

## IMPORTANT NOTICE

### THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE OF THE UNITED STATES

**IMPORTANT: You must read the following before continuing.** The following applies to the offering memorandum (the “**Offering Memorandum**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time each time you receive any information from the Issuer as a result of such access. You acknowledge that this electronic transmission and the delivery of this Offering Memorandum is confidential and intended only for you and you agree that you will not forward, reproduce, copy, download or publish this electronic transmission or this Offering Memorandum (electronically or otherwise) to any other person.

The Bonds (as defined below) are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that client would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point (e) of Article 2 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”). In addition, the Bonds provide for debt obligations of the Issuer with no exposure by investors to reference values or assets other than the assets and business operations of the Issuer. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the “**PRIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION, NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR MAY NOT BE FORWARDED TO ANY UNITED STATES ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

**Confirmation of your Representation:** In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities described herein, investors must be outside of the United States. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented the Issuer that (1) you and any customers you represent are outside of the United States and not a U.S. Person (as defined in the Regulation S under the Securities Act) and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

**Mifid II Product Governance.** Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MIFID II**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, the Issuer or any person who controls any of it, nor any director, officer, employee nor agent of the Issuer (the "**Agents**") of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the Agents.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

## NOTICE TO INVESTORS

You should rely only on the information contained in this Offering Memorandum. The Issuer has not authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

The Issuer is not making an offer of the Bonds in any jurisdiction where the Offering is not permitted.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of this Offering Memorandum to any other person.

## REFERENCES

Unless the context otherwise requires, references to “we”, “our”, “us”, “Eleving” or the “Group” refer to Eleving Group and its direct and indirect subsidiaries. Unless the context otherwise requires, references to the “Issuer” refer to Eleving Group.

Unless otherwise defined, capitalized terms used in this Prospectus have the same meaning as defined in the terms and conditions governing the Bonds (the “Terms and Conditions”).

Information posted on our website and those of our affiliates and subsidiaries do not constitute a part of this Offering Memorandum.

## NOTICE TO PROSPECTIVE INVESTORS

This Offering Memorandum is intended solely for the purpose of soliciting indications of interest in the Bonds from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions contained in the Terms and Conditions and other transaction documents described herein. Nothing contained in this Offering Memorandum is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by us or any of our directors, affiliates, advisers or agents in any respect. Banque Internationale à Luxembourg S.A. (the “Paying Agent”) assumes no undertaking as to the economical and financial soundness of the information contained herein and the quality or solvency of the Issuer. The Paying Agent makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum.

The contents of this Offering Memorandum are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

Prospective investors hereby acknowledge that no person has been authorized to give any information or to make any representation concerning us, the Bonds (other than as contained herein and information given by our duly authorized officers and employees, as applicable, in connection with investors’ examination of us, and the terms of this offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us. This Offering Memorandum must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein.

This Offering Memorandum is personal to the prospective investor to whom it has been delivered and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Bonds. Distribution of this Offering Memorandum to any person other than the prospective investor and those persons, if any, retained to advise that prospective investor with respect thereto is unauthorized, and any disclosure of its contents without our prior written consent is prohibited. The prospective investor, by

accepting delivery of this Offering Memorandum, agrees to the foregoing and agrees not to make any copies of this Offering Memorandum.

The Bonds described in this Offering Memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the “**SEC**”) or any other securities commission or regulatory authority, nor has the SEC or any other securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States. The Bonds have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Bonds may not be offered or sold within the United States, or to, or for the account of U.S. Persons except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

**Confirmation of your Representation:** In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities described herein, investors must be outside of the United States. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented the Issuer that (1) you and any customers you represent are outside of the United States and not a U.S. Person (as defined in the Regulation S under the Securities Act) and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Bonds. We are not making any representation to you regarding the legality of an investment in the Bonds by you under applicable investment or similar laws.

No person is authorized in connection with the offering to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by us. The information contained in this Offering Memorandum is as of the date hereof and subject to change, completion or amendment without notice. The delivery of this Offering Memorandum at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Memorandum or in our affairs since the date of this Offering Memorandum. We undertake no obligation to update this Offering Memorandum or any information contained in it, whether as a result of new information, future events or otherwise, save as required by law.

This Offering Memorandum is being provided for informational use solely in connection with the consideration of a purchase of the Bonds (i) to QIBs and (ii) to qualified purchasers in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorized.

We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything that is likely to affect the import of such information. The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. Nothing contained in this Offering Memorandum is or shall be relied upon as a promise or representation, whether as to the past or the future. This Offering Memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available to you upon request, for the complete information contained in those documents. All summaries herein are qualified in their entirety by this reference.

We reserve the right to withdraw this offering at any time, and we reserve the right to reject any commitment to subscribe for the Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of Bonds sought by such purchaser.

The distribution of this Offering Memorandum and the offer and sale of the Bonds may be restricted by law in some jurisdictions. This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Bonds in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Persons into whose possession this Offering Memorandum comes must inform themselves about and observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Bonds and distribution of this Offering Memorandum, see sections below and “*Selling Restrictions*”. We are not making any representation to any offeree or purchaser under any applicable law.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements is subject to any change in or reinterpretation of the rules, regulations and procedures of the applicable clearing systems as currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream and their participants, we accept no further responsibility in respect of such information.

We will not, nor will any of our respective agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES**

Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any jurisdiction where it is unlawful to do so. The securities have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States or other jurisdiction and the securities may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction, not subject to, the registration requirements of the securities act and applicable state or local securities laws.

The following document may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever and in particular may not be forwarded to any United States address. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorized. Failure to comply with this directive may result in a violation of the securities act or the applicable laws of other jurisdictions. If you have gained access to this transmission contrary to any of the foregoing restrictions, you are not authorized and will not be able to purchase any of the securities described therein.

#### **NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND**

Neither this Offering Memorandum nor any other offering or marketing material relating to the offering, the Issuer or the Bonds have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Offering Memorandum will not be filed with, and the offer of Bonds will not be supervised by, the Swiss Financial Market Supervisory Authority (“**FINMA**”), and the offer of Bonds has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the “**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Bonds.

#### **NOTICE TO PROSPECTIVE INVESTORS IN OTHER JURISDICTIONS**

The distribution of this Offering Memorandum and the offer and sale or resale of the Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Memorandum (or any part hereof) comes are required by us to inform themselves about, and to observe, any such restrictions.

#### **MIFID II PRODUCT GOVERNANCE**

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds, taking into account the five categories referred to in item 18 of the Guidelines on MiFID II (as defined below) product governance requirements published by ESMA dated 5 February 2018, has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

## **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point (e) of Article 2 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). In addition, the Bonds provide for debt obligations of the Issuer with no exposure by investors to reference values or assets other than the assets and business operations of the Issuer. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## **PROHIBITION OF SALES TO UK RETAIL INVESTORS**

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

## **AVAILABLE INFORMATION**

Each purchaser of the Bonds will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

- (1) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein; and

- (2) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Bonds offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us.

**THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE BONDS.**



# OFFERING MEMORANDUM

DATED 29 DECEMBER 2021

Eleving<sup>GROUP</sup>

## Eleving Group

formerly known as Mogo Finance

Luxembourg

Offering Memorandum

**EUR 25,000,000.00**

### **Floating Interest Rate Subordinated Unsecured Bonds due 2031 (the “Bonds”)**

with a Term from 29 December 2021 until 29 December 2031

of 29 December 2021

International Securities Identification Number (ISIN): **XS2427362491**

Common Code: **242736249**

### **Issue price of the Bonds: 100%**

Eleving Group (the “**Issuer**”), a public limited liability company (*société anonyme*) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered address at 8-10 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B.174457, is expected to issue subordinated unsecured bonds, bearing interest at the relevant Interest Rate (as further described in the Terms and Conditions), due 29 December 2031 for an aggregate principal amount of EUR 25,000,000 (the “**Bonds**”) as from 29 December 2021 (the “**Issue Date**”).

The Bonds constitute direct, general, unconditional, subordinated and unsecured obligations of the Issuer. The Bonds will at all times rank junior in right of payment with all other present and future obligations of the Issuer and senior to all its existing and future Shareholder Loans.

This offering memorandum (the “**Offering Memorandum**”) has been prepared on the basis that any offer of the Bonds in any member state of the European Economic Area will be made pursuant to an exemption under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “**Prospectus Regulation**”).

Application will be made to Nasdaq Riga First North multilateral trading facility operated by Nasdaq Riga, AS, also known as an Alternative Market, for the Bonds to be included to trading upon Settlement Date (as defined below).

On 13 August 2021, Fitch Ratings – a branch of Fitch Ratings Ireland Limited (“**Fitch**”) assigned a Long-Term Issuer Default Rating (IDR) of ‘B-’ with Stable Outlook to the Issuer and a Short-Term Issuer Default Rating (IDR) of ‘B’ to the Issuer. Credit ratings included or referred to in this Offering Memorandum have been issued by Fitch which is established in the EU and registered under Regulation (EC) No 1060/2009, as amended (the “**CRA Regulation**”). As such, Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (the “**ESMA**”) on its website ([www.esma.europa.eu/supervision/credit-rating-agencies/risk](http://www.esma.europa.eu/supervision/credit-rating-agencies/risk)) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

**Investors should be aware, that an investment in the Bonds involves a risk and that, if certain risks, in particular those described under “Risk Factors”, occur, the investors may lose all or a very substantial part of their investment.**



The distribution of this Offering Memorandum may be limited by certain legislation. Any person who enters into possession of this Offering Memorandum must take these limitations into consideration. The Bonds are not and will not be registered, particularly in accordance with the United States Securities Act of 1933, as amended (the "**Securities Act**") or in accordance with securities law of individual states of the United States of America. Furthermore, they are not permitted to be offered or sold within the United States of America, or for the account or benefit of a person from the United States of America (as defined under Regulation S under the Securities Act), unless this ensues through an exemption of the registration requirements of the Securities Act or the laws of individual states of the United States of America or through a transaction, which is not subject to the aforementioned provisions.

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## I. OVERVIEW OF THE OFFERING

<b>Issuer:</b>	Eleving Group, formerly known as Mogo Finance, a public limited liability company ( <i>société anonyme</i> ) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered address at 8-10 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register ( <i>Registre de Commerce et des Sociétés, Luxembourg</i> ) under number B.174457.
<b>Securities offered:</b>	Euro denominated subordinated unsecured bonds (the “ <b>Bonds</b> ”).
<b>Form:</b>	Bearer bonds represented by a Global Bond.
<b>Currency:</b>	EUR
<b>Issue Size:</b>	EUR 25,000,000.00
<b>EURIBOR</b>	The applicable Screen Rate (as defined in the Terms and Conditions) for EURIBOR rates with a maturity of 6-months for the relevant period of six months or any other benchmark to be developed by the European Union relevant authorities in compliance with the EU Benchmark Regulation (EU) 2016/1011 as decided by the Issuer acting reasonably (“ <b>Replacement Reference Rate</b> ”) (and if the applicable 6-month-EURIBOR or Replacement Reference Rate is less than zero, it shall be deemed to be zero)
<b>Margin</b>	12% per annum
<b>Coupon Rate:</b>	EURIBOR plus Margin
<b>Coupon type:</b>	Floating with potential step-up in limited circumstances described in the Terms and Conditions
<b>Issue Price:</b>	100% of the aggregate nominal amount of the Bonds (the “ <b>Nominal Amount</b> ”)
<b>Issue Date:</b>	29 December 2021
<b>Maturity Date:</b>	29 December 2031
<b>Interest Payment Date:</b>	Interest will be payable monthly, commencing on 29 January 2022. Interest will accrue from the Issue Date.
<b>Deferral of Interest</b>	Unconstrained possibility of the Issuer to defer (in whole or in part) any payment of Interest that is otherwise scheduled to be paid on an Interest Payment Date. Any Interest Deferral will lead to a coupon step-up of 1%. Any Deferred Interest accrued will be capitalised on an Interest

	Capitalisation Event (as defined in the Terms and Conditions below).
<b>Day count fraction:</b>	Act/Act (ICMA)
<b>Denomination of the Bonds</b>	EUR 1,000.00
<b>Minimum Subscription Volume:</b>	EUR 100,000.00
<b>Status of the Bonds:</b>	The Bonds constitute direct, subordinated and unsecured obligations of the Issuer and rank <i>pari passu</i> , without any preference among themselves. The Bonds shall, with respect to payment rights, redemption and rights of liquidation, winding-up and dissolution, rank prior to all payments under any Subordinated Debt (as defined in the Terms and Conditions below) and at least <i>pari passu</i> with any present or future unsecured obligation which is issued by the Issuer and the obligations under which rank or are expressed to rank <i>pari passu</i> with the Issuer's obligations under the Bonds.
<b>Use of Proceeds:</b>	Refinancing of existing indebtedness, in particular refinancing of the Shareholder Loans (as defined in the Terms and Conditions below) and other borrowings, for general business purposes and payment of transaction fees and expenses.
<b>Optional Redemptions:</b>	<p><b>Optional Redemption at the Discretion of the Issuer at Maturity</b></p> <p>The Issuer shall redeem the Bonds in full on the Maturity Date with an amount per Bond equal to the Current Outstanding Amount together with accrued but unpaid and non-capitalized Deferred Interest.</p> <p><b>Optional Redemption at the Discretion of the Issuer (Call Option)</b></p> <p>The Issuer may redeem at least 5% of the Current Outstanding Amount of the Bonds in cash on any Business Day before the Maturity Date, at a price per Bond equal to 101% of the Current Outstanding Amount, subject to the provisions outlined in the Terms and Conditions. Such partial redemption shall be made <i>pro rata</i> to the number of Bonds held by each Holder.</p> <p><b>Optional Redemption for Taxation Reasons</b></p> <p>If certain changes in the law (or in its interpretation) of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Bonds, the Issuer may redeem the Bonds in whole, but not in part, at a redemption price of 100% of the Current Outstanding</p>

	Amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.
<b>Optional Conversions</b>	<p><b>Optional Conversion at the Discretion of the Issuer at Maturity</b></p> <p>The Issuer shall unless previously converted or redeemed and cancelled in accordance with the Terms and Conditions, proceed with the Conversion of the Bonds on the Maturity Date into such amount of New Shares as is equal to the Conversion Ratio in effect on the relevant Conversion Date, subject to the Terms and Conditions.</p> <p><b>Optional Conversion at the Discretion of the Issuer (Conversion Option)</b></p> <p>The Issuer may, at its sole discretion and upon giving notice to the Holders mandatorily convert all or some only of the outstanding Bonds into such number of New Shares in respect of each Bond as is equal to the Conversion Ratio in effect on the relevant Conversion Date, subject to the Terms and Conditions. A prerequisite for the exercise of the Conversion Option by the Issuer is the former occurrence of an Interest Capitalization Event.</p> <p>“<b>Conversion Ratio</b>” means the ratio which will determine the number of New Shares per Bond, which will be issued on a Conversion Date pursuant to a Conversion of the Bonds and which will be calculated by the Calculation and Conversion Agent by performing a division having as denominator the total number of the Bonds and as numerator the quotient of the following division: 10% of the Share Capital of the Issuer, as at the relevant Conversion Date, divided by the nominal value of the New Shares, it being one cent (EUR 0.01) each. The calculation of the Conversion Ratio is subject to Conditions 5.6 and 5.8 of the Terms and Conditions.</p>
<b>Mandatory Conversion</b>	<p><b>Mandatory Conversion following an Event of Default</b></p> <p>Upon the occurrence of an Event of Default, each Holder shall have the right to request that all, or only some, of its Bonds are converted (whereby the Issuer shall have the obligation to convert such Bonds), together with accrued but unpaid Interest into such amount of New Shares as is equal to the Conversion Ratio in effect on the relevant Conversion Date, subject to the Terms and Conditions.</p>
<b>Specification of the type of New Shares</b>	<p>Upon the Conversion of the Bonds, the Holders shall be entitled to decide the type of New Shares (Ordinary Shares or Preferred Shares) they want to convert their Bonds into, subject to the procedure and provisions stated in the Terms and Conditions.</p>



<b>Change of Control:</b>	Upon the occurrence of certain events constituting a Change of Control, the Bonds, on top of the Interest Rate, shall bear an Additional Interest at a rate of 5% per annum on the Current Outstanding Amount paid at each Interest Payment Date.
<b>Additional Amounts (Tax Gross-up):</b>	All payments in respect of the Bonds will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer will pay additional amounts so that the net amount you receive is no less than that which you would have received in the absence of such withholding or deduction
<b>Financial Conditions:</b>	<p>The Terms and Conditions contain, inter alia, the following financial covenants:</p> <p><b>Financial Conditions</b></p> <p>The Issuer shall be subject to the following financial covenants, to be tested on a quarterly basis upon publication of the annual audited consolidated reports and interim unaudited quarterly consolidated reports:</p> <ul style="list-style-type: none"> <li>• the Interest Coverage Ratio for the Relevant Period; and</li> <li>• the Capitalization Ratio for the Relevant Period,</li> </ul> <p>should be at least as high as it is stated and required in the terms and conditions of the Eurobonds (as defined in the Terms and Conditions below).</p>
<b>Certain further Covenants:</b>	<p>The Terms and Conditions contain covenants that, among other things, limit the ability of the Issuer, to:</p> <ul style="list-style-type: none"> <li>• pay dividends or make any other payment or distribution on its Equity Interests during a Deferral Period.</li> </ul> <p>“<b>Deferral Period</b>” means each period starting from (and including) the Interest Payment Date preceding the Business Day the Issuer elects to defer the payment of Interest due on such Interest Payment Date and ending on (but excluding) the date falling six (6) calendar months following such Interest Payment Date.</p>
<b>Information undertakings:</b>	<p>The Terms and Conditions contain undertakings that, among other things, require the Issuer to provide investors with the following information by publication on the Issuer’s website in the English language:</p> <ul style="list-style-type: none"> <li>• annual audited unconsolidated and consolidated financial statements of the Issuer, not later than</li> </ul>

	<p>four (4) months after the expiry of each financial year;</p> <ul style="list-style-type: none"> <li>quarterly interim unaudited consolidated reports of the Issuer, no later than 45 calendar days after the expiry of each relevant interim period.</li> </ul> <p>In addition, the Issuer undertakes to have quarterly earning calls with investors.</p>
<b>Event of Default:</b>	<p>The Terms and Conditions provide for the following event of defaults that would trigger an early redemption of the Bonds by the Holders, following a decision taken in the context of a Holders' meeting:</p> <ul style="list-style-type: none"> <li>(i) non-payment under the Bonds; For the avoidance of doubt, the occurrence of the following shall not entitle the Holders to terminate the Bonds: <ul style="list-style-type: none"> <li>(a) the deferral of interest;</li> <li>(b) the non-payment of Deferred Interest;</li> <li>(c) the capitalization of Deferred Interest due to non-payment thereof for more than six (6) months; and</li> <li>(d) the non-payment of Additional Interest.</li> </ul> </li> <li>(ii) non-delivery of New Shares pursuant to a Conversion within twenty-five (25) Business Days from the relevant Settlement Date; and</li> <li>(iii) insolvency and insolvency proceedings.</li> </ul>
<b>Selling Restrictions:</b>	<p>The Bonds have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to certain restrictions on transfer and resale.</p> <p>There are restrictions on the offer, sale, and delivery of the Bonds, inter alia, in the United States and the United Kingdom.</p> <p>No sale/distribution in the U.S., or to investors in Canada, Australia and Japan.</p> <p>Standard restrictions apply elsewhere, including in the EEA.</p>
<b>Listing:</b>	<p>Application will be made to the Nasdaq Riga AS for the Bonds to be included to trading at Nasdaq Riga First North multilateral trading facility operated by Nasdaq Riga, AS upon Settlement Date and on another comparable trading venue within the EU.</p>

<b>Clearing:</b>	Euroclear Bank S.A. / N.V. / Clearstream Banking S.A.
<b>Governing Law:</b>	The Bonds will be governed by Luxembourg law.
<b>Paying Agent:</b>	Banque Internationale à Luxembourg S.A.
<b>Security Codes:</b>	<b>ISIN:</b> <b>XS2427362491</b> <b>Common Code:</b> <b>242736249</b>
<b>LEI:</b>	<b>Eleving Group</b> 894500N14T2GUDX0FL66 <i>(Luxembourg)</i>

## II. RISK FACTORS

*Below is the description of risk factors that are material for the assessment of the market risk associated with the Bonds and risk factors that may affect the Issuer's ability to fulfil its obligations under the Bonds.*

*Any of these risks could have a material adverse effect on the financial condition and results of operations of the Group. The market price of the Bonds could decline due to any of these risks, and investors could lose all or part of their investments.*

*Potential investors should carefully consider the specific risk factors outlined below in addition to all other information in this Offering Memorandum and consult with their own professional advisors should they deem it necessary before deciding upon the purchase of the Bonds. In addition, investors should bear in mind that several of the described risks can occur simultaneously and those have, possibly together with other circumstances, a material adverse impact on the Group's business activities, financial conditions and result of operations. Additional risks, of which the Issuer is not presently aware, could also affect the business operations of the Group and have a material adverse effect on the Group's business activities and financial condition and results of operations.*

*Potential investors should, among other things, consider the following:*

### **1. RISK FACTORS RELATING TO THE ISSUER, THE GROUP AND OUR BUSINESS**

#### ***a. Risks relating to the Group's business activities and industry***

##### ***We may face difficulties in assessing the credit risk of potential customers***

Despite our credit scoring as well as vehicle valuation models, we may be unable to correctly evaluate the current financial condition of each prospective customer and determine his or her creditworthiness and/or value of the collateral. Our financing decisions are partly based on information provided to us by applicants. Prospective customers may fraudulently provide us with inaccurate information upon which, if not alerted to the fraud, we may base our credit scoring. Any failure to correctly assess the credit risk of potential customers, due to failure in our evaluation of the customer or incorrect information fraudulently provided by the customer, may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows and may even invoke regulatory sanctions (including imposition of fines and penalties, suspension of operations, or revocation of our licenses).

We utilize a variety of proprietary credit scoring criteria, monitor our loan portfolios performance and maintain an allowance for estimated losses on loans and advances (including interest fees) at a level estimated to be adequate to absorb expected credit losses. Our allowances for doubtful debts are based on estimations and thus, if circumstances or risks arise that have not been identified or anticipated when developing our credit scoring model, the level of our non-performing assets and write-offs could be greater than expected. Actual losses may materially exceed the level of our allowance for impairment losses, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows. The quality of credit risk is influenced by, among other factors, customers' financial strength, collateral quality, overall demand for vehicles and general macroeconomic conditions. In order to assess the level of credit risk, we use our proprietary credit scoring system and/or vehicle valuation models that provide us with an objective basis to evaluate a potential lease.

## **Covid-19**

In addition to the worsening of the global macroeconomic environment and the risk of credit profile deterioration of some customer segments caused by the Covid-19 pandemic, such pandemic has led and could further lead to slowdowns in business activities. In particular, the Group operations and financial results may be further impacted by: (i) relief measures enacted by national and foreign authorities, such as loan deferment and suspension of enforcement procedures; (ii) disruption to business operations and economic activity in the Group's operating markets, with a cascading impact on both upstream and downstream supply chains, (iii) increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates; (iv) difficulties encountered by the Group's customers in repaying the loans; and (v) the decrease of the propensity to consume, negatively impacting the Group's overall results and objectives.

The Group's emergency response included (i) establishment of a crisis management team, (ii) reconsidering the debt collection strategy for the existing portfolios to address the increased credit risk (iii) strengthening the new loan issuance policy, (iv) cash preserving activities to manage liquidity risk and (v) work from home policy ensuring continuity of the core processes.

However, due to the widespread consequences of the Covid-19 pandemic on the markets in which the Group's operations are concentrated, there is no guarantee that the mitigating factors described above will outweigh the potential effects that the wider economic downturn could have on the Group. The ultimate severity of Covid-19 is uncertain and therefore the further impact it may have on the Group's businesses, operations, financial conditions and results cannot be predicted.

***We are exposed to the risk that our customers or other contractual counterparties may default or that the credit quality of our customers or other contractual counterparties may deteriorate***

The risk of counterparty default is defined as the potential negative deviation of the actual counterparty risk outcome from the planned one. This includes the risk of default on lease payments as well as on repayment. The deviation in outcome occurs when the actual loss exceeds the expected loss due to changes in internal credit ratings or credit losses.

In particular, we are subject to risk of loss through defaults in the customer business, notably, due to non-payments by a lessee or a borrower of its obligations. The default is contingent on the inability or unwillingness of the lessee or a borrower to make payments. This includes scenarios where the contracting party makes payments late, only partially or not at all.

We have implemented detailed procedures in order to contact delinquent customers for payment, initiate legal actions and, in the case of secured loans, also arrange for the repossession of unpaid vehicles and sell repossessed vehicles. However, there is still the risk that our assessment procedures, monitoring of credit risk, maintenance of customer account records, collection procedures and repossession policies, in the case of secured loans, might not be sufficient to prevent negative effects for our operations.

In addition, factors beyond our control, such as the impact of macroeconomic trends, political events or adverse events affecting our key jurisdictions, or natural disasters, may result in an increase in non-performing assets. Our allowances for doubtful debts may not be adequate to cover an increase in the amount of non-performing assets or any future deterioration in the overall credit quality of our total portfolio. If the quality of

our total portfolio deteriorates, we may be required to increase our allowances for doubtful debts, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***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 our finance leases, used car rent and sale and lease back***

As a lessor under leasing and used-car rental contracts we generally bear the risk that the market value of vehicles sold at the end of the term may be lower than the contractual residual value at the time the contract was entered into (so-called residual value risk). We take such differences into account in establishing provisions for the existing portfolio and in its determination of the contractual residual values for new business.

The residual value risk could be influenced by many different external factors, including, government policies and regulatory reforms (e.g. implementation of EU emission standards). For example, a decline in the residual value of used vehicles was evident during the global financial and economic crisis as a result of incentive programs, offered by governments (e.g. scrapping premium) and automobile manufacturers, aiming to promote new vehicle sales. New policy initiatives and regulatory changes may also be implemented in the future in response to a renewed deterioration of the macroeconomic environment. For instance, current political discussions surrounding potential driving bans of Diesel vehicles might influence the residual value risk of such vehicles. Due to the fact that customers might change their consumption behavior and refrain from buying Diesel vehicles, the potential implementation of these bans could have a negative impact on the corresponding market prices.

Furthermore, changes in economic conditions, government policies, exchange rates, marketing programs, the actual or perceived quality, safety or reliability of vehicles or fuel prices could also influence the residual value risk.

Uncertainties may also exist with respect to the internal methods for calculating residual values. Although we continuously monitor used vehicle price trends and make adjustments to our risk valuation, there is still the risk of using false or inaccurate assumptions to assess the residual value risk.

Estimates of provisions for residual value risks may be less than the amounts actually required to be paid due to misjudgments of initial residual value forecasts or changes in market or regulatory conditions. Such a potential shortfall may have a material adverse effect on the value of the collateral of our finance leases, used car rent and sale and lease back.

***Our operations in various countries subject us to foreign exchange risk***

We operate in various jurisdictions and provide loan products in local currencies, including the Euro, the Georgian Lari, the Romanian Leu, the Moldavian Leu, the Albanian Lek, the Armenian Dram, the Uzbekistani Som, the Kenyan Shilling, the Ugandan Shilling, the North Macedonian Denar, the Ukrainian Hryvnia, the Belorussian Ruble and loans linked to the United States Dollar through monthly payments which are adjusted based on the performance of the United States Dollar in foreign exchange markets. Thus, our results of operations are exposed to foreign exchange rate fluctuations. As of 31 December 2020, 33% (as of 30 September 2021, 27%) of our net loans and advances due from customers and rental fleet were denominated in highly volatile foreign and unhedged currencies. Although we regularly monitor our open foreign currency positions, and manage them by borrowing in local currencies to the extent possible, and by entering into economically viable financial

instruments, such as FX hedge agreements, we are still subject to certain shifts in currency valuations. Any failure to manage foreign exchange risk may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Substantial change in the underwriting standards***

Further credit risks could arise if our management decides on a more aggressive risk tolerance without compensating for it in the form of sufficient additional revenue. For instance, the acceptance policy for lease or loan contracts could be adjusted to a riskier approach by setting higher acceptance thresholds. This could lead to a situation where our total credit risk increases, but the planned income from additional business does not compensate the additional risk-related costs. As a consequence, our operational results could be adversely affected.

***We are dependent upon our information technology systems to conduct our business operations***

Our operations are significantly dependent on highly complex information technology (“IT”) systems. The underwriting process is mainly performed automatically by IT systems developed internally by us and used at various stages of the underwriting process, including customer registration, application, identification and credit scoring. In addition, bank transfers are completed online and reminder e-mails and invoices are automatically generated and sent to customers. If any IT system at any stage of the underwriting process were to fail, any or all stages of the underwriting process could be affected and customer access to our websites and products could be disrupted. Any disruption in our IT systems would prevent customers from applying for leases, used-car rent and loans, which would hinder our ability to conduct business and have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Moreover, our IT strategy is based on utilizing, in our view, the most sophisticated technologies and solutions available on the market. Therefore, we intend to continue making substantial investments in our IT systems and to adapt our operations and software to support current and future growth. We are required by our IT strategy to continually upgrade our global IT system, and any failure to carry out such upgrades efficiently may result in the loss or impairment of our ability to do business or in additional remedial expense. In addition, there can be no assurance that we will be able to keep up to date with the most recent technological developments due to financial or technical limitations. Any inability to successfully develop or complete planned upgrades of our IT systems and infrastructure or to adapt our operations and software may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***The continued expansion of our portfolio depends, to an increasing extent, upon our ability to obtain adequate funding***

Our growth depends, to a significant extent, on our ability to obtain adequate funding from a variety of sources such as international capital markets, marketplace platforms, bank facilities and other third parties. It is possible that these sources of financing may not be available in the future in the amounts we require, or they may be prohibitively expensive and/or contain overly onerous terms. European and international credit markets have experienced, and may continue to experience, high volatility and severe liquidity disruptions, such as those that took place following the international financial and economic crisis in 2008 - 2009, and more recently, the European sovereign debt crisis. These and other related events have had a significant impact on the global



financial system and capital markets, and may make it increasingly expensive for us to diversify our funding sources and refinance our debt, if necessary. Increased funding costs or greater difficulty in diversifying our funding sources may negatively impact our ability to sufficiently finance the expansion of our business operations and also, potentially, the business operations themselves, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Our business depends on services provided by third parties such as banks, local consumer credit agencies, IT service providers and debt-collection agencies***

For the most part, we advance loans to customers and collect repayments from customers through local bank accounts. Our continuing relationship with banks, with which we maintain accounts, are important to our business.

We contact consumer credit agencies and use other publicly available data sources in the jurisdictions in which we operate to verify the identity and creditworthiness of potential customers. In addition, every application in every country is verified through one or more credit bureaus. Should access to such information be restricted or disrupted for any period of time, or if the rates we are charged for access to such information should significantly increase, we may not be able to complete automatic customer identity and credit scoring checks in a timely manner or at all. This could impede our ability to process applications and to grant loans, and/or increase our cost of operation.

We also outsource certain IT services, such as software development, data center and technical support, to third party providers.

Moreover, in certain jurisdictions where we operate, we outsource the collection of debt to debt-collection agencies. The loss of a key debt-collection agency relationship, or the financial failure of one of our core debt-collection agency partners, could restrict our ability to recover delinquent debt, and there is no guarantee that we could replace a strategic debt-collection agency partner in a timely manner or on favorable terms.

Any inability to maintain existing business relationships with banks, local consumer credit agencies, IT service providers, debt-collection agencies and other third-party providers or the failure by these third party providers to maintain the quality of their services or otherwise provide their services to us may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Our current interest rate spread may decline in the future, which could reduce our profitability***

We earn a substantial majority of our revenues from interest payments and fees on the loans we make to our customers. Financial institutions and other funding sources provide us with capital to fund these loans and charge us interest on funds that we draw down. In the event that the spread between the rate at which we lend to our customers and the rate at which we borrow from our lenders decreases, our financial results and operating performance will suffer. The interest rates we charge to our customers and pay to our lenders could each be affected by a variety of factors, including access to capital based on our business performance, the volume of loans we make to our customers, competition and regulatory requirements. These interest rates may also be affected by a change over time in the mix of the types of products we sell to our customers and investors. Interest rate changes may adversely affect our business forecasts and expectations and are highly sensitive to many macroeconomic factors beyond our control, such as inflation, the level of economic growth, the state of the credit markets, changes in market interest rates, global economic disruptions,

unemployment and the fiscal and monetary policies of the jurisdictions in which we operate. Any material reduction in our interest rate spread could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Our ability to recover outstanding debt may deteriorate if there is an increase in the number of our customers facing personal insolvency procedures***

Various economic trends and potential changes to existing legislation may contribute to an increase in the number of customers subject to personal insolvency procedures. The ability to successfully collect on our loans may decline with an increase in personal insolvency procedures or a change in insolvency laws, regulations, practices or procedures, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***We operate in an evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful***

We operate in an evolving industry that may not develop as expected. Assessing our business and future prospects is challenging in light of the risks and difficulties we may encounter. These risks and difficulties include our ability to:

- increase the number and total volume of loans while managing our credit risk;
- improve the terms on which we provide loans to our customers as our business becomes more efficient;
- increase the effectiveness of our direct marketing;
- increase repeated borrowing particularly in the consumer lending segment;
- increase partnership and brokerage network;
- successfully develop and deploy new products;
- favorably compete with other companies that are currently in, or may in the future enter, the business of vehicle financing, used car renting and consumer lending;
- successfully navigate economic conditions and fluctuations in credit markets;
- respond to regulatory developments;
- successfully integrate new acquisitions;
- effectively manage the growth of our business; and
- successfully expand our business into new markets.

We may not be able to successfully address these risks and difficulties, which could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***We may make acquisitions or pursue business combinations that prove unsuccessful or strain or divert our resources***

Our growth strategy depends, in part, on the acquisition of existing businesses, including possible competitors. For example, in 2020, we expanded our business into consumer lending by acquiring three profitable and mature operating entities (Sebo,

Tigo and Kreda) in Moldova, North Macedonia and Albania. We expect to continue growing our business by acquiring or combining with other businesses.

Successful growth, partially through future acquisitions, is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms and ultimately complete such transactions and integrate the acquired businesses into our existing network. If we make acquisitions, there can be no assurance that we will be able to generate expected margins or cash flows or to realize the anticipated benefits of such acquisitions, including growth or expected synergies. There can be no assurance that our assessments of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations.

Integration risks are particularly high when entering a new market due to the time associated with establishing an appropriate credit scoring and vehicle valuation models and an effective collection system. We may not be able to integrate acquisitions successfully into our business or such integration may require more investment than expected, particularly if acquisitions are in regions or areas of business where we do not currently have operations, and we could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities or other parties, which may impact our results of operations. The process of integrating businesses may be disruptive to our operations and may cause an interruption of, or a loss of momentum in, such businesses, or a deterioration in our results of operations. Moreover, any acquisition may result in the incurrence of additional debt. All of these factors may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Rapid growth and expansion may place significant strain on our managerial and operational resources and could be costly***

We have experienced substantial growth and development in a relatively short period of time and, although our strategy is to grow profitably, our business may continue to grow substantially in the future. This growth has placed and may continue to place significant demands on our management and our operational and financial infrastructure. Expanding our products or entering into new jurisdictions with new or existing products can be costly and may require significant management time and attention. Additionally, as our operations grow in size, and as scope and complexity and our product offerings increase, we will need to upgrade our systems and infrastructure to offer an increasing number of customer-enhanced solutions, features and functionality. The expansion of our systems and infrastructure will require us to commit substantial financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will ultimately increase. Continued growth could also strain our ability to maintain reliable service levels for our customers, develop and improve our operational, financial and management controls, develop and enhance our legal and compliance controls and processes, enhance our reporting systems and procedures and recruit, train and retain highly skilled personnel. Managing our growth will require, among other things, continued development of financial and management controls and IT systems; increased marketing activities; hiring and training new personnel; and the ability to adapt to changes in the markets in which we operate, including changes in legislation, incurrence of additional taxes, increased competition and changes in the demand for our services. Rapid growth and expansion may be costly, and may strain our managerial and operational resources; any difficulties encountered in managing our growth may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Damage to our reputation and brand or a deterioration in the quality of our service may impede our ability to attract new customers and retain existing customers***

Our ability to attract new customers and retain existing customers depends in part on our brand recognition and our reputation for and delivery of high-quality services. The Group has recently rebranded by transferring from an outgrown umbrella brand to the new Eleving Group brand to better reflect the growing product range of the Group. Although the previously established Mogo brand remains the product brand in all vehicle finance markets of the Group, it is uncertain how the rebranding will affect our brand recognition and our reputation. In addition, our reputation and brand (including the newly acquired consumer finance brands – Kredo, Tigo, Sebo) may be harmed if we encounter difficulties in the provision of new or existing services, whether due to technical difficulties, changes to our traditional product offerings, financial difficulties, regulatory sanctions, or for any other reason. An unsuccessful rebranding, damage to our reputation and brand, or a deterioration in the quality of our service, may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***The international scope of our operations may contribute to increased costs***

We currently operate in 14 jurisdictions and, as part of our business strategy, we aim to continue pursuing attractive business opportunities in new jurisdictions. Although we analyze and carefully plan our international expansion and strictly control our investments, such expansion increases the complexity of our organization and may result in additional administrative costs (including costs relating to investments in IT), operational risk (including risks relating to management and control of cash flows and management and control of local personnel), other regulatory risk (including risks relating to non-compliance with data protection, anti-money laundering and local laws and regulations) and other challenges in managing our business. Any unforeseen changes or mistakes in planning or controlling our operations in these respects may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***The introduction of our new products and services may not be successful***

As part of our business strategy, we may develop and introduce products and services that complement our current lending proposition. For example, in 2019 we introduced our new premium vehicle financing brand, Primero, through a joint venture with a local Latvian bank. However, we cannot guarantee these pilot products will be developed into permanent product offerings or that we will launch any other new products. We can also offer no assurance that any products or services that we introduce will be successful once they are offered to our current or future customers. We may not be able to adequately anticipate our target customers' needs or desires, which could change over time rendering certain of our products and services obsolete. We may face difficulties in making these products and services profitable and may incur significant costs in connection with such products. Moreover, our introduction of additional financial products or services could subject us to additional regulation or regulatory oversight by governmental authorities. Any of these factors may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Our business depends on a strategically located branch footprint***

A core part of our vehicle loan origination process is visually inspecting the vehicle on the spot before issuing the loan. Convenient location greatly improves customer

experience and, thus, conversion. We have established branches in strategic locations, such as within close vicinity of large local vehicle markets, near (or within) vehicle registries, or areas with high population density to ensure vehicle inspection process causes minimal disruption in the customer journey. Our consumer lending business, formed through a strategic acquisition during 2020, also depends on the number of branches as well as their convenient location to enable our customers to easily contact our customer service representatives.

We do not own any of the premises where our branches are located. Any inability to maintain existing relationships with current landlords may have a material adverse effect on customer experience & conversion and/or increase cost of our operations as we may not be able to find comparable locations at similar cost.

***Our business depends on marketing affiliates to assist us in obtaining new customers***

We are partially dependent on marketing affiliates as a source for new customers. Our marketing affiliates place our advertisements on their websites, which, in turn, direct potential customers to our websites. As a result, the success of our business depends substantially on the willingness and ability of marketing affiliates to provide us customer leads at acceptable prices.

The failure of our marketing affiliates to comply with applicable laws and regulations, or any changes in laws and regulations applicable to marketing affiliates or changes in the interpretation or implementation of such laws and regulations, could have an adverse effect on our business and could increase negative perceptions of our business and industry. Also, certain changes in our online marketing affiliates' internal policies or privacy rules could limit our ability to advertise online. Additionally, the use of marketing affiliates could subject us to additional regulatory cost and expense. Any restriction on our ability to use marketing affiliates may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***The Issuer is a company that has no revenue generating operations of its own and depends on cash from our operating companies to be able to make payments on the Bonds***

The Issuer's only business operations consist of providing financing to the Group companies and to act as holding company of the Group with no business operations other than the equity interests it holds in its subsidiaries. See "*Information about the Issuer*" The Issuer will be dependent upon the cash flow from our operating subsidiaries in the form of interest income, direct loan repayment, dividends or other distributions or payments to meet their obligations, including the Issuer's obligations under the Bonds or other indebtedness incurred to fund its equity interests and other financial assets. The amounts of interest income, dividends or other distributions or payments available to the Issuer will depend on the profitability and cash flows of our subsidiaries and the ability of those subsidiaries to issue dividends and make distributions and other payments under applicable law. Our subsidiaries, however, may not be able to, or may not be permitted under applicable law to, make interest payments, loan principal repayments, dividends, distributions or other payments to the Issuer to make payments in respect of their indebtedness, including the Bonds. In addition, our subsidiaries that do not guarantee the Bonds have no obligation to make payments with respect to the Bonds.

***Our vehicle finance business depends on partnerships (e.g. vehicle dealers) and brokers to assist us in obtaining new customers***

A substantial part of our loan issuances goes through vehicle dealer and broker channels. We typically motivate our partners to work with us by paying a commission for each loan issued and, in some cases, offering better loan terms to the customers that have been attracted by some (or all) partners. In most markets, our competitors use similar partner motivation models and the majority of partners work with more than one lease provider.

Should our partner motivation system become less competitive or should our loan product terms become substantially worse compared to competition, we may lose all or part of the business that is issued through partner channel. This may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***A decrease in demand for our financial products and failure by us to adapt to such decrease could result in a loss of revenues***

Any decrease in demand for our products could have a significant impact on our revenue. A variety of factors could influence demand for our products, such as increased availability or attractiveness of competing financial products, changes in consumer sentiment and spending or borrowing patterns, regulatory restrictions that inhibit customer access to particular financial services, and changes in the financial condition of our customers that cause them to seek financing from other lending institutions or, alternatively, to exit the lending market entirely. Should we fail to adapt to a significant change in customer demand for, or access to, our products and services, our revenues could decrease significantly and our on-going business operations could be adversely affected. Even if we do adapt our existing products or introduce new products to meet changing customer demand, customers may resist or reject such products. The effect of any product diversification or change on the results of our business may not be fully ascertainable until the change has been in effect for some time. All of these factors may result in a loss of revenue and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***We may be unable to protect our proprietary technology or keep up with that of our competitors and we may become subject to trademark infringements and intellectual property disputes, which are costly to defend and could harm our business and operating results***

The success of our online and mobile lending channels depends to a significant degree upon the protection of our software and other proprietary intellectual property rights. We may be unable to deter misappropriation or other unauthorized use of our proprietary information or take appropriate steps to enforce our intellectual property rights. In addition, competitors could, without violating our proprietary rights, develop technologies that are as good as or better than our technology. Failure to protect our software and other proprietary intellectual property rights or to develop technologies that are as good as our competitors' could put us at a competitive disadvantage. Any such failures may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

We may face in the future, allegations that we have infringed the trademarks, copyrights, patents or other intellectual property rights of third parties, including from our competitors. Third parties without any affiliation to the Group may also infringe our intellectual property rights by unauthorized use of our trademarks. Trademark and

other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering certain products or product features, acquire licenses which may not be available at a commercially reasonable price or at all, or modify our products, product features, processes or websites while we develop non-infringing substitutes. Such events may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***We are 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***

Our business involves the storage and transmission of customers' proprietary and personal information, and security breaches could expose us to a risk of loss or misuse of this information, of being involved in litigation procedures and of potentially being held liable. We are entirely dependent on the secure operation of our websites and systems, and the websites and systems of our data center providers, as well as on the operation of the internet generally. While we have not incurred any significant cyber-attacks or security breaches to date, a number of other companies have disclosed cyber-attacks and security breaches, some of which have involved intentional attacks. Attacks may be targeted at us, our customers and/or our data center providers. Although we and our data center providers devote resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to us and our customers, there is no assurance that these security measures will provide absolute security. Despite our efforts to ensure the integrity of our systems and our data center providers' efforts to ensure the integrity of their systems, effective preventive measures against all security breaches may not be anticipated or implemented, especially because the techniques used change frequently or are not recognized until launched, and because cyber-attacks can originate from a wide variety of sources. These risks may increase in the future as we continue to increase our mobile and other internet-based product offerings and expand our internal usage of web-based products and applications or expand into new countries. If an actual or perceived breach of security occurs, customer and/or supplier perception of the effectiveness of our security measures could be harmed and could result in the loss of customers, suppliers or both. Actual or anticipated attacks and risks may cause us to incur increased costs, including costs to deploy additional personnel and protection technologies, train employees or engage third party experts and consultants.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, and similar disruptions, including "denial-of-service" type attacks. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches that result in the unauthorized release of customers' personal information could damage our reputation and expose us to a risk of loss or litigation and possible liability. In addition, many of the third parties who provide products, services or support to us could also experience any of the cyber risks or security breaches described above, which could impact our customers and our business and could result in a loss of customers, suppliers or revenue.

Any of these events could result in a loss of revenue and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.



***Our success is dependent upon our management and employees and our ability to attract and retain qualified employees***

Our success depends on our management and employees who possess highly specialized knowledge and experience in IT and the development of vehicle and consumer financing. Many members of our senior management team possess significant experience in the lending industry and knowledge of the regulatory and legal environment in the markets in which we operate, and we believe that our senior management would be difficult to be replaced. The market for qualified individuals is highly competitive and labor costs for hiring and training new employees are increasing. Accordingly, we may not be able to attract and/or retain qualified managers or IT specialists, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***The preparation of our consolidated financial statements under IFRS and certain tax positions taken by us require the judgment of management, and we could be subject to risks associated with these judgments or could be adversely affected by the implementation of new, or changes in the interpretation of existing, accounting standards, financial reporting requirements or tax rules***

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). IFRS and its interpretations are subject to change over time. If new accounting standards or interpretations of or amendments to existing accounting standards require us to change our financial reporting, our results of operations and financial condition could be materially adversely affected, and we could be required to restate historical financial reporting.

The preparation of our consolidated financial statements in conformity with IFRS requires the board of directors and other management personnel to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, at the dates of the consolidated financial statements, and the reported amounts of income and expenses in the reporting periods. It also requires our board of directors and other management personnel to exercise their judgment in the application of our accounting policies. There is a risk that such estimates, assumptions or judgments by the board of directors and other management personnel do not correctly reflect the actual financial position of the Group.

In addition, management’s judgment is required in determining the provision for income taxes, the levels of deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets, along with our approach to matters concerning withholding tax and value added tax. We regularly assess the adequacy of our tax provisions. If required, we also seek advice from external tax advisors. There can be no assurance as to the outcome of these decisions, or to the quality of advice we receive. From time to time, we may become subject to tax audits in the jurisdictions in which we operate. Furthermore, tax laws and regulations, including the interpretation and enforcement thereof, in the jurisdictions in which we operate may be subject to change. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws or regulations are modified in an adverse manner. Any additional or increased tax payments may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***If we fail to geographically diversify and expand our operations and customer base, our business may be adversely affected***

Several countries in which we operate generate a significant share of our revenues. As a result, we are exposed to country-specific risks with respect to such national markets. In such markets, a dissatisfaction with our products, a revocation of our operating license, a decrease in customer demand, a failure to successfully market our new and existing products or the failure to further expand our customer base and retain our existing customer base may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows. While we continue to seek opportunities to expand our operations into new markets, there can be no guarantee that such efforts of diversification will be successful. Failure to geographically diversify and expand our operations and customer base could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Failure to keep up with the rapid changes in e-commerce and the uses and regulation of the Internet could harm our business***

The business of providing products and services such as ours over the Internet is dynamic and relatively new. We must keep pace with rapid technological change, consumer use habits, Internet security risks, risks of system failure or inadequacy and governmental regulation and taxation. Local regulators may have divergent interpretations as to the classification of our services provided online, which may result in the reclassification of our services into services requiring a separate license. In addition, concerns about fraud, computer security and privacy and/or other problems may discourage additional customers from adopting or continuing to use the Internet as a medium of commerce, and each of these factors could adversely impact our business.

