Eleving GROUP

Unaudited results for the six months ended 30 June 2023

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6 months at a glance

242 000+
Total Number of Active Customers

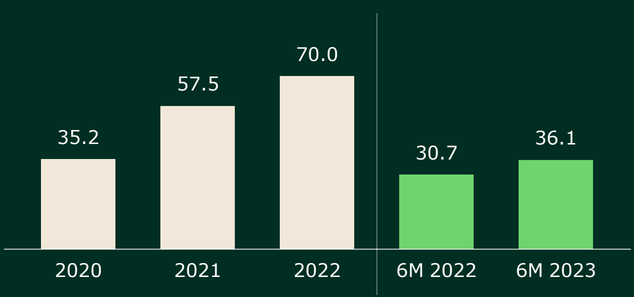
EUR 36.1 mln[1]
EBITDA, 6M 2023

EUR 295.1 mln
Vehicle and Consumer Financing Net Portfolio

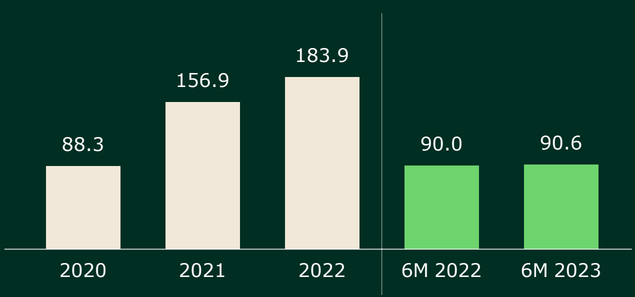
EUR 90.6 mln[2]
Revenues, 6M 2023

Continuously strong 6M EBITDA[1] — EUR 36.1 mln

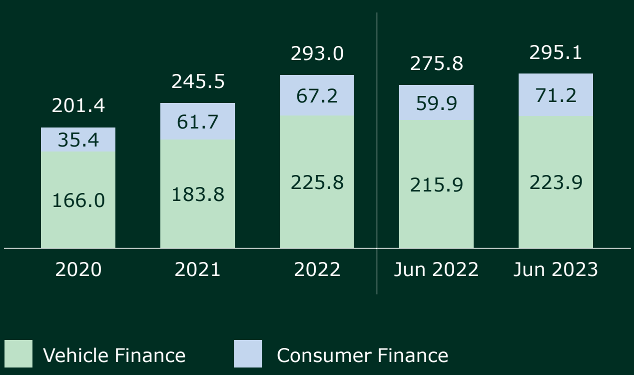
EBITDA, EUR mln[1]



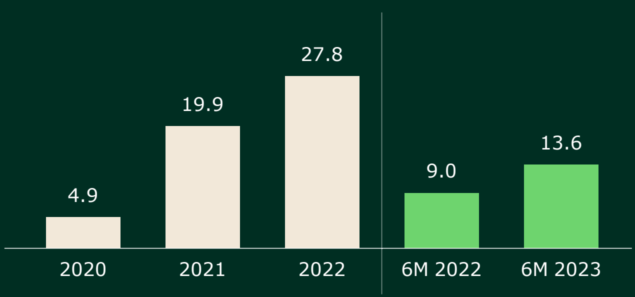
Revenue, EUR mln[2]



Net portfolio, EUR mln



Net profit before FX, EUR mln[3]



[1] 2020 EBITDA adjusted with an increase by one-off costs of: (a) Mezzanine payments for warrant EUR 2.5 mln; (b) amortization of fair value gain from acquisitions EUR 3.4 mln; (c) non-controlling interests EUR 0.4 mln; and a decrease by one-off gains of: (a) fair value gain on acquisitions EUR 9.7 mln; (b) acquisition of trademark EUR 1.8 mln; (c) other one-off adjustments. 2021 EBITDA adjusted with an increase by one-off costs of: (a) amortization of fair value gain EUR 3.2 mln; (b) loss resulting from subsidiary write-off EUR 1.0 mln; (c) bonds refinancing expense EUR 5.7 mln; and a decrease by one-off gains of: (a) non-controlling interests EUR 5.0 mln. 2022 EBITDA adjusted with an increase by one-off costs of: (a) loss resulting from subsidiary write-off EUR 0.8 mln; and a decrease by one-off gains of: (a) non-controlling interests EUR 5.0 mln. 6M 2022 and 6M 2023 EBITDA adjusted with a decrease by one-off gains of: (a) non-controlling interests EUR 1.6 mln and EUR 2.4 mln, respectively.

[2] Adjusted with fair value gain on acquisition in 2020 in the amount of EUR 3.4 mln and subsequent amortization of portfolio gain in 2021 in the amount of EUR 3.2 mln.

[3] 2020 adjusted with an increase by one-off costs of: (a) Mezzanine payments for warrant EUR 2.5 mln; (b) amortization of fair value gain from acquisitions EUR 3.4 mln; and a decrease by one-off gains of: (a) fair value gain on acquisitions EUR 9.7 mln; (b) acquisition of trademark EUR 1.8 mln; (c) other one-off adjustments. 2021 adjusted with an increase by one-off costs of: (a) amortization of fair value gain EUR 3.2 mln; (b) loss resulting from subsidiary write-off EUR 1.0 mln; (c) bonds refinancing expense EUR 5.7 mln. 2022 adjusted with an increase by one-off costs of: (a) loss resulting from subsidiary write-off EUR 0.8 mln

