

لینڈو



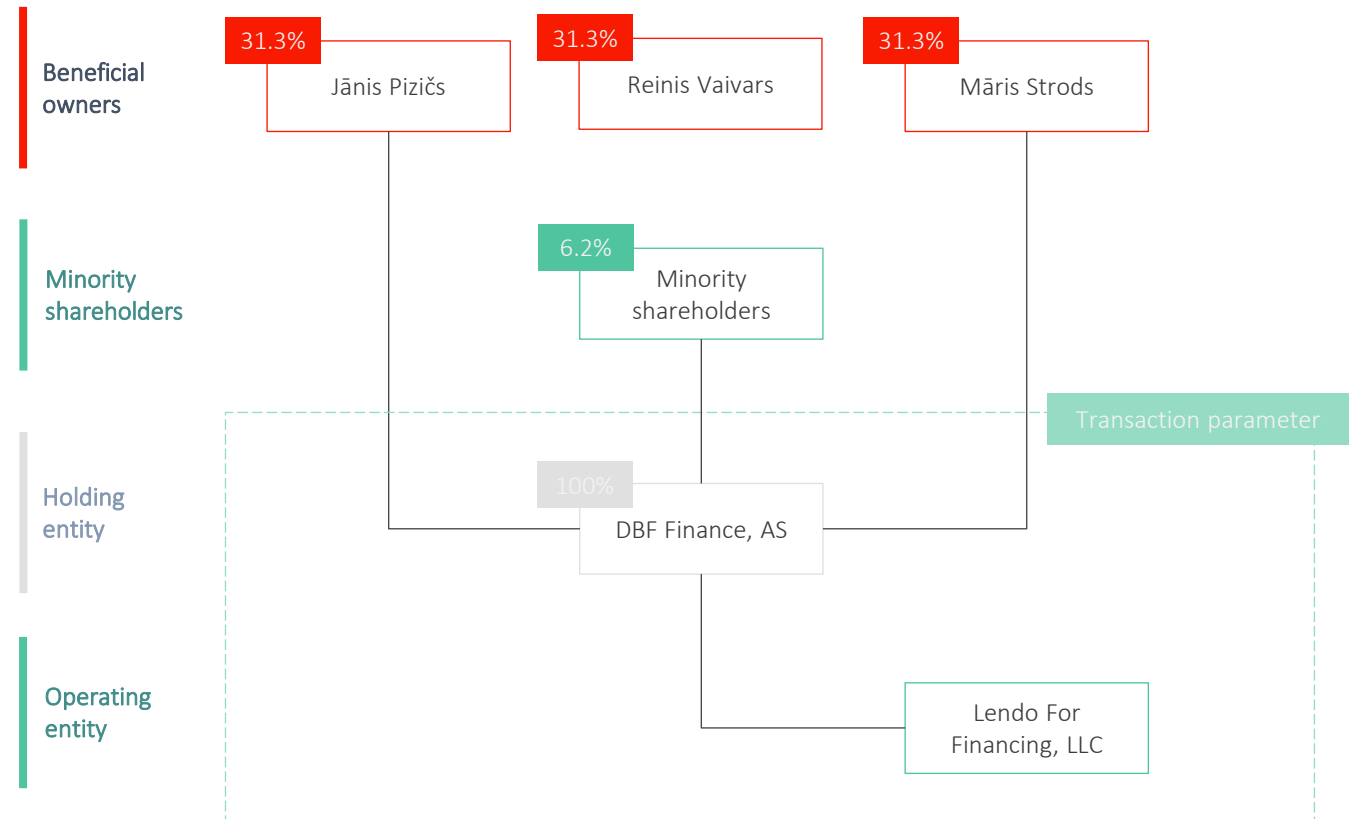
Lendo For Financing

Ownership structure and transaction perimeter

TRANSACTION BACKGROUND

- DBF Finance AS (Lendo.jo) is the largest microfinance lending company in Jordan
- The majority stake is owned by the founders, with the remaining stake held by minority shareholders who were involved in the Company since it was founded
- The main purpose of the sale is the lack of required funding to achieve full growth potential and potential future minimum capital regulatory requirements
- Superia has been mandated as the exclusive financial advisor to assist in the potential sale of up to 100% of shareholding in DBF Finance, AS


OWNERSHIP STRUCTURE OF Lendo For Financing





Lendo For Financing at a glance


Microfinance player with solid foothold across the Kingdom of Jordan


KEY FACTS


 Lendo For Financing (“Company”) is a microfinance lending company with operations throughout Jordan


 Focused on offering loans of less than EUR 200 on average with a tenure of 7 to 30 days

