

DelfinGroup bond issue

EUR 15 million, 10% coupon, 4-year bond



About DelfinGroup

- DelfinGroup, established in 2009, has grown to become Latvia's leading financial services provider, operating the largest pawn shop network in the country under the Banknote and VIZIA brands, with 96 branches.
- With a diverse range of services, DelfinGroup derives most of its revenue from consumer loans, followed by pawn loans and retail of pre-owned goods, showcasing a well-balanced business model (72%, 14%, and 13%, respectively).
- At the end of 2023, DelfinGroup expanded into Lithuania by opening 5 new branches, with plans to introduce consumer loans across the country in 2024. To further strengthen its regional presence, DelfinGroup secured a consumer loan service license in Lithuania in Q2 2024, marking a key milestone in its expansion.
- The Group employs over 360 people, led by a highly-experienced management team.
- Since October 2021, DelfinGroup shares are listed on Nasdaq Riga regulated market with free float of 47.4% and current market capitalization of EUR 47.6 million.

Portfolio snapshot

- DelfinGroup's net loan portfolio grew significantly during H1 2024, reaching EUR 101.5 million (+30% y/y).
- Strong demand in H1 2024 led to a record loan disbursement of EUR 51.1 million, marking a 12% increase from the previous year. In Q2 alone, disbursements surged by 20% compared to the same period last year.
- New consumer loan originations rose by 24% to EUR 19.6 million in Q2, with a 12% increase over the first six months of the year. As of the end of Q2 2024, the average consumer loan size was EUR 2 119, with an average term of 38 months.
- The pawn lending segment saw a 10% increase in loan issuance to EUR 12.8 million over the first six months, achieving a record quarterly origination of EUR 6.5 million in Q2 2024. The average pawn loan size as of the end of Q2 2024 was EUR 115, with all loans secured by movable properties.
- The quality of the consumer loan portfolio, which constitutes 92% of the total portfolio, remains strong, with a non-performing loan ratio (loans more than 90 days past due) of 2.2% at the end of H1 2024.

Financial highlights

- During H1 2024, the Group's revenue reached EUR 29.1 million, reflecting a 25% increase compared to the same period in 2023.
- EBITDA grew by 27% year-on-year to EUR 10.4 million in H1 2024, with the Group's LTM EBITDA reaching EUR 20.4 million.
- The Group maintained strong expense management alongside revenue growth, resulting in a stable EBITDA margin of 36% for H1 2024, up 0.6 percentage points year-on-year.
- Net profit for H1 2024 increased slightly to EUR 3.5 million, while the Group's LTM net profit remained at EUR 6.7 million.
- DelfinGroup's adjusted equity rose by EUR 6.2 million to EUR 32.3 million, with a capitalization ratio of 29% as of the end of H1 2024. The Group's capitalization has decreased since the end of 2021 due to dividend payouts and the rapid growth of its loan portfolio.

Financial highlights

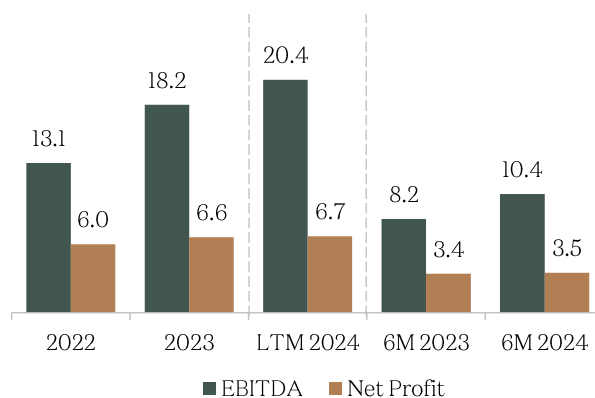
€ million	2022 (audited)	2023 (audited)	LTM 2024 ¹	6M 2023 (unaudited)	6M 2024 (unaudited)
Revenue	35.8	50.4	56.2	23.3	29.1
EBITDA	13.1	18.2	20.4	8.2	10.4
EBITDA margin	37%	36%	36%	35%	36%
Net profit	6.0	6.6	6.7	3.4	3.5
Net loan portfolio	67.5	89.0	101.5	78.1	101.5
Cash	2.4	5.9	4.4	3.0	4.4
Total Equity ²	18.1	26.1	32.3	24.4	32.3
Total borrowings	54.0	72.2	76.9	61.4	76.9
Interest coverage ratio	2.8x	2.1x	2.5x	2.1x	2.0x
Capitalization ratio ³	27%	28%	29%	26%	29%

