Eleving GROUP

Integrated annual report

2023

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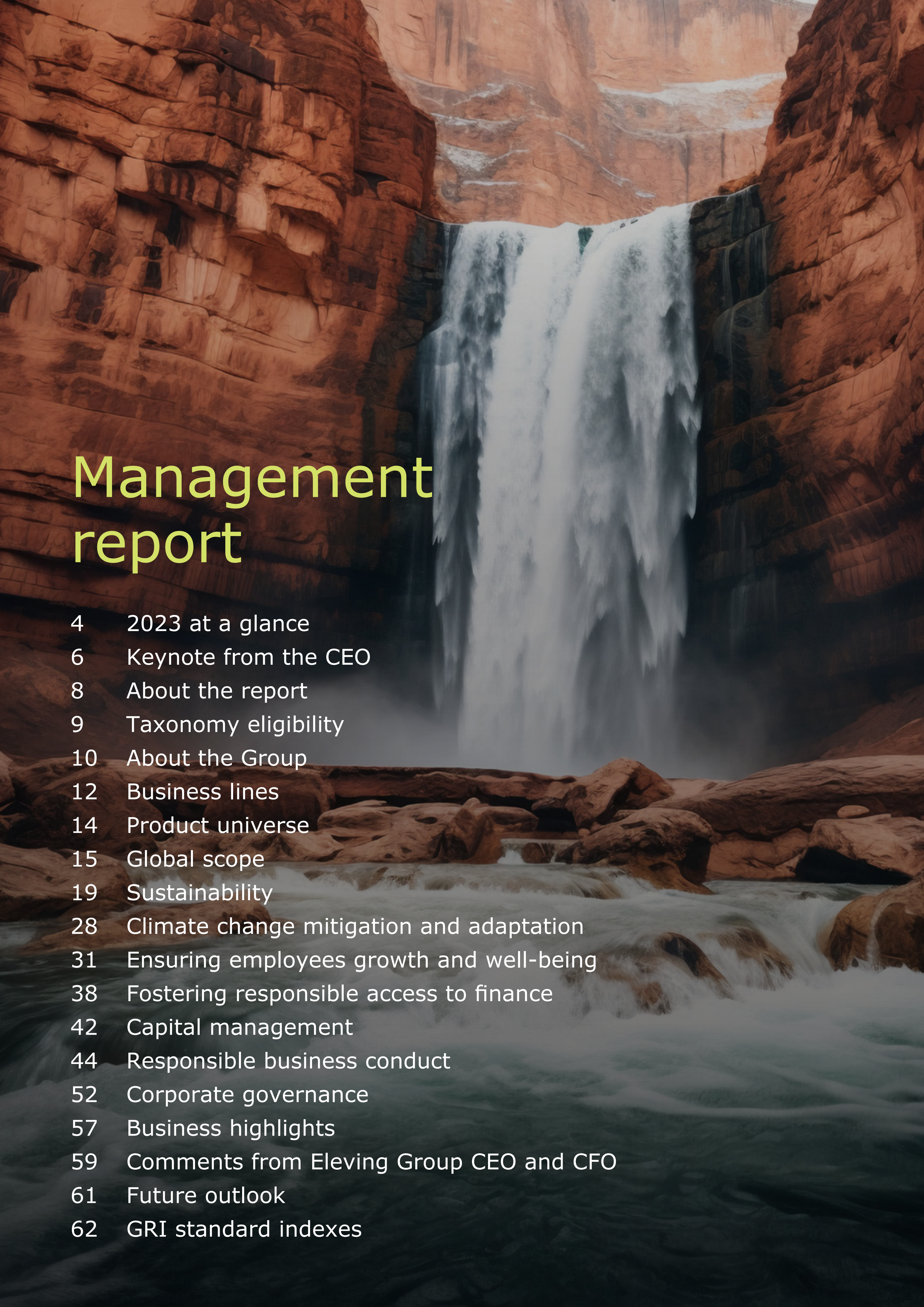
Report of the réviseur d’entreprises agréé



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2023 at a glance

320 000+
Total Number of Active Customers

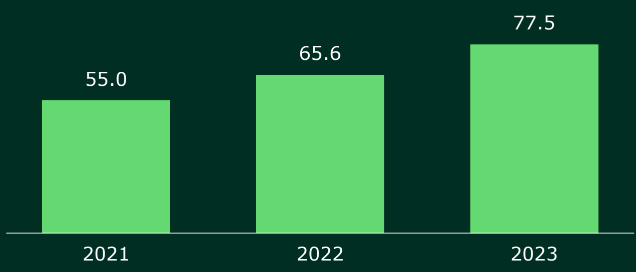
EUR 77.5 mln[1]
EBITDA, 12M 2023

EUR 320.3 mln
Vehicle and Consumer Financing Net Portfolio

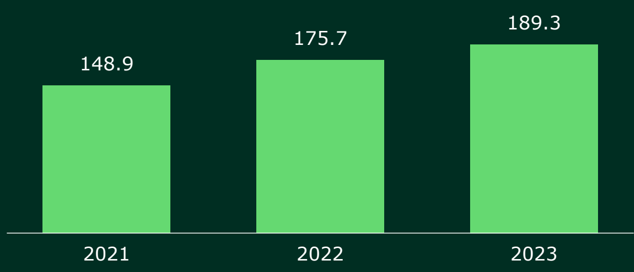
EUR 189.3 mln
Revenues, 12M 2023

Increased 12M EBITDA[1] — EUR 77.5 mln

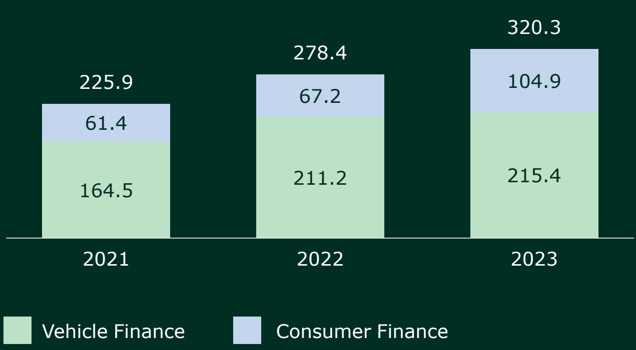
EBITDA, EUR mln[1]



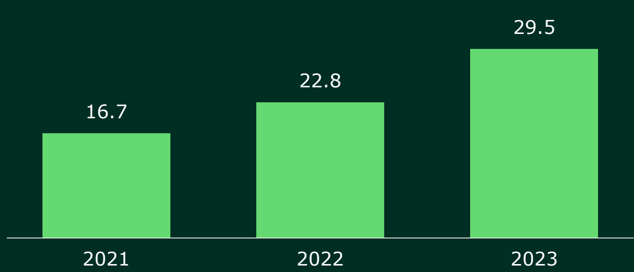
Revenue, EUR mln[2]



Net portfolio, EUR mln



Net profit before FX, EUR mln[3]



The Group has decided to classify the entity in Belarus as a discontinued operation as of the end of 2023, the comparative EBITDA, Revenue, Net Portfolio, Net profit before FX and other metrics have also been restated to show the Belarus as discontinued for comparability.

[1] 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: (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: (a) non-controlling interests EUR 3.3 mln. 2023 EBITDA adjusted with a decrease by: (a) non-controlling interests EUR 6.2 mln.

[2] Adjusted with fair value gain on acquisition in 2021 in the amount of EUR 3.2 mln.

[3] 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. 2023 adjusted with an increase by: (a) solidarity tax payment in North Macedonia EUR 1.2 mln.

Key ESG events of 2023

- Eleving Group continued to roll out its electric car-sharing service in Latvia and electric motorcycle financing in Kenya. The Group's customers covered over 3.2 mln kilometers, using electricity-powered vehicles. As a result, both green mobility services reduced the potential CO_2 emissions by approximately 300 to 315 t, compared to the amount an internal combustion engine would have generated.
- The Group has reduced its average CO_2 intensity in the vehicle portfolio (excluding the motorcycle segment) from 174.4 g/km (2022) to 167.5 g/km (2023), or by 4%.
- Around 30,000 unique users took the self-assessment test on the Group's financial literacy platform. The platform was most frequently visited from Kenya (20%), Latvia (17%), and Tanzania (13%) out of the total number of visitors.
- The Group engaged in carbon offsetting campaigns organized by Carbon Footprint Ltd to compensate for the entire carbon footprint (114 tCO_2) arising from the operations of its HQ in Riga and Vilnius. For the second consecutive year, the Group co-financed the reforestation of the Great Rift Valley in Kenya, while for the first time, it participated in the Northern Ethiopia Community Safe Water project, aimed at providing clean water to local communities of Amhara National Regional State.
- Over 20% of the Group's portfolio serves the self-employed and SMEs, thereby increasing economic inclusion and prosperity of local communities.
- Eleving Group won the award for Best Investor Relations at the pan-Baltic level among the companies listed on the Nasdaq First North bond list.

Key achievements

- Annual adjusted revenue up by 8% year-on-year (YoY) to EUR 189.3 mln.
- Annual adjusted EBITDA up by over 18% (YoY), reaching EUR 77.5 mln.
- The net portfolio increased to EUR 320.3 mln, reflecting annual growth of 9%.
- Adjusted net profit after FX up by 50% (YoY), reaching EUR 23.1 mln.[1]
- The Group's total equity amounts to EUR 81.9 mln, including subordinated debt that qualifies as equity per the Fitch Rating Agency, with a capitalization ratio of 26.1%.
- More than 146,000 new clients onboarded.
- Continued private placement of Kenyan notes with an aggregate size of up to EUR 23 mln. Since the end of 2023, a total of EUR 13 mln have been raised.
- USD 7 mln from the Verdant Capital Hybrid Fund raised for the Kenyan portfolio growth.
- EUR 50 mln of senior secured and guaranteed Eleving Group 2023/2028 bonds issued, with over 2,000 new investors from the Baltic states and Europe onboarded.
- Foundations laid for cooperation with ACP Credit, resulting in EUR 10 mln investment for business growth in Romania.
- Integration of consumer financing business in Botswana, Namibia, Zambia, and Lesotho. As a result of the integration, the Group took over the assets, subsidiaries, client portfolio worth EUR 28 mln, and increased the Group's equity.

[1] 2022 profit adjusted by one-off costs: (a) loss on write-down of held-for-sale business of EUR 0.8 million. 2023 profit adjusted with an increase by: (a) solidarity tax payment in North Macedonia EUR 1.2 mln.

Keynote from the CEO

General overview

Considering the challenging economic climate, we embarked on 2023 with cautious optimism. The year was expected to be defined by high inflation, high interest rates, and geopolitical turmoil, with possible adverse effects on Eleving Group. To mitigate the potential negative impacts, our main focus therefore was on portfolio quality, processes, cost efficiency, and diversification of our funding structure. Also, decisions related to mitigating the negative impact of FX were not overlooked.

We now see that, after slightly slower first few months, our business gradually gathered momentum in the following period, with the Group recording the best-ever results at the end of the year. The strong financial results were derived from a well-diversified business structure, accompanied by organic growth, and reinforced by the leading position of our subsidiaries in their respective markets. Also, our customer payment discipline remained strong thanks to our previously made decisions on tightening the Group's underwriting policies and customer solvency checks. On top of that, the Group managed to successfully reduce the cost of risk, compared to the previous year. This was a year that was marked by corporate maturity and procedural quality.

Products and processes

Several notable developments occurred in the realm of products and processes. Firstly, integrating the consumer lending business in Botswana, Namibia, Zambia, and Lesotho significantly broadened the Group's global footprint. This strategic move bolstered the Group's net portfolio by approximately EUR 28 mln and paved the way for expansion into the Sub-Saharan region, with a tailored consumer product catering to public administration employees.

During the year, the company has also strengthened its position across the existing product mix while offering its customers an even better experience than before. A few projects worth mentioning are the automation of mobile wallet (M-Kopa) statement analysis in Kenya, the launch of a second-generation customer cabinet in Romania, the launch of additional credit line functionality in Albania, and car auction functionality in KE and LT. All these projects were focused on improving customer experience and optimizing back-end processes.

Additionally, it's worth highlighting the successful sale of the Renti+ business in Latvia. Once the company understood that developing such a product further would be more challenging in a peak interest rate environment, it quickly decided to sell the business and release resources to focus on developing the Group's core products. In the meantime, OX Drive car-sharing business reached a revenue of EUR 1 mln and now operates a fleet of more than 150 electric cars.

Capital management

Eleving Group's capital management strategy proved remarkably effective regarding the diversification of the funding sources and alignment with sustainable business practices. One of the key events in 2023 was the issue of Eleving Group 2023/2028 senior secured and guaranteed bonds in the amount of EUR 50 mln. It significantly improved the Group's debt maturity profile, helped to refinance around half of Mogo AS 2021/2024 bonds maturing on 31 March 2024, and attracted over 2000 new investors, mainly from the Baltics.

Modestas Sudnius
Eleving Group CEO

The Group's collaboration with impact funds in 2023 resulted in lower funding costs and contributed to the boost of our green products, exemplified by the USD 7 mln investment from Verdant Capital Hybrid Fund in the Kenyan portfolio. Furthermore, strategic partnerships with international investment funds provided flexibility

in meeting the needs of our subsidiaries, like in the case of Mogo Romania, where we laid a foundation for a EUR 10 mln investment from ACP Credit that was received in early 2024. Additionally, despite slightly higher costs, the collaboration with Mintos offered flexibility in capital raising, reflecting Eleving Group's commitment to adaptability and responsiveness to market conditions.

In the near future, the company aims to continue to raise as much as possible in local currencies to cover most of the FX fluctuations and minimize the related risks.

This year, it was done by expanding the local note programs in Kenya and Botswana and attracting local bank financing. Overall, Eleving Group's fundraising strategy in 2023 underscored a balanced approach toward the cost of capital and funding objectives, setting a solid foundation for sustained growth in the future.

Sustainability

This year, we have strengthened our position in the green mobility market, as evidenced by growing customer interest in our electric motorcycle financing solutions in Kenya and electric car-sharing services in Latvia. Although we currently hold a relatively small share of the Kenyan electric motorcycle financing market, the business has the potential to grow tenfold in the coming years. Our projections originate from analyzing customers' interest in more sustainable mobility and considering the recently introduced retrofitting product, which enables us to convert used ICE motorcycles into electric ones, significantly extending their life cycle. We expect organic demand for this product already in 2024. In the meantime, the Group is preparing to introduce an electric motorcycle financing service in Uganda. Our decisive action to promote green mobility has reduced the average CO_2 intensity of the Group's vehicle portfolio, bringing us closer to the Group's climate goals. To strengthen our climate mitigation actions, we have also implemented several carbon offsetting projects in Kenya and Ethiopia that helped us fully offset the carbon footprint of the Riga and Vilnius headquarters.

Meanwhile, in the social area, we are continuing our work on educating consumers on financial literacy through our interactive platform launched early this year. More than 30,000 consumers globally have completed online self-assessment and evaluated their financial health, gaining valuable suggestions on managing their money more effectively. We have also contributed to local communities, for example, by educating motorcyclists on road safety in Kenya, taking part in environmental clean-up activities, promoting the well-being of employees and their families, and carrying out several charity campaigns.

Summary

To wrap up, this year has presented its fair share of challenges, yet it has been successful for our company. We have witnessed solid growth, made prudent decisions that delivered the expected outcomes, and fortified our financial position to ensure long-term growth of our global operations. As we turn our focus to 2024, we anticipate new opportunities for expansion and accelerated growth, bringing positive news and significant developments for our investors' and partners' community.

Modestas Sudnius
Eleving Group CEO

About the report

Eleving Group, formerly known as Mogo Finance, 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, has prepared this Integrated Annual Report 2023 (hereinafter — the Integrated Report) following International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and in a GRI-referenced approach (Global Reporting Initiative), demonstrating Eleving Group's financial standing, its performance regarding environmental, social, and governance aspects, adopted measures to prevent financial crime, responsible lending and inclusion measures, and other non-financial elements.

The Integrated Report of Eleving Group discloses sustainability information of Eleving Group along with its key operating entities: AS 'mogo' (Latvia), Primero Finance OÜ (Estonia), UAB 'mogo LT' (Lithuania), Mogo LLC (Georgia), Mogo IFN SA (Romania), O.C.N. 'MOGO LOANS' S.R.L. (Moldova), , MOGO Universal Credit Organization LLC (Armenia), AS Renti (Latvia), Mogo Auto Limited (Kenya), Mogo Loans – SMC Limited (Uganda), OOO Mogo Lend (Uzbekistan), OCN SEBO CREDIT SRL (Moldova), Kredo Finance Shpk (Albania), Finance Company FINMAK Doo Skopje (North Macedonia), SIA Spaceship (Latvia), YesCash Zambia LTD (Zambia), ExpressCredit LTD (Botswana), ExpressCredit Cash Advance (Namibia) and other subsidiaries (altogether hereinafter — Eleving Group, the Group, the Company).

The Integrated Report covers the period from 1 January until 31 December 2023.

Please send any questions or suggestions regarding the report to esg@eleving.com.

The report is made public on April 30, 2024.

Taxonomy eligibility

The EU Taxonomy regulation is a classification system of environmentally sustainable economic activities.[1] The regulation aims to direct capital flows towards projects and activities that contribute to at least one of the EU's six environmental objectives:

1. Climate change mitigation.
2. Climate change adaptation.
3. The sustainable use and protection of water and marine resources.
4. The transition to a circular economy.
5. Pollution prevention and control 6. The protection and restoration of biodiversity and ecosystems.

Companies within the scope of the Non-Financial Reporting Directive (NFRD)[2] must disclose taxonomy-related information following the methodology and implementation timeframe of the disclosure obligation as specified in the Disclosures Delegated Act.[3] In the 2022 annual report, Eleving Group will disclose information regarding its exposures to taxonomy-eligible and non-eligible activities in line with article 10(2) of the Disclosures Delegated Act. Currently, the eligible activities concern the first two objectives of the Taxonomy regulation: climate change mitigation and adaptation.[4]

Taxonomy Mandatory Reporting

Required information (art 10(2))	Absolute sum	The proportion of total covered assets (%)
Exposures to Taxonomy-eligible activities	84 292 629	20.0%
Exposures to Taxonomy-non-eligible activities	337 325 869	80.0%
Exposures to central governments, central banks, and supranational issuers	-	0%
Exposures to derivatives	-	0%
Exposures to undertakings not subject to NFRD	1 234 278	0.3%
Trading book and on-demand inter-bank loans	-	0%

Eleving Group's exposures to taxonomy-eligible activities comprise leases for vehicles, loans backed by vehicles, and used vehicle rental services. These loans directly relate to activities that fit the description of section 6.5 of the Climate Delegated Act Annex I: Transport by motorbikes, passenger cars, and light commercial vehicles.1 The exposures to taxonomy-non-eligible activities include unsecured consumer loans, vehicle loans granted outside the EU, and loans to companies not subject to the disclosure obligations under the NFRD.

Eleving Group has set targets to reduce the climate impact of its portfolio related to these activities (see section Striving for climate impact reduction and adaptation). These climate targets relate to product design and engagement with clients. However, these targets are not considered in compliance with the Taxonomy regulation because it is currently difficult to estimate the availability and accessibility of information required to demonstrate that Eleving Group financing activities are taxonomy-aligned. This approach will be reviewed in the coming years, pending the feasibility of proving alignment.

[1] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

[2] Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU regarding disclosure of non-financial and diversity information by certain large undertakings and groups.

[3] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021.

[4] Commission Delegated Regulation (EU) 2921/2139 of 4 June 2021.

About the Group

Group's profile

Eleving Group has driven innovation in financial technology around the world since its foundation in Latvia in 2012. As of today, the group operates in 16 markets and 3 continents, encouraging financial inclusion and upward social mobility in underserved communities around the globe. Eleving Group has developed a multi-brand portfolio for its vehicle and consumer finance business lines, with around 2/3 of the portfolio comprising secured vehicle loans and mobility products, with Mogo as the leading brand, and around 1/3 of the portfolio including unsecured consumer finance products, with Kredo and Tigo as the segment's flagship brands. Currently, 57% of the group's portfolio is located in Europe, 30% in Africa, and 13% in the rest of the world. The Group's customer base exceeds 500,000 customers worldwide, while the total volume of loans issued amounts to approximately EUR 1.6 billion. Headquartered in the Baltics and domiciled in Luxembourg, the Group runs efficient and transparent operations, employing 2760 employees.

Our mission

To facilitate upward social mobility across diverse communities worldwide by creating access to innovative and sustainable financial solutions.

Our values

Driven by Success

We are hungry for success and strive for excellence. While we revel in the process of dealing with any challenges encountered along the way, it is the result that truly matters and drives us. We define and measure our success, allowing it to be the driving force for new achievements.

Geared Towards Growth

We have a business owner's mindset. We take full responsibility for our actions and decisions, encouraging others to do the same. We take the initiative rather than react to events—we take calculated risks, boost efficiency, and keep improving.

Powered by Teamwork

We are open, honest, and caring. We lead by example and are trusting and trustworthy. We care for and support each other in reaching our common goals. We work with passion, celebrate our victories, and have fun along the way. We thrive on equality and diversity. An individual can achieve a great deal, but even more with a strong team.

Open to changes

We challenge and elevate everything we touch and are eager to find out-of-the-box solutions. Change is our driving force, and we face it head-on. We take on whatever comes our way, showing strength in a changeable environment.

Group's structure

Luxembourg

Eleving GROUP

Baltics

- **Eleving VEHICLE FINANCE**
  - **Eleving VEHICLE AFRICA & ASIA**
    - Mogo (Kenya)
    - Mogo (Uganda)
    - Mogo (Uzbekistan)
  - **Eleving VEHICLE EUROPE**
    - Mogo, Renti, Primero, OX Drive (Latvia)
    - Mogo, Renti, Primero (Lithuania)
    - Mogo, Primero (Estonia)
    - Mogo (Romania)
    - Mogo (Moldova)
    - Mogo, Primero (Armenia)
    - Mogo (Georgia)
- **Eleving CONSUMER FINANCE**
  - Kredo (Albania)
  - Tigo (North Macedonia)
  - Sebo (Moldova)
  - Express Credit (Botswana)
  - Express Credit (Namibia)
  - Express Credit (Zambia)
  - Express Credit (Lesotho)

Since its inception, the Group has issued over EUR 1.6 bln in loans, with a net loan portfolio and a pre-owned car rental fleet of almost EUR 320.3 mln at the end of 2023. Eleving Group has a proven track record and has developed strong know-how that allows its flexible business model to be implemented in new markets efficiently by leveraging its knowledge and technological resources.

Eleving Group thoroughly evaluates potential new markets, meticulously examining legal structures, competitive landscape, country-specific risks, data accessibility, and other market conditions.

Additionally, the company makes on-site visits to the target country, engaging with potential partners and suppliers and conducting interviews with local management candidates. Once the decision is made to enter a new market, Eleving Group customarily adjusts its existing models and business processes to align with the specific market characteristics. This strategy, coupled with the expertise of a seasoned regional management team, enables swift market penetration and ensures the maintenance of high operational and credit risk assessment standards.

Business lines

Eleving Group runs two business lines:

vehicle finance

consumer finance

Eleving Group runs two business lines: vehicle finance and consumer finance. In the vehicle finance segment, the Group offers vehicle leasing, leaseback, subscription, rental, rent-to-buy, and car-sharing products. In the consumer products segment, the Group offers single payment and installment loans, credit lines, and long-term unsecured loans.

The Group provides vehicle financing products in ten markets—Latvia, Lithuania, Estonia, Georgia, Romania, Moldova, Armenia, Uganda, Kenya, and Uzbekistan. In the consumer financing segment, the Group is present in seven markets – Albania, Moldova, North Macedonia, and the newly integrated Botswana, Namibia, Zambia, and Lesotho.

The Group's business lines comprise several products and services that fill the funding gap and create new opportunities for people who previously did not have access to finance or private means of transport. The Group's main products can be split into three categories:

Lease and leaseback products in Latvia, Lithuania, Estonia, Georgia, Romania, Armenia, Moldova, Uzbekistan, Kenya, and Uganda.

Flexible lease and subscription-based products — motorcycle taxis in Kenya and Uganda, used vehicle rental in Latvia and Lithuania, and electric car-sharing in Latvia.

Consumer lending products — installment loans, credit lines, single payment loans in Albania, Moldova, and North Macedonia, and long-term consumer loans for public administration employees in Botswana, Namibia, Zambia, and Lesotho.

Eleving Vehicle Finance offers a finance lease and leaseback to customers in all its countries of operation. Under a finance lease, Eleving Group purchases a customer-selected vehicle; the lessee can then use the vehicle during the lease period and pay a series of installments. The purchased vehicles are 1 to 23 years old, with the majority in the range of 12 to 18 years. After repaying the principal, the lessee becomes the vehicle’s legal owner. Under a leaseback contract, Eleving Group purchases a vehicle directly from the customer; the customer then continues to use the vehicle and pays monthly installments. After repaying the principal, the customer again becomes the vehicle’s legal owner.

The finance lease and leaseback are Eleving Group’s core products and currently represent 45.8% of the total net loan portfolio as at 31 December 2023. Eleving Group also offers multiple flexible lease and subscription-based products, accounting for 21.4% of the portfolio. In Lithuania, the Group offers rent-to-buy solutions to customers looking for maximum flexibility, allowing them to return or exchange the vehicle any time. In Eastern Africa, the company provides productive lending for new motorcycles and three-wheelers for passenger transport or delivery of goods. These lending products specifically target self-employed riders and small entrepreneurs who rely on their motorcycles to generate income and support their families. During the year, the Group also launched a new initiative in Kenya—retrofitting internal combustion engine motorcycles to electric ones. The main objective of this product is to further the introduction of sustainable mobility in Kenya and to give a second life to used motorcycles, thereby extending their life cycle.

Mogo is the dominant brand in the used vehicle finance segment. Services are delivered through websites, mobile platforms, and an extensive network of dealers, brokers, and branches. In certain markets, the Group extends its offering to include rent-to-buy solutions, motorcycle subscription services, and financing for higher-end vehicles through strategic partnerships with local banks, primarily under the Primero brand. In 2022, the Group expanded its product range to include the car-sharing service OX Drive. This is an app through which an electric car-sharing service is offered in Riga and other nearby cities. As of 31 December 2023, 139 Tesla cars of several models under the OX Drive brand provide a high-end and eco-friendly mobility experience for people who need a car for short distances and periods.

Eleving Vehicle Finance’s business model capitalizes on the growing global demand for mobility and high-quality used vehicles in the Group’s markets. This model is implemented through an innovative, data- driven, and rapid process, supported by strategic IT investments, robust controls, effective debt collection, and direct collaborations with used car dealer networks. The emphasis on secured lending against vehicle titles has enabled Eleving Group to carve out a unique niche in the financial services market, positioning itself as a pioneer with distinct advantages in economies of scale. Before the establishment of Mogo in 2012, there was no convenient financing alternative for used vehicles older than five years in the Baltic region.

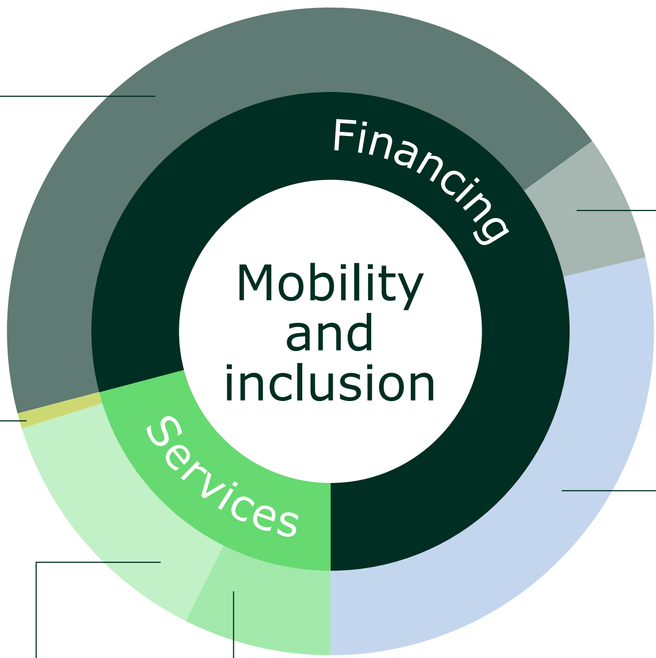
Eleving’s Consumer Finance business focuses on markets lacking financial inclusion and having communities underserved by conventional financial institutions. There is usually no “middle ground” between difficult-to-access bank finance and very limited, expensive short-term loans. Eleving Consumer Finance companies are often the only lenders offering online and offline customer service experiences for diverse customer groups. With over 160 branches in Moldova, North Macedonia, Albania, Botswana, Namibia, Zambia, and Lesotho, Eleving Consumer Finance companies offer flexible financial products—from credit lines to installment loans, providing access to substantial funds to customers that meet the Group's credit assessment benchmarks. This business line accounts for 32.8% of the Group’s total portfolio.

The main product in the Eleving Consumer Finance portfolio is a long-term unsecured loan with regular, fixed monthly payments. Interest rates differ based on the product, loan size, and 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 set in the loan agreement terms.

The Group’s vehicle and consumer finance business lines have separate management teams. Having a larger operational volume and geographical presence, Eleving Vehicle Finance’s business operations are managed through two regional hubs—Eleving Africa & Asia and Eleving Europe. The Group's headquarters for both business lines are in Riga, Latvia, and Vilnius, Lithuania.