 16 branches across Jordan, incl. 2 mobile branches

 65 full-time employees

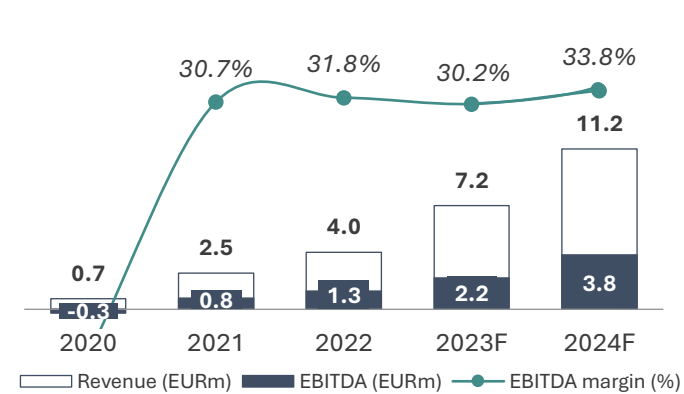
 EUR 3.3m net loan portfolio

 86% client retention rate

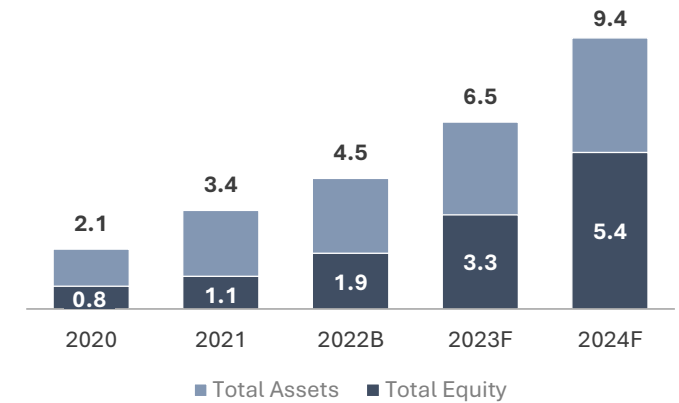
 Integration with P2P platform Bondster

KEY CONSOLIDATED FINANCIAL METRICS AND OWNERSHIP STRUCTURE

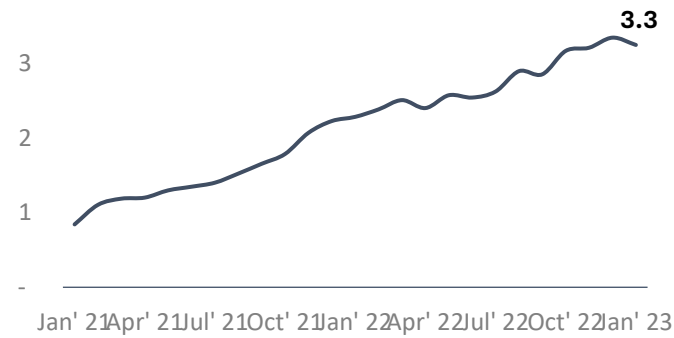
Revenue, EBITDA and EBITDA margin, 2020–2024F



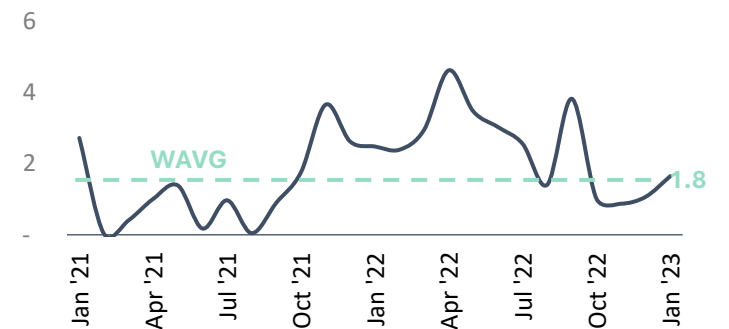
Balance sheet dynamics, 2020–2024F



Net loan portfolio 2021-2022, EURm



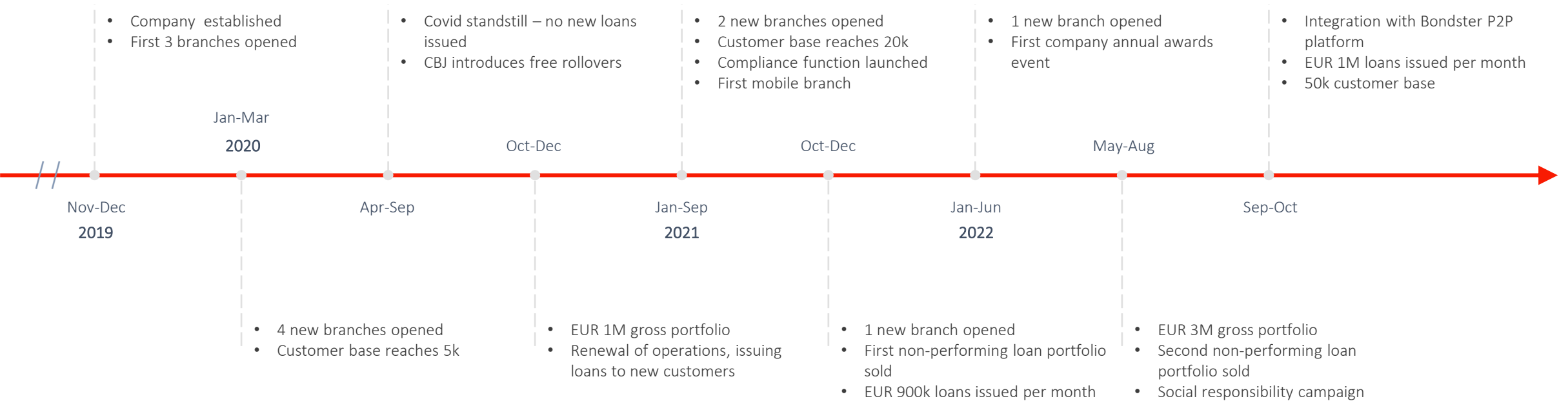
Marketing exp. per EUR 100 loans to new clients, EUR



