Eleving Group Eurobond issue

SIGNET BANK

Opportunity to invest in a fixed 13% EUR 75m 5-year Eurobond issue

Eleving GROUP

Investment highlights

- Established in 2012, Eleving Group (formerly Mogo Finance) is one of the largest and fastest-growing secured used car and consumer financing companies in Europe.
- The Group operates in 16 countries across three continents, providing broad diversification and eliminating single market risk.
- Eleving Group's net loan portfolio in total amount of a EUR 295.1 million consists of EUR 223.9 million car loans with high-quality used vehicles as a collateral and EUR 71.2 million consumer loans.
- The Group's funding profile is diversified, with EUR 179 million in bonds, EUR 68 million in P2P lending, EUR 25 million in bank loans, and local notes.
- The Group's consolidated financial statements are prepared in accordance with IFRS and audited by BDO Luxembourg.
- Fitch Ratings has assigned Eleving Group a «B-» long-term issuer credit rating with a stable outlook.

Financial highlights

- The Group has grown significantly in recent years, thanks to organic growth and the launch of new products, resulting in a net loan portfolio of almost EUR 300 million. The rundown of the Ukrainian consumer lending portfolio and the Belarusian vehicle loan portfolio has slowed the growth of the net loan portfolio during the first six months of 2023 (both markets are being rundown after the start of the war).
- Eleving Group's revenue has also increased considerably as the Group's net loan portfolio has grown rapidly. The Group has a balanced revenue stream across all business lines - traditional lease and leaseback products contributed 39% of revenue during 6M 2023, consumer loan products 32%, and flexible and subscription-based products 28%.
- Revenue growth and good cost control has supported the Group's profitability – net profit for 6M 2023 stands at EUR 12.4 million.
- The Group's strong profitability has improved its capitalization ratio, which stands at 26% as of 30 June 2023.

Portfolio snapshot

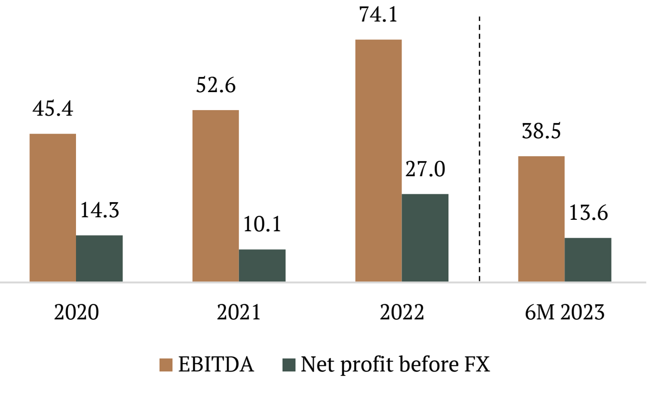
- Developed countries (Latvia, Lithuania, Estonia, Georgia, Romania, Moldova, Belarus and Armenia) correspond to 48% of net loan portfolio, developing countries correspond to 28%, while consumer loan markets correspond to 24%.
- Following the acquisition of EC Finance Group, which was announced in July 2023, the Group will operate in four additional markets (Botswana, Namibia, Zambia, and Lesotho), with the consumer loan portfolio increasing to 30% of the overall portfolio.
- The majority of the Group's loan portfolio is attributed to vehicle financing - Eleving Group retains access to the collateral (title to the car) throughout the life of the loan and in the event of default, Eleving Group can, ultimately, repossess and sell the car.
- The Group's loan portfolio quality is fairly good, with the share of current and up to 30 days overdue loans remaining stable despite inflationary environment, both in the car and consumer loan portfolios – current and up to 30 days overdue loans of net car loan portfolio and net consumer loan portfolio correspond to 83% and 93% respectively.