Steady portfolio while maintaining excellent profitability

Operational and Strategic Highlights

- The Group closed the first half of 2023, recording steady financial performance. The six-month revenues remained relatively unchanged compared to the corresponding period last year and reached EUR 90.6 mln. Meanwhile, net portfolio experienced 1.7% growth QOQ and totaled EUR 295.1 mln.
- Diversified business operations and a balanced revenue stream from all three core business lines:
  - Flexible lease and subscription-based products contributed EUR 25.2 mln to the 6M 2023 revenues—up by 7.2% compared to 6M 2022 driven by the solid performance in productive lending in the motorcycle-taxi segment in East Africa and a successful scale-up of rental and electric car-sharing products in the Baltics.
  - Traditional lease and leaseback products contributed EUR 34.0 mln to the 6M 2023 revenues—up by 7.9% compared to 6M 2022. The respective revenue growth was mainly attributable to portfolio growth in Romania; however, nearly all other Group's markets also experienced positive incremental growth.
  - Revenues from the consumer loan segment contributed EUR 27.6 mln to the 6M 2023 revenues—down by 11.0% compared to 6M 2022. The negative revenue development stemmed exclusively from the run-down of the Ukrainian portfolio, as the revenues of all other consumer finance markets have increased during the corresponding timespan.
- In early July, Eleving Group announced that it had obtained[1] EC Finance Group through the integration and combination of both companies' equity amounts. EC Finance Group, better known by the product brand name ExpressCredit, is a consumer finance provider operating in four Southern African countries. As a result of the transaction, the Group will take over the company's assets, subsidiaries, and client portfolio worth EUR 28 mln, and increase the Group's equity.
- In early July, Renti Plus business operations in Latvia were sold[2] to Transporent Ltd, a Latvian subsidiary of the international mobility services provider SIXT. The respective transaction included sale of more than 100 vehicles from the Renti Plus fleet and its active customer portfolio. With closing of the deal, the Group will continue to develop its financing services in the retail and SME segments in Latvia, with a primary focus on streamlining existing products.
- The end of Q2 marks the first full year of the Group's electric car-sharing product's OX Drive operations in Latvia. Within the first year, more than half a million euro in revenues was earned, and the mobile app was downloaded more than 30k times. Also, the vehicle fleet has increased two-fold since the launch and surpasses the 100-vehicle threshold. Given the high demand for electric vehicle car-sharing services, the Group plans to double the existing vehicle fleet by the end of 2023.
- In the ESG space, the Group has continued to grow its electric motorcycle-taxi financing product in Kenya, with 80 units financed during 2023 and a goal of 500 by the end of the year. The same electric motorcycle-taxi financing product is also currently under development in Uganda, with an estimated time of launch by the end of 2023. Lastly, the Group is proud to share that the 2 million kilometers traveled using OX Drive product has saved the same amount of CO_2 emissions that 10k trees could have captured within one year.

Financial Highlights and Progress

- Solid profitability as evidenced by:
  - Adjusted EBITDA of EUR 36.1 mln (6M 2022: EUR 30.7 mln).
  - Adjusted Net Profit before FX of EUR 13.6 mln (6M 2022: EUR 9.0 mln).
  - Adjusted Net Profit after FX of EUR 12.4 mln (6M 2022: EUR 7.4 mln).
- Stable net portfolio of EUR 295.1 mln; Eleving Vehicle Finance and Eleving Consumer Finance accounted for EUR 223.9 mln and EUR 71.2 mln, respectively.
- In late Q2, the Group raised USD 7 mln[3] from Verdant Capital Hybrid Fund in Kenya. The respective investment was structured as a dual-tranche investment comprising USD 5.5 mln senior secured facility and USD 1.5 mln subordinated facility. The purpose of the facility is to grow the existing vehicle financing portfolio as well as to support the introduction of sustainable mobility products in Kenya.
- The Group's 3-year Latvian bond is maturing in early 2024, hence the Group and its partners are actively working to frame a new instrument to enter the market with during Q3 this year.
- Fitch Ratings has affirmed our long-term Issuer Default Rating (IDR) and senior secured debt rating to "B-." The outlook on the long-term IDR is Stable.
- The first half of 2023 was closed with a healthy financial position, supported by the capitalization ratio of 27.2% (31 December 2022: 25.8%), ICR ratio of 2.4 (31 December 2022: 2.4), and net leverage of 3.4 (31 December 2022: 3.3), providing an adequate and stable headroom for Eurobond covenants.

[1] Transaction was finalized in early Q3, hence excluded from the Group's Q2 financials.
[2] Transaction was finalized in early Q3, hence excluded from the Group's Q2 financials.
[3] Funds were received in early Q3, hence excluded from the Group's Q2 financials.

Comments from Eleving Group CEO and CFO

Modestas Sudnius
CEO of Eleving Group

The results highlight that Eleving Group has delivered on its promises and executed the strategy well, which led to high efficiency and profitability ratios in the first 6 months of 2023. Over the last 12 months, the company took a more conservative approach and focused on underwriting, portfolio quality, and ensuring that the company is lean and efficient. As a result of that, Group's net loan portfolio stayed at a rather stable level while key performance and efficiency indicators have been improving.

In the first half of 2023, we observed that customers faced inflation-related difficulties in our EU and African markets. That had an effect on overall clients' payment discipline. However, this trend did not significantly impact the portfolio quality since, in the previous 12 months, the company's core focus was on stricter underwriting policy, higher customer down payments, and further improvement of debt collection tools. That, despite economic turbulences, allowed the company to decrease impairment costs compared to the last year. We are committed to maintaining our strategic direction unchanged, which we believe, together with slightly upwards reviewed pricing to address changes in the cost of borrowing, should deliver strong results in the following quarters, even in more challenging economic conditions.

One of the key milestones which the company had for this year was to investigate different growth opportunities outside existing markets which ended up with the integration of the ExpressCredit business into the Group's portfolio. This is a solid and matured business in four emerging markets in the sub-Saharan region of Africa, offering consumer financing services to government and public administration employees. In the near future, we intend to complete the alignment and integration of business and systems and the optimization of administrative processes, thereby increasing the quality of the services offered and the efficiency of the business itself. In the longer term, we also plan to introduce new secured products in these markets.