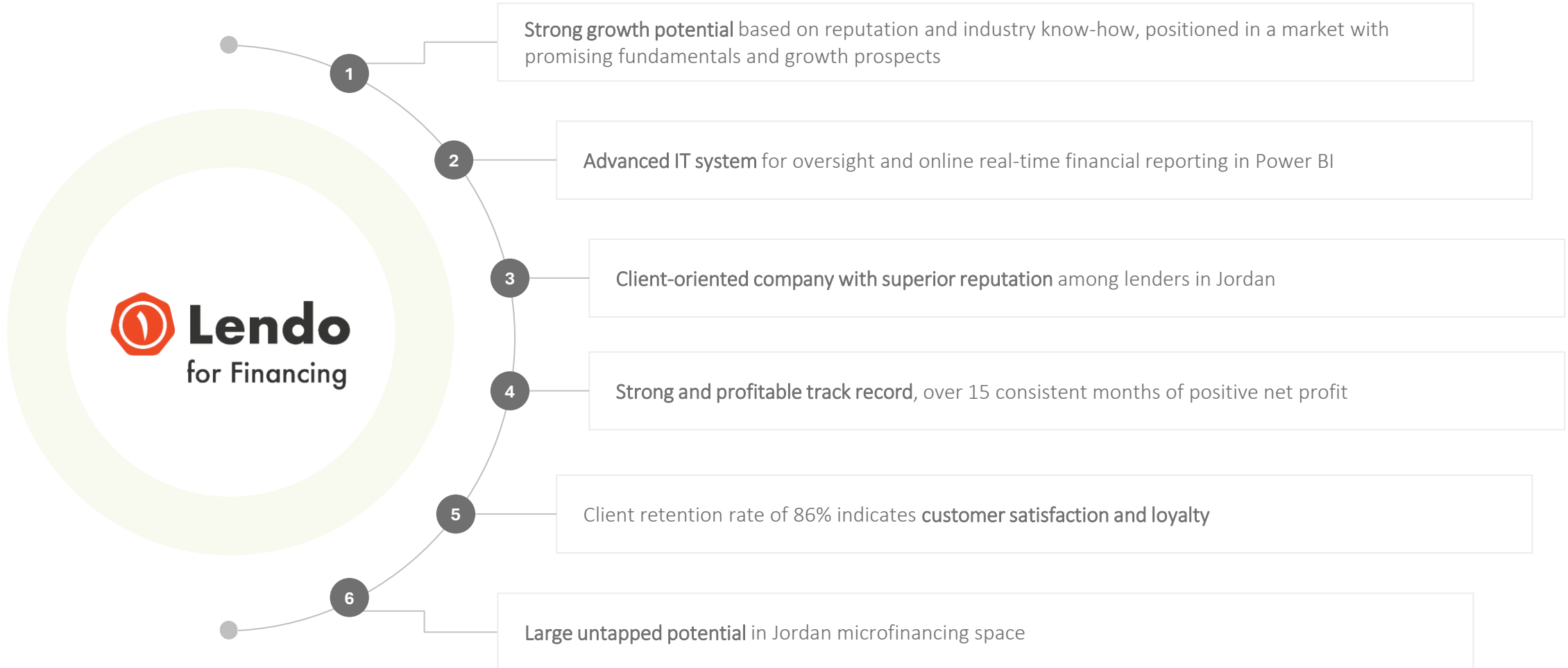
Source: Lursoft, Company website, Annual reports