Product universe

Company provides various financing and mobility products which can also be categorized into pure financing products and services. Financing products include traditional lease, leaseback products and consumer financing products, accounting for 79% of the Group's total net portfolio as of December 2023. Services include flexible lease and subscription-based products, accounting for 21% of the Group's total net portfolio as of December 2023. Despite, many service products are accounted as financing, they provide additional benefits to the customers and while making one monthly payment customer also receives - insurance coverage, GPS tracking services, special equipment needed for work as a taxi driver (in case of motorcycle loans), and access to taxi associations. In the case of rent-to-buy service, among other benefits, customers have full flexibility to return the vehicle or have a chance to change it more frequently.



mogo

Well accessible and affordable mobility product for customers in underserved market segments

EUR 146.7 mln
Net portfolio

primero

Flexible Premium car leasing for people interested in the high-quality vehicles

EUR 20.9 mln
Net portfolio

OX DRIVE

Tesla based car-sharing in Latvia (Riga)

EUR 3.5 mln
Fleet value

Sebo.md, **Kredo.al**, **Tigo.mk**, **ExpressCredit**

Accessible financing through traditional consumer loan products

EUR 104.9 mln
Net portfolio

mogo BODA LOANS

A solution for self-employed who use mobility as a source of income

EUR 39.7 mln
Net portfolio

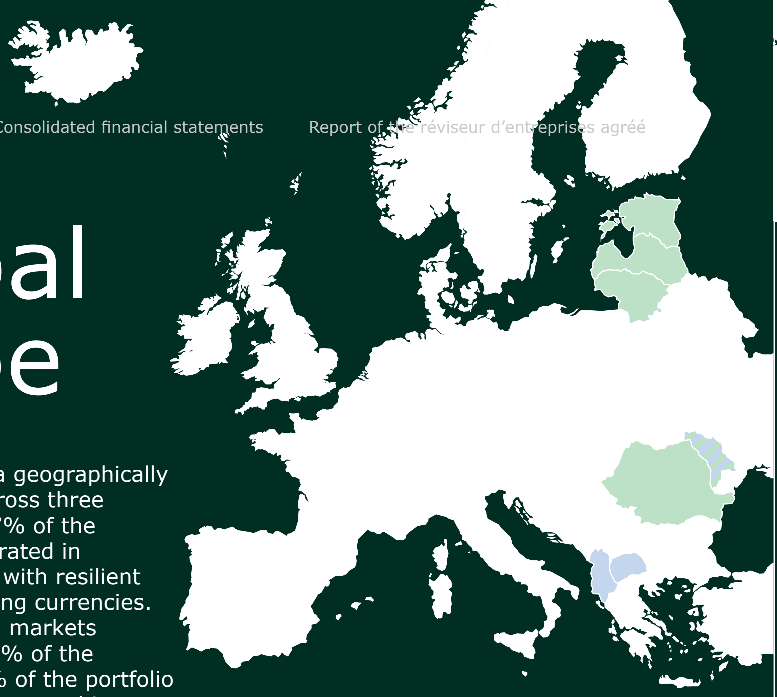
Renti

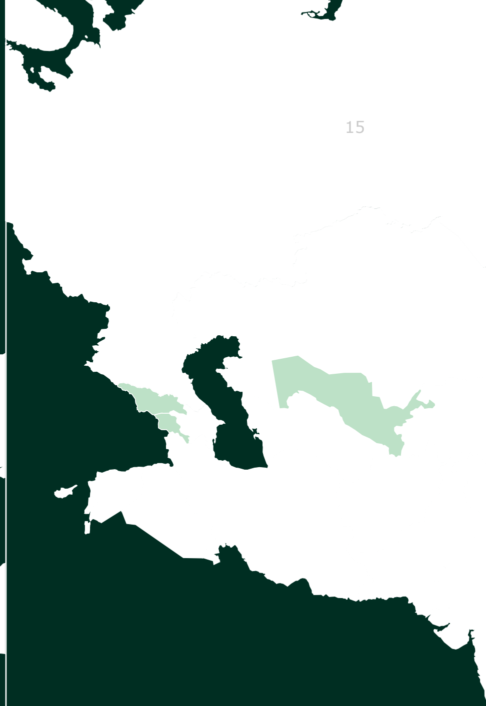
A rent-to-buy product with ultimate flexibility

EUR 25.4 mln
Fleet value

Financing products include traditional lease and leaseback products as well as consumer financing products that accounted for 79% of the Group's total net portfolio as of December 31, 2023.

Services products include flexible lease and subscription-based products that accounted for 21% of the Group's total net portfolio as of December 31, 2023.





Global scope

Eleving Group has a geographically diverse portfolio across three continents. Over 57% of the business is concentrated in Continental Europe with resilient economies and strong currencies. The Group's African markets account for over 30% of the portfolio, while 13% of the portfolio is located in other geographies.

67%

Vehicle Finance

(Lease, leaseback, flexible lease and subscription)

33%

Consumer Finance

57% Continental Europe

Latvia (LV)
Population[2]: 1.9 mln
Passenger vehicles[3]: 0.66 mln
Operations launched: y2012
Share of portfolio: 3.6% (9.5%[1])

Lithuania (LT)
Population: 2.8 mln
Passenger vehicles: 1.26 mln
Operations launched: y2013
Share of portfolio: 10.0%

Estonia (EE)
Population: 1.3 mln
Passenger vehicles: 0.79 mln
Operations launched: y2013
Share of portfolio: 3.4%

Romania (RO)
Population: 19.0 mln
Passenger vehicles: 6.90 mln
Operations launched: y2016
Share of portfolio: 10.4%

Moldova (MD)
Population: 2.5 mln
Passenger vehicles: 0.58 mln
Operations launched: y2017
Share of portfolio: 5.6%

Moldova (MD)
Population: 2.5 mln
Business acquired: y2020
Share of portfolio: 5.9%

Albania (AL)
Population: 2.8 mln
Business acquired: y2020
Share of portfolio: 11.2%

North Macedonia (MK)
Population: 2.1 mln
Business acquired: y2020
Share of portfolio: 7.0%

13% Rest of the World

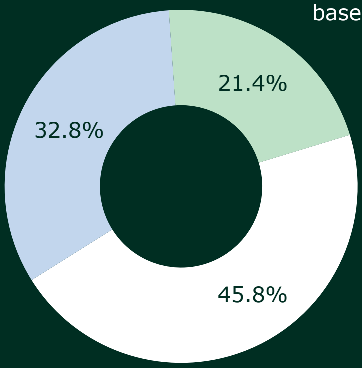
Georgia (GE)
Population: 3.7 mln
Passenger vehicles: 1.01 mln
Operations launched: y2014
Share of portfolio: 5.2%

Armenia (AM)
Population: 2.8 mln
Passenger vehicles: n.a.
Operations launched: y2017
Share of portfolio: 4.1%

Uzbekistan (UZ)
Population: 35.6 mln
Passenger vehicles: n.a.
Operations launched: y2018
Share of portfolio: 3.6%

Portfolio balance[1]

as per December 2023



[1] Including Primero product portfolio in total portfolio balance
[2] Population data source: Eurostat and World bank
[3] Passenger vehicle data source: ACEA VEHICLES IN USE REPORT and Nation Master

30% Africa

Kenya (KE)
Population: 54.0 mln
Passenger vehicles: 0.96 mln
Operations launched: y2019
Share of portfolio: 13.9%

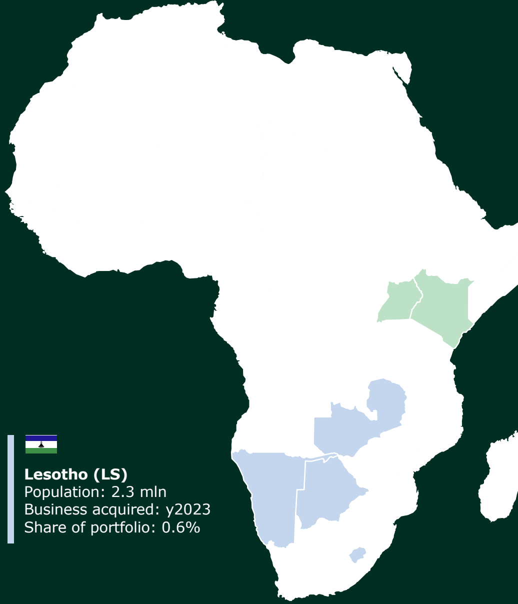
Uganda (UG)
Population: 47.2 mln
Passenger vehicles: 0.17 mln
Operations launched: y2019
Share of portfolio: 7.4%

Botswana (BW)
Population: 2.6 mln
Business acquired: y2023
Share of portfolio: 4.5%

Zambia (ZM)
Population: 20.0 mln
Business acquired: y2023
Share of portfolio: 1.1%

Namibia (NM)
Population: 2.6 mln
Business acquired: y2023
Share of portfolio: 2.2%

Lesotho (LS)
Population: 2.3 mln
Business acquired: y2023
Share of portfolio: 0.6%



Stakeholders

Eleving Group believes a stakeholder-based approach helps to understand and manage both opportunities and risks to ensure sustainable growth and profitability; therefore, the Group focuses on bringing value to its stakeholders:

- Employees: career advancement and personal satisfaction.
- Customers: enabled upward social mobility through financial inclusion across diverse communities.
- Investors: return on the allocated capital.
- Regulators: a reliable partner in shaping the industry; a transparent and compliant entity.
- Local economies: regular tax revenues, a well-paid and educated workforce, and a non-discriminating attitude from an international employer.
- The industry: a trend and standard setter that drives innovation.

Eleving Group earns a substantial majority of its revenues from interest payments and fees on the Group's loans to customers. Financial institutions and other funding sources provide the Group with capital to fund these loans and charge interest on funds that Eleving Group draws down.

Investors

Eleving Group's investor community comprises retail and institutional investors. In the retail segment, the Group has over 2000 investors from the Baltic states and Germany and over 10,000 Mintos investors from around 62 countries. In the institutional investor segment, we have three sub-groups:

- Bondholders—hedge funds, family offices, wealthy private investors.
- Baltic banks, Southern European banks, etc.
- Sustainability-oriented funds with a focus on the Africa region.

Our investors value the Group as a trusted partner that can deliver consistent and sustainable growth.

External partners

The Group relies on certain services provided by third parties, such as banks, local consumer credit agencies, IT service providers, and debt-collection agencies. An inability to maintain existing business relationships with them 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 the Group may have a material adverse effect on the Group's business, financial position, operational results, prospects, or cash flows.

Clients

The typical client of Eleving Group mobility products is a working-class person who frequently uses a vehicle for daily commuting and as an instrument to make a living for them and their family. It is a person looking for a convenient and easy-to-understand financial product with fast onboarding and simple use. Customers of Eleving Group's Vehicle Finance prefer to drive used premium-class vehicles since such vehicles perform better, depreciate less and have cheaper maintenance costs due to a well-developed aftermarket. For most customers, a car is not a nice-to-have item but a necessity to travel to their workplace or earn income. The Group also serves small and medium enterprises that need quick financial solutions to solve mobility issues in their businesses. Most of Eleving Group's Vehicle Finance customers are males aged 21 to 59. A significant part of used car sales occurs at physical locations where potential customers can see and test a car while interacting with a seller directly. Because of this trend, Eleving Group introduced dedicated partner account managers and specific partner programs to establish close business relationships with used car sellers.

[1] Commission Delegated Regulation (EU) 2921/2139 of 4 June 2021, Annex I.

As of 31 December 2023, Eleving Group has signed Cooperation Contracts with more than 2,200 car dealerships.

Our consumer segment clients encompass diverse individuals seeking tailored financial solutions to meet specific needs and goals. They often try to address urgent cash flow needs, mainly related to unexpected expenses. Eleving Group's Consumer Finance customers are equally divided by gender and fall within an age range of 21 to 59. Our offerings provide flexible terms and competitive rates, empowering clients to achieve their aspirations with personalized support. Usually, 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.

As of 31 December 2023, Eleving Group has 246 strategically located branches in the countries of operation, allowing it to serve a broader population and address its customers' needs across its business lines.

The industry

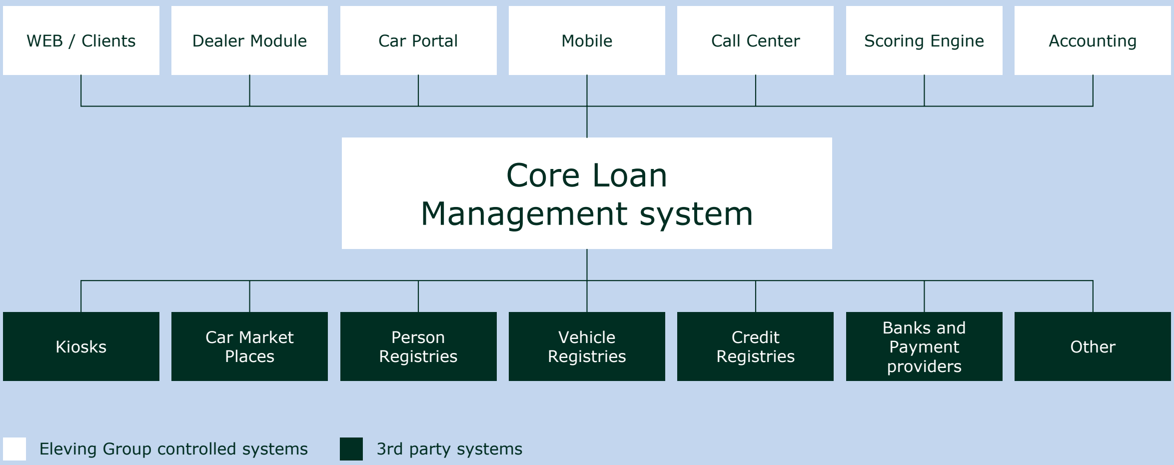
Eleving Group and its companies' membership in trade associations, unions, and other organizations provide information on the trends of the financial and related industries and ensure representation of national and international interests in developing policy documents, legislation, and standards. Representatives of the company and other companies in the sector adopt self-regulatory initiatives, agree on measures to improve the industry's reputation and carry out various communication and educational activities.

The Group's entities are members of the following associations in 2023:

- Albania: Albanian Microfinance Association
- Estonia: Finance Estonia
- Georgia: Georgian Fintech Association
- Kenya: The Association for Microfinance Institutions
- Latvia: Fintech Latvia Association
- Lesotho: Lesotho MicroFinance Association
- Moldova: Alternative Financial Services Association of Moldova
- Namibia: The Micro Lenders Association of Namibia
- North Macedonia: Economic Chamber of North Macedonia
- Romania: Asociația Societăților Financiare din România
- Uzbekistan: Leasing Association of Uzbekistan

The Group's representatives consistently engage in discussions and actively participate in a variety of forums, conferences, seminars, and working groups. These interactions provide valuable opportunities to exchange insights and perspectives with industry professionals, fostering a collaborative environment that enhances the Group's understanding of industry trends and developments. Through their active involvement in such events, the Group's representatives stay abreast of the latest advancements, contributing to the continuous improvement and adaptation of the Group's strategies in response to the dynamic landscape of finance and related sectors.

Business driven by technology



Eleving Group utilizes state-of-the-art technological solutions that ensure the quickest disbursement of funds in the market while maintaining the flexibility needed to serve underserved communities. Customer care is characterized by transparent communication and customized solutions. The Group leverages innovative, technology-driven internal processes to meticulously analyze and evaluate a comprehensive range of customer and vehicle data. Decision-making is anchored in an in-house scoring model and a data-driven metrics pool, ensuring a sophisticated and informed approach.

As part of Eleving Group's IT strategy, the organization leverages state-of-the-art technologies, and it is making significant investments in IT systems to align with current and future growth. The IT department at Eleving Group plays a crucial role in supporting the complete product development and optimization lifecycle.

The company adopts practical design principles and prioritizes initiatives based on value-driven criteria to optimize the IT department's time investment. This strategy aims to develop solutions that address validated business needs, emphasizing the operation of secure and stable systems, minimizing maintenance costs, maximizing customer conversion rates, and streamlining portfolio administration.

Eleving Group is committed to continuous investments in digitization, data processing, and risk solutions. Drawing upon its extensive experience and expertise in delivering innovative and data-centric financial services, these investments strengthen the Group's competitive edge, positioning it ahead of rivals regarding user-friendly interfaces, customer convenience, and diverse product offerings. Additionally, the Group's IT systems have demonstrated a commendable track record of reliability and uninterrupted performance, with no notable system downtime over the past five years. Eleving Group maintains confidence in its in-house IT team's ability to uphold the current service standards and drive ongoing enhancements and robustness in the performance of its IT systems.

Eleving Group employs a data-centric analysis and decision-making approach across all facets of its operations. The utilization of data enhances the evaluation of both current and prospective customers, optimizes marketing expenditures, improves credit risk management, and streamlines the process of developing new products. Predictive data from various sources, including alternative and traditional channels like credit bureaus, is crucial in generating accurate customer credit scores.

As a responsible corporate member of the global business community, Eleving Group promotes responsible lending, prioritizing a transparent and convenient customer experience. The Group takes measures to guarantee secure and encrypted processing and storage of customer data. Specialized tools and IT infrastructure, including a fraud prevention and scoring engine, risk evaluation engine, and the incorporation of alternative data sources, underpin the Group's daily business operations.

The vehicle assessment software automatically assesses the value of a vehicle by combining 10+ variables among thousands of vehicles on the market. To simplify the customer journey, there is a streamlined CRM (Customer Relationship Management) tool with multiple integrations with relevant credit bureaus, all central banks, and call center solutions. E-payments are used to provide convenient customer service. The proprietary algorithms in the debt collection engine ensure high-efficiency operations. Integrated GPS (Global Positioning System) tracking and alerts enable access to customer data even when on the road. By using cloud service providers, mission-critical production systems utilize the advantages of high availability, fast scalability, and business continuity. We take full advantage of the managed automation possibilities, enabling Eleving Group to have cost-efficient IT operations with a constant focus on information security.

Throughout the year, the company has fortified its position across its existing product lineup, aiming to provide customers with an enhanced experience. Highlighted initiatives include the introduction of M-PESA, a mobile phone-based money transfer, financing, and microfinancing service, launching a second-generation customer self-service cabinet in Romania, introducing additional credit line functionality in Albania, and implementing car auction capabilities in Kenya and Lithuania. These projects were centered on improving customer satisfaction and optimizing internal processes.

Sustainability

Approach and scope

Eleving Group is committed to creating lasting value by promoting responsible financial behavior and practices. The company actively assesses the societal impact of its business operations, considers the interests and expectations of key stakeholders, and strives to contribute to a more sustainable future. As a global financial technology group with a broad reach, Eleving Group advocates for sustainable business practices and empowers its clients to seize opportunities that result in positive social and economic impacts. In various sustainability criteria, the group serves as a pioneer, introducing Western European values and incentives to developing countries, thereby improving the well-being of diverse and vulnerable communities.

The Group is fully aware of the impact of its activities and its responsibility towards customers, regulators, shareholders, employees, business partners, and communities in which it operates, and is guided by the following sustainability principles:

- Compliance with high responsibility standards from a legal, ethical, economic, social, and environmental perspective.
- Commitment to balancing economic success with environmental and social responsibility.
- Responsible lending at the core of the business; continuous integration of environmental, social, and governance (ESG) criteria into the lending process.
- Promotion of transparent communication and open dialogue with our stakeholders.

To implement these commitments, the Group's most significant impacts have been identified, measurable targets set, and the progress on reaching these has been publicly reported. Above all, Eleving Group is transparent about direct and indirect impacts on the environment, societies, and economies where it operates.

Materiality analysis

In 2022, Eleving Group conducted a materiality analysis to define the most relevant sustainability issues to the Group. The materiality analysis considered the nature of the business operations and the value chain of the Group, and various environmental, social, and governance impacts that its activities directly or indirectly might make or be affected by, and then prioritized these different ESG aspects through the following lenses:

- Stakeholder expectations (online survey and 1:1 interviews).
- Relevance from the management's point of view (workshops).
- Trends seen from a peer review (desktop analysis).

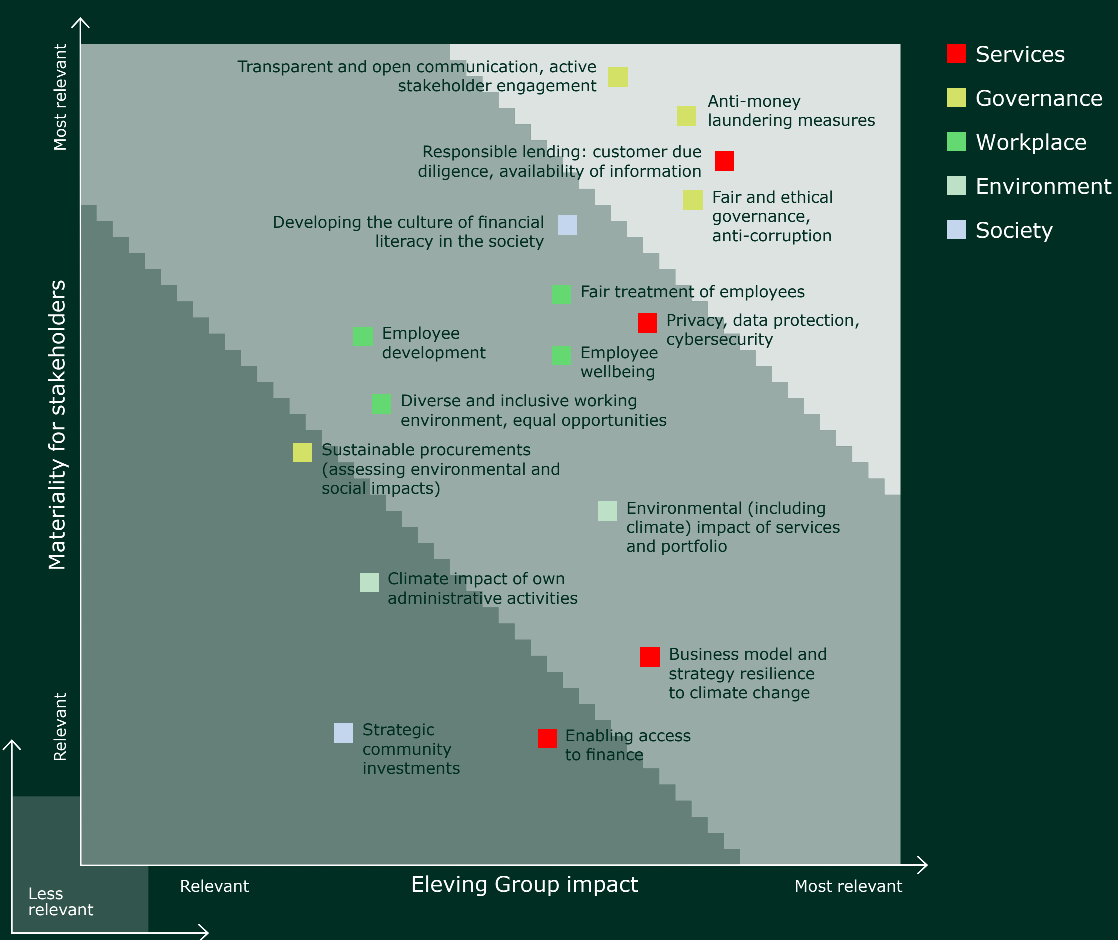
As part of stakeholder engagement, Eleving Group's managers of different functions and business units selected the most important stakeholders to be invited to do a survey on sustainability. Altogether, around 150 stakeholders and experts from around 130 organizations contributed to the Group's efforts in developing a systematic approach to sustainability, environmental and social aspects, and responsible business conduct. The table below summarizes the findings, indicating stakeholder expectations regarding priority sustainability areas.

Major stakeholder categories / Priority sustainability areas	Financial community (banks, investors, analysts)	Policymakers, regulators, authorities, professional bodies	Suppliers, business partners	Civic society: NGOs, experts, media	Employees
Responsible lending: customer due diligence, access to information		✓	✓	✓	
Fair and ethical governance, anti-corruption	✓			✓	✓
Transparent and open communication, active stakeholder engagement	✓		✓	✓	✓
Anti-money laundering measures	✓	✓	✓		
Privacy, data protection, cybersecurity		✓	✓		

Priority sustainability areas / Major stakeholder categories	Financial community (banks, investors, analysts)	Policymakers, regulators, authorities, professional bodies	Suppliers, business partners	Civic society: NGOs, experts, media	Employees
Environmental (including climate) impact of services and portfolio	✓				
Fair treatment of employees (i.e., employment relations, engagement, remuneration)				✓	✓
Employee safety and well-being				✓	✓
Employee education, skills, and development		✓	✓		
Diverse and inclusive working environment, equal opportunities, respect for human rights					✓
Promotion of financial literacy in society	✓	✓			

As a result of the materiality analysis, 16 key focus areas were identified as the most relevant to Eleving Group. The matrix below presents the importance of each area from the perspective of the stakeholders (based on external stakeholder engagement—vertical axis) and from the perspective of the Group (based on the rest of the materiality analysis and external experts' opinion—horizontal axis).

Materiality Matrix



For its Strategic ESG Program 2022–2025, the Group grouped the initially defined 16 areas into 11 priorities (split into four categories):

Eleving Group ESG priority topics

Practicing responsible business

- Sustainable procurements
- Fair and transparent business operations

Striving for climate impact reduction and adaptation

- Portfolio environmental/ climate impact
- Climate impact of own admin activities

Ensuring growth & well-being of employees

- Learning and development
- Health and well-being
- Engagement, diversity & equal opportunities

Fostering responsible access to finance

- Responsible lending
- Enabling access to finance
- Privacy, data protection, cybersecurity
- Financial literacy

A Way Way Up

ESG goals for 2025

Environment

- Climate impact monitoring and data collection system in place.
- Climate neutrality of administrative operations.
- User-friendly tools for measuring vehicle CO_2 emissions.

Social

- At least 8-hour professional development training for employees per year.
- Infrastructure for healthy work-life balance.
- Fair and equal internal progression of employees with 10% vacant management positions occupied by employees.
- Gender pay gap maximum 2%.
- Employee recommendation score (eNPS) at >50.
- Public programs and tools to improve the financial literacy of at least 500,000 people.

Governance

- Gender diversity in senior leadership roles (44-45% female).
- Zero unaddressed Whistle-blower reports.
- Structured ESG framework in place.
- Key suppliers assessed according to ESG criteria.

Alignment with UN SDGs

To demonstrate compliance with the ethical standards of the industry and the national and international frameworks on corporate sustainability and sustainable development, Eleving Group has chosen to make sustainability commitments and align its practices with the United Nations Sustainable Development Goals (SDGs). Based on an analysis of its contribution to the SDGs, Eleving Group has chosen to focus on UN SDGs 3, 4, 5, 8, 9, 12, 13, and 15.

Sustainable development goals		SDGs and relevant sub-goals for Eleving Group	Contribution of Eleving Group to the achievement of the SDGs
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	3.8. Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all	Provide Mandatory Health Checks; continue to offer and pay for health insurance for staff
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.7. By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development	Implement a financial literacy platform in all the Group's markets. Promote financial literacy and learning opportunities through the platform to local consumers

Sustainable development goals	SDGs and relevant sub-goals for Eleving Group	Contribution of Eleving Group to the achievement of the SDGs
5 GENDER EQUALITY – Achieve gender equality and empower all women and girls	5.1. End all forms of discrimination against all women and girls everywhere	Promote diversity in the workplace and equal pay; promote a balanced gender diversity ratio; enable access to finance for female entrepreneurs
	5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life	Promote a balanced gender diversity ratio in senior leadership roles; enable access to finance for female entrepreneurs
8 DECENT WORK AND ECONOMIC GROWTH – Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	Provide access to finance for starting a business/support revenue-generating activities
	8.8. Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants, and those in precarious employment	Ensure a healthy and safe working environment and labor rights for employees
	8.10. Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all	Provide access to finance to unbanked customers
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE – Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	9.3. Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.	Enable access to finance to unbanked customers; providing employment considering diversity and equal pay; ensure digital accessibility
12 RESPONSIBLE CONSUMPTION AND PRODUCTION – Ensure sustainable consumption and production patterns	12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Own ESG and sustainability reporting
	12.7. Promote public procurement practices that are sustainable, in accordance with national policies and priorities	ESG criteria included in the procurement process, assessment of suppliers

Sustainable development goals		SDGs and relevant sub-goals for Eleving Group	Contribution of Eleving Group to the achievement of the SDGs
	Take urgent action to combat climate change and its impacts	13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate-resilient and adaptive planning, monitoring own climate impact, and development of new
	Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.1. (..) ensure the conservation, restoration, and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	Offset the CO_2 emissions arising from Group HQs each year by co-financing the reforestation campaigns

Approach to sustainability reporting

Eleving Group evaluates its non-financial performance based on internationally recognized metrics that hold high esteem within the global investor community. Consequently, in 2021, the Group initiated its sustainability reporting initiative, employing the environmental, social, and governance (ESG) framework. This ensures that key stakeholders receive pertinent information for making well-informed decisions regarding the Group's capacity to generate value over the short, medium, and long term. Eleving Group considers ESG data a significant performance indicator for all primary stakeholders and society. As a result, in 2021, the Group commenced a seamless transition to a regular and strategically guided sustainability reporting process.

Progress toward 2025 targets in 2023

Pillar	Topic	Link to UN SDGs	Goal	Action	Stakeholders	Impact
Climate impact	E-mobility	13. Climate action	To create an alternative to the daily car-sharing format with ICE vehicles, thus reducing the negative impact on the climate arising from CO_2 emissions. Add more than 1000 e-vehicles to the fleet by 2025.	The Group has actively rolled out the OX Drive project, an electric car-sharing service in Latvia. Time of completion: Ongoing progress	Civic society, NGOs, media; Financial community; Policymakers, regulators, authorities; Clients	The OX Drive, as of 31 December 2023, offers electric car-sharing services with 139 Tesla vehicles. In 2023, OX Drive clients commuted around 2 mln kilometers on pure energy. Therefore, OX Drive has reduced the potential CO_2 emissions by approximately 260 to 278 t[1], compared to the amount an internal combustion engine would have generated.
Climate impact	E-mobility	13. Climate action	To promote green mobility and sustainable decision-making among local clients. Add more than 1000 e-vehicles to the fleet by 2025.	Continuous rollout of e-boda (electric motorcycle) financing product in Kenya mainly focused on SMEs, and self-employed who use vehicle as a means of income. Time of completion: Ongoing progress	Civic society, NGOs; Financial community; Policymakers, regulators, authorities; Clients	Mogo Kenya clients have commuted over 1.2 mln kilometers on pure electricity, thus reducing the potential CO_2 emission levels by approximately 33 to 36 t, compared to the amount an internal combustion engine would have generated.[2]
Climate impact	E-mobility	13. Climate action	To promote green mobility and sustainable decision-making among local clients. Add more than 1000 e-vehicles to the fleet by 2025.	Launch a motorcycle retrofitting service. An opportunity to swap the engine of a fuel-based motorcycle for a battery, turning it into an electric motorcycle and extending its life cycle. Time of completion: Ongoing progress	Civic society, NGOs, media; Financial community; Policymakers, regulators, authorities; Clients	Since the product launch at the end of 2023, several customers have already been funded to retrofit their motorcycles. This solution is estimated to save the customer up to USD 632 per year in maintenance costs.
Climate impact	Reduction of the CO_2 emission intensity	13. Climate action	To reduce the average CO_2 emission intensity arising from the company's vehicle portfolio from 97 to 80 gCO_2 /km.	Promotion of cars with lower CO_2 intensity levels per km. Time of completion: Ongoing progress	Civic society, NGOs, media; Financial community; Policymakers, regulators, authorities	The Group has reduced the average CO_2 emission intensity in the vehicle portfolio (excluding the motorcycle segment) from 174.4 g/km (2022) to 167.5 g/km (2023), or by -4%. Since motorcycle financing volume-wise has declined in Kenya, the overall average CO_2 emission intensity, including the motorcycle segment, has proportionally slightly increased from 84.2 g/km (2022) to 89.3 g/km (2023).

