

4finance launches EUR 2025 bond refinancing

Amendment process follows consultation with bondholders and supportive feedback

Provides 20% deleveraging opportunity and continuity for growing retail investor base

2 October 2023. 4finance Holding S.A. (the “Group”), one of Europe’s largest digital consumer lending groups, announces it has commenced the formal process to extend the maturity of its February 2025 bonds to May 2028. The invitation to vote on the amendments to the terms and conditions of the bonds has been published today in the German Federal Gazette and on the Group’s website, alongside other supporting documents.

Since publication of its Q2 results, the Group has consulted with leading bondholders representing a majority of its institutional and larger retail investor base and received broad support for the proposals. If the resolution is successfully passed, bondholders who participate in the vote will receive a 1.25% participation fee.

The Group also proposes to enhance the bonds by resetting the call structure, adding its Philippines business as a Guarantor and providing for a 20% reduction in issue size by cancelling EUR 15m of bonds owned by the Group and granting a put option for EUR 15m at par in Feb 2025. Further details are in the notes to this release and in the invitation to vote.

Kieran Donnelly, CEO of 4finance commented:

“Over the years we have always taken a proactive approach to managing our liabilities responsibly. That is why we are approaching investors well in advance of the February 2025 maturity. Our business is performing well and our balance sheet is strong and liquid. This amendment draws on these strengths with a further 20% deleveraging and indeed enhances the credit by maintaining a balanced maturity profile. Lastly, we are pleased that this process facilitates our large and growing group of retail supporters.”

James Etherington, CFO of 4finance commented:

“We appreciate the positive engagement we have had with bondholders prior to launching this process as we seek to accommodate both our retail and institutional investors across our two bond instruments.”

Aalto Capital (Munich) and Gottex Brokers are acting as financial advisors to the Group. Holders of the EUR 2025 bonds are encouraged to reach out directly to Aalto Capital or Gottex (contact details below) for more information regarding the process for amending the terms and conditions of the bonds.

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This announcement contains inside information as stipulated under the Market Abuse Regulation.

Certain statements in this document are “forward-looking statements”. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements.

Further information on the amendment process

The window to vote is from 18 to 25 October 2023 with the result expected to be announced shortly afterwards. If the required quorum of 50% is not obtained, a second vote with a quorum of 25% could take place. The full documentation is available on the Group’s website at <https://www.4finance.com/investors-and-media/bonds>.

The current maturity of the EUR 2025 bonds is well over a year away in February 2025. However, the Group believes it is prudent to address the topic of bond refinancing well in advance and to do so in consultation and partnership with its investors.

When reviewing its refinancing alternatives, the Group’s objectives have been to (i) secure a balanced maturity profile, spread approximately evenly in time and amount between at least two bonds, (ii) to ensure the Issuer maintains its good reputation in the bond markets, cultivated over the past ten years through issuing and refinancing several different bonds, and (iii) to conduct an efficient and timely process. The Group believes an amendment process to be an appropriate tool to achieve these refinancing objectives.

The Group is seeking the extension to the Notes because it believes the Notes have many positive characteristics for both 4finance and the Holders:

- ideal size and currency to fit the Group's target capital structure;
- broadly distributed bondholder investor base with a majority of retail investors, that is hard to replicate in a traditional refinancing;
- Frankfurt Prime Standard listing offering good trading liquidity, with prices close to par;
- efficient execution process and ability for the Group to reward investor loyalty through payment of amendment fees.

For this particular bond, the Group believes that refinancing the bonds using this amendment mechanism is more efficient than a 'traditional' refinancing via a new bond issue. Since publication of its Q2 results the Group has consulted with leading investors representing a majority of its institutional and larger retail investor base. The management team has been encouraged by the broad level of support indicated, and would like to thank holders for their engagement as well as their useful feedback, much of which has been incorporated into the amendment proposals.

In addition to extending the maturity, the Group proposes to:

- update the call structure to reflect the new maturity, declining from 104% to par over time;
- provide up to EUR 15 million of liquidity at the current February 2025 maturity via a put option to provide additional flexibility to investors, particularly those who may have fund limitations on asset maturities; and
- subject to the proposed resolution becoming effective, cancel EUR 15 million of Notes and add its Philippines business to the list of guarantors of the Notes.

About 4finance

Established in 2008, 4finance is one of Europe's largest digital consumer lending groups with operations in 10 countries.

Leveraging a high degree of automation and data-driven insights across all aspects of the business, 4finance has grown rapidly, issuing over €10 billion since inception in single payment loans, instalment loans and lines of credit.

4finance operates a portfolio of market leading brands, through which, as a responsible lender, the firm offers simple, convenient and transparent products to millions of customers who are typically underserved by conventional providers.

4finance has group offices in Riga (Latvia), London and Luxembourg, and currently operates in 10 countries globally. The Group also offers deposits, in addition to consumer and SME loans through its TBI Bank subsidiary, an EU licensed institution with operations primarily in Bulgaria, Romania and Greece.