Corporate journey



Key investment highlights

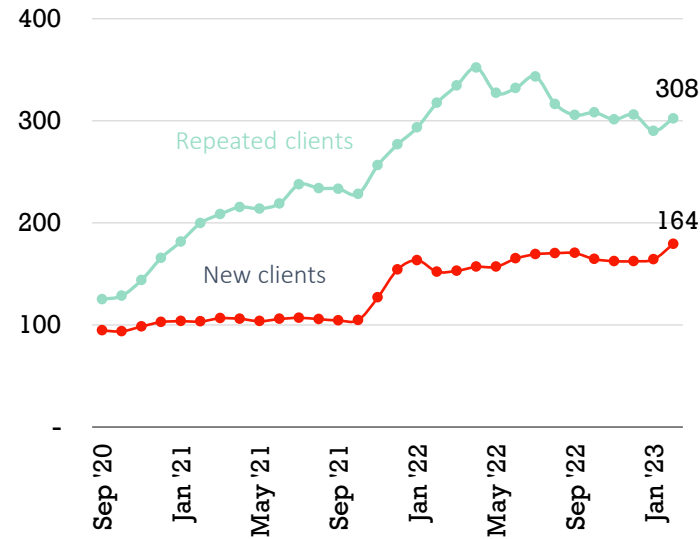


Section 2

Business overview

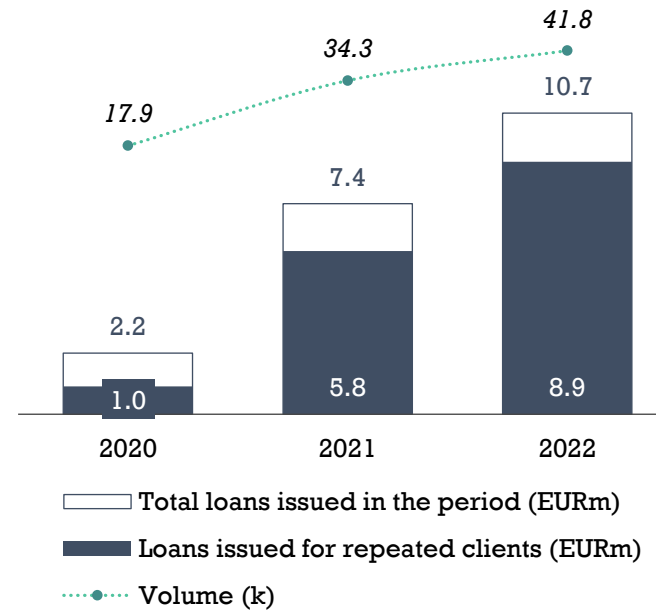
Key lending statistics

AVERAGE LOAN PRINCIPAL DYNAMICS (EUR)



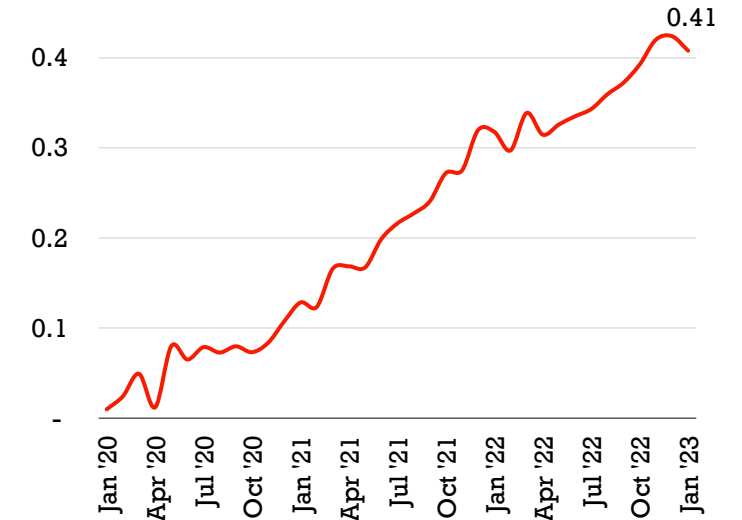
- Average loan principal for repeated clients is significantly higher than for new clients

ISSUED VALUE AND VOLUME OF LOANS P.A.



- Due to limited funding available the priority is to issue loans to repeated clients

INTEREST AND FEE INCOME PER MONTH¹ (EURm)



- Opening additional branches and developing robust scoring model has ensured continuous interest and fee¹ income increase

Priority for repeated clients has ensured less defaults and a healthier portfolio

