

SaveLend Group acquires Lunar's peer-to-peer business

SaveLend Group AB's ("SaveLend Group" or the "Company") subsidiary SBL Finans AB (publ) has entered into a conditional acquisition of all customer relations with investors and borrowers within Lunar Bank A/S's ("Lunar") P2P business. The P2P business refers to the operation where investors finance loans to private individuals and receive interest in return. The acquisition date is expected to occur in the summer of 2023, whereby SaveLend Group will take over the P2P business in its entirety. No purchase price is paid upon entry, instead, a performance-based remuneration will be paid to Lunar, amounting to 50% of actual revenues during the period 2023-2027 from the active investments taken over.

The acquisition adds approximately 17,000 active investors to the Company, of which about 10% are already investing on SaveLend's platform, and 7,000 active borrowers. Invested capital on SaveLend Group's savings platform savelend.se will thereby increase by approximately SEK 450 million. The acquisition is a clear step in SaveLend Group's expansion journey and consolidates its position as the market-leading P2P platform in Sweden. Excluding synergy effects, which are expected to be significant, the deal during the period 2023-2027 is expected to increase SaveLend Group's turnover by approximately SEK 40 million and strengthen cash flow by about SEK 20 million. The acquisition is thus calculated to contribute positively to the company's previously communicated profitability target of 25% adjusted EBITDA.

The transaction in brief:

- SaveLend Group acquires all customer relationships, both investors and borrowers, as well as the brand and domain Lendify (.fi, .se, .com, .dk, and .no) in the transaction.
- The acquisition is expected to take place in the summer of 2023.
- Once the acquisition is completed, investors and borrowers will become customers of SaveLend Group.
- No purchase price is paid upon entry, instead, a performance-based remuneration is paid. Hence, SaveLend Group takes out no loans and causes no dilution for its shareholders in connection with the acquisition.
- Performance-based remuneration will be paid to Lunar, amounting to 50% of actual revenues during the period 2023-2027 from the active investments taken over. After that, all income accrues to SaveLend Group.

"We are very excited to welcome investors and borrowers from Lunar to SaveLend Group. We are confident that our new investors will appreciate our broader savings offering and award-winning platform. We delivered an average yield of 7.92% over the past 12 months, and we have not had a negative month of yield on the platform since 2016. I, therefore, see significant revenue synergies in reinvesting and scaling up newly added investors' savings capital going forward. Thanks to our proprietary technology, we can acquire customer stocks in this efficient way", says Ludwig Pettersson, CEO of SaveLend Group.

"We have a razor-sharp focus on always delivering the absolute best experience for our customers, either through our own development or in collaboration with selected partners. After careful evaluation, we see that significant investment in the P2P offering would be required to continue to provide the best user experience for our P2P customers and to scale the business. In SaveLend, we instead found the perfect partner as they only focus on developing the P2P portfolio for the benefit of the users", says Mats Bergius Persson, Country Manager Sweden at Lunar.

Background and acquisition motives

A part of SaveLend Group's growth strategy is identifying and implementing strategic acquisitions that can be integrated into existing technology and that complement existing offerings or contribute to increased volume. As invested capital is repaid in this portfolio, the Company can reactivate it and improve the offer to these customers to increase their savings capital on the platform further.

Lunar has been running its P2P business since 2021. To streamline the business, Lunar has been actively looking for a new home for its P2P customers, both investors and borrowers, and SaveLend Group has proven to be a perfect match. With SaveLend Group's experience in integration and migrations, all customer relationships will be taken over and managed from the summer of 2023 through SaveLend Group's proprietary platform and the Company's customer service team.

The acquisition includes, among other things, the following assets:

- Over SEK 450 million in invested capital.
- 17,000 active investors.
 - SEK 26,500 average capital per investor.
 - 60% of investors reinvest repayments and returns automatically.
 - 10% of investors have active monthly savings.
- The Lendify brand and domains (.fi, .se, .com, .dk, and .no).
- 7,000 borrowers.
- 6,000 inactive investors.

In connection with the acquisition, SaveLend Group receives relevant credit data on all borrowers, strengthening the group's internal credit models and contributing positively to continued product development.

P2P as a loan model means that SaveLend Group only acts as an intermediary of capital and that credit agreements are entered into between the borrower and a number of investors on the platform – which ensures a good spread of risk for the investor. Thus, the increased capital volume from the acquisition does not result in any credit risk for the Company and will not burden SaveLend Group's balance sheet.

Investors will be migrated to SaveLend Group as soon as possible so they can take part in the full range of SaveLend Group's offering. The Lendify brand will be developed as a credit intermediary under SaveLend Group's management, partly because it facilitates quick access and reduces technology costs and partly because it is a well-established brand with great trust among

borrowers. The acquisition results in only minor transaction costs for the Company, and the business will be operated with the existing workforce.

SaveLend Group will inform the market on the day the acquisition has been completed.

Purchase price and terms

The Company acquires all customer relationships, brand, and domains. No purchase price is paid upon entry, instead, a performance-based remuneration will be paid to Lunar, amounting to 50% of actual earnings during the period 2023-2027 from the active investments taken over. After that, all income accrues to SaveLend Group. SaveLend Group thus takes out no loans and causes no dilution for its shareholders in connection with the acquisition.

The deal is conditional upon approval from the Danish Financial Supervisory Authority, which is expected within 60 days.

Advisor

Cirio Advokatbyrå AB has been the Company's legal advisor in the transaction.

Submit questions

During next week, SaveLend Group will release a Q&A about the acquisition on Quartr. Submit your questions to investor@savelend.se by Thursday, April 6.

For further information:

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About SaveLend Group:

SaveLend Group AB, 559093-5176, is a fintech company with approximately 75 employees and offices in Sweden, Finland and Poland. The business is based on the savings platform SaveLend and the billing platform Billecta.

The savings platform makes it possible for savers to get yield through saving in credits, such as SME, real estate, consumer credit and factoring in both SEK and EUR. The billing platform consists of a complete billing system containing, among other things, accounts receivable, notification and financing solutions.

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Attachments

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