[1] This is an indicative result. The calculation is based on the Group's portfolio average vehicle CO_2 emissions g/km in Latvia (185.8g/km), assuming that electric vehicles have 70-75% lower emissions compared to internal combustion engine vehicles.

[2] This is an indicative result. The calculation is based on the Group's boda portfolio average vehicle CO_2 emissions g/km in Kenya (40g/km), assuming that electric bodas have 70-75% lower emissions compared to internal combustion engine motorcycles.

Pillar	Topic	Link to UN SDGs	Goal	Action	Stakeholders	Impact
People	Employee growth	4. Quality education	Regular training and professional development to improve the efficiency of the company's processes and provide growth opportunities for employees.	Arrangement of numerous educational seminars, workshops, conferences, etc. Time of completion: Ongoing progress	Civic society, NGOs; employees	434 educational sessions were organized for employees in 2023 across all countries, with the L&D budget exceeding EUR 125.000.
Responsible access to finance	Financial education	4. Quality education	The company is committed to promoting basic financial literacy through this tool to at least 500 000 people in all markets represented by the Group by 2025.	Activating and localizing the financial literacy platform. Time of completion: Ongoing progress	Financial community; Policymakers, regulators, authorities; Professional bodies	Around 30,000 unique users took the self-assessment test on the platform. The platform was most frequently visited from Kenya (20%), Latvia (17%) out of the total number of visitors.

Other ESG Activities in 2023

Pillar	Topic	Link to 2025 goals/ UN SDGs	Goal	Action	Stakeholders	Impact
Climate impact	Reduction of the Group's carbon footprint	Climate neutrality of administrative operations 15. Life on land	To fully compensate the Group's carbon footprint for 2023.	Participation in carbon offsetting projects in Ethiopia and Kenya. Time of completion: Q1	Civic society, Non-Governmental Organizations (NGOs), local communities	The Group engaged in carbon offsetting campaigns organized by Carbon Footprint Ltd to compensate for the entire carbon footprint (114 tCO_2) arising from the operations of its HQs in Riga and Vilnius. For the consecutive year, the Group co-financed the reforestation of the Great Rift Valley in Kenya, while for the first time, it participated in the Northern Ethiopia Community Safe Water project, aiming to provide clean water to local communities of Amhara National Regional State.
Climate	Reduction of the Group's carbon footprint	Climate neutrality of administrative operations 15. Life on land	To reduce the Group's carbon footprint arising from HQ office operations.	Implementation of the deposit system. Time of completion: Ongoing progress	Civic society, Non-Governmental Organizations (NGOs), local communities	Introduction of the bottle deposit system in the Riga office. Over 2000 deposit bottles and cans were collected in 2023. The money received from the deposit service provider will be reinvested in the office's green activities in 2024.

Pillar	Topic	Link to 2025 goals/ UN SDGs	Goal	Action	Stakeholders	Impact
Corporate governance	Code of Business Conduct and Ethics	Additional project	Implement the related policy and achieve a common understanding of the corporate standards across all subsidiaries.	Policy update. Time of completion: Q1	Suppliers; Business partners; employees	The company has prepared, approved, implemented, and published the policy.
People	Support program for colleagues with kids	Infrastructure for healthy work-life balance 5. Gender Equality	Improve employee well-being and maintain a work-life balance.	Childcare service in Group's HQ for 3 weeks in July Time of completion: Q3	Civic society, NGOs; employees	During the period, 11 children received childcare services.
People	Productive lending	Additional project 8. Decent work and economic growth	Increase the share of the portfolio serving the self-employed and SMEs to boost economic inclusion in the Group's African markets.	Streamline product-offer and incentives to attract more self-employed people as Mogo Kenya and Mogo Uganda customers — promotion of sustainable products, consumer education on sustainable mobility, support during financing, and the entire loan cycle. Time of completion: Ongoing progress	Civic society, Non-Governmental Organizations (NGOs), local communities (SMEs, self-employed)	Over 20% of the Group's portfolio serves the self-employed and SMEs, thereby increasing economic inclusion and the prosperity of local communities.
People	Zero work-related injuries	Additional project	To improve internal health and safety measures and promote work safety in the general public and industry.	Providing training to employees. Time of completion: Q3	Employees	This year, first aid training, fire safety training with VR solutions, and several office emergency simulation events were organized for the employees of the Riga office.
People	Safety on roads	Additional project	To raise Kenya's customer awareness of road safety issues.	Organize educational and recreational activities for Mogo Kenya customers. Time of completion: Q4	Civic society, Non-Governmental Organizations (NGOs), local communities (SMEs, self-employed)	More than 2,000 boda boda riders were trained on first aid, traffic rules, and vehicle maintenance through the events organized by Mogo Kenya.
People	Employee well-being	Additional project	To raise work with cancer awareness.	Introduce a section in the Employee Well-being Programme on support that the company can provide to employees battling cancer. Time of completion: Ongoing progress	Civic society, NGOs; employees	Eleving Group has introduced 3 instruments in its Employee Well-being program aimed to support colleagues who are battling cancer: more hybrid work model; up to 10 psychologist session paid by the company; co-financing of EUR 2,500 to cover the cost of medicines or procedures. On top of that the Group has been involved in the #workingwithcancer movement.

Pillar	Topic	Link to 2025 goals/ UN SDGs	Goal	Action	Stakeholders	Impact
People	Supporting local societies	Additional project	To support the Children's Clinical University Hospital and Children's Hospital Foundation Parents' House, which provides support and accommodation for parents of children undergoing long-term treatment at the hospital.	To provide a one-off donation to support the functions of the Parents' Home. Time of completion: Ongoing progress	Civic society, Non-Governmental Organizations (NGOs), local communities	Eleving Group, together with the donations raised by its employees, donated more than EUR 10,300 to the Parents' House.

Climate change mitigation and adaption

The global economy must undergo system-wide change to keep global warming under two degrees. Eleving Group takes an active role within its sphere of influence to promote the pursuit of a low-carbon, climate-resilient economy, focusing on low-emission mobility.

Climate change is already an important strategic consideration for Eleving Group. Eleving Group acknowledges that not only does climate change have an impact on its own business, but the Group's financing decisions can also facilitate the transition to low-carbon, sustainable societies. Eleving Group is committed to implementing decarbonization measures in line with the Paris Agreement and reducing its environmental footprint in the coming years through product-related activities, such as launching electric car sharing and offering financial incentives (discounts) for 'green' vehicles.

Climate change mitigation and adaptation are included as a priority area in Eleving Group's Strategic ESG Program 2022-2025, developed in 2021, and the Group's management has set the following goals:

- Measure CO_2 intensity (average gCO_2 /km tailpipe emissions), report transparently, and reduce the CO_2 emissions intensity of the funded fleet annually.
- Educate customers and society about CO_2 emissions intensity and provide incentives to move to green mobility vehicles.
- Reach climate neutrality of the administrative operations by 2025.

In 2023, Eleving Group took several strategic actions to meet these commitments to promote green mobility. The Group continued to expand its e-boda financing service in Kenya, while in Latvia, an electric car-sharing service under the OX Drive brand was rolled out further. In 2023, the Group's clients commuted around 3.2 mln kilometers on pure electricity. In addition, in Q4, the Group's subsidiary, Mogo Kenya, launched a motorcycle retrofitting service. It's an opportunity to swap the engine of one's fuel-based motorcycle for a battery, turning it into an electric motorcycle and extending its life cycle. The Group also educates its customers on more sustainable decisions through daily communication—it has introduced a CO_2 metric on all Eleving Group sales portals, thus promoting eco cars to all customers visiting the websites. By providing new and environmentally friendly products and educating customers, in 2023, the Group reduced the average CO_2 intensity arising from its car portfolio by 4%.

Vehicle finance portfolio climate impact

As part of its ESG proposition, Eleving Group is committed to actively shaping the transition to a low-carbon economy and mobility. This will be achieved by fostering green mobility among customers—by offering new green products and raising customer awareness of sustainable consumption, thus encouraging them to make more sustainable choices.

Eleving Group has set the reduction of CO_2 intensity of its funded fleet as the primary goal in the Strategic ESG Program 2022–2025. The Group intends to reach its ambitions by promoting green vehicle financing and focusing on productive lending (see section Fostering responsible access to finance). To assess the current climate impact of the Group's portfolio, a CO_2 calculation methodology was developed internally in 2022. After exploring different approaches and available data sources, it was decided to use the database of the Road Traffic Safety Directorate of Latvia (hereinafter CSDD (Latvian abbreviation)). The database was compared with the European Environment Agency's (EEA) CO_2 emissions calculations for new passenger cars, and the results were very similar. Since the CSDD database covers the period of 2004–2020 as opposed to EEA's 2010+, it was decided that the CSDD database will provide better coverage.

In the CSDD database for 2004-2020, the New European Driving Cycle (NEDC) method was used, but starting from 2021-2022, the method was changed to the Worldwide Harmonized Light Vehicle Test Procedure (WLTP) developed by the European Union. Since the WLTP method gives slightly higher CO_2 emission results, the impact of the methodology change should be estimated before it can be used in calculations.

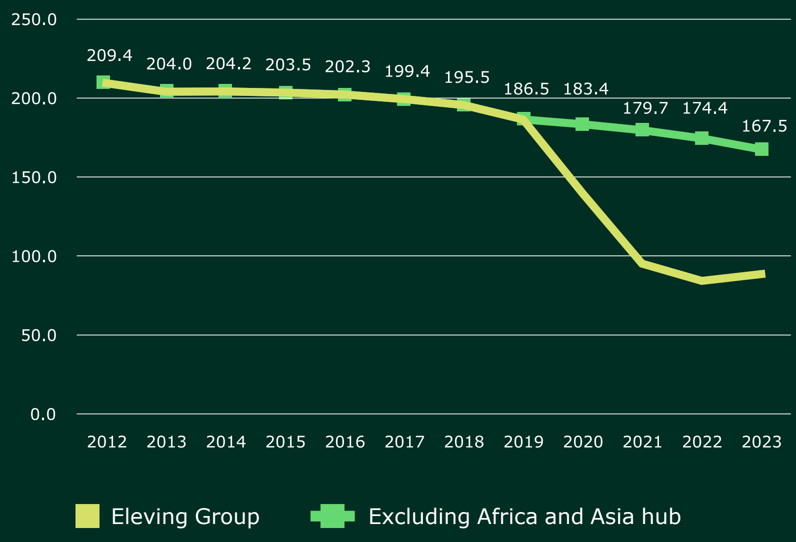
The CSDD database contains data on vehicle fuel type, year, engine capacity, transmission type, brand, and model. Since the nature of the data on Eleving Group's side did not correspond to that of CSDD and to avoid manual monitoring of all current entries in the Group's database, it was decided to group the data by:

- vehicle year
- fuel type
- engine capacity

For each vehicle matching the group, the average CO_2 consumption from the CSDD database was used. For vehicles that did not match the group, exception rules were created:

- Boda-boda's (motorbike taxis in Kenya and Uganda) formed 56.2% (count-wise) of loans in the Group's vehicle finance portfolio in 2023. Their emissions have been estimated at 40g per km used. The International Council on Clean Transportation suggested using 21-35g per km for boda boda, but according to Ecoscore, the estimated consumption is 1.8l/100km: 1.81L/100km*2392g=43g per km and 1.61L/100km*2392g=39g per km.
- Electric cars produce 70-75% fewer grams of CO_2 per km compared to traditional vehicles, and they formed 0.17% of Eleving Vehicle finance loans in 2022.
- Cars manufactured before 2004 formed 8.6% of loans in 2023. Since no accurate data were available for this period, average data from the CSDD database of 2004 by fuel type and engine capacity was used in calculations.

Average CO_2 emissions of the portfolio by loan issued date, g/km (2023, excluding Africa and Asia hub)

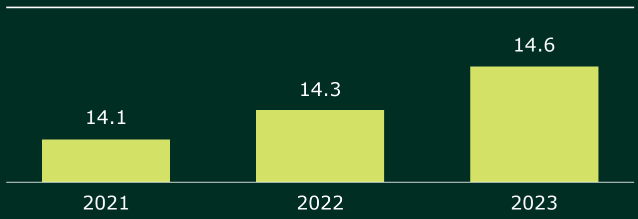


Eleving Group leased car portfolio by fuel type as of 31 December 2023

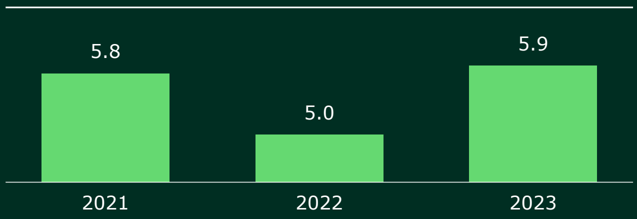
The Boda-boda portfolio is excluded from the table.

Fuel type	Average CO_2 emissions, g/per km	Number of loans
Diesel	179.5	25376
Petrol	190.8	17883
Gas	144.6	5702
Bi-fuel	209.7	1699
Hybrid	48.4	1366
Other	0	280
Electric	0	73
Flexfuel	0	16
Total	**176.9**	**52395**

The average age of cars financed (excluding motorcycle segment)



The average age of the vehicles financed (including motorcycle segment)



Direct environmental impact

Carbon-neutral company

Although the Group's main climate impact arises from its portfolio, Eleving Group aims to become climate-neutral in its administrative operations by 2025, and it continuously works on maintaining high environmental standards in all its offices.

To pursue climate impact mitigation, the Group started tracking its carbon footprint in 2021—a carbon footprint assessment was introduced at Eleving Group's headquarters.

According to an assessment carried out in 2021 by Carbon Footprint Ltd, the Group's HQs in Riga and Vilnius generate 114 tCO_2 annually. To offset the carbon footprint arising from the HQ operations, Eleving Group participated in carbon offsetting projects in Kenya and Ethiopia. For the consecutive year, the Group co-financed the reforestation of the Great Rift Valley in Kenya, while for the first time, it participated in the Northern Ethiopia Community Safe Water project, aiming to provide clean water to local communities of Amhara National Regional State.

The Group is committed to reducing the climate impact of its HQ through energy efficiency and using renewable energy Group-wide. By 2025, 100% of all Eleving Group's offices, where suppliers can be selected, will use renewable energy.

Eleving Group HQ is based in Riga, Latvia, in Skanstes City, a brand-new multifunctional business district, one of only a few BREEAM In-Use certified office complexes in Latvia. BRE Environmental Assessment Method (BREEAM) is an environmental certification system from the UK. Developed in 1990, it is one of the oldest environmental certification systems used to certify buildings. This is the most widely used system in Europe.

Carbon Neutral Organisation

Modern office

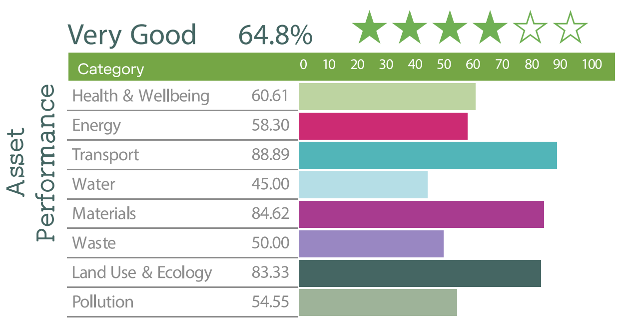
Modern offices, developed infrastructure, and sustainability was among the top reasons for the Group to choose Skanstes City. At the end of 2020, Eleving Group's office was certified as an energy-efficient workplace, receiving the BREEAM In-Use assessment of "Very Good," an upgrade from the sustainability assessment of "Good."Group`s premises, the water usage is kept in check across all offices.

Also, significant investments were made into modernizing the ventilation systems, making technical upgrades, and improving the HQ's public spaces, accessibility, and cycling infrastructure. After renovation, it became one of Riga's most modern and sustainable office buildings in its class. Eleving Group is committed to keeping other environmental impacts of its offices to a bare minimum: reducing paper, water, waste, and other resource consumption intensity Group-wide.

While the Group's focus is placed on reducing resource consumption, waste reduction and recycling are also considered. The Group`s HQ has already implemented a range of waste optimization initiatives, such as a zero-paper policy and reducing plastic waste. A deposit waste collection system has been introduced in the Riga and Vilnius offices since 2022.

To provide Eleving Group's HQ staff with fresh and clean drinking water, the office is equipped with water dispensers to save water and reduce plastic waste. By using an average of 1.94 m_3/m_2 of water in 2021 at all Group`s premises, the water usage is kept in check across all offices.

Asset Performance:
Very Good
★★★★☆☆



Office initiatives

Eleving Group understands the importance of protecting the environment and is committed to ensuring that the company is doing its part to reduce the environmental impact arising from its business. Almost every month, an activity is carried out at the Group level to raise employee awareness of sustainable alternatives to various daily habits. For example, the Group’s HQ regularly educates employees on reducing resource consumption in internal seminars and through announcements on internal TV screens at the offices. The Group actively participates in the Earth Hour campaign, and during the warmer months, it promotes bicycles as an alternative mobility solution to cars. One month every year is dedicated to climate topics, and relevant activities are carried out. Since late 2023, the Group has introduced an internal monitoring of resource usage that helps track:

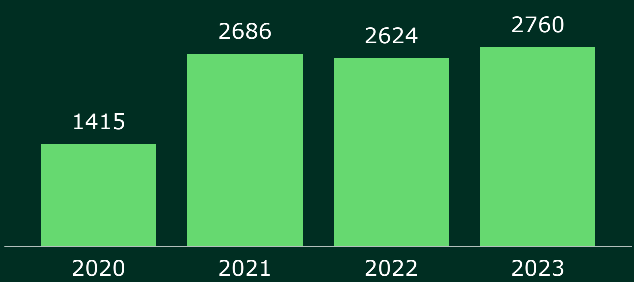
- Monthly energy consumption (electricity), MWh/m_2.
- Monthly energy consumption (electricity), MWh/employee.
- Monthly energy consumption (electricity), MWh in total.
- Monthly paper consumption, t.
- Water consumption, m_3.
- Water consumption, m_3/employee.
- Waste generation, t.
- Waste generation, t/employee.
- Recycled waste, t in total.

It is planned that throughout 2024, Eleving Group and its subsidiaries will monitor resource usage to reduce consumption levels; therefore, several internal activities will be carried out, and the progress report will be published in 2024.

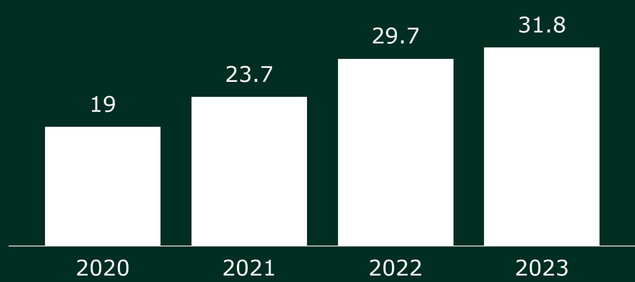
Ensuring employees’ growth and well-being

Eleving Group’s success depends on its team— the management and employees. Eleving Group aims to be an employer of choice, constantly developing a working environment in all markets where it operates and where every employee feels safe, healthy, and comfortable.

Figure with the total number of employees by the end of the year, (2020-2023)



The average tenure within the Group in months, (2020-2023)

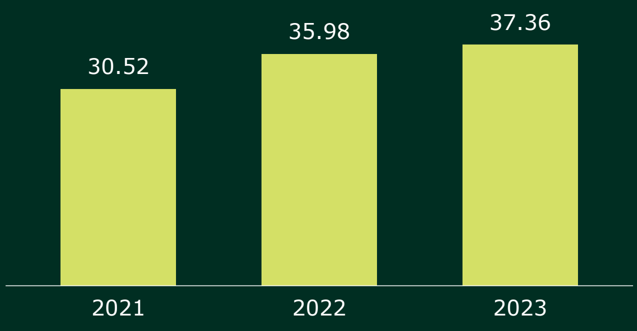


Remuneration Policy

Eleving Group has always stood up for fair pay and social and health guarantees. The Group rewards employees based on their performance and contribution to the company while considering factors like location and cost of living. Employees are also provided with competitive benefits packages and are encouraged to use development opportunities offered by the company. The Group's Remuneration Policy states that each employee is entitled to a salary review once per calendar year as a part of the performance review. Employees who have worked for a full calendar year are eligible for a bonus equivalent to two salaries, which is paid in addition to their regular salary.

Eleving Group believes a fair and transparent tax system is vital to a well-functioning society. The Group pays maximum attention to all tax-related procedures, complying with local and international legislation, legal requirements, and acceptable business standards. This especially applies to labor taxes, where the Group maintains a rigorous tax discipline.

Eleving Group remuneration budget (2021-2023, mln, EUR)



Ratios of the average wage of Eleving Group employees by gender compared to local minimum wage (gross, 2023)[1]

Vehicle countries	Women	Men
Kenya	2.15	3.74
Uganda	9.70	9.76
Uzbekistan	8.23	15.95
Latvia	3.90	4.10
Lithuania	2.38	2.91
Romania	2.98	3.04
Moldova	2.97	3.24
Georgia	1.65	2.41
Estonia	2.73	3.19
Armenia	6.7	9.79

Consumer countries	Women	Men
Moldova	4.8	8.1
North Macedonia	2.56	3.79
Albania	1.37	1.70
Botswana	7.45	6.21
Zambia	4.59	7.50
Namibia	4.60	4.46
Lesotho	35.07	85.16

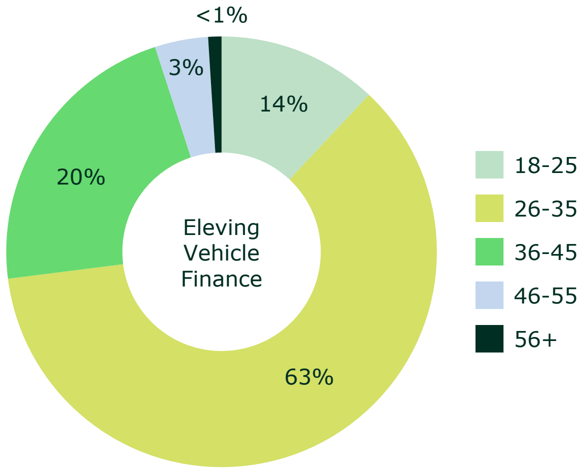
[1] The average monthly salary of women and man before taxes in the Group's subsidiaries divided with the local minimum wage set by the respective state.

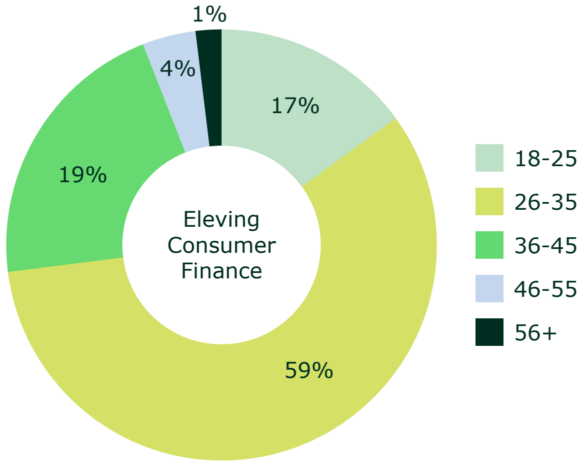
Diverse and inclusive workplace

Eleving Group employs people of various cultural backgrounds, genders, and ages. The Group is represented by people coming from over 20 different nations. Therefore, diversity and equal opportunities are essential to Eleving Group's human resources strategy.

The Group ensures that employees are treated fairly and are provided with equal opportunities. Eleving Group is committed to creating and maintaining an open, inclusive work environment free from discrimination and harassment. No one, internal employees or external candidates, should feel discriminated against or harassed in recruitment, promotion, or employment processes.

Breakdown of staff by age group (2023)





Non-Discrimination Policy

Managing a diverse and flexible workforce with the right competencies is vital to ensuring quality, innovation, and growth. The Group's Equality, Inclusion, and Non-Discrimination Policy is enforced at all Eleving Group companies.

The Group's Equality, Inclusion, and Non-Discrimination Policy sets out the following principles:

- Equality—all humans are born equal. Therefore, equal treatment of all individuals, regardless of ethnicity, cultural background, sex, gender identity, sexual orientation, religion, disability, age, or other factors, is our overriding priority.
- Zero-tolerance against discrimination, harassment, sexual harassment, and victimization.
- Respect for individual differences concerning ethnicity, sex, gender identity, sexual orientation, culture, religion, and other factors.

This policy applies to the Group`s management, employees, agency workers, contractors, business partners, and suppliers.

The policy applies to all work-related activities, including but not limited to recruitment and selection, conditions and benefits, training and promotion, task allocation, shifts, hours, leave arrangements, workload, equipment, as well as interpersonal relationships at work, related situations such as travel, events, and after-work gatherings.

To ensure full compliance and adherence to the policy throughout the Group, continuous work is being done to raise employee awareness of diversity issues.

Anita Kalnina,
Group Chief Human Resources Officer

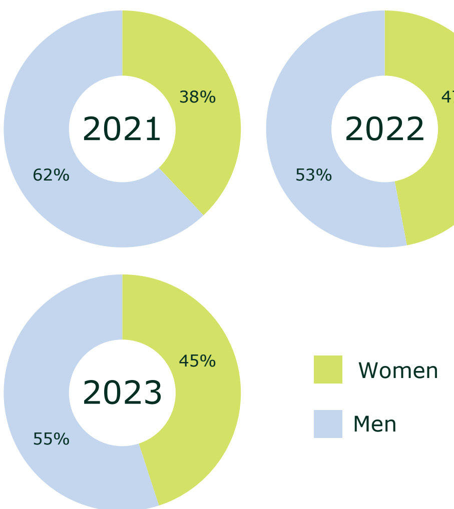
> At Eleving Group, we aim to establish a welcoming and inclusive atmosphere, ensuring that all individuals are valued and treated with respect. Our team's diversity enriches our collective knowledge and collaboration, driving us towards achieving our objectives. We cultivate an environment that promotes both personal development and career advancement.

In September 2021, Eleving Group voluntarily joined the Latvian Diversity Charter. It contains 15 commitments promoting diversity in workplaces around Latvia. By signing the Diversity Charter, the Group commits to promoting diversity and equal opportunities for its staff.

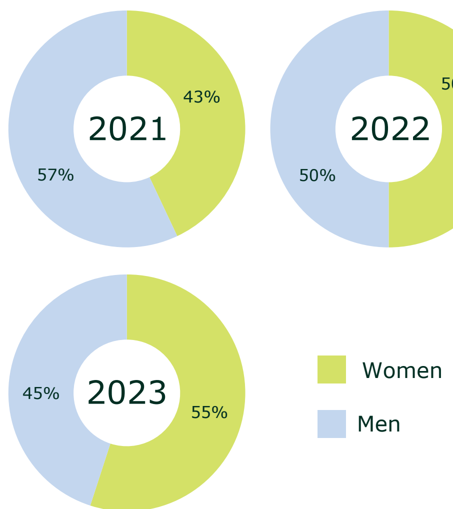
According to Fontes, a Baltic human resources consultancy firm, the ratio of women to men in the financial services sector is 66% to 34%. Eleving Group's gender diversity ratio stands at 54% women to 46% men across all positions as of the end of 2023. Gender diversity in the Group and among senior roles is measured monthly. As of 31 December 2023, the ratio of women to men in entry-to-mid-level positions was 55% to 45%, respectively, while in senior-level positions, the ratio was 45% to 55%.

Signing of the Latvian Diversity Charter

Senior level (Gender ratio)



Entry, mid-level (Gender ratio)



Eleving Group has a grievance mechanism in place—employees can report harassment and discrimination incidents directly to their local human resources representative or global human resources. There is also a TrustLine, Eleving Group's whistleblowing tool, to be used as a reporting tool if (i) an incident concerns persons in leading positions and (ii) it concerns severe cases of discrimination or harassment.

Family-friendly workplace

The Group offers its staff several fringe benefits to foster an inclusive working environment. Among other things, Eleving Group focuses on solutions that prevent working parents from choosing between career and family. Eleving Group provides working parents with a support package that includes a room designated for children at the company office, flexible working hours, additional leave according to the company's internal policies, and professional childcare service once a year for three weeks in July at the company's HQ. Eleving Group has also developed and implemented a re-onboarding plan for colleagues returning from parental leave. The plan aims to promote a smoother return to the work environment, design an adapted work schedule for the first month of return, and determine the duties of direct managers during the reintegration process. In 2021, Eleving Group was named a Family-Friendly Workplace. To earn this title, an employer has to facilitate measures to reconcile work and family life.

The Family-Friendly Workplace program is run by the Society Integration Foundation of Latvia, and its goal is to promote a family-friendly work environment in Latvia and to increase public awareness. Involvement in the Family-Friendly Workplace program motivates companies to introduce new solutions to enhance the well-being of working parents. In addition, the program provides an excellent opportunity to draw inspiration from other program participants and inspire change for those Latvian companies that are still considering joining the program.

Personal growth and development

One of Eleving Group's main goals is talent attraction, development, and retention. The Group is committed to helping employees realize their full potential at every stage of their careers. The Group's Personnel Management Policy aims to develop skilled and highly productive staff that successfully perform their duties.

Many senior management team members possess significant experience in the lending industry and knowledge of the regulatory and legal environment in the Group's markets. The senior management would be difficult to replace. The market for qualified individuals is highly competitive, and labor costs for hiring and training new employees are increasing.

In 2023, all C-level executives, senior managers, and country managers who had been with the company for more than one year received 360-degree feedback. Managers were assessed on their fit for the manager role—being trustworthy, visionary, a strategist, a good coach who develops the potential of subordinates, etc. To ensure an accurate employee evaluation process and interpretation of the results, a management training on Feedback 360 was organized, providing tips on how to read the results and manage the feedback conversation. In 2023, all HQ staff received performance appraisals, and 98% received development interviews.

In 2023, Eleving Group promoted 250 staff members (121 in Eleving Vehicle Finance and 129 in Eleving Consumer Finance). Whenever possible, rather than searching for external talent, the Group seeks to promote employees capable of taking on new roles.

The Group has developed a comprehensive training program that provides internal and external professional training for employees at all levels. In 2023, 434 educational sessions were conducted across the Group, raising employees' competence and knowledge in work-related and emotional balance areas. In addition, at the end of the year, it was decided that for HQ employees, from now on, part of the performance and bonus system will be linked to educational OKR, i.e., each employee will have one OKR per quarter linked to education and the minimum number of hours per quarter that must be spent on educational seminars, conferences, courses or self-education projects will be 8 hours.

Employee engagement and satisfaction are partially measured through Eleway Pulse, an employee survey conducted twice a year—in April and September. In 2022, the Group streamlined its internal employee survey based on the principles of Gallup's Q12 employee engagement survey. In 2023, the average response rate equaled 87%.