Lastly, the sale of Renti plus, a new long-term car subscription business, is also worth mentioning. This has been a strategic and well-thought-out decision for us, the underlying motivation being portfolio efficiency. It will enable the company to focus more on developing our financial services in Latvia's retail and SME segments.

The first six months of 2023 show healthy growth in all key business figures. The Group generated revenues of EUR 90.6 mln, with a net portfolio of EUR 295.1 mln. The corresponding adjusted EBITDA for this period stood at EUR 36.1 mln, compared to EUR 30.7 mln from the previous year. Furthermore, the adjusted net profit before FX reached EUR 13.6 mln, which is an increase of EUR 4.6 mln compared to the first half of 2022. Eleving Group is currently enjoying a strong cash position, allowing us to consider new business integrations, as was the case with ExpressCredit.

During the 2Q, the execution of the Group's fundraising strategy and the plans for the global capital markets in the coming months were also very much in focus. We are actively working with our partners to frame a new bond product aimed to be launched in the second part of the year. At the same time, we are continuing the work on country-level local bond issuances and other funding sources. For example, in 2Q, we raised USD 7 mln (approx. EUR 6.4 mln) from Verdant Capital Hybrid Fund. The attracted funds will be used to develop the Group's sustainability-linked products and increase the Kenya business portfolio. At the same time, the cooperation with Verdant Capital is in line with our African FX strategy. Furthermore, we plan to double our local bond program launched a year ago in Kenya. Today, the investments attracted through this instrument are reaching EUR 13 mln.

Lately, Fitch rated our business with B- with a stable outlook. We have managed to keep this rating stable for the third consecutive year regardless of the Covid-19 setbacks, the war in Ukraine, and the shifts in the global economy. Fitch appreciated that Eleving Group had delivered its promises to stakeholders and successfully continued its de-leveraging with an even more improved gross debt-to-tangible equity ratio (end-1Q23: 5.1x; end-2021: 7.7x). Another aspect is continuously strong profitability, mainly thanks to high-yielding products and mostly fixed-rate funding in place. Additionally, Eleving Group successfully absorbed negative impacts from its portfolio write-down in Ukraine and scale-down in Belarus, which indicates the overall quality of the Group's portfolio and its high cash generation capabilities. The third factor highlighted by Fitch was the robust funding structure, with the largest EUR 150 mln Eurobond maturing only in 2026 and the availability of flexible capital that can be raised through Mintos marketplace, a Latvian-licensed platform for retail investing in loan products. This rating is a crucial testimony to the soundness and quality of our adopted strategy.

Māris Kreics
CFO of Eleving Group

A Way
Way Up

Outlook - Products & Strategy

To become an ultimate mobility platform

	Mobility					Inclusion
	Financing		Flexible lease			Consumer lending
Products & services	mogo Vehicle leasing for pre-owned cars	primero Premium vehicle leasing for pre-owned cars	RENTI Rent-to-buy services for ultimate flexibility	Boda loans mogo Motorcycle taxi loans in emerging markets[1]	OX Electric car sharing product	Kredo.al Tigo.mk Sebo.md Consumer loan products available online and through branch networks
Product strategy for next 12 months	Maintain organic growth in the existing markets	Maintain organic growth in the existing markets	Maintain controlled growth, subject to the availability of bank financing	Maintain organic growth in the existing markets	Double rental fleet and scale the product further in Latvia	Maintain controlled growth in the legacy consumer finance markets, while focusing on profitability Integrate, optimize and scale-up the recently obtained markets

Processes

Integrate EC Finance Group under Consumer Finance hub.

Further **automation of loan issuance and underwriting processes** for seamless customer experience and efficient resource allocation.

Seek for further **cost optimization initiatives** on both Group and country level.

Capital management

Maintain sufficient and comfortable headroom for financial covenants: Interest Coverage ratio (ICR), Net Leverage ratio and Capitalization ratio.

Focus on **efficient capital allocation** between the existing markets and products and **scale-up recently integrated businesses.**

Continue to **decrease exposure** in Belarus.

Refinance Group's 3-year **Latvian bond** during the second half of 2023.

Continue the already started fundraising initiatives with an aim of supplementing the existing capital structures of different markets with both USD and local currency funding.

Social impact

Integrate EC Finance Group into the Group's ESG strategy via Group-level ESG activities and regular monitoring procedures.

Conduct a Group-level self-assessment to check the Group's openness to different social groups in the national-level project in Latvia organized by the Society Integration Foundation.

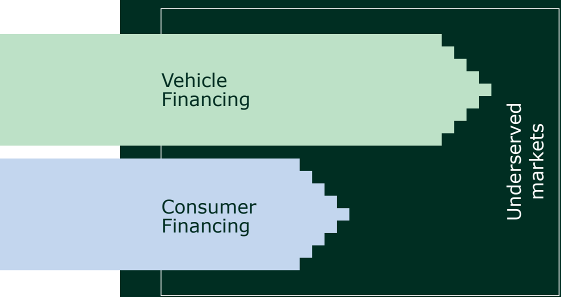
Launch electric motorcycle-taxi financing product in Uganda and **double rental fleet** of OX Drive to increase the green vehicle share in the Group's portfolio.

[1] Kenya and Uganda.

About Eleving Group

Our approach

Our approach to business is to identify underserved markets and disrupt them with innovative and sustainable financial solutions both in the vehicle and consumer financing segments.



Sustained growth

The consistent pursuit of growth has turned us into a strong, global player of the financial services industry, earning us a spot among the Top 1 000 fastest growing companies in Europe, with more than 2 600 employees and 242 000 active loyal customers.