***Significant, rapid or unforeseen economic or political changes in the economies in which we operate could reduce demand for our products and services and result in reduced income***

We operate in a variety of markets which experience or may face in the future political and/or economic instability. Countries in which we currently operate, such as Belarus, Armenia and Uganda, have suffered from political turbulence and, in some instances, armed conflicts. We also consider expanding our business into other new markets should opportunities present themselves. Hence, any significant changes in, or a deterioration of, the political environment in regions where we currently operate or will operate in the future could lead to political and economic instability, which may have an adverse effect on investor and consumer confidence and affect consumers' ability to repay loans. Should the ability of our customers to repay loans be negatively affected, this could restrict our ability to sustain or expand our operations in these countries and could therefore adversely and materially affect our cash flow, liquidity and working capital position.

***The unstable regulatory and legal framework and the volatility of the emerging economies in which we operate could reduce demand for our products and services and result in reduced income***

In recent years, certain of the emerging markets where we operate have undergone substantial economic and institutional change. As it is typical of emerging or transitioning markets, they do not possess the full business, legal and regulatory infrastructures that would generally exist in more mature, free market economies, and the business, legal and regulatory infrastructures in these jurisdictions are continuously

evolving. See also “*Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance, we may be subject to fines or penalties, have to exit certain markets or be restricted from carrying out certain operations*”. In addition, the tax and currency legislation in the markets in which we operate are subject to varying interpretations and changes, which can occur frequently. Any disruption of the reform policies and recurrence of economic instability may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

The future economic development of the markets in which we operate remains largely dependent upon the effectiveness of economic, financial and monetary policies undertaken by their respective governments, together with tax, legal and regulatory developments. Our failure to manage the risks associated with our operations in emerging markets may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Our operations could be subject to civil unrest and other business disruptions, which could adversely impact our future income and financial condition and increase our costs and expenses***

Our services and operations are vulnerable to damage or interruption from power losses, telecommunications failures, terrorist attacks, acts of war and similar events in countries where we operate. Although we have clear understanding of actions necessary to be taken in case of disaster to recover our IT systems, acts of terrorism, war, civil unrest and violence could cause disruptions to our business or the economy as a whole. Any of these events could cause consumer confidence to decrease, which could decrease the number of loans we make to customers. Any of these occurrences may have a material adverse effect on our business, financial condition, results of operations, prospects, credit recovery or cash flows.

***b. Risks related to the Group’s financial situation***

***Changes in our working capital requirements may adversely affect our liquidity and financial condition***

Our working capital requirements can vary significantly from market to market, depending, in part, on differences in demand for vehicle financing and consumer credit. If our available cash flows from operations are not sufficient to fund our ongoing cash needs, we would be required to look to our cash balances and available credit facilities to satisfy those needs, as well as potential sources of additional capital.

Furthermore, an economic or industry downturn could increase the level of non-performing assets. A significant deterioration in our debt collection or our ability to sell non-performing loans to third parties could affect our cash flow and working capital position and could also negatively impact the cost or availability of financing to us.

If our capital resources are insufficient to meet our capital requirements, we will have to raise additional funds. We may not be able to raise sufficient additional funds on terms that are favorable to us, if at all. If we fail to raise sufficient funds, our ability to fund our operations, take advantage of strategic opportunities or otherwise respond to competitive pressures could be significantly limited, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows. See also “*The continued expansion of our portfolio depends, to an increasing extent, upon our ability to obtain adequate funding*”.

***Our substantial level of indebtedness could adversely affect our financial condition, our ability to obtain financing in the future and our ability to fulfill our obligations under the Bonds***

We have substantial indebtedness and we may incur additional indebtedness. Our high level of indebtedness and high debt to equity ratio could have important consequences for holders of the Bonds. Notably, it could:

- make it more difficult for us to satisfy our obligations with respect to the Bonds and our other indebtedness, resulting in possible defaults on and acceleration of such indebtedness;
- require us to dedicate a substantial portion of our cash flows from operations to the payment of principal and interest on our indebtedness, thereby reducing the availability of such cash flows to fund working capital, acquisitions, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, acquisitions, capital expenditures, debt service requirements and other general corporate purposes;
- limit our ability to refinance indebtedness or cause the associated costs of such refinancing to increase;
- limit our ability to fund change of control offers;
- restrict the ability of our subsidiaries to pay dividends or otherwise transfer assets to us, which could limit our ability to, among other things, make required payments on our debt;
- increase our vulnerability to general adverse economic and industry conditions, including interest rate fluctuations (because a portion of our borrowings may have variable rates of interest); and
- place us at a competitive disadvantage compared to other companies with proportionately less debt or comparable debt at more favorable interest rates who, as a result, may be better positioned to withstand economic downturns.

The high level of our indebtedness and the consequences thereof (as described above) could have a material adverse effect on our business, financial condition and results of operations. We expect to obtain the funds to pay our expenses and to repay our indebtedness primarily from our operations. Our ability to meet our expenses and make these payments thus depends on our future performance, which will be affected by financial, business, economic, regulatory and other factors, many of which we cannot control. Our business may not generate sufficient cash flow from operations in the future and our currently anticipated growth in revenue and cash flow may not be realized, either or both of which could result in our being unable to repay indebtedness, or to fund other liquidity needs. If we do not have enough funds, we may be required to refinance all or part of our then existing debt, sell assets or borrow more funds, which we may not be able to accomplish on terms acceptable to us, or at all. In addition, the terms of existing or future debt agreements may restrict us from pursuing any of these alternatives.

***We may face liquidity risks***

We are exposed to liquidity risks arising out of the mismatches between the maturities of our assets and liabilities, which may prevent us from meeting our obligations in a timely manner. If short- and, in particular, long-term funding from international capital

markets is unavailable or if maturity mismatches between our assets and liabilities occur, this may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***A downgrade of the Group's credit ratings may increase its financing costs and harm its ability to finance its operations and investments***

Fitch Ratings – a branch of Fitch Ratings Ireland Limited (“**Fitch**”) has rated the Issuer “B-“; outlook stable. Depending on its ratings, the Group's access to capital markets may be limited and obtaining funding from capital markets may be more expensive. There can be no assurance that the credit ratings assigned to the Issuer will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the rating agency if, in such rating agency's judgment, circumstances so warrant. Any actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the Bonds and increase our corporate borrowing costs.

***We may be able to incur substantially more debt, including secured debt, which could further exacerbate the risks associated with our substantial level of indebtedness***

We may incur substantial additional indebtedness in the future, including secured debt. If new debt is added to our current debt levels, the related risks that we face would increase, and we may not be able to meet all of our debt obligations.

***c. Legal and regulatory risk***

***Failure to comply with anti-corruption laws, including anti-bribery laws, could have an adverse effect on our reputation and business***

While we are committed to doing business in accordance with anti-corruption and anti-bribery laws applicable in the countries where we operate, we face the risk that any of our operating subsidiaries or their respective officers, directors, employees, agents or business partners may take actions or have interactions with persons that violate such anti-corruption laws, or face allegations that they have violated such laws.

Certain countries where we operate pose risks of corruption violations. According to the 2020 Transparency International Corruption Perceptions Index, which evaluates data on corruption in countries throughout the world by ranking countries from 1 (least corrupt) to 179 (most corrupt), key markets for the Group in terms of assets, growth and profitability like Lithuania, Romania, Kenya and Moldova were ranked 35, 69, 124 and 115 respectively.

While we closely monitor any signs of potential breaches of the law, the effects of corruption on our operations are difficult to predict. However, under certain circumstances, corruption, particularly where it heightens regulatory uncertainty or leads to regulatory changes adverse to our operations or to liability on our part or on the part of our directors or business partners, may result in penalties and sanctions, which may have a material adverse effect on our reputation, business, financial condition, results of operations, prospects or cash flows.

***The legal and judicial systems in some of our markets of operation are less developed than western European countries – enforceability risk***

The legal and judicial systems in some of the markets in which we operate are less developed than those of western European countries. Commercial, competition,

securities, anti-bribery, personal data protection, company and bankruptcy law (as well as other areas of law) in such countries may be unfamiliar to local judges. Related legal provisions in these jurisdictions have been and continue to be subject to ongoing, and at times unpredictable, changes. Existing laws and regulations in our countries of operation may be applied inconsistently or may be interpreted in a manner that is restrictive and non-commercial. Furthermore, it may not be possible, in certain circumstances, to obtain legal remedies in a timely manner in these countries. The relatively limited experience of a significant number of judges or other legal officials practicing in these markets, specifically with regard to capital markets issues, and questions regarding the independence of the judiciary system in such markets may lead to decisions based on considerations that are not grounded in the law. The enforcement of judgments may also prove difficult, which means that the enforcement of rights through the respective court systems may be laborious, especially where such judgments may lead to business closures or job losses. This lack of legal certainty may adversely affect our business, and may also make it difficult for you to address any claims you may have as an investor.

***Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance we may be subject to fines, penalties or limitations, have to exit certain markets or be restricted from carrying out certain operations***

Our operations are subject to regulation by a variety of consumer protection, financial services and other state authorities in various jurisdictions, including, but not limited to, laws and regulations relating to consumer loans and consumer rights protection, debt collection and personal data processing. See “*Regulatory Framework*”. National and international regulations, as well as plaintiff bars, the media and consumer advocacy groups, have subjected our industry to intense scrutiny in recent years. Failure to comply with existing laws and regulations applicable to our operations, or to obtain and comply with all authorizations and permits required for our operations, or adverse findings of governmental inspections, may result in the imposition of material fines or penalties or more severe sanctions, including preventing us from continuing substantial parts of our business activities, suspension or revocation of our licenses, or in some cases criminal penalties being imposed on our officers.

In several of the jurisdictions where we operate, we also face risks related to the acquisition of licenses to conduct financial leasing and consumer lending services. We are dependent on the authorities to grant us such required licenses, and in some jurisdictions the licenses are subject to renewal procedures. See “*Regulatory Framework*”. If we fail to comply with the laws and regulations applicable to our business, it may result in us not being able to renew our consumer lending license in one or several jurisdictions. Local regulators may also suspend existing licenses temporarily or revoke them permanently.

Furthermore, governments may seek to impose new laws, regulatory restrictions or licensing requirements that affect the products or services we offer, the terms on which we offer them, and the disclosure, compliance and reporting obligations we must fulfill in connection with our business. They may also interpret or enforce existing requirements in new ways that could restrict our ability to continue our current methods of operation, including the development of our scoring models, or to expand operations or impose significant additional compliance costs on us. In some cases, these measures could even directly limit or prohibit some or all of our current business activities in certain jurisdictions, or render them unprofitable. In addition, they could require us to refund interest and result in a determination that certain leases and loans are not recoverable and could cause damage to our brand and our valued customer relationships.

***Our business is subject to complex and evolving laws and regulations regarding privacy, data protection, and other matters***

Our business is subject to a variety of laws and regulations internationally that involve user privacy issues, data protection, advertising, marketing, disclosures, distribution, electronic contracts and other communications, consumer protection and online payment services. The introduction of new products or the expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently from country to country and may also be inconsistent with our current or past policies and practices. Existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, the expansion into new markets, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to inquiries or investigations, claims or other remedies, including demands which may require us to modify or cease existing business practices and/or pay fines, penalties or other damages. This may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Although we continuously educate our employees on applicable laws and regulations in relation to privacy, data protection and other relevant matters, we cannot guarantee that our employees will comply at all times with such laws and regulations. If our employees fail to comply with such laws and regulations in the future, we may become subject to fines or other penalties which may have a negative impact on our reputation and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***Failure to comply with anti-money laundering laws could have an adverse effect on our reputation and business***

We are subject to anti-money laundering laws and related compliance obligations in part of the jurisdictions in which we do business. We have put in place local anti-money laundering policies and procedures, which we apply in all of our countries of operation. However, our compliance with the anti-money laundering requirements of local laws may not prevent all possible breaches. The relatively small amounts invested by our customers make our business less attractive for money laundering activities at a large scale and therefore we consider the money laundering risk inherent to the Group is low. Country managers in each jurisdiction are responsible for money laundering prevention and compliance. As a financial institution, we are required to comply with anti-money laundering regulations that are generally less restrictive than those that apply to banks. As a result, we often rely on anti-money laundering checks performed by our customers' banks when such customers open new bank accounts. If we are not in compliance with relevant anti-money laundering laws (including as a result of relying on deficient checks carried out by our customers' banks), we may be subject to criminal and civil penalties and other remedial measures. Any penalties, remedial measures or investigations into any potential violations of anti-money laundering laws could harm our reputation and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***We may be adversely affected by contractual claims, complaints, litigation and negative publicity***

We may be adversely affected by contractual claims, complaints and litigation, resulting from relationships with counterparties, customers, competitors or regulatory authorities, as well as by any adverse publicity that we may attract. Any such litigation,

complaints, contractual claims, or adverse publicity may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Defense of any lawsuit, even if successful, could require substantial time and attention of our management and could require the expenditure of significant amounts for legal fees and other related costs. We are also subject to regulatory proceedings, and we could suffer losses from the interpretation of applicable laws, rules and regulations in regulatory proceedings, including regulatory proceedings in which we are not a party. Any of these events could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

***The transposition of the Anti-Tax Avoidance Directive in Luxembourg law could have an impact on our tax position (including our performance)***

As part of its anti-tax avoidance package, the EU Commission published a draft Anti-Tax Avoidance Directive on 28 January 2016, which was formally adopted by the EC Council on 12 July 2016 in Council Directive (EU) 2016/1164 (“**ATAD 1**”).

In this respect, the Luxembourg law dated 21 December 2018 (the “**ATAD 1 Law**”) transposed ATAD 1 into Luxembourg legislation. The ATAD 1 Law may have an impact on the tax position of the Issuer (including on its performance). Amongst the measures contained in the ATAD 1 Law is an interest deductibility limitation rule.

The interest deduction limitation rule set out by ATAD 1 has been implemented in article 168bis of the Luxembourg income tax law (“**LITL**”) effective as of 1 January 2019, which restricts, for a Luxembourg taxpayer (such as the Issuer), the deduction of net interest expenses qualifying as “exceeding borrowing costs” to the higher of (i) 30% of the taxpayer’s EBITDA (defined as the taxpayer’s total net income increased by the amount of its exceeding borrowing costs, depreciation and amortisation), and (ii) €3 million.

Exceeding borrowing costs are defined as the amount by which the deductible borrowing costs of a taxpayer exceeds the taxpayer’s taxable interest revenues and other economically equivalent taxable income of the taxpayer. Exceeding borrowing costs not deductible in a tax period can be carried forward indefinitely. The same applies to a taxpayer’s excess interest capacity which cannot be used in a given tax period (however, such exceeding interest capacity can only be carried forward for a maximum period of 5 years).

If ATAD 1 should result in the refusal of the tax deductibility of a portion of the interest accrued or paid under the Bonds, the tax position as well as the performance of the Issuer could be impacted due to the potential increase of its taxable basis.

**d. Internal control risk**

***The interests of our beneficial owners may conflict with those of the Holders***

The Group is ultimately controlled by several individuals (see *Information about the Group – Beneficial ownership*). These individuals have and will continue to have the power to affect the legal and capital structure and the day-to-day operations of the Group, as well as the ability to elect and change the management team and approve other changes to the Group’s operations. The interests of the ultimate beneficial owners may, in some circumstances, conflict with the interests of the Holders, particularly if the Group encounters financial difficulties or if we are unable to pay our debts as they become due. The ultimate beneficial owners could also have an interest in pursuing financings or other transactions which, in their judgment, could enhance their equity investment, although such transactions might increase the Group’s



indebtedness, require the Group to sell assets or otherwise impair our ability to make payments under the Bonds. Any potential conflict between the interests of the indirect controlling shareholder or the ultimate beneficial owners, on the one hand, and Holders, on the other hand, may have a material adverse effect on the value of the Bonds.

**e. Risks related to the nature of the Bonds**

***We may not be able to generate sufficient cash to service all of our indebtedness, including the Bonds, and may be forced to take other actions to satisfy our obligations under our debt agreements, which may not be successful***

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest and additional amounts, if any, on our indebtedness, including the borrowings under the Bonds offered hereby.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including our indebtedness under the Bonds offered hereby. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous borrowing covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness.

If we cannot make scheduled payments on our debt:

- the holders of our debt could declare all outstanding principal and interest to be due and payable;
- the holders of our secured debt, to the extent we have any, could commence foreclosure proceedings against our assets;
- we could be forced into bankruptcy or liquidation; and
- you could lose all or part of your investment in the Bonds.

***We may be unable to repay or repurchase the Bonds at maturity***

The maturity of the Bonds, i.e. 10 years, represents a risk that the financial state of the Issuer may change considerably within a time period of 10 years.

*At maturity, the entire principal amount of the Bonds, together with accrued and unpaid interest, will become due and payable and we shall be able to choose whether we will redeem or convert the Bonds. In case we do not opt for conversion, we may not have the ability to repay or refinance these obligations. We may also attempt to seek approval of the Holders to further extend the maturity of the Bonds. If the maturity date occurs at a time when other arrangements prohibit us from repaying the Bonds, we could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. If we fail to obtain the waivers or refinance these borrowings, we would be unable to repay the Bonds. **Luxembourg insolvency and administrative laws may not be as favorable to creditors, including Holders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Bonds and the Issuer is subject to risks relating to the location of their center of main interest (“COMI”)***

The Issuer is incorporated in the Grand Duchy of Luxembourg. The insolvency laws of Luxembourg may not be as favorable to your interests as creditors as the bankruptcy laws of certain other jurisdictions and your ability to receive payment under the Bonds may be more limited than would be the case under such bankruptcy laws. In addition, there can be no assurance as to how the insolvency laws of Luxembourg will be applied. In the event that the Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced or the outcome of such proceedings. Under the Regulation (EU) No 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, as amended (the “**EU Insolvency Regulation**”), the “main” insolvency proceedings in respect of a debtor should be opened in the EU Member State in which its COMI is located. There is a presumption in the EU Insolvency Regulation that a company’s COMI is in the EU Member State in which its registered office is located; however, this presumption may be rebutted by certain factors relating in particular to where the company’s central administration is located. Although the Issuer is incorporated under the laws of the Grand Duchy of Luxembourg and has its registered office in the Grand Duchy of Luxembourg, where the board meetings are held or initiated, some members of its board of directors are not residing in the Grand Duchy of Luxembourg, and thus it is possible, even though rather unlikely, that the Issuer’s COMI may be found to exist outside Luxembourg, and insolvency laws of another jurisdiction may become relevant. The insolvency and other laws of different jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferences, transactions at an undervalue and transactions defrauding creditors, priority of governmental and other creditors, ability to obtain or claim interest following the commencement of insolvency proceedings and the duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction’s laws should apply, adversely affect your ability to enforce your rights under the Bonds in these jurisdictions and limit any amounts that you may receive. Prospective investors in the Bonds should consult their own legal advisors with respect to such considerations.

### ***Investors may face foreign exchange risks by investing in the Bonds***

The Bonds will be denominated and payable in EUR. If investors measure their investment returns by reference to a currency other than EUR, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the EUR relative to the currency by reference to

which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the EUR against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the relevant Bonds below their stated coupon rates and could result in a loss to investors when the return on such Bonds is translated into the currency by reference to which the investors measure the return on their investments.

***There are only specific events which can trigger a conversion/redemption of the Bonds***

Holders have limited ability to trigger the termination of the Bonds via conversion or redemption. The Terms and Conditions of the Bonds provide for specific events of default, namely the non-payment of any amount due under the Bonds, the non-delivery of New Shares following a conversion and the insolvency of the Issuer.

The Terms and Conditions of the Bonds do not include a right for the Holders to demand repayment or conversion in the event of a change of control in the Issuer. A change of control or change of ownership in the Issuer could lead to a new owner incorporating a change in strategy, management, risk or business model which may negatively affect the Issuer's ability to redeem or convert the Bonds. In addition, certain of the Issuer's contractual and financial arrangements may be subject to change of control or change of ownership provisions, which may cause termination or amended terms and which in turn may have a material adverse effect on the Issuer's business, financial position, results of operations, future prospects, or its ability to redeem or convert the Bonds. Nevertheless, the change of control in the Issuer will result in a five-percent (5%) step-up in the applicable Interest Rate.

***We may choose to repurchase, redeem or convert the Bonds when prevailing interest rates are relatively low, including in open market purchases***

We may seek to repurchase, redeem or convert the Bonds from time to time in full under a call option right provided under the Terms and Conditions, especially when prevailing interest rates are lower than the rate borne by such Bonds. If prevailing rates are lower at the time of redemption, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on such Bonds being redeemed. Our redemption right may also adversely impact your ability to sell such Bonds.

We may also from time to time repurchase the Bonds in the open market, privately negotiated transactions, tender offers or otherwise. Any such repurchases or redemptions and the timing and amount thereof would depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. Such transactions could impact the market for such Bonds and negatively affect our liquidity.

***The Bonds will be subordinated to all other senior liabilities of the Issuer***

The Bonds will be subordinated to all other senior creditors' claims of the Issuer, including trade creditors. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Issuer, all the claims arising from the Bonds will fall due and will be satisfied only after the full satisfaction of all other senior creditors' claims against the Issuer in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Issuer, the Holders will not be entitled to any payments due until the full and due satisfaction of all other senior creditors' claims against the Issuer. The subordination may have adverse effect on the Issuer's ability to meet its obligations arising from the Bonds.

Additionally, there is no restriction on the amount or type of further indebtedness which the Issuer may issue or incur which ranks senior to, or *pari passu* with, the Bonds. The incurrence of any such further indebtedness may reduce the amount recoverable by Holders on a liquidation, dissolution or winding-up of the Issuer in respect of the Bonds and may limit the ability of the Issuer to meet its obligations in respect of the Bonds, and result in a Holder losing all or some of its investment in the Bonds. In addition, the Bonds do not contain any restriction on the Issuer issuing securities ranking by law or by its terms *pari passu* with the Bonds and having similar or preferential terms to them.

#### **The Bonds will be unsecured**

The Bonds will not be secured by the Issuer nor there will be securities or guarantees provided by any of the Issuer's Group companies. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Bonds. The Issuer shall not be prevented from creating any security interest over any of its assets in favour of any third party. This Offering Memorandum does not include any negative pledge provisions, or provide any restrictions on entrance to particular security arrangements between the Issuer and any third party.

#### ***The Bond coupon payments may be deferred***

The Issuer has an unconstrained option for cumulative coupon deferral. The Issuer has the right to pay coupon at its sole discretion or choice, without it being an obligation. Coupon payments deferred will be capitalised upon the occurrence of an Interest Capitalisation Event. Hence there is a risk of not receiving a coupon payment during the life of the Bond.

#### ***Fluctuations in EURIBOR could result in a decrease in the relative value of the Bonds***

EURIBOR rates fluctuate and, subject to unpredictable macroeconomic and financial conditions, might decrease considerably. The Bonds bear a floating interest of EURIBOR plus Margin. Investors face the risk of experiencing a decrease in their return due to the fluctuations of EURIBOR. Nevertheless, when EURIBOR rates are negative, as it is the case on the Issue Date, they are deemed to be zero for the purpose of calculating the applicable Interest Rate and thus the latter is floored at 12%.

#### ***Risks related to the Common Reporting Standard***

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD, including the Common Reporting Standard ("**CRS**"). As of 12 May 2016, and per the status issued by the OECD on 19 August 2016, 84 jurisdictions, including Luxembourg, signed the multilateral competent authority agreement, which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. More than 40 jurisdictions, including Luxembourg, have committed to a specific and ambitious timetable leading to the first automatic exchanges in 2017 (early adopters). Under CRS, financial institutions resident in a CRS country would be required to report, according to a due diligence standard, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which include trusts and foundations) with tax residency in another CRS country. CRS

includes a requirement to look through passive entities to report on the relevant controlling persons.

As of 1 January 2016, CRS and EU Council Directive 2014/107/EU have been implemented in Luxembourg law (by the Luxembourg law dated 18 December 2015 on the Common Reporting Standard (*loi relative à l'échange automatique de renseignements relatifs aux comptes financiers en matière fiscale*), as amended). As a result, the Issuer is required to comply with identification obligations starting in 2016, with reporting having begun in 2017. Holders of Bonds may be required to provide additional information to the Issuer to enable it to satisfy its identification obligations under the Luxembourg implementation of the CRS. Prospective investors are advised to seek their own professional advice in relation to the CRS and EU Council Directive 2014/107/EU. Not complying with the CRS rules may be sanctioned by fines imposed upon the Issuer. Furthermore, it cannot be ruled out that as a sanction against failure to comply with the CRS rules, a withholding tax will be introduced similar to the withholding tax imposed for non-compliance with FATCA regulations.

***There is no established trading market for the Bonds. If an actual trading market does not develop for the Bonds, you may not be able to resell them quickly, for the price that you paid or at all***

There is no established trading market for the Bonds. If an active trading market does not develop or is not sustained, the market price and liquidity of the Bonds may be adversely affected and you may be unable to resell your Bonds at a particular time, at their fair market value or at all.

If a trading market does develop, the market price of the Bonds will depend on many factors, including:

- the market demand for securities similar to the Bonds and the interest of securities dealers in making a market for the Bonds;
- the number of holders of the Bonds;
- the prevailing interest rates being paid by other companies similar to us;
- our financial condition, financial performance and future prospects;
- the market price of the New Shares;
- any event which has a dilutive effect on the New Shares;
- the prospects for companies in our industry generally; and
- the overall condition of the financial markets.

Historically, the market for non-investment grade subordinated debt has been subject to disruptions that have caused volatility in prices of securities similar to the Bonds. It is possible that the market for the Bonds will be subject to such disruptions. Any disruptions may have a negative effect on holders, regardless of our prospects and financial performance.

The Issuer will apply for the listing of the Bonds on the Nasdaq Riga First North multilateral trading facility operated by Nasdaq Riga, AS, also known as an Alternative Market, within 6 months, however, although every effort will be made by the Issuer to ensure the listing of the Bonds as anticipated by the Issuer, no assurance can be provided that the Bonds will be listed and admitted to trading. Further, the Nasdaq Riga First North is substantially less liquid than established markets.

***The transfer of the Bonds is restricted for U.S. Securities Act purposes, which may adversely affect their liquidity and the price at which they may be sold***

The Bonds have not been registered under, and we are not obliged to register the Bonds under, the U.S. Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act or such securities laws as applicable. We have not agreed to or otherwise undertaken to register the Bonds, and do not have any intention to do so.

***The Bonds may be converted into New Shares and there will be a time lag between the conversion and the registration of the Holders as shareholders, during which the market value of the New Shares may decline***

There will be a time lag between the conversion of Bonds and the registration of the Holders as holders of the New Shares by the Issuer. The market value of the Issuer's New Shares may decline in the period during the relevant Conversion Date (when the conversion ratio will be calculated) and the registration of the Holders as shareholders in the registry of the Issuer. Thus the market value of the New Shares at the time of the registration might be lower than the market value of the New Shares on the relevant Conversion Date. This would result in the Holders incurring a loss in their initial investment.

***There is a risk that the Issuer may be prevented from issuing New Shares or proceeding with the relevant registration when a conversion is triggered***

It cannot be excluded that the Issuer is legally prevented from issuing New Shares or registering the Holders as shareholders in its registry, when a conversion is triggered. In such case, the relevant Holder has no right to receive New Shares of the Issuer and the Issuer is, in accordance with the Terms and Conditions, obliged to pay a cash settlement amount to the Holder in lieu of the delivery of New Shares. In such case, the Holder would not become a shareholder of the Issuer.

***Holders of the Bonds will have no shareholder rights prior to conversion***

Holders will not be shareholders of the Issuer prior to conversion of their Bonds into New Shares. Holders will not have any voting rights, any right to receive dividends or other distributions or any other rights with respect to the New Shares until such time, if any, as of which the Issuer converts their Bonds into New Shares and proceeds with the registration of the Holders as shareholders in its share registry.

***The Issuer may issue additional capital which could have a substantial dilutive effect on the New Shares issued following a conversion of the Bonds***

The Issuer might issue new capital in the future and the Terms and Conditions of the Bonds do not restrict this possibility. Such capital could consist of new equity or equity-like securities which may have a substantial dilutive effect on issued New Shares and a materially negative effect on their value.

***Holders of the Bonds will have limited anti-dilution protection***

The Share Capital of the Issuer, which will be used for the calculation of the Conversion Ratio, will be adjusted only in cases where the newly issued shares are subscribed by the current shareholders of the Issuer. In all other cases of capital increase, the Holders will incur dilution.

***Upon conversion of the Bonds, the Holders will become shareholders of the Issuer and will, as such, be particularly exposed to the risk of suffering a total loss of the capital invested***

Upon a conversion of the Bonds and the execution of the required registration, the Holders will become shareholders of the Issuer. As shareholders, they would not be creditors of the Issuer in the event of insolvency proceedings and would therefore not participate in a quota distribution. Only if there was a surplus after the final distribution, such residual surplus would be distributed among the shareholders in accordance with their participation ratios. Hence, they would be exposed to the risk of suffering a total loss of the capital invested in the event the Issuer becomes insolvent.

***Upon conversion of the Bonds, the Holders who opted to receive Preferred Shares will become shareholders of the Issuer without having any voting rights***

Upon a conversion of the Bonds, the Holders who opted to receive Preferred Shares will become shareholders of the Issuer without having any voting rights. This would result in their inability of expressing their views or opposing to any decisions taken by the shareholders of Issuer, which could affect the business model of the Issuer.

***The New Shares delivered upon a conversion of the Bonds will not be traded in a liquid secondary market***

Upon a conversion of the Bonds, the Holders will become shareholders of the Issuer and their capital will be locked-in to the Issuer. The Holders will not be able to monetise their investment since the New Shares will not be traded in a liquid secondary market. The only manner of liquidating their New Shares will be in the (illiquid) private equity market, or in case the Issuer decides to redeem the New Shares.

### III. GENERAL INFORMATION

#### Responsibility Statement

The Issuer accepts sole responsibility for the information contained in this Offering Memorandum and hereby declares, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

The Issuer, having made all reasonable enquiries, confirms that this Offering Memorandum contains all information which is material in the context of the listing of the Bonds on Nasdaq Riga First North multilateral trading facility operated by Nasdaq Riga, AS, also known as an Alternative Market, including all information which, according to the particular nature of the Issuer, of the Group and of the Bonds is necessary to enable investors to make an assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and of the rights attached to the Bonds, that the information contained in this Offering Memorandum is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Memorandum are honestly held, and that there are no other facts the omission of which would make this Offering Memorandum or any of such information or the expression of any such opinions or intentions misleading in any material respect, and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

#### Authorisation

The creation and issue of the Bonds has been authorised by a resolution of the board of directors of the Issuer dated 22 December 2021.

#### Subject of this Offering Memorandum

The subject matter of the Offering Memorandum is the offering of the Bonds by the way of non-public offering to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other investors in compliance with Article 1(4) (a) and (b) of the Prospectus Regulation, the listing and admission to trading on Nasdaq Riga First North bond list in the aggregate principal amount of EUR 25,000,000 in a denomination of EUR 1,000.00 each. The interest offered on the Bonds is EURIBOR plus the Margin. Unless previously redeemed, the Bonds will be repaid on 29 December 2031. The Bonds are governed by Luxembourg law and constitute bonds in bearer form in accordance with Luxembourg applicable laws. The Bonds are freely transferable. The yield of the Bonds is EURIBOR plus the Margin per annum, equal to the interest rate of the Bonds. The Bonds are subordinated to all other creditors' claims and are senior only to Shareholder Loans. The Bonds are unsecured. The security codes of the Bonds are as follows:

International Securities Identification Number: **XS2427362491**

Common Code: **242736249**

#### Form of Bonds

The Bonds will be represented by a global note (the "**Global Bond**") deposited with, or on behalf of, a specified common depositary (the "**Common Depositary**") for Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank S.A/N.V. ("**Euroclear**" and together with Clearstream, Luxembourg, and any successor in such capacity the "**Clearing System**"). The



Clearing System has agreed to maintain records of the Bonds credited to the accounts of the accountholders of the Clearing System (the “**Accountholders**”) for the benefit of the holders of the co-ownership interests in the Global Bond. The Issuer and the Clearing System have agreed, for the benefit of the holders of co-ownership interests in the Global Bond, that the actual number of Bonds from time to time shall be evidenced by the records of the Clearing System. The Global Bond will only be exchangeable for definitive Bonds if either Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so (other than in the case of a merger or consolidation of Clearstream, Luxembourg and Euroclear).

The Bonds have been accepted for clearance by the Clearing System.

### **References**

Unless the context otherwise requires, references to “**we**”, “**our**”, “**us**”, “**Eleving**” or the “**Group**” refer to Eleving Group and its direct and indirect subsidiaries. Unless the context otherwise requires, references to the “**Issuer**” refer to Eleving Group.

Unless otherwise defined, capitalized terms used in this Offering Memorandum have the same meaning as defined in the terms and conditions governing the Bonds (the “**Terms and Conditions**”).

Information posted on our website and those of our affiliates and subsidiaries do not constitute a part of this Offering Memorandum.

### **Hyperlinks**

The content of any website referred to in this Offering Memorandum by hyperlinks is for information purposes only, does not form part of the Offering Memorandum (with the exception of hyperlinks to the electronic addresses where information incorporated by reference is available).

### **Forward-looking Statements**

This Offering Memorandum includes forward-looking statements. All statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding the Issuer’s future financial position and results of operations, its strategy, plans, objectives, goals, targets and future developments in the markets in which it participates or is seeking to participate and any statements preceded by, followed by or that include the words “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “aims”, “intends”, “will”, “may”, “plan”, “should” or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Issuer’s actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Certain forward-looking statements may prove wrong, although being reasonable at present. Furthermore, there are a lot of risks and uncertainties related to the Issuer’s business because of which a forward-looking statement, estimate or forecast may prove wrong. Thus, the investors should urgently read the chapters “Summary”, “Risk Factors” and “Description of the Issuer”, which contain a detailed explanation of the factors, which influence the business development of the Issuer and the market, in which the Issuer is active.

In consideration of the risks, uncertainties and assumptions the future events mentioned in the Offering Memorandum may not occur.

Because the risk factors referred to in this Offering Memorandum, and other factors, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Offering Memorandum by the Issuer or on its behalf, the investors should not place any reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and the Issuer undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for the Issuer to predict which factors they will be. In addition, the Issuer cannot assess the effect of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements. The Issuer does not assume any obligation to update such forward looking statements or to adapt them to future events or developments unless required by law.

### **Third Party Information**

In this Offering Memorandum, the Issuer relies on and refers to information regarding the Group's business and the markets in which it operates and competes. Certain economic and industry data, market data and market forecasts set forth in this Offering Memorandum were extracted from market research and industry publications. Where such third-party data has been used in the Offering Memorandum, the source of data is named.

Where information in this Offering Memorandum has been specifically identified as having been extracted from third party documents, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer has no reason to believe that any of this information is inaccurate in any material respect, the Issuer has not independently verified the competitive position, market size, market growth or other data provided by third parties or by industry or other publications.

### **Presentation of Financial Information**

The financial information of the Group set forth herein, has, unless otherwise indicated, been derived (i) from the audited consolidated financial statements of the Issuer as of and for the financial year ended 31 December 2020 (including restated comparative financial information as of and for the financial year ended 31 December 2019) (the "**Issuer's Consolidated Financial Statements**") which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") or (ii) from the unaudited condensed consolidated interim financial statements as of and for the nine-month period ended 30 September 2021 (consisting of the consolidated statements of comprehensive income, financial position, changes in equity and cash flows and notes to the unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2021) which are prepared on the basis of the applicable recognition, measurement and consolidation principles of the IFRS applicable to interim financial reporting (IAS 34).

Where financial information in the tables in the Offering Memorandum is labeled "audited", this means that it has been taken from the above mentioned audited consolidated financial statements. The label "unaudited" is used in the tables in the Offering Memorandum to indicate financial information that was not taken from the

above mentioned audited consolidated financial statements but has been taken either from the above mentioned unaudited condensed consolidated interim financial statements or the Issuer's internal accounting and reporting system, or is based on calculations of financial information of the above-mentioned sources.

Certain stated figures, financial information and market data (including percentages) given in this Offering Memorandum have been rounded up or down pursuant to generally applicable commercial and business standards. It is therefore possible that not all total amounts (total sums or interim totals, differences or figures used as reference) contained within this Offering Memorandum coincide completely with the underlying (non-rounded) individual amounts contained in other places or in documents incorporated by reference in this Offering Memorandum. In addition, it is possible that these rounded figures in tables do not add up precisely to form the overall total sums in the respective tables.

### **Further Information Regarding this Offering Memorandum**

No person is authorized to give any information or to make any representations other than those contained in this Offering Memorandum and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Issuer.

The delivery of this Offering Memorandum shall not, under any circumstances, create any implication:

- (i) that the information in this Offering Memorandum is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Offering Memorandum has been most recently amended, or supplemented, or
- (ii) that there has been no adverse change in the affairs or the financial situation of the Issuer which is material in the context of the issue and sale of the Bonds since the date of this Offering Memorandum or, as the case may be, the date on which this Offering Memorandum has been most recently amended or supplemented, or
- (iii) that any other information supplied in connection with the issue of the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Bonds are not suitable for all kinds of investors. Neither this Offering Memorandum nor any other information supplied in connection with the Bonds should be considered as a recommendation by the Issuer to an investor that such investor should purchase any Bonds.

The offer, sale and delivery of the Bonds and the distribution of this Offering Memorandum are subject to restrictions. In this respect, reference is made in particular to the section "Subscription and Sale" of this Offering Memorandum.

### **MiFID II Product Governance**

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds, taking into account the five categories referred to in item 18 of the Guidelines on MiFID II (as defined below) product governance requirements published by ESMA dated 5 February 2018, has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties

and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

### **Documents Available for Inspection**

Copies of the following documents may be inspected at the head office of the Issuer, 8-10 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, on weekdays from 9:00 am to 4:00 pm:

- the Offering Memorandum;
- the Issuer’s up to date articles of association;
- the Issuer’s audited consolidated financial statements as of and for the financial years ended 31 December 2020 and 31 December 2019;
- the Issuer’s unaudited condensed consolidated interim financial statements as of and for the nine months ended 30 September 2021;

#### **IV. USE OF NET PROCEEDS**

In connection with the issue of the Bonds, the Issuer expects to receive net proceeds of approximately EUR 25 million. The estimated total costs of the issue are approximately 1.5% of the aggregate principal amount of the Bonds, i.e. EUR 375,000. These costs cover the fees of any selling agent, legal fees, financial consultancy fees and any other costs and expenses relating to the offering and/or the listing and admission to trading of the Bonds.

The net proceeds of the issue of the Bonds will be used to refinance part of existing debt, in particular:

(i) as first priority, to refinance the existing Shareholder Loans (as defined below), in the amount of approximately EUR 18 million; and

(ii) as second priority, to finance the general business of the Issuer and attract new investors, in the amount of approximately EUR 6.625 million.

(see "*Information about the Group– Material Agreements*").

Other part of the net proceeds will be used for general business purposes. The Issuer will lend the proceeds to the Group companies as required.

## V. CAPITALIZATION

The table below sets forth the consolidated capitalization of the Group as of 31 December 2020, 31 December 2019 and 30 September 2021 on an actual historical basis. This table should be read in conjunction with “Use of Net Proceeds”, “Material Agreements”, “Loans with Related Parties” and the consolidated financial statements of the Issuer as of and for the financial years ended 31 December 2020 and 31 December 2019 and the unaudited condensed consolidated interim financial statements of the Issuer as of and for the nine-month period ended 30 September 2021 incorporated by reference in this Offering Memorandum.

	<b>As of 30 September 2021</b>	<b>As of 31 December 2020</b>	<b>As of 31 December 2019</b>
	<b>Unaudited</b>	<b>Audited</b>	<b>Audited</b>
	<b>(in million EUR)</b>	<b>(in million EUR)</b>	<b>(in million EUR)</b>
<b>Cash and cash equivalents</b>	<b>14.1</b>	<b>9.3</b>	<b>8.7</b>
<b>Debt</b>			
Non-current loans from related parties	17.3	12.1	6.8
Non-current bonds	128.6	90.4	121.3
Non-current bond additional interest accrual	0.0	-	0.3
Non-current bonds acquisition costs	(3.0)	(3.1)	(5.3)
Long term loan from banks	4.9	6.5	8.9
Non-current lease liabilities for rent of premises and vehicles	5.8	5.7	6.6
Non-current financing received from P2P investors	47.3	49.4	49.2
Non-current acquisition costs	(0.2)	(0.1)	(0.3)
Financing received from P2P investors	46.2	37.4	21.0
Bonds	-	30.0	-
Accrued interest for bonds	2.1	4.5	4.4
Bond additional interest accrual	-	0.4	-
Lease liabilities for rent of premises and vehicles	2.6	2.1	1.3
Accrued interest for financing received from P2P investors	0.4	0.5	0.4
Short term loans from banks	7.0	6.1	7.5
Short term loans from non related parties	2.3	1.4	-
Accrued interest for loans from non related parties	-	0.0	0.0
Accrued interest for loans from related parties	0.0	-	0.0
Accrued interest for loans from bank	0.1	0.1	0.1
<b>Total debt</b>	<b>261.4</b>	<b>243.2</b>	<b>222.2</b>

<b>Equity</b>			
Share capital	1.0	1.0	1.0
Retained earnings/(losses)	31.8	22.9	21.4
Reserve	0.6	0.3	0.3
Foreign currency translation reserve	(1.0)	(2.3)	(0.8)
<b>Total equity attributable to equity holders of the parent company</b>	<b>32.3</b>	<b>21.9</b>	<b>21.8</b>
Non-controlling interests	0.9	0.3	0.5
<b>Total capitalization<sup>1</sup></b>	<b>294.6</b>	<b>265.4</b>	<b>244.5</b>

There have been no material changes in the Group's consolidated capitalization or indebtedness since 30 September 2021.

The table below sets forth the consolidated pro forma capitalization of the Group, as adjusted by the expected use of net proceeds from the issue of Bonds.

	Pre-Transaction as of 30 September 2021	Change	Pro Forma
		Unaudited (in million EUR)	
<b>Cash and cash equivalents</b>	<b>14.1</b>	<b>2.7</b>	<b>16.8</b>
<b>Total debt without IFRS 16 liabilities<sup>2</sup></b>	<b>235.8</b>	<b>-</b>	<b>235.8</b>
<b>Equity</b>			
Total equity <sup>3</sup>	33.2	-	33.2
Subordinated loans	17.3	(17.3)	-
The Bonds	-	20.0	20.0
<b>Total capitalization<sup>4</sup></b>	<b>286.3</b>		<b>289.0</b>
<b>Net Debt<sup>5</sup></b>	<b>221.7</b>		<b>219.0</b>

<sup>1</sup> For the purposes of this Offering Memorandum, the Total capitalization is the sum of (i) Non-current borrowings (EUR 200.7 million), (ii) Current borrowings (EUR 60.7 million) and (iii) Total equity (EUR 33.2 million) as presented in the Issuer's unaudited condensed consolidated interim financial statements as of 30 September 2021.

<sup>2</sup> For the purposes of this table Total debt without IFRS 16 liabilities equals Total Debt (EUR 261.7 million) less Non-current loans from related parties (EUR 17.3 million), less Lease liabilities for rent of premises and vehicles (EUR 2.6 million) and less Non-current lease liabilities for rent of premises and vehicles (EUR 5.8 million).

<sup>3</sup> For the purposes of this table Total equity is the sum of Total equity attributable to equity holders of parent company (EUR 32.3 million), plus Non-controlling interests (EUR 0.9 million).

<sup>4</sup> For the purposes of this table Total capitalization is the sum of Total debt without IFRS 16 liabilities and Total equity including subordinated loans and The Bonds.

<sup>5</sup> For the purposes of this table Net Debt (EUR 221.7 million) is the sum of non-current (EUR 200.7 million) and current (EUR 60.7 million) borrowings excluding subordinated loans (EUR 17.3 million) and IFRS16 liabilities (EUR 8.3 million) less cash and cash equivalents (EUR 14.1 million).

LTM Adjusted EBITDA <sup>6</sup>	58.2	58.2
<b>Total Leverage<sup>7</sup></b>	<b>4.1x</b>	<b>4.1x</b>
<b>Net Leverage<sup>8</sup></b>	<b>3.8x</b>	<b>3.8x</b>

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<sup>6</sup> For the purposes of this table LTM Adjusted EBITDA (EUR 52.8 million) is last twelve-month net profit for the period before corporate income tax and deferred corporate income tax, interest expense calculated using the effective interest method, amortization and depreciation, and net foreign exchange result adjusted by eliminating non-recurring one-off transactions with a purpose to better illustrate the performance of a recurring business activities.

<sup>7</sup> For the purposes of this table Total Leverage is the ratio of sum of non-current (EUR 200.7 million) and current borrowings (EUR 60.7 million) excluding subordinated loans (EUR 17.3 million) and IFRS16 liabilities (EUR 8.2 million) divided by LTM Adjusted EBITDA (EUR 52.8 million).

<sup>8</sup> For the purposes of this table Net Leverage is the ratio of sum of non-current (EUR 200.7 million) and current (EUR 60.7 million) borrowings excluding subordinated loans (EUR 17.3 million) and IFRS16 liabilities (EUR 8.3 million) less cash and cash equivalents (EUR 14.1 million) divided by LTM Adjusted EBITDA (EUR 52.8 million).



## VI. SELECTED FINANCIAL INFORMATION AND OPERATING DATA

As at the date of this Offering Memorandum, the parent company of the Group is the Issuer.

The selected consolidated financial information set forth below should be read in conjunction with the respective documents incorporated by reference in this Offering Memorandum.

The tables below present key selected consolidated financial information for the Group as of and for (i) the financial years ended 31 December 2020 and 31 December 2019 derived from the Issuer's audited consolidated financial statements as of and for the financial year ended 31 December 2020 (including restated comparative financial information for the financial year ended 31 December 2019) prepared in accordance with IFRS, and (ii) the nine-month periods ended 30 September 2021 and 30 September 2020 derived from the unaudited interim condensed consolidated financial statements as of and for the nine-month period ended 30 September 2021 (consisting of the consolidated statements of comprehensive income, financial position, changes in equity and cash flows and notes to the consolidated financial statements for the nine-months ended 30 September 2021) prepared on the basis of the applicable recognition, measurement and consolidation principles of the IFRS applicable to interim financial reporting (IAS 34).

The financial information, with respect to net debt and the key financial parameters set forth herein, has, unless otherwise indicated, been derived from the management report included in the Issuer's annual reports of 2020 and 2019, the Issuer's internal accounting and reporting system, prepared in accordance with IFRS, and have been calculated based on financial information from the aforementioned sources.

Where financial information is labelled as "audited", this means that it has been taken from the above mentioned audited consolidated financial statements of the Issuer. Financial information labelled as "unaudited" has been taken or derived from the above mentioned unaudited condensed consolidated interim financial statements, from the Issuer's internal accounting and reporting system or is based on calculations of figures from the sources mentioned before.