Financial highlights, EUR m

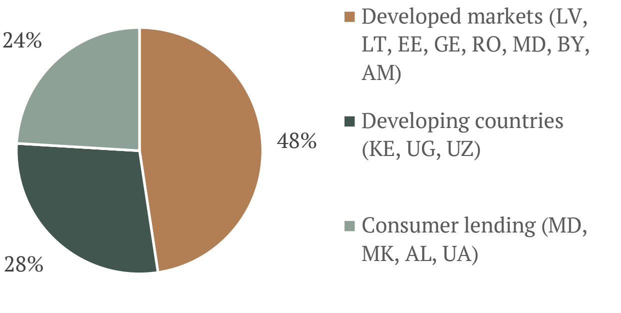
	FY 2020	FY 2021	FY 2022	6M 2023
Revenue	94.9	153.7	183.9	90.6
EBITDA	45.4	52.6	74.1	38.5
EBITDA margin	48%	34%	40%	42%
Net profit	1.1	11.2	20.6	12.4
Net loan portfolio	201.4	247.3	293.0	295.1
Cash	9.3	10.1	13.8	18.7
Total Equity*	34.4	48.7	72.9	77.5
Total borrowings	231.1	250.7	272.8	271.3
Interest coverage ratio	1.7x	1.8x	2.3x	2.3x
Capitalization ratio*	17%	20%	25%	26%

*Including subordinated loans

EBITDA and Net profit before FX, EUR m



Net loan portfolio split as of 6M 2023



Source: presentations and financial reports of Eleving Group

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Term Sheet

Issuer	Eleving Group S.A. (Luxembourg)
Security type	**Senior secured Eurobonds**
ISIN	DE000A3LL7M4
Issue size	**Up to EUR 75m**
Coupon rate	13.0%
Coupon frequency	Quarterly
Maturity	**5 years**
Nominal value	EUR 100
Minimum subscription	EUR 1 000
Listing	Nasdaq Riga Stock Exchange (Reg Market) and Frankfurt Stock Exchange (Reg Market)
Covenants[1]	• Capitalization Ratio ⩾15.0% • Interest Coverage Ratio ⩾1.25x
Law	Luxembourg law
Depository	Clearstream
Lead manager	Signet Bank

[1] *Full list of covenants can be found in the Prospectus.*

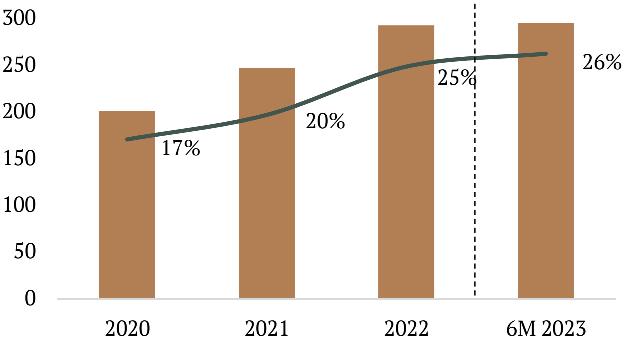
New Eurobond issue

- Eleving Group is issuing a fixed rate secured bonds in the amount of up to EUR 75m, the proceeds of which will be used to refinance Latvian bond obligations in the amount of EUR 30m and maturity of March 2023, as well as for other liabilities (e.g. P2P liabilities).
- The bond offer will be executed via an exchange offer addressed to the bondholders of the Latvian bonds, a public offering in Lithuania, Latvia, Estonia and Germany, and a private placement to professional investors.

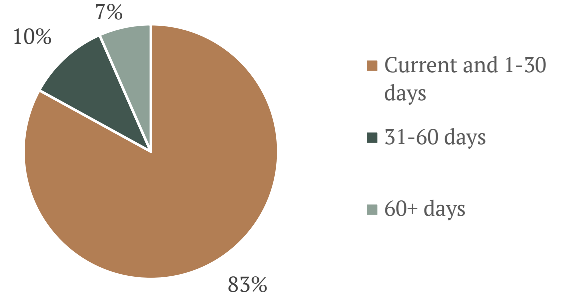
Recent developments

- Recently Fitch Ratings affirmed the Group's long-term issuer default rating at 'B-', with a Stable Outlook, emphasizing strong profitability, improved leverage, adequate funding and liquidity profile, and its experienced management team. While frequent strategy changes and willingness to grow in volatile countries are rating weaknesses.
- The Group announced the acquisition of EC Finance Group in July 2023. EC Finance Group, also known by the brand name ExpressCredit, is a consumer lending company that operates in four Southern African nations.
- In July 2023, the Group sold its Renti Plus business operations in Latvia. The deal involved the sale of more than 100 automobiles as well as an active customer portfolio.