Presence

Eleving Group is an international fast-moving financial technology company offering services across the globe. The Group operates in 12 countries across 3 continents.

Conference call

On 10 August

A conference call in English with the Group's management team to discuss these results is scheduled for 10 August 2023, at 16:00 CET.

Contact

Māris Kreics
Chief Financial Officer (CFO)
maris.kreics@eleving.com

Conference call access information

Financial review

Condensed consolidated income statement

The table below sets out the condensed consolidated statement of profit and loss for the six months period ended 30 June 2022 and 30 June 2023.

EUR million	6M 2022	6M 2023	Change (%)
Interest and similar income	83.3	84.6	1.6%
Interest expense and similar expenses	(14.6)	(17.4)	19.2%
Net interest income	**68.7**	**67.2**	**(2.2%)**
Income from used vehicle rent	2.7	2.2	(18.5%)
Impairment expense	(26.3)	(20.6)	(21.7%)
Operating expense and income	(31.4)	(32.0)	1.9%
Net foreign exchange result	(1.6)	(1.2)	(25.0%)
Profit before tax	**12.1**	**15.6**	**28.9%**
Corporate income tax	(4.7)	(3.2)	(31.9%)
Net profit for the period without FX and discontinued operations	9.0	13.6	51.1%
Net profit for the period	**7.4**	**12.4**	**67.6%**

Interest, similar income and income from used vehicle rent

EUR million	6M 2022	6M 2023	Change (%)
Flexible lease and subscription based products	**23.5**	**25.2**	**7.2%**
Interest and similar income	20.7	22.9	10.6%
Rental income	2.7	2.2	(18.5%)
Other	0.1	0.1	-
Traditional lease and leaseback products	**31.5**	**34.0**	**7.9%**
Interest and similar income	31.5	34.0	7.9%
Consumer lending products	**31.0**	**27.6**	**(11.0%)**
Interest and similar income	31.0	27.6	(11.0%)
Average net loan and used vehicle rent portfolio	**260.5**	**294.1**	**12.9%**
Average income yield on net loan and used vehicle rent portfolio	**66.0%**	**59.0%**	**(7.0) p.p.**

Flexible lease and subscription based products revenues increased by 7.2% to EUR 25.2 million (6M 2022: EUR 23.5 million) driven by the solid performance in productive lending in the motorcycle-taxi segment in East Africa and a successful scale-up of rental and subscription-based products in the Baltics.

Traditional lease and leaseback products revenues increased by 7.9% to EUR 34.0 (6M 2022: EUR 31.5 million) mainly driven by portfolio growth in Romania, however, nearly all other Group's markets also experienced positive incremental growth.

Lastly, consumer lending products revenues decreased by 11.0% to EUR 27.6 million (6M 2022: EUR 31.0 million). The respective revenue decrease stemmed exclusively from the run-down of Ukranian operations, as the revenues of all other consumer finance markets have increased during the corresponding timespan.

Interest expense and similar expense

Interest expense and similar expense increased by 19.2% to EUR 17.4 million (6M 2022: EUR 14.6 million) driven by the increase in total borrowings to EUR 271.3 million (31 December 2022: EUR 261.5 million).

Income from used vehicle rent

Income from used vehicle rent decreased by 18.5% to EUR 2.2 million (6M 2022: EUR 2.7 million). Meanwhile, the total used vehicle rental fleet in Latvia remained stable and stood at EUR 10.3 million (31 December 2022: EUR 10.0 million).

Impairment expense for vehicle finance portfolio

Net impairment losses on loans and receivables increased by 21.8% to EUR 12.1 million (6M 2022: EUR 9.9 million). The NPL ratio (Net NPL / Total net portfolio) amounted to 6.5% (conservative 35+ days past due) of the total net portfolio (31 December 2022: 6.5%) with provision coverage ratio of 89.9% (31 December 2022: 88.3%).

Impairment expense for consumer lending portfolio

Net impairment losses on loans and receivables decreased by 47.5% to EUR 8.5 million (6M 2022: EUR 16.3 million). The NPL ratio (Net NPL / Total net portfolio) amounted to 5.1% (90+ days past due) of the total net portfolio (31 December 2022: 5.5%) with provision coverage ratio of 119.0% (31 December 2022: 131.9%).

Operating expense

The table below sets out a breakdown of the Group's total operating expenses.

EUR million	6M 2022	6M 2023	Change (%)
Employees' salaries	16.1	16.2	0.6%
Marketing expenses	3.9	3.2	(17.9%)
Office and branch maintenance expenses	1.2	1.4	16.7%
Professional services	1.3	1.4	7.7%
Amortization and depreciation	4.0	4.3	7.5%
Other operating expenses/(income)	4.9	5.5	12.2%
Total operating expense	**31.4**	**32.0**	**1.9%**

The total operating expense for the period increased slightly to EUR 32.0 million (6M 2022: EUR 31.4 million).

Salaries increased by 0.6% to EUR 16.2 million (6M 2022: EUR 16.1 million), comprising 50.6% of the total operating expenses (6M 2022: 51.3%). Meanwhile, marketing expenses, with effective cost of EUR 19 per loan issued, accounted for 10.0% of the total operating expenses (6M 2022: 12.4%).

Profit before tax

The consolidated profit before taxes increased by 28.9% and amounted to EUR 15.6 million (6M 2022: EUR 12.1 million).

Corporate income tax

The table below sets out a breakdown of the Group's corporate income tax.

EUR million	6M 2022	6M 2023	Change (%)
Corporate income tax	(5.8)	(5.7)	(1.7%)
Deferred tax	1.1	2.5	127.3%
Total corporate income tax	**(4.7)**	**(3.2)**	**(31.9%)**

Profit for the period

The consolidated net profit for the period increased by 67.6% and amounted to EUR 12.4 million (6M 2022: EUR 7.4 million).