### 1. Selected Consolidated Statement of Comprehensive Income

	Year ended 31 December 2020	Year ended 31 December 2019	Nine-month period ended 30 September 2021	Nine-month period ended 30 September 2020
	(Audited)		(Unaudited)	
	(in million EUR)			
Interest revenue calculated using the effective interest method	83.5	68.0	99.6	60.5
<b>Net interest income</b>	<b>57.4</b>	<b>46.8</b>	<b>77.5</b>	<b>41.8</b>
<b>Net profit/(loss) for the period</b>	<b>1.6</b>	<b>6.6</b>	<b>10.0</b>	<b>(7.2)</b>
<b>Total comprehensive income for the year/period</b>	<b>0.1</b>	<b>6.2</b>	<b>11.3</b>	<b>(7.7)</b>

## **Consolidated Statement of Profit and Loss and Other Comprehensive Income**

	Year ended 31 December 2020	Year ended 31 December 2019	Nine-month period ended 30 September 2021	Nine-month period ended 30 September 2020
	(Audited)		(Unaudited)	
	(in million EUR)			
Interest revenue calculated using the effective interest method	83.5	68.0	99.6	60.5
Interest expense calculated using the effective interest method	(26.1)	(21.2)	(22.1)	(18.7)
<b>Net interest income</b>	<b>57.4</b>	<b>46.8</b>	<b>77.5</b>	<b>41.8</b>
Fee and commission income	5.2	3.8	5.5	2.9
Impairment expense	(26.1)	(15.8)	(23.4)	(22.8)
Net loss from de-recognition of financial assets measured at amortized cost	0.6	(0.3)	(4.4)	1.9
Expenses related to peer-to-peer platform services	(1.0)	(0.7)	(0.9)	(0.7)
Revenue from leases	6.2	4.0	5.1	4.4
Revenue from vehicle sales	0.1	1.8	0.0	0.0
Expenses from vehicle sales	(0.1)	(1.8)	(0.0)	(0.0)
Selling expense	(2.8)	(3.1)	(5.4)	(1.8)
Administrative expense	(35.0)	(29.4)	(37.9)	(23.7)
Other operating income	14.5	1.6	1.0	2.9
Other operating expense	(5.3)	(2.0)	(3.8)	(3.4)
Net foreign exchange result	(13.2)	(0.2)	0.4	(9.3)
<b>Profit before tax</b>	<b>0.4</b>	<b>4.7</b>	<b>13.6</b>	<b>(7.9)</b>
Corporate income tax	(0.7)	(1.3)	(5.0)	(0.9)
Deferred corporate income tax	1.4	1.0	0.6	1.8
<b>Net profit for the period</b>	<b>1.1</b>	<b>4.4</b>	<b>9.2</b>	<b>(7.0)</b>
Profit/(loss) from discontinued operation, net of tax	0.5	2.1	0.8	(0.2)
Translation of financial information of foreign operations to presentation currency	(1.5)	(0.4)	1.3	(0.4)

	Year ended 31 December 2020	Year ended 31 December 2019	Nine-month period ended 30 September 2021	Nine-month period ended 30 September 2020
	(Audited)		(Unaudited)	
	(in million EUR)			
<b>Total comprehensive income for the year/period</b>	<b>0.1</b>	<b>6.2</b>	<b>11.3</b>	<b>(7.7)</b>

## 2. Selected Consolidated Statement of Financial Position

	As of 31 December 2020	As of 31 December 2019	As of 30 September 2021
	(Audited)		(Unaudited)
	(in million EUR)		
<b>Total assets</b>	<b>279.8</b>	<b>253.6</b>	<b>312.3</b>
Non-current borrowings	160.8	187.5	201.0
Current borrowings	82.4	34.8	60.7
<b>Total equity</b>	<b>22.2</b>	<b>22.3</b>	<b>33.2</b>
<b>Total equity and liabilities</b>	<b>279.8</b>	<b>253.6</b>	<b>312.3</b>

### *Consolidated Statement of Financial Position*

	As of 31 December 2020	As of 31 December 2019	As of 30 September 2021
	(Audited)		(Unaudited)
	(in million EUR)		
Goodwill	6.6	4.1	6.6
Internally generated intangible assets	5.9	3.6	7.5
Other intangible assets	2.3	0.2	2.3
Right-of-use assets	7.5	7.9	8.2
Rental fleet	14.5	13.5	12.0
Property, plant and equipment	2.1	1.6	2.3
Leasehold improvements	0.4	0.3	0.5
Advance payments for assets	0.0	0.0	0.0
Non-current finance lease receivables	60.4	68.6	61.6

	As of 31 December 2020	As of 31 December 2019	As of 30 September 2021
	(Audited)		(Unaudited)
	(in million EUR)		
Non-current loans and advances to customers	37.9	49.7	42.3
Non-current loans to related parties	8.3	20.0	12.6
Equity-accounted investees	0.1	0.3	0.1
Other non-current financial assets	-	1.3	-
Other non-current loans and receivables	0.2	0.0	0.6
Deferred tax asset	2.9	1.6	2.5
Finished goods and goods for resale	1.6	0.6	3.9
Current finance lease receivables	34.0	33.8	47.4
Current loans and advances to customers	54.5	28.0	65.4
Current loans to related parties	7.6	2.1	0.2
Other current loans and receivables	2.7	0.9	1.0
Prepaid expense	1.9	1.0	2.5
Trade receivables	3.3	1.4	3.1
Other receivables	4.1	2.5	6.2
Cash and cash equivalents	9.3	8.7	14.1
Assets of subsidiaries held for sale	9.4	-	8.1
Assets held for sale	2.1	1.9	1.0
<b>Total assets</b>	<b>279.8</b>	<b>253.6</b>	<b>312.3</b>
Share capital	1.0	1.0	1.0
Reserve	0.3	0.3	0.6
Foreign currency translation reserve	(2.3)	(0.8)	(1.0)
Retained earnings	22.9	21.4	31.8
<b>Total equity attributable to equity holders of the Parent Company</b>	<b>21.9</b>	<b>21.8</b>	<b>32.3</b>
Non-controlling interests	0.3	0.5	0.9

	As of 31 December 2020	As of 31 December 2019	As of 30 September 2021
	(Audited)		(Unaudited)
	(in million EUR)		
<b>Total equity</b>	<b>22.2</b>	<b>22.3</b>	<b>33.2</b>
<b>Liabilities</b>			
Non-current borrowings	160.8	187.5	201.0
Other non-current financial liabilities	0.1	0.0	-
Non-current provisions	0.4	0.9	0.2
Current borrowings	82.4	34.8	60.7
Liabilities directly associated with the assets held for sale	3.9	-	3.3
Prepayments and other payments received from customers	0.5	0.2	0.7
Trade and other payables	1.3	1.3	2.0
Current corporate income tax payable	0.8	0.3	3.5
Taxes payable	2.0	1.5	3.0
Other liabilities	1.9	2.4	0.7
Accrued liabilities	3.3	2.6	3.9
Other current financial liabilities	0.1	0.0	0.1
<b>Total liabilities</b>	<b>257.5</b>	<b>231.3</b>	<b>279.1</b>
<b>Total equity and liabilities</b>	<b>279.8</b>	<b>253.6</b>	<b>312.3</b>

### 3. Selected Consolidated Statement of Cash Flows

	Year ended 31 December 2020	Year ended 31 December 2019	Nine-month period ended 30 September 2021	Nine-month period ended 30 September 2020
	(Audited)		(Unaudited)	
	(in million EUR)			
Operating profit before working capital changes	(23.1)	(22.3)	(26.4)	(16.1)
Cash generated to/from operations	(41.6)	(84.3)	(82.6)	(20.6)
<b>Net cash flows to/from operating activities</b>	<b>18.2</b>	<b>(35.0)</b>	<b>(3.0)</b>	<b>20.1</b>

	Year ended 31 December 2020	Year ended 31 December 2019	Nine-month period ended 30 September 2021	Nine-month period ended 30 September 2020
	(Audited)		(Unaudited)	
	(in million EUR)			
<b>Net cash flows to/from financing activities</b>	<b>(8.2)</b>	<b>60.4</b>	<b>10.2</b>	<b>(10.0)</b>
<b>Cash at the end of the year</b>	<b>9.3</b>	<b>8.7</b>	<b>14.1</b>	<b>11.7</b>

### ***Consolidated Statement of Cash Flows***

	Year ended 31 December 2020	Year ended 31 December 2019	Nine-month period ended 30 September 2021	Nine-month period ended 30 September 2020
	(Audited)		(Unaudited)	
	(in million EUR)			
<b>Cash flows to/from operating activities</b>				
Profit before tax	0.9	6.9	14.4	(7.9)
Adjustments for:				
Amortization and depreciation	5.7	3.8	5.5	4.4
Interest expense	26.1	21.9	22.1	18.7
Interest income	(83.5)	(72.4)	(99.6)	(60.5)
Loss/(gain) on disposal of property, plant and equipment	1.4	1.0	2.5	0.6
Impairment expense	26.1	16.7	27.7	20.9
Gain on acquisition of subsidiaries	(11.5)	-	-	(1.1)
(Gain)/loss from fluctuations of currency exchange rates	11.7	(0.1)	0.9	8.8
<b>Operating profit before working capital changes</b>	<b>(23.1)</b>	<b>(22.3)</b>	<b>(26.4)</b>	<b>(16.1)</b>
Decrease/(increase) in inventories	(1.0)	1.1	(2.3)	0.4
Increase in finance lease receivables, loans and advances to customers and other current assets	(24.6)	(66.3)	(54.3)	(3.2)

	Year ended 31 December 2020	Year ended 31 December 2019	Nine-month period ended 30 September 2021	Nine-month period ended 30 September 2020
	(Audited)		(Unaudited)	
	(in million EUR)			
<b>Cash flows to/from operating activities</b>				
(Decrease)/increase in accrued liabilities	(0.1)	(0.2)	0.4	(0.3)
Increase in trade payable, taxes payable and other liabilities	7.2	3.5	0.1	(1.4)
<b>Cash generated to/from operations</b>	<b>(41.6)</b>	<b>(84.3)</b>	<b>(82.6)</b>	<b>(20.6)</b>
Interest received	83.3	70.5	102.0	60.2
Interest paid	(22.6)	(19.4)	(19.8)	(19.1)
Corporate income tax paid	(1.0)	(1.8)	(2.6)	(0.4)
<b>Net cash flows to/from operating activities</b>	<b>18.2</b>	<b>(35.0)</b>	<b>(3.0)</b>	<b>20.1</b>
<b>Cash flows to/ from investing activities</b>				
Purchase of property, plant and equipment and intangible assets	(3.9)	(5.4)	(5.3)	(2.5)
Purchase of rental fleet	(9.0)	(13.4)	(3.0)	(6.8)
Acquisition of a subsidiary, net of cash acquired	(4.1)	(0.8)	-	(3.7)
Disposal of discontinued operation, net of cash disposed of	(0.3)	(1.4)	-	-
Advance payments for acquisition of a subsidiaries	-	(0.3)	-	-
Received payments for sale of shares in subsidiaries	5.3	0.2	-	-
Loan repayments received	3.3	9.2	6.5	6.3
Loans issued	(0.4)	(11.4)	(0.5)	(0.4)
<b>Net cash flows to/ from investing activities</b>	<b>(9.3)</b>	<b>(23.3)</b>	<b>(2.4)</b>	<b>(7.1)</b>
<b>Cash flows to/from financing activities</b>				
Proceeds from issue of share capital	-	1.0	-	-
Proceeds from borrowings	212.8	108.3	210.9	162.4
Repayments for borrowings	(216.3)	(45.5)	(198.2)	(170.1)

	Year ended 31 December 2020	Year ended 31 December 2019	Nine-month period ended 30 September 2021	Nine-month period ended 30 September 2020
	(Audited)		(Unaudited)	
<b>Cash flows to/from operating activities</b>	<b>(in million EUR)</b>			
Payments made for acquisition costs of borrowings	(0.2)	(1.5)	-	-
Repayment of liabilities for right-of-use assets	(4.3)	(1.8)	(2.1)	(2.3)
Payments for acquisition of non-controlling interests	(0.1)	(0.1)	(0.3)	-
<b>Net cash flows to/from financing activities</b>	<b>(8.2)</b>	<b>60.4</b>	<b>10.2</b>	<b>(10.0)</b>
Effect of exchange rates on cash and cash equivalents	(0.0)	0.1	-	-
Change in cash	0.7	2.1	4.8	3.0
Cash at the beginning of the year/period	8.7	6.5	9.3	8.7
<b>Cash at the end of the year/period</b>	<b>9.3</b>	<b>8.7</b>	<b>14.1</b>	<b>11.7</b>



#### 4. Key Financial Ratios

The definitions for the following key financial ratios are contained in the respective footnotes below the following table. The Group believes that such key financial ratios are a useful way of understanding trends in the performance of the business of the Group over time.

	As of and for the year ended 31 December 2020	As of and for the year ended 31 December 2019	As of and for the nine- month period ended 30 September 2021	As of and for the nine- month period ended 30 September 2020
	(Unaudited)		(Unaudited)	
	(in million EUR, except percentages)			
Net loan portfolio and rental fleet <sup>(1)</sup>	201.4	193.6	228.7	-
Net worth <sup>(2)</sup> / Net loan portfolio	18%	16%	22%	-
Profit before tax margin <sup>(3)</sup>	1%	7%	14%	-13%
Return on average assets <sup>(4)</sup>	1%	3%	3%	-
Cost / income ratio <sup>(5)</sup>	40%	43%	39%	38%
Net impairment to revenue ratio <sup>(6)</sup>	27%	21%	25%	31%
Non-performing loans (STAGE 3) as a share of value of portfolio of loans	8%	7%	5%	-

- (1) Gross loan portfolio less provisions for bad debts and debt acquisition costs.
- (2) Net worth is calculated as the sum of share capital, retained earnings, reserves and subordinated debt.
- (3) Profit before tax divided by the interest revenue calculated using the effective interest method for the relevant period.
- (4) Net profit for the period/ average assets (total assets as of the start and end of each period divided by two).
- (5) Sum of administrative expense and selling expense / sum of Interest revenue calculated using the effective interest method, Fee and commission income and Revenue from leases.
- (6) Sum of Impairment of financial assets and Net gain/(loss) from de-recognition of financial assets measured at amortized cost divided by operating income (Interest revenue calculated using the effective interest method, Fee and commission income and Revenue from leases).

## 5. Other Financial Data (EBITDA)

	Year ended 31 December 2020	Year ended 31 December 2019	Nine-month period ended 30 September 2021	Nine-month period ended 30 September 2020
	(Audited unless otherwise indicated)		(Unaudited)	
	(in million EUR)			
Net profit/ (loss) for the period from continuing operations	1.1	4.4	9.2	(7.0)
Corporate income tax and deferred corporate income tax (unaudited)	0.7	(0.3)	(4.4)	0.9
Interest expense calculated using the effective interest method	(26.1)	(21.2)	(22.1)	(18.7)
Amortization and depreciation	(5.7)	(3.6)	(5.5)	(4.4)
Net foreign exchange result	(13.2)	(0.2)	0.4	(9.3)
<b>EBITDA (unaudited)</b>	<b>45.4</b>	<b>29.7</b>	<b>40.8</b>	<b>24.5</b>
Adjustments	(7.9) <sup>9</sup>	-	4.9 <sup>10</sup>	0.3 <sup>11</sup>
<b>Adjusted EBITDA</b>	<b>37.5</b>	<b>29.7</b>	<b>45.7</b>	<b>24.8</b>

The abbreviation “EBITDA” stands for: “Earnings Before Interest, Taxes, Depreciation and Amortization”.

EBITDA is defined as net profit for the period before corporate income tax and deferred corporate income tax, interest expense calculated using the effective interest method, amortization and depreciation, and net foreign exchange result and is calculated based on figures extracted from the consolidated statement of comprehensive income.

The Group believes this metric is a useful indicator of its capacity to pay interest on its borrowings.

<sup>9</sup> 2020 EBITDA is adjusted with an increase by one-off costs of: (a) Mezzanine payments for warrant (EUR 2.5 million); (b) amortization of fair value gain from acquisitions (EUR 3.4 million) and a decrease by one off-gains of: (a) fair value gain on acquisitions (EUR 9.7 million); (b) trademark acquired (EUR 1.8 million); (c) other one-off adjustments.

<sup>10</sup> 9M 2021 EBITDA is adjusted with amortization of fair value gain (EUR 2.5 million) and write-off loss from discontinued operations (EUR 2.4 million).

<sup>11</sup> 9M 2020 EBITDA is adjusted with Mezzanine payments for warrant (EUR 1.3 million), fair value gain on acquisitions EUR 1.1 million) and write-off loss from discontinued operations (EUR 0.1 million)

## 6. Key Performance Indicators (unaudited)

Our key performance indicators in terms of business volume include (i) the number of registered customers; (ii) the value of loan amounts issued; and (iii) average ticket. The number of registered customers reflects the number of customers who have applied for a loan, regardless of acceptance, and whose contact information we retain. The value of loan amounts issued reflects the total amount of new loans issued during a period. The average ticket represents the average value of the loan size issued in the respective period. The table below summarizes these key performance indicators for our operative companies for the periods indicated.

The Group acquired three consumer lending companies during 2020 – OCN Sebo Credit SRL (Moldova), Kredo Finance SHPK (Albania), TIGO Finance DOOEL Skopje (North Macedonia) – and also started operations Ukraine. There is no comparable data as of and for the financial year ended 31 December 2019 for these entities.

The Group started operations in Kenya and Uganda in 2019.

	As of and for the year ended 31 December 2020	As of and for the year ended 31 December 2019
	(Unaudited)	(Unaudited)
<b>Latvia</b>		
Number of registered customers	11 437	16 144
Loan amounts issued (in million EUR)	11.3	20.6
Average ticket (in thousand EUR)	3.8	3.4
<b>Lithuania</b>		
Number of registered customers	9 540	9 795
Loan amounts issued (in million EUR)	11.5	17.7
Average ticket (in thousand EUR)	4.5	4.0
<b>Estonia</b>		
Number of registered customers	5 760	6 411
Loan amounts issued (in million EUR)	3.7	8.6
Average ticket (in thousand EUR)	2.5	2.7
<b>Georgia</b>		
Number of registered customers	10 149	17 708
Loan amounts issued (in million EUR)	9.2	14.0
Average ticket (in thousand EUR)	1.7	1.7
<b>Armenia</b>		
Number of registered customers	6 521	7 061
Loan amounts issued (in million EUR)	5.0	15.7

	As of and for the year ended 31 December 2020	As of and for the year ended 31 December 2019
	(Unaudited)	(Unaudited)
Average ticket (in thousand EUR)	1.9	2.4
<b>Romania</b>		
Number of registered customers	5 728	4 629
Loan amounts issued (in million EUR)	9.1	11.5
Average ticket (in thousand EUR)	4.6	4.4
<b>Moldova</b>		
Number of registered customers	3 549	3 458
Loan amounts issued (in million EUR)	6.7	14.4
Average ticket (in thousand EUR)	5.3	5.4
<b>Belarus</b>		
Number of registered customers	6 735	4 205
Loan amounts issued (in million EUR)	9.8	13.4
Average ticket (in thousand EUR)	2.9	3.6
<b>Uzbekistan</b>		
Number of registered customers	1 536	775
Loan amounts issued (in million EUR)	3.4	3.5
Average ticket (in thousand EUR)	4.4	4.1
<b>Kenya</b>		
Number of registered customers	11 320	370
Loan amounts issued (in million EUR)	16.3	3.1
Average ticket (in thousand EUR)	1.4	4.1
<b>Uganda</b>		
Number of registered customers	3 418	730
Loan amounts issued (in million EUR)	5.5	3.0
Average ticket (in thousand EUR)	2.0	3.4
<b>Albania (consumer finance)</b>		
Number of registered customers	33 609	-
Loan amounts issued (in million EUR)	5.0	-
Average ticket (in thousand EUR)	0.3	-
<b>North Macedonia (consumer finance)</b>		

	As of and for the year ended 31 December 2020	As of and for the year ended 31 December 2019
	(Unaudited)	(Unaudited)
Number of registered customers	26 696	-
Loan amounts issued (in million EUR)	3.3	-
Average ticket (in thousand EUR)	0.3	-
<b>Moldova (consumer finance)</b>		
Number of registered customers	74 592	-
Loan amounts issued (in million EUR)	17.1	-
Average ticket (in thousand EUR)	0.3	-
<b>Ukraine (consumer finance)</b>		
Number of registered customers	32 926	-
Loan amounts issued (in million EUR)	13.9	-
Average ticket (in thousand EUR)	0.1	-

As of 31 December 2020 (compared to 31 December 2019), the number of registered customers increased significantly, particularly in the newly established developing markets such as Kenya, Uganda, Uzbekistan, and Belarus, where the increase of the number of customers was higher than in the established markets.

The table below provides further key metrics for our operative companies for the periods indicated. The information with respect to Latvia has been derived from AS "mogo"s consolidated annual report for the financial year ended 31 December 2020, and with respect to other countries from the consolidation file of the Issuer's integrated annual report for the financial year ended 2020.

	As of and for the year ended 31 December 2020	As of and for the year ended 31 December 2019
	(Unaudited)	(Unaudited)
	(in million EUR, except percentages)	
<b>Latvia</b>		
Profit before tax	5.6	4.9
Net loan portfolio and rental fleet	26.6	35.2
Average monthly interest rate on loans to customers	3.2%	3.2%
Net margin ratio <sup>12</sup>	33%	25%

<sup>12</sup> Net Margin Ratio: Net profit for the period/ sum of Interest revenue calculated using the effective interest method, Fee and commission income and Revenue from leases.

	As of and for the year ended 31 December 2020	As of and for the year ended 31 December 2019
	(Unaudited)	(Unaudited)
	(in million EUR, except percentages)	
Cost to income ratio <sup>13</sup>	34%	26%
<b>Lithuania</b>		
Profit before tax	5.3	5.0
Net loan portfolio	27.0	28.6
Average monthly interest rate on loans to customers	3.8%	3.7%
Net margin ratio	44%	36%
Cost to income ratio	17%	24%
<b>Estonia</b>		
Profit before tax	2.0	3.5
Net loan portfolio	12.9	17.9
Average monthly interest rate on loans to customers	2.8%	2.8%
Net margin ratio	31%	47%
Cost to income ratio	14%	23%
<b>Georgia</b>		
Profit before tax	(0.2)	3.1
Net loan portfolio	11.8	16.8
Average monthly interest rate on loans to customers	3.7%	3.8%
Net margin ratio	-4%	35%
Cost to income ratio	26%	30%
<b>Armenia</b>		
Profit before tax	(3.3)	1.0
Net loan portfolio	10.0	19.6
Average monthly interest rate on loans to customers	1.7%	1.8%
Net margin	-43%	8%
Cost to income ratio	26%	32%

<sup>13</sup> Cost to Income Ratio: Sum of Selling expense and Administrative expense/ sum of Interest revenue calculated using the effective interest method, Fee and commission income and Revenue from leases.

	As of and for the year ended 31 December 2020	As of and for the year ended 31 December 2019
	(Unaudited)	(Unaudited)
	(in million EUR, except percentages)	
<b>Romania</b>		
Profit before tax	0.5	0.1
Net loan portfolio	16.7	14.0
Average monthly interest rate on loans to customers	3.1%	3.3%
Net margin	6%	3%
Cost to income ratio	27%	56%
<b>Moldova</b>		
Profit before tax	0.6	0.8
Net loan portfolio	11.2	13.1
Average monthly interest rate on loans to customers	2.3%	2.5%
Net margin ratio	8%	14%
Cost to income ratio	18%	32%
<b>Belarus</b>		
Profit before tax	(1.2)	0.1
Net loan portfolio	15.3	13.0
Average monthly interest rate on loans to customers	3.7%	3.7%
Net margin ratio	-14%	4%
Cost to income ratio	21%	59%
<b>Uzbekistan</b>		
Profit before tax	(1.5)	(0.9)
Net loan portfolio	4.3	3.5
Average monthly interest rate on loans to customers	3.9%	3.9%
Net margin ratio	-55%	-101%
Cost to income ratio	25%	117%
<b>Kenya</b>		
Profit before tax	(1.2)	(0.5)
Net loan portfolio	12.7	2.5

	As of and for the year ended 31 December 2020	As of and for the year ended 31 December 2019
	(Unaudited)	(Unaudited)
	(in million EUR, except percentages)	
Average monthly interest rate on loans to customers	5.3%	5.0%
Net margin ratio	-18%	-62%
Cost to income ratio	48%	114%
<b>Uganda</b>		
Profit before tax	(1.2)	(0.4)
Net loan portfolio	5.1	2.6
Average monthly interest rate on loans to customers	5.1%	5.5%
Net margin ratio	-27%	-59%
Cost to income ratio	41%	110%
<b>Albania (consumer finance)</b>		
Profit before tax	0.8	-
Net loan portfolio	8.4	-
Average monthly interest rate on loans to customers <sup>14</sup>	6.9%	-
Net margin ratio	13%	-
Cost to income ratio	24%	-
<b>North Macedonia (consumer finance)</b>		
Profit before tax	0.6	-
Net loan portfolio	4.1	-
Average monthly interest rate on loans to customers <sup>15</sup>	1.9%	-
Net margin ratio	41%	-
Cost to income ratio	28%	-
<b>Moldova (consumer finance)</b>		
Profit before tax	3.3	-
Net loan portfolio	18.4	-

<sup>14</sup> Monthly interest rate has been derived from the annual percentage rate (APR).

<sup>15</sup> Monthly interest rate has been derived from the annual percentage rate (APR).



	As of and for the year ended 31 December 2020	As of and for the year ended 31 December 2019
	(Unaudited)	(Unaudited)
	(in million EUR, except percentages)	
Average monthly interest rate on loans to customers <sup>16</sup>	7.5%	-
Net margin ratio	34%	-
Cost to income ratio	22%	-
<b>Ukraine (consumer finance)</b>		
Profit before tax	0.2	-
Net loan portfolio	4.5	-
Average monthly interest rate on loans to customers <sup>17</sup>	17.8%	-
Net margin ratio	4%	-
Cost to income ratio	14%	-

## 7. Independent Auditors

The statutory auditor (*réviseur d'entreprises agréé*) of the audited consolidated financial statements of the Issuer and its consolidated subsidiaries for the financial years ended 31 December 2020 and 31 December 2019 was KPMG Luxembourg (*société coopérative*), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 39, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B.149133.

KPMG Luxembourg is a member of the Luxembourg Institute of Statutory Auditors (*Institut des réviseurs d'entreprises*).

## 8. Significant Changes in the Financial Position or Financial Performance

There has been no significant change in the financial position or financial performance of the Issuer or the Group after the date of the unaudited condensed consolidated interim financial statements as of and for the nine-month period ended 30 September 2021.

<sup>16</sup> Monthly interest rate has been derived from the annual percentage rate (APR).

<sup>17</sup> Monthly interest rate has been derived from the annual percentage rate (APR).

## VII. SELECTED PORTFOLIO INFORMATION

The following tables present certain selected information on our operating data and our loan portfolios and ratios for the periods indicated. The following information should be read in conjunction with the Issuer's Consolidated Financial Statements included by reference in this Offering Memorandum, as well as the Section "Selected Financial Information and Operating Data". The information in the following section is of statistical nature and based on the Issuer's internal reporting system.

Certain amounts and percentages included in this Offering Memorandum have been subject to rounding adjustments; accordingly figures shown for the same category presented in different contexts may vary slightly and figures in certain other contexts may not be an exact arithmetic result of the figures shown here.

Furthermore, certain data in this Section "Selected Portfolio Information" do not agree with the consolidated statement of financial position data as the portfolio amount per consolidated statement is net of impairment, non-current assets held for sale (repossessed vehicles) and deferred fees paid and received upon loan disbursement. The consumer loan portfolio amount is net of deferred income, while the vehicle loan portfolio amount is gross of deferred income.

The Group acquired three consumer lending companies during 2020 – OCN Sebo Credit SRL (Moldova), Kredo Finance SHPK (Albania), TIGO Finance DOOEL Skopje (North Macedonia) – and started consumer lending operations Ukraine. There are no comparable data as of and for the financial year ended 31 December 2019 for these entities.

The Group started operations in Kenya and Uganda in 2019.

The tables below present key selected consolidated financial information for the Group as of and for the financial years ended 31 December 2020 and 31 December 2019.

### 1. Loan Portfolio

	Gross receivables 31.12.2020	Allowance for doubtful debts 31.12.2020	Net receivables 31.12.2020	Gross receivables 31.12.2019	Allowance for doubtful debts 31.12.2019	Net receivables 31.12.2019
(Unaudited)						
(in million EUR)						
<b>Albania</b>	4.9	(2.4)	2.5	6.0	(1.5)	4.5
<b>Armenia</b>	17.7	(7.5)	10.2	24.3	(4.3)	20.0
<b>Bosnia and Herzegovina</b>	2.2	(1.1)	1.1	3.0	(1.0)	2.0
<b>Belarus</b>	17.5	(1.8)	15.7	14.1	(0.5)	13.5
<b>Estonia</b>	14.9	(1.7)	13.2	19.3	(0.8)	18.5
<b>Georgia</b>	18.8	(6.8)	11.9	25.0	(7.9)	17.1
<b>Kenya</b>	15.5	(1.2)	14.2	2.8	(0.2)	2.6
<b>Kazakhstan</b>	5.4	(1.4)	4.0	5.9	(0.9)	5.0
<b>Lithuania</b>	29.2	(2.5)	26.6	29.7	(2.1)	27.6
<b>Latvia</b>	15.6	(3.0)	12.6	26.7	(3.8)	22.9



## 2. Total Loan Portfolio by Loan Balance

	As of 31 December 2020		As of 31 December 2019	
	(Unaudited)		(Unaudited)	
	Net loan amount (in million EUR)	% of portfolio	Net loan amount (in million EUR)	% of portfolio
<b>Outstanding Debt Amount Borrowed</b>				
Less than EUR 2 500	79.5	42.0%	45.5	26.2%
Between EUR 2 500 - 5 000	57.8	30.5%	65.2	37.5%
Between EUR 5 000 - 7 500	34.6	18.3%	39.4	22.7%
Between EUR 7 500 - 10 000	12.3	6.5%	16.6	9.6%
Between EUR 10 000 - 12 500	4.5	2.4%	5.4	3.1%
Over EUR 12 500	0.8	0.4%	1.5	0.9%
<b>Total loan portfolio</b>	<b>189.5</b>	<b>100%</b>	<b>173.6</b>	<b>100%</b>

## 3. Total Loan Portfolio by Stages for which the Repayment of Loans are Delayed<sup>18</sup>

	As of	As of
	31 December 2020	31 December 2019
	(Unaudited)	
	Net loan amount (in million EUR)	
STAGE 1	157.1	150.2
STAGE 2	14.9	10.7
STAGE 3 (NPL)	17.4	12.6

## 4. Sale of Repossessed Vehicle from Agreement Termination Date

	As of	As of
	30 September 2021	31 December 2020
	(Unaudited)	
<b>Sale of repossessed vehicle from agreement termination date (in days)</b>	<b>103</b>	<b>98</b>

<sup>18</sup> Loans are classified in one of the Stages depending from the days past due. Depending on the product type, a loan is considered non-performing if it is more than 35-90 days overdue. For more information, please refer to Section – XI. "Portfolio Management – Debt collection".

## 5. Classification of our Loan Portfolio

	As of 31 December 2020		As of 31 December 2019	
	(Unaudited)		(Unaudited)	
	Net loan amount (in million EUR)	% of portfolio	Net loan amount (in million EUR)	% of portfolio
Performing loan portfolio	172.1	90.8%	160.9	92.7%
Non-performing loan portfolio <sup>19</sup>	17.4	9.2%	12.6	7.3%
<b>Total loan portfolio</b>	<b>189.5</b>	<b>100%</b>	<b>173.6</b>	<b>100%</b>

## 6. Performing Loan Portfolio by Product

	As of 31	As of 31
	December 2020	December 2019
	(Unaudited)	
	Net loan amount (in million EUR)	
Vehicle loans	134.6	149.6
Consumer loans	37.6	11.4
<b>Total loan portfolio</b>	<b>172.1</b>	<b>160.9</b>

## 7. Non-performing Loan Portfolio by Product

	As of	As of 31
	31 December 2020	December 2019
	(Unaudited)	
	Net loan amount (in million EUR)	Net loan amount (in million EUR)
Vehicle loans <sup>20</sup>	14.3	12.1
Consumer loans <sup>21</sup>	3.2	0.5
<b>Total non-performing loan portfolio</b>	<b>17.4</b>	<b>12.6</b>
Total value of loans issued	362.9	284.3

<sup>19</sup> A loan is classified as non-performing if it is more than 35-90 days overdue, depending on the product type. For more information, please refer to Section – XI. “Portfolio Management – Debt collection”.

<sup>20</sup> A vehicle loan is classified as non-performing if it is more than 35 days overdue. For more information, please refer to Section – XI. “Portfolio Management – Debt collection”.

<sup>21</sup> A consumer loan is classified as non-performing if it is more than 90 days overdue. For more information, please refer to Section – XI. “Portfolio Management – Debt collection”.

Non-performing loans as a share of value of loans issued	5%	4%
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## 8. Allowance for Loan Losses

	As of 31 December 2020		As of 31 December 2019	
	(Unaudited)		(Unaudited)	
	Net loan amount	Allowances for loan losses	Net loan amount	Allowances for loan losses
	(in million EUR)			
<b>Non-performing loan by product:</b>				
Vehicle loans	14.3	30.4	12.1	22.5
Consumer loans	3.2	14.6	0.5	2.0
<b>Total non-performing loan portfolio and allowances</b>	<b>17.4</b>	<b>44.9</b>	<b>12.6</b>	<b>24.5</b>

## VIII. BUSINESS

### 1. Overview

Eleving Group, formerly known as Mogo Finance, is the holding company of a group comprised of a number of fast-growing financial technology companies with a global presence. The Group operates on 3 continents (Europe, Africa and Asia), disrupting financial services industries in its countries of operation by providing under-served customers with vehicle and consumer financing options. Since its inception, the Group has issued over EUR 650 million loans, with a current net loan portfolio of over EUR 200 million.

Founded in 2012 as Mogo in Latvia with a focus on motor vehicles purchase financing and financial leasing, the Group expanded all across the Baltics within its first year in business and continued expansion in the following years, servicing a total of 14 active markets as of the end of 2020.

With its headquarters in Latvia, the Group operates in the Baltics, Central, Eastern, and South-Eastern Europe, Caucasus, Central Asia and Eastern Africa. For two consecutive years, the Group has appeared on the list of Europe's 1000 fastest growing companies published by the Financial Times, in 2020 and 2021.

Since its formation in 2012, the Group has evolved from a Latvia-based start-up into an international group offering a wide range of financial solutions around the world. In May 2021, Mogo Finance announced its corporate brand change, becoming Eleving Group. A corporate brand change was a logical step for the Group, showing the evolution from a one-brand company focused on car finance to a multi-brand group with several lines of business and multiple brands across its vehicle and consumer financing products. The new brand captured the Group's revised goal of elevating customers' financing choices by giving access to innovative and sustainable financial solutions to different communities around the world. This change of corporate brand, paired with a focus on sustainability and ESG, was a necessary step to continue the Group's international growth. The Group's leading brand Mogo remains the main brand represented in the Group's vehicle finance products.

During 2020, Eleving acquired consumer lending businesses in Moldova, North Macedonia and Albania. The key factor for these acquisitions was the attractive growth potential due to their strong market position in the markets where Eleving had its vehicle financing business, thus providing immediate operational synergies. The acquired companies focus on long-term financing and have a similar mix of sales channels comprised of online platforms and physical presence. The experience of the Group with unsecured vehicle loans in the Baltics facilitated the integration of the new companies into Eleving's structure.

In the second half of 2020, following the above-mentioned acquisitions, Eleving has established two business lines: vehicle and consumer finance.

#### *Eleving Vehicle Finance*

Eleving Vehicle Finance provides financing products through a wide range of sales channels, which include: an online platform managed by Eleving, third party online car sales portals, physical branches and physical used car dealers. The financing products are offered up to EUR 25 thousand in size and in terms up to 84 months. Eleving Vehicle Finance fills a funding gap by providing alternative ways of car financing and creates new opportunities for people who previously did not have access to private means of transportation.

Mogo is a leading brand in vehicle financing and its core products are finance leases and leasebacks, which are provided to customers via websites, mobile channels and our broad dealer/broker and branch network. In addition, Mogo has recently established “productive lending” in developing countries. Productive lending means primarily financing vehicles for customers as a means to earn a living, or alternatively, to increase their income from existing businesses. This is achieved mainly by financing motorcycle taxis (Boda-Boda) in Africa.

In various markets through different brands (Renti, Primero), the Group also provides rent-to-buy services, motorcycle financing and finance for more expensive vehicles through strategic collaboration with local banks. The proven business model of Eleving Vehicle Financing is built around high demand for quality used vehicles in Central and Eastern Europe and it is realized through an innovative, data-driven and fast process. This process is led by IT investments together with strong controls, an efficient debt collection process, and direct partnerships with used car dealer networks. With a focus on secured lending against a used vehicle’s title, Eleving has unlocked a niche market for financial services and is a first mover in this sector benefitting from economies of scale and competitive advantage. Before establishing Mogo in 2012, there was no convenient alternative to finance used vehicles older than 5 years in the Baltics.

### *Eleving Consumer Finance*

Eleving Consumer Finance business entities focus on markets where there is a need for financial inclusion and communities that are under-served by the conventional finance industry. In most cases, there is no “middle ground” between difficult-to-access bank financing and very limited, expensive short-term loans. Eleving Consumer Finance companies are, therefore, often the only ones which offer both online and offline customer service experiences for diverse customer groups. With more than 100 branches across Moldova, North Macedonia, Albania and Ukraine, Eleving Consumer Finance companies offer flexible financial products, from credit lines to installment loans, with a focus on providing access to substantial amounts of money to customers that meet the Group’s credit assessment benchmarks. The main product of Eleving Consumer Finance is an unsecured loan of up to EUR 2,550 with a term up to 48 months through both online and brick and mortar sales channels.

### *Geographical Markets*

With the Group’s headquarter located in Riga (Latvia), Eleving currently operates through local entities in fourteen countries – with the vehicle finance business line present in eleven of them (Latvia, Lithuania, Estonia, Georgia, Romania, Moldova, Belarus, Armenia, Uganda, Kenya, and Uzbekistan) and consumer financing in four (Albania, Moldova, North Macedonia, and Ukraine).

### *Marketing Channels and Underwriting*

Eleving uses diversified marketing channels to reach potential customers. The Group’s marketing strategies are tailor made and specific to the country where the loans will be originated, stretching from traditional mass media (including television and radio) to digital channels, search engine optimization and affiliates marketing. Eleving has established a large network of partnerships and brokers (car dealerships, non-banking financial intermediaries) which are key to the Group’s success and further growth.

Once customers apply for financing, their creditworthiness is determined through a sophisticated underwriting process, which relies on data-driven statistical analysis as captured in Eleving’s proprietary scoring models for vehicle and consumer finance. In addition, Eleving has developed automated instant car valuation models. These models are flexible and can be adjusted to changes in the macroeconomic



environment in a particular jurisdiction, allowing Eleving to adapt quickly and to maximize existing opportunities. IT investments and the Group's underwriting process enable Eleving to issue instant preliminary offers based on a car value and a customer's creditworthiness scoring, ensuring an efficient and expedited process for each customer. Eleving can change a car's title in a short period of time and physically inspects all vehicles that are funded. Eleving's customer service is provided in local languages and expedited through a network of call centers in all operating countries and branches in 13 of its 14 countries of operation. Eleving has established an efficient debt collection process to maximize the recovery rate from the loans including the sale of the financed cars.

### Sustainability and ESG

As a financial institution with operations and clients around the world, Eleving promotes sustainable business practices and helps clients capitalize on opportunities that achieve positive environmental and social impacts.

One of the Group's priority is to measure its non-financial performance according to internationally recognized metrics by the global investors' community. At the end of 2020, Eleving launched its non-financial reporting practice in the framework of Environmental, Social and Governance ("ESG") reporting. ESG reporting aims to provide disclosure and data transparency on environmental, social, and corporate governance aspects, thus ensuring that key stakeholders have the relevant information that is needed to make informed decisions about the Group's ability to make a positive impact and create value through its ESG initiatives in the short, medium and longer term.

## **2. Strategy**

Eleving's management emphasizes sustainable growth in its existing markets in the Group's development plans.

Eleving's strategy in vehicle financing is to enable social mobility, focusing on two kinds of markets - developed and emerging markets. In the developed markets (Europe) the strategic goals are to become the leading mobility platform offering a wide range of products in used vehicle financing, premium car financing and subscription-based products for greater flexibility, like rent-to-buy, rent-to-own and flexible rent solutions. In the emerging markets (Africa and Central Asia) the strategy is to drive organic growth in core segments by focusing on productive lending that supports local entrepreneurs and taxi drivers, introducing subscription-based products, launching multiple social impact products targeted at decreasing unemployment and building a strong vehicle fleet management infrastructure.

The consumer financing business strategy includes expanding the product range by utilizing existing databases and shifting the portfolio to longer maturities and higher-ticket loans to secure long-term income streams. The strategy also emphasizes an increase in brick and mortar presence through partnerships with local retailers.

The core strategy for developing both business lines – vehicle and consumer financing – is to maintain similar product mix with  $\frac{3}{4}$  of portfolio secured and up to  $\frac{1}{4}$  of portfolio unsecured.

The Group has also a strategic focus on continuous digitalization of processes across the organization, including automation of loan issuance and underwriting processes for efficient resource allocation, and further development of sales channels, like launch

of the latest version of car portal across all vehicle finance markets and upgrading partners` (POS / Dealerships) sales tools.

### Financial Strategy

In developing and maintaining strategic capital management, the Group is focused on continuous improvement in financial covenants, in particular on ICR, leverage ratio, and the capitalization ratio as well as on exploring routes for attracting outside equity.

The backbone of Eleving`s growth is to have access to diversified and efficient funding sources, including issuance of senior secured bonds. Such funding source provides benefits of having a very stable investor base as well as achieving immediate cost optimization by refinancing more expensive debt like marketplace and peer to peer loans.

### ESG Strategy

Eleving`s mission statement is to empower diverse communities around the world by providing them with financial inclusion, thus enabling upward social mobility. The revised mission statement closely intertwines with the recently established non-financial reporting practice as well as the launch of several social and ESG initiatives (such as women motorcycle school in Kenya and paperless office) that will be reflected in Eleving`s product performance going forward. Eleving has defined social impact contribution as crucial for sustainable business development. Eleving has committed to setting the long term ESG targets during 2021 and to launch several projects to help vulnerable and under-served groups across different markets.

## **3. Key Strengths**

### Proven and Sustainable Business Model

Eleving has two main business lines: secured lending via finance leasing and leaseback against the title of the vehicle and unsecured consumer lending. The Group`s core focus stays in secured lending, which comprises more than 77% of the consolidated net loan portfolio as of 30 September 2021.

The vehicles funded by Eleving are high quality used vehicles (top three car brands financed by Eleving are BMW, Toyota and Volkswagen) that are known for their reliability and robust aftermarket value. Therefore, the loan-to-value of the issued loans decrease constantly throughout the entire term. Moreover, by keeping a vehicle`s title, Eleving can always sell the vehicle should a customer default on a loan.

While consumer loans issued by Eleving are primarily used for everyday spending or purchasing consumer goods and electronics, Eleving provides easy access to consumers, since it has both brick and mortar and online presence.

Across all of its products, Eleving analyses customers` creditworthiness via public and private databases (car register information, government institution databases, debt collection agency databases, industry / peer company blacklists and bank statement providers) and allocates a scoring band to each customer. The automated scoring models are developed in-house and, depending on the relevant country, are either integrated in the customer relationship management systems or run-on third-party cloud solutions. This allows Eleving an efficient assessment of a counterparty risk. The approval rate is extremely rigorous: in the 12 month-period from 1 October 2020 to 30 September 2021, out of approximately one million new client applications received for

the Group's products, Eleving has kept an approval rate of 13% for vehicle financing products and 15% for consumer finance products.

Additionally, for vehicle financing business Eleving has created a sophisticated automated car evaluation program. The underlying data is regularly updated through an automated process from leading local online car sale webpages and takes into account a large number of parameters, including car model, maker, year, transmission, mileage, engine type and engine size. Eleving automatically and instantly assesses a car's value by integrating relevant databases such as state authority databases, manufacturer records, stolen vehicles and accident databases, while requesting detailed technical information about a car and comparable screening criteria by reviewing main virtual car marketplaces in each relevant country.

Rigorous credit assessment, fast decision output, online and physical presence and the secured nature of the majority of the loans ensure that the risk profile of Eleving's products remains lower compared to traditional online unsecured lending products.

Eleving is a leading player in the European used car lending segment with a unique reach across a large number of European markets as well as operations in two Eastern African and one Central Asian markets. In its consumer finance business, Eleving is one of the leading non-bank lenders measured by the number of registered clients in each market where it operates.

Eleving's presence is solidified by a large network of branches in these countries as well as a widespread network of brokers and used car dealers. Eleving uses traditional and digital marketing channels. While Eleving is using a data-driven marketing strategy as well as the dealer's and broker's network to attract potential customers, their acceptance as customers is ultimately determined by the scoring model based underwriting process.

Eleving has a proven track record and has developed a strong know how that allows its flexible business model to be implemented into new markets in an efficient way by leveraging on its knowledge and technology resources. Before entering a new market, Eleving conducts a detailed market analysis which includes an analysis of the legal framework, competition, country risk, data availability and other market conditions. Furthermore, Eleving performs an onsite visit to the country to meet potential partners and suppliers, and interviews potential local management candidates. Once a final decision to enter a new market is made, Eleving typically adapts existing models and business processes of existing markets to its new markets. This approach, together with an experienced hands-on regional management team, allows to quickly enter new markets and to maintain processes and credit risk assessments at a high level.

#### *Simple and Transparent Product Offering*

The Group's products are designed to offer simplicity, convenience and transparency to its customers. The convenient online and offline products aim to protect customer privacy, provide easy access to funding and offer transparent fee and interest structures. Financial leasing and leaseback are long-term loans (up to 84 months), while consumer loans are both short-term and long term with maturities ranging from 7 days to up to 48 months. For all products, customers are charged with a nominal interest and fees, payable monthly on the outstanding principal amount. While penalty interests are charged for delayed loan payments, this is a minimal proportion of the Group's income and shows the resilience of its customer base.

Eleving's websites' design aims to be as simple and convenient as possible to use, providing clear terms and conditions. Typically, customers can expect a decision on whether a financing product, subject to a customer's jurisdiction and product type, is

approved within a range of 5 minutes to 1 business day after submitting an application. Customers value Eleving's services because of the convenience and transparency offered compared to other available alternatives.

#### *Large Physical Footprint Serving Customers in their Local Markets*

A significant part of used car sales takes place at physical locations, where potential customers can see and test a car while interacting with a seller directly. Because of this trend, Eleving introduced dedicated partner account managers and specific partner programs in order to establish close business relationships with used car sellers. The Mogo brand is then promoted when a potential customer approaches a car seller with an inquiry about available financing options. As of 30 September 2021, Eleving had entered into cooperation contracts with more than 1,100 car dealerships.

In its consumer finance business, as of 30 September 2021, Eleving had 100 branches across three markets, allowing the Group to serve wider population and adapt to different clients' needs.

As of 30 September 2021, Eleving had 159 total branches in 13 of its 14 countries of operation, strategically located to address its customers' needs across its both business lines.