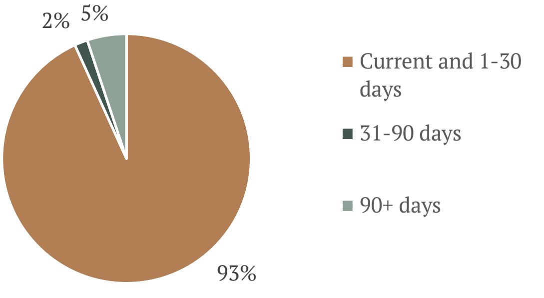
Net loan portfolio and capitalization, EUR m



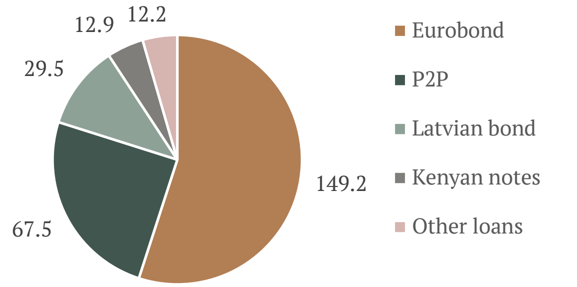
Net car loan portfolio quality as of 6M 2023



Net consumer loan portfolio quality as of 6M 2023



Interest bearing liabilities as of 6M 2023, EUR m



Source: presentations and financial reports of Eleving Group

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Risk factors

When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence Eleving Group S.A. are: Group may face difficulties in assessing the credit risk of potential customers; Group is exposed to the risk that its customers or other contractual counterparties may default or that the credit quality of its customers or other contractual counterparties may deteriorate; a decrease in the residual values or the sales proceeds of returned vehicles could have a material adverse effect on the value of the collateral of Group's finance leases, used car rent and sale and lease back; Group's operations in various countries subject it to foreign exchange risk; substantial change in the underwriting standards; Group is dependent upon its information technology systems to conduct its business operations; the continued expansion of Group's portfolio depends, to an increasing extent, upon its ability to obtain adequate funding; Group's business depends on services provided by third parties such as banks, local consumer credit agencies, IT service providers and debt-collection agencies; Group's current interest rate spread may decline in the future, which could reduce its profitability; Group's ability to recover outstanding debt may deteriorate if there is an increase in the number of its customers facing personal insolvency procedures; Group operates in an evolving industry, which makes it difficult to evaluate its future prospects and may increase the risk that it will not be successful; Group may make acquisitions or pursue business combinations that prove unsuccessful or strain or divert its resources; rapid growth and expansion may place significant strain on Group's managerial and operational resources and could be costly; damage to Group's reputation and brand or a deterioration in the quality of its service may impede its ability to attract new customers and retain existing customers; the international scope of Group's operations may contribute to increased costs; the introduction of Group's new products and services may not be successful; Group's business depends on a strategically located branch footprint; Group's business depends on marketing affiliates to assist it in obtaining new customers; Group's vehicle finance business depends on partnerships (e.g. vehicle dealers) and brokers to assist it in obtaining new customers; a decrease in demand for Group's financial products and failure by it to adapt to such decrease could result in a loss of revenues; Group may be unable to protect its proprietary technology or keep up with that of its competitors and Group may become subject to trademark infringements and intellectual property disputes, which are costly to defend and could harm its business and operating results; Group is subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and respond to cyber incidents; Group's success is dependent upon its management and employees and its ability to attract and retain qualified employees; If Group fail to geographically diversify and expand its operations and customer base, its business may be adversely affected; failure to keep up with the rapid changes in e-commerce and the uses and regulation of the Internet could harm Group's business; significant, rapid or unforeseen economic or political changes in the economies in which Group operate could reduce demand for its products and services and result in reduced income; the unstable regulatory and legal framework and the volatility of the emerging economies in which Group operate could reduce demand for its products and services and result in reduced income; Group's operations could be subject to civil unrest and other business disruptions, which could adversely impact its future income and financial condition and increase its costs and expenses; risks related to Group's financial situation; legal and regulatory risk; internal control risk.

When investing funds in bonds, investors undertake the following risks related to debt securities: Group may not be able to generate sufficient cash to service all of its indebtedness, including the Bonds, and may be forced to take other actions to satisfy its obligations under its debt agreements, which may not be successful; Group may be unable to repay or repurchase the Notes at maturity; investors may face foreign exchange risks by investing in the Notes; Group may choose to repurchase or redeem the Notes when prevailing interest rates are relatively low, including in open market purchases; an increase in interest rates could result in a decrease in the relative value of the Notes.

The risks indicated in this section may reduce Eleving Group S.A. 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 Eleving Group S.A.