Alternative performance measures (non-IFRS)

EUR million	6M 2022	6M 2023	Change (%)
Profit for the period	7.4	12.4	67.6%
Provisions for taxes	4.7	3.2	(31.9%)
Interest expense	14.6	17.4	19.2%
Depreciation and amortization	4.0	4.3	7.5%
Currency exchange (gain)/loss	1.6	1.2	(25.0%)
EBITDA	**32.3**	**38.5**	**19.2%**
Non-controlling interests	(1.6)	(2.4)	56.0%
Adjusted EBITDA	**30.7**	**36.1**	**17.3%**

Condensed consolidated balance sheet

The table below sets out the Group's condensed consolidated statement of its financial position.

EUR million	31 Dec. 2022	30 Jun. 2023
Intangible assets	15.7	16.2
Tangible assets	12.7	12.8
Loans and lease receivables and rental fleet	293.1	295.1
Deferred tax asset	5.6	7.5
Inventories	2.5	7.3
Non-current assets held for sale	1.1	1.4
Other receivables	16.4	19.3
Assets of subsidiary held for sale	0.4	0.3
Cash and cash equivalents	13.8	18.7
Total assets	**361.3**	**378.6**

EUR million	31 Dec. 2022	30 Jun. 2023
Share capital and reserves	2.1	2.3
Foreign currency translation reserve	4.9	2.5
Retained earnings	38.3	42.8
Non-controlling interests	8.9	11.1
Subordinated debt	19.0	18.8
Total equity	**73.2**	**77.5**
Borrowings	261.5	271.3
Other liabilities	26.6	29.8
Total liabilities	**288.1**	**301.1**
Total equity and liabilities	**361.3**	**378.6**

Assets

The total assets of the Group increased by 4.8% to EUR 378.6 million (31 December 2022: EUR 361.3 million), mainly reflecting the increase in cash, inventories and other receivables positions.

Tangible assets

Tangible assets increased by 0.8% to EUR 12.8 million (31 December 2022: EUR 12.7 million).

Net loan and used vehicle rent portfolio

The net loan and used vehicle rent portfolio increased by 0.7% to EUR 295.1 million (31 December 2022: EUR 293.1 million).

Net loan and used vehicle rent portfolio split by market type

EUR million	31 Dec. 2022	Total share (%)	30 Jun. 2023	Total share (%)
Developed countries*	140.5	47.9%	140.0	47.4%
Developing countries**	85.4	29.1%	83.8	28.4%
Consumer loan markets	67.2	22.9%	71.2	24.1%
Countries on hold***	-	-	0.1	0.0%
Total net loan and used vehicle rent portfolio	**293.1**	**100.0%**	**295.1**	**100.0%**

* Developed countries are Latvia (including used vehicle rent portfolio), Lithuania, Estonia, Belarus, Romania, Moldova, Georgia and Armenia

** Developing countries are Uzbekistan, Kenya and Uganda

*** Countries on hold are Bosnia and Herzegovina, and Poland

Net loan portfolio split by product type

EUR million	31 Dec. 2022	Total share (%)	30 Jun. 2023	Total share (%)
Flexible and subscription based products	72.7	24.8%	75.4	25.6%
Traditional lease and leaseback products	153.2	52.3%	148.5	50.3%
Consumer lending products	67.2	22.9%	71.2	24.1%
Total net loan portfolio split by product type	**293.1**	**100.0%**	**295.1**	**100.0%**

With the legacy markets rationalized, the developing markets such as Kenya and Uganda continue to demonstrate significant potential for future growth.

The Group also continues to capitalize on the latest consumer trends and continue to develop its flexible lease and subscription based products that at the end of the period already comprised 25.6% of the total net loan and used vehicle rent portfolio.

Meanwhile, the consumer lending portfolio remains on a steady growth trajectory and stood at 24.1% from the total net loan and used vehicle rent portfolio.

Net loan and used vehicle rent portfolio (excluding consumer lending)

The table below sets out the classification of the Group's net loan and used vehicle rent portfolio (excluding consumer lending) in terms of overdue buckets as well as the total impairment coverage ratio.

EUR million	31 Dec. 2022	Total share (%)	30 Jun. 2023	Total share (%)
STAGE 1*	175.4	81.2%	177.3	83.0%
STAGE 2**	26.4	12.2%	22.3	10.4%
STAGE 3***	14.1	6.5%	14.0	6.6%
Total net loan portfolio	**215.9**	**100.0%**	**213.6**	**100.0%**
Used vehicle rent	10.0	4.4%	10.3	4.6%
Total net loan and used vehicle rent portfolio	**225.9**		**223.9**	
Net NPL ratio****	**6.5%**		**6.5%**	
Impairment coverage ratio*****	**88.3%**		**89.9%**	

* Allowances are recognized based on 12m ECLs by first recognition of loans/leases. Leases current or with up to 30 DPD are considered as Stage 1 for Latvia, Lithuania, Estonia, Armenia and Georgia. For other countries, 25 DPD is used. Loans up to 30 DPD are considered Stage 1.

** Allowances are recorded for LTECLs by loans/leases showing a significant increase in credit risk since origination. Leases with 31-60 DPD (or 26-34 DPD for countries other than Latvia, Lithuania, Estonia, Armenia and Georgia) are considered to be Stage 2 loans. Loans with 30 to 60 DPD are considered Stage 2.

*** Leases and loans are considered credit-impaired and at default. Allowances are recorded for the LTECLs. Finance lease agreements are considered defaulted and therefore Stage 3 with 60 DPD on contractual payments or terminated lease agreement. For countries other than Latvia, Lithuania, Estonia, Armenia and Georgia a 35 DPD backstop is applied. Loans with 60 DPD are considered defaulted and therefore Stage 3.