#### *Innovative, Data-driven Business Processes*

Eleving is constantly investing in digitalization, data processing and risk solutions. Such investments, together with Eleving's experience and expertise in providing innovative and data-driven financial services, strengthen the Group's position to stay ahead of its competitors in terms of ease of use, customer convenience and product offering. In addition, the Group's IT systems have demonstrated a track record for reliability and undisrupted performance with no instances of significant system downtime in the last 3 years. Eleving believes that its in-house IT team will be able to maintain the current service level and further develop and strengthen the performance of its IT systems.

Eleving uses a data-driven analysis and a data-driven decision-making process in all aspects of its business. The use of data improves the assessment of existing and potential customers, helps optimize marketing expenditures, enhances credit risk management, and facilitates efficient new product development. Predictive data from alternative sources, in addition to traditional data sources such as credit bureaus, is used for a customer's valid credit scoring.

#### *Sophisticated Marketing Technology*

Eleving's marketing technology is increasingly sophisticated and allows for a dynamically adjusted investment in different marketing channels to optimize the amount and type of traffic directed to the Eleving websites by analysing traffic quality and conversion rate of attracted leads in real time. This targeted data-driven approach attracts potential customers who are more likely to apply for the Group's loans, and reduces costs per acquisition of new customers, an important component of the operating costs.

#### *Dynamic Customer Scoring*

Eleving's in-house expertise with proprietary credit scoring models containing anonymous information from over 5.0 million loan applications (as of 30 September 2021), including both traditional and alternative data points, provides valuable insight into customer trends in existing markets. Since its inception to 30 September 2021, Eleving has issued EUR 907 million in aggregate loans and reached more than 250

thousand registered customers. Elevation continuously learns and analyzes anonymously customer behavior patterns in all the markets where it operates, and applies and tests this experience when entering into new countries.

The dynamic credit scoring model aims to ensure that Elevation captures the highest quality and potentially most profitable customer base in the existing and prospective markets. Elevation aims at setting acceptance thresholds that both minimize risks and maximize profitability. The rate of non-performing loans as a percentage of net loan portfolio has been stable and was 5% as of 30 September 2021, compared to 8% as of 31 December 2020. Such ratio takes into account the rate of non-performing loans as of a specific date (for example, 30 September 2021) as a percentage of net loan portfolio of Elevation at that point in time.

#### Real Time Car Valuation

For the purpose of evaluating used cars, Elevation has internally developed an assessment program with multiple integrations with different databases, such as state transport authority databases, stolen vehicle databases, accident databases, manufacturer records and others. This approach allows Elevation to obtain detailed technical information about a vehicle and its legal status. Elevation has also developed integrations with main virtual car marketplaces in each country. While using these marketplaces Elevation is able to obtain comparable car screening data in each respective country and prepare an instant car valuation.

#### Customer Service Focused on High Customer Satisfaction

Customer satisfaction and operational excellence is the key for Elevation in order to serve its customers at the core of their needs once they have made a choice of buying a new car or applying for a consumer loan.

Elevation has developed a customer service division with 921 full-time specialized employees as of 30 September 2021, delivering increasingly convenient customer support in local languages across all markets. Elevation continuously works to improve customer satisfaction by creating personal contact with its customers through telephone calls, e-mails and chats, among others, to discuss product options, address customers' questions, inform customers of their payment due dates and encourage on time payment, discuss options of late payments and help customers with their applications. In addition, Elevation carefully monitors different customer service quality ratios, such as call waiting minutes and abandoned calls. Customer service quality is one of the reasons why customers return to Elevation for more credit.

#### Established and Efficient Debt Collection Procedures

Elevation has developed policies and procedures for internal debt collection with proven cost and recovery efficiencies.

Elevation primarily handles all debt collection and car repossession activities in-house. Elevation has gained substantial expertise in debt collection strategies over the years. In certain countries, Elevation outsources parts of the debt collection activities to test and compare the efficiency of internal versus external debt collection. Elevation monitors the results of debt collection procedures and aims to implement the most appropriate and efficient procedure in each jurisdiction, thereby increasing the effectiveness of the debt collection process.

Elevation does not employ controversial payment collection practices, such as the use of continuous payment authority or the siphoning of money from customers' bank accounts. Such practices are controversial and will or may become illegal in certain jurisdictions. Due to this fact, and also from a customer relations and loyalty

perspective, Eleving strongly believes that its business model is more sustainable than those of other competitors that do engage in that type of debt collection practices.

The repossessed car sales process is handled primarily in-house. In certain newly established countries, parts of the repossessed car sales activities are outsourced to establish the most efficient repossessed car sales models and not to lose any collateral value at the very beginning of such a newly established country's operational phase. Eleving monitors the results of repossessed car sales procedures and implements the most appropriate and efficient procedure in each jurisdiction, thereby increasing the effectiveness of the repossessed car sales process.

#### *Strong Financial Position and Controlled Foreign Currency Exposure*

Eleving has demonstrated strong cash flow and profitability characteristics. In the first nine months of 2021, a high net profit after tax margin and return on average assets of 10% and 3%, respectively has been reached. Eleving employs a conservative strategy regarding the maturity profile of the balance sheet by trying to match the duration of assets versus liabilities. Eleving operates with a highly efficient cost base and infrastructure. The cost to income ratio of the Group is at 39% as of 30 September 2021. Eleving believes that this has supported the stable historic growth profile.

Eleving issues loans denominated in euro currency in markets where local regulations allow it. Where this is not possible Eleving chooses one of the following options – i) the relevant company issues loans in local currency linked to either EUR or USD; ii) the relevant company uses a natural hedge by obtaining debt in a local currency to the extent possible; iii) loans provide for upwards adjusting of their effective interest rate to price in any potential adverse foreign exchange currency movement. Eleving proactively hedges its USD linked exposure by entering into non-deliverable forward contracts.

#### *Experienced Management with Proven Track Record*

The executive team and country managers of Elevation consist of experienced professionals who have worked in different segments of the international financial market and the banking sector for more than 7 years each. Their knowledge, experience and support have proven to be significant assets to Elevation both on the strategic front and in the development of new products. Their knowledge, experience and support are an asset for Elevation and provide Elevation with a significant competitive advantage.

## **4. Products**

The Group's two business lines – Vehicle Finance and Consumer Finance – provide a variety of products and services, thus, filling the funding gap and creating new opportunities for people who previously did not have access to required financing or to private means of transportation.

- a. *Financial Leasing*** – a product provided under the MOGO brand in all the vehicle financing markets and premium car leasing under the PRIMERO brand in certain markets, e.g. Latvia and Moldova

Elevation offers financial leasing products (the "**Financial Leasing**") to customers in all the countries of operation. In the Financial Leasing, Elevation purchases a vehicle that a customer (lessee) has selected, the lessee then can use the vehicle during the lease period and pay a series of installments. The purchased vehicles are pre-owned, 3 to 20 years old. After the full principal repayment of the loan, the lessee becomes the

legal owner of the vehicle. Eleving provides loans in amounts up to EUR 15 000 for a term of up to 84 months. Eleving pays a car or motorcycle seller only once it has inspected the vehicle and received an official record confirming that the vehicle has been registered under Eleving's name. At that point the lessee becomes the holder of the vehicle while Eleving retains the legal ownership of it. Customers have the option to repay the loan before the end of the term. In each of the markets where Eleving operates, the nominal interest and fees levied ranges from 0.5% to 6.0% per month with lower pricing applied for longer term loans. Eleving applies an average 3.4% issuance commission, which is normally added to the principal amount.

The table below describes key terms for customers of the Financial Leasing in the countries of operation, ordered in accordance with the launch date of operations in the respective countries. For the relevant websites used for the products, see "*Business—Intellectual property*".

<b>Country</b>	<b>Launch Date</b>	<b>Product Name</b>	<b>Approx Minimum Amount (EUR)<sup>22</sup></b>	<b>Approx Maximum Amount (EUR)<sup>23</sup></b>	<b>Term (months)</b>	<b>Application</b>
Latvia	September 2012	Leasing	500	15,000	3 - 84	Online, offline (by phone or own branches), partners
Lithuania	July 2013	Leasing	500	10,000	3 - 84	Online, offline (by phone or own branches), partners
Estonia	August 2013	Leasing	500	10,000	6 - 72	Online, offline (by phone or own branches), partners
Georgia	June 2014	Leasing	350 (GEL 1,316)	9,000 (GEL 33,847)	3 - 84	Online, offline (by phone or own branches), partners
Romania	January 2017	Leasing	1,100 (RON 5,444)	9,700 (RON 48,006)	6 - 60	Online, offline (by phone or own branches), partners
Moldova	September 2017	Leasing	500 (MDL 10,425)	10,000 (MDL 208,513)	12 - 84	Online, offline (by phone or own branches), partners

<sup>22</sup> In brackets in local currency, where applicable.

<sup>23</sup> In brackets in local currency, where applicable.

Belarus	April 2018	Leasing	410 (BYN 1,220)	10,000 (BYN 29,766)	12 - 84	Online, offline (by phone or own branches), partners
Armenia	August 2017	Leasing	600 (AMD 348,930)	9,000 (AMD 5,233,256)	6 - 84	Online, offline (by phone or own branches), partners
Uganda	May 2019	Leasing	976 (UGX 4,071,638)	9,031 (UGX 37,681,420)	6-60	Online, offline (by phone or own branches), partners
Kenya	April 2019	Leasing	875 (KES 113,793)	8,750 (KES 1,137,939)	6-60	Online, offline (by phone or own branches), partners
Uzbekistan	December 2018	Leasing	2,000 (UZS 25,243,16 8)	9,800 (UZS 123,764,347 )	13-60	Online, offline (by phone or own branches), partners

In all of the countries of operation, Elevation offers the Financial Leasing via its online platform, phone, branch or broker/dealer network.

**b. Leaseback** – a product provided under the MOGO brand in all the vehicle financing markets

Elevation offers leaseback products (the “**Leaseback**”) in all of the countries of operation. In the Leaseback Elevation typically purchases the vehicle directly from the customer, the customer then continues to use the vehicle and pays monthly installments while Elevation becomes the legal owner of the vehicle. After the full principal repayment of the loan, the customer becomes the legal owner of the vehicle. Elevation provides loans in amounts up to EUR 15 000 for a term of up to 84 months. Elevation typically disburses the loan to the customer only once it has inspected the vehicle and received an official record about vehicle being registered under Elevation’s name. At that point the previous owner becomes the holder of the vehicle while Elevation retains the legal ownership of it. Customers have the option to repay the loan before the end of the term. In each of the markets where Elevation operates, the nominal interest and fees levied ranges from 0.5% to 7.5% per month with lower pricing applied to longer term loans. Elevation applies an average 2.9% issuance commission since inception, which is normally added to the principal amount.

The table below describes key terms for customers of the Leaseback in the countries of operation, ordered in accordance with the launch date of operations in the respective countries. For the relevant websites used for the products, see “*Business— Intellectual property*”.



<b>Country</b>	<b>Launch Date</b>	<b>Product Name</b>	<b>Approx Minimum Amount (EUR)<sup>24</sup></b>	<b>Approx Maximum Amount (EUR)<sup>25</sup></b>	<b>Term (months)</b>	<b>Application</b>
Latvia	July 2012	Leaseback	500	10,000	3 - 84	Online, offline (by phone or own branches), partners
Lithuania	May 2013	Leaseback	500	10,000	3 - 84	Online, offline (by phone or own branches), partners
Estonia	September 2013	Leaseback	500	10,000	6 - 84	Online, offline (by phone or own branches), partners
Georgia	June 2014	Leaseback	300 (GEL 1,102)	10,000 (GEL 36,749)	3 - 84	Online, offline (by phone or own branches), partners
Romania	April 2017	Leaseback	1,100 (RON 5,443)	9,700 (RON 48,005)	6 - 60	Online, offline (by phone or own branches), partners
Moldova	September 2017	Leaseback	500 (MDL 10,412)	10,000 (MDL 208,244)	12 - 84	Online, offline (by phone or own branches), partners
Belarus	April 2018	Leaseback	410 (BYN 1,221)	10,000 (BYN 29,784)	12 - 84	Online, offline (by phone or own branches), partners
Armenia	August 2017	Leaseback	600 (AMD 349,122)	9,000 (AMD 5,236,842)	6 - 84	Online, offline (by phone or own)

<sup>14</sup> In brackets in local currency, where applicable.

<sup>15</sup> In brackets in local currency, where applicable.

Country	Launch Date	Product Name	Approx Minimum Amount (EUR)	Approx Maximum Amount (EUR)	Term (months)	Application
Uganda	May 2019	Leaseback	610 (UGX 2,544,747)	9,031 (UGX 37,684,626)	6-60	branches), partners Online, offline (by phone or own branches), partners
Kenya	April 2019	Leaseback	875 (KES 113,849)	8,750 (KES 1,138,493)	6-60	Online, offline (by phone or own branches), partners
Uzbekistan	February 2019	Leaseback	1,800 (UZS 22,735,234)	9,800 (UZS 123,780,718)	13-60	Online, offline (by phone or own branches), partners

In all of the countries of operation, Eleving offers the Leaseback via its online platform, phone or branch or broker/dealer network.

Both the Financial Leasing and the Leaseback are Eleving's core products and currently represent 73% of the total net loan portfolio as of 30 September 2021.

**c. Used Car Rent** – a product provided under the RENTI brand in the Latvian market

Eleving offers a rent product (the “Used Car Rent”) in Latvia only. A rent-to-buy product is designed with ultimate flexibility in mind so that customers can choose the vehicles they want, with a peace of mind that they are not locked into a contract for the same vehicle forever. Eleving provides loans in amounts up to EUR 8,000 for a term of up to 84 months. The table below describes key terms for customers of the Used Car Rent in the countries of operation, ordered in accordance with launch date of operations in the respective countries. For the relevant websites used for the products, see “Business— Intellectual property”.

Country	Launch Date	Product Name	Approx Minimum Amount (EUR)	Approx Maximum Amount (EUR)	Term (months)	Application
Latvia	November 2018	Rent	500	8,000	3 - 84	Online, offline (by phone or own branches), partners

**d. Consumer Loans** – a product provided under KREDO, TIGO, SEBO and INSTA FINANCE brands in Albania, North Macedonia, Moldova and Ukraine respectively

Currently, Eleving offers uncollateralized loan products (the “**Consumer Loans**” to customers in Albania, North Macedonia, Moldova and Ukraine. The Consumer Loans are unsecured loans with amounts of up to EUR 1,600 and for a term of up to 48 months. The Consumer Loans are typically amortized in monthly installments. The main consumer financing product is a short-term unsecured loan designed to help customers solve their urgent needs, connected mainly with household issues. This short-term financial solution is designed to be paid in full at the end of the loan term, which ranges from 7 to 30 days. Eleving also offers an option to choose a long-term unsecured loan where the repayment of the principal and interest is split into small monthly installments. For customers with greater needs for financial input, Eleving offers a long-term unsecured loan, with regular scheduled monthly fee payments and repayment of the principal at the end of the loan term. As of 30 September 2021, Eleving charges an average nominal monthly interest rate of 10.4%. Interest rate differs based on a product, amount of a loan and a loan’s term, with decreasing pricing for longer maturities. A customer may repay the outstanding loan balance in full at any time or make required minimum payments in accordance with the terms of the loan agreement.

The table below describes key terms for customers of the Consumer Loans in the countries in which Eleving operates.

Country	Launch Date	Product Name	Approx Minimum Amount (EUR) <sup>26</sup>	Approx Maximum Amount (EUR) <sup>27</sup>	Term (days)	Application
Albania	September 2020	Consumer	33 (ALL 4,009)	1,390 (ALL 168,886)	7-730	Online and offline
Moldova	July 2020	Consumer	15 (MDL 312)	1,430 (MDL 29,814)	7-1460	Online and offline
North Macedonia	September 2020	Consumer	33 (MKD 2,023)	1,626 (MKD 99,696)	7-730	Online and offline
Ukraine	September 2020	Consumer	10 (UAH 316)	720 (UAH 22,771)	7-30	Online

As of 30 September 2021, the average amount for the Consumer Loan at issue was EUR 150.

<sup>16</sup> In brackets in local currency, where applicable.

<sup>17</sup> In brackets in local currency, where applicable.

Prospective customers may apply for Consumer Loans either through Eleving's online platform or at its branches.

## **5. Geographic Markets**

Eleving's revenues are principally derived from operations in Latvia, Lithuania, Romania and Kenya which together accounted for 43% and 41% of its net loan portfolio and rental fleet as of 30 September 2021 and 31 December 2020, respectively.

Revenues are also derived from the other markets where Eleving operates, including:

- Estonia (since 2013);
- Georgia (since 2014);
- Moldova (since September 2017 with respect to vehicle finance and, since acquisition in summer 2020, with respect to consumer finance business);
- Belarus (since April 2018);
- Armenia (since August 2017);
- Uzbekistan (since December 2018);
- Uganda (since May 2019);
- Albania (since December 2018 with respect to vehicle finance and, since acquisition in summer 2020, with respect to consumer finance business);
- North Macedonia (since acquisition in summer 2020 with respect to consumer finance); and
- Ukraine (since the end of 2020 in respect of consumer finance).

Eleving's management expects that the proportion of these markets in the loan portfolio will increase in 2021 and beyond, while existing core markets will continue to grow.

Before entering new markets, Eleving carefully considers local regulatory and tax issues, typically hiring international or local legal and/or tax advisors for advice on such matters. Eleving then also obtains general market research from its advisors on the new country's market environment. Before starting operations, Eleving also typically collects statistical data on the industry as a whole, such as availability of credit bureaus, and other data, such as the size of the used car market, competitive factors, potential partnerships, the environment and potential customer base in the new markets. Once a country is selected for expansion, Eleving starts to test the market and adapts its scoring and decision-making systems to the new country.

### *Geographically Diversified Loan Portfolio*

Eleving has a geographically diverse portfolio, with over 70% of loans concentrated in the European region with resilient economies and strong currencies. At the beginning of the Covid-19 pandemic in 2020, the Group proactively optimized its portfolio by focusing entirely on the markets with the greatest potential for profitable growth and currently continues to follow that approach.

The share of the geographical markets currently on hold has been significantly reduced, accounting for less than 1% of the Group's net loan and used vehicle rent portfolio as of 30 September 2021.

## **Net Loan and Used Vehicle Rent Portfolio by Region**

**As of 30 September 2021**

**(Unaudited)**

**Loan amount (in million EUR)**

<b>Baltics</b> (Latvia, Lithuania, Estonia)	54.1
<b>Eastern Europe</b> (Romania, Belarus, Moldova)	53.5
<b>Consumer Finance</b> (Albania, North Macedonia, Moldova, Ukraine)	50.9
<b>Africa and Asia</b> (Kenya, Uganda, Uzbekistan)	47.1
<b>Caucasus</b> (Georgia, Armenia)	22.2
<b>Markets on hold</b> (Bosnia and Herzegovina, Poland)	1.2
<b>Total portfolio</b>	<b>229.0</b>

### Physical Footprint – Branches

As of 30 September 2021, Eleving had 159 branches in 13 of its 14 operational countries, which are strategically located to address the needs of all Eleving's customers.

For its vehicle finance business, Eleving has established branches in strategic locations, such as close to the largest local car markets, near (or within) car registries, or areas with high population density. The branch employees are responsible for formalization of a customer contract, visual inspection of a vehicle and any other customer service related tasks including processing of payments. Eleving's extensive branch network ensures a customer's journey to be as smooth as possible with only a few stops: first a used car seller, then an Eleving branch and, finally, a car registry office.

For its consumer finance business, Eleving has established branches across areas with high population density which is key to reaching and serving its customers. These branches are located conveniently to enable a customer to easily contact Eleving's customer service representatives. This enables Eleving to reach clients who prefer face to face customer service in the loan issuance process and/or payment in cash.

**Active branches per country**

	<b>Nine-month period ended 30 September 2021</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
Latvia (vehicle finance)	2	2	8
Lithuania (vehicle finance)	7	6	7
Estonia (vehicle finance)	4	4	4
Georgia (vehicle finance)	8	7	12
Romania (vehicle finance)	4	3	9
Moldova (vehicle finance)	5	5	7
Armenia (vehicle finance)	5	4	6
Belarus (vehicle finance)	7	7	7
Kenya (vehicle finance)	7	6	2
Uganda (vehicle finance)	6	4	2
Uzbekistan (vehicle finance)	4	3	2
Albania (consumer finance)	40	36	-
Moldova (consumer finance)	43	41	-

	<b>Nine-month period ended 30 September 2021</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
North Macedonia (consumer finance)	17	9	-
Ukraine (consumer finance)	-	-	-
<b>TOTAL</b>	<b>159</b>	<b>137</b>	<b>66</b>

### Physical Footprint – Car Dealers

A significant part of used car sales takes place in physical car sales markets. These are the places where potential customers can see and test a car and interact with a seller directly. Having recognized this opportunity, Elevation has put in place dedicated partner account managers and specific partner programs in order to establish a business relationship with used car sellers. The Elevation brand is then promoted when a potential customer approaches the car seller with an inquiry about available financing options. Such partnerships are beneficial for both – Elevation and the used car seller – as they help to reach Elevation’s customers at the core of the sales activity and they also help to drive the cars sales volumes of the car seller. As of 30 September 2021, Elevation entered into cooperation contracts with more than 1,000 car dealerships. In some countries, the number of Elevation’s partnerships with local car dealers has decreased mainly due to changes in the competitive landscape of the relevant car dealership market, as smaller dealers are acquired or discontinue their business, while larger car dealers strengthen their market position.

### **Active car dealers per country**

	<b>Nine-month period ended 30 September 2021</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
Latvia	210	214	260
Lithuania	23	26	26
Estonia	72	63	59
Georgia	60	38	66
Romania	70	54	54
Moldova	43	45	25
Armenia	80	114	153
Belarus	114	107	93

	<b>Nine-month period ended 30 September 2021</b>	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
Kenya	394	264	23
Uganda	42	70	9
Uzbekistan	18	25	26
<b>TOTAL</b>	<b>1,126</b>	<b>1,020</b>	<b>794</b>



## IX. MARKETING

Eleving has invested in data-driven marketing analysis, allowing the deployment of an efficient marketing mix in each country and attracting potential customers in a targeted and performance-based manner. Eleving's marketing spending for the year ended on 31 December 2020 was EUR 2.4 million, which constitutes 2% of total loans issued in 2020. Eleving follows a different marketing approach based on the peculiarities and competitive set of the relevant market, however, companies across the whole Group use all range of online/digital and offline marketing channels, like TV, radio, advertising on billboards and public transportation, and sponsorships.

Eleving's key marketing strategies include online marketing channels such as search display and social networks using a cost per click (CPC, also referred to as pay per click, PPC) model, which is a model of online marketing where advertisers pay a fee each time one of their ads is clicked. An increasing focus of Eleving's marketing strategy has been Search Engine Optimization (SEO), i.e., enhancing the visibility of a website in a search engine's unpaid search results. Affiliate marketing, where a commission is paid for each successful loan transaction, and other online marketing tools, such as website display advertising drive additional volume and coverage across the target audience.

Eleving's marketing strategies were developed and are constantly upgraded and updated based on its customer information, such as lifestyle, needs, financial and social position, as well as specific market conditions that are unique in every market where Eleving operates: i.e., Latvia, Lithuania, Estonia, Georgia, Romania, Moldova, Armenia, Belarus, Kenya, Uganda, Ukraine, North Macedonia, Albania and Uzbekistan. In addition, the marketing strategy depends on the phase of development of Eleving's products in each country. When entering a new market, Eleving primarily employs performance-based marketing channels to build initial interest and drive customers to the relevant products while the risk profile and the website conversion is optimized and the partnership, branch and broker network are built. As Eleving realizes favorable unit economics, different brand building marketing activities are also considered in order to establish a top of mind brand in the segment.

### 1. Marketing Organization and Development

As of 2021, Eleving employs a matrix structure for its marketing operations. For each of the regions where Eleving operates, there is a dedicated marketing team in charge of designing a general marketing strategy, creating campaign structures and managing performance of each country. Further, each of the countries has its own marketing team, which is a mix of in-house and outsourced experts. This structure helps to optimize marketing costs and to ensure a high quality of marketing materials. Best practices are shared between the countries, a significant part of marketing materials is created centrally and similar campaign management structures are used.

Local marketing teams are split into several sub-divisions, with each working on a specific goal. The acquisition division works on optimizing channel mix to acquire customers. The conversion division works on converting acquired leads to customers by both ensuring efficient user experience and embracing sales tactics through direct sales channels (email, SMS, calls). The retention division leverages a mix of direct sales channels, discount strategy and loyalty programs to ensure repeated sales to high-performing customer segments. The brand and PR division increases brand awareness and positive view towards the brand which makes it easier for other divisions to reach their goals as customers are more likely to use services from a brand they know and trust.

In addition, Eleving collaborates with third parties - top local marketing agencies that are familiar with the current marketing situation in each local market. This allows Eleving to deploy the most efficient marketing tools tailored to each specific geographic and customer segment.

## **2. Potential Customers**

Eleving's potential customers are working class people receiving regular income but having limited savings. Typically, these are customers underserved by traditional banks due to the low-ticket size, inefficient underwriting process, complicated and inefficient loan application process, and long turnaround times for such loans.

Potential customers of Eleving's Vehicle Finance are people who prefer to drive used premium class vehicles instead of new or few years old economy class vehicles, since such vehicles perform better, depreciate less and have cheaper maintenance cost due to a well-developed spare parts aftermarket. For most customers a car is not a nice to have item, but rather a necessity needed to travel to their workplace or to earn income. Eleving also serves small and medium enterprises who need quick financial solutions to solve mobility issues in their businesses. The majority of Eleving's Vehicle Finance customers are males within an age range from 21 to 59.

Potential customers of Eleving's Consumer Finance are often trying to address urgent cash flow needs, mostly related with unexpected expenses as well as financing consumer electronics purchases. Eleving's Consumer Finance customers are equally divided between both sexes within an age range from 21 to 59.

All Eleving's customers value the convenience and the fast and easy process offered by Eleving.

## **3. Below the Line (BTL) Marketing Channels**

### **a. Search Engine Marketing**

Eleving utilizes Google, Yahoo, Bing, Yandex and other local specific search engine paid ads or organic search tactics in order to reach potential customers who are looking for financing products. It is important for Eleving to reach top positions within search results, while being effective and profitable.

A lot of effort is put in Search Engine Optimization (SEO) on each of the Group companies' websites. Eleving enhances organic search results by increasing the depth of information and interaction with its websites. As a result, content marketing has become an important part of the Group companies' marketing mix.

### **b. Paid Social Media Ads**

Facebook, as one of the leading social networks in the world, holds a lot of information about its users which are monetized through selling ads on its social networks – Facebook and Instagram. Facebook ads are targeted to users based on their location, demographic, and profile information. Eleving uses Facebook ads to attract potential customers by showing them tailored offers. With Instagram ads Eleving drives awareness and increases its customer base through visuals.

To reach potential customers in Georgia, Moldova and Belarus, Eleving also uses social media networks that are popular and widely used in these countries – Telegram and V Kontakte among others.

### **c. *Display Ads***

Eleving's potential customers can find information about financial solutions in different global and local online media sources, such as car portals, blogs and news websites. Eleving works with these global and local media channels to offer their visitors what they might be looking for, by strategically showing Eleving's image format messages (banner ads) to potential customers at the right place and the right time.

Eleving uses also Google Display Network and other display networks for all the stages of the sales funnel - prospecting, lead generating and converting. These networks provide a wide set of targeting options such as geography, interests and customer behavior. YouTube is a part of Google Display Network where Eleving places not only banner ads, but also video ads.

Along with display ads on different media, Eleving also uses Google Remarketing tools that help reconnecting with customers who have visited Eleving's website by showing relevant ads across their different devices.

### **d. *E-mail and SMS Marketing***

To retain or upsell customers Eleving also uses e-mail and SMS marketing with segmented custom messages. This year Eleving plans to enhance e-mail and SMS marketing with automation features which will allow delivery of even more customized messages at the right time to the right users. By using automated communication workflows, Eleving has managed to significantly reduce manual labor resources as well as eliminate human errors. Automated workflows are being constantly optimized by executing A/B or multivariate testing. This way Eleving can identify what type of messages at what time and through which communication channels best reach its customers. Such tests give incremental improvement for conversion rate or cost optimization.

### **e. *Affiliate Marketing***

Instead of buying ad impressions or clicks, Eleving's affiliate partners and networks generate leads and online sales for its purposes. Affiliate publishers include a range of companies from financial comparison websites to content and e-mail marketing companies or individuals that create financial information and guidance with a link for customers to apply for related products. The affiliate/publisher gets rewarded on fixed commission models such as CPL (cost per lead) – website application and CPS (cost per sale) – issued loans. Affiliate marketing is one of the most accountable and essential digital marketing channels because publishers are responsible for driving traffic to their own assets using their own investments and digital marketing strategies. In this case, Eleving as a lender company must provide additional marketing awareness and educational support in above the line (ATL) and other digital channels such as social media, brand awareness etc., to make the affiliate program more successful.

As affiliates are investing resources to deliver traffic to Eleving, the commissions paid to them must be competitive as well as profitable for them so that the affiliates are motivated to continue to work as Eleving's affiliate partners and promote its financial services. Eleving has its own affiliate marketing engine that is a first-party platform allowing the retention of direct relations with the most valuable and competitive affiliate partners and saves the cost of an intermediary network. As a result, Eleving's affiliate program is more effective, builds strong long-term relationships and a good reputation for the affiliate program in general.

#### **4. Above the Line (ATL) Marketing Channels**

Eleving also conducts effective ATL advertising campaigns to increase awareness, drive trust, provide messages of reassurance, and simply to be right next to its customers. The media approach and investment vary by market and competitive set in that market.

Television and radio are the most used channels where Eleving gets a good coverage of the target audience. In addition, different offline marketing channels are used, such as outdoor advertising (print and digital billboards, transit advertising on buses, taxis etc.), and print materials like booklets, flyers, and others.

As an additional layer for measuring marketing performance, Eleving conducts regular in-depth market research to measure brand awareness, understand customer needs, and evaluate whether marketing activities are addressing the key issues customers want to solve.

#### **5. User Experience (UX)**

Eleving constantly improves UX by updating design and texts of its online portals in order to increase visitor conversion rate and to streamline overall website usability, making it more convenient for a customer and which increases success of an eventual customer acquisition and reduced cost per sale. The ultimate goal is to have an automatically tailored experience for each customer which will ensure a smooth application process with the highest likelihood of conversion.

## **X. UNDERWRITING AND REVIEW**

### **1. Overview of the Underwriting and Review Process**

The steps in the Financial Leasing, the Leaseback and the Consumer Loans underwriting process include, in order: (i) customer application for a financing product, (ii) customer registration and identification, (iii) risk assessment and scoring with respect to the customer and, for the Financial Leasing and the Leaseback, the collateral, and (iv) agreement on and issuance of the financing product.

Eleving customers are private individuals and small and medium enterprises that apply for financing products online, in Eleving's branches or through its partners. Loan issuance is based on data driven underwriting and the key processes are automatized based on a scalable and efficient proprietary IT platform.

Eleving is proud of its internally developed programs for client scoring and automated car valuation. The car valuation tool has integrations with state authority databases, manufacturer records, stolen vehicles and accident databases as well as main online car marketplaces to make a valuation based on all comparable screening criteria available in the market.

Country-focused client scoring tools take into account parameters from potential customers such as payment discipline (assessed on credit databases and internal and external blacklists), customer profile, income and liabilities, customer personality and, in case of the Financial Leasing and the Leaseback products, vehicle and seller information.

A customer's identity can be checked either online or at Eleving's or its partner's branches. Customers are identified either through physical identification and document check, through third parties - bank authentication and bank transfer from customer account - or, through electronic identification, where a customer is requested to log in to their existing online third-party bank account and the third-party bank provides customer identity information to Eleving which is then used in order to check against the registration information provided by a customer. Each vehicle is typically physically inspected by Eleving's customer service team or authorized partners before the loan issuance.

The underwriting process is mostly performed automatically using Eleving's proprietary IT systems.

Typically, with some country-specific exceptions, the review process of each application consists of the following steps:

1. Loan application processing and preliminary assessment
2. Risk evaluation and scoring
3. Vehicle inspection (in case of the Financial Leasing and the Leaseback products) and finalizing loan terms
4. Final loan approval and loan issuance

### **2. Loan Application Processing**

In every country where Eleving operates, the underwriting process is automated to the greatest possible extent. The issuance policy in each country sets a detailed process overview including business "hard" rules (e.g. age limits, eligible customers, revenues, vehicles, indebtedness levels), fraud rules and scoring models for decision making.

During a loan application process, the preliminary data in each application is cross-checked and supplemented. If needed, a customer is asked to provide further information, preliminary fraud and blacklists checks are performed and, in case of secured loans, vehicles are automatically valuated. During a loan application processing, the most important steps are the verification of a customer's eligibility for Eleving's financing, based on the information related to a customer's financial, economic and reputational information, applicable legislation and also based on the financing terms applied (advance payment, length, exposure, type of vehicle being financed). After such steps are successfully completed, a customer receives a preliminary offer.

### **3. Risk Evaluation and Scoring**

During the risk assessment and scoring evaluation stages, credit history databases are checked, a customer's income information analyzed, a customer's indebtedness calculated and evaluated. The internally developed scoring tool, while taking into account parameters designed for each local market and being in compliance with local regulatory requirements, gives a clear score that enables an informed granting decision. With the increase of the loan portfolio, the scoring models are updated with newly available data.

### **4. Vehicle Inspection (in case of the Financial Leasing and the Leaseback)**

With respect to the Financial Lease and the Leaseback, vehicles are typically physically checked by Eleving's customer service team or authorized partners before a decision on a loan application is taken. Final adjustments on a loan amount and other terms are made and documents to be signed are automatically generated.

### **5. Final Loan Approval and Loan Issuance**

Eleving's loan agreements' terms are adapted to each jurisdiction's specific requirements in order to comply with local laws and regulatory guidance. Such adjustments may cover interest rates, handling fees, commission fees, penalty fees, personal information disclosure, customer withdrawal rights, loan amendments (early repayments, term changes, takeover) and other terms. The loan documentation is signed physically or with electronic authentication/digital signature depending on the country of operations and the loan product, i.e., for each jurisdiction Eleving uses the most efficient method that allows entering into a legally binding loan agreement.

The loan disbursement process depends on the product. In case of the Consumer Loans or the Leaseback products, Eleving mainly uses bank transfers, which are usually performed automatically by way of batch payments. For the Financial Leasing products, after a customer has made a down-payment, Eleving makes a bank payment directly to the seller of the vehicle.

## XI. PORTFOLIO MANAGEMENT

### Customer Service

Eleving has developed a customer service division with 921 full-time specialized employees as of 30 September 2021.

Eleving has established a dedicated customer service organization in each market where it has operations. This allows the provision of customer-focused service in line with local specifics and market practice. To ensure consistent quality of customer service operations across the Group, group-wide customer service principles have been developed, which include (i) customer service and quality principles, (ii) best practices and requirements for managing customer service departments and (iii) internal procedures for each country operations to ensure effective knowledge sharing and continuous improvement of operations. On a daily basis, the customer service organization is improved through regular benchmarking, experience sharing and targeted projects supervised by the Group's operations team to roll-out best practices across the Group.

Eleving's customer service is based on the following six core pillars to ensure convenience and high-quality customer experience:

- 1) *Single point of contact*: The customer service model works on a premise to never redirect a customer to other colleagues. This approach minimizes customer drop-off and maximizes conversion. Eleving's customer service employees are highly trained specialists who are able to serve the Group's customers without any hand-offs by leveraging Eleving's sophisticated IT platform and deep expertise in Eleving's products.
- 2) *Speed*: Critical success factor to Eleving's business is being able to provide a binding loan offer to a customer within a short period of time. Typically the application processing takes from two minutes to one day, depending on the specific country and application channel. Eleving closely monitors key performance indicators on its response times; the channels where speed is most critical (e.g. sales through partner network) are prioritized in order to reduce time-to-loan. Moreover, Eleving constantly seeks improvement and process automation by utilizing modern IT solutions and integrations with third party service providers, such as digital identification and credit information services.
- 3) *Strategic locations*: Eleving has established branches in strategic locations for its both lines of business. For its consumer loan business, a widespread branch network across areas with high population density is key to reaching and serving customers. For Eleving's vehicle loans business, a location next to the largest local car markets or near (within) car registries is preferred. Given that the process requires to visually inspect a vehicle prior to a loan issuance, convenient locations greatly improve customer experience and convenience. Furthermore, Eleving's branch network offers high visibility to most important areas where used vehicle sales happen.
- 4) *Ease of access*: Eleving is accessible by phone, web, e-mail, chat, social networks, at its branches and its partner's branches. This setup gives Eleving's customers a wide range of convenient contact options and allows Eleving to drive customer conversion rates.
- 5) *Local Call Center*: Eleving has a dedicated and fully-staffed customer service center in each market where it operates. Various call center solutions, such as

robocalls, autodialers and queue management tools are used to efficiently use team capacity, maximize reach rates and customer service level. Elevation strives to answer most of the calls within 20 seconds, while remaining unanswered calls are saved and processed separately. To ensure efficient management of peak periods and high employee utilization, the branch employees of Elevation serve as virtual call center specialists when there are no customers to serve in person at the branch.

- 6) *Procedures*: Elevation has rolled-out detailed client service procedures in all of its markets. Procedures are tailored to local regulatory requirements and customer specifics. They are overlaid by the Group's customer service standards to ensure consistent service quality across all countries. A dedicated central operations team drives the consistency of customer service standards, serves as the source for best practices and works with local country management to continuously improve the effectiveness and efficiency of local customer service organizations.

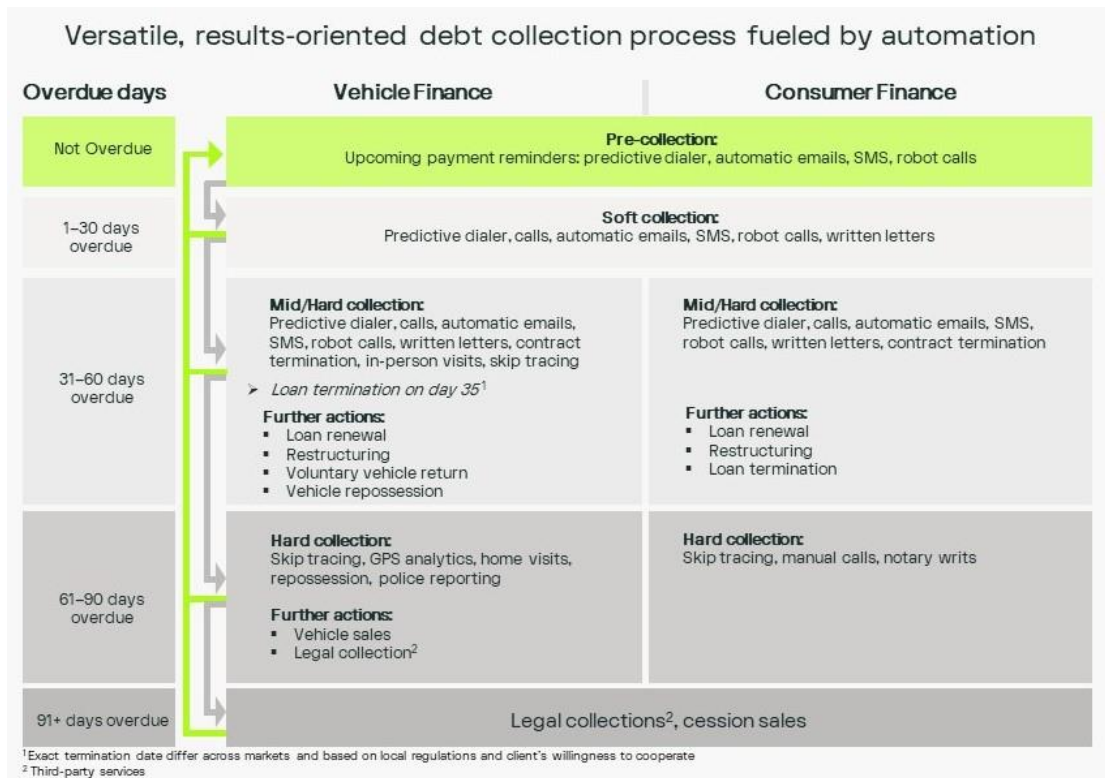
Elevation motivates its employees through a tailored performance-based motivation system. Elevation's customer service employees are rewarded based on sales performance, efficiency and quality. Elevation monitors key performance indicators at all levels of organization, and the performance is benchmarked against peers, other teams and other markets.

Elevation uses several brick and mortar channel partners for the loan issuance process, and cooperates with partners who, depending on the country of operations, may facilitate part of its customer identification and underwriting process. Internal processes of risk evaluation, vehicle assessment, fraud detection, scoring and loan approval are kept in all the markets where Elevation operates. Partners may be involved in the process of application and documentation submission, vehicle inspection and loan document signing. The typical partners for the Financial Leasing and the Leaseback products are broker firms and used car dealers.

#### *Debt Collection*

Elevation has established an efficient and effective debt collection process in each country where it operates. Elevation has a dedicated team in each country and follows debt collection practices which are fully compliant with local regulations. Elevation's strategy is focused on maximizing the dialogue with customers. When Elevation assesses that a customer can repay its loan, it offers various options and tailors the offers to such customer. When Elevation assesses that the customer will not be able to continue a successful relationship, a quick and efficient repossession of the collateral and subsequent sale of it is strived, while maintaining full transparency with the customer about the process. In case of unsecured loans, legal collection or debt sale processes are initiated.





In all the jurisdictions where it operates, Eleving adjusts its approach based on the stage of the overdue loan (Eleaving classifies a secured loan as non-performing if it is more than 35 days overdue, and a consumer loan as non-performing if it is more than 90 days overdue). Each collection stage is shaped to achieve maximum efficiency, by using different tools and focus.

Before the loan becomes overdue, Eleaving has an automated reminder process that ensures that the client is aware of upcoming payment and payment details.

As of the first day when the payment is overdue, it enters the early debt collection process, where Eleaving launches its automated reminder system (auto-calls, texts, e-mails) informing the customer about the overdue amounts, further actions if payment will not be made and Eleaving's contacts to discuss potential options. Eleaving constantly monitors the effectiveness of the automated system. In addition, Eleaving involves its in-house debt collection specialists that call all debtors from a certain day (as early as day 1 in some countries) with the aim to recover the delayed amount, identify reason for the delay and if necessary offer restructuring possibilities, where possible and economically viable. Prior to pursuing further debt collection activities, Eleaving first aims to reach an agreement with a customer in order to find a solution for loan repayment. If the case is not resolved until day 30, it is passed on to the next debt collection stage.

In the course of the next stage of debt collection process, the overdue loan is terminated (the exact moment of termination depends on the relevant country's legislation and payment discipline specifics), upon which the debt specialists of Eleaving offer the customer to renew the agreement, repay the loan or voluntarily return the vehicle, where applicable. In more than 50% of the cases in Vehicle Finance and in more than 24% of the cases in Consumer Finance, overdue loans are recovered in the mid-collection stage before a client returns to a regular payment schedule. In most cases, vehicle loan agreements are terminated when they are 35 to 60 days overdue in order to physically repossess a vehicle and preserve its value.

When this approach is not successful, Eleving's in-house vehicle repossession experts work with customers to recover the collateral. Approximately 80% of the vehicles set for repossession are successfully repossessed at this stage of the debt collection. This stage does not apply to products without collateral (vehicle). In case of Consumer Loans, the loan is terminated and passed on to litigation / cessation processes.

After vehicle repossession, the vehicle is put up for sale in Eleving's car lot. Sale of a repossessed vehicle takes 70 days on average from the moment such vehicle is repossessed. Outstanding debt (if any) is then recovered through an unsecured recovery process of Eleving, which includes amicable settlements, court execution process and / or debt portfolio sale (depending on the country). The result is that, since its inception, Eleving typically recovers approximately 79% of non-performing loans in the vehicle financing segment through either repossessing a car, settlement with a customer, legal collection process or debt sale.

To ensure consistent quality of debt collection operations across the Group, Eleving has developed group-wide debt collection service standards that include (i) debt collection principles, (ii) best practices and requirements for the debt collection department and (iii) internal procedures for each country in order to ensure effective knowledge sharing and continuous improvement of operations. On a daily basis, the debt collection organization is improved through regular benchmarking, experience sharing, and targeted projects supervised by the Group's operations team to develop best practices across the Group.

## **XII. INFORMATION TECHNOLOGY**

Eleving's IT department supports the full lifecycle of product development and optimization. Eleving embraces effective design principles and applies value driven prioritization principles to maximize return on the time invested by the IT department. This approach aims at building solutions based on validated business needs, with a focus on running secure and stable systems minimizing maintenance costs but maximizing customer conversion rates and streamlining portfolio administration.

### *Credit Management Systems*

Eleving has two regional systems for processing credit applications and managing the credit lifecycle. Each system is tailored to support the best business processes in the particular region where it is deployed. Eleving relies on technology diversity and benefits from having two systems available to run business independently without building redundant cross dependencies. In each country where it operates Eleving deploys one of its two systems and aligns the IT processes to obtain business process similarities across countries of operation. This approach ensures that Eleving's business processes are unified where possible across all system installations (countries) – this significantly simplifies user support, system maintenance and updates provided by IT departments. Furthermore, Eleving ensures a unified business control function and that the key performance indicators (KPI), such as conversion rate, delay rates, SLA etc., are gathered in a qualitative and comparable way. All the factors outlined above have historically allowed Eleving to launch business operations in a new country in a few months' time, and to launch businesses in several countries in parallel.

### *IT Practices*

Eleving has to retain a certain degree of flexibility in order to secure leading market positions in the countries where it operates. Eleving's IT systems are easy customizable without breaking business processes. Eleving does not distribute business processes across multiple systems and platforms but rather focuses on building systems relying on loosely coupled processing modules. Similarly, Eleving avoids expensive batch processing, instead it makes calculations just in time and splits work into smaller parcels.

The IT engineering team of Eleving is a mix of product owners, system analysts, experienced developers and testing engineers, all focused on delivering stable solutions. Eleving has embedded proven test practices in the area of test automation. Comprehensive regression test suite is fully automated and is continuously extended and maintained by the IT engineering team.

### *IT Infrastructure*

Eleving's core IT infrastructure is centrally managed by the Group's IT team, which is responsible for all network, server, service and mission critical production system operations and business application support.

Local IT support is provided by local IT teams or outsourced to local IT support service providers to ensure fast service deliveries and communication in local languages that is convenient for the end users.

Eleving has concluded the transition to cloud computing service providers and all mission critical production systems utilize the advantages of high availability, fast scalability and business continuity offered by the leading service providers - Microsoft Azure or AWS.

### Data Backup Strategy

Eleving relies on the high availability of Microsoft Azure and AWS platforms and the available backup services. Eleving works on automation of the infrastructure in order to support business continuity, implementing principles of “Infrastructure as Code” - allowing to deploy new instances of systems in short timeframe in alternative locations if this would be required.

### Monitoring

There are comprehensive monitoring systems implemented and running 24/7, continuously inspecting system performance, harvesting statistics and analyzing system/user activities. Data is aggregated to ensure a 3-layer monitoring: IT Infrastructure Monitoring, System Health Check and Business Process Monitoring. Should any warning or fault be detected, an alert is raised automatically.

### Reporting Platform

Data warehouse (DWH) solution, together with the reporting platform, gather data from all databases into one unified source, providing a comprehensive set of dashboards and reports for decision making and business steering in an effective way.