¹ Last twelve months ending June 2024

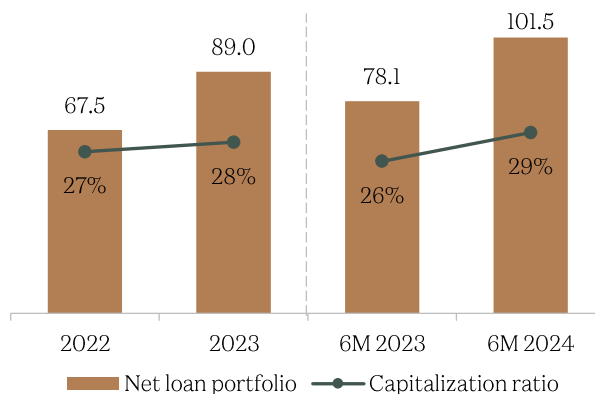
² Including subordinated bonds

³ (Equity + subordinated bonds) / Total net loan portfolio

Development of key financials (€m)



Net loan portfolio (€m) & Cap ratio



Term Sheet

Issuer	AS DelfinGroup
Security type	Unsecured bonds
Issue size	Up to EUR 15 000 000
Coupon rate	10.0%
Coupon frequency	Monthly
Term / Maturity	25 September 2028 / 4 years
Principal repayment	Maturity date, bullet
Call Option	@102% starting from 20.09.2025 @101% starting from 20.09.2026 @100% 6 months before maturity
Put Option	@101% Change of Control
Nominal value	EUR 100
Minimum subscription	EUR 100
Listing	Listing on Nasdaq Riga Regulated Market 1 week after the Issue Date
Use of proceeds	<ul style="list-style-type: none"> Refinancing of EUR 10 million bonds Sep 2024 Refinancing of EUR 5 million Mintos financing
Covenants ¹	<ul style="list-style-type: none"> Capitalization ratio at least 20% ICR at least 1.5x Net Loan Portfolio / Unsecured Debt at least 1.2x
Arranger	Signet Bank AS
Offer for LV0000850055 bondholders (maturity 25 Sep 2024)	
Exchanging their existing bonds for new bonds (1:10) exchange	

Key investment highlights

1. Market Leader – innovative and fastest growing Fintech company in Baltics
2. Strong financial health, capitalization ratio of 29%, interest coverage ratio 2.5x
3. Strong strategic investors providing financing to support DelfinGroup growth plans through both equity and bonds
4. Proven history of successfully redeeming EUR 37 million in bonds
5. Growing network of pawn shops with more than 90 branches in Latvia and Lithuania

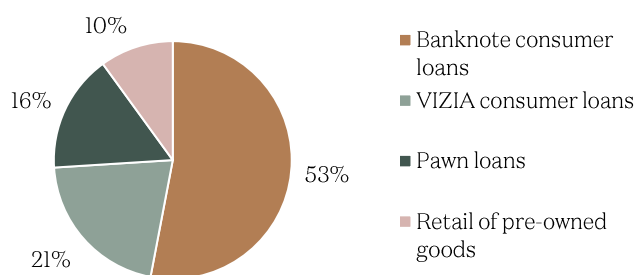
Public bond issue

- DelfinGroup has launched a new bond issue amounting to up to EUR 15 million. The proceeds will be used to refinance EUR 10 million of existing bonds maturing in September 2024 and refinancing of secured debt received from Mintos Finance in the amount up to EUR 5 million.
- The new bonds will be unsecured, ranking equally with the Group's existing unsecured debt and any future debt unless specifically subordinated.
- Existing bondholders with bonds maturing on 25 September 2024, have the option to exchange them for new bonds. For example, each investor holding an existing bond valued at EUR 1 000 will receive ten new bonds with a nominal value of EUR 100 each.

