of 1Q 2024, EUR m



Net portfolio breakdown by regions as of 1Q 2024



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Risk factors

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, geopolitical risk, the global pandemic risk, regulatory and licensing risk, competition risk, credit risk, dependency on Group's information technology systems risk, growth and expansion risk, geographical concentration risk, new product and services risk, privacy and data protection breach risk, anti-money laundering and sanctions breach risk, reputation risk, cybersecurity risk, marketing risk, counterparty risk, liquidity risk, loan marketplace risk, interest rate risk, key employee risk, foreign exchange risk, litigation risk, natural disaster and other business disruption risk, and taxation risk.

When investing funds in bonds, investors undertake the following risks related to debt securities: Notes repayment risk, subordination risk, guarantee enforceability risk, no limitation on issuing additional debt, delisting risk, liquidity risk, price risk, foreign exchange risk, repurchase or redemption risk, tax risk, resolution of Noteholders risk, risk that some Noteholders might have more preferential terms than others, risks associated with the Collateral Agent Agreement, the Guarantee will be subject to certain limitation on enforcement and may be limited by the applicable law or subject to certain defences that may limit its validity and enforceability, the enforcement of the Guarantee will be subject to the procedures and limitations set out in the Collateral Agent Agreement and these Terms of the Notes Issue.

The risks indicated in this section may reduce Sun Finance Treasury Ltd. ability to fulfil its obligations and cause its insolvency in the worst-case scenario. This section may not feature all the potential risks, which may affect Sun Finance Treasury Ltd.