Microsoft Power BI (the leading BI tool according to Gartner Magic Quadrant for Analytics and Business Intelligence Platforms in 2021) is selected as the reporting platform for management and KPI operations reports on all levels (country, region, group). Pre-processed data is available for immediate analysis and is used for various purposes, including customer scoring algorithm adjustments and target customer segmentation for new marketing campaigns.

### IT Cost Control

Eleving keeps a low-cost base by utilizing cloud computing services that can be scaled up rapidly as needed without major investments. IT running costs and investments are monitored continuously and revised regularly, with a focus on reassessing costs, revising investments and identifying opportunities for further optimization.

### IT Security

Eleving employs a multi-layered security strategy. IT security management program utilizes risk-based architecture for consistent IT security practice. Eleving deploys and maintains a stack of security infrastructure technologies. Security testing, threat modeling and risk assessment processes are implemented. The information security team continuously mitigates and monitors vulnerabilities and threats. In face of new and changing threats Eleving adapts its defenses accordingly.

### **XIII. CREDIT AND RISK MANAGEMENT**

#### **1. Risk Management**

Risk management at Elevation is defined as a process of identifying, monitoring and managing potential risks in order to minimize the negative impact they may have on an organization. To ensure efficient process of significant risk management at all stages, Elevation describes the general framework and duties in internal policies and guidelines.

Internal policies and guidelines pursue the following objectives, for each operational company of the Group:

- to establish the framework required for the identification of significant risks;
- to assess the exposure to significant risks;
- to establish the techniques and indicators to be used for the management of significant risks, including with reference to the adequacy of the limits system;
- to allocate the risk management duties within the entity;
- to establish the framework required for risk reporting (reporting typology– indicators, content; frequency, users);
- to establish the entity’s risk profile in line with the entity’s business strategy; and
- to establish the measures required for addressing the conflicts of interests at the level of the risk management function and the conditions required for the independent exercise of the risk management function.

#### **2. Risk Management Process**

The Risk Management process consists of 4 main parts:

- Risk identification
- Risk management
- Risk monitoring
- Risk control

Elevation has defined the following significant risks: (i) financial risk, (ii) legal risk, (iii) operational risk and (iv) reputational risk.

##### **a. Financial Risk**

The Group’s activities are exposed to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group’s overall risk management focuses on financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. The Group uses derivative financial instruments to hedge certain risk exposures which are carried out by the central treasury department (the Group’s treasury).

##### Liquidity Risk

The Group controls its liquidity by managing the amount of funding it attracts through peer-to-peer platforms, which provides the management greater flexibility to manage the level of borrowings and available cash balances. Also, the Group manages its

longer-term liquidity needs by obtaining funding from international capital markets, in particular by issuing the Bonds and the AS mogo Notes.

### Credit Risk

The Group is exposed to credit risk through its finance lease receivables, loans, and advances, as well as cash and cash equivalents. The key areas of credit risk policy cover lease and loan granting process (including solvency check of the lessee or the borrower), monitoring methods, as well as decision making principles. The Group uses financed vehicles as collateral to significantly reduce the credit risk. The Group operates by applying a clear set of finance lease and loan granting criteria. These criteria include assessing the credit history of the customer, means of lease and loan repayment and understanding the lease object. The Group takes into consideration both quantitative and qualitative factors when assessing the creditworthiness of the customer. Based on this analysis, the Group sets the credit limit for each and every customer. When the lease agreement has been signed, the Group monitors the lease object and the customer's solvency. The Group has developed a lease monitoring process that helps quickly spot any possible non-compliance with the provisions of the agreement. The receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is minimized, and, where appropriate, sufficient provisions are being made. The Group does not have a significant credit risk exposure to any single counterparty but is exposed to risks to group of counterparties having similar characteristics.

### Market Risk

The Group takes on exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility or market rates or prices such as interest rates and foreign exchange rates.

### Currency Risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The most significant foreign currency exposure comes from Georgia, Armenia, Uzbekistan, Ukraine and Moldova, where the Group has evaluated potential hedging options, but due to the costs associated with it, has decided not to pursue hedging strategy for now and assume potential short to mid-term currency fluctuations with retaining potential upside from strengthening of the mentioned currencies. Nevertheless, the Group has a practice of pricing in the currency risk within the cost of its products in the most volatile markets from a foreign currency perspective.

In addition, the Group is making substantial progress in issuing as many loans as possible in EUR and USD currencies. Having now a significant portfolio of USD loans and leases, mainly linked to Belarus, Kenya and Uganda, the Group has started to proactively manage the foreign currency exposure risk towards USD. The proactive management of USD exposure can be observed by forward contract purchases that have started already in 2020 and will continue in 2021.

The Group has decreased its exposure to volatile foreign currencies from 33% of its net loan portfolio (as of 31 December 2020) to 27% of its net loan portfolio (as of 30 September 2021). In addition to the measures outlined above, this has been achieved by successful divestments from markets that previously operated in a volatile foreign exchange environment.

### Interest Rate Risk

Cash flow interest rate risk means the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates, in particular that the Group's income or the value of its portfolios of financial assets might be affected as a result. The management of Eleving believes that for the Group, interest rate risk is not material since all loans are issued and received at fixed rates and most of the borrowings as well as loans issued to customers are long term.

#### **b. Legal Risk**

Legal risks are mainly derived from regulatory changes which the Group successfully manages with the help of in-house legal department and external legal advisors that closely follow latest developments and the legal environment. While the majority of our operating entities are financial institutions, we are not regulated as a bank, payment institution or e-money institution in any of our operating jurisdictions. The regulatory framework applicable to our operating entities varies depending on the jurisdiction in which we are operating. The relevant regulations relate to, *inter alia*, lending and leasing activities, consumer rights protection, the processing of personal data, debt collection and the prevention of money laundering and financing of terrorism.

#### **c. Operational Risk**

The Group's operational risks are managed by successful underwriting procedures in the loan issuance process as well as efficient debt collection procedures.

#### **d. Reputational Risk**

Reputational risk is concerned with the exposure of Eleving to events that could adversely affect customers' trust in its products, could decrease its customer portfolio or could lead to: (i) an increased difficulty in attracting new customers; (ii) difficulty in raising financing sources; (iii) difficulty in retaining the employees; (iv) non-compliance with the requirements set forth by local authorities. Eleving reputational risk monitoring is performed e.g. by monitoring of the local and central media, monitoring Eleving's activity with focus on the events that could expose the company to a reputational risk (specifically those related to customer relations and to the relationships with the supervisory authority) and monitoring the amount of complaints received from customers.

#### XIV. COMPETITION

Eleving's vehicle finance business line has very limited competition in the markets where it operates due to the lack of companies specializing in purely used motor-vehicle lending. Furthermore, used motor-vehicle lending is not the immediate market segment at which a typical unsecured lending company would target, mainly due to the essential physical presence (branch network) which requires capital expenditure in infrastructure and due to the necessity of establishing close relationships with used motor-vehicle dealers.

In certain markets, Eleving also competes with financial institutions, such as banks, credit unions and other consumer lenders offering unsecured loans that can be used for motor-vehicle purchase.

Eleving's consumer finance business line competes with non-bank lenders which usually have only online operations. Eleving has a unique mix of a vast network of physical branches and a well-established online lending platform. This way Eleving addresses a wider population of potential customers and is able to offer fast loan issuance process both online and offline.

The table below describes Eleving's key competitors, apart from commercial banks, in the countries of operation and a brief overview of the relevant market.

Country	Main Competitors	Description of the Market
<b>Latvia</b> (vehicle finance)	Money Express Credit Nord Auto Līzings BigBank AS Aizdevums.lv (Marginalen AB) Incredit Group Primero finance (associated entity to Eleving)	Customer mobility is enhanced by offering used cars through 3 main product types: leasing, car loan and used-car long-term rent. Eleving is one of the leading companies in used-car leasing and long-term rent services and the only one offering both of those services since all other competitors offer either financing or short-term rent services. Commercial banks have the biggest share of the unsecured-installment loan market.
(car rent)	Current Watu auto	AS Renti was the first company in 2018 to introduce used-car long-term rent in the Latvian market with the possibility for customers to select a car on their own (as opposed to choosing a car offered by a car rental company) from any registered car dealers in Latvia. The continuously growing popularity of long-term rent services and the used-car financing solutions result in increased demand for Eleving's services in Latvia.
<b>Estonia</b> (vehicle finance)	InBank Holm Bank AS TF Bank	Eleving has a significant market presence in Estonia. According to market research conducted by KOG Institutas during Q2, 2021, the recognition of the Mogo brand is around



<b>Lithuania</b> (vehicle finance)	General Financing Bigbank Inbank	8%, which is better than that of its biggest competitors.  The used-vehicle financing market in Lithuania is gradually growing, offering car leasing and car loans as primary financing instruments. The market is highly regulated by local authorities, protecting consumer rights in both used-car leasing and other financing areas. Among major market players, Eleving stands out for its product offering and operational flexibility. In 2017, the Group expanded its market base by introducing long-term rent for used vehicles. Eleving is also considered one of the leaders in this market segment. As of now, Eleving offers a full range of financial and non-financial solutions to customers who are looking to obtain a vehicle.
<b>Georgia</b> (vehicle finance)	Eurocredit Swisscapital Starto Liberty Bank	Eleving has operated in the market for 7 years, developing into one of the market leaders in used-vehicle financing, having more than 200,000 unique customers. Eleving has financed acquisition/rental of more than 60,000 vehicles in Georgia, which is roughly 5% of the total number of vehicles (except for minibuses and buses) in the country in 2019, according to National Statistics Office of Georgia. With further market expansion, this share is expected to grow larger.
<b>Romania</b> (vehicle finance)	TBI Bank Credius ICredit	Eleving's competitors offer mainly secured lending products, which are similar to Eleving's products. Nevertheless, Eleving's products are specially designed to serve the individual needs of retail consumers, and while other financial institutions offer similar services, like credit lines secured by cars or leaseback assimilated loans or other car acquisition products, their services are targeted to a different segment of the consumer market.
<b>Bulgaria</b> (vehicle finance)	Amigo Credissimo TBI Bank Viva credit	In the beginning of 2017, Eleving was the first non-banking financial institution providing leasing for used cars, on a nationwide scale in Bulgaria. To date, Eleving has established itself as one of the market leaders in the non-banking used-vehicle financing space.

	Unicredit (unicreditbulbank.bg)	
<b>Armenia</b> (vehicle finance)	Global Credit	Eleving has been operating in Armenia for 5 years and established itself as one of the market leaders for used-vehicle financing. To date, Eleving has financed more than 16,000 vehicles, while, according to Armenia Motor Insurers Bureau, there are about 500,000 registered and operational cars in Armenia. According to publicly available financial statements, Eleving's net portfolio at the end of 2020 was 30% larger than that of Global Credit, which is Eleving's main competitor in Armenia.
<b>Belarus</b> (vehicle finance)	Micro-leasing Aktiv leasing Alfa leasing	Banks used to be dominant players until 2014, when government regulation allowed private leasing operations. According to the data from National Leasing Association reports, after the new legislation applicable to leasing was released, the amount of leasing contracts provided by non-banking institutions grew rapidly from 2015 until 2020 by 30-50% per year. Today, both banks and leasing companies have strong product offerings and are actively competing in the market for car financing for individuals.
<b>Uzbekistan</b> (vehicle finance)	Yengil Kredit Mikro Leasing Garant Invest	Eleving has a competitive edge in terms of offering longer-term loans (up to 5 years vs. 3 years, which is typical among competitors) and being more flexible in regards to a car's age. In addition, Eleving's competitive advantages in the market are the provision of fast and convenient services and the fact that it allows a customer to obtain a loan approval online.
<b>Uganda</b> (vehicle finance)	WATU Tugende	Since the beginning of 2021, Eleving shifted its focus to financing primarily motorcycles in Uganda due to greater than expected profitability associated with this segment. The majority of vehicles in this part of the market are income-generating assets used as taxis. A limited but growing number of typically specialized motorcycle financing entities operate in this segment. Banks generally shy away from financing

motorcycles, given that the customers are not salaried employees.

In the car financing sector, Eleving's competitors offer leaseback products related to used cars. They are domestic companies without strong financial support and most of them have small-scale operations, with only a small portion of them having large-scale operations. Financial leasing services are mainly offered by banking institutions, which target customers with very low risk profile and thus they do not seek to participate in the market segment in which Eleving is primarily active. Used cars are also financed by dealers, but they are not competitive since they provide quite expensive and short-term services.

**Kenya**  
(vehicle finance)

WATU  
NGAO Credit  
Platinum Credit

According to Eleving's internal market research, Eleving is a strong runner-up to WATU in the motorcycle financing market based on financing volumes and asset base. The majority of vehicles in this segment are income-generating assets used as taxis. Banks generally shy away from financing motorcycles, given that customers are not salaried employees.

The car financing industry in Kenya is quite competitive and it seems that the competition will keep increasing. Eleving's competitors are domestic companies without strong financial support and most of them have small-scale operations, with only a small portion of them having large-scale operations. Financial leasing services are mainly offered by banking institutions, which target customers with very low risk profile and thus they do not seek to participate in the market segment in which Eleving is primarily active. Used cars are also financed by dealers, but they are not competitive since they provide quite expensive and short-term services.

<b>Moldova</b> (vehicle and consumer finance)	Microinvest luteCredit Credit Rapid and Express-Leasing Easy Credit	All of the main competitors of Eleving offer consumer financing, and some companies direct their funds mostly toward small businesses and provide consumer loans which can be used to purchase a car. Recently, Eleving's competitors also engaged in car financing, through secured car loans products.
<b>North Macedonia</b> (consumer finance)	luteCredit Forza Kreddy M-cash SN Finansii	Primary competitors who offer similar products and have a comparable business model are luteCredit (the leading non-banking company in the country), Digital Finance (the company has two brands – Forza and Kreddy), M-cash and SN Finansii. There are also many relatively small companies that provide non-banking services in the market who directly compete with Eleving.
<b>Ukraine</b> (consumer finance)	Moneyveo CreditKasa Alex Credit Sgroshi MyCredit	Since the recession in the late 2000s, the consumer lending market has changed significantly. Several banks that had a substantial share of the consumer lending market failed. Tougher regulatory requirements by the National Bank of Ukraine caused many banks to reduce their appetite for risks and introduced stricter requirements for borrowers. Accordingly, several non-banking lending companies have entered the market since.
<b>Albania</b> (consumer finance)	luteCredit Forza NOA Besa	The main competitors who offer similar products and have a comparable business model are luteCredit (the leading non-banking company in the country), Forza, NOA and Besa. There are also several relatively small companies that provide non-banking services in the market who are competing with Eleving.

## XV. INTELLECTUAL PROPERTY

Eleving's principal operating activity is the advance of Financial Leasing, Leaseback and Consumer Loans, predominantly via our internet platform, phone, branches and broker/dealer network. The table below sets forth the websites currently used by the Group to provide its services through the internet platform. The content of these websites is not part of this Offering Memorandum.

<b>Country</b>	<b>Website</b>
Global	<a href="http://www.eleving.com">www.eleving.com</a>
Latvia	<a href="http://www.mogo.lv">www.mogo.lv</a> <a href="http://www.renti.lv">www.renti.lv</a> <a href="http://www.autotev.lv">www.autotev.lv</a>
Estonia	<a href="http://www.mogo.ee">www.mogo.ee</a>
Lithuania	<a href="http://www.mogo.lt">www.mogo.lt</a> <a href="http://www.renti.lt">www.renti.lt</a> <a href="http://www.toplizingas.lt">www.toplizingas.lt</a>
Georgia	<a href="http://www.mogo.ge">www.mogo.ge</a> <a href="http://www.autosale.ge">www.autosale.ge</a>
Poland	<a href="http://www.mogo.pl">www.mogo.pl</a> <a href="http://auto.mogo.pl">auto.mogo.pl</a>
Romania	<a href="http://www.mogo.ro">www.mogo.ro</a> <a href="http://auto.mogo.ro">auto.mogo.ro</a>
Bulgaria	<a href="http://www.mogo.bg">www.mogo.bg</a> <a href="http://auto.mogo.bg">auto.mogo.bg</a>
Moldova	<a href="http://www.mogo.md">www.mogo.md</a> <a href="http://auto.mogo.md">auto.mogo.md</a> <a href="http://www.sebo.md">www.sebo.md</a>
Albania	<a href="http://www.mogo.al">www.mogo.al</a> <a href="http://auto.mogo.al">auto.mogo.al</a> <a href="http://www.kredo.al">www.kredo.al</a>
Armenia	<a href="http://www.mogo.am">www.mogo.am</a> <a href="http://www.avto1.am">www.avto1.am</a>
Belarus	<a href="http://www.mogo.by">www.mogo.by</a> <a href="http://auto.mogo.by">auto.mogo.by</a>

Uzbekistan	<a href="http://www.mogo.uz">www.mogo.uz</a>
Uganda	<a href="http://www.mogo.co.ug">www.mogo.co.ug</a>
Kenya	<a href="http://www.mogo.co.ke">www.mogo.co.ke</a>
North Macedonia	<a href="http://www.tigo.mk">www.tigo.mk</a>
Ukraine	<a href="http://www.instacash.com.ua">www.instacash.com.ua</a>

Besides the websites listed above, we own other domains that we plan to use for business footprint expansion to other countries, launching new products and implementing other business ideas.

To further facilitate the connection between its customers and car dealers, Eleving Vehicle Finance has also developed proprietary car sales portals in various regions. The Group has currently 10 proprietary car sales portals, with currently more than 100 cars listed on across 10 markets in Europe, Asia and Africa. The online platform serves as the main channel through which Eleving sells repossessed vehicles.

#### Registered Trademarks

The Group company AS "mogo" (Latvia) has figurative and word trademarks "Mogo Finance" and "mogo" registered in the Europe Union in respect of financial services under Class 36 of the Nice Classification. Based on the registration of figurative trademark 'Mogo Finance' in the Europe Union, AS "mogo" (Latvia) has registered international trademark via WIPO in respect of Albania, Armenia, Bosnia and Herzegovina, Belarus, Kenya, Kazakhstan, Moldova, North Macedonia, and Uzbekistan. In part of above-mentioned and in other countries (in Georgia, North Macedonia, Lithuania, Latvia, Estonia, Ukraine, Moldova and Kosovo), trademarks containing verbal element 'mogo' has been registered by Group companies as well.

The Issuer has a figurative trademark "Eleving" registered in the Europe Union in respect of services under Classes 35, 36 and 39 of the Nice Classification. In addition, the Issuer has filed for registration of a word trademark "Eleving" in the Europe Union in respect of services under Classes 35, 36 and 39 of the Nice Classification. The opposition period ended on 8 September 2021, and due to an opposition of the application, the registration process is still ongoing as of the date of this Offering Memorandum.

## XVI. REGULATORY FRAMEWORK

While the majority of our operating entities are financial institutions, we are not regulated as a bank, payment institution or e-money institution in any of our operating jurisdictions. The regulatory framework applicable to our operating entities varies depending on the jurisdiction in which we are operating. The relevant regulations relate to, *inter alia*, lending and leasing activities, consumer rights protection, the processing of personal data, debt collection and the prevention of money laundering and financing of terrorism.

The table below sets forth the relevant local regulator in the countries in which Elevation operates.

<b>Country</b>	<b>Regulator</b>
<b>Latvia</b>	Consumer Rights Protection Centre
<b>Estonia</b>	Estonian Financial Supervision and Resolution Authority
<b>Lithuania</b>	Central Bank of Lithuania
<b>Georgia</b>	Not applicable
<b>Romania</b>	National Bank of Romania
<b>Bulgaria</b>	Bulgarian National Bank
<b>Armenia</b>	Central Bank of the Republic of Armenia
<b>Belarus</b>	National Bank of Republic of Belarus
<b>Uzbekistan</b>	Not applicable
<b>Uganda</b>	Uganda Microfinance Regulatory Authority
<b>Kenya</b>	Not applicable
<b>Moldova</b> (both lines of business have the same regulator)	National Commission of Financial Market
<b>North Macedonia</b> (consumer finance)	Ministry of Finance
<b>Ukraine</b> (consumer finance)	National Bank of Ukraine
<b>Albania</b> (consumer finance)	Bank of Albania

In the following, we give an overview over the most relevant major regulations in the jurisdictions of our principal operating entities of the Group as of the date of this Offering Memorandum:

### **Latvia**

AS “mogo” (Latvia) is a licensed leasing (consumer lending) non-banking company and is required to comply with rules on consumer lending and consumer rights protection, prohibition against unfair commercial practices, personal data processing requirements, debt collection legislation, money laundering and terrorism financing prevention requirements and civil law.

A license is required for consumer lending in Latvia. Except for the credit institutions and other companies that fall under the exceptions provided under the Consumer Rights Protection Law of the Republic of Latvia, only companies having received a special license may provide credit services to consumers in Latvia. All activities regarding consumers and licenses, including compliance with anti-money laundering provisions, are supervised by the Consumer Rights Protection Center of Latvia.

Legislation sets forth requirements in respect of the relationship between lending companies and their customers as they relate to marketing and remote selling of leases, consumer loans, the terms of consumer loan agreements and information that must be disclosed to prospective customers prior to entering into a lease or loan agreement, calculation of annual interest rates and limitations of penalties and interest, assessment of consumer solvency, right of withdrawal, as well as personal data processing, client identification and due diligence under anti-money laundering procedures and debt collection.

The Latvian Consumer Rights Protection Law sets forth Latvia’s general rules on consumer credit. On the basis of the Latvian Consumer Rights Protection Law, numerous important regulations of the Cabinet of Ministers of Latvia have been adopted, including: Regulations Regarding Consumer Credit and Regulations Regarding Distance Contracts for the Provision of Financial Services. In addition, based on the applicable laws and regulations the Consumer Rights Protection Center of Latvia has adopted several non-binding guidelines for the provision on consumer lending services containing recommendations of the Consumer Rights Protection Center to the consumer crediting service providers.

According to the latest version of Law on Consumer Rights Protection, the total cost of a consumer’s credit cannot exceed 0.07% per day. This law also prohibits the promotion of lending services, except at the premises of the lender or its intermediary, or on their website or mobile application, as well as personally addressing potential clients on-site or by telephone.

The Latvian Law on the Prevention of Money Laundering and Terrorism Financing sets forth Latvia’s general rules on prevention of money laundering and terrorism financing, including, identification and due diligence of the customers of non-banking credit institutions.

The enforcement of the claims arising from consumer-credit contracts are to a great extent set forth in or affected by other legal acts, most importantly in the Latvian Law on Extrajudicial Recovery of Debt and the Civil Procedure Law.

## ***Estonia***

Mogo OÜ (Estonia) is a licensed lending (consumer lending) non-banking company in Estonia regulated and supervised by the Estonian Financial Supervision Authority. As of 2016, all consumer credit providers and intermediaries have to be licensed by the Estonian Financial Supervision Authority.

The most important laws regulating the business of mogo OÜ are the following: the Creditors and Credit Intermediaries Act in relation to capital requirements, internal procedures and requirements for providing services; the Consumer Protection Act in



relation to general consumer protection obligations; the Law of Obligations Act in relation to contractual aspects of credit transactions, including consumer credit specific requirements (*inter alia*, provision of information, assessment of creditworthiness and limitations of the terms and conditions of the credit agreements), the Money Laundering and Terrorist Financing Prevention Act and the Advertising Act prescribing restrictions on advertising. In addition, the company must comply with the guidelines on the Estonian Financial Supervision Authority in respect to, *inter alia*, responsible lending, outsourcing and IT-systems.

The enforcement of the claims arising from consumer-credit contracts are to a great extent set forth in, or affected by, other legal acts, most importantly in the General Part of the Civil Code Act and the Code of Civil Procedure.

### **Lithuania**

UAB “mogo LT” (Lithuania) is a leasing (consumer lending) non-banking company, approved and included in a Public List of Consumer Credit Providers handled by the Bank of Lithuania. Companies are able to provide consumer credit services in Lithuania only after inclusion in the Public list.

The company must comply with rules on consumer lending and consumer rights protection, stated in a consumer credit law and in the Central Bank guidelines on consumer lending, such as limitations on debt-to-income rate, average income amount, penalties and percentage, obtaining client data from specific registers, and criteria for termination of consumer agreements. Anti-money laundering requires all new clients to be identified physically or through approved technological solutions.

The major laws and regulations concerning the business of Mogo are: Law on Consumer Credit; Anti-Money Laundering law; Personal data protection law; Regulations on the Assessment of the Creditworthiness of Consumer Credit Borrowers and Responsible Lending; Regulations on the Assessment of the Solvency of Consumer Credit Borrowers; Consumer Credit Provision Guidelines.

### **Georgia**

Mogo LLC (Georgia) is a leasing non-banking company in Georgia, not requiring any license for leasing operations. There is no specific regulatory and or supervising body for such leasing activities in Georgia. It should be noted, however, that leasing companies (i.e. a company, which issues a lease in the amount of 30,000 GEL or more) are subjected to anti-money laundering (AML) requirements by being included into the statutorily defined list of monitoring entities (entities that are required to monitor and relevantly report transactions executed with involvement of their customers) and are therefore required to submit regular reporting to Financial Monitoring Service, an independent governmental agency in charge of AML compliance by relevant monitoring entities.

The existing legislative framework in the field of leasing is lessor-friendly. Georgian law since February 2019 sets a maximum annual percentage rate (APR) of 50%, but does not impose any mandatory requirements for co-financing of the leased property by the lessee or lessor. The major law for leasing and recovery of debts is the Civil Code of Georgia (Chapter Four) which is mainly used in relation to consumers. Georgian Consumer protection law mainly regulate consumer lending, but leasing is excluded from its scope.

In the sphere of consumers and protection of their rights, Georgia has implemented a law which is fully constructed and based on the EU directive on consumer protection in the indication of prices of products offered to consumers, the EU directive on unfair

terms in consumer contracts, the EU directive concerning misleading and comparative advertising, as well as the EU directive on unfair commercial practices. The implementation of the EU directive on the protection of consumers with regards to distance contracts is also expected.

### ***Romania***

Mogo IFN SA (Romania) is a consumer lending non-banking company, with strict supervision from the National Bank of Romania. Mogo IFN SA is registered in the “Special Registry” and has to comply with some conditions similar to the ones applicable to banks (e.g., Mogo IFN SA needs to have an audit committee and a risk committee, and it needs to submit financial statements audited by top-tier auditors or at least by auditors acceptable to the National Bank of Romania).

The company must comply with the rules on consumer lending and consumer rights protection stated in the consumer credit law and Central Bank guidelines on consumer lending. Among the limitations: debt-to-income ratio has to be reasonable; Mogo IFN SA may not grant credit without client proven fiscal income, and fees and penalties are strongly regulated.

### ***Armenia***

Mogo LLC (Armenia) is a licensed non-banking credit institution. Its license allows Mogo LLC to issue any type of loans. The financial sector of Armenia is regulated by the Central Bank of Armenia, and companies are able to provide any type of loan after receiving the license from the Central Bank of Armenia.

A cap on the annual interest rate is applied to non-banking credit organizations and to credit institutions. The Central Bank of Armenia also applies a cap on penalties for overdue payments.

The main Armenian laws and regulations applicable to the business of Mogo LLC are the Law on Credit Institutions, the Law on Consumer lending, the Law on Combating Money Laundering and Terrorism Financing, the Procedure on reporting to the Central Bank of Armenia, the Terms, forms and procedures of communication between financial organizations and consumers and the Law on Financial System Mediator.

According to Armenian law, depending on the report, credit institutions, including Mogo LLC have to present reports to Central Bank with weekly, monthly, quarterly and annually frequency.

### ***North Macedonia***

FINANCIAL COMPANY TIGO FINANCE DOOEL SKOPJE is a financial company, registered at the Central Registry of North Macedonia upon prior License no. 13-6093/4 of 25.08.2017, issued by the Ministry of Finance of North Macedonia, in accordance with the Law on Financial Companies. The issued license entitles FINANCIAL COMPANY TIGO FINANCE DOOEL SKOPJE to issue loans in accordance with the Law on Consumer Protection during Consumer Loans.

During its day-to-day operations, the company must comply and adhere to, among others, the following legislation:

- Law on Financial Companies - contains provisions regarding the founding and operation of financial companies, as well as the conditions and terms that must be met by the company in order to obtain a license and other types of approval from the Ministry of Finance as the supervisory body;

- Law on Consumer Protection during Consumer Loans – contains provisions which regulate the statutory elements of the loan agreement which is concluded between the company and the consumer, and other aspects of the lending process such as the obligation to check the creditworthiness of the client, the pre-contractual information and form and content of the notifications that need to be delivered to the Ministry of Finance. The relevant supervisory body is the Ministry of Finance;
- Law on Anti Money Laundering and Terrorism Financing– contains provisions which regulate the statutory obligation to draft and implement an AML risk assessment and a program for reducing the risk from money laundering and terrorism financing, as well as the obligation to obtain a statement during transactions with publicly exposed persons (PEP). The relevant supervisory body is the Financial Intelligence Unit;
- Law on Personal Data Protection – contains provisions that regulate the collecting and processing of personal data of Tigo’s clients, applicants, employees and job candidates. The Macedonian Law on Personal Data Protection is fully harmonized with the EU General Data Protection Regulation. The relevant supervisory body is the Data Protection Agency;
- Labour Law;
- Law on Trade Companies;
- Law on Safety and Protection at work;
- Law on Electronic Documents, Electronic Identifications and Confidential Services; and
- Law on Archive Material.

### ***Albania***

Mogo Albania SH.A. (Albania) is a non-bank financial institution, registered with the Central Bank of Albania and operates under the law no 9396 dated 12 May 2005 on “Financial Leasing”. As commercial company it is registered as well at National Business Register (QKB) and has a NUIS L71528013A. As such we comply with Central Bank Regulation and Tax Legislation for car trading (financial leasing).

KREDO FINANCE SHPK is a non-bank financial institution, registered with the Central Bank of Albania and operates under the law no 9662 dated 18 December 2006, as amended, titled “For Banks in the Republic of Albania”. As a commercial company, it is registered as well at the National Business Register (QKB) and has a registration No. L71610009A, in compliance with the Albanian Law on Entrepreneurs and Companies. As such we comply with the Central Bank Regulations and tax legislation for lending activity.

The main Albanian laws and regulations applicable to the business of Mogo Albania:

- Central Bank of Albania regulatory which includes: licensing of the activity as financial leasing, reporting on portfolio growth (lending practices) and quality (delinquency ratios), capital adequacy, management profiles and corporate governance structure; and
- Regulations of Road Directory in reference of being in compliance with rules and requirements about the car’s conditions in the ownership of Mogo Albania.

The main Albanian laws and regulations applicable to the business of KREDO FINANCE SHPK:

- Central Bank of Albania regulations which includes: licensing of the lending, reporting on portfolio growth (lending practices) and quality (delinquency ratios), capital adequacy, management profiles and corporate governance structure:
  - The Regulation no. 1 dated 17.01.2013 "On licensing and activity of non-bank financial Institutions" and supervised by the Bank of Albania (BoA);
  - Regulation 48/2015 "On consumer credit and mortgage credit";
  - Regulation 59/2008 "On the transparency for banking and financial products and services", integrated version;
  - Regulation 2/2013 "On risk management in the activity of non-bank financial institutions", integrated version; and
  - Regulation 72/2020 "On the functioning of the Credit Registry in the Bank of Albania, as well as the conditions and procedures for the recognition, use and review of the data administered in it.

The main Albanian laws and regulations applicable to the business of both Mogo Albania and KREDO FINANCE SHPK:

- Tax law and regulation in reference of VAT applied for every lease transaction and double taxation;
- Consumer protection law in reference of transparency and all law requirements about the terms and conditions;
- Anti-money laundry law in reference of the identifying the company's customers and reporting on a regular basis to local authorities of suspicious transactions and/or sources of funds for the business; and
- Labour inspectorate; to be in compliance with labour code and work conditions mandatory to be fulfilled as an employer and to provide periodic reporting on the number of staff, salaries, insurance paid etc.

### ***Moldova***

O.C.N. "MOGO LOANS" S.R.L. (Moldova) carries out (leasing services) non-banking credit activities in Moldova. O.C.N. "MOGO LOANS" S.R.L. has been registered, by 1 April 2019, with the Registry of National Commission for Financial Markets of Moldova in order to comply with all the requirements set by the Law on Non-Bank Credit Organizations No. 1/2018 in Moldova as regards to non-banking credit organization which entered into force on 1 October 2018.

OCN SEBO CREDIT SRL in its decision making and administration applies Law No. 845 dated 3 January 1992 on Business and Enterprises, Law No. 135 dated 14 June 2007 on Limited Liability Companies, Law No. 1 dated 16 March 2018 on Non-Banking Credit Organizations, the Civil Code of the Republic of Moldova.

### ***Belarus***

MOGO Credit LLC (Belarus) is a non-credit financial institution engaged in leasing activities in accordance with the Decree of the President of the Republic of Belarus under the strict supervision of the National Bank of the Republic of Belarus. MOGO Credit LLC (Belarus) is included in the register of leasing organizations of the National

Bank of the Republic of Belarus and is obliged to regularly provide the National Bank of the Republic of Belarus and publish in the public domain reports on its activities, as well as on its financial condition. In accordance with the requirements of the National Bank of the Republic of Belarus, the company has established a procedure for assessing financial stability and the business reputation of the lessee, the liquidity of the leased asset, and risk management.

## **XVII. INFORMATION ABOUT THE ISSUER**

### **1. General Information about the Issuer**

#### ***Legal and Commercial Name, Business Address and Website***

The legal and commercial name of the Issuer is Eleving Group.

The registered office of the Issuer is at 8-10 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, its telephone number is +352 26 18 61 and its fax number is +352 26 84 54 10. The Issuer's legal identifier (LEI) is 894500N14T2GUDX0FL66.

The website of the Issuer is <https://eleving.com/>. The information on the website of the Issuer does not form part of this Offering Memorandum unless that information is incorporated by reference into this Offering Memorandum.

#### ***History and Development of the Issuer, Commercial Register***

The Issuer was incorporated on 18 December 2012, and operates, under the laws of Luxembourg, as a public limited liability company (*société anonyme*) with unlimited duration under the legal name of "Twelve Purslane S.A.". The legal name of the Issuer has been changed from "Twelve Purslane S.A." to "Mogo Finance", pursuant to the decision of an extraordinary general meeting of the then shareholders of the Issuer, recorded through a notarial deed dated 28 May 2014 and later from "Mogo Finance" to "Eleving Group" pursuant to the decision of an extraordinary general meeting of the then shareholders of the Issuer, recorded through a notarial deed dated 15 July 2021.

The Issuer is registered with Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B.174457.

#### ***Business Purpose and Objectives of the Issuer***

Pursuant to Article 3 of the restated articles of association (*statuts coordonnés*) of the Issuer dated 6 June 2016 as amended pursuant to shareholder resolutions dated 12 October 2018, 29 October 2019 and 15 July 2021, the Issuer's purpose is to invest, acquire and take participations and interests, in any form whatsoever, in Luxembourg or foreign companies or entities having a purpose similar to the purpose of the Issuer and to acquire through participations, contributions, purchases, options or in any other way any securities, rights, interests, patents, trademarks and licenses or other property as the Issuer shall deem fit, and generally to hold, manage, develop, encumber, sell or dispose of the same, in whole or in part, for such consideration that is in the corporate interest of the Issuer.

The Issuer may also enter into any financial, commercial or other transactions and grant to any company or entity that forms part of the same group of companies as the Issuer or is affiliated in any way with the Issuer, including companies or entities in which the Issuer has a direct or indirect financial or other kind of interest, any assistance, loan, advance or grant in favor of third parties any security or guarantee to secure the obligations of the same, as well as borrow and raise money in any manner and secure by any means the repayment of any money borrowed.

Finally the Issuer may take any action and perform any operation which is, directly related to its purpose in order to facilitate the accomplishment of such purpose.

The articles of association of the Issuer have been amended several times since its incorporation, and for the last time, pursuant to a notarial deed dated 15 July 2021 and

published in the Luxembourg *Recueil Electronique des Sociétés et Associations*, under number RESA\_2021\_156.807.

### ***Business Overview***

The Issuer's business operations consist of providing financing to the Group companies. The Issuer is financed through its share capital, external debt and cash from the activities of the Group's operating companies. The Issuer's ability to pay principal, interest and premium, if any, on the Bonds is therefore dependent on financing and cash transferred to it from the operating companies of the Group.

### ***Material Adverse Change in the Prospects of the Issuer***

There has been no material adverse change in the prospects of the Issuer since 31 December 2020.

### ***Material Changes in the Borrowing and Funding Structure of the Issuer***

There have been no material changes in the borrowing and funding structure of the Issuer since 31 December 2020.

### ***Investments***

For a description of the investments made by the Group, including the Issuer, please refer to Section "*Information about the Group - Recent Events and Trends*".

### ***Corporate Governance***

In its decision making and administration, the Issuer applies the Luxembourg Company Law and the Issuer's articles of association.

The Issuer complies with its country's of incorporation corporate governance regime.

### ***Financial Year of the Issuer***

The financial year of the Issuer commences on January 1 and ends on December 31 of each calendar year.

### ***Independent Auditor***

The statutory auditor (*réviseur d'entreprises agréé*) of the Issuer is KPMG Luxembourg (*société coopérative*), incorporated under the laws of Luxembourg, having its registered office at 39, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B.149133.

KPMG Luxembourg (*société coopérative*) is a member of the Luxembourg Institute of Statutory Auditors (*Instituts des réviseurs d'entreprises*).

## **2. Share Capital and Shareholders of the Issuer**

The Issuer has a fully paid-up share capital of EUR 1,000,000 (one million euro) divided into 100,000,000 (one hundred million) ordinary shares in registered form each having a par value of EUR 0.01 (one euro cent).

The Issuer, pursuant to a duly convened extraordinary meeting of its shareholders held on 23 December 2021, amended its articles of association and introduced the concept of authorised capital under condition 6.bis. The authorised capital will allow the Issuer

to meet its obligation under the Terms and Conditions of the Bonds in the event of a conversion. More specifically, it will allow the board of managers of the Issuer to issue new Ordinary or Preferred Shares, as the case may be, without the need to convene a shareholder meeting. In this manner, the conversion of the Bonds and the relevant issuance of Ordinary or Preferred Shares, as the case may be, will take place within the time limits set by the Terms and Conditions.

The following table sets out the shareholding of the Issuer as at the date of this Offering Memorandum:

	<b>Details of the shareholder</b>	<b>Number of shares</b>	<b>Percentage</b>	<b>UBO</b>
1	<b>SIA “AK Family Investments”</b> , a limited liability company registered in the Republic of Latvia, company registration number under the Latvian Commercial Register 52103097551, having its registered office at Jūras iela 12, Liepāja, LV-3401, Latvia	43,591,654	43.59%	Aigars Kesenfelds
2	<b>AS Novo Holdings</b> , a joint-stock company registered in the Republic of Latvia, registration number under the Latvian Commercial Register 40103806598, having its registered office at Skanstes iela 52, Rīga, LV-1013, Latvia	14,563,759	14.56%	Alberts Pole
3	<b>AS Obelo Capital</b> , a joint-stock company registered in the Republic of Latvia, registration number under the Latvian Commercial Register 40103806155, having its registered office at Skanstes iela 52, Rīga, LV-1013, Latvia	14,563,960	14.56%	Māris Keišs
4	<b>LVS Limited</b> , a limited liability company registered in the Republic of Malta, registration number under the Malta Register C51156, having its registered office at 40, Villa Fairholme, Sir Augustus Bartolo Street, Ta' Xbiex XBX 1095, Malta	14,563,960	14.56%	Kristaps Ozols



5	<b>Other Shareholders,</b> controlled by current and former employees of the Issuer	12,716,667	12.72%	N/A
	<b>Sum</b>	<b>100,000,000</b>	<b>100%</b>	

The shareholders of the Issuer have granted subordinated shareholder loans to the Issuer to rebalance the Issuer's Capitalization Ratio (as defined in the Terms and Conditions). Such shareholder loans are and will be subordinated to the obligations of the Issuer under the Finance Documents, and, according to its terms, have a final redemption date which occur after the Maturity Date and provide for payments of principal and interest only to the extent that any such payment can only be made in accordance with Condition 11.2 (*Distributions*) of the Terms and Conditions. For the outstanding amounts as of the date of this Offering Memorandum, see Section - XVIII. "*Information about the Group*", 9 "*Related Party Transactions*".

## XVIII. INFORMATION ABOUT THE GROUP

### 1. History of the Group

AS “mogo” was founded in May 2012 by a group of individuals and companies and commenced operations offering leaseback products in Latvia in July 2012 and financial leasing products in August 2012.

Back in 2012 the founders of AS “mogo” realized that people willing to drive quality second hand used cars lacked financing availability. At the same time the value of those cars over the course of three to four years of utilization was stable and depreciated significantly slower than the value of the new cars. On top of that, the demand for used cars and actual sales volumes were much higher compared to those for new cars. The idea of Mogo was born. Financing any car people want to drive irrespective of age or other constraints. Mogo fulfils dreams and needs for mobility and freedom.

As the company was growing, it realized that people around Europe shared the same dreams in line with the AS “mogo” offering. Hence the Group successfully expanded its operations.

From 2013 to 2014, the Group initiated operations in Lithuania, Estonia and Georgia. From 2016 to 2019, the Group initiated additional operations in Poland, Romania, Bulgaria, Moldova, Albania, Ukraine, North Macedonia, Uganda, Kenya, Kazakhstan and Uzbekistan through the establishment of new start-up entities, and in Armenia, North Macedonia, Belgium, the Netherlands and Germany by purchasing an operating entity. See “—Group Structure—Legal Structure” below.

In 2017, the Group launched installment loans in Latvia.

As part of the post-pandemic near term strategy and focus on smart capital allocation, the Group made three strategic acquisitions in Moldova, North Macedonia, and Albania, all profitable and mature companies operating in the field of consumer financing. Simultaneously the Group was engaged in divestment of several of its start up Mogo markets resulting in the sale of following – North Macedonia, Bulgaria, Albania, and Kazakhstan, as well as the sale of Risk Management Services OÜ, with Bulgaria and Albania transactions still to be approved by local authorities.

Currently operating in 14 countries – Latvia, Lithuania, Estonia, Georgia, Romania, Moldova, Belarus, Albania, Armenia, Ukraine, North Macedonia, Uganda, Kenya, and Uzbekistan – Eleving is still growing.

### 2. Beneficial ownership

As of the date of this Offering Memorandum, the beneficial owners of the Issuer are:

- a. Aigars Kesenfelds, holding indirectly 43.69% of the voting share capital of the Issuer;
- b. Alberts Pole, holding indirectly 14.56% of the voting share capital of the Issuer;
- c. Kristaps Ozols, holding indirectly 14.56% of the voting share capital of the Issuer; and
- d. Māris Keišs, holding indirectly 14.56% of the voting share capital of the Issuer.

(together, the “**Founders**”)

The remaining voting share capital of the Issuer is controlled by current and former employees of the Issuer.

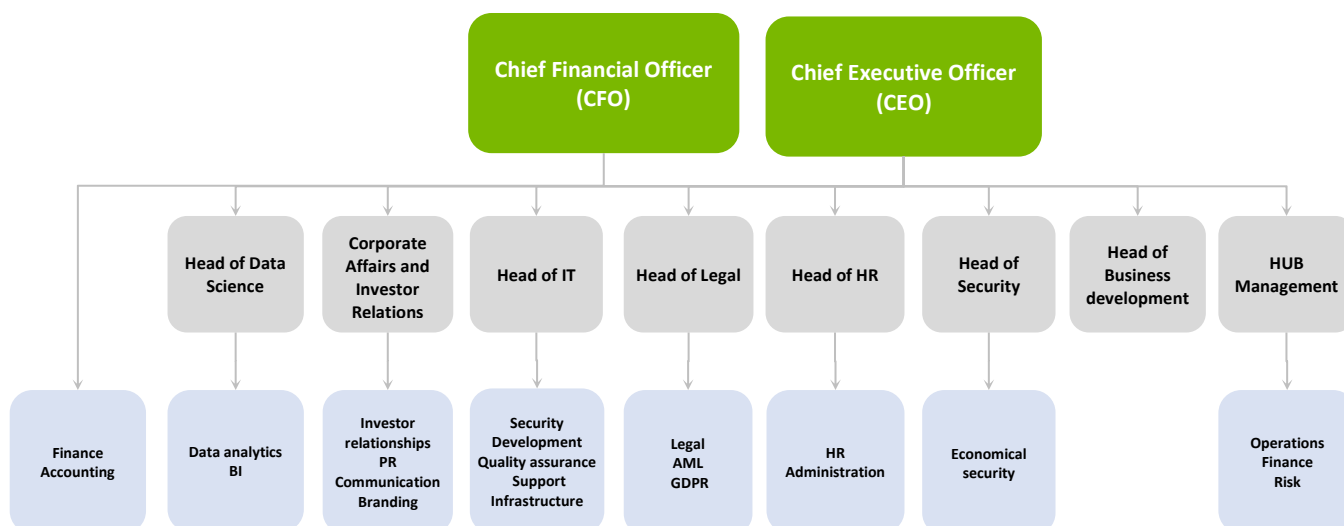
There are no particular measures to prevent abusive exercise of control on the Issuer. The Issuer's board of directors believes that the Issuer's corporate governance structure, together with the provisions of Luxembourg corporate law, provides sufficient safeguards against the abuse of controlling interests by shareholders.

### 3. Organization Structure

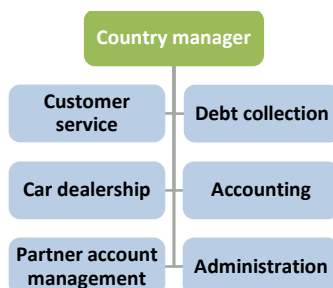
#### Overview

The Group is directed by the board of directors (*conseil d'administration*) of the Issuer and the management team of Eleving. The management team is formed by the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Chief Information Officer (See “*Management*”). In addition, the Group has a Head of Data Science, Head of Marketing, Head of Legal and country managers.

The Group’s organization structure is set out in the chart below.



The organization structure for the typical local operation unit in each jurisdiction is set out in the chart below.



### 4. Properties of the Group

We do not own any land or buildings. We lease a number of our premises and certain equipment under operating leases. The leases typically run for an initial period of up to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

### 5. Employees

As of 30 September 2021, we had 1,994 employees. 215 employees were based in Latvia; 150 of these employees were engaged in Group-level functions. The table

below sets forth the number of employees based in each of our countries of operation as of the respective dates.

<b>Country</b>	<b>30 September 2021</b>	<b>31 December 2020</b>
Latvia (group functions)	150	127
Latvia (operations)	65	72
Lithuania (group functions)	24	16
Lithuania (operations)	46	51
Estonia	23	22
Georgia	85	85
Poland	11	11
Romania	49	48
Bulgaria	31	34
Moldova	247	240
Albania	200	173
Belarus	75	70
Armenia	79	98
Ukraine	95	65
North Macedonia	120	65
Uganda	106	82
Kenya	539	253
Kazakhstan	-	64
Uzbekistan	36	37
Bosnia	13	15
<b>Total</b>	<b>1,994</b>	<b>1,628</b>

We expect that the number of employees in our countries of operation as well as the total number of our employees will grow going forward. The most significant increases in the number of employees in 2021 were in Kenya, North Macedonia and Ukraine.

*Social Policy and Employee Benefits*

We believe that our current compensation package is generally competitive compared to the packages offered by our competitors or employers in other industries which engage professionals with similar education and experience records.

Our personnel management policy is aimed at developing a skilled and highly-productive staff that is successful in performing its responsibilities. We have developed a comprehensive training program which provides for both internal and external professional training of employees at all levels.

We have not been party to any major labor dispute with our employees.