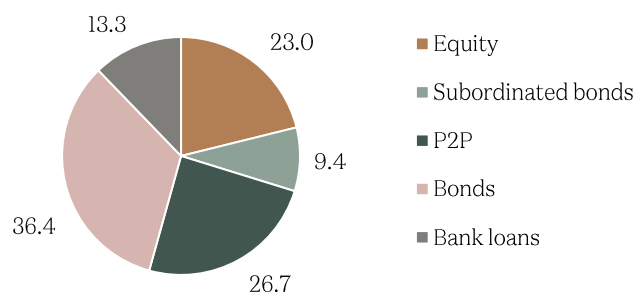
DelfinGroup in the capital markets

- DelfinGroup has issued 11 bonds to date, with a total value exceeding EUR 80 million. The Company's bonds have been listed on the Nasdaq Riga stock exchange since 2014.
- Seven bond issues, totaling EUR 37 million, have been successfully redeemed.
- The Company currently has five outstanding bond issues, attracting both individual and institutional investors from the Baltics and beyond.
- Following its initial public offering, DelfinGroup shares have been listed on the Nasdaq Riga regulated market since October 2021. The IPO funds have strengthened the Company's capitalization, supporting both existing and new services, with positive impacts already reflected in its performance.

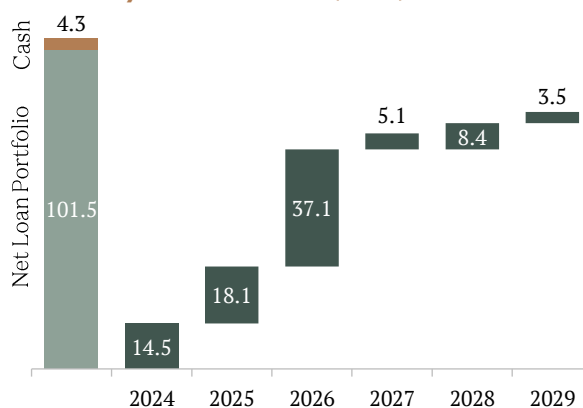
Revenue by segment (6M 2024)



Funding profile (€m, Jun 2024)



Liability maturities (€m)



Notes: ¹ Full list of covenants can be found in the Prospectus

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 “DelfinGroup” are Risk of economic slowdown, Competition risk in the consumer lending segment, Competition risk in the pawn loan segment, Risk related to unsuccessful development of products and services, Risk related to personnel and workforce, Lending concentration risk, Reputational risk, Risk posed by providing consumer loan services, Risk related to Force majeure, Risk related to Geo-political tension, Risk of inaccurate appraisal of pledged assets, Risk related to origin of the goods, Risk of fraud, theft, burglary and misappropriation, Risk related to lease agreements, Risks related to the Group’s technical operations, Cybersecurity and IT-related risks, Risks related to third-party cloud systems, Risks related to third-party service providers, Risks related to the Group’s trademarks and other proprietary rights, Brand-related risks, Risks related to infringing third-party intellectual property rights, Risks related to statutory licensing requirements, Risks of regulatory requirements and regulatory changes, Risks related to supervision, guidelines and interpretations of law and regulations issued by the Consumer Rights Protection Centre, Risks related to EU General Data Protection Regulation, Risks related to compliance with AML/CFT/CPF and Sanctions regulations, Information disclosure risk, Risk related to borrower credit risk, Funding and liquidity risk, Risks related to the debt collection process, Risks associated with related party transactions.

When investing funds in bonds, investors undertake the following risks related to debt securities: Liquidity risk, Notes repayment risk, Subordination risk, Offering cancellation and delisting risk, Price risk, Early redemption risk, Tax risk, Resolutions of Noteholders risk

The risks indicated in this section may reduce AS “DelfinGroup” 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 AS “DelfinGroup”.