To measure employee satisfaction and loyalty, Eleving Group uses the Employer Net Promoter Score (eNPS) scoring system. In 2023, the score was 36.0, compared to 51.0 in 2022. The eNPS scores can range from +100 (mainly promoters) to -100 (mostly detractors); therefore, the score of Eleving Group in 2023 can still be considered healthy. Given the decline in performance, the Group in 2024 is committed to focusing more on the listed areas:

- Learning and development - more tailored for the individual needs of employees and the job specifics.
- Goal setting – more transparency in the goal setting, with clarification of employee roles, impact on the results, and outcomes.
- Leadership – upskilling leadership and social skills through individual or group sessions.
- Talent management - succession planning and growth to prepare robust, well-educated, and informed talents.

Employee' well-being strategy

Employee health, safety, and well-being have always been important to Eleving Group. Nevertheless, it was the COVID-19 pandemic that gave prominence to mental health, work-life balance, and employee well-being in the Group.

Eleving Group is committed to creating a safe working environment in all its countries. Compliance with local laws, adherence to the Group's Global Policy and Standards, and working towards health and safety objectives are all essential components of the Group's efforts to reduce risks and improve its health and safety record.

Workplace safety risks and hazards are prevented by implementing proper measures. First, as the law requires, workplace risks are assessed within the labor protection management system framework provided by FN Serviss, a workplace safety expert. All employees are regularly instructed on general work safety and during test fire alarms. At employee onboarding and annually, employees are provided with information, instructions, and training to work safely and take steps to protect themselves from hazards. In 2023, the Group registered 57 recordable injuries among employees, compared to 76 a year ago. Out of 57 injuries, 35% were minor, 61% were medium, while two recorded cases in Uganda were lethal. Injuries were related to workers performing duties with motorcycle taxis in Kenya and Uganda—either during field debt collections, boda-boda verification, or GPS Tracker installation. No injuries were recorded in other markets.

In addition, everyone must perform a compulsory health check with a certain regularity. Eleving Group's employees are provided with annual health insurance, which allows using a wide range of health services (laboratory tests, hospital and ambulatory services, dentistry, psychological therapy, and physiotherapy).

In 2023, Eleving Group spent around EUR 0.7 mln on health insurance coverage for employees, recording an increase in insurance budget by 17%, compared to 2022.

A healthy and active lifestyle is promoted and supported daily at Eleving Group. In addition to the safety instructions and training required by law, Eleving Group also provides employees with various types of informative training and activities to improve their well-being and health:

- Seminars on healthy eating, mental health, managing emotions, and maintaining psychological balance in a dynamic work environment.
- First aid training.
- Company-paid weekly yoga classes for the HQ employees.
- Company-paid volleyball training for the HQ employees.
- Collective initiatives to promote physical activity during the summer months.
- Gym coverage and swimming sessions via a health insurance policy.

Future talents

The future success of Eleving Group also depends on the company's ability to find and cultivate new talent. Eleving Group strives to help its staff grow by increasing their knowledge and experience.

In 2023, Eleving Group continued its internship program to provide the first professional experience to young people studying and starting their careers. In 2023, 91 students began internships in different departments and functions across the Group's countries.

At the same time, cooperation with the Stockholm School of Economics in Riga, the leading business school in the Baltic region, continued. The cooperation included the Executive School, where the Group's CEO, Modestas Sudnius, educated students and experienced professionals in business management, innovation, market research, and many more.

Fostering responsible access to finance

Helping our customers make the right financial decisions lies at the core of the Eleving Group business. By generating stable financial returns for investors and providing access to innovative and sustainable financial solutions, Eleving Group seeks to make a significant social and economic impact. In the coming years, the Group is committed not only to working hard to maintain a culture that treats the Group's customers fairly but also to improving financial literacy in all markets where it operates. Eleving Group's corporate strategy is focused on impact-making. By serving communities that conventional lenders underserve, Eleving Group brings disruptive change to the financial industry. By providing financial inclusion, the Group improves people's lives worldwide. The Group's ultimate purpose is to empower diverse communities worldwide by providing them with financial inclusion—thus enabling upward social mobility.

The Group's products are designed to offer customers simplicity, convenience, and transparency. Our online and offline products are designed to protect our customers' privacy, provide easy access to funding, and offer transparent fee and interest structures. A finance lease 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 48 months. For all products, customers are charged nominal interest and fees payable monthly on the outstanding principal amount. While penalty interests are charged for late loan payments, this is a minimal proportion of the Group's income and shows the resilience of its customer base.

Productive lending

Access to suitable and lasting financial services empowers economically disadvantaged individuals to boost their earnings, accumulate assets, and mitigate risks from external challenges. Eleving Group has revolutionized the pre-owned vehicle market by offering financial solutions to individuals with limited access to capital. In 2021, Mogo, the flagship brand within the Group, embarked on an innovative approach by extending productive lending services in emerging economies. Productive lending entails funding vehicles for customers to generate income or enhance earnings from their existing enterprises. This primarily involves financing boda-bodas (motorcycle taxis) and tuk-tuks (three-wheel taxis) in Kenya and Uganda.

A boda-boda is a small motorcycle widely used in Kenya for taxi services and cargo deliveries. It is estimated that the boda-boda industry provides over 1.5+ million jobs, which support another 6+ million Kenyans' (more than 11% of the population) livelihood. An estimated 60% of the motorcycles in Kenya are rented to the riders by fleet owners, not allowing the average rider to own the asset. With a Mogo lease, riders can pay similar or even lower monthly instalments compared to renting the motorcycle, and they will own it after the loan is repaid.

Since its launch in Kenya, Eleving Group has contributed to the economic inclusion and small business development of more than 93,500 boda-boda riders. Boda-bodas account for around 56% of the company's vehicle portfolio.

In 2023 Mogo launched financing for electric motorcycles to facilitate the adoption EVs. As of 1Q 2024, around 400 electric motorcycles were financed by Mogo in Kenya. It is intended to achieve at least 10x in absolute numbers in 2024 by further rolling out the product in Kenya and launching it in Uganda. In addition, the launch of a motorcycle retrofitting service was carried out in 4Q 2023. It is an opportunity to swap the engine of a fuel-based motorcycle for a battery, turning it into an electric motorcycle and extending its life cycle. Since the product launch at the end of 2023, several customers have already been funded to retrofit their motorcycles. It is estimated that this solution can save the customer up to USD 632 a year as compared to a regular ICE bike.

Therefore, over 20% of the Group's portfolio serves the self-employed and SMEs, thereby increasing economic inclusion and the prosperity of local communities.

The rationale behind promoting electric mobility in Kenya

- Small entrepreneurs, by using Mogo Kenya's product, enjoy cheaper operating and lower maintenance costs, which increases their level of income from doing their business.
- Financing electric motorcycles contributes to reducing CO_2 emissions and noise levels in urban areas where internal combustion engine-powered vehicles still dominate.
- By reducing air pollution, electric vehicles can contribute to better public health outcomes, decreasing respiratory illnesses and related healthcare costs.
- Promoting electric mobility can create new economic opportunities, including manufacturing, maintenance, and charging infrastructure development. This can stimulate the labor market and support local businesses.
- Embracing electric mobility allows Kenya to leapfrog traditional automotive development stages and move directly to cleaner and more advanced technologies. This positions the country at the forefront of technological innovation.
- General social impact by educating the local community about sustainability, climate issues, and ways to reduce the negative environmental impact of our daily commuting habits.
- It's an opportunity to significantly extend the life span of the motorcycle.

Responsible lending

Responsible and productive lending promoting economic inclusion lies at the core of Eleving Group's operations in the mobility and consumer segments.

Eleving Group and its subsidiaries always fully comply with the local regulatory institutions (Financial Services Supervisory authorities, Central Banks, Consumer Right Protection authorities, and/or Ministries of Finance/Economy).

Eleving Group also follows its internal standards on responsible lending and fair treatment; one of the fundamental principles of these standards is transparency. Eleving Group ensures that all the relevant information, including fees, key terms and conditions, legal documentation, and advertising, is clear, understandable, and accessible to clients.

Eleving Group's responsible lending principles

Integrity › Availability › Care › Transparency

Eleving Group has two main business lines: secured lending via a finance lease and leaseback against the title of the vehicle and unsecured consumer lending. The Group's core focus stays on secured lending, which comprises more than 67% of the consolidated net loan portfolio as of 31 December 2023.

Consumer loans issued by Eleving Group are primarily used for everyday expenses or purchasing consumer goods and electronics. Eleving Group provides consumers with easy access to finance since it has both- a brick-and-mortar and online presence.

Once customers apply for a loan, their creditworthiness is determined through a sophisticated underwriting process that relies on data-driven statistical analysis as captured in Eleving Group's proprietary vehicle and consumer finance scoring models.

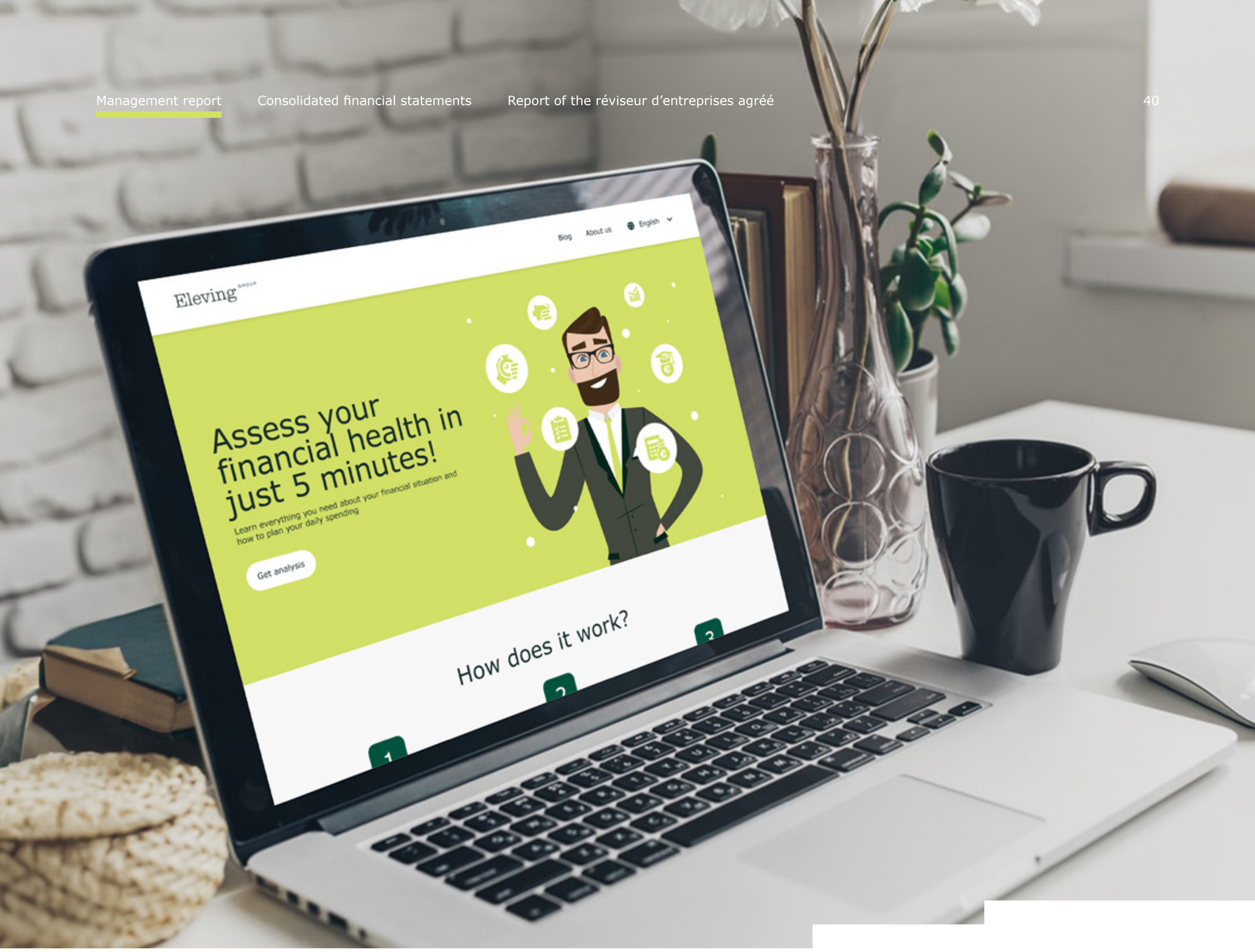
Across all its products, Eleving Group analyses customers' creditworthiness utilizing public and private databases (vehicle register information, databases of government institutions, debt collection agency databases, industry/peer company blacklists, and bank statement providers) and allocates a scoring band to each customer. The automated scoring models are developed in-house and, depending on the relevant country, are either integrated into the customer relationship management systems or run on third-party cloud solutions.

Each loan application undergoes the following steps:

1. Loan application processing and preliminary assessment.
2. Risk assessment and scoring.
3. Vehicle inspection (for finance lease and leaseback products) and finalization of loan terms.
4. Loan approval and disbursement of funds.

This allows Eleving Group to assess counterparty risk properly. The approval rate is exceptionally rigorous: in the 12-month period from 1 January 2023 to 31 December 2023, of around 1,000,000 unique client loan applications, Eleving Group has kept an approval rate of 18.3% for vehicle finance and 37.2% for consumer finance.

Eleving Group seeks to work with an educated and informed customer; therefore, particular focus is placed on educating customers on financial literacy and promoting sustainable and climate-friendly decision-making.



Increasing financial literacy

The Group aims to contribute to building a prosperous and sustainable society and supports various social initiatives helping local communities. Eleving Group is committed to fostering financial literacy in society.

In 2022, Eleving Group developed www.smart.eleving.com, a financial literacy platform where anyone can assess the health of their existing loan commitments, determine whether new financial commitments would be feasible within their current budget, and find bits of advice on budgeting, debt management, saving, financial hygiene, and much more.

As of 31 December 2023, the platform is up and running in Latvia, Lithuania, Estonia, Romania, Moldova, Georgia, Armenia, Albania, Kenya, and Uganda. The platform will be localized in North Macedonia, Uzbekistan, Botswana, Namibia, Zambia, and Lesotho in 2024. Over 30,000 unique consumers have taken the self-assessment, with the vast majority from Kenya, Tanzania, and Latvia. Launching a financial literacy platform expressed Eleving Group's commitment to educating its customers about personal finance and making informed financial decisions. The company aims to educate at least 500,000 consumers in the markets represented by the Group by 2025.

“

Every financial services provider seeks to engage with educated and informed customers who are aware of the fundamentals of financial management and can thoughtfully evaluate the opportunities and risks presented by financial products. Educating consumers about money is essential for responsible lending practices and building an economically inclusive society.

Arturs Cakars,
Group Chief Corporate Affairs Officer

Customer experience

The Group's priority is to ensure a transparent and convenient customer journey. Customer satisfaction and operational excellence are essential for Eleving Group to meet its customers' needs once they choose to buy a new car or apply for a consumer loan.

Eleving Group has developed a customer service division with around 1,200 full-time employees as of 31 December 2023, delivering highly efficient customer support in local languages across all markets. Eleving Group 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 them to pay on time, discuss late payment arrangements, and help customers with their applications.

In addition, the Group carefully monitors specific customer service quality ratios, such as call waiting times and abandoned calls. Customer service quality is one of the reasons why customers return to Eleving Group for more services.

Debt collection

Eleving Group has established an efficient, effective, and responsible debt collection process in each country it operates. To ensure consistent quality of debt collection operations across the Group, Eleving Group has developed group-wide debt collection service standards that include (i) debt collection principles, (ii) best practices and requirements for the Debt Collection Departments, and (iii) internal procedures for each country to ensure practical knowledge sharing and continuous improvement of operations.

Eleving Group's debt collection team in each country utilizes debt collection measures that comply with local regulations. If the local regulations set standards lower than in other countries where the Group operates, Eleving Group applies the higher standard.

Eleving Group's strategy is focused on maximizing dialogue with customers. Before the loan becomes overdue, the Group has an automated reminder process that ensures that the client is aware of the upcoming payment and payment details.

On the first day when the payment is overdue, it enters the early debt collection process, where Eleving Group launches its automated reminder system (auto-calls, texts, e-mails) informing the customer about the overdue amount, further actions if the payment will not be made, and the Group's contacts to discuss further scenarios. Eleving Group constantly monitors the effectiveness of its automated system. In addition, the Group involves its in-house debt collection officers who call all debtors according to a predetermined schedule (as early as Day 1 in some countries) to recover the payable amount, identify the reason for the delay, and, if necessary, offer restructuring possibilities where possible and economically viable. Before pursuing further debt collection activities, Eleving Group first aims to agree with a customer to find a solution for loan repayment. If an agreement is not reached until Day 30, the case moves to the next debt collection stage.

When Eleving Group ascertains that a customer can repay their loan, it offers various scenarios and a tailored repayment schedule. If the customer is unable to continue fulfilling their contractual obligations, a quick and efficient repossession of the collateral and subsequent sale of it is pursued, maintaining complete transparency with the customer about the process. In the case of unsecured loans, legal collection or debt sale is initiated.

Eleving Group largely handles all debt collection and car repossession activities in-house. The Group has gained substantial expertise in debt collection strategies over the years. In certain countries, Eleving Group outsources parts of the debt collection activities to test and compare the efficiency of internal versus external debt collection.

Eleving Group does not employ controversial debt collection practices, such as using a continuous payment authority or siphoning money from customers' bank accounts. Such methods are controversial and will or may become illegal in certain jurisdictions. Due to this fact, and from the customer relations and loyalty perspective, Eleving Group firmly believes that its business model is more sustainable, organic, and transparent.

Debt collection is improved through regular benchmarking, experience sharing, and targeted projects supervised by the Group's operations team to develop best practices across the Group.

Capital management

The Group's approach to fundraising is twofold. On the one hand, the Group acquires wholesale financing in the EUR currency, evidenced by the bonds issued that serve as a backbone of the funding structure and provide mid- to long-term capital for the Group's multiple subsidiary businesses. This capital provides the company with the opportunity to execute goals and strategies across all markets.

Currently listed bonds (31 December 2023)

Bond Maturity	2024	2026	2028	2031
EUR	17 500 000[1] (30 000 000)	150 000 000	50 000 000	25 000 000

On the other hand, the Group utilizes local currency funding, which helps avoid exposure to local currency potentially depreciating against the hard currency and operationally complex hedging solutions. In most cases, local currency funding is less expensive than the Group's funding when including hedging costs and other expenses. To execute local currency funding activities, the approach is multi-faced and depends on the country. The Group has already rolled out the local notes program, which is currently operational in Kenya and Botswana. Eleving Group is working on launching similar programs in a few other countries in 2024. For example, in the Kenya local note program, over EUR 13 mln have been raised for business development and portfolio growth. The local notes program gives more flexibility to the investors and local subsidiary.

Another strategic channel is impact funds. Given the Group's solid footprint in the African region, several impact funds are interested in helping the business to make social impact by funding productive needs of the local community. In many cases, such funding comes with considerably lower funding costs, but at the same time, with strict environmental requirements, such as investments in EV vehicle space, surrounding infrastructure, and climate impact mitigation. This funding avenue aligns with the Group's long-term sustainability and responsible lending goals. As an example, in 2023, Eleving Group raised USD 7 mln from the Verdant Capital Hybrid Fund for the Kenyan portfolio growth. Verdant Capital Hybrid Fund invests in companies that promote inclusive economic environments in African countries and aims to support financial institutions that work with SMEs and the self-employed segment, thereby creating new jobs and livelihood opportunities for economically vulnerable groups.

Also, international investment funds are in the Group's focus, especially those actively investing and having a mandate to invest in emerging economies in Europe, Asia, and Africa. For this funding avenue, the main benefit is the investor's vast experience, local know-how, and presence on the ground. Given Eleving Group's expertise in the investment funds channels, the due diligence process in most cases is quicker and more straightforward, and the funders are more flexible to the local business funding needs and loan issuance peculiarities. In 2023, the foundations were laid for cooperation with ACP Credit, Central Europe's leading provider of financing solutions for middle-market businesses. As a result, in early 2024, Mogo Romania received an investment of EUR 10 mln, making it the first time in the Group's history that a significant external funding partner outside the Mintos marketplace was brought to Mogo Romania.

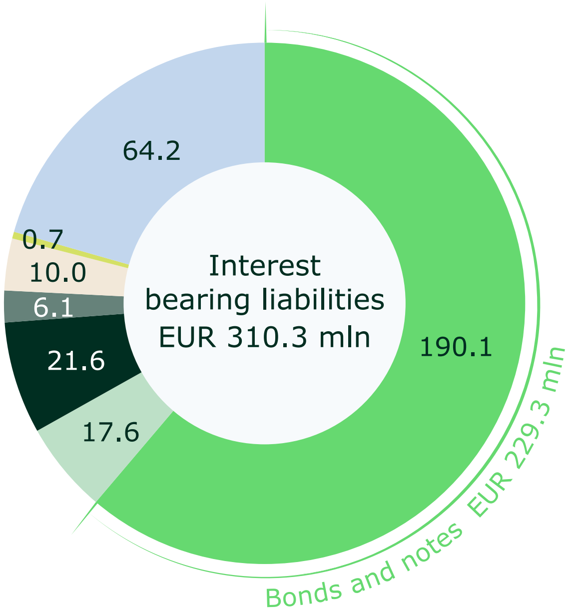
[1] EUR 17.5 mln constitutes the EUR 30 mln nominal amount of bonds issued less company's own held bonds.

The diversification of the funding structure and risks is also taking place through bank financing. Eleving Group is often chosen as a reliable partner given its history and track record in local economies. The Group typically raises bank funding in local currencies to mitigate FX risks and gain additional flexibility in its overall capital structure.

In addition to these funding sources, the Group works intensively with the largest pan-European lending platform, Mintos. This source of capital has a slightly higher cost than bonds, as it is more exposed to the most current market conditions; however, it allows the company the flexibility to raise capital as the actual need arises. At the end of 2023, Mintos investors had active investments of EUR 63.9 mln in Eleving Group products. Eleving Group has raised more than EUR 1.6 bln in total investments since the launch of Mintos through the platform, establishing itself as one of the largest and most successful loan originators on Mintos.

To sum up, the fundraising strategy consists of a balanced approach towards the cost of capital (for the sustainability of the business), funding goals (impact on local communities, mobility improvement), and alignment of financing segments (responsible lending segments).

Where does Eleving Group borrow money from?



- Euro bonds
- Latvian bonds
- Kenyan notes
- Loans from banks
- Private debt funds
- Non-related parties
- P2P

€50 mln

Eleving Group 5Y Eurobonds

ISIN code:
DE000A3LL7M4

Maturity:
31.10.2028

Cupon rate:
13%

Listing:
Riga, Frankfurt

Learn more

€30 mln

Mogo Latvia bonds on Nasdaq Riga

ISIN code:
LV0000802452

Maturity:
31.03.2024

Cupon rate:
11%

Listing:
Riga, Latvia

Learn more

€150 mln

Eleving Group bonds, Frankfurt SE

ISIN code:
XS2393240887

Maturity:
18.10.2026

Cupon rate:
9.5%

Listing:
Frankfurt, Germany

Learn more

€25 mln

Eleving Group subordinated bonds

ISIN code:
XS2427362491

Maturity:
29.12.2031

Cupon rate:
12% + 6M EURIBOR

Listing:
Riga, Frankfurt

Learn more

Responsible business conduct

Eleving Group strives for transparency, trust, and integrity. This approach applies to all its business entities and markets and the Group's clients and business relations.

The Group is committed to initiating and maintaining collaboration across the financial industry and continuously investing in the supplier selection process to promote sustainability and ethical behavior in the business environment.

Anti-fraud and anti-corruption policy

Eleving Group has developed and adopted its Anti-corruption, Anti-bribery, and Anti-fraud Policy, which aims to ensure a common understanding of the problems arising from corruption and fraud, its types, responsibilities, and action models to prevent corrupt and fraudulent activities within Eleving Group, and in relations with external partners and those involved in the political process. This policy applies and is binding to all Eleving Group employees and employees of Eleving Group's subsidiaries, regardless of their position. Eleving Group is committed to complying with all applicable anti-bribery and corruption laws and regulations in the jurisdictions in which it operates. Eleving Group has zero tolerance against bribery, corruption, and other activities that are unethical, unacceptable, and inconsistent with the Group's values. Eleving Group strives to operate with transparency, trust, and integrity. This approach applies to all of its markets of operation and all business relations.

The policy defines corruption as dishonest behavior and criminal action by those in positions of power, such as company representatives or government officials. Corruption can include giving or accepting bribes or inappropriate gifts, double-dealing, under-the-table transactions, manipulating elections, diverting funds, laundering money, and defrauding investors. In comparison, bribery is the act of promising, giving, receiving, or agreeing to receive money or some other item of value with the corrupt aim of influencing a public official or business partner to discharge their official duties. Fraud is the crime of using dishonest methods to take something valuable from another person or company (money, property, information, technology, product, trust, etc.).

The policy guides those working for Eleving Group; every employee must follow its principles. The sole purpose of the policy is to set out the responsibilities of Eleving Group and its personnel regarding our zero-tolerance against bribery and corruption. The core principles are as follows:

- Company representatives shall not offer, promise, give, request, accept, or receive bribes or another undue advantage to facilitate Eleving Group's business. Promising, offering, or providing any benefit to a person who exercises public authority is strictly prohibited.
- Company representatives are prohibited from offering, giving, and accepting gifts, events, trips, and other traveling arrangements unless such activities comply with the allowed limits, are open, moderate, match clear business objectives, and are commensurate with business relations. Activities to strengthen and establish client and supplier relations shall be made in good faith and compliance with the requirements set by Eleving Group.
- Eleving Group's good practice stipulates that an employee must not individually decide whether to accept gifts whose purpose may be questionable, as well as gifts exceeding the value of EUR 150.00. Gifts whose value exceeds the aforementioned threshold must be immediately reported.
- It is prohibited to accept money as a gift under any circumstances.
- Eleving Group supports contributions to the communities where it does business and permits reasonable donations to charities and sponsorships. Sponsoring and donations shall be made in an open and transparent manner.
- Eleving Group never donates to political parties, politicians, or political campaigns. Eleving Group is politically neutral.
- It is forbidden for company representatives to ask for or accept a donation from a private person or legal entity and other types of financial assistance if the donation or assistance affects the decision-making regarding this person.

- The good practice of Eleving Group determines that no favoritism is allowed in the selection of partners for the provision of services. In every procurement procedure or selection of service providers, at least three applicants (unless it is impossible to obtain three offers due to objective circumstances) must be evaluated, choosing the partner or supplier that can provide the highest price-performance level.
- In situations where the partner's representative is personally known outside of the professional field, is a relative, or a spouse, the final decision is taken collectively or by a decision of competent and neutral managers.
- Favoritism is also not allowed in the selection of employees; a human resource manager cannot make an individual decision to hire a friend, family member, or partner.
- Employees do not engage in private activities and refrain from side jobs and combining positions that may interfere with the responsibilities and professional performance and create suspicions of potential, apparent, or actual conflict of interest.

All Eleving Group employees are informed about the adopted policy, its content, and its importance in ensuring the transparency of Eleving Group's business processes. Employees are immediately notified of amendments to the policy. Department heads update their subordinates on the current policy once a year, while new employees are informed and instructed about the policy in the first week of work. Around 95% of employees dealing with clients and suppliers have received training on anti-corruption.

Employees undergo internal training once a year, examining the concepts defined in the policy and their manifestations in various situations. During the training, employees understand how to act in situations characterized by an ethical dilemma and in situations where a potential case of corruption, bribery, conflict of interest, or fraud exists. Employees are informed about the procedure for reporting such situations.

Anti-money laundering, countering terrorism and proliferation financing, sanctions compliance

Eleving Group strives to stay one step ahead of criminals who seek to use the global financial system for money laundering. We recognize the challenges and dangers posed by this criminal activity. Therefore, Eleving Group has approved and regularly updates its Anti-Money Laundering, Countering Terrorism Financing, and Proliferation Financing (AML/ CTF/PF) Policy, which formulates Eleving Group's general principles and methods to determine measures for the assessment and management of money laundering, terrorism, and proliferation financing and international sanctions risks inherent in Eleving Group. Furthermore, Eleving Group has put in place appropriate processes to mitigate those risks and to protect Eleving Group's customers and employees from the money laundering, terrorism, and proliferation financing and international sanctions violation risks. The Group also pays close attention to breaches of sanctions or other illegal activities. Eleving Group and its subsidiaries do not deal with sanctioned companies or individuals. Compliance with this standard is strictly monitored.

Given that Eleving Group entities are located in multiple jurisdictions, their policies and procedures are tweaked to the various jurisdictions Eleving Group's subsidiaries operate in and consider not only the specific local legal requirements but also product nuances, Eleving Group's AML/CTF/PF best practices, and international recommendations and guidelines, thus ensuring the highest level of AML/CTF/PF and global sanctions compliance reasonably possible.

The country managers in each jurisdiction are responsible for preventing money laundering and ensuring compliance. Besides, at each of the Group's companies, there is an

AML team of several AML specialists. The team works closely with various internal departments and committees, including the legal department and client support, to achieve AML-related goals and adhere to international and local legal requirements.

Along with the internal know-your-client (KYC) investigative practices, Eleving Group uses a special information technology solution that enhances compliance and provides faster and more efficient AML checks. This allows performing the required client due diligence and KYC checks, monitoring and screening transactions, and reporting suspicious transactions or sanctions infringements. It enables the effective evaluation of the potential risks associated with each client and ensures that the Group adheres to the Group's policies and standards.

To ensure full compliance with the AML legal requirements, the internal AML practices are reviewed and amended at least once every 18 months according to globally consistent policies, standards, and local legal requirements. Furthermore, internal and external AML and sanctions compliance audits are performed regularly, and in case any findings and recommendations are received, those are implemented in due course to ensure maximum compliance with the applicable legal regulations.

Insider trading

Eleving Group`s Policy on Preventing Insider Trading and the laws of the countries in which it operates prohibit trading in securities (in our case, debt securities or bonds) while possessing material non-public information regarding the issuer.

According to this policy, all the Group's employees must not engage or attempt to engage in insider trading or circumvent that obligation by any means, which includes:

- Improperly disclosing inside information or recommending the third party to trade or cancel or amend an order while in possession of inside information (tipping off); or
- using such a recommendation as referred to above where the employee knows or ought to know it is based on inside information.

Furthermore, the Group's general principle reiterates that in case of any doubt, employees should treat non-public information as inside information and consult with management before engaging in any transaction. This approach effectively ensures that employees do not enter into transactions that amount to or create the appearance of market manipulation.

To enhance compliance with insider trading prevention policies, the Group uses information technology services that maintain an up-to-date list of persons who have access to insider (price-sensitive) information and regularly inform these persons about their duties and obligations under the Group's Policy on Preventing Insider Trading.