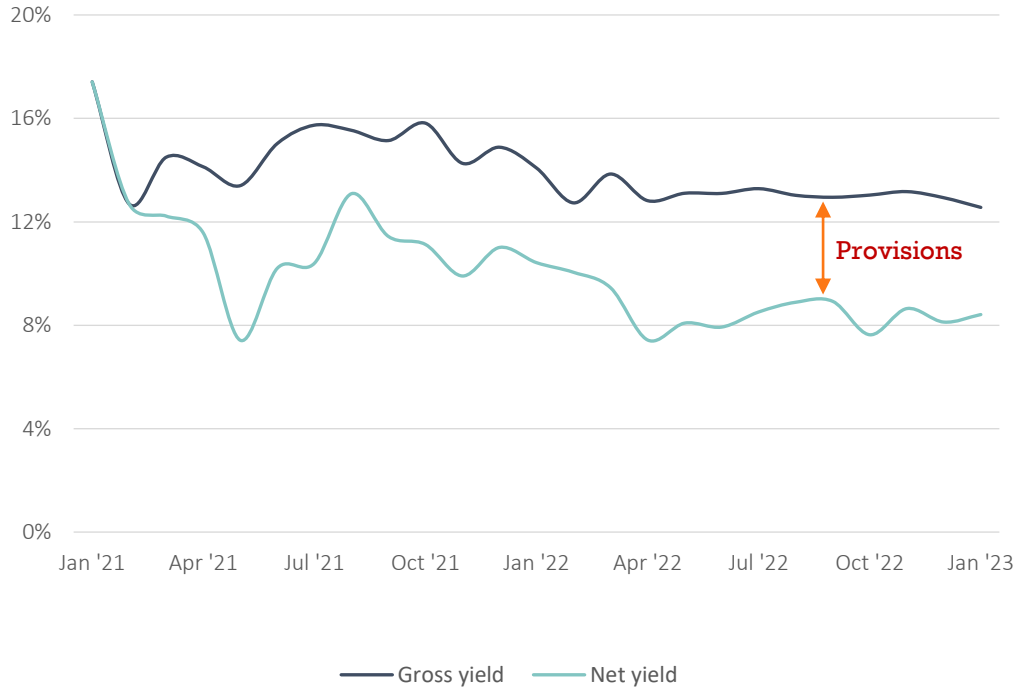
Source: Company information

Notes: (1) Including extensions, penalties, and any other fees or commissions



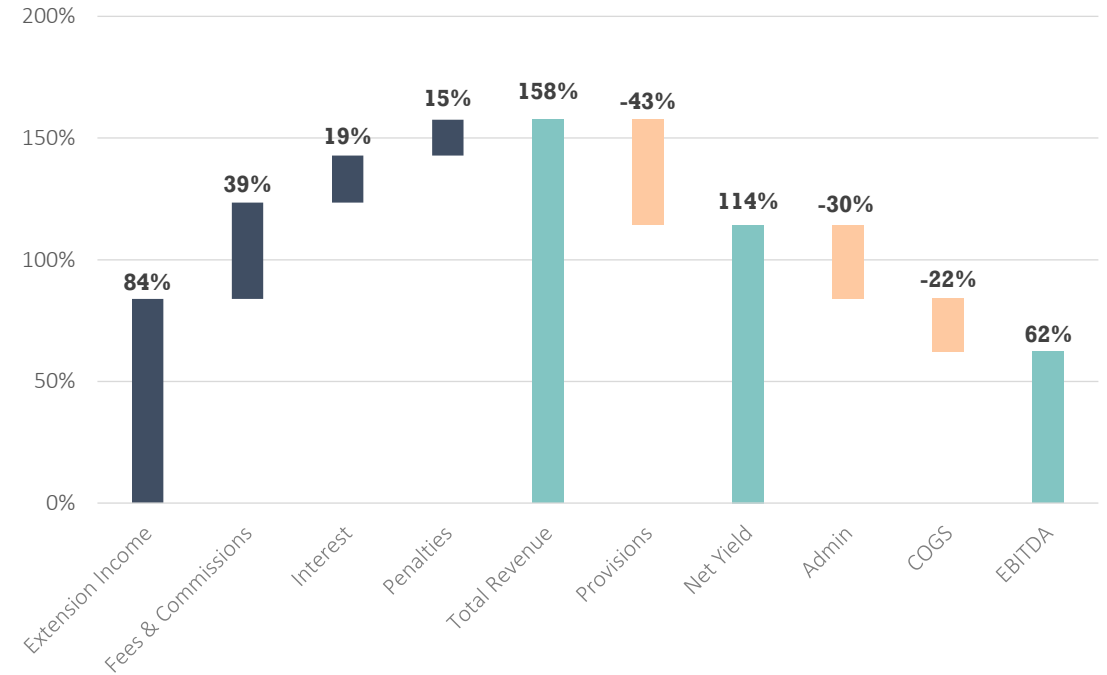
Profitability analysis

NORMALIZED MONTHLY YIELD¹



- Normalized gross and net yields have been relatively stable throughout time, on average since Jan '21 being 14.2% and 8.9%, respectively

COMMON SIZE INCOME STATEMENT (LTM) AS % OF AVERAGE NET PORTFOLIO



- Healthy EBITDA margin of 62% of the average net portfolio is a strong indicator of business profitability
- The total revenue generated comprises more than 1.5x of the monthly average net portfolio, this indicates a large turnover of issued loans

Notes: (1) Gross yield represents the total monthly interest income (including extensions, penalties, and any other fees or commissions) as % of the average net portfolio. Net yield is gross yield less monthly change in active provisions as % of average net portfolio.

(2) Dec '21 and Jul'22 figures are normalized due to sales of NPL portfolios







Branch locations

Underserved client scope due to small number of branch locations





BRANCH LOCATIONS AND COMMENTS

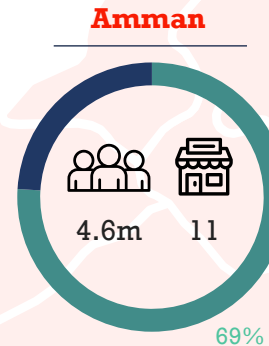
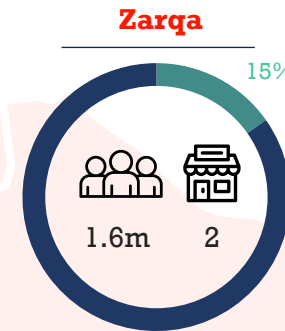
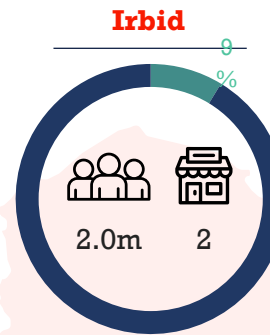
 Location of branches to be opened soon



-  Open 5 new branches¹ in the next 6 months
-  Focus on opening more branches in highly populated cities
-  Leverage brand recognition when expanding
-  Represent Lendo in each major city

Legend

-  Population size
-  Number of active branches¹
-  Proportion of issued² loans in the city
-  Proportion of issued loans² elsewhere