A healing period of 3 months for mature countries and 2 months for immature countries is applied before an exposure previously classified as Stage 3 can be transferred to Stage 1. In case of mature countries, it is determined to have two healing periods – one month period to Stage 2 and further two month period to Stage 1. This is considered appropriate in context of a prudent default definition of 60 DPD. In case of immature countries, it is determined to have one healing period –two month period where the exposure is in Stage 2 and then transfers to Stage 1. This is considered appropriate in context of an even more conservative default definition of 35 DPD.

**** Net NPL (35+ days overdue) / Total net portfolio

***** Total impairment / Gross NPL (35+ days overdue)

NPLs in the net loan and used vehicle rent portfolio remained stable and amounted to 6.5% (31 December 2022: 6.5%).

Net consumer loan portfolio

The table below sets out the classification of the Group's net consumer lending portfolio in terms of overdue buckets as well as the total impairment coverage ratio.

EUR million	31 Dec. 2022	Total share (%)	30 Jun. 2023	Total share (%)
STAGE 1*	61.7	91.8%	66.4	93.3%
STAGE 2**	1.8	2.7%	1.2	1.7%
STAGE 3***	3.7	5.5%	3.6	5.1%
Total net loan portfolio	**67.2**	**100.0%**	**71.2**	**100.0%**
Net NPL ratio******	**5.5%**		**5.1%**	
Impairment coverage ratio*********	**131.9%**		**119.0%**	

* Allowances are recognized based on 12m ECLs by first recognition of loans. Loans current or with up to 30 DPD are considered as Stage 1.

** Allowances are recorded for LTECLs by loans showing a significant increase in credit risk since origination. Loans with 31-90 DPD are considered to be Stage 2 loans.

*** Loans are considered credit-impaired and at default. Allowances are recorded for the LTECLs. Loans with 90 DPD are considered defaulted and therefore Stage 3.

**** Net NPL (90+ days overdue) / Total net portfolio

***** Total impairment / Gross NPL (90+ days overdue)

NPLs in the total net consumer loan portfolio decreased marginally and amounted to 5.1% (31 December 2022: 5.5%).

Equity

The total equity of the Group increased by 5.9% to EUR 77.5 million (31 December 2022: EUR 73.2 million). The capitalization ratio at the end of the period stood at 27.2% (31 December 2022: 25.8%), providing adequate and stable headroom for Eurobond covenants.

Liabilities

The total liabilities of the Group increased by 4.5% and stood at EUR 301.1 million (31 December 2022: EUR 288.1 million), mainly reflecting the increase in total borrowings to EUR 271.3 million (31 December 2022: EUR 261.5 million).

Borrowings

The table below sets out borrowings by type.

EUR million	31 Dec. 2022	30 Jun. 2023
Loans from banks	5.6	8.6
Kenyan Notes	7.3	12.9
Latvian Bonds	28.8	29.6
Eurobonds (excl. accrued interest)	149.7	150.0
Bond acquisition costs and accrued interest	(1.2)	(0.9)
Financing received from P2P investors	67.6	67.5
Loans from other parties	3.7	3.6
Total borrowings	**261.5**	**271.3**

Latvian bonds

On 1 March 2021, through a public offering JSC "mogo" successfully issued a corporate bond (LV0000802452) in the amount of EUR 30 million, which from 31 March 2021 is listed on the regulated market – the Baltic Bond List of "Nasdaq Riga" stock exchange. The notes, with a minimum subscription amount of EUR 1 000 were issued at par, having a maturity of 3 years and carrying a fixed coupon of 11% per annum, paid monthly in arrears. The bonds were offered to existing JSC "mogo" bondholders and other retail and institutional investors from the Baltic region.

Eurobonds

On 18 October 2021, Eleving Group successfully issued a 5-year corporate bond (XS2393240887), listed on the Open Market of the Frankfurt Stock Exchange, at par with an annual interest rate of 9.5% and total amount of EUR 150 million. The bond will mature in October 2026. The previous corporate bond (XS1831877755) with an annual interest rate of 9.5% was fully repaid on 20 October 2021 following the issuance of the new corporate bond (XS2393240887).

Subordinated bonds

On 7 March 2022, Eleving Group bonds (XS2427362491) were admitted to trading on the Nasdaq Baltic First North Market. The size of the Eleving Group bond issue is EUR 25 million. The bonds have a nominal value of EUR 1 000 each and a floating annual coupon rate of 12% + 6 month EURIBOR, with interest paid monthly. Subordinated bonds mature on 29 December 2031.

Off-balance sheet arrangements

The Group does not have significant off-balance sheet arrangements.

Condensed consolidated statement of cash flow

EUR million	6M 2022	6M 2023
Profit before tax	11.5	15.4
Net cash flows from operating activities	(14.0)	8.0
Net cash flows from investing activities	(2.5)	(5.2)
Net cash flows from financing activities	19.6	2.1
Change in cash	3.1	4.9
Cash at the beginning of the year	10.1	13.8
Cash at the end of the year	13.2	18.7

Net cash inflow from operating activities amounted to EUR 8.0 million (6M 2022: cash outflow of EUR 14.0 million). The Group's net cash ouflow from investing activities totalled EUR 5.2 million (6M 2022: cash outflow of EUR 2.5 million). Finally, the Group's cash inflow from financing activities amounted to EUR 2.1 million (6M 2022: cash inflow of EUR 19.6 million).