In addition to the above, all the Group's employees must adhere to specific information barriers to protect insider (price-sensitive) information. This includes:

- Prevent confidential information from being shared with individuals not authorized to know such information.
- Restricting access to potentially material non-public information to those persons who do not necessarily need to see it to perform their work duties.
- Addressing actual or potential conflicts of interest related to business activities.

Failure to comply with this policy may lead to sanctions imposed by the Group, including dismissal for cause, whether or not the failure to abide by this policy results in an actual violation of the law.

Whistleblowing

Eleving Group is committed to the highest levels of ethics and integrity in its business. The Group values integrity, compliance, and ethics and believes that the way to build a culture of trust is to learn to speak up when something is not right so that the Group can address the problem. Eleving Group understands that this is crucial to its continued success and reputation. Therefore, Eleving Group has devised its Whistleblowing Policy and reporting system called Trust Line, available at https://bit.ly/3aOqfYM.

TrustLine is an anonymous form to report concerns about misconduct, improper and/or illegal activity within or in relation to Eleving Group. This solution allows sharing concerns regarding violations of the Group's policies, local laws, regulations, fraud, and corruption without fear of negative consequences or retributions. Eleving Group ensures that the reporting on actual and potential conflicts of interest is confidential, and the reporting employees, clients, and suppliers are protected from discrimination and retaliation.

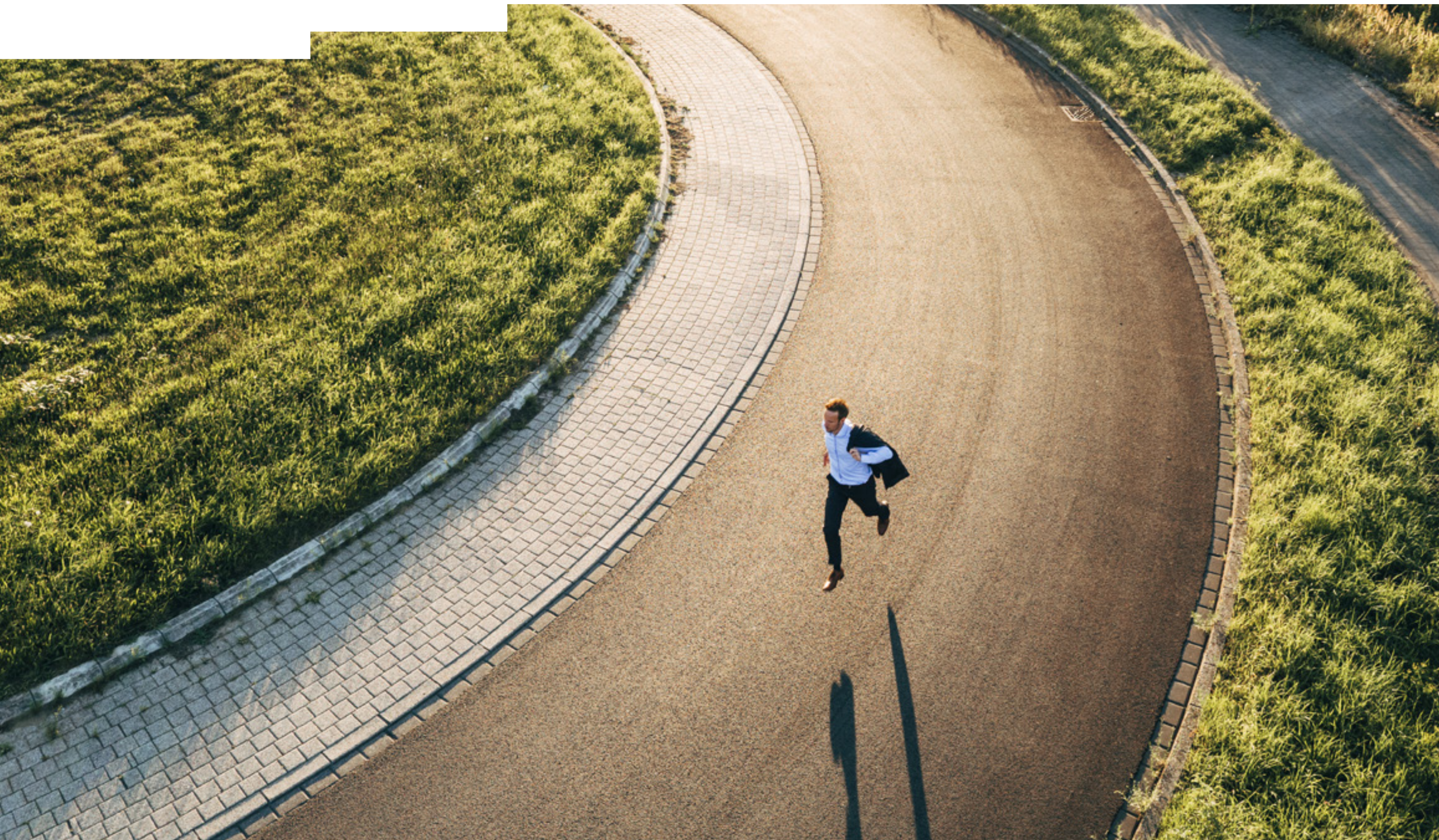
The Whistleblowing Policy aims to provide clarity on how Eleving Group will support whistleblowers so that they:

- Are encouraged to express their concerns.
- Know how to report their concerns.
- Know their rights, including their right to remain anonymous.
- Know what will happen if they report their concerns.
- Feel safe in reporting their concerns.
- Will not be subject to retaliation, detriment, or victimization in response to reporting their concerns.

Anyone with evidence or reasonable suspicion that one of Eleving Group's employees or business partners has violated the established norms or that Eleving Group commits systematic procedural violations can report it through the whistleblowing system. A competent Whistleblower Report coordinator monitors the Trust Line 24 hours a day, seven days a week. The Trust Line allows reporting anonymously.

The Group's management structure is designed to ensure effective team management and transparency. It is designed to encourage team members to have mutual trust and respect and to be able to report any misconduct. Direct relationships among employees and all levels of the management team are facilitated so everyone would feel comfortable communicating and escalating any issues through multiple avenues. Eleving Group believes employees should feel safe and assured that their rights are observed and applicable laws are strictly followed. In the event of inappropriate treatment, employees always have the right and possibility to submit a complaint or suggestion to the respective manager or HR department.

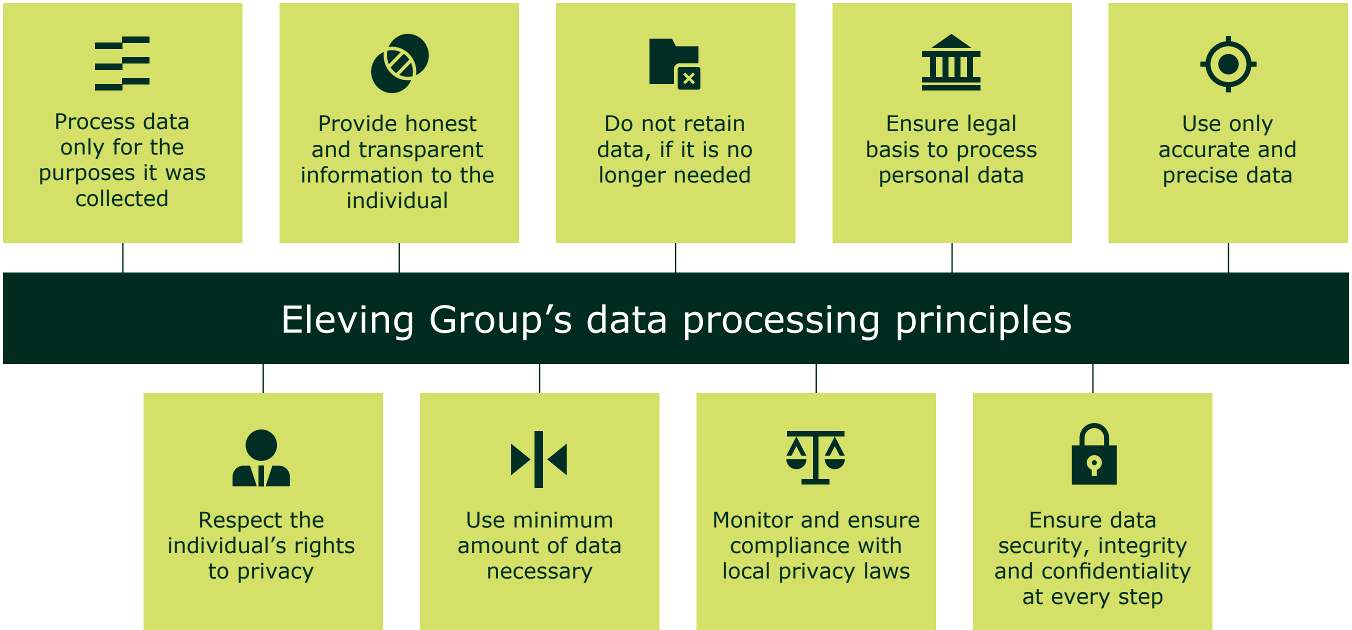
In 2023, 14 reports of misconduct were received, recording a decrease of 44% (25 reports in 2022) compared to a year ago. Out of 14 reports, 11 were related to the Group's vehicle financing companies; moreover, five were submitted by clients, while 6 were submitted internally by employees. For the consumer segment, only 3 reports were recorded, and two out of them were from clients, while an employee submitted one. The highest number of reports was related to Kenya (7); two were recorded in Georgia and North Macedonia, while Uzbekistan, Moldova, and Albania had one misconduct report. All whistleblowing reports were resolved.



Data privacy

Eleving Group protects its customers, employees, and partners` privacy and ensures compliance with the applicable data protection laws and regulations. As business entities of Eleving Group enter new markets and its customer base grows, the work on data privacy is ongoing. Globally, over 320 000 active customers, 2760 employees, and over 2200 partners have entrusted Eleving Group with their personal data.

The Group aims to ensure that this information is processed securely and follows applicable laws and regulations. To achieve this, goals and internal requirements are set and followed when dealing with personal data.



As Eleving Group operates in different markets and jurisdictions, it is subject not only to the General Data Protection Regulation No. 679/2016 of the European Parliament and of the Council (GDPR) but also to different national requirements for personal data protection. At entities in the European Union, the Group has carried out multiple privacy-related external audits, reviewed its procedures, and adopted documentation to address GDPR requirements and improve data protection standards. All Eleving Group business entities have adopted the same general privacy framework, complemented by additional local requirements. Eleving Group strives to achieve a unified approach across the Group and provide a high level of technical and organizational security measures.

The Group continuously reviews existing procedures and educates its employees on applicable laws and regulations concerning privacy, data protection, and other relevant matters such as information security. Personal data protection and information security training is organized regularly at a Group and local level to educate employees and raise awareness on the subject. In addition, starting from the end of 2020, the Group uses the OneTrust system to operationalize and manage privacy-related requirements, assess and monitor compliance, and ensure a common approach to different data protection aspects and compliance requirements.

Privacy and data protection projects are coordinated throughout the Group by the Group's general data protection counsel, with the assistance of local data protection officers, legal, risk, business development, and IT teams. Such a governance model ensures overreaching support and a common approach to the Group's privacy objectives and standards and addresses the local legal requirements.

Local data protection officers

Legal team

Risk officers

Business development experts

IT team

Eleving Group's employees are bound by strict confidentiality requirements and must not intentionally or accidentally disclose sensitive information while performing their work duties. The information is protected, regardless of whether it belongs to Eleving Group or its stakeholders.

Employees are precluded from using confidential information obtained during their employment in Eleving Group for personal gain or the advancement of private interests.

Cybersecurity

Cybersecurity is of paramount importance to Eleving Group for several intertwined reasons. The Group handles highly sensitive financial data, including bank account details and personal identification information, necessitating stringent protection to maintain customer trust and comply with the regulatory standards like GDPR, NIS2, DORA, and others. Moreover, preventing fraud is critical, as fintech entities are the prime targets for cybercriminals seeking to exploit vulnerabilities for illicit gains. Robust cybersecurity measures safeguard against unauthorized access and fraudulent transactions and ensure business continuity by mitigating the risks of cyberattacks such as ransomware or DDoS attacks. Also, fostering trust and preserving reputation is imperative in the fintech industry, where any security breach could lead to customer churn and reputational damage. Finally, safeguarding intellectual property against theft or unauthorized access further underscores the importance of robust cybersecurity measures in sustaining the competitive edge and long-term success of fintech enterprises.

In 2023, Eleving Group enhanced employee awareness training to cover and explain the basic social engineering attack vectors and expected user behavior. If a specific case is spotted, the responsible employee for cybersecurity carries out multichannel and multiformat communication and educates employees on the nature of the attack, goals of the attackers, and related risks. Also, in late 2023, the Information security team initiated a phishing simulation test involving the Eleving Group employees in all countries and subsidiaries. These activities are aimed to be continued every year. On top of that, the Group has implemented advanced security monitoring and SIEM solutions. They are continuously improved for the company to be able to respond promptly when an incident happens. The Group is continuously improving and implementing new sensors for infrastructure and network safety.

In 2023, 48 external incidents were reported, and 75% were related to phishing and similar social engineering. Around 20% of the incidents were related to low staff awareness of cyber security and digital hygiene. Less than 5% of the incidents were related to attacks on the Group's websites. All incidents were resolved promptly.

Sustainable supply chain

A sustainable supply chain is essential to minimize the risks for the Group, influence the industry, and drive real and meaningful global change.

Eleving Group's business depends on certain services provided by third parties, such as banks, local consumer credit agencies, IT service providers, and debt-collection agencies. An 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 the Group may have a material adverse effect on the Group's business, financial condition, operating results, prospects, or cash flows.

To minimize the Group's external costs and risks when new business relationships are established with a new or existing supplier, Eleving Group has drawn up its internal procurement guidelines in line with the Group's strategic direction and internal and external regulations. Employees must screen suppliers against the economic sanctions list, perform sanity checks (tax debts, overall reputation), and conduct general research on whether the suppliers have adopted their code of conduct and follow good corporate practices. Most supplier agreements are entered into for a period shorter than one year, and before the extension of an agreement, the said procedures are repeated. Since Eleving Group needs to choose suppliers with similar values and responsible business conduct, the Group plans to invest in improving the supplier selection process. The goal by 2025 is to assess all key suppliers according to the Group's ESG criteria. Currently, the Group mainly outsources certain IT services, such as software development, data center, and technical support.

Human rights statement

Human rights are fundamental rights belonging to every person in the world. They form the foundation for freedom, justice, and peace. They apply equally and universally in all countries, irrespective of the legal framework.

Eleving Group respects universal human rights in all markets where it operates. The Group follows the United Nations Guiding Principles on Business and Human Rights and the UN Global Compact, which form the basis for its efforts to respect human rights. The Group complies with all relevant international legal obligations and local legal obligations in the countries and regions in which it operates.

Eleving Group respects employee human rights as established in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, including non-discrimination, prohibition of child and forced labor, and safe and healthy working conditions. The Group offers equal opportunities and rights to all, regardless of sex, national or ethnic origin, religion or belief, age, gender identity or expression, sexual orientation, or disability.

Eleving Group firmly stands against human rights violations, including child and forced labor. The Group does not employ children and strongly believes any employee should be able to freely negotiate and accept terms and conditions of employment relations and should not be coerced or forced to accept unfair or discriminatory terms. The Group applies the same principles within its supply chain and does not cooperate or engage with suppliers or service providers who do not adhere to them.

General principles of communication, sponsorship, and advertising

Eleving Group implements its communication activities in compliance with the principles of responsible communication and locally adopted laws and regulations.

The Group strongly opposes communication that misleads customers and the public in any way. Eleving Group does not sponsor events, people, or organizations whose reputation, products, or event concepts call into question honesty, ethics, or other generally accepted values.

Investor relations

Eleving Group is committed to protecting the interests of all shareholders and investors and thus makes sure it complies with all relevant laws and regulations. Eleving Group aims to generate returns to shareholders on a sustainable long-term basis by continuously improving its services, products, and business processes with a focus on profitability and cost efficiency.

The Group is committed to maintaining transparent business processes in which investors can understand Eleving Group's planned short-term, medium-term, and long-term development projects and investments and the actual financial and nonfinancial results. Considering the international scale of Eleving Group's business and sustainable business principles, it is essential for Eleving Group to cooperate with investors who are not exposed to various sanctions risks. Eleving Group distances itself from investors about whom doubts may arise or whose origin of funds cannot be verified.

In early 2023, the Group won the Best Investor Relations on the First North Bond List category of the Nasdaq Baltic Awards. The award is presented every second year as part of the Nasdaq Baltic Awards ceremony, which celebrates outstanding achievements by Nasdaq Baltic-listed companies in the areas of transparency, sound corporate governance, and investor relations.

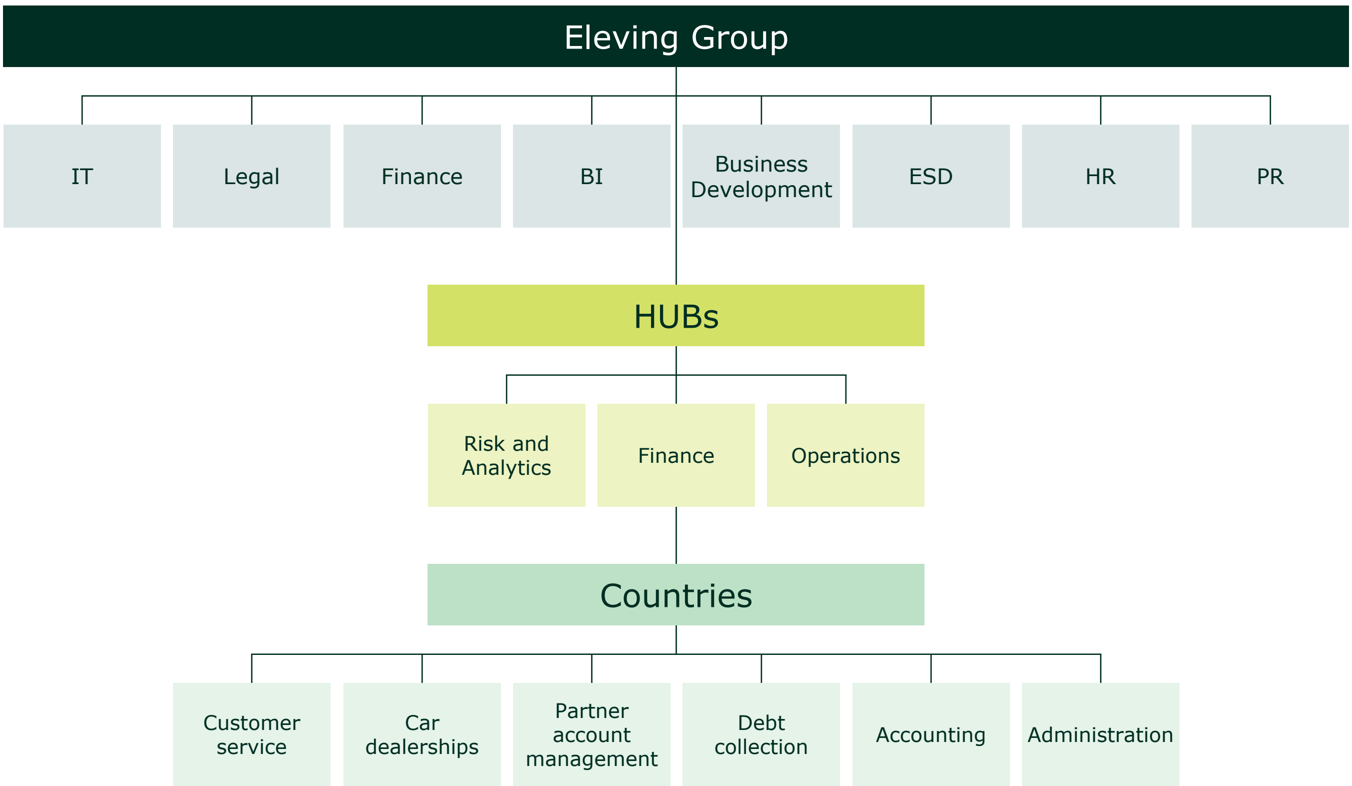
Best Investor Relations on First North Bond List
Nasdaq Baltic Awards 2023

Corporate governance

Eleving Group is a public limited liability company. It is subject to and complies—among the others—with the Luxembourg law of 10 August 1915 on commercial companies, as amended, and the law of 11 August 2008 on transparency requirements for issuers of securities, as amended (the "Luxembourg Company Law"), as well as the Rules and Regulations of the Frankfurt and Riga Stock Exchanges. The Group does not apply additional requirements in addition to those required by the above.

In 2023, the Group continued to operate in 16 countries. Each country's subsidiary is entitled to make operational decisions regarding its business activities. Countries in a particular region are organized in clusters ("Hubs") coordinated by sub-holding companies controlled by the parent company.

Multilayer structure



Group functions

- HUB oversight
- Strategy
- Reporting
- Compliance
- Fundraising
- Consolidation

Hub functions

- Operational excellence
- Reporting
- Risk management
- Compliance
- Analysis and data management
- Countries oversight

Country-level functions

- Sales
- Operational execution (debt collection and customer service)
- Policy implementation
- Administration
- Local regulatory compliance

The share capital of the Group is indirectly held by the four founders of the Group (approximately 87%) and by present and former employees of the Group. On 5 May 2015, the shareholders of the Group entered into a shareholders’ agreement, amended from time to time (the “Shareholders’ Agreement”). The Shareholders’ Agreement provides that, among other things, (i) all shareholders (unless such shareholder ceases to be an employee of the Group) need to be present or represented at a shareholders’ meeting; (ii) resolutions on certain material matters, including the appointment of auditors and entry by the Group into material contracts, need to be passed unanimously (provisions to overcome deadlock scenarios are foreseen); and (iii) limitation on the transfer of rights, tag-along, drag-along, and right of first refusal. The share capital of Eleving Group is entirely held by its shareholders (see table on the right).

Largest shareholders, 31 December 2023

Share of capital, %	2023
SIA ALPPES Capital (Latvia)[1]	43.67%
AS Novo Holdings (Latvia)	14.56%
SIA EMK Ventures (Latvia)	14.56%
AS Obelo Capital (Latvia)	14.56%
Other shareholders	12.65%
Total	**100%**

[1]SIA ALPPES Capital is the new legal name of SIA “AK Family Investments”.

Powers of the shareholder

The shareholders’ general meeting exercises power granted by the Luxembourg Company Law, including (i) appointing and removing the directors (the “Directors”) and the statutory or independent auditor of the Group as well as setting their remuneration, (ii) approving the annual financial statements of the Group, (iii) amending the articles of association of the Group, (iv) deciding on the dissolution and liquidation of the Group, (v) changing the nationality of the Group, and (vi) rights to amend the financial statements after their issue.

General powers of the directors/the board

The Group is currently managed by a board of directors (the “Board”) whose members have been appointed as type A Directors and type B Directors by the shareholders’ general meeting of the Group. In accordance with the 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 are convened upon request of the chairman of the Board or any two Directors of the Group as often as the interest of the Group so requires. The meetings of the Board 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`s meeting. The Board of the Group may, from time to time, delegate its power to conduct the daily management (gestion journalière) of the Group to one or more Directors, i.e., the managing director(s) (administrateur(s) délégué(s)), commit the management of the affairs of the Group 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 Group is administrated by the Board comprising several categories of Directors, it shall be bound by the joint signatures of a type A Director and a type B Director. Thus, the “four eyes” principle is established.

The Group is currently managed by a Board composed of two Directors of type A and two Directors of type B, elected pursuant to resolutions of the shareholders of the Group. Based on the articles of association of the Group, Directors of each category are vested with the same individual powers and duties. The Directors of type B are Luxembourg residents, whereas the Directors of type A are not Luxembourg residents and, at the same time, hold the positions of CEO and CFO within the Group. The board of directors has not appointed a chairperson among its members so far.

Modestas Sudnius

Appointed as CEO of Eleving Group in January 2019 and as Director of the Group in March 2019. A graduate of the Stockholm School of Economics, Mr. Sudnius held the position of Country Manager in Lithuania, followed by Regional CEO of Eleving Group in charge of the Baltic states, Georgia, and Armenia, and Co-CEO of the Group. He has several years of experience in financial assurance and project management in companies such as Ernst & Young and EPS LT.

Māris Kreics

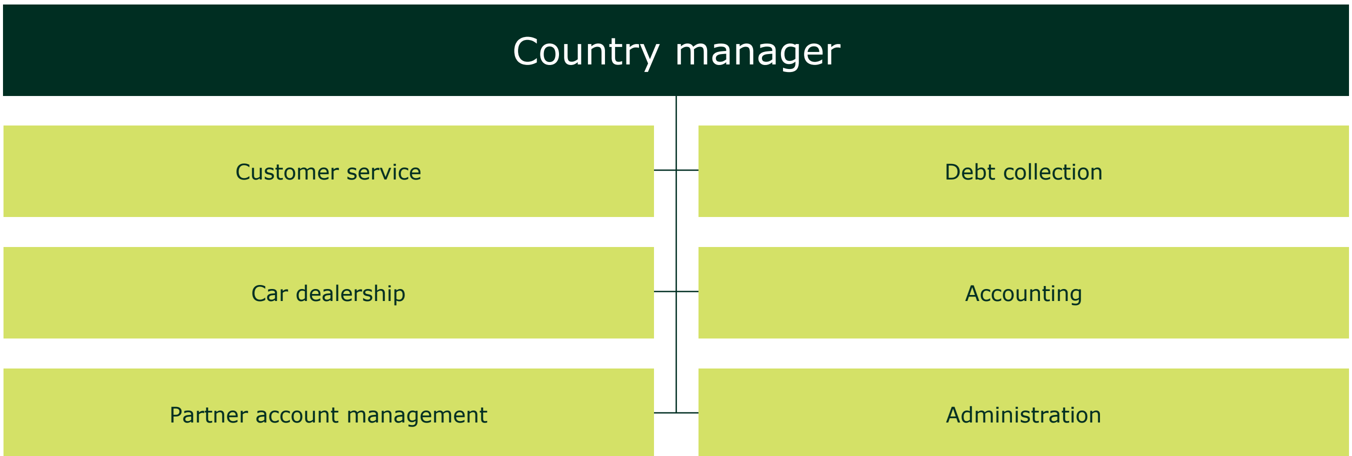
Appointed as A Director in 2018 and as CFO of the Group in 2015. Mr. Kreics spent two years in a corporate finance role at Tet (previously Lattelecom), the biggest telecommunication services company in Latvia. Before that, he spent seven years at PwC, two years in New York working exclusively on one of the largest (top 5 by market capitalization) S&P 500 Tech company's lead audit team. Mr. Kreics is a CFA (Chartered Financial Analyst) certificate holder and a member of ACCA (Association of Chartered Certified Accountants), the global body for professional accountants. He holds a bachelor's and master's degree in Finance from the BA School of Business and Finance in Riga.

Sébastien François

Appointed as a B Director in 2022. Mr. Françoisis is currently also a Group Head of Corporate Services at Centralis S.A., and previously, he held a Client Service Manager position at AIB Administrative Services Luxembourg Sàrl. Mr. François holds a Université Catholique de Louvain (U.C.L.) post-graduate degree in Financial Economics and a Université Catholique de Louvain (U.C.L.) bachelor's degree in Business Administration.

Delphine Marie-Paul Glessinger

Appointed as director in 2023. 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.



Audit Committee

In 2019, the Group established an audit committee. The audit committee oversees the Group's financial reporting process to ensure transparency and integrity of the 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 the code of business conduct (where applicable).

The audit committee is set up, and its members are appointed by Eleving Group's Board of Directors. The audit committee is comprised of three members: Mārtiņš Muižnieks, Bertrand de Fays, and Franck-Oliviera Cera, each of them appointed for a period of three years. The audit committee reports directly to the Company's Board of Directors.

Risks and risk management

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

Internal policies and guidelines set out the following objectives for each of the Group's operating companies:

- To establish the framework required for the identification of significant risks.
- To assess 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.
- 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.

The risk management process at Eleving Group consists of four main parts:

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

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

The Group's activities are exposed to a variety of risks:

- Liquidity risk.
- Credit risk.
- Market risk (including currency risk and interest rate 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 specific risk exposures carried out by the central treasury department (the Group's treasury).

The Group controls its liquidity by managing the amount of funding it attracts through peer-to-peer marketplace platforms for loans, which provides the management with 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.

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 the lease and loan granting process (including the solvency check of the lessee or the borrower), monitoring methods, and decision-making principles. The Group uses financed vehicles as collateral to reduce the credit risk significantly. The Group operates by applying a clear set of finance lease and loan granting criteria. These criteria include assessing the customer's credit history, lease and loan repayment means, and understanding the lease object. The Group considers both quantitative and qualitative factors when assessing the customer's creditworthiness. Based on this analysis, the Group sets the credit limit for each 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 continuously to ensure that the Group's exposure to bad debts is minimized and, where appropriate, sufficient provisions are made. The Group does not have a significant credit risk exposure to any single counterparty but is exposed to risks to counterparties with similar characteristics.

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 the 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 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, Kenya, Uganda, and Moldova. In most of the markets, except for Kenya and Uganda, the Group has evaluated potential hedging options but, due to the costs associated with it, has decided not to pursue a hedging strategy for now and assume potential short to mid-term currency fluctuations with retaining potential upside from strengthening of the mentioned currencies. Nevertheless, from a foreign currency perspective, the Group practices pricing in the currency risk within the cost of its products in the most volatile markets.

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 manage the foreign currency exposure risk towards USD proactively. The proactive management of USD exposure can be observed by forward contract purchases that began in 2020 and have continued since then.

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 Group believes that for the Group, interest rate risk is not material since the vast majority of loans are issued and received at fixed rates, and most of the borrowings and loans issued to customers are long-term.

Legal risks are mainly derived from regulatory changes, which the Group successfully manages with the help of an in-house legal department and external legal advisors that closely follow the latest developments and the legal environment. While most of Eleving Group's operating entities are financial institutions, the Group is not regulated as a bank, payment institution, or e-money institution in any of its operating jurisdictions. The regulatory framework applicable to the Group's operating entities varies depending on the jurisdiction in which they operate. 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 Group's operational risks are managed by rigid underwriting procedures in the loan issuance process and efficient debt collection procedures.

Reputational risk is concerned with the exposure of Eleving Group 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 raising finance; (iii) difficulty in retaining employees; (iv) non-compliance with the requirements set forth by local authorities. The Group's reputational risk monitoring is performed, e.g., by monitoring the local and central media, monitoring Eleving Group's activity with the focus on the events that could expose the Group to a reputational risk (specifically those related to customer relations and the relationships with the supervisory authority), and monitoring the number of complaints received from customers.