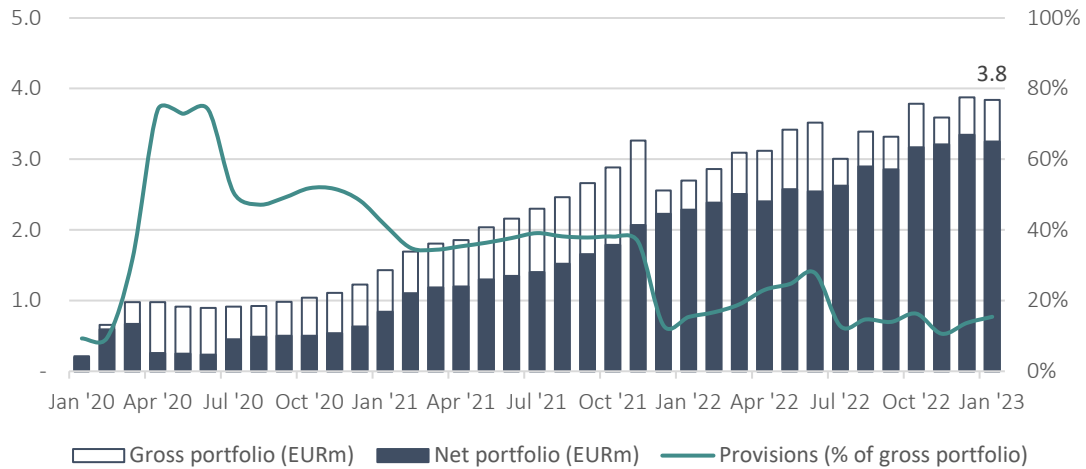
Source: Company information, Jordan News

Note: (1) Including physical branches and mobile branches; (2) Outstanding principal as of 12.09.2022

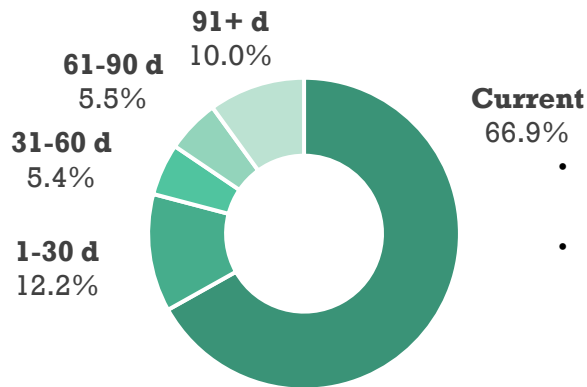


Portfolio ageing analysis and provisions

AGEING ANALYSIS OF THE PORTFOLIO



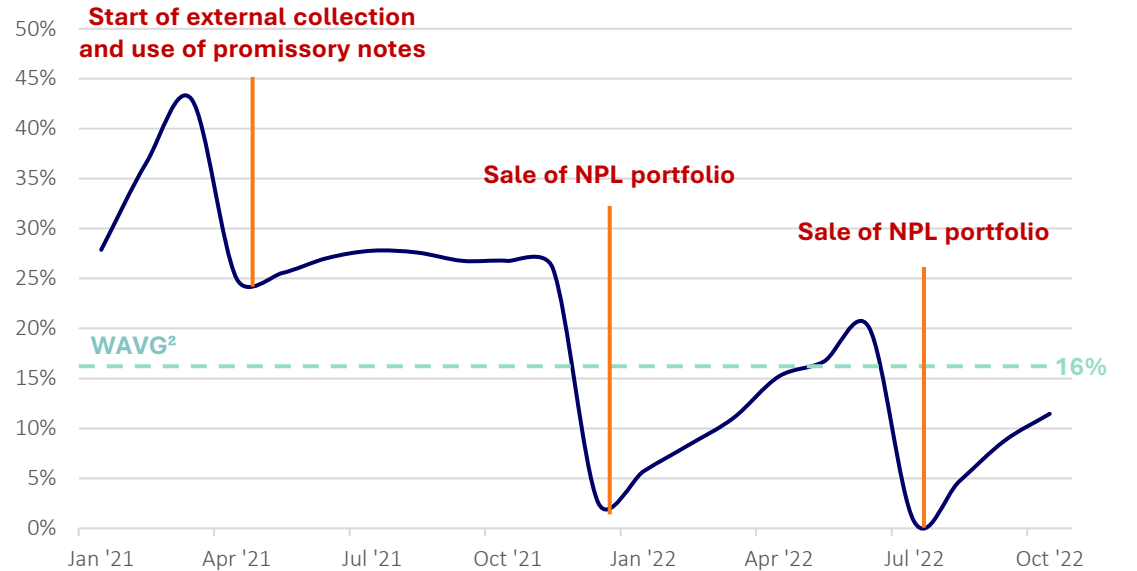
Portfolio split as of January 31, 2023



- As of January 31, 2023, the gross loan portfolio consisted of over 66.9% not-overdue¹ loans
- Provisions accounted to 15% of gross loan portfolio as of January 31, 2023

Notes: (1) Including current and grace period loans (1-5 days late)
 (2) Weighted against the total gross portfolio per month

HISTORICAL SHARE OF DEFAULTED LOANS



- Loans are considered defaulted when the payments are overdue for 90 days
- The seemingly large variance is caused by sale of non-performing loan portfolios which is normal practice and done for cash optimization due to the lack of funding



Overview of legal environment and current financing

CURRENT FINANCING

| Margins | Total principal | Currency | Interest rate, p.a. |
|---------------------------------|-----------------|----------|---------------------|
| Bondster P2P financing | 40% | EUR | 9-13% + fee |
| 3 rd party financing | 31% | EUR | 12-16% |
| Shareholder financing | 29% | EUR | 6-12% |

- Most of the financing comes from Bondster and third-party loans
- The share of financing by Bondster is expected to increase over time while the interest rate is expected to lower, currently the Company has been listing loans on the platform for only a couple of months