## **6. Material Agreements**

The following section provides a summary of material agreements to which any member of the Group is a party.

### **a. AS mogo Notes due 31 March 2024**

On 1 March 2021, AS “mogo” issued the EUR 30 million 11% notes due 31 March 2024, ISIN LV0000802452 (the “**AS mogo Notes**”). The AS mogo Notes are traded on the regulated market Baltic Bond List of the Nasdaq Riga Stock Exchange. The AS mogo Notes will mature on 31 March 2024.

The AS mogo Notes are unsecured and equivalent to other unsecured loans of AS “mogo”. The AS mogo Notes rank *pari passu* in right of payment to all of AS “mogo”'s existing and future senior unsecured indebtedness. The AS mogo Notes are unconditionally and irrevocably guaranteed by Eleving Group.

As of 30 September 2021, the principal outstanding amount under the AS mogo Notes was EUR 30 million.

### **b. Existing Bonds due 18 October 2026**

Eleving Group issued 9.50% senior secured bonds due 18 October 2026 for an aggregate principal amount of EUR 150,000,000.00 (the “**Existing Bonds**”) with ISIN XS2393240887.

As of 30 September 2021, the principal outstanding amount under the Existing Bonds was EUR 150 million.

The Existing Bonds are secured with local security documents, which will be released upon repayment of the Existing Bonds.

### **c. Mintos**

Some of the Group members finance their operations through the Mintos marketplace. The Mintos marketplace is operated by Mintos OÜ (Estonia) (registration No. 12807141) and SIA Mintos Finance (registration No 40203022549) (Latvia) acting as loan originators and AS Mintos Marketplace (registration No. 40103903643) maintaining and managing the Mintos platform and servicing the claims of the investors.

The Mintos platform typically works as follows: (i) borrowers (i.e., Eleving’s customers) apply for a loan with the loan originator (i.e., Eleving), (ii) the loan originator evaluates the application, sets an interest rate and lends money from its own funds and (iii) loans are then listed on the Mintos marketplace, where investors can select loans to invest in, thereafter receiving part of monthly payments and interest. By investing in a loan, investors are buying claim rights against a borrower based on an assignment agreement or equivalent arrangement. In the case that a borrower is unable to repay the loan, investors may lose some or all of their invested capital. The loan originator may guarantee the performance of the borrower, by undertaking to buy back the assigned claims if they remain unpaid for 60 days after they are due. In certain cases, however, Mintos as a loan originator grants a loan, or a series of loans, to Eleving,

which then repays from loans to its customers serving as the source of repayment and Mintos as the loan originator further lists such loans on the Mintos marketplace, where investors can select loans to invest in, thereafter receiving part of monthly payments and interest received by Mintos from Elevation. The loans are secured by security agreements entered between Mintos OÜ (Estonia), AS Mintos Marketplace (Latvia) and the relevant Elevation entity.

Below a brief description of the contractual arrangement with the Mintos marketplace for each jurisdiction where we operate:

## **1. Latvia**

### **1.1. AS “mogo”**

Mintos Finance Estonia OÜ (Estonia) issues several small loans to AS “mogo” (Latvia) and Mintos Finance Estonia OÜ (Estonia) assigns claims arising out of these loans to investors in its platform. The assignment is secured with pledge over receivables arising from the loan agreement serving as the source of repayment to Mintos Finance Estonia OÜ (Estonia) loans to AS “mogo” (Latvia) (pledge is registered in favor of Mintos Finance Estonia OÜ (Estonia) as the fiduciary agent for investors in accordance with the assignment agreement and the pledge over the receivables).

The claim shall be transferred from Mintos Finance Estonia OÜ (Estonia) to the investor in the Mintos platform at the moment when the investor has fully paid the claim price to Mintos Finance Estonia OÜ (Estonia).

#### Security agreements in place:

- receivables pledge agreement  
Pledgor: AS mogo (Latvia)  
Pledgee: Mintos Finance Estonia OÜ (Estonia)  
Maximum amount of receivables to be pledged: EUR 20 million
- Guarantee Agreement No.36/2017-G  
Creditor: AS Mintos Marketplace (Latvia) and assignees  
Loan Originator: Mintos Finance Estonia OU (Estonia)  
Partner: AS “mogo” (Latvia)  
Guarantor: Elevation Group (Luxembourg)

In accordance with this agreement, in order to secure the Creditor's monetary claims towards the Partner and the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Partner's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent), starting from 1 January 2019 no less than 10% (ten per cent) and from 1 January 2020 no less than 15% (fifteen per cent).

ICR for the Guarantor's group of not less than 1.25 (one point twenty five).

Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by the Loan Originator or any of its affiliates arising from the loan agreements concluded by the Loan Originator or any of its affiliates with the Partner or any of its affiliates as the borrower; (ii) claims initially assigned by the Partner or any of its affiliates to the Loan Originator or any of its affiliates and further assigned by the Loan Originator or any of its affiliates to the assignees that arise from the loan agreements concluded by the Partner or any of its affiliates as the lender with the borrower and (iii) outstanding loans assigned by the Partner or its affiliates arising from the loan agreements concluded by the Partner or any of its affiliates as the lender and the borrower, to assignees through Portal.

## **1.2. AS Renti**

Mintos Finance Estonia OÜ (Estonia) issues several small loans to AS Renti (Latvia) and Mintos Finance Estonia OÜ (Estonia) assigns claims arising out of these loans to investors in its platform. The assignment is secured with pledge over receivables arising from the rent agreement serving as the source of repayment to Mintos Finance Estonia OÜ (Estonia) loans to AS Renti (Latvia) (pledge is registered in favor of Mintos Finance Estonia OÜ (Estonia) as the fiduciary agent for investors in accordance with the assignment agreement and the pledge over the receivables).

The claim shall be transferred from Mintos Finance Estonia OÜ (Estonia) to the investor in the Mintos platform at the moment when the investor has fully paid the claim price to Mintos Finance Estonia OÜ (Estonia).

### Security agreements in place:

- receivables pledge agreement

Pledgor: AS Renti (Latvia)

Pledgee: Mintos Finance Estonia OÜ (Estonia)

Maximum amount of receivables to be pledged: EUR 10 million

## **2. Estonia**

Standard assignment agreement whereby mogo OÜ (Estonia) originates claims from its customers and assigns further to investors through the Mintos platform. AS Mintos Marketplace (Latvia) maintain and manages the Mintos platform and services claims of the investors.

### Security agreements in place:

- Guarantee Agreement No.1/2015-G

Creditor: AS Mintos Marketplace (Latvia) and assignees

Loan Originator: mogo OÜ (Estonia)

Guarantor: Eleving Group (Luxembourg)



In accordance with this agreement, in order to secure the Creditor's monetary claims towards the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Loan Originator's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent), starting from 1 January 2019 no less than 10% (ten per cent) and from 1 January 2020 no less than 15% (fifteen per cent).

ICR for the Guarantor's group of not less than 1.25 (one point twenty five).

Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by any of Mintos' affiliates arising from the loan agreements concluded by any of Mintos' affiliates with the Loan Originator or any of its affiliates as the borrower; (ii) claims initially assigned by the Loan Originator or any of its affiliates to any affiliate of Mintos or Loan Originator and further assigned by such affiliate of Mintos or Loan Originator to the assignees that arise from the loan agreements concluded by Loan Originator or any of its affiliate as the lender with the borrower and (iii) outstanding loans assigned by the Loan Originator or its affiliates arising from the loan agreements concluded by the Loan Originator or any of its affiliates as the lender and the borrower, to assignees through portal.

### **3. Lithuania**

Standard assignment agreement whereby UAB "mogo LT" (Lithuania) originates claims from its customers and assigns further to investors through the Mintos platform. AS Mintos Marketplace (Latvia) maintain and manages the Mintos platform and services claims of the investors.

#### Security agreements in place:

- Guarantee Agreement No.2/2015-G

Creditor: AS Mintos Marketplace (Latvia) and assignees

Loan Originator: UAB mogo LT (Lithuania)

In accordance with this agreement, in order to secure the Creditor's monetary claims towards the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Loan Originator's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent), starting from 1 January 2019 no less than 10% (ten per cent) and from 1 January 2020 no less than 15% (fifteen per cent).

ICR for the Guarantor's group of not less than 1.25 (one point twenty five).

Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by any of Mintos' affiliates arising from the loan agreements concluded by any of Mintos' affiliates with the Loan Originator or any of its affiliates as the borrower; (ii) claims initially assigned by the Loan Originator or any of its affiliates to any affiliate of Mintos or Loan Originator and further assigned by such affiliate of Mintos or Loan Originator to the assignees that arise from the loan agreements concluded by Loan Originator or any of its affiliate as the lender with the borrower and (iii) outstanding loans assigned by the Loan Originator or its affiliates arising from the loan agreements concluded by the Loan Originator or any of its affiliates as the lender and the borrower, to assignees through portal.,

- Bank account pledge agreement

Pledgor: UAB mogo LT (Lithuania)

Pledgee: AS Mintos Marketplace (Latvia)

Maximum amount of funds to be pledged: EUR 16,8 million

#### **4. Romania**

SIA Mintos Finance (Latvia) issues several small loans to Mogo IFN SA (Romania) and SIA Mintos Finance (Latvia) assigns claims arising out of these loans to investors in its platform. The assignment is secured with mortgage over receivables (mortgage is registered in favor of SIA Mintos Finance (Latvia) as the fiduciary agent for investors in accordance with the assignment agreement and the mortgage over the receivables).

The claim shall be transferred from SIA Mintos Finance (Latvia) to the investor in the Mintos platform at the moment when the investor has fully paid the claim price to SIA Mintos Finance (Latvia).

##### Security agreements in place:

- movable mortgage agreement over receivables

Pledgor: Mogo IFN SA (Romania)

Pledgee: SIA Mintos Finance (Latvia)

Maximum amount of receivables to be mortgaged: EUR 12 million

- Guarantee Agreement No.37/2017-G

Creditor: AS Mintos Marketplace (Latvia)

Loan Originator: Mintos Finance Estonia OU (Estonia)

Partner: Mogo IFN SA (Romania)

Guarantor: Eleveling Group (Luxembourg)

In accordance with this agreement, in order to secure Creditor's monetary claims towards the Partner and the Loan Originator arising (or that may arise)

from the principal agreements, the Guarantor guarantees to the Creditor the performance of Partner's obligations that may be incurred and arising from the Principal Agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent), starting from 1 January 2019 no less than 10% (ten per cent) and from 1 January 2020 no less than 15% (fifteen per cent).

ICR for the Guarantor's group of not less than 1.25 (one point twenty five).

Non-performing loans ratio. Outstanding principal amount of defaulted loans (loans provided by the Partner with days past due above 60 (sixty) days) is less than 15% (fifteen per cent) from the outstanding principal amount of all loans provided by the Partner during vintage period (each 3 (three) month period starting December 2018) within 5 (five) months after the leases are provided.

Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by any of Mintos' Affiliates arising from the loan agreements concluded by any of Mintos' Affiliates with the Loan Originator or any of its Affiliates as the borrower; (ii) claims initially assigned by the Loan Originator or any of its Affiliates to any Affiliate of Mintos or Loan Originator and further assigned by such Affiliate of Mintos or Loan Originator to the Assignees that arise from the loan agreements concluded by Loan Originator or any of its Affiliate as the lender with the borrower and (iii) outstanding loans assigned by the Loan Originator or its Affiliates arising from the loan agreements concluded by the Loan Originator or any of its Affiliates as the lender and the borrower, to assignees through the portal.

## 5. Bulgaria

Standard assignment agreement whereby Mogo Bulgaria OOD (Bulgaria) originates claims from its customers and assigns further to investors through the Mintos platform. AS Mintos Marketplace (Latvia) maintain and manages the Mintos platform and services claims of the investors.

### Security Agreement in place:

- Guarantee Agreement No.15/2017-G

Mintos: AS Mintos Marketplace (Latvia)

Creditors: AS Mintos Marketplace (Latvia) and assignees

Guarantor: Eleving Group (Luxembourg)

Loan Originator: Mogo Bulgaria OOD (Bulgaria)

Assignees: the users, who has acquired the claims from Loan Originator pursuant to the assignment agreements

In accordance with this guarantee agreement, in order to secure Creditors' monetary claims towards the Loan Originator arising from the principal agreements, the Guarantor hereby guarantees to the Creditors the performance of Loan Originator's obligations that may be incurred and arising from all principal agreements. The Guarantor undertakes to

the Creditors that Guarantor shall fund the Loan Originator by transferring necessary amounts to the Creditors, if the Loan Originator fails to perform its own obligations under the principal agreements.

During the effectiveness of the guarantee agreement, the Guarantor undertakes to ensure the following consolidated financial ratios of the Guarantor's group (the Guarantor and its Affiliates as a group):

1. Capitalization ratio – not less than 8% (eight per cent), starting from 1 January 2019 no less than 10% (ten per cent) and from 1 January 2020 no less than 15% (fifteen per cent).
2. ICR for the Guarantor's group of not less than 1.25 (one point twenty five).
3. Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by any Mintos' affiliates arising from the loan agreements concluded by any of Mintos' affiliates with the Loan Originator or any of its affiliates as the borrower; (ii) claims initially assigned by the Loan Originator or any of its affiliates to any affiliate of Mintos or Loan Originator and further assigned by such affiliate of Mintos or Loan Originator to the assignees that arise from the loan agreements concluded by the Loan Originator or any of its affiliate as the lender with the borrower; (iii) outstanding loans assigned by the Loan Originator or its affiliates arising from the loan agreements concluded by the Loan Originator or any of its affiliates as the lender and the borrower, to assignees through the portal.

## 6. Georgia

Cooperation agreement whereby Mogo LLC (Georgia) originates claims from its customers and assigns further to investors through the Mintos platform. AS Mintos Marketplace (Latvia) maintain and manages the Mintos platform and services claims of the investors.

### Security agreement in place:

- Guarantee Agreement No. 22/2018-G

Creditor: AS Mintos Marketplace (Latvia) and assignees

Loan Originator: Mogo LLC (Georgia)

Guarantor: Eleveling Group (Luxembourg)

In accordance with this agreement, in order to secure the Creditor's monetary claims towards the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Loan Originator's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent), starting from 1 January 2019 no less than 10% (ten per cent) and from 1 January 2020 no less than 15% (fifteen per cent).

ICR for the Guarantor's group of not less than 1.25 (one point twenty five).

Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by any of Mintos' Affiliates arising from the loan agreements concluded by any of Mintos' Affiliates with the Loan Originator or any of its Affiliates as the borrower; (ii) claims initially assigned by the Loan Originator or any of its Affiliates to any Affiliate of Mintos or Loan Originator and further assigned by such Affiliate of Mintos or Loan Originator to the Assignees that arise from the loan agreements concluded by Loan Originator or any of its Affiliate as the lender with the borrower and (iii) outstanding loans assigned by the Loan Originator or its Affiliates arising from the loan agreements concluded by the Loan Originator or any of its Affiliates as the lender and the borrower, to Assignees through Portal.

## **7. Moldova**

### **7.1 O.C.N. "MOGO LOANS" S.R.L.**

Mintos Finance Estonia OÜ (Estonia) issues loans to O.C.N. "MOGO LOANS" S.R.L. (Moldova) under a cooperation agreement for the issuance of loans. The loans from Mintos Finance Estonia OÜ are secured with a pledge over the receivables arising from the loan agreements of O.C.N. "MOGO LOANS" S.R.L. (Moldova) with its clients, serving as the source of repayment to Mintos Finance Estonia OÜ (Estonia).

#### Security agreements in place:

- receivables pledge agreement  
Pledgor: Mogo Loans LTD (Moldova)  
Pledgee: Mintos OÜ (Estonia)  
Maximum amount of receivables to be pledged: EUR 10 million
- Guarantee Agreement No.25/2018-G  
Creditor: AS Mintos Marketplace (Latvia)  
Loan Originator: Mintos Finance Estonia OU (Estonia)  
Partner: Mogo Loans LTD (Moldova)  
Guarantor: Eleving Group (Luxembourg)

In accordance with this agreement, in order to secure Creditor's monetary claims towards the Partner and the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Partner's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent), starting from 1 January 2019 no less than 10% (ten per cent) and from 1 January 2020 no less than 15% (fifteen per cent).

ICR for the Guarantor's group of not less than 1.25 (one point twenty five).

Non-performing loans ratio. Outstanding principal amount of defaulted loans (loans provided by the Partner with days past due above 60 (sixty) days) is less than 15% (fifteen per cent) from the outstanding principal amount of all loans provided by the Partner during vintage period (each 3 (three) month period starting December 2018) within 5 (five) months after the leases are provided.

Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by any of Mintos' Affiliates arising from the loan agreements concluded by any of Mintos' Affiliates with the Loan Originator or any of its Affiliates as the borrower; (ii) claims initially assigned by the Loan Originator or any of its Affiliates to any Affiliate of Mintos or Loan Originator and further assigned by such Affiliate of Mintos or Loan Originator to the assignees that arise from the loan agreements concluded by Loan Originator or any of its Affiliate as the lender with the borrower and (iii) outstanding loans assigned by the Loan Originator or its Affiliates arising from the loan agreements concluded by the Loan Originator or any of its Affiliates as the lender and the borrower, to assignees through the Portal.

## **7.2 OCN SEBO CREDIT SRL**

Mintos Finance Estonia OÜ (Estonia) issues loans to OCN SEBO CREDIT SRL (Moldova) under a cooperation agreement for the issuance of loans. The loans from Mintos Finance Estonia OÜ are secured with a pledge over the receivables arising from the loan agreements of OCN SEBO CREDIT SRL with its clients, serving as the source of repayment to Mintos Finance Estonia OÜ (Estonia)

### Security agreements in place:

- receivables pledge agreement No.1/2018-P  
Pledgor: OCN SEBO CREDIT SRL (Moldova)  
Pledgee: Mintos Finance Estonia OÜ (Estonia)  
Maximum amount of receivables to be pledged: EUR 15 million
- guarantee agreement No.LVMM/26-06-2020-58  
Creditor: AS Mintos Marketplace (Latvia) and assignees  
Loan Originator: Mintos Finance Estonia OÜ (Estonia)  
Partner: OCN SEBO CREDIT SRL (Moldova)  
Guarantor: Eleving Group (Luxembourg)

In accordance with this agreement, in order to secure the Creditor's monetary claims towards the Partner and the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Partner's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent) until 30 December 2019, until 30 December 2020 no less than 10% (ten percent), and no less than 15% (fifteen per cent) from 31 December 2020 and until full repayment of the Bonds;

ICR for the Guarantor's group of not less than 1.25 (one point twenty five);

Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by the Loan Originator or any of its affiliates arising from the loan agreements concluded by the Loan Originator or any of its affiliates with the Partner or any of its affiliates as the borrower; (ii) claims initially assigned by the Partner or any of its affiliates to the Loan Originator or any of its affiliates and further assigned by the Loan Originator or any of its affiliates to the assignees that arise from the loan agreements concluded by the Partner or any of its affiliates as the lender with the borrower and (iii) outstanding loans assigned by the Partner or its affiliates arising from the loan agreements concluded by the Partner or any of its affiliates as the lender and the borrower, to assignees through the Portal.

## **8. Albania**

Standard assignment agreement whereby KREDO FINANCE SHPK (Albania) originates claims from its customers and assigns further to investors through the Mintos platform. AS Mintos Marketplace (Latvia) maintains and manages the Mintos platform and services claims of the investors.

### Security agreements in place:

- Guarantee Agreement No.LVMM/06-07-2020-66  
Creditor: AS Mintos Marketplace (Latvia) and assignees  
Loan Originator: KREDO FINANCE SHPK (Albania)  
Guarantor: Eleving Group (Luxembourg)

In accordance with this agreement, in order to secure the Creditor's monetary claims towards the Partner and the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Partner's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent) until 31 March 2021, until 30 June 2021 no less than 10% (ten percent), and no less than 15% (fifteen per cent) from 30 June 2021 and until full repayment of the Bonds;

ICR for the Guarantor's group of not less than 1.25 (one point twenty five) starting as of Q1 2021.

## **9. North Macedonia**

Standard assignment agreement whereby FINANCIAL COMPANY TIGO DOOEL SKOPJE (Republic of North Macedonia) originates claims from its customers and assigns further to investors through the Mintos platform. AS Mintos Marketplace (Latvia) maintain and manages the Mintos platform and services claims of the investors.

### Security agreements in place:

- Guarantee Agreement No.LVMM/06-07-2020-67  
Creditor: AS Mintos Marketplace (Latvia) and assignees  
Loan Originator: FINANCIAL COMPANY TIGO DOOEL SKOPJE  
(Republic of North Macedonia)  
Guarantor: Elevation Group (Luxembourg)

In accordance with this agreement, in order to secure the Creditor's monetary claims towards the Partner and the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Partner's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent) until 31 March 2021, until 30 June 2021 no less than 10% (ten percent), and no less than 15% (fifteen per cent) from 30 June 2021 and until full repayment of the Bonds;

ICR for the Guarantor's group of not less than 1.25 (one point twenty five) starting as of Q1 2021.

#### **10. Belarus**

Mintos Finance Estonia OÜ (Estonia) issues several small loans to OOO Mogo Credit (Belarus) and Mintos Finance Estonia OÜ (Estonia) assigns claims arising out of these loans to investors in its platform. The assignment is secured with pledge over receivables arising from the loan agreement serving as the source of repayment to Mintos Finance Estonia OÜ (Estonia) loans to OOO Mogo Credit (Belarus) (pledge is registered in favor of Mintos Finance Estonia OÜ (Estonia) as the fiduciary agent for investors in accordance with the assignment agreement and the pledge over the receivables).

The claim shall be transferred from Mintos Finance Estonia OÜ (Estonia) to the investor in the Mintos platform at the moment when the investor has fully paid the claim price to Mintos Finance Estonia OÜ (Estonia).

##### Security agreements in place:

- receivables pledge agreement  
Pledgor: OOO Mogo Credit (Belarus)  
Pledgee: Mintos Finance Estonia OÜ (Estonia)  
Maximum amount of receivables to be pledged: fluctuating as per list of underlying agreements
- Guarantee Agreement No.36/2019-G  
Creditor: AS Mintos Marketplace (Latvia)  
Loan Originator: Mintos Finance OU (Estonia)  
Partner: Mogo Credit (Belarus)  
Guarantor: Elevation Group (Luxembourg)



In accordance with this agreement, in order to secure Creditor's monetary claims towards the Partner and the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Partner's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent), starting from 1 January 2019 no less than 10% (ten per cent) and from 1 January 2020 no less than 15% (fifteen per cent).

ICR for the Guarantor's group of not less than 1.25 (one point twenty five).

Non-performing loans ratio – Outstanding principal amount of defaulted loans (loans provided by the Partner with days past due above 60 (sixty) days) is less than 15% (fifteen per cent) from the outstanding principal amount of all loans provided by the Partner during vintage period (each 3 (three) month period starting December 2018) within 5 (five) months after the leases are provided.

Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by any of Mintos' Affiliates arising from the loan agreements concluded by any of Mintos' Affiliates with the Loan Originator or any of its Affiliates as the borrower; (ii) claims initially assigned by the Loan Originator or any of its Affiliates to any Affiliate of Mintos or Loan Originator and further assigned by such Affiliate of Mintos or Loan Originator to the assignees that arise from the loan agreements concluded by Loan Originator or any of its Affiliate as the lender with the borrower and (iii) outstanding loans assigned by the Loan Originator or its Affiliates arising from the loan agreements concluded by the Loan Originator or any of its Affiliates as the lender and the borrower, to assignees through the Portal.

## 11. Armenia

Standard assignment agreement whereby MOGO Universal Credit Organization LLC (Armenia) originates claims from its customers and assigns further to investors through the Mintos platform. AS Mintos Marketplace (Latvia) maintain and manages the Mintos platform and services claims of the investors.

### Security agreement in place:

- Guarantee Agreement No.12/2019-G

Creditor: AS Mintos Marketplace (Latvia) and assignees

Loan Originator: MOGO Universal Credit Organization LLC (Armenia)

Guarantor: Eleving Group (Luxembourg)

In accordance with this agreement, in order to secure the Creditor's monetary claims towards the Loan Originator arising (or that may arise) from the principal agreements, the Guarantor guarantees to the Creditor the performance of Loan Originator's obligations that may be incurred and arising from the principal agreements.

During the effectiveness of this agreement, the Guarantor undertakes to ensure to provide consolidated financial ratios of Guarantor's group:

Capitalization ratio – no less than 8% (eight per cent), starting from 1 January 2019 no less than 10% (ten per cent) and from 1 January 2020 no less than 15% (fifteen per cent).

ICR for the Guarantor's group of not less than 1.25 (one point twenty five).

Cash buffer as for the Guarantor's group – at least 5% (five per cent) from the total amount of the remaining principal amount of all (i) claims assigned by any of Mintos' affiliates arising from the loan agreements concluded by any of Mintos' affiliates with the Loan Originator or any of its affiliates as the borrower; (ii) claims initially assigned by the Loan Originator or any of its affiliates to any affiliate of Mintos or Loan Originator and further assigned by such affiliate of Mintos or Loan Originator to the assignees that arise from the loan agreements concluded by Loan Originator or any of its affiliate as the lender with the borrower and (iii) outstanding loans assigned by the Loan Originator or its affiliates arising from the loan agreements concluded by the Loan Originator or any of its affiliates as the lender and the borrower, to assignees through the portal.

With the proceeds of the Existing Bonds the Issuer partially refinanced the financing received through the Mintos marketplace platform (the "**Mintos Debt**"). With the proceeds of the Bonds the Issuer intends to partially refinance the Mintos Debt. As of 30 September 2021, the outstanding Mintos Debt was EUR 96.0 million.

**d. Ardshinbank (Armenian Bank)**

As of the date of this Offering Memorandum, Ardshinbank has made available loan facilities to Mogo LLC (Georgia) and MOGO Universal Credit Organization LLC (Armenia).

**Georgia**

On 26 February 2018 Ardshinbank, a company incorporated in Armenia, with registration certificate number 0394 and registration number 83 ("**Ardshinbank**"), has made a facility available to Mogo LLC (Georgia) in the amount of EUR 1,000,000.00 (the "**Ardshinbank Georgian Facility Agreement**"). The Ardshinbank Georgian Facility Agreement provides for an interest rate of 7.8% and maturity date of 2 March 2021.

On 2 March 2021, the aforementioned Ardshinbank facility of EUR 1,000,000.00 with an interest rate of 7.8% was replaced by a USD 1,205,500.00 short-term loan facility with an annual interest rate of 10% and a maturity date of 2 March 2022

The Ardshinbank Georgian Facility Agreement is secured with the following security instruments:

1. Latvia

A surety (suretyship agreement dated 18 June 2021) for the whole principal amount granted by AS "mogo" (Latvia).

2. Armenia

A surety (suretyship agreement dated 18 June 2021) for the whole principal amount granted by “MOGO” UCO LLC (Armenia).

3. Luxembourg

A surety (suretyship agreement dated 18 June 2021) for the whole principal amount granted by Eleving Group (Luxembourg).

**Armenia**

On 2 November 2017 Ardshinbank, has made a facility available to MOGO Universal Credit Organization LLC (Armenia) in the amount of up to AMD 3,800,000,000.00, and on 2 November 2020, a new amendment was signed according to which the loan was restructured to a revolving credit line with quarterly limit decreases (the “**Ardshinbank Armenian Facility Agreement**”). The Ardshinbank Armenian Facility Agreement provides for an interest rate of 12.75% and maturity date of 2 November 2024.

The Ardshinbank Armenian November 2017 Facility Agreement is secured with an account pledge agreement over the funds in the bank accounts of MOGO Universal Credit Organization LLC (Armenia) in favor of Ardshinbank, a guarantee granted by Eleving Group (Luxembourg) and a receivables pledge agreement on certain receivables of MOGO Universal Credit Organization LLC (Armenia), in compliance with the Terms and Conditions.

**e. AS “Citadele banka” (Latvian Bank)**

On 8 July 2019, (1) AS “mogo” (Latvia), (2) mogo OÜ (Estonia) and (3) UAB “mogo LT” (Lithuania) have concluded a credit line agreement with AS “Citadele banka” under which AS “Citadele banka” has made available facilities to (1) AS “mogo” (Latvia), (2) mogo OÜ (Estonia) and (3) UAB “mogo LT” (Lithuania) for a total amount of up to EUR 10,000,000.00 for refinancing of existing indebtedness (the “**Citadele 2019 Facility Agreement**”). The Citadele 2019 Facility Agreement provides for an interest rate of 8% and an original maturity date of 31 July 2021. The agreement has been amended in 2021, setting the facility amount to EUR 15,000,000.00 and extending the maturity to 30 September 2023 (the “**Amended Citadele 2019 Facility Agreement**”).

The Amended Citadele 2019 Facility Agreement is secured with receivables pledge agreements on certain receivables of AS “mogo”, mogo OÜ and UAB “mogo LT” in favor of AS “Citadele banka”.

**f. AS “Citadele banka” hedge facility (Latvia)**

On 14 April 2021 AS Mogo Eastern Europe (AS MEE) has concluded foreign currency fluctuation hedge contract with AS “Citadele banka” according to which the AS MEE can execute forwards, swaps and spots with bank approved risk limit of EUR 5,000,000. The limit is approved and valid until 30 September 2023.

**g. Bank Reshenie (Belarus Bank)**

On 21 September 2021 OOO “Mogo Credit” entered into a credit facility agreement with the Belarusian bank “Bank Reshenie” under which OOO “Mogo Credit” has a credit facility in the amount of USD 1,000,000 available until 20 September 2023 for an annual interest rate of 11%.

On 21 September 2021 OOO “Mogo Credit” entered into a credit facility agreement with the Belarusian bank “Bank Reshenie” under which OOO “Mogo Credit” has a credit facility in the amount of USD 200,000 available until 20 September 2023 for an annual interest rate of 11%.

Both credit facilities are secured with receivables pledge agreements on certain receivables of OOO "Mogo Credit".

On 21 September 2021, in order to hedge against the currency drop impact on the assets of OOO "Mogo Credit", denominated in BYN, OOO "Mogo Credit" obtained a BYN 2,600,000 loan from the Belarusian bank "Bank Reshenie", holding a floating borrowing rate, fixed to the RVSR rate stated by the National Bank of Republic of Belarus (14,87% as of the date of signing the agreement), and maturing on 20 October 2022. The loan is secured by a USD 1.26 million cash deposit.

***h. Risk Management Services OÜ (Credit Derivative Transaction (Credit Default Swap))***

On 31 December 2016, UAB Mogo LT (Lithuania) as buyer and Risk Management Services OÜ (Estonia) as seller concluded an ISDA (International Swap and Derivatives Association, Inc) 2002 Master Agreement. This credit derivative transaction constitutes a credit default swap transaction that transfers the credit risk associated with a third party (loans issued to customers of UAB Mogo LT) from the buyer to the seller for a fixed payment to the seller in exchange for protection related to the occurrence of credit events related to obligations (loans) of that third party. Upon the occurrence of a credit event, the buyer acquires the right to deliver deliverable obligations to the seller and to receive from the Seller the floating payment.

On 31 May 2021, a similar agreement has been signed between UAB Renti LT (Lithuania) as buyer and Risk Management Services OÜ (Estonia) as seller. This credit derivative transaction constitutes a credit default swap transaction that transfers the credit risk associated with a third party (loans issued to customers of UAB Mogo LT) from the buyer to the seller for a fixed payment to the seller in exchange for protection related to the occurrence of credit events related to obligations (loans) of that third party. Upon occurrence of a credit event, the buyer acquires the right to deliver deliverable obligations to the seller and to receive from the seller the floating payment.

Both contracts have no defined maturity term and cover the entire portfolios of UAB Mogo LT and UAB Renti LT as at 30 September 2021.

***i. Shareholders' Agreement between AS Mogo Eastern Europe and AS Signet Bank***

On 13 April 2021 Mogo Eastern Europe AS (Latvia) has signed a shareholders' agreement with Signet bank AS (Latvia), designed to establish a successful business cooperation and to agree on the procedures applicable to the operation of Primero Holding AS (Latvia) and/or its subsidiaries and the business, on the decision-making on operational, financial and organisational issues and other issues relating to Primero Holding AS (Latvia) and/or its subsidiaries; as well as the regulation of mutual relations of the shareholders of Primero Holding AS (Latvia).

## **7. Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, in making financial or operational decisions, as defined in IAS 24 "Related Party Disclosure". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely its legal form. We are and have been party to various agreements and other arrangements with certain related parties and interested parties, the most significant of which are described below. To the best of our knowledge, all agreements with related parties have been entered into on arm's length terms and on market terms and conditions.

**a. Loans with Related Parties**

The list below summarizes the intra-group financing as of 30 September 2021.

1. Eleving Group (Luxembourg) as lender has entered into several credit line agreements with the following Group companies:
  - a. Bulgaria - Mogo Bulgaria OOD as borrower made on 1 June 2016 - outstanding loan amount EUR 2,844,094 on 30 September 2021;
  - b. Moldova - Mogo Loans SRL as borrower made on 14 August 2017 - outstanding loan amount EUR 3,029,000 on 30 September 2021;
  - c. Poland - Mogo sp. z o.o. as borrower made on 1 April 2016 - outstanding loan amount EUR 7,417,741 on 30 September 2021;
  - d. Lithuania - UAB mogo LT as borrower made on 27 April 2015 - outstanding loan amount EUR 12,488,143 on 30 September 2021;
  - e. Belarus – Mogo Credit as borrower made on 19.03.2018 – outstanding loan amount EUR 6,440,261 on 30 September 2021;
  - f. Latvia – AS Mogo Baltics and Caucasus as borrower made on 27 July 2018 – outstanding loan amount EUR 4,905,759 on 30 September 2021;
  - g. Uzbekistan – OOO Mogo Lend as borrower made on 5 September 2018 – outstanding loan amount EUR 4,789,550 on 30 September 2021;
  - h. Armenia – Mogo Universal Credit Organization LLC as borrower made on 22 November 2018 – outstanding loan amount EUR 204,390 on 30 September 2021;
  - i. Latvia – Mogo Balkans and Central Asia AS as borrower made on 1 April 2020 – outstanding loan amount EUR 2,708,964 on 30 September 2021;
  - j. Latvia – Mogo Africa AS as borrower made on 29 January 2019 – outstanding loan amount EUR 8,223,207 on 30 September 2021;
  - k. Lithuania – Mogo Africa UAB as borrower made on 15 February 2019 – outstanding loan amount EUR 11,582,374 on 30 September 2021;
  - l. Kenya – Mogo Auto Limited as borrower made on 15 February 2019 – outstanding loan amount EUR 25,809,718 on 30 September 2021;
  - m. Kenya – Mogo Kenya LTD as borrower made on 29 March 2019 – outstanding loan amount EUR 1,888,141 on 30 September 2021;
  - n. Latvia – Eleving Consumer Finance AS as borrower made on 9 June 2020 – outstanding loan amount EUR 2,776,729 on 30 September 2021;
  - o. Ukraine – Instafinance LLC as borrower made on 29 July 2020 – outstanding loan amount EUR 5,860,249 on 30 September 2021;
  - p. Latvia – Eleving Consumer Finance Holding AS as borrower made on 17 September 2021 – outstanding loan amount EUR 6,690,567 on 30 September 2021
  - q. other Group Companies with amount below 1 million EUR to whom outstanding loan amount total EUR 348,050 on 30 September 2021;

2. Eleving Group (Luxembourg) as borrower has entered into several credit line agreements with the following Group companies:
  - a. Latvia – Mogo AS as a lender made on 11 August 2017 – outstanding loan amount EUR 18,694,403 on 30 September 2021;
  - b. Estonia – Mogo OÜ as a lender made on 11 September 2017 – outstanding loan amount EUR 18,074,400 on 30 September 2021;
  - c. Albania – Kredo Finance as a lender made on 4 November 2020 – outstanding loan amount EUR 1,110,000 on 30 September 2021;
  - d. Latvia – Eleving Finance AS as a lender made on 26 May 2021 – outstanding loan amount EUR 13,947,000 on 30 September 2021;
  - e. other Group Companies with amount below 1 million EUR to whom outstanding loan amount total EUR 675,000 on 30 September 2021;
  
3. Mogo AS (Latvia) as lender has entered into several credit line agreements with the following Group companies:
  - a. Luxembourg - Eleving Group as borrower made on 11 August 2017 – outstanding loan amount EUR 18,694,403 on 30 September 2021;
  - b. Latvia – AS Renti as borrower made on 3 January 2019 - outstanding loan amount EUR 5,813,212 on 30 September 2021;
  - c. Latvia – Eleving Vehicle Finance AS as borrower made on 9 April 2020 - outstanding loan amount EUR 5,922,650 on 30 September 2021;
  - d. Latvia – Mogo Eastern Europe AS as borrower made on 21 June 2021 - outstanding loan amount EUR 14,056,118 on 30 September 2021.

In addition, the following financing agreement with a related party was entered into :

1. Eleving Group (Luxembourg) as lender has entered into a loan agreement with SIA DCE Invest, registration number 40103759679, legal address Alberta iela 1-15, Riga, Latvia, LV-1010 as borrower on
  - a. 16 February 2017 - with outstanding loan amount EUR 3,336,312 on 30 September 2021.
  - b. 7 June 2018 - with outstanding loan amount EUR 2,111,174 on 30 September 2021.

(claims under this loan agreement have been assigned on 24 April 2020 to AK Family Treasury SIA, a company incorporated in the Republic of Latvia with registration number 44103135741, having its registered office at Juras iela 12, Liepaja, LV-3401, Latvia).

2. Eleving Group (Luxembourg) as lender has entered into several loan consolidation agreements with following companies:
  - a. SIA AK Family Treasury – with outstanding loan amount EUR 1,681,882 on 30 September 2021
  - b. AS Novo Holdings - with outstanding loan amount EUR 580,259 on 30 September 2021

- c. AS Avole Holdings - with outstanding loan amount EUR 580,784 on 30 September 2021
  - d. AS KM Invest - with outstanding loan amount EUR 580,531 on 30 September 2021
3. Eleving Group (Luxembourg) as the subordinated borrower has entered into subordinated loan agreements with:
- a. SIA "AK Family Investments", a company incorporated in the Republic of Latvia with registration number 52103097551, having its registered office at Jūras iela 12, Liepaja, LV-3401, Latvia, on 24 September 2019 with outstanding principal loan amount EUR 500,001 on 30 September 2021 (claims under this subordinated loan agreement have been assigned on 16 December 2019 to AK Family Treasury SIA, a company incorporated in the Republic of Latvia with registration number 44103135741, having its registered office at Juras iela 12, Liepaja, LV-3401, Latvia)
  - b. AK Family Treasury SIA, a company incorporated in the Republic of Latvia with registration number 44103135741, having its registered office at Juras iela 12, Liepaja, LV-3401, Latvia, on 23 December 2019 with outstanding principal loan amount EUR 9,358,772 on 30 September 2021
  - c. AS Novo Holdings, a company incorporated in the Republic of Latvia with registration number 40103806598, having its registered office at Skanstes iela 52, Riga, LV-1013, Latvia, on 24 September 2019 with outstanding principal loan amount EUR 1,812,614 on 30 September 2021
  - d. AS Obelo Capital, a company incorporated in the Republic of Latvia with registration number 40103806155, having its registered office at Skanstes iela 52, Riga, LV-1013, Latvia, on 24 September 2019 with outstanding principal loan amount EUR 166,666 on 30 September 2021 (claims under this subordinated loan agreement on 15 October 2019 have been assigned to AS Avole Holdings, a company incorporated in the Republic of Latvia with registration number 40103806348, having its registered office at Skanstes iela 52, Riga, LV-1013, Latvia)
  - e. AS ZS Invest Holdings, a company incorporated in the Republic of Latvia with registration number 40103893129, having its registered office at Antonijas iela 8-4, Riga, LV-1010, Latvia, on 24 September 2019 with outstanding principal loan amount EUR 1,810,408 on 30 September 2021
  - f. AS Avole Holdings, a company incorporated in the Republic of Latvia with registration number 40103806348, having its registered office at Skanstes iela 52, Riga, LV-1013, Latvia, on 15 October 2019 with outstanding principal loan amount EUR 1,645,908.20 on 30 September 2021
  - g. TIO INVESTMENTS LIMITED, a company incorporated and existing under the laws of the Republic of Malta with registration number C78391, having its registered office at 40, Villa Fairholme, Sir Augustus Bartolo Street, TA XBIEX XBX 1095, Malta, on 22 August 2018 with outstanding principal loan amount EUR 2,500,000 on 30 September

2021 (claims under this subordinated loan agreement have been assigned on 13 October 2019 to SIA "AK Family Investments", a company incorporated in the Republic of Latvia with registration number 52103097551, having its registered office at Jūras iela 12, Liepāja, LV-3401, Latvia). (claims under this subordinated loan agreement have been further assigned on 16 December 2019 to AK Family Treasury SIA, a company incorporated in the Republic of Latvia with registration number 44103135741, having its registered office at Juras iela 12, Liepāja, LV-3401, Latvia).

## **8. Legal Proceedings**

No member of the Group is engaged in or, to our knowledge, has currently threatened against it, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Offering Memorandum, a significant effect on our financial position or profitability.

## **9. Expected Financing of the Group's Activities**

The Issuer expect to finance the Group's activities with funds generated from the Group's business activities as well as debt issues, marketplace platforms and bank facilities.

## **10. Credit Rating**

On 13 August 2021, Fitch Ratings – a branch of Fitch Ratings Ireland Limited ("**Fitch**") assigned a Long-Term Issuer Default Rating (IDR) of 'B-' with Stable Outlook to the Issuer and a Short-Term Issuer Default Rating (IDR) of 'B' to the Issuer. For the purposes of Fitch ratings:

- a "B" rating indicates that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. The rating scales ranges from "AAA" for issuers with lowest expectations of default risk to "D" for issuers that in Fitch's opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure or that have otherwise ceased business;
- an "Outlook" indicates the direction a rating is likely to move over a one- to two-year period. They reflect financial or other trends that have not yet reached or been sustained the level that would cause a rating action, but which may do so if such trends continue. A positive rating outlook indicates an upward trend on the rating scale. Conversely, a negative rating outlook signals a negative trend on the rating scale. Positive or negative rating outlooks do not imply that a rating change is inevitable, and similarly, ratings with stable outlooks can be raised or lowered without a prior revision to the outlook. Occasionally, where the fundamental trend has strong, conflicting elements of both positive and negative, the rating outlook may be described as "Evolving";
- a "RR4" rating indicates that the securities have characteristics consistent with securities historically recovering 31%–50% of current principal and related interest; and
- the modifiers "+" or "-" may be appended to a rating by Fitch to denote relative status within major rating categories.

Credit ratings included or referred to in this Offering Memorandum have been issued by Fitch which is established in the EU and registered under Regulation (EC) No



1060/2009, as amended (the “**CRA Regulation**”). As such, Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (the “**ESMA**”) on its website in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. The significance of the rating should be analyzed independently from any other rating. Ratings of the Issuer and the Bonds by Fitch is not necessarily indicative of the ratings that may in the future be issued in respect of the Issuer and/ or the Bonds by Fitch or by any other rating agency.

The ratings take into account Eleving’s nominal franchise in a competitive niche, increasing exposure to volatile markets, elevated risk appetite and high leverage.

The ratings also reflect sound profitability, a track record in placing public bonds and adequate experience of the management team.

## **11. Recent Events and Trends**

### **a. General**

Our business has grown substantially in recent years, and we continue to monitor business development opportunities in new countries as well as existing markets. As we have made use of organic growth as well as strategic acquisitions, we aim further to leverage our existing expertise to expand into countries which we believe have an attractive customer base and growth potential.

During the first quarter of 2021, the Group has revised its corporate strategy together with the brand update from Mogo Finance to Eleving Group, to better reflect its updated mission statement and its diverse product and brand portfolio. The Group will keep offering products with the 'Mogo' brand name across its vehicle finance subsidiaries.

### **b. Sale of Subsidiaries**

Following its smart capital allocation strategy, the Group has entered into several subsidiary sales agreements during the first half of 2021.

The Group has already successfully closed its vehicle finance business sales transactions in Kazakhstan and North Macedonia, while the transaction in respect of the Group’s vehicle finance business in Albania and Bulgaria are pending local regulatory approvals which are expected to be received by the end of 2021.

### **c. Covid-19 Developments**

In order to cope with the ongoing pandemic and mitigate the impact of Covid-19, the following measures were implemented, some of which are not currently applicable but are kept as possible measures to be re-implement if there is a further need for it:

- Formation of a crisis management team, to ensure an instant reaction to the situation, dedicated resources reviewing public health requirements and other related government announcements and ensuring that the Group stays informed;
- Reconsidered debt collection strategy for the existing portfolios to address the increased credit risk;
- Strengthening the underwriting policy;
- Implemented set of cash preserving activities to manage liquidity risk;
- Developed alternative ways of accepting payments such as integration with paybox companies, online payment providers, remittance services;

- Successfully implemented a work from home policy ensuring continuity of the core processes;
- Employees have been required to adhere to very strict precautionary standards including social distancing and other health and safety best practices followed by published government guidelines;
- Reviewing and renegotiating payment terms with suppliers; and
- Monitoring and applying for any reliefs and support mechanisms provided by the governments in operating markets, to which the Group could qualify, including discussions with the tax authorities to renegotiate the tax payment schedules. For instance, in agreement with the State Revenue Service certain taxes due for the period March-May 2020 were postponed in Latvia and transferred to June 2021 for payment.

The Covid-19 pandemic also offered growth opportunities for the Group, as during the pandemic more people prefer a personal vehicle instead of using public transportation due to personal health and safety reasons, and traditional lenders became more cautious. The Group recorded a strong demand for personal mobility in all vehicle finance markets: car loan applications increased 10% during the third quarter of 2021 in comparison with the second quarter of 2021, and average car loan tickets increased 3% during the third quarter of 2021 in comparison with the second quarter of 2021. As of the date of this Offering Memorandum, demand for vehicle financing products has reached the pre-Covid-19 level. The Group has also started to gradually ease its underwriting policies as adjusted to each local market's macroeconomic situation, while still retaining a more conservative approach compared to the pre-Covid-19 policies.

As of the date of this Offering Memorandum there are no more Covid-19 restrictions in the countries where Eleving operates, which may have a material impact on its business.

## XIX. MANAGEMENT

Below we describe the management of the Issuer.

In accordance with the Issuer's articles of association and the relevant provisions of the Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time (the "**Luxembourg Company Law**") governing public limited liability companies (*sociétés anonymes*), the management of the Issuer is divided between the board of directors (*conseil d'administration*) and the sole shareholder (*actionnaire unique*), or, in the instance of there being more than one shareholder, the shareholders' general meeting (*assemblée générale des actionnaires*).

The board of directors of the Issuer is supported by the management team of Eleveling, which is responsible for providing high-level advice on decisions and business matters ranging from strategic planning, policy formulation, investment planning and risk assessment.

A brief description (which is not intended to be exhaustive) of the composition, roles and functioning of each of these bodies is set forth below.

### 1. Management

The share capital of the Issuer is entirely held by its shareholders as further described under "*Information About the Issuer – Share Capital and Shareholders*" above. The shareholders' general meeting exercises the power granted by the Luxembourg Company Law including (i) appointing and removing the directors and the statutory or independent auditor of the Issuer as well as setting their remuneration, (ii) approving the annual financial statements of the Issuer, (iii) amending the articles of association of the Issuer, (iv) deciding on the dissolution and liquidation of the Issuer, and (v) changing the nationality of the Issuer.