Scientific evidence[1] suggests that climate change and the associated need to transition towards an environmentally sustainable economy will lead to changes in the real economy that will, in turn, impact the financial sector through new risks and opportunities. Eleving Group has become aware of the importance of ESG risks in recent years. It has begun to work purposefully to manage them by developing its Strategic ESG Program 2022–2025 and initiating sustainability reporting. For Eleving Group, ESG risks include the following:

- Climate change—changes in the policy and regulatory context; timely development of innovative products and services, supporting the reduction of CO_2 emissions and customer preferences; business interruption due to chronic (e.g., temperature increase, etc.) or extreme (e.g., floods, etc.) events on key company assets, i.e., physical risk.
- Responsible use of natural resources—optimization of material cycles, in terms of recycling, waste, etc., management; sustainable resource (water, electricity, etc.) management.
- Human resources management—diversity, equal opportunities; health, safety, and well-being of employees; attraction, retention, and development of talent; employee training and development.
- Responsible lending—compliance with legal and voluntary regulations.
- Customers—customer relations (e.g., conduct, non-discrimination, mislabeling products); customer data protection; evolving customer preferences regarding sustainable products; increasing use of digitalization and automation; affordable/accessible financial products.
- Impact on local communities—providing access to finance for diverse groups.
- Business ethics and integrity—prevention, detection, and countering unlawful behavior by employees, clients, and/or suppliers (incl. corruption, AML) and compliance with related international and national legislation.

Main features of internal control and risk management systems in relation to the process of consolidated financial statements

The employees involved in the accounting process meet qualitative standards and receive regular training. Duties and responsibilities are clearly assigned to different roles. Complex evaluations are assigned to specialized service providers who involve qualified in-house staff. Separating administrative, executive, settlement, and report preparation functions reduces the possibility of fraud. Internal processes also ensure that changes in the Group's economic or legal environment are mapped and that new or amended legal provisions are applied in the Group's accounting.

The Group's accounting rules also govern specific formal requirements placed on consolidated financial statements. These include the mandatory use of a standardized and complete reporting package. The Group's Accounting Department assists the Regional units in resolving complex accounting issues. Additional data for the presentation of external information in the notes and the Group's management report is also prepared and aggregated at the Group level. Reporting packages containing errors are identified and corrected at the Regional or Group level. Impairment tests are conducted centrally for the specific cash-generating units, known as CGUs, from the Group's perspective to ensure that consistent, standardized evaluation criteria are applied.

[1] Intergovernmental Panel on Climate Change (IPCC) (2018), 'Global Warming of 1.5°C - Summary for Policymakers.

Business highlights

An outstanding year with promising prospects for robust growth in the future

Operational and Strategic Highlights

- Eleving Group closed 2023 with the best-ever business performance. Revenues, including fee and commission income, for the corresponding period reached EUR 189.3 mln, recording an increase of EUR 13.7 mln, compared to 2022. Meanwhile, the net portfolio grew by EUR 27.3 mln and landed at EUR 320.3 mln.
- Diversified business operations and a balanced revenue stream from all core business lines:
  - Flexible lease and subscription-based products contributed EUR 50.4 mln to the 2023 revenues—a decrease of 2%, mainly due to the sale of the Renti Plus portfolio and the slightly decreasing Kenya motorcycle taxi loan portfolio (effect from unfavorable foreign currency rate development).
  - Traditional lease and leaseback products contributed EUR 66.2 mln to the revenue stream, up by 7% compared to the respective period a year ago. The recorded increase can be explained by a steady and controlled portfolio and interest income growth across most of the Group's markets, with the highest growth rates recorded in Romania, Lithuania, and Moldova.
  - Revenues from the consumer loan segment contributed EUR 72.7 mln to the 2023 revenues—a significant leap of over 20%. The strong results were driven by the efficient integration of the Sub-Saharan consumer financing business and outstanding performance in the Group's European consumer markets.
- In early Q3, Eleving Group integrated the ExpressCredit consumer financing business in four Sub-Saharan region countries. As a result, Botswana, Namibia, Zambia, and Lesotho joined the Group's portfolio.
- In July, Renti Plus business operations in Latvia were sold to Transporent Ltd, a Latvian subsidiary of the international mobility services provider SIXT. The respective transaction included the sale of more than 100 vehicles from the Renti Plus fleet and its active customer portfolio.
- In Q4, the Group issued EUR 50 mln of senior secured and guaranteed Eleving Group 2023/2028 bonds. As a result, over 2,000 new investors from the Baltic states and Europe were onboarded, and the debt maturity profile was significantly improved. Shortly after, Fitch Ratings assigned a rating of 'B-' with a Recovery Rating of 'RR4' to the respective bonds.
- In mid-Q4, the Group launched a new initiative in Kenya— retrofitting internal combustion engine motorcycles to electric. The main objective of this product is to intensify the introduction of sustainable mobility in Kenya and to give a second life to used motorcycles, thereby extending their life cycle. By the end of the year, Mogo Kenya had already retrofitted several motorcycles, and a healthy spike in demand is expected in 2024.
- As part of its foreign currency exchange risk management strategy during Q4, the Group established cooperation with MFX Currency Risk Solutions (USA) and Absa Bank (Uganda). As a result, in January 2024, the Group companies entered in currency hedging contracts to fully cover the Group's exposure with respect to the Ugandan shilling.
- In the sustainable mobility area, Eleving Group continued to roll out its electric car-sharing service in Latvia and electric motorcycle financing in Kenya. In 2023, over 3.2 mln kilometers were commuted on pure electricity by the Group's clients. Therefore, both green mobility services have reduced the potential CO_2 emissions by approximately 300 to 315t, compared to the amount an internal combustion engine would have generated.
- An important milestone in digitization was reached by launching an advanced online client cabinet for the Romanian market. The project will ensure active onboarding of existing clients and 24/7 account access; it will provide real-time information on agreements, customer information, payment history, and plans. On top of that, it provides numerous payment methods that focus on promoting recurring (subscription) payments. It is planned to implement the respective project gradually across other Group markets.
- In January 2024, the Group received all the necessary approvals from Belarussian government authorities with respect to the Mogo Belarus sale. The sale is expected to be finished within 2024 once all aspects of the transaction, including asset refinance, will be implemented. For reporting purposes, Mogo Belarus is classified as a discontinued operation (also in comparatives).

Financial Highlights and Progress

- Solid profitability evidenced by strongest-ever business financials:
  - Adjusted EBITDA of EUR 77.5 mln (2022: EUR 65.6 mln).
  - Adjusted Net Profit before FX of EUR 29.5 mln (2022: EUR 22.8 mln).
  - Adjusted Net Profit after FX of EUR 23.1 mln (2022: EUR 15.4 mln).
  - Increased net portfolio of EUR 320.3 mln; Eleving Vehicle Finance and Eleving Consumer Finance accounted for EUR 215.4 mln and EUR 104.9 mln, respectively.
  - 2023 ended with a healthy financial position, supported by the capitalization ratio of 26.1% (31 December 2022: 25.6%), ICR ratio of 2.3 (31 December 2022: 2.4), and net leverage of 3.7 (31 December 2022: 3.8), providing an adequate and stable headroom for Eurobond covenants.
- In 2023, Eleving Group raised USD 7 mln from the Verdant Capital Hybrid Fund for the Kenyan portfolio growth.
- In mid-2023, Fitch Ratings affirmed Eleving Group's long-term Issuer Default Rating (IDR) and Senior Secured Debt Rating (SDRR) at 'B-,' with a stable outlook.
- During Q4, Eleving Group continued diversifying its funding structure by entering into talks with ACP Credit. In early 2024, it resulted in EUR 10 mln attracted for business development in Romania.
- In the meantime, the Group has continued the private placement of Kenyan notes with an aggregate size of up to EUR 23 mln. As of the end of 2023, EUR 13 mln has been raised in total.
- The Group continues to explore numerous local funding channels to raise funds in local currencies to mitigate future adverse foreign currency exchange impacts. The groundwork has been laid for several collaborations with investment funds and banks, the results of which will be reported over the coming year.

Comments from Eleving Group CEO and CFO

Modestas Sudnius

Eleving Group CEO

Entering this year, it was clear that high inflation rates and the growing cost of borrowing would challenge overall client payment behavior. Also, Eleving Group had a significant debt of its own, which had to be managed in the best possible way. And finally, we had a goal to increase our efficiency and profitability as an organization further.

In retrospect, I can tell that we had set highly ambitious goals, and I am delighted that we managed to achieve most of them and beyond. We have had a stable year with increasing portfolio quality. In the second part of the year, we laid the foundation for further growth in 2024 through the integration of consumer finance businesses in the South African region, seizing new opportunities in our existing markets, and securing future financing by issuing EUR 50 mln worth of new bonds.

Despite the prevailing uncertainty in the global economy, the demand for consumer credit products did not weaken, and the people's ability to pay was still higher than expected despite the surging interest rates and inflation.

In the vehicle financing segment, after a slightly slower start, we gathered momentum in the second half of the year. This was anticipated as people temporarily postponed large purchases. In the meantime, the unsecured consumer finance business grew steadily throughout the year, benefiting from the weakening competition and utilizing previously established business essentials—a vast sales network through online and offline channels and well-calibrated customer scoring models.

We have successfully addressed the diversification of our funding structure by unlocking numerous additional financing channels like local impact funds, bank loans, local notes, and, of course, the latest bond issue that attracted EUR 50 mln and improved our debt maturity profile. Also, we continue to maintain lean operations and strong cost discipline. Together with the increasing digitization of our daily processes, we have managed to maintain a very cost-effective business despite the inflationary environment.

In recent years, we have primarily focused on organic expansion in our core business lines. Yet, the integration of the ExpressCredit business will allow us to expand while still maintaining a strong position in our existing markets. We are open to exploring further growth opportunities through new market launches or acquisitions. However, it will not happen at the expense of the profit, and this would become a priority in case of additional equity injection in the business. We will continue to actively participate in the capital markets and explore all the opportunities they offer. Having a well-diversified debt stack in place with no significant maturities upcoming in 2024, our focus will be on potential equity raising, exploring opportunities both in the Baltic markets and outside, not ruling out an IPO.

In the meantime, the Group strengthened its position in green mobility by rapidly expanding its electric car- sharing service in Latvia and the electric motorcycle financing service in Kenya. The Group's customers covered over 3.2 mln kilometers, using electricity-powered vehicles, thus reducing over 300tCO_2 compared to what traditional vehicles would have produced. In 2023, more profoundly than before, we saw that people paid much more attention to the so-called value-for-money criteria. This translated into more sustainable decisions, i.e., a greater demand for green mobility solutions that are more climate-friendly and economical in the medium- to long- term. This trend is likely to continue next year, so we expect good results from our sustainable mobility products.

Māris Kreics

Eleving Group CFO

Despite the challenging year of peak interest rates and inflation, Eleving Group achieved strong results in all key financial indicators. The Group's adjusted EBITDA increased to EUR 77.5 mln, or by over 18%, compared to 2022, while the total revenue, including fee and commission income, reached EUR 189.3 mln, showing an increase of close to 8%. The adjusted net profit before FX landed at EUR 29.5 mln, up by 29%, while the net portfolio reached EUR 320.3 mln.

It was a year in which we made a solid effort to increase our efficiency and improve our cost of risk. Compared to last year, the Group also achieved higher relative profitability, allowing it to absorb any foreign currency exchange rate fluctuations successfully. With local funding and hedging solutions in place, Eleving Group is expected to have a limited negative impact on foreign currency exchange rates in the coming years. We also strengthened the Group's capitalization ratio while maintaining sustainable dividend payout levels.

During 2023, we continued to diversify our funding structure by raising USD 7 mln from the Verdant Capital Hybrid Fund for the Kenyan portfolio growth. In addition, we successfully continued our Kenyan note program, through which we raised more than EUR 13 mln for business development. Furthermore, in 2023, we established the cooperation with ACP Credit, Central Europe's leading provider of financing solutions for middle-market businesses. As a result, in early 2024, Mogo Romania received an investment of EUR 10 mln, making it the first time in the Group's history that a significant external funding partner outside the Mintos marketplace was brought to Mogo Romania. In addition, we continued to develop our electric car-sharing service, OX Drive, by raising EUR 2.8 million from Industra Bank to expand its car fleet.

Of course, one of the highlights of the year was the issuance of the latest Eurobond and subsequent listing on the Baltic and Frankfurt stock exchanges, resulting in EUR 50 mln raised and over 2,000 new investors onboarded. The bond issue was mainly tailored towards the existing investors (both retail and professional ones) from the Baltic states. In terms of volume, this was one of the largest corporate issuances in the Baltics in recent years. Retail investors from Estonia were particularly active. Therefore, we can assume that companies with a strong track record and a healthy balance sheet still have support from local retail investors even in volatile market conditions characterized by an ambiguous investment landscape.

Furthermore, I would like to note that Fitch Ratings affirmed Eleving Group's long-term Issuer Default Rating (IDR) and Senior Secured Debt Rating (SDRR) at 'B-,' with a stable outlook. Despite the global economic challenges, we have maintained this performance for the fourth consecutive year.

In conclusion, it was a successful year for the company, with healthy growth, sound decisions that delivered expected results, and a strong financial position that will contribute to the future sustainable development of our global business.

Future outlook

Products and processes

- Maintain healthy organic growth across existing products and markets, targeting a 5-20% growth rate depending on the market.
- Scale up portfolio operations in recently acquired South African region consumer lending markets, with a core focus on creating sustainable financial products for the underserved population.
- Roll out SME financing product in existing European markets – launch the first market in 2024.
- In 2024, explore opportunities to launch new vehicle financing markets in Q1 2025.
- Explore M&A opportunities in the markets for entering the SME segment and entering a new market.
- Become a leading electric motorcycle financier (financing new EVs and retrofitting used petrol bikes) in Eastern Africa.
- Roll out new generation 2.0 digital solutions (client cabinet, auto-process, car portal) across all Eleving Vehicle markets.

Capital management

- Explore opportunities to raise outside equity in 2024 for further company's growth.
- Focus on fundraising initiatives to supplement the existing capital structures of different markets with local currency funding; unlock new debt funding avenues, especially in the East African markets, to facilitate growth and mitigate the FX gap. Also, explore other FX hedging opportunities and options.
- Diversify and improve debt structure while raising additional debt across markets with a specific focus on financing partners with an impact focus.
- Finalize an exit from Belarus.

Governance and social impact

- More dynamic introduction of the Group's e-mobility products.
- Implement a Group-wide environmental activity across all markets.
- Reduce the carbon footprint arising from the company's portfolio by implementing carbon offsetting projects in Kenya and Uganda.
- Continue the improvement of the company's processes and policies to maintain a sustainable and transparent business and reporting practice according to CSRD standards.
- Build an independent management board, following best corporate governance practice.
- Publish a dividend policy.

GRI standard indexes

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General information

Name of the Parent Company	Eleving Group	
Legal status of the Parent Company	Société Anonyme	
Unified registration number, place and date of registration	B 174.457, Luxembourg, 18 December 2012	
Registered office	8-10, Avenue de la Gare, L-1610 Luxembourg	
Major shareholders		31.12.2023
	SIA ALPPES Capital (Latvia)	43.67%
	AS Novo Holdings (Latvia)	14.56%
	SIA EMK Ventures (Latvia)	14.56%
	AS Obelo Capital (Latvia)	14.56%
	Other shareholders	12.65%
	TOTAL	**100.00%**
Directors	Māris Kreics (type A)	from 25.07.2018
	Modestas Sudnius (type A)	from 09.03.2019
	Sébastien Jean-Jacques J. François (type B)	from 01.11.2022
	Delphine Glessinger (type B)	from 15.10.2023
	Attila Senig (type B)	till 15.10.2023
Financial year	January - December 2023	
Previous financial year	January - December 2022	
Auditors	BDO AUDIT Société Anonyme Cabinet de révision agréé 1 rue Jean Piret, L-2350 Luxembourg	

Consolidated Financial Statements

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Notes	2023 EUR	2022 EUR (restated)*
Continuing operations			
Interest revenue	4	176 297 775	162 516 856
Interest expense	5	(37 499 444)	(31 131 649)
Net interest income		**138 798 331**	**131 385 207**
Fee and commission income related to finance lease activities	6	8 968 142	7 743 433
Impairment expense	7	(39 846 624)	(43 281 650)
Net gain/(loss) from de-recognition of financial assets measured at amortized cost	8	1 159 323	1 993 591
Expenses related to peer-to-peer platform services	9	(987 970)	(883 424)
Revenue from leases	10	4 067 111	5 421 567
Revenue from car sales and other goods	11	1 936 451	174 152
Expenses from car sales and other goods	11	(1 789 166)	(171 752)
Selling expense	12	(6 426 852)	(7 840 117)
Administrative expense	13	(63 246 010)	(57 344 869)
Other operating income	14	2 368 739	1 342 726
Other operating expense	15	(10 133 640)	(9 654 742)
Net foreign exchange result	16	(6 385 833)	(7 422 727)
Profit before tax		**28 482 002**	**21 461 395**
Corporate income tax	17	(8 324 461)	(9 004 133)
Deferred corporate income tax	18	1 758 559	2 151 290
Profit from continuing operations		**21 916 100**	**14 608 552**
Discontinued operations			
Profit from discontinued operation, net of tax	20	2 538 954	3 966 571
Profit for the period		**24 455 054**	**18 575 123**
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial information of foreign operations to presentation currency		(4 582 333)	4 943 030
Other comprehensive income/(loss)		**(4 582 333)**	**4 943 030**
Total profit and loss for the year		**19 872 721**	**23 518 153**
Profit is attributable to:			
Equity holders of the Parent Company		20 098 665	15 263 678
Non-controlling interests		4 356 389	3 311 445
Net profit for the year		**24 455 054**	**18 575 123**
Other comprehensive income/(loss) is attributable to:			
Equity holders of the Parent Company		(4 355 896)	4 699 889
Non-controlling interests		(226 437)	243 141
Other comprehensive income/(loss) for the year		**(4 582 333)**	**4 943 030**

* Information regarding the reclassifications made in the financial statements is disclosed in Note 2.

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 29 April 2024 by:

Māris Kreics
Type A director

Sébastien Jean-Jacques J. François
Type B director

Consolidated Statement of Financial Position

ASSETS

NON-CURRENT ASSETS	Notes	31.12.2023 EUR	31.12.2022 EUR
Intangible assets			
Goodwill	**21**	6 807 055	4 659 049
Internally generated intangible assets	**21**	10 263 919	8 641 438
Other intangible assets	**21**	5 393 463	2 411 258
Total intangible assets		**22 464 437**	**15 711 745**
Tangible assets			
Right-of-use assets	**22, 23**	10 559 286	9 934 629
Rental fleet	**22**	7 085 928	10 008 495
Property, plant and equipment	**22**	2 089 283	2 202 034
Leasehold improvements	**22**	782 859	575 721
Total tangible assets		**20 517 356**	**22 720 879**
Non-current financial assets			
Finance lease receivables	**24**	59 798 508	72 102 729
Loans and advances to customers	**25**	95 055 945	67 832 121
Loans to related parties	**26, 44**	-	3 153 617
Equity-accounted investees	**27**	580 714	420 622
Other loans and receivables	**29**	175 783	267 629
Deferred tax asset	**18**	8 877 839	5 282 533
Total non-current financial assets		**164 488 789**	**149 059 251**
TOTAL NON-CURRENT ASSETS		**207 470 582**	**187 491 875**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale	**28**	4 818 099	2 480 988
Total inventories		**4 818 099**	**2 480 988**
Receivables and other current assets			
Finance lease receivables	**24**	52 204 095	61 875 661
Loans and advances to customers	**25**	106 145 607	81 144 183
Other loans and receivables	**29**	198 574	697 177
Prepaid expense	**30**	3 124 744	2 108 329
Trade receivables	**31**	1 606 770	2 662 513
Other receivables	**32**	8 267 676	7 296 159
Cash and cash equivalents	**33**	27 470 468	13 834 837
Total receivables and other current assets		**199 017 934**	**169 618 859**
Assets of subsidiary held for sale or under liquidation	**34**	9 556 863	378 656
Assets held for sale	**35**	452 055	1 080 351
Total assets held for sale		**10 008 918**	**1 459 007**
TOTAL CURRENT ASSETS		**213 844 951**	**173 558 854**
TOTAL ASSETS		**421 315 533**	**361 050 729**

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 29 April 2024 by:

Māris Kreics
Type A director

Sébastien Jean-Jacques J. François
Type B director

Consolidated Statement of Financial Position

EQUITY AND LIABILITIES

EQUITY	Notes	31.12.2023 EUR	31.12.2022 EUR
Share capital	**36**	1 000 500	1 000 500
Reserve	**36**	4 287 631	1 122 204
Foreign currency translation reserve		532 762	4 888 658
Retained earnings		47 773 110	38 167 599
brought forward		27 674 445	22 903 921
for the period		20 098 665	15 263 678
Total equity attributable to equity holders of the Parent Company		**53 594 003**	**45 178 961**
Non-controlling interests		11 841 222	8 894 339
TOTAL EQUITY		**65 435 225**	**54 073 300**
LIABILITIES			
Non-current liabilities			
Borrowings	**38**	225 944 140	212 717 106
Subordinated borrowings	**38**	16 462 354	18 477 014
Total non-current liabilities		**242 406 494**	**231 194 120**
Provisions	**37**	157 316	152 109
Total provisions for liabilities and charges		**157 316**	**152 109**
Current liabilities			
Borrowings	**38**	96 180 026	60 114 233
Liabilities associated with the assets held for sale or under liquidation	**34**	2 045 004	107 292
Prepayments and other payments received from customers	**39**	1 083 554	450 097
Trade and other payables		2 224 874	1 646 248
Current corporate income tax payable	**17**	729 149	3 934 652
Taxes payable	**40**	3 374 002	2 367 101
Other liabilities	**41**	1 902 392	1 953 236
Accrued liabilities	**42**	5 777 497	5 018 766
Other current financial liabilities	**43**	-	39 575
Total current liabilities		**113 316 498**	**75 631 200**
TOTAL LIABILITIES		**355 880 308**	**306 977 429**
TOTAL EQUITY AND LIABILITIES		**421 315 533**	**361 050 729**

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 29 April 2024 by:

Māris Kreics
Type A director

Sébastien Jean-Jacques J. François
Type B director

Consolidated Statement of Changes in Equity

	Share capital EUR	Foreign currency translation reserve EUR	Retained earnings EUR	Reserve EUR	**Total equity attributable to Equity holders of the Parent Company** EUR	Non-controlling interest EUR	**Total** EUR
Balance at 01.01.2022	**1 000 000**	**188 769**	**22 265 753**	**812 785**	**24 267 307**	**7 122 787**	**31 390 094**
Profit for the financial year	-	-	15 263 678	-	**15 263 678**	3 311 445	**18 575 123**
Other comprehensive income	-	4 699 889	-	-	**4 699 889**	243 141	**4 943 030**
Total comprehensive income	-	4 699 889	15 263 678	-	**19 963 567**	3 554 586	**23 518 153**
Change in share capital	500	-	-	-	**500**	(97 282)	**(96 782)**
Change in NCI without change in control	-	-	968 743	-	**968 743**	(1 055 960)	**(87 217)**
Dividends	-	-	-	-	**-**	(629 792)	**(629 792)**
Reserve (Note 36)	-	-	(330 575)	309 419	**(21 156)**	-	**(21 156)**
Balance at 31.12.2022	**1 000 500**	**4 888 658**	**38 167 599**	**1 122 204**	**45 178 961**	**8 894 339**	**54 073 300**
Balance at 01.01.2023	**1 000 500**	**4 888 658**	**38 167 599**	**1 122 204**	**45 178 961**	**8 894 339**	**54 073 300**
Profit for the financial year	-	-	20 098 665	-	**20 098 665**	4 356 389	**24 455 054**
Other comprehensive income	-	(4 355 896)	-	-	**(4 355 896)**	(226 437)	**(4 582 333)**
Total comprehensive income	-	(4 355 896)	20 098 665	-	**15 742 769**	4 129 952	**19 872 721**
Change in share capital	-	-	-	-	**-**	(147 239)	**(147 239)**
Change in NCI without change in control	-	-	(978 846)	-	**(978 846)**	695 962	**(282 884)**
Obtaining of subsidiary	-	-	-	1 927 058	**1 927 058**	-	**1 927 058**
Interim dividends	-	-	(8 275 939)	-	**(8 275 939)**	(1 731 792)	**(10 007 731)**
Reserve (Note 36)	-	-	(1 238 369)	1 238 369	**-**	-	**-**
Balance at 31.12.2023	**1 000 500**	**532 762**	**47 773 110**	**4 287 631**	**53 594 003**	**11 841 222**	**65 435 225**

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 29 April 2024 by:

Māris Kreics
Type A director

Sébastien Jean-Jacques J. François
Type B director

Consolidated Statement of Cash Flows

Cash flows to/from operating activities	Notes	2023 EUR	2022 EUR (restated)*
Profit before tax from continuing operations		28 482 002	21 461 395
Profit from discontinued operation, net of tax		2 538 954	3 966 571
Adjustments for:			
Amortization and depreciation	**21, 22**	9 442 554	8 063 484
Interest expense	**5**	37 499 444	28 915 885
Interest income	**4**	(176 297 775)	(162 516 856)
Loss from disposal of property, plant and equipment	**13**	3 374 819	3 174 202
Impairment expense	**7**	39 846 624	43 281 650
Loss from disposal of subsidiaries		-	-
(Gain)/loss from fluctuations of currency exchange rates		10 968 166	2 479 697
Operating profit before working capital changes		**(44 145 212)**	**(51 173 972)**
Decrease/(increase) in inventories		(2 332 279)	1 282 746
Increase in finance lease receivables, loans and advances to customers and other current assets		(69 245 456)	(72 817 252)
(Decrease)/increase in accrued liabilities		(318 380)	828 475
Increase in trade payable, taxes payable and other liabilities		705 706	(1 887 222)
Cash generated to/from operations		**(115 335 621)**	**(123 767 225)**
Interest received		176 297 775	162 541 919
Interest paid	**38**	(33 269 320)	(29 137 634)
Corporate income tax paid		(10 545 511)	(10 188 627)
Net cash flows to/from operating activities		**17 147 323**	**(551 567)**
Cash flows to/from investing activities			
Purchase of property, plant and equipment and intangible assets	**21, 22**	(7 956 761)	(5 070 401)
Purchase of rental fleet	**22**	(1 108 735)	(4 978 257)
Disposal of discontinued operation, net of cash disposed of	**20**	(104 578)	(469 619)
Received payments for sale of shares in subsidiaries		7 601	-
Made payments for acquisition of minority interest shares		(290 485)	-
Cash acquired from integration of EC Finance		4 379 262	-
Loan repayments received		4 857 599	5 662 807
Loans issued		(11 714)	(48 461)
Net cash flows to/from investing activities		**(227 811)**	**(4 903 931)**
Cash flows to/from financing activities			
Proceeds from issue of share capital	**36**	-	500
Repayments of share capital to minority interest		(147 239)	-
Proceeds from borrowings	**38**	288 281 493	189 892 932
Repayments for borrowings	**38**	(275 592 907)	(176 917 062)
Payments made for acquisition costs of borrowings	**38**	(2 915 882)	(932 800)
Dividends paid		(10 007 731)	(629 792)
Repayment of liabilities for right-of-use assets	**38**	(2 855 262)	(2 350 758)
Net cash flows to/from financing activities		**(3 237 528)**	**9 063 020**
Effect of exchange rates on cash and cash equivalents		(46 353)	100 228
Change in cash		**13 635 631**	**3 707 750**
Cash at the beginning of the year		13 834 837	10 127 087
Cash at the end of the year	**33**	**27 470 468**	**13 834 837**

The Group has elected to present a statement of cash flows that includes an analysis of all cash flows in total – including both continuing and discontinued operations. Amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 20.

* Information regarding the reclassifications made in the financial statements is disclosed in Note 2.

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 29 April 2024 by:

Māris Kreics
Type A director

Sébastien Jean-Jacques J. François
Type B director

Notes to the Consolidated Financial Statements

1. Corporate information

Eleving Group S.A. (hereinafter "the Parent Company") is a Luxembourg company incorporated on December 18, 2012 as a Société Anonyme for an unlimited duration, subject to the Company Law in Luxembourg. The Parent Company is registered in Luxembourg trade register under number B174457.