LEGAL ENVIRONMENT IN JORDAN

Currently

- The Company formally is engaged in issuing loans to SME and unprotected groups of the society in Jordan (e.g. single women, young professionals with no credit history)
- Registered under the Ministry of Trade
- Currently there is no regulation for such micro-finance organizations as the Company from the Central Bank of Jordan
- No regular license fees or interest rate caps are set
- The Company is already fully compliant in spheres of AML, KYC, internal processes and loan underwriting procedures

In the future

- The Company expects regulation in the microfinancing segment at some form from the Central Bank of Jordan in the next 3-5 years
- Expected regulation:
 - Minimum paid-up capital requirement: JD 2 million (EUR 2.7 million)

The Company is compliant with the local regulatory regime, is audited by BDO Jordan and reports according to IFRS standards



Preview of branches¹

Placement in strategic locations with the aim of maximizing issuance per branch

Zarqa branch



Al Wihdat branch



Irbid branch



Each branch location can support monthly issuance volumes of up to EUR 100k

Note: (1) Top three branches by total principal issued in 2022



Marketing content overview

Most of the advertising done on Facebook /Instagram and radio

Instagram stories



Instagram posts



Source: Company information



The most experienced microfinancing team in Jordan

Management team

LOCAL MANAGEMENT TEAM



Hanan Daoud | General manager and CFO

Bio:

- 14 years of accounting and financial management experience
- Previously in LLOYD's London franchise in various markets of Middle East

Relevant skills:

- Management
- Financial controls
- Budgeting
- Risk monitoring



Osama Al Damlakh | Head of Procurement and Property Management

Bio:

- 18 years of facility management experience with microfinancing companies
- Previously 13 years in Tamweelcom-Jordan Micro Credit Company, acting as a maintenance and public safety unit head

Relevant certification:

- AutoCAD 2011 – New Horizons
- Public Safety and Occupational Health



Rawan Ajjour | Head of HR

Bio:

- Previously in Crystel outsource services

Relevant certification:

- BSc degree in Public Administration



Mohammed Abu Mahmoud | Head of Sales and Collections

Bio:

- 3 years in various roles at Lendo
- 3 years of customer service experience in Abu Dhabi Commercial Bank

Relevant CRM app experience:

- Oracle
- Siebel



Waleed S. Atyeh | Head of IT

Bio:

- 13 years of IT Technical Support and IT Administration experience
- Previously 11 years in Tamweelcom-Jordan Micro Credit Company, providing IT support to the company's 38 branches

Relevant certification:

- Certified MCSE
- Certified MCTIP

OVERSIGHT



Marika Verkevica | CEO

Bio:

- 15 years of management experience in over 10 different markets
- Previously HUB CEO of Finko in 3 markets with over 100 branches
- 8 years in Modern Times Group MTG

Relevant skills and certification:

- Change Management | Isvor Dilts Leadership skills led by Alekis Daume
- Basics of Project Management by IBMI



Key growth avenues

Emphasis on improved customer experience and expansion into new locations

FULL-FORCE ADVERTISING

- Significant potential in online and offline marketing channels
- Current average spend only EUR 2.7k per month
- Weighted average marketing cost per EUR 100 loans issued to new clients is just EUR 2.1
- New advertising effort starting off with launch of TV and radio campaigns

TARGET



EUR 50k /mo
Increase marketing budget

BRANCH NETWORK EXPANSION

- Increase the number of branches in large cities
- Open more mobile branches (temporary locations, e.g. in stores) as they have proven to work very well
- 100+ branches can be opened, each on average can sustain EUR 100k loan issuance per month



+5
New branches¹

NEW PRODUCT OFFERING

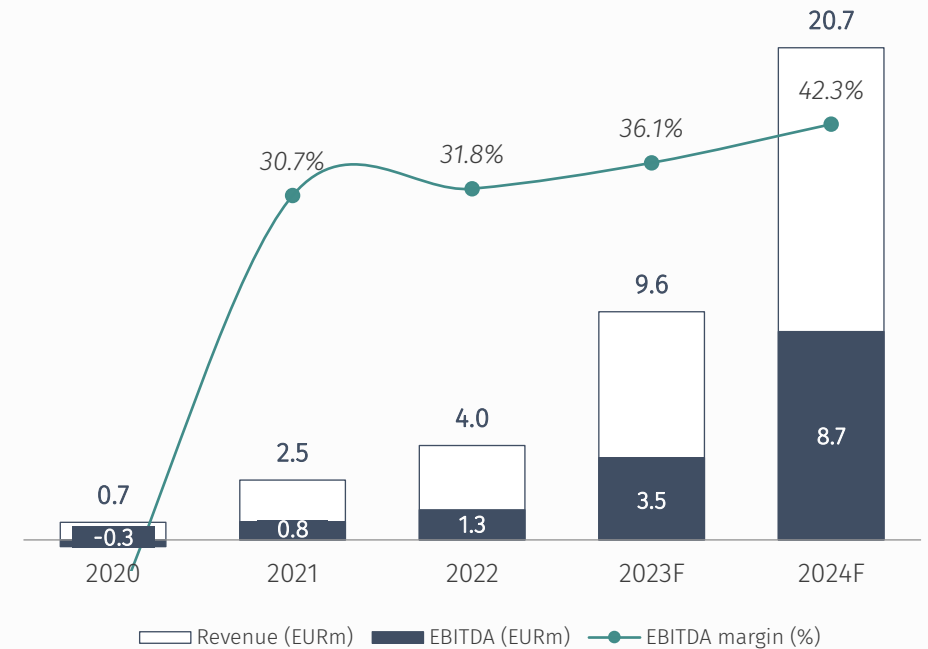
- Introduce instalment loans to repeated and quality clients – the required IT infrastructure is complete
- Ensure portfolio growth, client retention and attract near-prime clients (new client segment)
- Decrease the cut-off rate for new clients