The Issuer is managed by a board of directors whose members have been appointed as type A directors and type B directors by the shareholders' general meeting of the Issuer. In accordance with Luxembourg Company Law, each type A director and type B director may be removed at any time without cause (*révocation ad nutum*).

Meetings of the board of directors are convened upon request of the chairman of the board of directors or any two directors of the Issuer as often as the interest of the Issuer so requires. The meetings of the board of directors are validly held if at the commencement of the meeting at least one type A director and one type B director is present or represented and decisions are validly taken by the majority of the directors present or represented (including at least one type A director and at least one type B director). Any director may represent one or more other directors at a board of directors' meeting.

The board of directors of the Issuer may, from time to time, delegate its power to conduct the daily management (*gestion journalière*) of the Issuer to one or more directors, i.e., the managing director(s) (*administrateur(s) délégué(s)*), commit the management of the affairs of the Issuer to one or more directors or give special powers for determined matters to one or more proxy holders.

Pursuant to its articles of association, where the Issuer is administrated by the board of directors comprising several categories of directors, it shall be bound by the joint signatures of a type A director and a type B director.

The Issuer is currently managed by a board of directors composed of two directors of type A and two directors of type B as set out below, elected pursuant to resolutions of the shareholders of the Issuer, for a term as set out below. The directors may be

removed before the expiration of the term. Based on the articles of association of the Issuer, directors of each category are vested with the same individual powers and duties. The two directors of type B are Luxembourg residents, whereas the two directors of type A are not Luxembourg residents and at the same time hold, respectively, the positions of CEO and CFO within the Group. The board of directors has not appointed a chairman among its members so far.

<b>Name</b>	<b>Year of Birth</b>	<b>Term until</b>	<b>Position</b>
Modestas Sudnius ..	1986	the annual general meeting of the Issuer to be held in 2022	Category A director
Maris Kreics .....	1985	the annual general meeting of the Issuer to be held in 2022	Category A director
Delphine Glessinger	1981	the annual general meeting of the Issuer to be held in 2022	Category B director
Attila Senig.....	1980	the annual general meeting of the Issuer to be held in 2022	Category B director

**Modestas Sudnius**, with business address at Skanstes street 52, LV-1013 Riga, Latvia, was appointed as CEO of the Group in January 2019 and as director of the Issuer in March 2019. A graduate of Stockholm School of Economics, Modestas Sudnius was the country manager in Lithuania, then holding Regional CEO position in Eleving Group, covering Baltic countries, Georgia and Armenia, then being Co-CEO of the Group together with Edgars Egle. Modestas has several years' experience in financial assurance and project management in companies such as Ernst & Young and EPS LT.

**Maris Kreics**, with business address at Skanstes street 52, LV-1013 Riga, Latvia, was appointed as director of the Issuer in 2018 and as CFO of the Group in 2015. Mr. Kreics has spent previous 2 years in a corporate finance role working for the biggest telecommunications service company in Latvia – Tet (previously Lattelecom). Before that Mr. Kreics has spent 7 years in PwC, whereas 2 years were spent in New York working exclusively on one of the largest (top 5 by market capitalization) S&P 500 Tech company's lead audit team. Mr. Kreics is a CFA charterholder and a member of the global body for professional accountants ACCA. Mr. Kreics has a bachelor's and master's degree in finance from the BA school of Business and Finance in Riga.

**Delphine Glessinger**, with business address at 8-10 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, was appointed as director of the Issuer in 2018. Ms. Glessinger is currently also a senior legal administrator at Centralis S.A. and previously she has held legal trust officer position in Citco Corporate and Trust for more than 8 years. Ms. Glessinger holds Université de Haute-Alsace Mulhouse-Colmar degree in law, University of Lincoln Bachelor degree of administrative and Legal studies and Université Nancy 2 Bachelor's degree in International business.

**Attila Senig**, with business address at 8-10 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, was appointed as director of the Issuer in 2020. Since 2011, Mr. Senig is has worked at Centralis S.A. where he currently acts as a client

services director. He is a qualified tax advisor and chartered accountant with extensive experience in accounting and outsourced corporate services in Hungary and Luxembourg. Mr. Senig’s academic credentials include a degree in finance (specialising in taxation) and an affiliation to the Chamber of Hungarian Auditors. He is also accredited with a Luxembourg Tax Diploma.

Modestas Sudnius and Maris Kreics have no principal activities outside of Eleving. The principal outside activities of Delphine Glessinger and Attila Senig comprise their activity as employees of Centralis S.A. in Luxembourg. In such capacity, they are also directors of other companies in Luxembourg. The directors of the Issuer confirm that, otherwise, there is no conflict of interest between their duties as a director of the Issuer and their principal and/or other outside activities.

## 2. Corporate Governance

Each country’s Group company is entitled to take operational decisions regarding its business activities. Countries located in a certain region are combined in clusters (“**Hubs**”). Each Hub is entitled to take decisions regarding the activities of the countries included in the Hub as well as Hub common frame activities.

In order to have efficient management of the Group’s activities in each jurisdiction the Group has established in Latvia the following management companies representing the different Hubs:

- 1) AS Mogo Baltics and Caucasus;
- 2) AS Mogo Balkans and Central Asia;
- 3) AS Mogo Eastern Europe;
- 4) AS Eleving Finance; and
- 5) AS Eleving Solis.

Strategic decisions related to the countries where the Group operates and/or the Hubs are taken by the management team of Eleving, which is responsible for the governance of the Group in general (see “*Information about the Group - Organization Structure*” above).

The current management team of Eleving is set forth in the table below:

Name	Year of Birth	Position
Modestas Sudnius .....	1986	CEO of the board of directors of the Issuer, and CEO of the Group
Maris Kreics .....	1985	Chief Financial Officer (CFO) of the Group

**Modestas Sudnius** see “– *Management*” above.

**Māris Kreics** see “– *Management*” above.

Modestas Sudnius and Māris Kreics have no principal activities outside of Eleving.

## 3. Audit Committee

In 2019 the Issuer established audit committee.

The audit committee oversees the Group's financial reporting process to ensure the transparency and integrity of published financial information, the effectiveness of the Group's internal control and risk management system, the effectiveness of the internal audit function, the effectiveness of the independent audit process of the Group, including recommending the appointment and assessing the performance of the external auditor, and the effectiveness of the process for monitoring compliance with laws and regulations affecting financial reporting and code of business conduct (where applicable).

The audit committee is set up and its members are appointed by the board of directors of the Issuer. The members of the audit committee consist of three members being Mārtiņš Muižnieks, Paul Ryan and Franck-Oliviera Cera and each of them is appointed for a period of three years. The audit committee reports to the board of directors of the Issuer.

#### **4. Interest of Directors and Officers**

As of the date of this Offering Memorandum, none of the members of the board of directors of the Issuer, other than Modestas Sudnius (holding indirect interest in the Issuer equal to 3% of the share capital of the Issuer) and Maris Kreics (holding indirect interest in the Issuer equal to 1.5% of the share capital of the Issuer), has an ownership interest in the share capital of the Issuer and there are no other potential conflicts of interest between any duties of the board of directors of the Issuer and their private interests and/or other duties.

#### **5. Litigation Statement about Directors and Officers**

As of the date of this Offering Memorandum, none of the members of the board of directors of the Issuer:

- has had any convictions in relation to fraudulent offences; nor
- has held an executive function in the form of a senior manager or a member of the administrative management or supervisory bodies, of any company, or a partner in any partnership, at the time of or preceding any bankruptcy, receivership or forced liquidation; nor
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

#### **6. Change of Control over the Group**

We are not aware of any arrangements in existence as of the date of this Offering Memorandum which could reasonably be expected to result in a change of control over the Group.

## XX. TERMS AND CONDITIONS OF THE BONDS

### 1. DEFINITIONS AND CONSTRUCTION

#### 1.1 Definitions

In these terms and conditions (these “**Terms and Conditions**”):

“**Accounting Principles**” means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

“**Additional Amounts**” means any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of any Relevant Taxing Jurisdiction on any payment by the Issuer of principal or interest or any other payment in relation to the Bonds.

“**Additional Interest**” means the amount of Interest accrued in respect of the Current Outstanding Amount or the Deferred Interest, as the case may be calculated in accordance with Condition 4.6.

“**Affiliate**” means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person and/or any Person that is related in a straight line of descent with such specified Person or a brother or a sister of such specified Person (each a “**Related Person**”) and/or any Person, directly or indirectly, controlled by such Related Person. For the purpose of this definition, “**control**” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Bonds**” has the meaning set forth in Condition 2.1 (*Principal Amount, Currency and Denomination*).

“**Bond Issue**” means the issuance of the Bonds.

“**Business Day**” means any day on which banking institutions are open for business in Luxembourg and Riga and payments in Euro may be settled via the Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET 2).

“**Business Day Convention**” means the first following day that is a Business Day.

“**Calculation and Conversion Agent**” shall have the meaning ascribed to such term in Condition 12.2.

“**Call Option Notice**” shall have the meaning ascribed to such term in Condition 5.2 (*Early voluntary redemption by the Issuer (Call Option)*).

“**Capitalization Ratio**” means, for the Issuer as of any date of determination, the result (expressed as a percentage) obtained by dividing (x) Consolidated Net Worth of the Issuer (calculated as of the end of the Relevant Period ending

on the last day of the period covered by the most recent Financial Report) by (y) Net Loan Portfolio as of such date of determination.

**“Cash and Cash Equivalents”** means cash and cash equivalents in accordance with the Accounting Principles.

**“Change in Tax Law”** means (a) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation or (b) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction.

**“Change of Control Event”** means (a) the direct or indirect sale or other disposal, in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer taken as a whole and (b) the occurrence of an event or series of events whereby one or more persons, acquire control over the Issuer and where **“control”** means (i) acquiring or controlling, directly or indirectly, more than 50% of the shares or voting rights in the Issuer or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

**“Clear Days”** means, in relation to a period of notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.

**“Clearing System”** has the meaning set forth in Condition 2.3 (Global Bond and Custody).

**“Clearing System Certificate”** has the meaning ascribed to such term in Condition 2.3 (Global Bond and Custody).

**“Code”** has the meaning set forth in Condition 8.1 (Withholding Tax).

**“Companies Law”** has the meaning set forth in Condition 14.1 (General).

**“Consolidated Net Worth”** means, for the Issuer at any time, the sum of paid in capital, retained earnings, reserves and subordinated debt of the Group as set forth on the consolidated balance sheet as of the Relevant Period ending on the last day of the period covered by the most recent Financial Report prepared in accordance with the Accounting Principles.

**“Conversion”** means the conversion of the Bonds into such amount of New Shares in respect of each Bond as is equal to the Conversion Ratio in effect on the relevant Conversion Date subject to the provisions of Conditions 5.1 (*Redemption / Conversion at maturity*), 5.3 (*Early voluntary Conversion by the Issuer (Conversion Option)*) or 5.4 (*Mandatory Conversion*).

**“Conversion Date”** means:

- (a) in the event of a Conversion on the Maturity Date pursuant to Condition 5.1, the Maturity Date;



- (b) in the event of a Conversion pursuant to a Conversion Option exercised by the Issuer under Condition 5.3, the Conversion Date specified in the Issuer's Early Conversion Notice; and
- (c) in the event of a Conversion pursuant to Condition 5.4, the Business Day which is specified in the Conversion Notice following an Event of Default and which cannot fall more than twenty-five (25) Business Days after the occurrence of an Event of Default and in case no such notice has been communicated by the Issuer the twenty-fifth (25<sup>th</sup>) Business Day following the occurrence of an Event of Default.

**"Conversion Notice"** has the meaning ascribed to such terms in Condition 5.1(a).

**"Conversion Notice following an Event of Default"** has the meaning ascribed to that term in Condition 5.4(b).

**"Conversion Option"** has the meaning ascribed to this term in 0.

**"Conversion Ratio"** means the ratio which will determine the number of New Shares per Bond, which will be issued on a Conversion Date pursuant to a Conversion of the Bonds and which will be calculated by the Issuer and controlled by the Calculation and Conversion Agent by performing a division having as denominator the total number of the Bonds and as numerator the quotient of the following division: 10% of the Share Capital of the Issuer, as at the relevant Conversion Date, divided by the nominal value of the New Shares, it being one cent (EUR 0.01) each. The calculation of the Conversion Ratio is subject to Conditions 5.6 and 5.8.

**"CSD"** means the Issuer's central securities depository in respect of the Bonds from time to time; initially Clearstream Banking S.A., Luxembourg/ Euroclear Bank S.A/N.V .

**"Current Outstanding Amount"** means for each Bond the aggregate of the Initial Nominal Amount, as defined in Condition 2.1 (*Nominal Amount, Currency and Denomination*) and any Deferred Interest which has been capitalized pursuant to either of the following events:

- (a) the elapse of the Deferral Period in accordance with Condition 4.8(a); or
- (b) the exercise of a Call Option in accordance with Condition 5.2(d); or
- (c) the occurrence of an Event of Default, in accordance with Condition 5.4(c); or
- (d) the relevant decision of the Issuer in accordance with Conditions 5.1(c) and 5.3(g); and or
- (e) the Termination of the Bonds in accordance with Condition 11.8.

**"Due Date"** has the meaning set forth in Condition 7.3 (*Payment Day/Due Date*).

**“Deferral Period”** means each period starting from (and including) the Interest Payment Date preceding the Business Day the Issuer elects to defer the payment of Interest due on such Interest Payment Date and ending on (but excluding) the date falling six (6) calendar months following such Interest Payment Date.

**“Deferred Interest”** means any amount of due and payable interest that the Issuer elected to defer pursuant to Condition 4.5 (*Deferral*).

**“Early Conversion Notice”** has the meaning ascribed to such term in Condition 0.

**“EBITDA”** means, in respect of the Relevant Period, the consolidated net profit of the Group from ordinary activities according to the latest Financial Report:

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any exceptional items which are not in line with the ordinary course of business;
- (d) before taking into account any Transaction Costs;
- (e) not including any accrued interest owing to any Group Company;
- (f) before taking into account any unrealized gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) before taking into account any gains or losses on any foreign exchange gains or losses;
- (h) before deducting any expense in relation to employee non-cash stock option based compensation plans;
- (i) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (j) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (k) after adding back or deducting, as the case may be, the Group’s share of the profits or losses of entities which are not part of the Group; and
- (l) after adding back any amount attributable to the amortization, depreciation or depletion of assets of Group Companies.

**“Equity Cure”** has the meaning set forth in Condition 10.3 (*Covenant Cure*).

**“Equity Interest”** means the Shares and all warrants, options or other rights to acquire Shares (but excluding any debt security that is convertible into, or exchangeable for, Shares).

**“EUR”** means the currency used by the institutions of the European Union and is the official currency of the Eurozone.

**“EURIBOR”** shall mean, in relation to an Interest Period, the applicable Screen Rate for EURIBOR rates with a maturity of 6-months for the relevant period of six months or any other benchmark to be developed by the European Union relevant authorities in compliance with the EU Benchmark Regulation (EU) 2016/1011 as decided by the Issuer acting reasonably (**“Replacement Reference Rate”**) (and if the applicable 6-month-EURIBOR or Replacement Reference Rate is less than zero, it shall be deemed to be zero).

**“Eurobonds”** shall mean the EUR 150,000,000.00 9.50% Senior Secured Bonds 2021/2026 with ISIN number XS2393240887, or any other such debt which shall replace the Eurobonds prior or on their maturity.

**“Event of Default”** means an event, circumstance or situation specified in Condition 11.1.

**“Extraordinary Resolution”** has the meaning set forth in Condition 14.3 (*Quorum and majority*).

**“FATCA”** has the meaning set forth in Condition 8.1 (*Withholding Tax*).

**“Finance Charges”** means, for the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalized by any Group Company according to the latest Financial Report (calculated on a consolidated basis) without taking into account any (a) Transaction Costs, (b) unrealized gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis, (c) losses arising on foreign currency revaluations of intercompany balances or (d) charges on pension balances.

**“Finance Documents”** means:

- (a) these Terms and Conditions;
- (b) any other document designated by the Issuer as a Finance Document.

**“Financial Indebtedness”** means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans, Shareholder Loans, Subordinated Loans, and shareholders’ loans granted on arm lengths terms and conditions;
- (b) any Capital Lease Obligation (for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the Issue Date shall not, regardless of any subsequent

changes or amendments of the Accounting Principles, be considered as Capital Lease Obligation);

- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing and treated as a borrowing under the Accounting Principles;
- (e) any Derivative Transaction (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(f).

**“Financial Report”** means the annual audited consolidated financial statements of the Issuer and the quarterly interim unaudited consolidated reports of the Issuer, which shall be prepared and made available according to Condition 9.5 (*Financial reporting and information*).

**“Global Bond”** has the meaning set forth in Condition 2.3 (*Global Bond and Custody*).

**“Governmental Authority”** means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

**“Group”** means the Issuer and all its Subsidiaries from time to time.

**“Group Company”** means the Issuer or any of its Subsidiaries.

**“Holder”** means any holder of the Bonds, including, for the avoidance of doubt, any person shown for the time being in the records of the relevant clearing systems as the holder of a particular nominal amount of Bonds, collectively **“Holders”**.

**“Holders’ Meeting”** means a bondholders’ meeting among the Holders held in accordance with Condition 14 (*Meeting of Holders*).

**“Initial Nominal Amount”** has the meaning set forth in Condition 2.1 (*Nominal Amount, Currency and Denomination*).

**“Insolvency Event”** means in relation to any company incorporated, domiciled or resident in Luxembourg, such person in Luxembourg:

- (a) enters into a voluntary arrangement with its creditors (*concordat préventif de la faillite*) pursuant to the law of 14 April 1886 on arrangements to prevent insolvency, as amended; or
- (b) is granted a suspension of payments within the meaning of Articles 593 et seq. of the Luxembourg Commercial Code; or
- (c) is subject to controlled management (*gestion contrôlée*) within the meaning of the grand ducal regulation 24 May 1935 on controlled management; or
- (d) is itself or any of its assets the subject of any Insolvency Proceedings commenced pursuant to Articles 437 et seq. of the Luxembourg Commercial Code or any other Insolvency Proceedings pursuant to the Regulation (EU) No 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, as amended, unless the application for such proceedings is dismissed within twenty (20) days from and excluding the day it is filed (unless dismissed on the ground that the costs of the Insolvency Proceedings were likely to exceed the assets of such person (*clôture pour insuffisance d'actifs*)); or
- (e) takes any corporate action or is the subject of any legal proceedings commenced against it for its dissolution or liquidation; or
- (f) is in a situation of illiquidity (*cessation de paiements*), or without access to credit (*crédit ébranlé*) within the meaning of Article 437 of the Luxembourg Commercial Code.

**“Insolvency Proceedings”** means, with respect to any person, the winding-up, liquidation, dissolution, bankruptcy, receivership, insolvency or administration of such person or any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated (or, if not a company or corporation, domiciled) or of any jurisdiction in which such person carries on business or has any assets including the seeking of an arrangement, adjustment, protection or relief of creditors.

**“Interest”** means the interest on the Bonds calculated in accordance with Conditions 4.1 (*Interest Rate and Interest Payment Dates*) to 4.8 (*Deferral Period*).

**“Interest Coverage Ratio”** means the ratio of EBITDA to Net Finance Charges.

**“Interest Capitalization Event”** shall have the meaning ascribed to such term in Conditions 4.8(a) and 4.8(b).

**“Interest Payment Date”** means the 29<sup>th</sup> day of each month or, to the extent such day is not a Business Day, or when the relevant month is February and it contains 28 days, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date of the Bonds being 29 January 2022 and the last Interest Payment Date being the Redemption Date).

**“Interest Period”** means each period beginning on (and including) the Issue Date and, thereafter, any Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant), in no case adjusted due to an application of the Business Day Convention.

**“Interest Rate”** means a floating interest rate equal to the applicable EURIBOR rate as determined by the Issuer three (3) Business Days prior to the relevant Interest Payment Date (the **“EURIBOR Determination Date”**) plus Margin.

**“Issue Date”** means 29 December 2021.

**“Issuer”** means Eleving Group, a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, having its registered address at 8-10 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B174457.

**“Luxembourg”** means the Grand Duchy of Luxembourg and, when used in a geographical sense, means the territory of the Grand Duchy of Luxembourg.

**“Margin”** means 12% per annum.

**“Market Loan”** means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on a regulated market or unregulated recognized market place.

**“Maturity Date”** means 29 December 2031.

**“Nasdaq Riga First North Market”** means Nasdaq Riga First North multilateral trading facility operated by Nasdaq Riga AS in Latvia.

**“Net Finance Charges”** means, for the Relevant Period, the Finance Charges according to the latest consolidated Financial Report, after deducting any interest payable for the Relevant Period to any Group Company, any New Shareholder Injection for the Relevant Period and any interest income relating to Cash and Cash Equivalents of the Group (and excluding any (a) payment-in-kind interest capitalized on Shareholder Loans, (b) gains arising on foreign currency revaluations of intercompany balances or (c) income on pension balances).

**“Net Loan Portfolio”** means, as of any date of determination, the sum of loans, securities, investments, receivables and reserves minus allowances for loss of the Group as set forth on the consolidated balance sheet as of the Relevant Period ending on the last day of the period covered by the most recent Financial Report, prepared in accordance with the Accounting Principles.

**“New Shares”** shall mean either Ordinary Shares or Preferred Shares, issued on or prior to the relevant Settlement Date following a Conversion of the Bonds, subject to the election of the Holders in accordance with Condition 5.5.

**“New Shareholder Injections”** means the aggregate amount subscribed for by any person for ordinary shares in the Issuer or for any Shareholder Loan or Subordinated Loan.

**“Ordinary Shares”** means the ordinary shares issued or to be issued and representing the Share Capital of the Issuer.

**“Paying Agent”** has the meaning set forth in Condition 12.1 (*Paying Agent*).

**“Preferred Shares”** means shares of the Issuer, which shall be issued in accordance with the relevant corporate authorisations upon a Conversion and which shall have the following characteristics:

- (a) have preference on distributed dividends or other distributions over the Ordinary Shares of the Issuer;
- (b) are not entitled to receive dividends or any other distributions which exceed the Current Outstanding Amount of the relevant number of the converted Bonds, as at the time of the relevant Conversion Date;
- (c) have no voting rights;
- (d) their transfer is restricted and can be effected only after it is approved by the relevant corporate body of the Issuer; and
- (e) are redeemable at a price equal to the Current Outstanding Amount of the relevant converted Bonds, as at the time of the relevant Conversion Date, minus any distributions or dividends paid and floored at their par value.

**“Record Date”** means the Business Day prior to (a) an Interest Payment Date, (b) a Settlement Date (c) a Redemption Date, (d) a date on which a payment to the Holders is to be made, or (e) the date of a Holders’ Meeting.

**“Redemption Date”** means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Conditions 5.1 (*Redemption / Conversion at maturity*) 5.2 (*Early voluntary redemption by the Issuer (Call Option)*).

**“Relevant Period”** means each period of twelve (12) consecutive calendar months.

**“Relevant Person”** shall have the meaning ascribed to such term in Condition 5.7(b).

**“Relevant Taxing Jurisdiction”** means (a) Latvia, Luxembourg or any political subdivision or Governmental Authority thereof or therein having power to tax, (b) any jurisdiction from or through which payment on any Bond is made by the Issuer or its agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax or (c) any other jurisdiction in which the Issuer is incorporated, organized or resident for tax purposes.

**“Screen Rate”** shall mean the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the

administration of that rate) for the relevant period displayed on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters). If such page or service ceases to be available, the Issuer, acting reasonably, may specify another page or service displaying the relevant rate.

**“Senior Debt”** shall mean the Eurobonds and any other secured debt of the Issuer, excluding the Subordinated Debt.

**“Settlement Date** means:

- (a) in connection with a Redemption or Conversion on the Maturity Date pursuant to Condition 5.1, the 25<sup>th</sup> date following the Maturity Date (or, if that date is not a Business Day, the next following Business Day);
- (b) in connection with a Conversion due to the occurrence of an Event of Default pursuant to Condition 5.3, the tenth (10) Business Day immediately following the relevant Conversion Date; and
- (c) in the case of a Conversion pursuant to a Conversion Option exercised by the Issuer under Condition 5.3 the tenth (10) Business Day immediately following the relevant Conversion Date.

**“Share Capital”** means the aggregate of the nominal value of all the existing Shares of the Issuer.

**“Shares”** means any and all existing Ordinary Shares and preferred shares, if any.

**“Subordinated Debt”** means all payment obligations of the Issuer under the Shares, Shareholder Loan or Subordinated Loan.

**“Shareholder Loan”** means any loan raised by the Issuer from its current or previous direct or indirect shareholder, if such shareholder loan according to its terms, is subordinated to the obligations of the Issuer under the terms and conditions of the Eurobonds .

**“Subordinated Loan”** means any loan raised by the Issuer, if such loan according to its terms, is subordinated to the obligations of the Issuer under the terms and conditions of the Eurobonds .

**“Subsidiary”** means, in relation to any person, any legal entity (whether incorporated or not), in respect of which such person, directly or indirectly, (a) owns shares or ownership rights representing more than 50.00 % of the total number of votes held by the owners, (b) otherwise controls more than 50.00 % of the total number of votes held by the owners or (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

**“Subsequent Bond”** means any issue of Bonds in accordance with Condition 13 (*Further Issues*).



**“Taxes”** means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including, without limitation, interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

**“Transaction Costs”** means all fees, costs and expenses incurred by a Group Company in connection with (a) the Bond Issue or a Subsequent Bond issue and (b) the listing of the Bonds in accordance with Condition 9.3.

**“Unsurrendered Bonds”** has the meaning ascribed to such term in Condition 5.7(b).

**“Vote without Meeting”** has the meaning set forth in Condition 14.13 (*Resolution in writing*).

## 1.2 Construction

(a) Unless a contrary indication appears, any reference in these Terms and Conditions to:

- a ratio or figures being calculated on a *pro forma* basis, means that such ratio or figures shall be calculated on a *pro forma* basis after giving effect to any acquisition or sale or any other transactions entered into (including any incurrence of Financial Indebtedness and the use of proceeds thereof) as if these occurred at the beginning of the applicable reference period for purposes of determining the relevant ratio or figures.
- **“assets”** includes present and future properties, revenues and rights of every description;
- any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- a **“regulation”** includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- an Event of Default is continuing if it has not been remedied or waived;
- a provision of law is a reference to that provision as amended or re-enacted; and
- a time of day is a reference to Luxembourg time.

(b) No delay or omission of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

## 2. NOMINAL AMOUNT, FORM, GLOBAL BOND, TITLE

### 2.1 Nominal Amount, Currency and Denomination

This issue of the Issuer, in the aggregate amount of EUR 25,000,000.00 (in words: twenty five million Euros (the “**Issuer Currency**”)), bearing interest at the relevant Interest Rate, subordinated unsecured bonds 2021/2031, with a term from 29 December 2021 until 29 December 2031 (the “**Bonds**”), payable to the bearer, and ranking *pari passu* among themselves in the denomination of EUR 1,000.00 (the “**Initial Nominal Amount**”) each.

## 2.2 Form

The Bonds are in bearer form.

## 2.3 Global Bond and Custody

The Bonds will be represented by a global note (the “**Global Bond**”) deposited with or on behalf of, a specified common depositary (the “**Common Depositary**”) for Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A/N.V. (“**Euroclear**” and together with Clearstream, Luxembourg and any successor in such capacity the “**Clearing System**”). The Clearing System has agreed to maintain records of the Bonds credited to the accounts of the accountholders of the Clearing System (the “**Accountholders**”) for the benefit of the holders of the co-ownership interests in the Global Bond. The Issuer and the Clearing System have agreed, for the benefit of the holders of co-ownership interests in the Global Bond, that the actual number of Bonds from time to time shall be evidenced by the records of the Clearing System. Each person who is the ultimate beneficial owner of a particular amount of the Bonds may, through the Accountholders, request from the Clearing System to evidence the amount of Bonds that it holds in the form of a certificate (the “**Clearing System Certificate**”).

2.4 The Global Bond will only be exchangeable for definitive Bonds if either Clearstream, Luxembourg or Euroclear, or any successor thereof is closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so (other than in the case of a merger or consolidation of Clearstream, Luxembourg and Euroclear).

## 2.5 Transfer and Title

A transfer of Bonds will be effected without charge by or on behalf of the Issuer, but upon payment by the relevant Holder of any tax or other governmental charges which may be imposed in relation to it. For the avoidance of doubt, any depositary bank used by a Holder for the safe custody of the Bonds (including without limitation the Clearing System) may charge fees for a transfer of the Bonds.

## 3. STATUS OF THE BONDS

The Bonds constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu*, without any preference among themselves. The Bonds shall, with respect to payment rights, redemption and rights of liquidation, winding-up and dissolution, rank junior to all Senior Debt, prior to all payments under any Subordinated Debt and at least *pari passu* with any present or future unsecured obligation which is issued by the Issuer and the

obligations under which rank or are expressed to rank *pari passu* with the Issuer's obligations under the Bonds.

#### 4. INTEREST

##### 4.1 Interest Rate and Interest Payment Dates

Save as otherwise provided herein, the Bonds shall bear interest at the Interest Rate per annum on their Current Outstanding Amount from 29 December 2021 (the "**Interest Commencement Date**"). Interest shall be payable monthly in arrears on each Interest Payment Date, commencing to accrue on the Interest Commencement Date. Interest shall cease to accrue with the expiration of the day preceding the day of repayment.

##### 4.2 Default Interest

If the Issuer fails to (i) redeem the Bonds on the day on which they become due for redemption within ten (10) Business Days or (ii) proceed with a Conversion of the Bonds and issue and subsequently assign to the Holders the relevant New Shares on the relevant Settlement Date, provided that the failure has not been remedied within twenty-five (25) Business Days of its known occurrence, default interest shall accrue on the overdue amount from, but excluding the due date up to and including the date of actual payment at a rate, which is 1% higher than the Interest Rate.

##### 4.3 Accrual of Interest

In the case of:

- (a) Conversion pursuant to Condition 5.1, interest will cease to accrue on the Bonds with effect from (and including) the Maturity Date;
- (b) any Conversion following the occurrence of an Event of Default pursuant to Condition 5.4 or any Conversion at the option of the Issuer pursuant to Condition 5.3, Interest will cease to accrue on the Bonds with effect from (and including) the relevant Conversion Date;

provided that, in each such case under (a) or (b) above, if payment is improperly withheld or refused the Bonds shall continue to bear Interest up to (but excluding) the Relevant Date.

Notwithstanding the foregoing provisions of this Condition 4.3, where the Conversion Option has been exercised by the Issuer and any Deferred Interest remains outstanding, Additional Interest shall continue to accrue from (and including) the Interest Payment Date immediately preceding the relevant Conversion Date to (but excluding) the relevant Conversion Date and in cases where the Current Outstanding Amount is only partially redeemed, in accordance with Condition 5.2, the Interest will continue to accrue for the residual Current Outstanding Amount.

##### 4.4 Day Count Fraction

Where interest is to be calculated in respect of a period which is shorter than or equal to a full Interest Period, the interest will be calculated on the basis of Rule 251 ICMA (ACT/ACT).

#### 4.5 Deferral of Interest

The Issuer may elect in its sole discretion to defer (in whole or in part) any payment of Interest that is otherwise scheduled to be paid on an Interest Payment Date by giving notice of such election to the Paying Agent and the Calculation and Conversion Agent in accordance with Condition 16 (*Notices*) not less than fifteen (15) Business Days prior to the relevant Interest Payment Date.

#### 4.6 Additional Interest

- (a) If the Issuer fails to comply with the financial covenants as set in Condition 11.1, the Bonds, on top of the Interest Rate, shall bear an Additional Interest at a rate of 1% per annum on the Current Outstanding Amount paid at each Interest Payment Date, until the Issuer meets the financial covenants.
- (b) If the Issuer defers any payment of Interest, the Bonds, on top of the Interest Rate shall bear an Additional Interest at a rate of 1% per annum on the Current Outstanding Amount paid monthly from (and including) the Interest Payment Date on which the relevant Deferred Interest was originally scheduled to be paid. In that case, Additional Interest shall cease to accrue on the Interest Payment Date on which the regular payment of Interest, according to Condition 4.1, recommences.
- (c) Upon the occurrence of a Change of Control Event, the Bonds, on top of the Interest Rate, shall bear an Additional Interest at a rate of 5% per annum on the Current Outstanding Amount paid at each Interest Payment Date.

#### 4.7 Optional Settlement of Deferred Interest and Additional Interest

Deferred Interest and Additional Interest may be satisfied at the option of the Issuer, in whole or in part (together the "**Arrears of Interest**"), at any time (including during the Deferral Period with respect to Deferred Interest) by giving notice to such effect to the Paying Agent and the Calculation and Conversion Agent in accordance with Condition 16 (*Notices*) not less than fifteen (15) Business Days prior to the relevant payment of such Arrears of Interest informing the Paying Agent of the Issuer's election and specifying the relevant date fixed for the relevant payment and the amount of such Arrears of Interest to be so paid.

#### 4.8 Deferral Period

- (a) Save as otherwise provided herein, if the Issuer does not pay the Deferred Interest the last day of the Deferral Period, such Deferred Interest shall be capitalised and be added to the Current Outstanding Amount.

- (b) Without prejudice to the provisions of the previous sub-paragraph, any Deferred Interest accrued shall be equally capitalised and be added to the Current Outstanding Amount, on the Interest Payment Date on which the regular payment of Interest, according to Condition 4.1, recommences (interchangeably with the provision of sub-paragraph (a) the “**Interest Capitalization Event**”).
- (c) Pursuant to the provisions of Conditions 5.1(c) and 5.3(g), on the Maturity Date, or when exercising the Conversion Option, the Issuer may capitalise the Deferred Interest outstanding on the relevant Record Date, before the Deferral Period has elapsed.

## 5. MATURITY, REDEMPTION, EARLY REDEMPTION, CONVERSION

### 5.1 Redemption / Conversion at maturity

#### 5.1.1. The Issuer shall either:

- (a) redeem the Bonds in full on the Maturity Date (or, to the extent such day is not a Business Day, on the Business Day following from an application of the Business Day Convention) with an amount per Bond equal to the Current Outstanding Amount together with accrued but unpaid and non-capitalized Deferred Interest; or
- (b) unless previously converted or redeemed and cancelled in accordance with these Terms and Conditions, proceed with the Conversion of the Bonds on the Maturity Date into such amount of New Shares as is equal to the Conversion Ratio in effect on the relevant Conversion Date, subject to Condition 5.6 (*Restrictions to the Conversion*).

#### 5.1.2. Should the Issuer opt for the Conversion, it shall:

- (a) no later than twenty-five (25) Business Days prior to the Maturity Date, by way of a notice given to the Holders and the Calculation and Conversion Agent in accordance with Condition 16 (*Notices*), remind the Holders of the procedure to be followed by them in respect of such Conversion as set out in Condition 5.7 (*Procedure for Conversion*), including without limitation the requirement for each Holder to deliver the Clearing System Certificate representing Bonds held by it in accordance with Condition 5.7 (*Procedure for Conversion*), as a precondition to the issuance of the New Shares and their subsequent assignment to the relevant Holders (the “**Conversion Notice**”) The Conversion Notice should also contain an invitation to the Holders to elect the category of Shares into which their Bonds shall be converted, in accordance with Condition 5.5, and the Issuer’s option to capitalize the outstanding Deferred Interest on the relevant Record Date, if any, or not.
- (b) deliver the relevant number of New Shares to the Holders on or prior to the relevant Settlement Date.
- (c) prior to the communication of the Conversion Notice, be entitled to elect whether the non-capitalized Deferred Interest outstanding on the

relevant Record Date, will be capitalized and form part of the Current Outstanding Amount or be paid in cash in accordance with Condition 7 (*Payments*).

## 5.2 Early voluntary redemption by the Issuer (Call Option)

- (a) The Issuer may redeem at least 5% of the Current Outstanding Amount of the Bonds in cash on any Business Day before the Maturity Date, at a price per Bond equal to 101% of the Current Outstanding Amount, subject to the provisions outlined in this Condition. Such partial redemption shall be made *pro rata* to the number of Bonds held by each Holder (the “**Call Option**”).
- (b) The Call Option in accordance with this Condition 5.2 shall be made by the Issuer giving not less than twenty-five (25) Business Days’ notice to the Holders and the Paying Agent and the Calculation and Conversion Agent (the “**Call Option Notice**”). Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer’s discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer shall redeem the relevant portion of Bonds at the applicable amounts.
- (c) The Issuer shall not be entitled to exercise the Call Option should the Redemption Date, as stated in the Call Option Notice, fall after the Maturity Date.
- (d) Without prejudice to Condition 4.8(a), if the Call Option results to the redemption of the whole Current Outstanding Amount and thus leads to the termination of the Bonds, non-capitalized Deferred Interest outstanding on the relevant Record Date, if any, shall be capitalized and form part of the Current Outstanding Amount which to be so redeemed.

## 5.3 Early voluntary Conversion by the Issuer (Conversion Option)

- (a) The Issuer may (subject as provided below), at its sole discretion and upon giving notice (an “**Early Conversion Notice**”) to the Holders and the Paying Agent and the Calculation and Conversion Agent in accordance with Condition 16 (*Notices*), mandatorily convert all or some only of the outstanding Bonds into such number of New Shares in respect of each Bond as is equal to the Conversion Ratio in effect on the relevant Conversion Date, subject to Condition 5.6 (the “**Conversion Option**”). The Early Conversion Notice shall be given as aforesaid no less than fifteen (15) and no more than twenty-five (25) Business Days prior to the relevant Conversion Date. The Early Conversion Notice should also invite the Holders to elect the category of Shares into which their Bonds shall be converted, in accordance with Condition 5.5.
- (b) An Early Conversion Notice shall be irrevocable.
- (c) A prerequisite for the exercise of the Conversion Option by the Issuer is the former occurrence of an Interest Capitalization Event.

- (d) No Early Conversion Notice may be delivered pursuant to Condition 5.3 where the applicable Settlement Date would (at the time such Early Conversion Notice is given) be expected to fall on or after the Maturity Date.
- (e) The Early Conversion Notice shall specify:
  - (i) the relevant Conversion Date for the purposes of conversion of Bonds pursuant to this Condition 5.3;
  - (ii) the Conversion Ratio as at the latest practicable date prior to giving such notice;
  - (iii) the procedure to be followed by Holders in respect of such conversion as set out in Condition 5.7 (*Procedure for Conversion*), including without limitation the requirement for each Holder to deliver the Clearing System Certificate representing Bonds held by it in accordance with Condition 5.7 (*Procedure for Conversion*), as a precondition to issuance of the New Shares and their subsequent assignment to the relevant Holders. Via the same notice, the Issuer shall also communicate to the Holders its decision to capitalise the Deferred Interest outstanding on the relevant Record Date, if any, or not; and
  - (iv) the occurrence of an Interest Capitalisation Event.
- (f) The relevant number of New Shares shall be delivered by the Issuer on or prior to the Settlement Date, subject to Condition 5.5.
- (g) Prior to the communication of the Early Conversion Notice, the Issuer shall be entitled to elect whether the non-capitalised Deferred Interest outstanding on the relevant Record Date, will be capitalised and form part of the Current Outstanding Amount or it will be paid in cash in accordance with Condition 7.

#### 5.4 Mandatory Conversion

- (a) Upon the occurrence of an Event of Default, each Holder shall have the right to request that all, or only some, of its Bonds are converted (whereby the Issuer shall have the obligation to convert such Bonds), together with accrued but unpaid Interest into such number of New Shares in respect of each Bond as is equal to the Conversion Ratio in effect on the relevant Conversion Date, subject to Condition 5.6, during a period of thirty (30) calendar days following the earlier of (i) a notice from the Issuer of the Event of Default and (ii) such Holder becoming otherwise aware of the occurrence of the Event of Default. The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Event of Default.
- (b) The Issuer shall, within twenty-five (25) Business Days from the receipt of the Notice from the Holders requesting the Issuer to proceed with a Conversion upon the occurrence of an Event of Default, by way of a notice given to the Holders in accordance with Condition 16 (*Notices*), remind the Holders of the procedure to be followed by them in respect

of such conversion as set out in Condition 5.7 (*Procedure for Conversion*), including without limitation the requirement for each Holder to deliver the Clearing System Certificate representing the Bonds held by it in accordance with Condition 5.7 (*Procedure for Conversion*), as a precondition to issuance of the New Shares and their subsequent assignment to the relevant Holders (the “**Conversion Notice following an Event of Default**”). In the Conversion Notice following an Event of Default the Issuer shall inform the Holders about the Conversion Date which cannot fall more than twenty-five (25) Business Days following the occurrence of the Event of Default.

- (c) Without prejudice to Condition 4.8(a), in case of a Conversion following an Event of Default, non-capitalised Deferred Interest outstanding on the relevant Record Date, if any, shall be capitalised and form part of the Current Outstanding Amount.

#### 5.5 Specification of the type of New Shares

- (a) The Holders should inform the Issuer about their election with regard to the type of New Shares (Ordinary Shares or Preferred Shares) that their Bonds shall be converted into. Such election shall occur:
  - (i) within five (5) Business Days from receiving a Conversion Notice, or an Early Conversion Notice, as the case may be, by communicating a notice to the Issuer; or
  - (ii) when communicating to the Issuer the notice referred in Condition 5.4(a).
- (b) Each Holder should elect to convert all of the Bonds it holds either into Ordinary Shares or into Preferred Shares. A Holder shall not be entitled to convert some of the Bonds it holds into Ordinary Shares and some into Preferred Shares.
- (c) For those Holders who did not communicate their election to the Issuer, the latter shall be entitled to choose the type of shares that their Bonds will be converted into.

#### 5.6 Restrictions to the Conversion

- (a) The Conversion of the Current Outstanding Amount of the Bonds into New Shares, is also subject to the following terms:
  - (i) the New Shares issued as a result of the Conversion will not exceed 10% of the total Share Capital of the Issuer;
  - (ii) fractions of New Shares will not be issued or transferred or assigned to Holders and no cash payment or other adjustment will be made in lieu thereof; and
  - (iii) the number of New Shares which, pursuant to a Conversion, is to be issued and subsequently assigned to the same Holder, shall be calculated by the Issuer on the basis of the aggregate Current Outstanding Amount of such Bonds being so converted



and rounded down to the nearest whole number of the New Shares.

#### 5.7 Procedure for Conversion

- (a) As a precondition to the issuance of the New Shares and their subsequent assignment to the relevant Holders (but not, for the avoidance of doubt, to the payment of any Interest Payments or Deferred Interest) pursuant to a Conversion, each Holder shall by no later than the date falling fifteen (15) Business Days prior to the relevant Settlement Date, deliver the Clearing System Certificate representing its Bonds to the specified office of the Issuer in accordance with Condition 5.7(d), whereupon the Issuer shall (subject as provided in these Terms and Conditions) procure the issuance and subsequent assignment of the New Shares to or as directed by the relevant Holder. In case of a Conversion following an Event of Default, the Holders shall deliver the Clearing System Certificate no later than the date falling five (5) Business Days prior to the relevant Settlement Date
- (b) If the relevant Clearing System Certificate is not delivered to the specified office of the Issuer within the deadlines outlined above (such Bonds being the “**Unsurrendered Bonds**”), the New Shares will be issued to a person (the “**Relevant Person**”) appointed by the Issuer prior to the relevant Settlement Date. Upon issue of the New Shares to or to the order of the Relevant Person, the Holders shall have no further rights to a further issue of New Shares under the Unsurrendered Bonds and their entitlement shall instead be to the net proceeds of sale of the New Shares, subject to and in accordance with this Condition 5.7(b). The Issuer shall procure that all of such New Shares shall be sold by or on behalf of the Relevant Person as soon as practicable and the net proceeds of such sale shall be distributed to the holders of the Unsurrendered Bonds in whose name(s) such Unsurrendered Bonds are evidenced, in proportion to the Current Outstanding Amount of such Unsurrendered Bonds held by each such relevant Holder.
- (c) Any such cash amount paid as aforesaid to a Holder pursuant to this Condition 5.7(b), along with any Deferred Interest, capitalized or not, if any, shall be treated for all purposes as discharging the Issuer’s obligations in respect of the Conversion of the relevant Bonds, and all rights of each relevant Holder to receive New Shares corresponding to the Current Outstanding Amount of such Bonds, shall be extinguished upon the payment of the relevant amount and any Deferred Interest, capitalized or not, if any.
- (d) General provisions
  - (i) If the delivery of the relevant Clearing System Certificate as described herein is made after the end of normal business hours or on a day which is not a Business Day, such delivery shall be deemed for all purposes of these Terms and Conditions to have been made on the next following such Business Day.
  - (ii) Any determination as to whether any Clearing System Certificate has been duly and properly delivered shall be made

by the Issuer and shall, save in the case of manifest error, be conclusive and binding on the relevant Holder.

- (iii) A Holder must pay directly to the relevant authorities any taxes and capital, stamp, issue, registration and transfer taxes and duties arising on any Conversion other than any capital, stamp, issue, registration and transfer taxes and duties payable in Luxembourg or in any other jurisdiction in which the Issuer may be domiciled or resident or to whose taxing jurisdiction it may be generally subject, in respect of the issue or transfer of New Shares in respect of such exercise, which shall be paid by the Issuer. Such Holder must also pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with such Conversion. If the Issuer shall fail to pay any capital, stamp, issue, registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant Holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Holder in respect of any payment thereof and any penalties payable in respect thereof.
- (iv) The Issuer will take all necessary steps to procure that the New Shares to be issued and assigned to the respective Holder(s) on Conversion are credited to the Holder(s) no later than twenty-five (25) Business Days following the relevant Settlement Date.
- (v) The issuance of any New Shares shall be recorded before a Luxembourg notary in each case as soon as possible after the Conversion Date.

#### 5.8 Adjustment of Share Capital and anti-dilution protection

- (a) The issuance of Shares after the Issue Date shall increase the Share Capital of the Issuer for the purpose of calculating the Conversion Ratio, only in cases where the Shares are subscribed by the existing shareholders of the Issuer or their Affiliates.
- (b) For the avoidance of doubt, the above paragraph will not apply in the potential listing of the Issuer's Shares in a trading venue.
- (c) No adjustment will be made to the Share Capital of the Issuer for the purpose of calculating the Conversion Ratio, where Shares are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any member of the Group or any Affiliate or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme or pursuant to any dividend reinvestment plan or similar plan or scheme.

#### 5.9 Optional redemption for taxation reasons

- (a) If the Issuer determines in good faith that, as a result of a Change in Tax Law, the Issuer is, or on the next Interest Payment Date would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, the Issuer may, in its absolute discretion, decide to redeem all, but not only some, of the outstanding Bonds in full on any Business Day before the Maturity Date. The Issuer shall give not less than twenty (20) and not more than forty (40) Business Days' notice of the redemption to the Holders and the repayment per Bond shall be made at 100% of the Current Outstanding Amount .
- (b) The notice from the Issuer pursuant to Condition 5.9(a) shall not be given (a) earlier than ninety (90) calendar days prior to the earliest date on which the Issuer would be obliged to make the relevant payment of Additional Amounts if a payment in respect of the Bonds were then due and (b) unless at the time such notice is given, such obligation to pay the relevant Additional Amounts remains in effect. Prior to giving any notice of redemption pursuant to the foregoing, the Issuer shall deliver to the Holders (i) a declaration in writing stating that it is entitled to effect such redemption and setting forth a statement of facts showing that a Change in Tax Law is at hand and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (ii) a written opinion of an independent tax counsel of recognized standing who is qualified to provide tax advice under the laws of the Relevant Taxing Jurisdiction to the effect that the Issuer has or have been or will become obligated to pay the relevant Additional Amounts as a result of a Change in Tax Law. The Holders shall accept such declaration and opinion as sufficient evidence that a Change in Tax Law is at hand without further inquiry and which shall be conclusive and binding on the Holders.
- (c) In the case of redemption due to withholding as a result of a Change in Tax Law such Change in Tax Law must become effective on or after the Issue Date.