The consolidated financial statements include Eleving group S.A. and its affiliated undertakings (hereinafter "the Group"):

Subsidiary name	Country of incorporation	Registration number	Principal activities	% equity interest 2023	2022
Mogo Balkans and Central Asia AS	Latvia	40203150045	Management services	100.00%	100.00%
Mogo Leasing d.o.o. (under liquidation)	Bosnia	4202540500009	Financing	100.00%	100.00%
Eleving Vehicle Finance AS	Latvia	42103088260	Management services	98.86%	99.98%
Mogo Peru S.A.C.	Peru	20609973618	Financing	98.86%	-
Mogo UCO LLC	Armenia	42	Financing	98.86%	99.98%
Eleving Finance AS	Latvia	40203150030	Management services	98.70%	98.70%
Primero Finance OU	Estonia	12401448	Financing	91.19%	99.98%
Mogo LLC	Georgia	404468688	Financing	91.19%	99.98%
Eleving Georgia LLC (Longo Georgia)	Georgia	402095166	Retail of motor vehicles	91.19%	99.98%
Eleving AM LLC (Longo LLC)	Armenia	286.110.1015848	Retail of motor vehicles	91.19%	99.98%
Mogo OY	Finland	3263702-2	Financing	91.19%	99.98%
Mogo IFN SA	Romania	35917970	Financing	91.19%	90.42%
Eleving Stella AS	Latvia	40103964830	Management services	91.19%	90.42%
Eleving Stella LT UAB	Lithuania	305018069	Management services	91.19%	90.42%
Rocket Leasing OOO	Belarus	193553071	Financing	91.19%	90.42%
Renti AS	Latvia	40203174147	Rent services	89.37%	88.61%
Mogo AS	Latvia	50103541751	Financing	89.37%	88.61%
MOGO FINANCE LLC JE	Uzbekistan	310380440	Financing	89.37%	-
Mogo Loans SRL	Moldova	10086000260223	Financing	88.40%	87.65%
Mogo LT UAB	Lithuania	302943102	Financing	88.28%	90.42%
Renti UAB	Lithuania	305653232	Financing	88.28%	90.42%
Autotrade OOO	Belarus	192846476	Other services	87.18%	90.42%
MOGO Kredit LLC	Belarus	192981714	Financing	87.18%	86.44%
SIA EC Finance Group	Latvia	40203082656	Management services	87.00%	-
EC finance branch in Botswana	Botswana	BW00004103567	Management services	87.00%	-
AS ExpressCredit Holding	Latvia	40203169911	Management services	87.00%	-
YesCash Group Ltd	Mauritius	137426 C1/GBL	Financing	87.00%	-
ExpressCredit Ltd	Lesotho	TRMBS:68483	Financing	87.00%	-
ExpressCredit Ltd	Eswatini	R7/55063	Financing	87.00%	-
ExpressCredit Proprietary Ltd	Botswana	BW00000115487	Financing	87.00%	-
Eleving Solis AS	Latvia	40203182962	Management services	84.84%	87.19%
Eleving Solis UAB	Lithuania	304991028	Management services	84.84%	87.19%
MOGO LOANS SMC LIMITED	Uganda	80020001522601	Financing	84.84%	87.19%
Mogo Auto Ltd	Kenya	PVT-AJUR7BX	Financing	84.84%	87.19%
Green Power Trading LTD (Mogo Kenya Ltd)	Kenya	PVT-BEU3ZKD	Financing	84.84%	87.19%
Mogo Lend LTD	Uzbekistan	305723654	Financing	82.38%	86.40%
Eleving Consumer Finance Holding, AS	Latvia	40203249386	Management services	81.74%	81.72%
FINTEK DOO Skopje (TIGO Finance DOOEL)	North Macedonia	7229712	Financing	79.41%	79.35%
Kredo Finance SHPK	Albania	L71610009A	Financing	78.16%	78.24%
Eleving Consumer Finance AS	Latvia	54103145421	Management services	78.12%	78.62%
Insta Finance LLC	Ukraine	43449827	Financing	78.12%	78.62%
Next Fin LLC	Ukraine	42273138	Financing	78.12%	78.62%
OCN SE Finance SRL	Moldova	1020600028773	Financing	77.54%	75.68%
OCN Sebo Credit SRL	Moldova	1017600000371	Financing	77.30%	75.46%
SIA Spaceship	Latvia	40203300224	Car sharing services	59.16%	51.00%
YesCash Zambia LTD*	Zambia	120180003452	Financing	43.50%	-
ExpressCredit Cash Advance Ltd*	Namibia	2016/0767	Financing	42.63%	-
EL Investments OOO (till 01.11.2022.)	Russia	7707457806	Financing	0.00%	100.00%
Mogo Albania SHA (till 30.09.2022.)	Albania	NUIS L71528013A	Financing	0.00%	100.00%
Mogo Sp. z o.o. (till 12.12.2023.)	Poland	7010514253	Financing	0.00%	100.00%
Pocco Finance sp. z o. o. (till 25.10.2023.)	Poland	830343	Management services	0.00%	100.00%
Eleving Luna AS (till 08.11.2023)	Latvia	40203145805	Management services	0.00%	99.98%
Rentiplus OU (till 31.12.2023)	Estonia	16455100	Rent services	0.00%	99.98%
Hima Finance (till 19.10.2023.)	Armenia	286.110.1121811	Management services	0.00%	78.62%
Hima UCO LLC (till 03.05.2023.)	Armenia	53	Financing	0.00%	78.62%
Mogo Iberia (till 11.11.2022.)	Spain	B87587754	Financing	0.00%	0.00%

* - The Group (i) exercises effective power over the subsidiary, (ii) is exposed to variable returns from involvement with the subsidiary and (iii) has the ability to use power over the subsidiary to affect the amount of those returns.

Changes in equity interest percentages are mainly driven by vesting of share option plans for key management employees.

The core business activity of the Group comprises of providing finance lease services, leaseback financing services and loans and advances to customers as well as car retail.

These Consolidated financial statements were authorized for issue by decision of the Board of directors on 29 April 2024.
Shareholders have the financial statements' approval rights after approval by the Board of Directors.

2. Material accounting policy information

a) Basis of preparation

These consolidated financial statements as at and for the year ended 31 December 2023 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Group’s consolidated financial statements and its financial result are affected by accounting policies, assumptions, estimates and management judgement (Note 3), which necessarily have to be made in the course of preparation of the annual consolidated financial statements.

The Group's management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management’s judgements for certain items are especially critical for the Group’s results and financial situation due to their materiality. Future events may occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

The consolidated financial statements are prepared on a historical cost basis as modified by the recognition of financial instruments measured at fair value, and except for inventory which is accounted in lower of cost or net realizable value and contingent consideration that has been measured at fair value.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group’s accounting policies.

The Group's presentation and functional currency is euro (EUR). The financial statements cover the period from 1 January 2023 till 31 December 2023. Accounting policies and methods are consistent with those applied in the previous years, except as described below.

The consolidated financial statements comprise the financial statements of Eleving Group S.A. (Parent company) and entities controlled by the Parent Company (its subsidiaries) as at 31 December 2023. The financial statements of the subsidiaries are prepared for the same reporting period as for the Parent company, using consistent accounting policies.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The financial statements of the Parent Company and its subsidiaries are consolidated in the Group’s consolidated financial statements by adding together like items of assets and liabilities as well as income and expense. All intercompany transactions, balances and unrealized gains and losses on transactions between controlled members of the Group are eliminated in full on consolidation. The equity and net income attributable to non-controlling interests are shown separately in the statement of financial position and the statement of profit and loss and other comprehensive income.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction in accordance with IFRS 10. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognized in equity of the parent in transactions where the non-controlling interests are acquired or sold without loss of control. The Group recognizes this effect in retained earnings. If the subsidiary to which these non-controlling interests relate contain accumulated components recognized in other comprehensive income/ (loss), those are reallocated within equity of the Parent.

If the Group loses control over a subsidiary, it:
- Derecognizes the related assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the profit and loss;
- Reclassifies the Group’s share of components previously recognized in other comprehensive income to profit and loss or retained earnings, as appropriate.

Going concern

As the global economy is entering a third year of non-zero key interest rates environment, the Group has managed to post its strongest ever financial results in years 2022 and 2023.

The Group’s product structure allows a significant equity build up during the periods of stable growth. Although the Group largely operates with borrowed capital, the interest expense forms only 21.27% (in 2022: 19.15%) from its interest revenue. As at 31 December 2023, the principal of Group’s total borrowings amounted to EUR 339.85 million of which EUR 97.14 million is due for renewal over the following 12 months. The Group’s current assets are
EUR 209.56 million, effectively exceeding the principal of borrowings due next 12 months by more than two times. The Group has a track record of successful cash generation and ability to access funding from debt capital markets as well as other sources during protracted periods of economic uncertainty (tested in both 2020 and 2022), hence the Group is expected to meet its funding requirements for the foreseeable future.

Although exposed to external economic environment and indicators, the Group’s portfolio quality is substantially at the control of Group itself as it has the ability to adjust the underwriting standards on a local basis by geographies and individual products. The result of that is evidenced by substantially improved cost of risk expenses during 2023 indicated by decreasing impairment expenses by 7.94% if compared against 2022 results and that has been achieved despite having higher portfolio by 9% in 2023 versus 2022.

Given the regional diversification of the Group’s business across three continents and Eastern European region being one of them, it is important to highlight that the Group is not a sanctions target and does not maintain business relations with sanctioned entities. Additionally, two of its subsidiaries in Ukraine and Belarus have been substantially scaled down without a substantial impact on the overall Group results.

1) In Ukraine the Group is focused on collection activities only. The collected funds are being partially repatriated with remainder temporarily being housed in the country. The funds collected as well as temporarily housed in country are not material for the Group and its going concern operations.

2) In January 2024, the Group received all the necessary approval from Belarusian government authorities with respect to sale of entities in Belarus. The sale is expected to be finished with 2024 once all aspects of the transaction, including asset refinance, will be implemented. For reporting purposes, Mogo Belarus is classified as a discontinued operation.

These consolidated financial statements are prepared on a going concern basis.

2. Material accounting policy information (continued)

b) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

c) New standards, interpretations and amendments adopted from 1 January 2023

The following amendments are effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2023. See the applicable notes for further details on how the amendments affected the Group.

IFRS 17 Insurance Contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting period beginning on or after 1 January 2023.

IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers such as Eleving Group. The Group carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the consolidated financial statements of the Group.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the Consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the consolidated financial statements of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no effect on the consolidated financial statements of the Group.

International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules, in response to stakeholder concerns on 23 May 2023.

The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

Management of the Group has determined that the Group is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Group since it does not exceed threshold of revenue of 750 million EUR.

2. Material accounting policy information (continued)

d) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities. The Group does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

e) Reclassification of comparative indicators

As described in Note 20, in 2024 the Group sold all its subsidiaries in Belarus therefore has reclassified their results to discontinued operations. This resulted in change in Consolidated Statement of Profit and Loss and Other Comprehensive Income as well as in Consolidated Statement of Cash Flows.

The Group also identified that in 2022 it had misstated the deferred tax asset. This also was amended in restated figures of 2022.

Consolidated Statement of Profit and Loss and Other Comprehensive Income	*Balance at 31.12.2022 in annual report for 2022*	*Reclassifications*	*Balance at 31.12.2022 after restatement*
	EUR	EUR	EUR
Interest revenue	170 495 222	(7 978 366)	162 516 856
Interest expense	(31 979 711)	848 062	(31 131 649)
Net interest income	**138 515 511**	**(7 130 304)**	**131 385 207**
Fee and commission income related to finance lease activities	8 002 643	(259 210)	7 743 433
Impairment expense	(43 442 576)	160 926	(43 281 650)
Net gain/(loss) from de-recognition of financial assets measured at amortized cost	1 993 591	-	1 993 591
Expenses related to peer-to-peer platform services	(967 626)	84 202	(883 424)
Revenue from leases	5 421 567	-	5 421 567
Revenue from car sales	174 152	-	174 152
Expenses from car sales	(171 752)	-	(171 752)
Selling expense	(7 965 676)	125 559	(7 840 117)
Administrative expense	(59 207 103)	1 862 234	(57 344 869)
Other operating income	1 343 730	(1 004)	1 342 726
Other operating expense	(9 792 392)	137 650	(9 654 742)
Net foreign exchange result	(6 350 962)	(1 071 765)	(7 422 727)
Profit before tax	**27 553 107**	**(6 091 712)**	**21 461 395**
Corporate income tax	(9 617 748)	613 615	(9 004 133)
Deferred corporate income tax	2 686 438	(535 148)	2 151 290
Profit from continuing operations	**20 621 797**	**(6 013 245)**	**14 608 552**
Discontinued operations			
Profit/(loss) from discontinued operation, net of tax	(1 735 696)	5 702 267	3 966 571
Profit for the period	**18 886 101**	**(310 978)**	**18 575 123**
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial information of foreign operations to presentation currency	4 943 030	-	4 943 030
Other comprehensive income/(loss)	**4 943 030**	-	**4 943 030**
Total profit and loss for the year	**23 829 131**	(310 978)	**23 518 153**
Profit is attributable to:			
Equity holders of the Parent Company	13 926 825	1 336 853	15 263 678
Non-controlling interests	4 959 276	(1 647 831)	3 311 445
Net profit for the year	**18 886 101**	(310 978)	**18 575 123**
Other comprehensive income/(loss) is attributable to:			
Equity holders of the Parent Company	**4 699 889**		**4 699 889**
Non-controlling interests	243 141	-	243 141
Other comprehensive income/(loss) for the year	**4 943 030**	-	**4 943 030**

2. Material accounting policy information (continued)

Consolidated Statement of Cash Flows	*Balance at 31.12.2022 in annual report for 2022*	*Reclassifications*	*Balance at 31.12.2022 after restatement*
Profit before tax from continuing operations	27 553 107	(6 091 712)	21 461 395
Profit from discontinued operation, net of tax	(1 735 696)	5 702 267	3 966 571
Adjustments for:			
Amortization and depreciation	8 226 509	(163 025)	8 063 484
Interest expense	28 915 885	-	28 915 885
Interest income	(170 495 222)	7 978 366	(162 516 856)
Loss from disposal of property, plant and equipment	3 174 195	7	3 174 202
Impairment expense	43 442 576	(160 926)	43 281 650
(Gain)/loss from fluctuations of currency exchange rates	1 407 932	1 071 765	2 479 697
Operating profit before working capital changes	**(59 510 714)**	**8 336 742**	**(51 173 972)**
Decrease/(increase) in inventories	1 282 746	-	1 282 746
Increase in finance lease receivables, loans and advances to customers and other current assets	(72 763 888)	(53 364)	(72 817 252)
(Decrease)/increase in accrued liabilities	828 475	-	828 475
Increase in trade payable, taxes payable and other liabilities	(1 887 222)	-	(1 887 222)
Cash generated to/from operations	**(132 050 603)**	**8 283 378**	**(123 767 225)**
Interest received	170 520 285	(7 978 366)	162 541 919
Interest paid	(29 137 634)	-	(29 137 634)
Corporate income tax paid	(10 188 627)	-	(10 188 627)
Net cash flows to/from operating activities	**(856 579)**	**305 012**	**(551 567)**
Cash flows to/from investing activities			
Purchase of property, plant and equipment and intangible assets	(5 070 401)	-	(5 070 401)
Purchase of rental fleet	(4 978 257)	-	(4 978 257)
Disposal of discontinued operation, net of cash disposed of	(164 607)	(305 012)	(469 619)
Loan repayments received	5 662 807	-	5 662 807
Loans issued	(48 461)	-	(48 461)
Net cash flows to/from investing activities	**(4 598 919)**	**(305 012)**	**(4 903 931)**
Cash flows to/from financing activities			
Proceeds from issue of share capital	500	-	500
Proceeds from borrowings	189 892 932	-	189 892 932
Repayments for borrowings	(176 917 062)	-	(176 917 062)
Payments made for acquisition costs of borrowings	(932 800)	-	(932 800)
Dividends paid to non-controlling shareholders	(629 792)	-	(629 792)
Repayment of liabilities for right-of-use assets	(2 350 758)	-	(2 350 758)
Net cash flows to/from financing activities	**9 063 020**	**-**	**9 063 020**
Effect of exchange rates on cash and cash equivalents	100 228	-	100 228
Change in cash	3 707 750	-	3 707 750
Cash at the beginning of the year	10 127 087	-	10 127 087
Cash at the end of the year	**13 834 837**	**-**	**13 834 837**

2. Material accounting policy information (continued)

Foreign currency translation

The consolidated financial statements are presented in euro (EUR), which is the presentation currency of the Group. EUR is the monetary unit of Luxembourg, where the Parent Company is established. Transactions in foreign currencies are translated into the euro at the reference exchange rate fixed by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into EUR applying the reference exchange rate established by the European Central Bank at the last day of the reporting year. The differences arising on settlements of transactions or on reporting foreign currency transactions at rates different from those at which these transactions have originally been recorded in the profit and loss and presented within finance costs.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The non-monetary items are carried at historical cost and no further retranslation is performed.

For the purpose of presenting consolidated financial statements, the assets and liabilities of foreign operations except non-monetary items, valued at historical exchange rate are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit and loss and other comprehensive income are translated at exchange rates prevailing at the dates of transactions. If subsidiary’s functional currency differs from the presentation currency of the Group, income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the currency exchange rates at the date of the transactions are applied. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified in profit or loss.

Currency exchange rates used for translation of foreign operations into euros:

	31.12.2023	31.12.2022	2023 average	2022 average
	1 EUR	1 EUR	1 EUR	1 EUR
GEL	2.9753	2.8844	2.8436	3.0667
PLN	4.3480	4.6808	4.5437	4.6861
RON	4.9746	4.9474	4.9464	4.9312
ALL	103.88	114.23	108.75	118.92
MDL	19.3574	20.3792	19.6431	19.8982
BYR	3.5363	2.9156	3.2544	2.7691
UAH	42.2079	38.9510	39.5619	33.9954
UZS	13 731.82	11 961.85	12 694.06	11 650.09
AMD	447.90	420.06	424.59	459.48
MKD	61.4950	61.4932	61.5570	61.6219
BAM	1.95583	1.95583	1.95583	1.95583
KEL	173.7800	131.2700	151.3074	124.1681
UGX	4 172.28	3 979.15	4 029.01	3 883.09
BWP	14.8588	-	14.4545	-
ZMW	28.3798	-	21.8612	-
LSL	20.2064	-	19.9753	-
SZL	20.2064	-	19.9753	-
NAD	20.2064	-	19.9807	-

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, including contingent consideration, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in other operating expense in the statement of profit and loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any difference is recognized in profit and loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group will also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IFRS 9 in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is remeasured at fair value at each reporting date and subsequent changes in fair value are recognized in profit or loss.

2. Material accounting policy information (continued)

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
– represents a separate major line of business or geographic area of operations;
– is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
– is a subsidiary acquired exclusively with a view to resale.
Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.
When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain is recognized in profit or loss statement immediately.

Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units. Such units represent the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs. Measurement of gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained. Impairment is recognized whenever the carrying value of CGU to which goodwill is allocated is above the recoverable value of such CGU.

The recoverable amount of cash generating units has been determined based on value in use calculations. These calculations require the use of estimates as disclosed in Note 21.

Internally generated intangible assets

Internally generated intangible assets primarily include the development costs of the Group's information management systems. These costs are capitalized only if they satisfy the criteria as defined by IAS38 and described below.

Internal and external development costs on management information systems arising from the development phase are capitalized. Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Internally generated intangible assets cost value is increased by Group's information technology costs - salaries and social security contribution capitalization. All other expenditure is recognised in profit or loss as incurred. Asset useful life is reassessed by management at each year end and amortization periods adapted accordingly.

Internally generated intangible assets are amortized over their useful lives of 7 years. The main internally generated intangible assets are CRM systems.

According to IAS38, development costs shall be capitalized if, and only if, the Group can meet all of the following criteria:
- the project is clearly identified and the related costs are itemized and reliably monitored;
- the technical and industrial feasibility of completing the project is demonstrated;
- there is a clear intention to complete the project and to use or sell the intangible asset arising from it;
- the Group has the ability to use or sell the intangible asset arising from the project;
- the Group can demonstrate how the intangible asset will generate probable future economic benefits;
- the Group has adequate technical, financial and other resources to complete the project and to use or sell the intangible asset.

When these conditions are not satisfied, development costs generated by the Group are recognized as an expense when incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is completed and the asset is available for use.

Additional information is included in Notes 3 and 21.

Amortization is calculated on a straight-line basis over the estimated useful life of the asset as follows:

IT systems	- over 7 years.

Other intangible assets

Other intangible non-current assets are stated at cost and amortized over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount.

Other intangible assets mainly consists of acquired computer software products.

Amortization is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Concessions, patents, licences and similar rights	- over 1 year;
Internally developed intangible assets	- over 7 years;
Other intangible assets	- over 2 to 7 years.

Trademarks, licenses and customer contracts (if separable) acquired in a business combination are recognized at fair value at the acquisition date.

Trademarks are used to identify and distinguish specific brand names of companies. The rights to use brand names have a set expiry date, however it is renewable at a notional cost. The group intends to renew the trademark continuously and past evidence supports its ability to do so. An analysis of future cash flows provides evidence that the brands will generate net cash inflows for the group for an indefinite period. Therefore, the trademarks are considered to have infinite useful lives and are measured at cost less accumulated impairment losses if the recoverable amount is lower than carrying value. Such impairment testing is done annually by allocating trademarks to relevant CGUs and estimating their value in use (VIU). Please see Note 21 for further details.

2. Material accounting policy information (continued)

Property, plant and equipment

Equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as described below. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items:

Computers	- over 3 years;
Furniture	- over 5 years;
Vehicles	- over 5 years;
Leasehold improvements	- over lease term;
Other equipment	- over 2 years.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only then when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of equipment is the higher of an asset's fair value less cost to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit and loss in the impairment expense caption.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit and loss in the year the item is derecognized.

Depreciation methods, useful lives and residual values of property, plant and equipment are reviewed at each reporting date and adjusted if appropriate.

Rental fleet

Rental fleet includes assets leased by the Group (as lessor) under operating leases. Group accounts for the underlying assets in accordance with IAS 16. Depreciation policy for the underlying assets subject to operating leases is consistent with the Group's depreciation policy for similar assets (vehicles) and amounts to 7 years.

Group adds initial direct costs, including The Global Positioning System (GPS) costs and dealership commissions, incurred in obtaining the operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income.

The Group applies the general principles described under 'Significant accounting judgments, estimates and assumptions' (Note 3) to determine whether an underlying asset subject to an operating lease may have residual value unrecoverable and impairment loss may need to be recognized.

Financial assets

Financial instruments – initial recognition

Date of recognition

Loans and advances to customers are recognized when funds are transferred to the customers' accounts. Other assets are recognized on the date when Group enters into the contract giving rise to the financial instruments.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described further in the accounting policies. Financial instruments are initially measured at their fair value (which is generally equal to the transaction price) adjusted for transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities recorded at FVPL.

Classification of financial assets

The Group measures Loans and advances to customers, Loans to related parties, Receivables from related parties, cash equivalents and Other loans and receivables at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. Material accounting policy information (continued)

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective - the risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed. The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity are also important aspects of the Group's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. The assessed business model is with the intention to hold financial assets in order to collect contractual cash flows. Sales that take place from these portfolios relate to credit events. Loans from portfolios might be sold to debt collector agencies when underlying debtors have defaulted on their obligations. When, and only when, an entity changes its business model for managing financial assets it shall reclassify all affected financial assets. No financial liability reclassifications take place.

SPPI test

As a second step of its classification process the Group assesses, where relevant, the contractual terms of the financial assets to identify whether they meet the SPPI test. Financial assets subject to SPPI testing are loans and advances to customers (including financial assets arising from sales and leaseback transactions, as discussed in a separate section of this note) and loans to related parties that solely include payments of principal and interest. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.
In making the assessment, the Group principally considers:

- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans).

In general, the loan contracts stipulate that in case of default and collateral repossession the claim is not limited to the collateral repossession and if the collateral value does not cover the remaining debt, additional resources can still be claimed from the borrower to compensate for credit risk losses. Accordingly, this aspect does not create obstacles to passing SPPI test. However, in some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the underlying loan;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- the Group's risk of loss on the asset relative to a full-recourse loan; and
- whether the Group will benefit from any upside from the underlying assets.

According to the judgement made the non-recourse loans that are secured by collateral of the borrower meet the SPPI criterion.

Embedded derivatives

The Group has certain call and put option agreements that can accelerate repayment of the issued bonds. These options arise out of bond (host contract) prospectus and individual agreements with certain bondholders and meet the definition of an embedded derivative in accordance with IFRS 9. An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument. The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss (unless they form part of a qualifying cash flow or net investment hedging relationship) and presented in the statement of financial position together with the host contract. The Group has derivatives embedded in financial liabilities and non-financial host contracts, see further information under 'Separation of embedded derivatives from the host contract' (Note 3). Financial assets are classified based on the business model and SPPI assessments as outlined above. Please refer to Note 3 for further discussion on embedded derivative details and considerations of separability.

The Group also has receivables recognized at fair value due to them containing a derivative element. When measuring the fair value of an asset, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Reclassification of financial assets

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line and changes its business model for managing financial assets.
Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2023 nor 2022.

2. Material accounting policy information (continued)

Derecognition of financial assets and finance lease receivables

Derecognition provisions below apply to all financial assets measured at amortized cost.

Derecognition due to substantial modification of terms and conditions

The Group derecognizes a loan to a customer or a finance lease receivable when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan or lease, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be purchased or originated credit impaired (POCI).

When assessing whether or not to derecognize a financial asset, the Group evaluates whether the cash flows of the modified asset are substantially different and the Group considers the following qualitative factors:

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion for financial asset
- Whether legal obligations have been extinguished.
- Furthermore, for loans to customers and financial lease receivables the Group specifically considers the purpose of the modification for increase in loan principal. It is evaluated whether modification was entered into for commercial reasons upon customer initiative or for credit restructuring reasons.

Management has performed analysis of the changes being made due to business reasons and evaluated that changes due to business reasons result in substantial modification of terms and conditions. This is in line with the objective of this modification that is to originate a new asset with substantially different present value of expected cash flows. If the customer was not in delay, and the principal was increase on a mutual agreement, the respective modification is considered to occur for a commercial reasons and results in derecognition of the initial lease/loan receivable.
Other modifications to the agreement terms are treated as modifications that do not result in derecognition (see section on Modifications below).

Derecognition other than for substantial modification

A financial asset or finance lease receivable (or, where applicable, a part of a financial asset or finance lease receivable or part of a group of similar financial assets or finance lease receivables) is derecognized when the rights to receive cash flows from the financial asset or finance lease receivable have expired. The Group also derecognizes the financial asset or finance lease receivable if it has both transferred the financial asset or finance lease receivable and the transfer qualifies for derecognition.
The Group has transferred the financial asset or finance lease receivable if the Group has transferred its contractual rights to receive cash flows from the financial asset or finance lease receivable.

The Group has transferred the asset if, and only if, either:
- The Group has transferred its contractual rights to receive cash flows from the asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions when Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates;
- Group cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows;
- Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Modifications

The Group sometimes makes modifications to the original terms of loans/lease as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a lease/loan restructured when such modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include default or DPDs prior to the modifications. Such modifications may involve extending the payment arrangements and the agreement of new loan conditions.

If the modification does not result in cash flows that are substantially different, as set out in the preceding section, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss in interest revenue/expenses calculated using the effective interest method (Note 4, 5) in the consolidated statements of profit and loss, to the extent that an impairment loss has not already been recorded (Note 7). Further information on modified financial assets and finance lease receivables is disclosed in the following section on impairment.

Further, as described in section on 'Derecognition due to substantial modification of terms and conditions' if modification is performed for commercial reasons, then it is considered to result in derecognition of the initial lease/loan receivable. Such modifications include increase in the lease amount and increase in lease term, which are agreed upon with customers for commercial reasons (i.e.-, customers and the Group are both interested in substantially modifying the scope of the lease/loan transaction). Whenever such an agreement to modify is reached the old agreement and respective receivable is derecognized.

2. Material accounting policy information (continued)

Treatment of non-substantial modifications

If expectations of fixed rate financial assets' cash flows (such assets present core part of Group' s financial asset base) are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset on the consolidated statement of financial position with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. If modification of a financial asset or liability measured at amortized cost does not result in the derecognition a modification gain/loss is calculated. The adjusted carrying amount is calculated based on the revised effective interest rate and the change in carrying amount is recorded as interest income or expense.

Changes in the contractual cash flows of the asset are recognized in statement of profit and loss and any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified instrument. Therefore, the original EIR determined at initial recognition is revised on modification to reflect any costs or fees incurred.

Overview of the expected credit loss principles

The Group recognizes the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL and finance lease receivables (as due to lease contract specifics lease receivable does not contain any unguaranteed residual value, IFRS 9 provisions apply to full finance lease receivable balance). In this section all referred to as 'financial instruments'.

If there has been no significant increase in credit risk since origination, the ECL allowance is based on the 12 months' expected credit loss (12mECL) as outlined in below. If there has been a significant increase in credit risk since initial recognition, the ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in section on Significant increase in credit risk (Note 3).

Impairment of finance lease receivables and loans and advances to customers

Defining credit rating

The Group's core business assets – financial lease receivables and loans and advances to customers – are of retail nature, they are therefore grouped per countries and products (finance lease receivables and loans and advances to customers) for a collective ECL calculation that is modelled based on DPD (days past due) classification. Specifically, the Group analyzes its portfolio of finance lease receivables and loans and advances to customers by segregating receivables in categories according to: country, product group, days past due and presence of underlying collateral (for secured products). Financial lease receivables and secured loans (more specifically vehicle secured loans) are combined together due to similar nature of the products.

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition across the portfolios within the country based on product type – lease or loan product.

The Group segregates finance lease receivables and loans and advances to customers in the following categories:

Finance lease receivables and secured loans (mature countries*):

1) Not past due
2) Days past due up to 30 days
3) Days past due 31 up to 60 days
4) Days past due over 60 days
5) unsecured (general definition: days past due over 90 or collateral is not available, i.e. lost or sold).

* - Matured countries - Operations in Latvia, Estonia, Lithuania, Georgia, Armenia, Romania, Moldova.
Operations in these countries are the longest, with the smoothest processes, therefore consistent lending practices in these countries have a long enough track record. Refer to Eleving Vehicle Finance only.

2. Material accounting policy information (continued)

Finance lease receivables and secured loans (non-mature countries*):
1) Not past due
2) Days past due up to 25 days (up to 30 days for Africa region)
3) Days past due 26 up to 34 days (31 - 34 days for Africa region)
4) Days past due over 35 days
5) unsecured (general definition: days past due over 90 or collateral is not available, i.e. lost or sold).

* - Non-matured countries - Operations in Kenya, Uganda and Uzbekistan. Refer to Eleving Vehicle Finance only.

Loans and advances to customers (unsecured loans, refer to Eleving Vehicle Finance only):
1) Not past due
2) Days past due up to 30 days
3) Days past due 31 up to 60 days
4) Days past due over 60 days

Loans and advances to customers (unsecured loans, acquired businesses*):
1) Not past due
2) Days past due up to 30 days
3) Days past due 31 up to 60 days
4) Days past due 61 up to 90 days
5) Days past due over 90 days

* - Businesses acquired during 2020 and 2023 – the term refers to unsecured consumer lending companies acquired in 2020 and 2023; acquired companies operate in Moldova, Ukraine, North Macedonia, Albania, Namibia, Botswana, Zambia and Lesotho. Term is introduced to distinguish unsecured consumer lending operations in these countries from Eleving greenfield investments into unsecured consumer lending operations in Latvia, Estonia, Armenia and Lithuania as there are differences in product set up and processes.

Before the acquisition of consumer unsecured portfolios, the Group made due diligence on the impairment of respective portfolios. It was concluded that applied methodology is inline with the IFRS9 standard, it is well aligned with debt collections and other critical business processes and it is quite prudent. Although methodology differed from the one applied for Mogo unsecured portfolios it was decided to keep the applied methodology.

Based on the above process, the Group groups its leases and loans into Stage 1, Stage 2, and Stage 3, as described below:

The Group defines staging predominantly based on DPD and aligns it with the debt collections processes. For more accurate ECL assessment, split by stages is enhanced by healing bucket concept to reflect on cases when DPD is not a sufficient indicator of credit risk. This is applicable to lease portfolios and car loans (unsecured consumer loan where clients borrow a sum of money in order to purchase a car).

The Group's experience in lending suggests that DPD is a strong predictor of a credit default, thus DPD is the main quantitative factor for the backstop identification for Stage 2. Data from the Groups active vehicle operations (active 3+ years) shows that probability to reach default status over the next 12 months horizon is quite low for accounts which have 0 DPD and merely low for accounts with delay up to 30 DPD. Respective probabilities are higher for immature markets due to very strict default definition at 35 DPD. Additionally, debt collection process is structured in such way that the Group actively works with delaying clients at least 30 days. Recovery results show ~90% cure rate within 30 days for regular invoices. However, accounts with DPD 30 and more demonstrate probability to default within the next 12 months above 50% and thus based on the Group's management judgement clearly have signs of SICR.