Eurobond covenant ratios

Capitalization	31 Dec. 2022	30 Jun. 2023	Change (p.p.)
Equity/Net loan portfolio	25.8%	27.2%	1.4

Profitability	31 Dec. 2022	30 Jun. 2023	Change
Interest coverage ratio (ICR)	2.4	2.4	-

Leverage	31 Dec. 2022	30 Jun. 2023	Change
Net leverage	3.3	3.4	0.1

EUR million	Mintos loans			Net loan and used vehicle rent portfolio			
Country	31 Dec. 2022	30 Jun. 2023	Change (%)	31 Dec. 2022	Total share (%)	30 Jun. 2023	Total share (%)
Armenia*	1.1	1.3	18.2%	12.6	5.6%	12.8	5.7%
Belarus*	1.4	-	(100.0%)	14.7	6.5%	10.9	4.9%
Georgia*	1.9	1.3	(31.6%)	16.2	7.2%	16.7	7.5%
Estonia*	4.8	3.8	(20.8%)	11.5	5.1%	11.3	5.0%
Kenya**	4.8	5.7	18.8%	53.7	23.8%	51.1	22.8%
Latvia*	1.8	2.5	38.9%	13.3	5.9%	12.9	5.8%
Lithuania*	2.2	4.0	81.8%	27.2	12.0%	30.3	13.5%
Moldova*	6.3	4.9	(22.2%)	15.9	7.0%	15.8	7.1%
Romania*	14.9	14.0	(6.0%)	29.1	12.9%	29.3	13.1%
Uganda**	-	-	-	23.0	10.2%	24.2	10.8%
Uzbekistan**	-	-	-	8.7	3.9%	8.5	3.8%
Countries on hold***	-	-	-	-	-	0.1	0.0%
Total vehicle lease and rent	**39.2**	**37.5**	**(4.3%)**	**225.9**	**100%**	**223.9**	**100%**
Consumer loan markets	28.4	30.0	5.6%	67.2	29.7%	71.2	24.1%
Total	**67.6**	**67.5**		**293.1**		**295.1**	

* Developed countries are Latvia (including used vehicle rent portfolio), Lithuania, Estonia, Belarus, Romania, Moldova, Georgia and Armenia

** Developing countries are Uzbekistan, Kenya and Uganda

*** Countries on hold are Bosnia and Herzegovina and Poland

Recent developments

No Regulatory Changes

No material regulatory changes have taken place since 30 June 2023.

Events after the balance sheet date

As of the last day of the reporting period until the date of publishing these unaudited results for the six months ended 30 June 2023 there have been no events requiring adjustment of unaudited results.

Directors' Statement

The consolidated six month report of the Group is, to the best of the Directors' knowledge, prepared in accordance with the applicable set of accounting standards and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole.

The six month management report of the Group includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Consolidated statements of:

Financial Position – Assets
Financial Position – Equity and Liabilities
Income Statement and Statement of Cash Flow

Consolidated Statement of Financial Position – Assets

EUR million	31 Dec. 2022	30 Jun. 2023
Assets		
Goodwill	4.7	4.7
Internally generated intangible assets	8.6	9.2
Other intangible assets	2.4	2.3
Loans and lease receivables and rental fleet	293.1	295.1
Right-of-use assets	9.9	10.4
Property, plant and equipment	2.2	1.9
Leasehold improvements	0.6	0.5
Loans to related parties	3.2	3.4
Other financial assets	1.4	0.9
Deferred tax asset	5.6	7.5
Inventories	2.5	7.3
Prepaid expense	2.1	1.9
Trade receivables	0.1	0.4
Other receivables	9.6	12.7
Assets of subsidiary held for liquidation	0.4	0.3
Assets held for sale	1.1	1.4
Cash and cash equivalents	13.8	18.7
Total Assets	**361.3**	**378.6**

Consolidated Statement of Financial Position – Equity and liabilities

EUR million	31 Dec. 2022	30 Jun. 2023
Equity		
Share capital	1.0	1.0
Retained earnings	38.3	42.8
Foreign currency translation reserve	4.9	2.5
Reserve	1.1	1.3
Total equity attributable to owners of the Company	**45.3**	**47.6**
Non-controlling interests	8.9	11.1
Subordinated debt	19.0	18.8
Total equity	**73.2**	**77.5**
Liabilities		
Borrowings	261.5	271.3
Provisions	0.2	0.2
Prepayments and other payments received from customers	0.5	0.7
Trade payables	1.7	1.2
Corporate income tax payable	3.9	6.4
Taxes payable	2.4	3.3
Other liabilities	12.8	13.4
Liabilities of subsidiary held for sale	0.1	-
Accrued liabilities	5.0	4.6
Total liabilities	**288.1**	**301.1**
Total equity and liabilities	**361.3**	**378.6**

Consolidated Income Statement

EUR million	6M 2022	6M 2023
Interest revenue calculated using the effective interest method	83.3	84.6
Interest expense calculated using the effective interest method	(14.6)	(17.4)
Net interest income	**68.7**	**67.2**
Fee and commission income	4.0	3.8
Revenue from rent	2.7	2.2
Total net revenue	**75.4**	**73.2**
Impairment expense	(26.3)	(20.6)
Expenses related to P2P platform services	(0.4)	(0.5)
Selling expense	(3.9)	(3.2)
Administrative expense	(29.9)	(30.1)
Other operating income/(expense)	(1.2)	(2.0)
Net foreign exchange result	(1.6)	(1.2)
Profit before tax	**12.1**	**15.6**
Corporate income tax	(5.8)	(5.7)
Deferred corporate income tax	1.1	2.5
Net profit for the period	**7.4**	**12.4**
Discontinued operations	(0.6)	(0.2)
Translation of financial information of foreign operations to presentation currency	4.1	(2.5)
Total comprehensive income for the period without FX	8.4	13.4
Total comprehensive income for the period	**10.9**	**9.7**