## **6. ORDINARY/ PREFERRED SHARES**

- 6.1 The New Shares to be issued upon Conversion of the Bonds shall be issued by the relevant corporate body of the Issuer pursuant to the articles of association of the Issuer and shall be registered in the relevant shareholders' register of the Issuer further to the issue thereof.
- 6.2 The New Shares issued upon Conversion of the Bonds shall be paid up through a set-off with the claim represented by the Bonds, provided that New Shares with a nominal value of EUR 0.01, fully paid up, shall be granted for each Bond with a nominal value of EUR 1,000.00, each, according to the applicable Conversion Ratio.
- 6.3 New Shares issued upon Conversion of the Bonds shall be subject to all provisions of the articles of association of the Issuer and any shareholders' agreement.
- 6.4 The shareholders' register of the Issuer shall be updated upon the issue of New Shares.

## 7. PAYMENTS – ISSUE OF SHARES

### 7.1 Currency

All payments on the Bonds shall be made by the Issuer in Euro.

### 7.2 Payments

Payments of principal, interest and all other cash payments payable on the Bonds shall be made by the Issuer on the relevant due date to the Paying Agent in accordance with Condition 12.1, for on-payment to the Clearing System for credit to the accounts of the respective accountholders in the Clearing System. All payments made to the Clearing System or to its order shall discharge the liability of the Issuer under the Bonds to the extent of the amounts so paid.

### 7.3 Payment Date/Due Date

For the purposes of these Terms and Conditions, “**payment date**” means the day on which the payment is actually to be made, and “**due date**” means the payment date provided for herein, without taking account of such adjustment.

### 7.4 Issue of New Shares pursuant to a Conversion

Following a Conversion, the Issuer shall issue the necessary number of New Shares, in accordance with the relevant Conversion Ratio and register the Holders of the Bonds as shareholders of the Issuer in accordance with Condition 6 and within twenty-five (25) Business Days following the relevant Settlement Date.

## 8. TAXES

### 8.1 Withholding Tax

All payments under Conditions 4 (*Interest*) and 5 (*Maturity, Redemption, Early Redemption*, ) in respect of the Bonds will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed (i) by the relevant tax authority or any political subdivision or any authority therein that has power to tax or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof (“**FATCA**”) or any law implementing an intergovernmental approach to FATCA, unless that withholding or deduction is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA or any law implementing an intergovernmental approach to FATCA). In that event, the Issuer will pay such additional amounts (the “**Additional Amounts**”) as the Holders would have received if no such withholding or deduction had been required, except if such Additional Amounts:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not

constitute a deduction or withholding by the Issuer from payments of principal or interest made by it under the Bond; or

- (b) are payable by reason of a change in law that becomes effective more than 30 (thirty) days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with Condition 16 (Notices), whichever occurs later; or
- (c) are required by reason of an agreement described in Section 1471(b) of the Code or otherwise required by FATCA or any law implementing an intergovernmental approach to FATCA.

## 8.2 Prepayment

If, as a result of any change in, or amendment to, the laws or regulations prevailing in the relevant tax jurisdiction, which change or amendment becomes effective on or after the Issue Date or as a result of any application or official interpretation of such laws or regulations not generally known before that date, taxes or duties are or will be leviable on payments of principal or interest under the Bonds and, by reason of the obligation to pay Additional Amounts as provided in the provision above or otherwise such taxes or duties are to be borne by the Issuer, Condition 5.9 (*Optional Redemption for Taxation Reasons*) applies.

## 9. SPECIAL UNDERTAKINGS

### 9.1 General

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Condition 9.

### 9.2 Distributions

- (a) the Issuer shall not pay any dividend or make any other payment or distribution on its Equity Interests or make any other similar distribution or transfers of value to the Issuer's direct or indirect shareholders or the Affiliates of such direct and indirect shareholders (other than dividend or distributions payable in Equity Interests of the Issuer) (the "**Restricted Payment**"), provided, however, that, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, any such Restricted Payment can be made by the Issuer provided that the latter, at the time of such Restricted Payment, does not occur during a Deferral Period.

### 9.3 Listing of Bonds

The Issuer shall ensure (a) within 6 months after the Issue Date, that the Bonds are admitted to trading at Nasdaq Riga First North Market or on another comparable trading venue within the EU and continue being listed thereon and (b) upon any further issues of bonds which are fungible and to be consolidated with the Bonds pursuant to Condition 15 (*Further Issues*) and in any event not later than fifteen (15) Business Days after the relevant issue date, that such further issued Bonds are listed and admitted to trading on the same market

where the Bonds issued on the Issue Date are currently listed and admitted to trading.

#### 9.4 Compliance with laws

The Issuer shall (a) comply in all material respects with all laws and regulations applicable from time to time and (b) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorization, approval, license or other permit required for the business carried out by the Issuer.

#### 9.5 Financial reporting and information

(a) The Issuer shall:

- (i) prepare and make available the annual audited unconsolidated and consolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than four (4) months after the expiry of each financial year;
- (ii) prepare and make available the quarterly interim unaudited consolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors on its website not later than forty-five (45) calendar days after the expiry of each relevant interim period; and
- (iii) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website.

### 10. FINANCIAL COVENANTS

#### 10.1 Financial Conditions

The Issuer shall ensure that:

- (a) the Interest Coverage Ratio for the Relevant Period; and
- (b) the Capitalization Ratio for the Relevant Period,

are at least as high as it is stated and required in the terms and conditions of the Eurobonds.

#### 10.2 Financial Testing

The financial covenants set out in Condition 10.1 (*Financial Conditions*) shall be calculated in accordance with the Accounting Principles and tested quarterly by reference to each of the Financial Report of the Issuer published pursuant to Condition 9.5(a)(i) and 9.5(a)(ii) and, in case the Issuer has acquired or sold/divested another entity during the Relevant Period, by including reference to each of the financial reports of such acquired or sold/divested entity prior to the acquisition or sale on a *pro forma* basis.

### 10.3 Covenant Cure

- (a) The shareholders of the Issuer may cure or prevent a breach of the financial covenants in Condition 10.1 (*Financial Conditions*) if, prior to or within ninety (90) calendar days from the date that such Financial Report was in fact published in the website of the Issuer for any Relevant Period in which such failure to comply was (or would have been) first evidenced, the Issuer receives the cash proceeds of New Shareholder Injections from the shareholders of the Issuer (the “**Equity Cure**”), in an amount at least sufficient to ensure that the financial covenants set out above would be complied with if tested again as at the last day of the same Relevant Period on the basis that any Equity Cure so provided shall be included for the Relevant Period as if provided immediately prior to the last day of such Relevant Period (the “**Adjustment**”).
- (b) Any new equity and/or subordinated debt so provided in respect of any Relevant Period shall be deemed to have been provided immediately prior to the last date of such Relevant Period and shall be included (without double counting) in all relevant covenant calculations until the date it was deemed provided falls outside any subsequent Relevant Period.
- (c) If, after giving effect to the Adjustment, the requirements of the relevant financial covenants are met, then the requirements thereof shall be deemed to have been satisfied at the relevant original date of determination and any breach shall be deemed to have been remedied for the purposes of Condition 4.6(a).

## 11. TERMINATION OF THE BONDS

11.1 The Holders, pursuant to a Holders’ Meeting, convened by the Issuer following a request by Holders holding not less than 40% of the principal amount of all the Bonds in accordance with Condition 14.2, may resolve to terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as they determine (such later date not falling later than thirty (30) Business Days from the date on which the Holders made such decision). , if:

- (a) Non-payment

the Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is due to technical or administrative error and is remedied within ten (10) Business Days of the due date. For the avoidance of doubt, the occurrence of the following shall not entitle the Holders to terminate the Bonds:

- (i) the deferral of interest;
- (ii) the non-payment of Deferred Interest;
- (iii) the capitalization of Deferred Interest due to non-payment thereof for more than six (6) months; and

(iv) the non-payment of Additional Interest.

(b) Non-Issuance of Shares

the Issuer fails to issue the New Shares and have them subscribed by the relevant Holders within twenty (25) Business Days from the relevant Settlement Date, in accordance with the Terms and Conditions.

(c) Insolvency

(i) the Issuer is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors (other than under these Terms and Conditions) with a view to rescheduling its Financial Indebtedness other than the Bonds;

(ii) a moratorium is declared in respect of the Financial Indebtedness of the Issuer; or

(iii) an Insolvency Event occurs with respect to the Issuer.

(d) Insolvency proceedings

any corporate action, legal proceedings or other procedures are taken (other than proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within thirty (30) calendar days of commencement or, if earlier, the date on which it is advertised) in relation to:

(i) the suspension of payments, winding-up, dissolution, administration or reorganization (by way of voluntary agreement, scheme of arrangement or otherwise) of the Issuer;

(ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Issuer or any of its assets; or

(iii) any analogous procedure or step is taken in any jurisdiction in respect of the Issuer;

11.2 Termination for payment prematurely may only occur if the cause of termination is continuing at the time of the Holders' decision. However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned in Condition 11.1(c) (*Insolvency*).

11.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.



- 11.4 The Issuer is obligated to inform the Holders immediately if any circumstance of the type specified in Conditions 11.1 should occur. Should the Holders not receive such information, the Holders are entitled to assume that no such circumstance exists or can be expected to occur, provided that the Holders do not have knowledge of such circumstance. The Holders are under no obligations to make any investigations relating to the circumstances specified in Condition 11.1 . The Issuer shall further, at the request of the Holders, provide them with details of any circumstances referred to in Condition 11.1 and provide them with all documents that may be of significance for the application of this Condition 11.
- 11.5 The Issuer is only obligated to inform the Holders according to Condition 11.4 if informing them would not conflict with any statute or the Issuer's registration contract with Nasdaq Riga First North Market (or any other stock exchange or trading venue, as applicable). If such a conflict would exist pursuant to the listing contract with the relevant stock exchange or otherwise, the Issuer shall however be obligated to either seek the approval from the relevant stock exchange or undertake other reasonable measures, including entering into a non-disclosure agreement with the Holders, in order to be able to timely inform them according to Condition 11.4
- 11.6 If the Holders have been notified by the Issuer or have otherwise determined that there is a default under these Terms and Conditions according to Condition 11.1 , they shall decide, within twenty (20) Business Days of the day of notification or determination, if the Bonds shall be declared terminated. The Holders shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 11.7 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Condition 11 without relevant decision by the Holders following a decision taken in the context of duly convened meeting in accordance with Condition 14 (*Meetings of Holders*).
- 11.8 If the Bonds are declared due and payable in accordance with the provisions in this Condition 11 , any non-capitalised Deferred Interest outstanding on the relevant date of termination shall be capitalised and form part of the Current Outstanding Amount.,

## 12. AGENTS

### 12.1 Paying Agent

Banque Internationale à Luxembourg will act , as paying agent (the "**Paying Agent**"). Changes of address shall be notified in accordance with Condition 16 (*Notices*). In no event will the specified office of the Paying Agent be within the United States of America or its possessions.

The Issuer shall determine the EURIBOR rate applicable on each EURIBOR Determination Date and directly inform the Paying Agent, without the involvement of the Calculation and Conversion Agent.

### 12.2 Calculation and Conversion Agent

AALTO CAPITAL AG will act, until further notice, as calculation and conversion agent (the “**Calculation and Conversion Agent**”). Changes of address shall be notified in accordance with Condition 16 (*Notices*). In no event will the specified office of the Calculation and Conversion Agent be within the United States of America or its possessions.

The Issuer will perform all the calculations related to payments or delivery of New Shares under the Bonds. The Calculation and Conversion Agent shall control the calculations made by the Issuer and subsequently inform accordingly the Paying Agent together with the Issuer.

In case the engagement of AALTO CAPITAL AG as Calculation and Conversion Agent is terminated, the competences of the Calculation and Conversion Agent will be allocated to the Issuer until a new Calculation and Conversion Agent is appointed.

### 12.3 Binding Determinations

All determinations, calculations and adjustments made by any of the above agents will be made in conjunction with the Issuer and will, in the absence of manifest error, be conclusive in all respects and binding upon the Issuer and all Holders.

## 13. FURTHER ISSUES

The Issuer reserves the right to issue from time to time, without the consent of the Holders, additional bonds with substantially identical terms as the Bonds (as the case may be, except for the issue date, interest, commencement date and/or issue price), including in a manner that the same are fully fungible with the then existing Bonds and can be consolidated to form a single series of bonds and increase the aggregate principal amount of the Bonds. The term “**Bond**” will, in the event of such consolidation, also comprise such additionally issued bonds. The Issuer shall, however, not be limited in issuing additional bonds, which are not fungible and consolidated with the Bonds and which provide for different terms, as well as in issuing any other debt securities, subject to compliance with these Terms and Conditions.

## 14. MEETINGS OF HOLDERS

### 14.1 General

Articles 470-3 – 470-19 of the Luxembourg law dated 10 August 1915 on commercial companies, as amended (the “**Companies Law**”) shall be derogated by this Condition.

### 14.2 Convening of physical meetings

The Issuer may, and shall upon the request in writing signed by any one or more of the Holders holding not less than 40% of the principal amount of all the Bonds for the time being outstanding, convene a meeting of the Holders to be held at such place and by any means as the Issuer shall determine.

At least fourteen (14) Clear Days’ notice shall be given by the Issuer to the Holder by simple letter or electronic mail, or through the Clearing System in the

conditions provided in Condition 16 (*Notices*). The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted. The notice shall state that the Holder is entitled to appoint a proxy to attend and vote on such Holder's behalf for the purposes of Conditions 14.7 (*Poll*) and 14.8 (*Voting*).

By way of derogation from the provisions of Condition 16.1(c), any notice given through the Clearing System shall be deemed to have been given to each Holder on the day after the day on which the said notice was given to the Clearing System.

The accidental failure to give notice to or the non-receipt of notice by the Holder shall not invalidate the proceedings of or any resolution passed at any meeting.

### 14.3 Quorum and majority

Modification of the Conditions (i) to change the maturity of the Bonds or the date on which interest (if any) is payable in connection with the Bonds, (ii) to reduce the nominal amount of or reduce the Interest Rate or the Additional Interest Rate (if any) payable in connection with the Bonds, (iii) to change majority required to pass a resolution or (iv) to make any other change or amendment to the Conditions or the Finance Documents (other than any modification, authorization or waiver as described in Condition 14.14 (*Amendments and waivers not requiring a Holders' resolution*) below) may only be made by a resolution approved by two-thirds of votes cast (an "**Extraordinary Resolution**").

Other resolutions concerning, inter alia, (i) the approval of any conservatory measure taken in the common interest of the Holders, (ii) the determination of any other measures aimed at defending the Holders' interests or the exercise by the Holders of their rights will be taken by a resolution approved by a simple majority of votes cast (an "**Ordinary Resolution**").

For the sake of clarity, the Holders are not entitled to amend the conditions for the Conversion of the Bonds or the Deferral of Interest (including the capitalization thereof) as provided in these Terms and Conditions.

The quorum at any meeting for passing an Extraordinary Resolution or an Ordinary Resolution will be one or more persons holding or representing not less than 50% of the nominal amount of the relevant Bonds for the time being outstanding. Any resolution passed at any meeting of the Holders will be binding on all the relevant Holders (whether or not they were present at the meeting at which such resolution was passed).

If no quorum is present within thirty (30) minutes from the time appointed for any meeting of the Holders, the meeting shall be adjourned to such day (not being less than fourteen (14) days nor more than twenty-eight (28) days after the date of the original meeting) and time and place as the chairman directs. At any such adjourned meeting the Holder or Holders or proxies for Holders present, regardless of the number of Bonds held or represented by them, will constitute a quorum for all purposes. At least seven (7) days' notice of any adjourned meeting of the Holders shall be given. Notice of any adjourned meeting shall, so far as possible, be given in the same manner as for the original meeting and such notice shall state that the Holder or Holders or

proxies for the Holders present at such meetings, regardless of the number or the Bonds held or represented by them, will constitute a quorum. No business shall be transacted at any adjourned meeting except business, which might lawfully have been transacted at the meeting from which the adjournment took place.

#### 14.4 Chairman

The Issuer may nominate in writing a person to preside as chairman at a meeting but if no such person is nominated or, if at any meeting the person nominated shall not be present within five minutes after the time appointed for holding the meeting the Holders present shall choose one of their number to be pro tempore chairman for this meeting. No chairman is requested for a decision that is taken by way of resolution in writing as set out in Condition 14.13 (*Resolution in writing*) below.

#### 14.5 Attendance of members of the board of directors of the Issuer and advisors

The members of the board of directors and the legal and other professional advisors of the Issuer and any other person authorized in that behalf by the Issuer may attend and speak at any meeting.

#### 14.6 Resolutions taken during a physical meeting

A resolution put to the vote of the meeting shall be decided on a show of hands unless before the declaration of the result on the show of hands a poll is demanded by the chairman or by one or more Holders present in person or by proxy and holding or representing in aggregate not less than 5% of the relevant Bonds for the time being outstanding. Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

#### 14.7 Poll

If a poll is duly demanded it shall be taken in such manner and at such time and place as the chairman may direct except that a poll demanded on the election of a chairman or any question of adjournment shall be taken at the meeting without adjournment.

No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least seven (7) days' notice shall be given.

The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.

The result of a poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

#### 14.8 Voting

On a poll every Holder who is present in person or by proxy or, in the case of a corporation, by its authorized representatives shall have one vote for every Bond held by him. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

No objection shall be raised to the qualification of any person voting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

#### 14.9 Equality of votes

In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting shall not be entitled to a casting vote.

#### 14.10 Adjournment of meeting

The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any such adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. No notice of any such adjourned meeting need be given except when the meeting is adjourned for fourteen (14) days or more, in which event at least seven (7) clear days' notice shall be given.

#### 14.11 Proxies

The instrument appointing a proxy shall be in writing and signed by the appointor or his attorney duly authorized in writing or, if the appointor is a corporation, signed by an attorney or officer so authorized. The Issuer may but shall not be bound to require evidence of the authority of any such attorney or officer.

A person appointed to act as proxy need not be a Holder. The chairman of the meeting may be designated as a proxy in an instrument of proxy without being named. An instrument of proxy shall be valid for any adjournment of the meeting to which it relates unless the contrary is stated on it.

The instrument appointing a proxy and the power of attorney under which it is signed or a notarially certified copy of such power of attorney shall be deposited at the Issuer's registered office or at such place as may be specified in the notice convening the meeting or any document accompanying such notice not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting or for the taking of the poll to which such instrument relates. Any instrument of proxy not deposited as provided in this Condition shall be invalid.

The instrument appointing a proxy shall not have been granted more than twelve (12) months before the meeting at which it is purported to be used.

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or

revocation of the proxy or of the authority under which the proxy is given unless notification in writing of the death, insanity or revocation shall have been received at the registered office of the Issuer prior to the commencement of the meeting or adjourned meeting or the taking of the poll at which the proxy is to be used.

#### 14.12 Minutes

The chairman shall procure that minutes of all resolutions and proceedings at every meeting shall be produced and duly entered in books to be provided for that purpose by the Issuer. Any such minutes as aforesaid if purporting to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting of the Holders shall be conclusive evidence of the matters contained in the minutes and until the contrary is proved every such meeting in respect of which minutes have been made and signed as aforesaid shall be deemed to have been duly convened and held and all resolutions passed at such meeting to have been duly passed.

#### 14.13 Resolution in writing

Notwithstanding the above, a resolution in writing signed as described in this Condition (“**Vote without Meeting**”) shall be valid and effectual as if it had been passed at a meeting of the Holders duly convened and held. Such resolution in writing may consist of several documents in the like form each signed by or on behalf of one or more such persons.

A resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of Holders.

A resolution in writing signed by or on behalf of the holders of a simple majority in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effectual as an Ordinary Resolution passed at a meeting of Holders.

A resolution in writing, for which the Holders will express their approval or disapproval electronically, shall for all purposes be as valid and effectual as an Ordinary Resolution or, as the case may be, an Extraordinary Resolution as if it had been passed at a meeting of the Holders duly convened and held.

#### 14.14 Amendments and waivers not requiring a Holders’ resolution

The Issuer and the Holders’ representative, if any, may determine, without liability to any person therefor, any modification of the Finance Documents, or waiver of any rights thereof, which is, in the opinion of the Issuer and the Holders’ representative, if any,, of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law and which is in the opinion of the Issuer and the Holders’ representative, if any, not materially prejudicial to the interests of the Holders.

The Issuer may determine, without liability to any person therefor, any modification of Conditions 4.5, 4.7, 4.8, 5.1, 5.2 and 5.3, which is in the opinion

of the Issuer and the Holders' representative, if any, not materially prejudicial to the interests of the Holders.

Any of the above modification, authorization or waiver will be binding on the Holders and such modification will be notified to the Holders as soon as practicable in accordance with Condition 16 (*Notices*).

## **15. APPOINTMENT OF HOLDERS' REPRESENTATIVE**

- 15.1 The Holders may, by a majority resolution, provide for the appointment of a Holders' representative. In the event that such Holders' representative is to be authorized to consent to a material change in the substance of the Terms and Conditions or other material matters, the appointment may only be passed by an extraordinary resolution.

## **16. NOTICES**

- 16.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:

- (a) if to the Paying Agent, shall be given at the address 69, route d'Esch, L-2953 Luxembourg, Grand Duchy of Luxembourg on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Paying Agent to the Issuer from time to time;
- (b) if to the Issuer, shall be given at the address 8-10 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg or such address notified by the Issuer to the Holders from time to time;
- (c) if to the Holders, shall be published on the Issuer's website and/or otherwise in accordance with the provisions of legal regulations. A notice will be deemed to be made on the day of its publication (in case of more than one publication, on the day of the first publication). As long as the Bonds are cleared, the Issuer shall also make notifications to the clearing system for communication by the clearing system to the Holders or directly to the Holders, provided this complies with the rules of the stock exchange on which the Bonds are listed. Notifications vis-à-vis the clearing system will be deemed to be effected seven (7) days after the notification of the clearing system, direct notifications of the Holders will be deemed to be effected upon their receipt.

- 16.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Condition 16.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Condition 16.1.

- 16.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

## 17. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten (10) years (in the case of payments relating to principal or the issuance of New Shares and assignment to the relevant Holders) or five (5) years (in the case of payments relating to interest) as from the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) as from the date on which notice is duly given to the Holders in accordance with Condition 16 (*Notices*) stating that, upon further presentation of the Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

## 18. APPLICABLE LAW AND PLACE OF JURISDICTION

### 18.1 Governing Law

The Bonds are governed by, and shall be construed in accordance with, Luxembourg law.

### 18.2 Jurisdiction

The exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with the Bonds shall be the courts of Luxembourg, Grand Duchy of Luxembourg. The Issuer and the Holders hereby submit to the jurisdiction of such court.

## Issuer's intention regarding redemption and repurchase of the Bonds

*The following paragraphs in italics do not form part of the Terms and Conditions.*

*Terms used but not defined in the paragraphs below shall have the meaning set out in the Terms and Conditions.*

*The Issuer intends (without thereby assuming a legal or contractual obligation) to redeem or repurchase the Bonds only to the extent they are replaced with instruments which have been assigned an equivalent equity credit by Fitch Ratings Inc. (the "**Fitch**"). The net proceeds received by the Issuer from the sale of securities which are assigned an aggregate equity credit by Fitch that is at least equal to the aggregate equity credit assigned to the Bonds to be redeemed or repurchased at the Issue Date of the Bonds (but taking into account any changes in subordinated capital methodology or the interpretation thereof since the Issue Date of the Bonds) will count as replacement.*

*The following exceptions apply as to the Issuer's replacement intention. The Bonds are not required to be replaced:*

*(i) if the issuer credit rating assigned by Fitch to the Issuer is the same as or higher than the issuer credit rating assigned by Fitch to the Issuer on the date of the last additional subordinated issuance (excluding refinancing) of subordinated securities*



*which were assigned a similar equity credit by Fitch and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase;  
or*

*(ii) if the Bonds are not, at the time of the redemption, assigned an equity credit (or such similar nomenclature then used by Fitch at the time of such redemption or repurchase).*

## XXI. TAXATION

The tax legislation in force in the jurisdiction of a potential investor, in the Issuer's country of incorporation (i.e., the Grand Duchy of Luxembourg) and in any other relevant jurisdiction may have an impact on the income which may be received from the Bonds.

The following section is a description of certain tax consequences under the tax laws of Germany and Luxembourg with regard to the acquisition, ownership and sale of the Bonds. The following description of the German and Luxembourg tax situations is not intended to provide exhaustive information that might be necessary for an individual purchase decision regarding the Bonds offered. Only the essential regulations of income taxation are described in an outline. The Issuer points out that the specific tax consequences depend on the personal circumstances of the investors and may be affected by future changes in tax legislation, case law and/or the instructions of the fiscal authority. The description is based on the fiscal law applicable in Germany and Luxembourg at the time this Offering Memorandum is being produced. These laws may change with retroactive effect as well. The specific tax treatment of the purchase, ownership or sale of the Bonds is thus only governed by the tax laws applicable in the individual case at any time in the respective interpretation by the fiscal authority and the fiscal courts. It cannot be ruled out that the interpretation by a tax authority or a fiscal court is different from the explanations shown here. Although the following explanations reflect the assessment by the Issuer, they may not be misinterpreted as tax advice or a guarantee. Tax advice cannot be replaced by these explanations and is therefore strongly recommended.

### 1. Taxation in the Federal Republic of Germany

#### Tax Residents

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons whose residence, habitual abode, statutory seat or place of management is located in Germany) are subject to unlimited taxation (income tax or corporate income tax, in each case plus solidarity surcharge on the (corporate) income tax plus church tax and/or trade tax, if applicable). The unlimited tax liability applies to the worldwide income, regardless of its source, including interest on capital claims of any kind and, in general, capital gains. However, contrary provisions in German double taxation treaties may allocate a taxation right to another country.

#### Taxation if the Bonds are held as private assets

Should the Bonds be held as private assets by a domestic tax-resident individual investor, the interest paid on the Bonds and capital gains from the sale or redemption of the Bonds or the separate sale or redemption of interest claims are taxable at a uniform tax rate of 25 % (26,675 % including solidarity surcharge plus church tax, if applicable, the rate of which varies depending on the province). Capital gains/losses realised upon the sale or redemption of the Bonds are computed as the difference between the proceeds from the disposition or redemption (after deduction of actual expenses directly related thereto) and the issue or purchase price of the Bonds. If the respective income is paid through the banking system, which is the case if the Bonds are held in a custodial account which the owner of the Bonds maintains with a domestic branch of a German or non-German bank, a financial services institution, a domestic securities trading business or a domestic securities trading bank, the tax will be withheld at source, generally as a final burden. If the income is paid from elsewhere, e.g., from a foreign bank, and therefore no tax is withheld at source, the taxpayer must

report the respective income in his tax return. The uniform tax rate charge will then be levied by assessment, independently of all other features of the taxpayer's situation. In certain cases, the investor may apply to be assessed on the basis of its actual personal tax rate if such rate is lower than the uniform tax rate of 25 %. However, within the scope of the withholding tax, a deduction of the actual income-related expenses (in excess of a lump-sum amount of 801 EUR or EUR 1,602 for married couples assessed together) is excluded. Losses from the sale of Bonds can only be offset against other capital gains income and, if there is not sufficient other positive capital gains income, carried forward in subsequent assessment periods. Losses, which have been subject to withholding tax as set out above can only be offset or carried forward if the disbursing agent issues a corresponding (loss) certificate pursuant to Sec. 43a para. 3 sentence 4, Sec. 45a para. 2 of the German Income Tax Act (*Einkommensteuergesetz; EStG*).

No German withholding tax will be levied if the investor has filed a withholding tax exemption certificate with the respective German disbursing agent, but only to the extent that the paid interest or the capital gain does not exceed the lump-sum amount as described above. Similarly no withholding tax will be levied, if the relevant investor has submitted a non-assessment certificate issued by the relevant local tax office

#### Taxation if the Bonds are held as business assets

For German tax resident corporations and domestic commercial investors, holding the Bonds as business assets, interest payments and capital gains will be subject to (corporate) income tax and, if applicable, trade tax. Business expenses related to the Bonds generally are deductible.

The corporate income tax rate including the solidarity surcharge amounts to 15,825 %. Commercial investors not being subject to corporate income tax are taxed at their personal income tax rate which amounts up to 45%. The trade tax rate for businesses being subject to German trade tax, depends on the municipality where the business is located. Furthermore, in the case of individuals, church tax may be levied.

For these investors, only the interest paid on Bonds is generally subject to the provisions regarding German withholding tax as set out above. No withholding tax is levied in the case of the sale or redemption of the Bonds or the separate sale or redemption of interest claims if the investor is a German corporation subject to unlimited taxation or the proceeds from the Bonds qualify as income of a domestic business and the investor notifies this to the German disbursing agent by use of the officially required form. However, levied withholding tax has no settling effect, i.e. any tax withheld is credited as prepayment against the German (corporate) income tax amount.

#### Non-residents

Persons who are not tax resident in Germany are not subject to tax with regard to income derived from the Bonds. This does not apply, if (i) the Bonds are held as business assets of a German permanent establishment or are attributable to a permanent representative of such person or (ii) the income from the Bonds is subject to German limited taxation for other reasons (e.g. the Bonds are, irrespective of certain exceptions, directly or indirectly secured by German real property or domestic rights subject to the real estate provisions of German civil law).

If a non-resident person is subject to tax with its income from the Bonds, similar rules apply as set out above with regard to German tax resident persons.

Application of the German withholding tax regime on the Issuer

The Issuer is not obliged under German tax law to levy German withholding tax in respect of payments on the Bonds. Therefore, the Issuer assumes no responsibility for the withholding of taxes at the source.

Investors are also advised to seek the reliable advice of their own tax advisor regarding the specific fiscal implications of the investment. Such advice cannot be replaced by the above explanations.

### German Inheritance and Gift Tax

Generally German inheritance or gift taxes with respect to the Bonds will arise, if, in the case of inheritance tax, either the decedent or the beneficiary, or, in the case of gift tax, either the donor or the heir, is a resident of Germany or such Bond is attributable to a domestic business for which a permanent establishment is maintained or a permanent representative is appointed. This applies also to certain German citizens who previously maintained a residence in Germany.

## **2. Taxation Grand Duchy of Luxembourg**

### **Taxation of the Issuer**

The Issuer will be considered a fiscal resident of Luxembourg from a Luxembourg tax law perspective and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Issuer will be liable for Luxembourg corporation taxes. The current standard applicable rate in Luxembourg city, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and solidarity taxes, is currently 24.94%. Liability for such corporation taxes extends to the Issuer's worldwide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Issuer is computed by application of all rules of the Luxembourg income tax law of 4 December 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented on and currently applied by the Luxembourg tax authorities.

Under certain conditions, dividends received by the Issuer from qualifying participations and capital gains realised by the Issuer on the sale of qualifying participations may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption regime. The Issuer may further deduct from its taxable profits interest payments made to the holders of the Bonds (i) to the extent that such interest exceeds any exempt income derived from participations financed with the Bonds and qualifying under the Luxembourg participation exemption regime and (ii) subject to the interest limitation rule provided for by the ATAD 1 Law. Furthermore, should the Bonds finance qualifying participations under the Luxembourg participation exemption regime, any interest having reduced the taxable basis of the Issuer may be subject to recapture upon disposal of the qualifying participations by reducing the exempt amount of capital gains.

A fixed registration duty (*droit fixe spécifique d'enregistrement*) of EUR 75 is payable at the moment that the Articles are amended.

It is not compulsory that the Bonds be filed, recorded or enrolled with any court, or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Bonds, in accordance therewith, except that, if the Bonds are physically attached (*annexé(s)*) to a public deed or to any other document subject to mandatory registration in Luxembourg registration may be

ordered which results in the application of a fixed registration duty (of EUR 12) or an ad valorem registration duty (of 0.24% calculated on the amounts mentioned in the Bonds).

Under certain conditions, the Issuer could be exempt from wealth tax (*impôt sur la fortune*) on certain assets, such as qualifying participations under the Luxembourg participation exemption regime. However the Issuer will in any case be liable for the minimum wealth tax of EUR 4,815 or a progressive minimum amount between EUR 535 and EUR 32,100, depending on the balance sheet total of the Issuer.

## **Withholding tax**

### *Non-resident Holders of the Bonds*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of the Bonds, nor on accrued and unpaid interest in respect of the Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Bonds held by non-resident holders of the Bonds.

### *Resident Holders of the Bonds*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the “**Law**”), mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of the Bonds, nor on accrued and unpaid interest in respect of Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Bonds held by Luxembourg resident holders of the Bonds.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20%.

If the individual Holder holds the Bonds in the course of the management of his or her private wealth, the aforementioned 20% withholding tax will operate a full discharge of income tax due on such payments.

Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Bonds coming within the scope of the Law would be subject to withholding tax of 20%.

## **Income taxation**

### *Non-resident holders of Bonds*

A non-resident holder of Bonds, who does not have a permanent establishment or fixed place of business in Luxembourg or a permanent representative to which/whom the Bonds are attributable, is not subject to Luxembourg income tax on interest paid or accrued on, or any other income derived from, the Bonds. A gain realized by such non-resident holder of Bonds on the sale or disposal of Bonds, in any form whatsoever, is further not subject to Luxembourg income tax.

A non-resident corporate holder of Bonds or an individual holder of Bonds acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which/whom such Bonds are attributable, is subject to Luxembourg income tax on interest paid or accrued on, or any other income derived from, the Bonds and on any gains realised upon the sale or disposal, in any form whatsoever, of the Bonds.

### Resident holders of Bonds

Holders of Bonds who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

Holders of Bonds will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Bonds.

#### (a) Luxembourg resident individual holders of Bonds

A Luxembourg resident individual holder of Bonds, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of the interest paid or accrued on, or any other income derived from, the Bonds, except if (a) withholding tax has been levied on such payments in accordance with the Law; or (b) the individual holder of the Bonds has opted for the application of a 20% tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State).

Under Luxembourg domestic tax law, gains realised by an individual holder of the Bonds, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Bonds are not subject to Luxembourg income tax, provided this sale or disposal took place at least six months after the acquisition of the Bonds. An individual holders of Bonds, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, must however include the portion of the gain corresponding to accrued and unpaid interest in respect of the Bonds in his taxable income, except if (a) the 20% withholding tax has been levied on such payments in accordance with the Law; or (b) the individual holder of the Bonds has opted for the application of a 20% tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State).

The 20% withholding tax is the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the framework of their private wealth management.

An individual holder of Bonds acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Law will be credited against his/her final tax liability.

#### (b) Luxembourg resident corporate holders of Bonds

Interest paid or accrued on, or any other income derived from the Bonds as well as gains realised by a corporate holder of the Bonds on the sale or disposal, in any form whatsoever, of the Bonds are subject to Luxembourg income tax and municipal business tax.

A Luxembourg holder of Bonds that is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 relating to reserved alternative investment funds, as amended (the "**RAIF Law**"), provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned RAIF Law applies, will not be

subject to any Luxembourg corporation taxes in respect of interest received or accrued on the Bonds, or on gains realised on the sale or disposal, in any form whatsoever, of Bonds.

Holders of Bonds will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Bonds.

### **Net Wealth Tax**

A corporate holder of the Bonds, whether resident of Luxembourg for tax purposes or maintaining a permanent establishment or a permanent representative in Luxembourg to which/whom the Bonds are attributable, is subject to Luxembourg wealth tax on the Bonds, except if the holder of the Bonds is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialized investment funds, as amended, by the RAIF Law, provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned RAIF Law applies or is a securitization company governed by the law of 22 March 2004 on securitization, as amended, or a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

Since 1 January 2016, (i) securitization companies governed by the amended law of 22 March 2004 on securitization and (ii) investment companies in risk capital (SICAR) governed by the law of 15 June 2004 are subject to an annual minimum net wealth tax. Furthermore, under certain conditions, reserved alternative investment funds governed by the RAIF Law and which fall under the special tax regime set out under article 48 thereof may be subject to minimum net wealth tax.

An individual holder of the Bonds, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on the Bonds.

### **Other Taxes**

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Bonds or in respect of the payment of interest or principal under the Bonds or the transfer of the Bonds. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Under present Luxembourg tax law, in the case where a holder of the Bonds is a resident for tax purposes of Luxembourg at the time of his death, the Bonds are included in his/her taxable estate, for inheritance tax purposes and gift tax may be due on a gift or donation of the Bonds if embodied in a Luxembourg deed passed in front of a Luxembourg notary or if the gift is recorded in Luxembourg.

## **3. Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 the U.S. Foreign Account Tax Compliance Act, commonly known as FATCA, a “foreign financial institution” may be required to withhold a 30% withholding tax on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA

applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019 (intended date) and Bonds issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional bonds (as described under “Terms and Conditions of the Bonds— § 15 Further Issues”) that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. As long as the rules for the implementation and the definition of “foreign passthru payments” are not written, it is impossible to determine what impact, if any, this withholding will have on Holder of the Bonds.

While the Bonds are in global form and held within Euroclear Bank SA/NV or Clearstream Banking S.A.(together the “**ICSDs**”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Bonds by the Issuer and any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Bonds. The documentation expressly contemplates the possibility that the Bonds may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Bonds will only be printed in remote circumstances.

In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, Holders will not receive any Additional Amount in respect of such withholding, and Holders will therefore receive less than the amount that they would have otherwise have received on such Bonds.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. **Prospective investors should consult their tax advisors on how these rules may apply to payments they may receive in connection with the Bonds.**



## XXII. LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE BONDS AND CERTAIN INSOLVENCY CONSIDERATIONS

Set out below is a summary of certain limitations on the enforceability of the Bonds, in the jurisdiction in which the Issuer, is organized and incorporated. As further described below, the COMI of the Issuer may be determined to be different than its jurisdiction of incorporation. See *“Risk Factors—Risk Factors Relating to the Bonds—Relevant insolvency and administrative laws may not be as favorable to creditors, including Holders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Bonds and the Issuer is subject to risks relating to the location of its center of main interest (“COMI”)”*.

### EUROPEAN UNION

The Issuer is organized under the laws of an EU Member State.

Pursuant to the Regulation (EU) No 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, as amended (the **“EU Insolvency Regulation”**), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU Member State (other than Denmark) where the company concerned has its “center of main interests” (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its “center of main interests” is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views.

The term “center of main interests” is not a static concept and may change from time to time. See *“Risk Factors—Risk Factors Relating to the Bonds—Relevant insolvency and administrative laws may not be as favorable to creditors, including Holders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Bonds and the Issuer is subject to risks relating to the location of its center of main interest (“COMI”)”*. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its “center of main interests” in the EU Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the “center of main interests” of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and “is therefore ascertainable by third parties”. In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company’s creditors are established may all be relevant in the determination of the place where the company has its “center of main interests”, with the company’s “center of main interests” at the time of initiation of the relevant insolvency proceedings being not only decisive for the international jurisdiction of the courts of a certain Member State, but also for the insolvency laws applicable to these insolvency proceedings as each court would, subject to certain exemptions, apply its local insolvency laws (*lex fori concursus*).

If the “center of main interests” of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one EU Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be opened in another EU Member State. If the “center of main interests” of a debtor is in one EU Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of

another EU Member State (other than Denmark) have jurisdiction to open “territorial proceedings” only in the event that such debtor has an “establishment” in the territory of such other EU Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other EU Member State. If the company does not have an establishment in any other EU Member State, no court of any other EU Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation. Irrespective of whether the insolvency proceedings are main or territorial proceedings, such proceedings will always, subject to certain exemptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court which has assumed jurisdiction for the insolvency proceedings of the debtor.

In the event that the Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer under the Bonds..

## **LUXEMBOURG**

### ***Insolvency***

In the event that the Issuer becomes insolvent, insolvency proceedings (e.g., in particular, bankruptcy proceedings (*faillite*), controlled management proceedings (*gestion contrôlée*) and composition proceedings with creditors (*concordat préventif de la faillite*)) may be opened in Luxembourg to the extent that the Issuer has its center of main interest located in Luxembourg or an establishment in Luxembourg within the meaning the EU Insolvency Regulation (in relation to secondary proceedings assuming in this case that the center of main interests is located in a jurisdiction where the EU Insolvency Regulation is applicable). If a Luxembourg court having jurisdiction commences bankruptcy proceedings against the Issuer, all enforcement measures against such companies will be suspended, except, subject to certain limited exceptions, for enforcement by secured creditors.

In addition, the Holders’ ability to receive payment on the Bonds or to convert them may be affected by a decision of a Luxembourg court to grant a stay on payments (*sursis de paiement*) as provided by articles 593 et seq of the Luxembourg Code of Commerce or to put the Issuer into judicial liquidation (*liquidation judiciaire*) pursuant to article 1200-1 of Luxembourg Company Law. Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the Luxembourg Code of Commerce or of the laws governing commercial companies, including Luxembourg Company Law and those laws governing authorization to do business.

Liability of the Issuer in respect of the Bonds will, in each case, in the event of a liquidation of the relevant company following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation, the senior obligations of the Issuer (including any debt incurred for the purpose of such liquidation) and those other debts that are entitled to priority under Luxembourg law.

Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue Office;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise Agency;

- social security contributions; and
- remuneration owed to employees.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the relevant Luxembourg company during the period before bankruptcy, the so-called “hardening period” (*période suspecte*) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the hardening period at an earlier date pursuant to article 613 of the Luxembourg Code of Commerce.

In addition to the above, it should be noted that on 1 February 2013, the Luxembourg government has filed a bill to reorganize the Luxembourg insolvency proceedings. However, it cannot be foreseen when such bill will be passed by the Luxembourg Parliament and become law. As the bill may be substantially amended during the legislative process, the impact of the new law on the liability of the Issuer in respect of the Bonds cannot be foreseen at the present time.

### **XXIII. SELLING RESTRICTIONS**

No action has been or will be taken in any jurisdiction by the Issuer or any selling agent, that would, or is intended to, permit a public offering of the Bonds, or possession or distribution of this Offering Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Memorandum comes are required by the Issuer or any selling agent to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish this Offering Memorandum or any other offering material relating to the Bonds, in all cases at their own expense.

#### ***United States***

The Bonds have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The following legend will appear on the Global Bond and Bonds in definitive form and any coupons or talons relating to such Bonds:

*“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”*

The sections referred to provide that United States Holders, with certain exceptions, will not be entitled to deduct any loss realised on the sale, disposition, redemption or payment of principal of such Bonds, coupons or talons and any gain (which might otherwise be characterised as capital gain) recognised on such sale, disposition, redemption or payment of principal will be treated as ordinary income.

#### ***European Economic Area***

##### *Prohibition of sales to EEA retail investors*

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. In addition, the Bonds provide for debt obligations of the Issuer with no exposure by investors to reference values or assets other than the assets and business operations of the Issuer. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the “**PRiIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRiIPs Regulation.

#### ***United Kingdom***

##### *Prohibition of sales to UK retail investors*

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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## XXV. DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference in this Offering Memorandum. They are published on the Issuer's website at <https://eleving.com/>. The information not listed in the cross-reference list is not incorporated by reference as it is either not relevant for investors or covered elsewhere in the Offering Memorandum.

1. Audited consolidated financial statements of the Issuer as of and for the financial year ended 31 December 2019, prepared in accordance with IFRS, and the independent auditor's report thereon contained in the Issuer's 2019 Annual Report.
  - Consolidated statement of profit and loss and other comprehensive income Annual Report 2019 page 9
  - Consolidated statement of financial position Annual Report 2019 pages 10 to 11
  - Consolidated statement of changes in equity Annual Report 2019 page 12
  - Consolidated statement of cash flows Annual Report 2019 page 13
  - Notes to the consolidated financial statements Annual Report 2019 pages 14 to 81
  - Independent auditor's report Annual Report 2019 pages 82 to 89
2. Audited consolidated financial statements of the Issuer as of and for the financial year ended 31 December 2020, prepared in accordance with IFRS, and the independent auditor's report thereon contained in the Issuer's 2020 Annual Report.
  - Consolidated statement of profit and loss and other comprehensive income Annual Report 2020 page 44
  - Consolidated statement of financial position Annual Report 2020 pages 45 to 46
  - Consolidated statement of changes in equity Annual Report 2020 page 47
  - Consolidated statement of cash flows Annual Report 2020 page 48
  - Notes to the consolidated financial statements Annual Report 2020 pages 49 to 136
  - Independent auditor's report Annual Report 2020 pages 137 to 145
3. Interim Report 2021 containing the condensed consolidated interim financial statements of the Issuer as of and for the nine-month period ended 30 September 2021. The interim financial statements are unaudited, prepared in accordance with IAS 34, and consists of the condensed consolidated statement of comprehensive income, condensed consolidated statement financial position, condensed consolidated statement of changes in equity, condensed

consolidated statement of cash flows and notes to the unaudited condensed consolidated interim financial statements for the nine-months ended 30 September 2021.

- Condensed Consolidated Statement of Comprehensive Income Interim Report 2021 page 6
  - Condensed Consolidated Statement of Financial Position Interim Report 2021 pages 7 to 8
  - Condensed Consolidated Statement of Changes in Equity Interim Report 2021 page 9
  - Condensed Consolidated Statement of Cash Flows Interim Report 2021 page 10
  - Notes to the Unaudited Condensed Consolidated Interim Financial Statements Interim Report 2021 pages 11 to 31
4. Audited consolidated financial statements of AS “mogo” as of and for the financial year ended 31 December 2019, prepared in accordance with IFRS, and the independent auditor’s report thereon contained in AS “mogo”’s 2019 Annual Report.
- Consolidated statement of comprehensive income Annual Report 2019 page 7
  - Consolidated statement of financial position Annual Report 2019 pages 8 to 10
  - Consolidated statement of changes in equity Annual Report 2019 page 10
  - Consolidated statement of cash flows Annual Report 2019 page 11
  - Notes to the consolidated financial statements Annual Report 2019 pages 12 to 54
  - Independent auditor’s report Annual Report 2019 pages 55 to 64
5. Audited consolidated financial statements of AS “mogo” as of and for the financial year ended 31 December 2020, prepared in accordance with IFRS, and the independent auditor’s report thereon contained in AS “mogo”’s 2020 Annual Report.
- Consolidated statement of comprehensive income Annual Report 2020 page 7
  - Consolidated statement of financial position Annual Report 2020 pages 8 to 9
  - Consolidated statement of changes in equity Annual Report 2020 page 10
  - Consolidated statement of cash flows Annual Report 2020 page 11



- Notes to the consolidated financial statements      Annual Report 2020  
pages 12 to 57
  - Independent auditor's report      Annual Report 2020  
pages 58 to 66
6. Interim Report 2021 containing the interim financial statements of AS "mogo" as of and for the nine-month period ended 30 September 2021. The interim financial statements are unaudited, prepared in accordance with IFRS, and consists of the condensed consolidated statement of financial position as at 30 September 2021 and the related consolidated condensed statement of comprehensive income, the consolidated cash flow statement, consolidated statement of changes in equity and notes for the nine-month period ended 30 September 2021.
- Consolidated statement of comprehensive income      Interim Report 2021  
page 8
  - Consolidated statement of financial position      Interim Report 2021  
pages 9 to 10
  - Consolidated statement of changes in equity      Interim Report 2021  
page 11
  - Consolidated statement of cash flows      Interim Report 2021  
page 12
  - Accounting policies and explanatory notes      Interim Report 2021  
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