Instalment loans
Product for repeat customers

EQUITY INVESTMENT OF EUR 2 MILLION TO ACCELERATE GROWTH

Financial plan assuming additional equity investment for expansion



Investment in each growth avenue would lead to significant financial growth

Source: Company information

Notes: (1) Including 2 mobile branches, planned to increase by 5 in the following 6 months assuming no additional capital



Section 3

Financials

Summary financial statements

Financial forecast with the assumption of no extra funding

INCOME STATEMENT

| EURm | 2020A | 2021A | 2022A | 2023F | 2024F | 2025F | 2026F |
|----------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Revenues | 738 | 2,513 | 3,984 | 7,216 | 11,184 | 17,472 | 23,121 |
| Provisions | 587 | 564 | 1,273 | 3,108 | 4,624 | 7,096 | 9,392 |
| Interest expense | 93 | 34 | 17 | 210 | 216 | 216 | 216 |
| Gross profit | 58 | 1,915 | 2,694 | 3,898 | 6,344 | 10,160 | 13,514 |
| Direct expenses | 503 | 782 | 988 | 1,230 | 1,885 | 2,810 | 4,000 |
| Payroll | 459 | 682 | 671 | 970 | 1,485 | 2,330 | 3,495 |
| Marketing | 4 | 30 | 37 | 106 | 148 | 209 | 203 |
| Other | 40 | 70 | 280 | 154 | 252 | 271 | 302 |
| Indirect expenses | 133 | 364 | 234 | 701 | 895 | 1,172 | 1,549 |
| IT | 55 | 104 | 99 | 160 | 211 | 256 | 310 |
| Rent (Office and Branches) | 35 | 75 | 134 | 371 | 490 | 709 | 1,017 |
| Other | 43 | 185 | - | 170 | 193 | 207 | 222 |
| Other income / (expense) | 207 | (30) | (242) | - | - | - | - |
| EBITDA | (278) | 772 | 1,248 | 2,176 | 3,780 | 6,394 | 8,181 |
| Depreciation | 179 | 230 | 217 | 113 | 123 | 141 | 167 |
| EBIT | (457) | 542 | 1,031 | 2,063 | 3,657 | 6,253 | 8,013 |
| EBT | (550) | 508 | 1,013 | 1,853 | 3,441 | 6,037 | 7,798 |
| CIT | - | 161 | 293 | 197 | 356 | 618 | 796 |
| Net profit | (550) | 347 | 720 | 1,657 | 3,085 | 5,419 | 7,001 |

BALANCE SHEET

| EURm | 2020A | 2021A | 2022A | 2023F | 2024F | 2025F | 2026F |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Non-current assets | 841 | 1,015 | 757 | 760 | 777 | 914 | 957 |
| Current assets | 1,232 | 2,395 | 3,639 | 5,707 | 8,604 | 13,222 | 17,650 |
| Net portfolio | 633 | 2,227 | 3,157 | 5,426 | 8,316 | 12,833 | 14,651 |
| Cash | 556 | 47 | 334 | 111 | 118 | 218 | 2,828 |
| Other assets | 43 | 121 | 147 | 171 | 171 | 171 | 171 |
| Total assets | 2,073 | 3,410 | 4,396 | 6,468 | 9,381 | 14,136 | 18,607 |
| Total Equity | 785 | 1,132 | 1,824 | 3,260 | 5,419 | 8,129 | 11,630 |
| Loans and borrowings | 616 | 1,189 | 1,599 | 1,799 | 1,799 | 1,799 | 1,799 |
| Dividends payable | - | - | - | 331 | 925 | 2,710 | 3,501 |
| Other liabilities | 672 | 1,089 | 973 | 1,078 | 1,238 | 1,499 | 1,678 |
| Total liabilities | 1,288 | 2,278 | 2,572 | 3,208 | 3,962 | 6,007 | 6,977 |
| Total liabilities and equity | 2,073 | 3,410 | 4,396 | 6,468 | 9,381 | 14,136 | 18,607 |

Source: Company information



Section 4

Appendix

Macroeconomic view

Jordan constitutes a favourable investment environment

MACROECONOMIC OUTLOOK, 2021

| | Jordan |
|---------------------------------------|-----------------|
| Population | 10.3m |
| Currency | Jordanian dinar |
| GDP ¹ (2021) | €45.2bn |
| GDP per capita (PPP, 2021) | €4.1 thous. |
| Unemployment (2021) | 19.3% |
| GDP growth (2021) | 2.2% |
| Credit rating (S&P / Moody's / Fitch) | B+ / B1 / BB- |

Open and modern economy

- Member of WTO, IMF, and the World Bank
- Western standards and transparent business environment
- Since 1995 the Jordanian Dinar (JOD) is pegged to the U.S. dollar at a rate of 0.709 per one dollar

Educated workforce

- Highly skilled multilingual labor force and lower labor costs in comparison to Europe