Consolidated statement of cash flow

EUR million	6M 2022	6M 2023
Cash flows from operating activities		
Profit before tax	11.5	15.4
Adjustments for:		
Amortisation and depreciation	4.0	4.3
Interest expense	14.6	17.4
Interest income	(83.3)	(84.6)
Loss on disposal of property, plant and equipment	1.0	0.6
Impairment expense	26.3	20.6
Loss/(gain) from fluctuations of currency exchange rates	(2.5)	3.7
Operating profit before working capital changes	**(28.4)**	**(22.6)**
(Increase)/decrease in inventories	(0.3)	(4.8)
(Increase)/decrease in receivables	(48.0)	(31.6)
Increase/(decrease) in trade payable, taxes payable and other liabilities	(0.4)	0.5
Cash generated to/from operating activities	(77.1)	(58.5)
Interest received	83.3	84.6
Interest paid	(15.0)	(15.4)
Corporate income tax paid	(5.2)	(2.7)
Net cash flows from operating activities	**(14.0)**	**8.0**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4.2)	(2.4)
Purchase of rental fleet	(3.1)	(3.0)
Loan repayments received	4.8	0.3
Loans issued and bank deposits	-	(0.1)
Net cash flows from investing activities	**(2.5)**	**(5.2)**
Cash flows from financing activities		
Proceeds from borrowings	88.8	81.4
Repayments for borrowings	(69.2)	(73.9)
Dividends paid	-	(5.4)
Net cash flows from financing activities	**19.6**	**2.1**
Change in cash	3.1	4.9
Cash at the beginning of the period	10.1	13.8
Cash at the end of the period	**13.2**	**18.7**

Latvian operations only

Condensed Financial Information of JSC "mogo" (consolidated)

Statement of Profit or Loss and Other Comprehensive Income (JSC "mogo" (consolidated))

EUR million	6M 2022	6M 2023
Interest revenue calculated using the effective interest method	3.6	3.8
Interest expense calculated using the effective interest method	(2.2)	(2.2)
Net interest income	**1.4**	**1.6**
Fee and commission income	0.1	0.1
Revenue from rent	2.6	1.6
Total net revenue	**4.1**	**3.3**
Impairment expense	(0.5)	0.3
Selling expense	(0.1)	(0.1)
Administrative expense	(2.7)	(2.2)
Other operating income/(expense)	0.2	0.3
Profit before tax	**1.0**	**1.6**
Corporate income tax	-	-
Deferred corporate income tax	-	-
Net profit for the period	**1.0**	**1.6**

Consolidated Statement of Financial Position – Assets, Equity and liabilities (AS "mogo" (consolidated))

EUR million	31 Dec. 2022	30 Jun. 2023
Assets		
Loans and lease receivables and rental fleet	12.7	10.0
Loans to Eleving Group S.A.	39.9	44.1
Property, plant and equipment	0.8	0.9
Receivables from group companies	0.6	1.4
Other receivables	0.7	0.7
Prepaid expense	0.1	0.1
Cash and cash equivalents	0.7	0.6
Total assets	**55.5**	**57.8**

EUR million	31 Dec. 2022	30 Jun. 2023
Equity		
Share capital	0.4	0.4
Other reserves	(0.4)	(0.4)
Retained earnings		
Brought forward	15.5	19.3
For the period	3.8	1.6
Total equity	**19.3**	**20.9**
Liabilities		
Borrowings	34.5	35.8
Other provisions	0.3	0.2
Prepayments received from customers	0.2	0.2
Trade payables	0.4	0.2
Payables to related companies	0.4	0.1
Accrued liabilities	0.4	0.4
Total liabilities	**36.2**	**36.9**
Total equity and liabilities	**55.5**	**57.8**

Glossary and important information

Definitions and alternative performance measures

- **Average income yield on net loan and used car rent portfolio** — the sum of annualized interest revenue calculated using the effective interest method and revenue from rent/average net loan and used car rent portfolio
- **Average net loan and used car rent portfolio** — the sum of net loan and used car rent portfolio as of the start and end of each period divided by two
- **Capitalization ratio** — equity (incl. subordinated debt)/net loan portfolio (excl. used car rent portfolio)
- **Cost/income ratio** — the sum of selling expense and administrative expense/sum of interest revenue calculated using the effective interest method, fee and commission income and revenue from rent
- **DPD** — days past due
- **EBITDA** — 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
- **ESG** — Environmental, Social, and Governance strategy
- **Flexible lease and subscription-based products** — motorcycle-taxi financing in Kenya and Uganda, used vehicle rent in Latvia and Lithuania, new vehicle subscription in Latvia
- **GROSS NON-PERFORMING LOANS (NPLs)** — 35+ days overdue loan and used car rent portfolio receivables or 90+ days overdue consumer loan portfolio receivables
- **Impairment coverage ratio** — total impairment/gross non-performing loans (NPLs)
- **Interest coverage ratio** — last twelve-month Adjusted EBITDA/ interest expense calculated using the effective interest method less Eurobonds acquisitions costs and subordinated debt interest expense
- **Net NPL ratio** — non-performing loans (NPLs)/total net portfolio
- **Non-performing loans (NPLs)** — 35+ days overdue loan and used car rent portfolio receivables or 90+ days overdue consumer loan portfolio receivables less impairment provisions
- **Net profit before FX effect** — net profit for the period before net foreign exchange result

Market definitions

- **Consumer finance markets** — Albania, North Macedonia, Moldova
- **Developed markets** — Latvia, Lithuania, Estonia, Georgia, Armenia, Romania, Moldova, Belarus
- **Developing markets** — Kenya, Uganda, Uzbekistan
- **On-hold markets** — Poland, Bosnia and Herzegovina

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