The Group applies the rule that not more than 30 DPD should trigger backstop and transfer to Stage 2. It is set 30 DPD for matured countries lease portfolios, for African countries lease portfolios and consumer loan portfolios. For the sake of alignment with default definition for immature countries lease portfolios backstop is 25 DPD. Additionally, to reflect on significant increase in credit risk (SICR) in the case when DPD is not a sufficient indicator the Group have introduced Healing state.

Healing state concept is applied for lease assets and car loans, and it is applied in the case of:

- Lease contract recoveries during middle DC stage – after 30 delay days for matured counties and after 26 delay days for immature (2 months period from reporting date is observed).
- Lease contract delaying 26-30 days for immature countries.
- Lease contract renewal after termination or theoretical renewal (returning to active portfolio without terminating the agreement) after default (including countries without termination functionality). In these cases, 2 months period from reporting date is observed.
- Only for immature Africa's countries – restructurings due to credit reasons. In 2021 year, the Group decided to supplement healing bucket definition for Africa's countries as a reaction on massive usage of such amendments as an effective DC tool. At current stage the Group cannot evaluate increase in credit risk for such cases due to insufficient history, therefor uses more prudent approach for balance staging.

In such cases the exposures are included in Stage 2 for a period of two months. Afterwards SICR related to the event is settled and exposure is allocated to the stage based on DPD.

2. Material accounting policy information (continued)

- Stage 1: When loans/leases are first recognized, the Group recognizes an allowance based on 12mECLs. The Group considers leases and loans that are current or with DPD up to 30 (up to 25 DPD in non-mature countries) as Stage 1. A healing period of 2 months is applied before an exposure previously classified as Stage 2 can be transferred to Stage 1 and such an exposure must meet the general Stage 1 DPD criteria above. Healing period concept is applicable to lease portfolios and car loans. Exposures are classified out of Stage 1 if they no longer meet the criteria above.
- Stage 2: When a loan/lease has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The Group generally considers leases, secured loans and car loans that have a status of 31-60 DPD (matured countries) and 26-34 DPD (non-matured countries) to being Stage 2. An unsecured loan is considered Stage 2 if DPD is in the range of 30 to 60 or 30 to 90 days for acquired businesses. Lease exposures remain in Stage 2 for a healing period of 2 months, even if they otherwise would meet Stage 1 criteria above during this period.
- Stage 3: Leases and loans considered credit-impaired and at default. The Group records an allowance for the LTECLs. The Group considers a finance lease agreement, secured loan and car loans agreement defaulted and therefore Stage 3 in all cases when the borrower becomes 61 DPD (matured countries) or 35 DPD (non-matured countries) on its contractual payments or the lease/ loan agreement is terminated. The Group considers an unsecured loan agreement defaulted and therefore Stage 3 in all cases when the borrower becomes 91 days past due for acquired businesses on its contractual payments.

The difference in default definition for unsecured consumer loan agreements is driven by different business processes, product set up and development history in greenfield and acquired operations. Debt collections practices applied in Latvia, Estonia, Armenia and Lithuania for leases and secured loans were transferred to unsecured operations, thus active in-house debt collections process runs until DPD 60. After that exposure is either sold, or legal execution starts, or settlement process is enabled. Acquired businesses have active in-house debt collections process running until DPD 90. After that exposure is transferred to external agencies for the debt collections. Later it is either sold or legal execution starts.

Macroeconomic shocks, geopolitical crisis, and other unpredictable situations: business adoption and reflection in Impairment, impact on SICR.

The first years of this decade have heralded a particularly disruptive period in human history. The return to a "new normal" following the COVID-19 pandemic was quickly disrupted by the outbreak of war in Ukraine, ushering in a fresh series of crises in food and energy – triggering problems that decades of progress had sought to solve. Majority of Group Countries returned to "older" risks as inflation, cost-of-living crises, widespread social unrest, geopolitical confrontation which negatively impacted Group's operations and caused increase in credit risk.

Analysing and evaluating Group's responses to such non-standard situations in past, management decided to keep and maintain introduced during Covid-19 pandemic so-called TDR (temporary debt restructuring) program. Forbearance tools (TDR and restructuring, i.e., change of the original payment schedule) is almost the only feasible solution to reduce financial burden on customers crisis circumstances, thus fact of the forbearance as such does not lead to the recognition of SICR if customer pays according to new terms and later returns to the original schedule or close to it.
Following the crisis situation Group's management might decide to activate TDR program for certain market for defined period (from 3 to 6 months). In mentioned situation – cases where the Group has sound grounds to expect customer to return to the regular discipline not longer than in 12-month time should not be classified as SICR even if customer has been granted forbearance tool.

Temporary debt restructuring (TDR) and other forbearance tools:

1. Alternative schedule (AS) – a temporary reduction of monthly payment, typically not more than 50%. Customers use this option for several, e.g. 3-6 months in row.

2. Extension – is a payment holiday for 1 month. Customer pays extension fee (in some cases free extensions are possible) and returns to the original schedule in next 1-3 months.

3. Restructurings – permanent amendment of the schedule (term end increase, monthly payment decrease, interest decrease).

TDR is granted upon customer's request. Customer is on TDR program if he complies with agreed terms (no SICR is recognized). If terms are breached customer returns to the original schedule and his credit risk is assessed as per actual DPD.

The calculation of ECLs

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR.
A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
Key elements of the model are, as follows:
- PD The Probability of Default is an estimate of the likelihood of default over a 12 month or lifetime horizon (time horizon depends on ECL type - i.e. 12mECL or LTECL);
- the Default distribution vector (DDV) is the estimate of the time to default, more specifically it provides distribution of PD over the course of a 12 month or lifetime horizon; Specifically, how many defaulted loans during 12 months/ lifetime defaulted during 1st, 2nd, 3rd etc. month started from certain moment of time (evaluation starting point);
- EAD The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments, whether scheduled by contract or otherwise;
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the cash flows due at the moment of default and those that the lender would expect to receive, including from the realization of any collateral and deducting expenses related to cash collections or collateral realization processes. It is usually expressed as a percentage of the defaulted balance;
- lifetime period is estimated as average remaining contractual term of respective portfolio.

The Group may choose to use actual balance instead of EAD and do not apply DDV for the segments with the elevated credit risk.
Significant judgments used for determining PD and LGD are described in Note 3.

The Group employs multiplication model across all Stages for the ECL calculation:
*ECL=EAD*PD*LGD*[DDV]*

Given that DDV is a multidimensional vector (generally 12 or 13 dimensions, but can be shorter if representative historical data is available for s a shorter period) it is aggregated into one value before multiplication - [DDV]. DDV aggregated value is obtained as follows:

- each value of the DDV is multiplied with discount factor;
- discount factor is calculated in a regular way (e.g. NPV formula), where discount is calculated on EIR of the portfolio and number of periods corresponds to the dimension of the respective DDV value;
- [DDV] is the sum of all respective multiplications of DDV values with respective discount factors.

2. Material accounting policy information (continued)

Depending on the Stage the following specifics are applied to the general ECL model:
- Stage 1: The 12mECL is calculated. The Group calculates the 12mECL allowance using 12 months (or shorter if lifetime of the product is less than 12 months) PDs and DDV over the 12-month horizon. These 12-month default probabilities are applied to an estimated EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR using DDV, in this way incorporating time to default into model.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are like those explained above, but PDs and DDV are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR using DDV.
- Stage 3: For loans considered credit-impaired, the Group recognizes the LTECLs for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

ECL on restructured and modified loans

Some types of modifications performed to customers that serve to renegotiate terms of an agreement that was previously in default result in continued Stage 3 treatment during the one month healing period for mature countries followed by 2 months of healing period in Stage 2. For immature countries due to the nature of the default definition and lack of ability to renew terminated agreements, exposure enters Stage 2 directly. In case of modification for credit reasons prior to default (generally term extension), exposure is moved to Stage 2 for a healing period of 2 months.

Write off of unrecoverable debts

The Group considers any kind of receivable completely unrecoverable and writes off the receivable from balance sheet entirely if all legal actions have been performed to recover the receivable and the Group has no reasonable expectations of recovering the exposure.

Impairment of contract assets and financial assets other than lease receivables and loans and advances to customers

Further financial assets where the Group calculates ECL on an individual basis or collective basis are:

- Other receivables from customers/contract assets - on collective basis;
- Loans and advance payments to related parties - on individual basis;
- Trade receivables - on collective basis;
- Cash and cash equivalents - on individual basis;
- Deposits - on individual basis.

Financial assets are aggregated in categories considering the similarities of key risk characteristics and nature of each of these.

The Group assesses the impairment for other receivables from customers/contract assets on a collective basis at country level. For the rest of financial assets other than finance lease receivables and loans and advances to customers the Group calculates ECL on an individual basis.

Impairment of other receivables from customers/contract assets

During the course of business, the Group may have other type of claims against its leasing customers. In such cases, considering the portfolio features, the ECL methodology of the related lease receivable is mirrored and the ECL mirrors the impairment of the lease receivable. The Group considers other receivables from customers/contract assets that are current or with DPD up to 25 as Stage 1. A healing period of 5 days is applied before an exposure previously classified as Stage 2 can be transferred to Stage 1. The Group generally considers other receivables from customers/contract assets that have a status of 26-34 DPD to be Stage 2 loans. The Group considers financial assets defaulted and therefore Stage 3 in all cases when the borrower becomes 35 DPD.

For other receivables and contract assets that are not related to lease portfolio receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The ECL recorded is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment for loans and advance payments to related parties, trade receivables

Receivables from related parties inherently are subject to the Group's credit risk. Therefore, a benchmarked PD and LGD rate - based on Standard & Poor's corporate statistics studies has been applied in determining the ECLs. For related party exposures Stage 2 and lifetime ECL calculation is applied based on 30 day back stop and 90 day back stop is applied to Stage 3 determination. Further qualitative factors evaluated include extension of the payment terms granted, previous arrears in the last 12 months and significant adverse changes in business.

Impairment of cash and cash equivalents and deposits

For cash and cash equivalents default is considered as soon as balances are not cleared beyond conventional banking settlement timeline, ie., a few days. Therefore, transition is straight from Stage 1 to Stage 3 given the low number of days that it would take the exposure to reach Stage 3 classification, meaning default. For cash and cash equivalents no Stage 2 is applied given that any past due days would result in default. When calculating the impairment for a bank deposit, any loans or other credit facilities granted by the credit institution to the Group is being set off against the deposits if the bank has a contractual right to offset in case of resolution. Hence, the ECL is recognized on the net amount.

2. Material accounting policy information (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or other financial liabilities that are measured at amortized cost. All financial liabilities are recognized initially at fair value plus, for an item not at FVTPL, directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables and loans and borrowings, including funding attracted through peer-to-peer platforms as well as subordinated borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such upon initial recognition. Net gains or losses, including any interest expense, on liabilities held at FVTPL are recognized in the statement of profit and loss.
The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized; interest expense is recognized through the EIR amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.
This category generally applies to interest-bearing loans and borrowings.

Subordinated borrowings
The Group recognizes liabilities as subordinated borrowings if it is an unsecured loan or bond that ranks below other, more senior loans or securities, and have lower payment priority than more senior debt. Accordingly, the claims of more senior debt holders must be satisfied before the holders of subordinated debt can be paid. In the case of default, creditors who own subordinated debt will not be paid out until after more senior creditors are paid in full.
Borrowings are calssified as subordinated only if respective agreements contain dedicated clauses defining the borrowing as subordinated.

Modification of financial liabilities

For financial liabilities, the Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. If the modification is substantial, then a derecognition gain or loss is recorded on derecognition. If the modification does not result in cash flows that are substantially different the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss.

Treatment of non-substantial modifications

If expectations of fixed rate financial liabilities’ cash flows are revised, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial liability on the consolidated statement of financial position with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

The carrying amount of the financial liability is adjusted if the Group revises its estimates of payments or receipts. If modification of a financial liability measured at amortized cost does not result in the derecognition a modification gain/loss is calculated. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense (Note 5).

Changes in the contractual cash flows of the asset are recognized in statement of profit and loss and any costs or fees incurred adjust the carrying amount of the modified financial asset or liability and are amortized over the remaining term of the modified instrument. Therefore, the original EIR determined at initial recognition is revised on modification to reflect any costs or fees incurred.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

The Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

Equity - accounted investees

The Group interests in equity-accounted investees comprise investment in associate. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognized as cost, which includes transaction costs. As the Group gained significant influence over its associate after losing control over the investee, the deemed cost is the fair value of the interest retained subsequent to the loss of control. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, until the date on which significant influence ceases. Unrealised gain arising from transactions with associate are eliminated against the investments to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Material accounting policy information (continued)

Group as a Lessor - Finance lease

Whilst financial lease receivables that represent financial instruments and to which IFRS 16 applies are within the scope of IAS 32 and IFRS 7, they are only within the scope of IFRS 9 to the extent that they are (1) subject to the derecognition provisions, (2) 'expected credit loss' requirements, (3) the relevant provisions that apply to derivatives embedded within leases, and (4) relate to sale and leaseback transactions as outlined in this note under the title Sale and Leaseback Transactions.

Group is engaged in financial lease transactions by selling vehicles to its customers through financial lease contracts. The Group earns its profits predominantly from finance income over the lease term and not from initial selling profit.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. The inception of the lease is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As of this date:

- a lease is classified as a finance lease; and
- the amounts to be recognized at the commencement of the lease term are determined.

The commencement of the lease is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, income or expenses resulting from the lease, as appropriate).

A lease is classified as a finance lease at the inception of the lease if it transfers substantially all the risks and rewards incidental to ownership. The inception of the lease is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As of this date:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

Further indicators that individually or in combination would also lead to a lease being classified as a finance lease are:

- the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee.

Initial measurement

At lease commencement, the Group accounts for a finance lease, as follows:

- derecognizes the carrying amount of the underlying asset; and
- recognizes the net investment in the lease.

Upon commencement of finance lease, the Group records the net investment in leases, which consists of the sum of the minimum lease payments receivable by a lessor under a finance lease, discounted at the interest rate implicit in the lease. The contracts with the customers stipulate that the title to the lease object passes to the lessee at the end of the lease term; hence, no unguaranteed residual value accrues to the lessor. The difference between the gross investment and the net investment is recorded as unearned finance lease income. Initial direct costs, such as client commissions and commissions paid by the Group to car dealers, are included in the initial measurement of the lease receivables.

Based on contractual provisions, prepayments and other payments received from customers are normally recorded in statement of financial position upon receipt and settled against respective client's finance lease receivables agreement at the moment of issuing next monthly invoice according to the agreement schedule.

Subsequent measurement

Finance lease income consists of the amortization of unearned finance lease income. Finance lease income is recognized based on a pattern reflecting a constant periodic rate of return on the net investment according to effective interest rate in respect of the finance lease. Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income.

The Group recognizes income from variable payments that are not included in the net investment in the lease (e.g. performance based variable payments, such as penalties or debt collection income) separately in the period in which the income is earned. The lease term does not reflect the lessee exercising an option to terminate the lease due to high termination fees and resulting low probability of option exercise. Such income is recognized under "Fee and commission income" (Note 6).

After lease commencement, the net investment in a lease is not remeasured unless the lease is modified and the modified lease is not accounted for as a separate contract or the lease term is revised when there is a change in the non-cancellable period of the lease.

Group applies derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

Group as a Lessor - Operating lease

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned. No maintenance fee is charged to the customers.

2. Material accounting policy information (continued)

Group as a Lessee

Lease liability

Initial recognition

At the commencement date of the lease the Group measures the lease liability at the present value of the lease payments that are not paid at that date in accordance with lease term. Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group has elected for all classes of underlying assets not to separate non-lease components from lease components in lease payments. Instead Group accounts for each lease component and any associated non-lease components as a single lease component. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease term is the non-cancellable period for which the Group has the right to use an underlying asset, together with both:
(a) Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
(b) Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

At the commencement date, the Group assesses whether it is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease.

Subsequent measurement

After the commencement date, the Group measures the lease liability by:
- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed lease payments.

Right-of-use assets

Initial recognition

At the commencement date of the lease, the Group recognizes right-of-use asset at cost. The cost of a right-of-use asset comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are to produce inventories.

Subsequent measurement

Group measures the right-of-use asset at cost, less any accumulated depreciation and accumulated impairment losses; and adjusted for the remeasurement of the lease liability (which may take place when there is a change in future lease payments arising from a change in an index or rate, when there is change in estimated amounts payable under residual value guarantee or there is a change of assessment of extension, purchase or termination option) . Depreciation of the right-of-use asset is recognized on a straight-line basis in profit or loss. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Group involvement with the underlying asset before the commencement date

If a Group incurs costs relating to the construction or design of an underlying asset, the lessee accounts for those costs applying other IFRS, such as IAS 16. Costs relating to the construction or design of an underlying asset do not include payments made by the lessee for the right to use the underlying asset.

Group applies IAS 36 to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

2. Material accounting policy information (continued)

Initial recognition exemptions applied

As a recognition exemption the Group elects not to apply the recognition requirements of right-of-use asset and lease liability to:
(a) Short term leases – for all classes of underlying assets; and
(b) Leases of low-value assets – on a lease-by-lease basis.

For leases qualifying as short-term leases and/or leases of low-value assets, the Group does not recognize a lease liability or right-of-use asset. The Group recognizes the lease payments associated with those leases as an expense on either a straight-line basis over the lease term.
(a) Short term leases
A short-term lease is a lease that, at the commencement date, has a lease term of 3 months or less. A lease that contains a purchase option is not a short-term lease. This lease exemption is applied for all classes of underlying assets.
(b) Leases of low-value assets

The Group defines a low-value asset as one that:
1) has a value, when new of 5 000 EUR or less. Group assesses the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased.
2) the Group can benefit from use of the assets on its own, or together with, other resources that are readily available to the Group; and
3) the underlying asset is not dependent on, or highly interrelated with, other assets.

Sale and leaseback transactions

Group also engages in financing of vehicles already owned by the customers. Under such leaseback transactions the Group purchases the underlying asset and then leases it back to the same customer. Vehicle serves as a collateral to secure all leases. The Group applies the requirements for determining when a performance obligation is satisfied in IFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset. If the transfer of an asset by the seller-lessee does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the buyer-lessor shall not recognise the transferred asset and shall recognise a financial asset equal to the transfer proceeds. It shall account for the financial asset as loans and advances to customers by applying IFRS 9.

The Group has performed SPPI test for its sale and leaseback arrangements. Vehicle serves as a collateral to secure all of such loans. Sale and leaseback contracts include contractual terms that can vary the contractual cash flows in a way that is unrelated to a basic lending arrangement. Such cash flows arise in the case or borrowers' default and are related to repossessed car sales for which any excess gains can be retained by the Group in certain jurisdictions and commissions and other fees charged to the customer that are not directly linked to outstanding principal/interest (e.g. external debt recovery costs being charged to clients with mark-up). Other contract elements relevant to SPPI assessment for components in certain jurisdictions include the leased asset repurchase options, where the option value is below the car market value at the moment of exercise and significant termination penalties for certain non-recourse contracts.

The Group has made relevant judgements and concluded that SPPI test is met in all above circumstances as 1) repossession commissions and fees charged by the Group are intended to cover the costs incurred by the Group in the debt servicing process under regular lending model, 2) the fact that in certain jurisdictions the Group maintains proceeds from sale of repossessed car in excess of recovered exposure (if applicable) is not an evidence that the risk taken up by the Group is in fact the price risk of the car and not the credit risk. The Group is able to sell the collateral and keep any surplus only on default and the occasional trivial gains from the transaction are not the purpose of the core business model (which is to earn interest income from the loan asset) and are not the focus of the business, but instead are just an instrument to minimise the credit losses, 3) termination penalties for non-recourse sale and leaseback transactions charged to the customers in certain jurisdictions are also contractual elements intended to compensate for credit risk and do not result in any notable net gains to the Group.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Net realizable value represents the estimated selling price for inventories in the ordinary course of business less estimated costs necessary to make the sale.

Inventories contain only vehicles which are purchased for the sole purpose of selling them to customers.

Value of inventories is measured by using specific identification of individual unit cost. Disposal of each individual stock item is performed on sale of respective individual stock item.

Accrued revenue or expenses from currency trading

The Group recognizes accrued income or expenses from transactions of trading currency based on currency rates agreed for each currency hedging transaction. The difference between hedging rate and currency rate at year end is recognized as accrued income or expenses depending from mathematical result.

2. Material accounting policy information (continued)

Assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Assets held for sale includes vehicles which are obtained by enforcement of repossession in case clients default on existing lease agreements. Such repossessed collaterals are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell (FVLCTS). Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Once classified as held-for-sale, vehicles are no longer depreciated.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets classified as held for sale are presented separately as current items in the statement of financial position.

Share premium

Share premium represents the amount subscribed for share capital in excess of nominal value.

Reserves

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Lithuania companies are required to allocate to a legal reserve a minimum of 10% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Moldavian companies are required to allocate to a reserve capital amount in proportion of at least 5% of its annual net profit, until reserve capital equals 10% the amount of the share capital. The reserve capital of the company may be used only to cover losses or to increase its share capital.

Macedonian companies are required to allocate to a reserve capital amount in proportion of at least 5% of its annual net profit, until reserve capital equals 10% the amount of the share capital. The reserve capital of the company may be used only to cover losses or to increase its share capital. Reserve may be increased above 5% in order to meet capital adequacy ratio.

Romanian companies are required to allocate to a reserve capital amount in proportion of at least 5% of its annual net profit, until reserve capital equals 20% the amount of the share capital. The reserve capital of the company may be used only to cover losses or to increase its share capital.

Foreign currency translation reserve is used to record exchange differences arising from the translation of assets and liabilities of foreign operations.

Transactions with peer-to-peer platforms

Background

Certain subsidiaries, as loan originators, have signed cooperation agreements with operator of a peer-to-peer (P2P) investment internet-based platform. Cooperation agreements and the related assignment agreements are in force until parties agree to terminate. Purpose of the cooperation agreement for the Group is to attract funding through the P2P platform.

The P2P platform makes it possible for individual and corporate investors to obtain a fully proportionate interest cash flows and the principal cash flows from debt instruments (finance lease receivables or loans and advances to customers) issued by the Group in exchange for an upfront payment. These rights are established through assignment agreements between investors and P2P platform, who is acting as an agent on behalf of the Group. Assignment agreements are of two types:

1) Agreements with recourse rights which require the Group to guarantee full repayment of invested funds by the investor in case of default of Group's customer (buy back guarantee);
2) Agreements without recourse rights which do not require the Group to guarantee repayment of invested funds by the investor in case of default of the customer (no buy back guarantee).

The Group retains the legal title to its debt instruments (including payment collection), but transfers a part of equitable title and interest to investors through P2P platform.

Receivables and payables from/to P2P platform

The P2P platform is acting as an agent in transferring cash flows between the Group and investors. The receivable for attracted funding from investors through the P2P platform corresponds to the due payments from the P2P platform.

Receivable is arising from assignments made through P2P platform where the related investment is not yet transferred to the Group (Note 32).

P2P platform commissions and service fees incurred by the Group are fees charged by P2P platform for servicing the funding attracted through peer-to-peer platform and are disclosed in Note 9.

2. Material accounting policy information (continued)

Funding attracted through peer-to-peer platform

Liabilities arising from assignments with or without recourse rights are initially recognized at cost, being the fair value of the consideration received from investors net of issue costs associated with the loan.

Liabilities to investors are recognized in statement of financial position caption Funding attracted through peer-to-peer platform (Note 38) and are treated as loans received.

After initial recognition the funding attracted through peer-to-peer platform is subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in the statement of profit and loss as interest income/ expense when the liabilities are derecognized.

The Group must repay to the investor the proportionate share of the attracted funding for each debt instrument according to the conditions of the respective individual agreement with the Group's client, which can be up to 72 months.

Assignments with recourse rights (buy back guarantee)

Assignments with recourse rights provide for direct recourse to the Group, thus do not meet the requirements to be classified as pass-through arrangement in accordance with IFRS 9. Specifically, neither investors, nor the P2P platform bear any risks in relation to creditworthiness of the Group's borrower. The Group is obliged, on first demand of the P2P platform, to repay all monies due if loan agreement with borrower defaults . Additionally, the Group retains the risks and rewards of ownership of the financial asset.

Therefore, the Group's respective debt instruments do not qualify to be considered for partial derecognition and interest expense paid to investors is shown in gross amount under Interest expense calculated using effective interest method (Note 5).

Assignments without recourse rights (no buy back guarantee)

On the contrary, assignments without recourse rights (the Group is not obliged to reimburse neither to investors nor to P2P platform if the borrower defaults) are arrangements that transfer to investors substantially all the risks and rewards of ownership equal to a fully proportionate share of the cash flows to be received from Group's debt instruments. Therefore such arrangements are classified as pass-through arrangements in accordance with IFRS 9.

As such, a fully proportionate share, equal to investor's claim in relation to the related debt instrument, is derecognized.

The derecognized part is accounted as an off-balance sheet item (Note 38) and interest income is recognized to the extent of being the residual interest. Residual interest is the difference between the interest earned on the respective debt instrument by the Group and the respective share of interest earned by the investor.

Provisions

In accordance with IAS 37, provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

The key provisions the Group recognizes are provisions for tax positions disputed with tax authorities.

Contingent assets and contingent liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Share-based payments

The Group may grant share options of Subsidiaries to its employees. Share options are generally awarded on the first day of employment. A share-based payment is primarily a payment in equity instruments of the entity. Under certain circumstances there are cash settlement alternatives which are subject to cash settlement events occurring or entity's choice in certain scenarios. Given absence of an ongoing sale of subsidiaries or Eleving Group S.A., any listing process initiated and any other relevant cash settlement events, the cash settlement is considered not to be probable. The Group does not have a present obligation to settle in cash, therefore awards are classified as equity settled. The Group does not have a past practice of cash settlement for these awards.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

2. Material accounting policy information (continued)

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Income and expenses

Expenses are recognized as incurred. Expenses are recognized net of the amount of value added tax. In certain situations value added tax incurred on a services received or calculated in accordance with legislation requirements is not recoverable in full from the taxation authority. In such cases value added tax is recognized as part of the related expense item as applicable. The same principles is applied if value added tax is not recoverable on acquisition an asset.

Revenue is recognized in accordance with the related standard's requirements and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The effective interest rate method

For all financial instruments measured at amortized cost interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

When a financial asset becomes credit-impaired and is regarded as 'Stage 3', the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Income from cession of bad debt

Gain or loss from sale of doubtful financial lease receivables and loans and advances to customers is presented on net basis under " Net loss from de-recognition of financial assets measured at amortized cost". Gains or losses arising on cession deals are recognized in the statement of profit and loss at transaction date as the difference between the proceeds received and the carrying amount of derecognized lease receivables assigned through cession agreements.

Expenses related to attracting funding

Expenses related to attracting funding consists of administration fee for using peer-to-peer platform. Expenses are charged monthly and recognized in Group's statement of profit and loss when they occur.

Revenues and expenses from contracts with customers

Revenue from contracts with customers in scope of IFRS 15 encompasses sold goods or services provided as output of the Group's ordinary activities. The Group uses the following criteria to identify contracts with customers:
– the parties in the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
– can be identified each party's rights regarding the goods or services to be transferred;
– can be identified the payment terms for the goods or services to be transferred;
– the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract);
– it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Performance obligations are promises in the contracts (either explicitly stated or implied) with Group's customers to transfer to the customers distinct goods or services. Promised goods or services represent separate performance obligations if the goods or services are distinct. A promised good or service is considered distinct if the customer can benefit from the good or service on its own or with other readily available resources (i.e. distinct individually) and the good or service is separately identifiable from other promises in the contract (distinct within the context of the contract). Both of these criteria must be met to conclude that the good or service is distinct.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The Group recognizes revenue when (or as) it satisfies a performance obligation to transfer a promised good or service to a customer. Revenue is recognized when customer obtains control of the respective good or service. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

2. Material accounting policy information (continued)

Revenue from satisfied performance obligations is recognized over time, if one of the following criteria is met:
– customer simultaneously receives and consumes the benefits;
– customer controls the asset as it is created or enhanced;
– the Group's performance creates an asset and has a right to payment for performance completed.

Payment terms for goods or services transferred to customers according to contract terms are within 45 to 60 days from the provision of services or sale of goods. The transaction price is generally determined by the contractually agreed conditions. Invoices typically are issued after the goods have been sold or service provided.

Key revenue streams the Group generates relate to provision of goods or services provided directly to end customer with no third party service/product provider involved. In such transactions the Group acts as a principal. However, for certain services, where other parties are involved, as described below, the Group performs assessment whether it acts as an agent or a principal. Such revenue streams include income from debt collection activities, income from providing registration services and income from agency services as described below.

When another party is involved in providing goods or services to the Group's customers, the Group considers that it is a principal, if it obtains control of any one of the following:

a) a good or another asset from the other party that it then transfers to the customer;

b) a right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf - relevant for car registration income to conclude on principal presentation;

c) a good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer - relevant for debt collection income to conclude on agent presentation.

Fee and commission income (Note 6)

Income from debt collection activities and earned penalties (point in time)

Fee and commission income arises from contracts with customers. Accordingly, it results in a recognized financial instrument in the Group's financial statements that is partially in scope of IFRS 9 and partially in scope of IFRS 15. Therefore, the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Income from debt collection activities and penalties is recognized in Group's statement of profit and loss at the moment when the likelihood of consideration being settled for such services is high, therefore income is recognized only when actual payment for provided services is actually received.

Income from penalties arise in case customers breach the contractual terms of financial lease receivables and loans and advances to customers agreements, such as exceeding the payment date. In those situations Group is entitled to charge the customers in accordance with the agreement terms.

The Group recognizes income from penalties at the moment of cash receipt as likelihood and timing of settlement is uncertain. In case customers do not settle the penalty amount, the Group is entitled to enforce repossession of the collateral.

Debt collection activities revenue typically arises when customers delay the payments due. As a lessor, the Group has protective rights in the lease agreements with customers that require the customers to safeguard and maintain the condition of the vehicle, as it serves as a collateral to the lease. Group's revenue encompasses a compensation of internal and external costs incurred by the Group in relation to debt management, legal fees as well as repossession of vehicle in case of lease agreement termination and are recharged to the customers in accordance with the agreement terms. The performance obligation is satisfied when respective service has been provided.

Income from commissions (point in time)

Income from commissions arises from additional services provided by the Group to its customers. Main additional source of income from commissions is from premature termination of contracts by the initiative from a customer. Income is recognized at the moment of cash receipt as likelihood and timing of settlement is uncertain. The performance obligation is satisfied when respective service has been provided.

Income from providing registration services (point in time)

In certain countries, the Group provides vehicle registration services to its customers. The Group organizes the registration of the leased vehicles in with the state authorities on behalf of the customer, which is a separate service provided by the Group. Typically these services are performed before customers enter the finance lease agreements. Income from providing these services is recognized at the moment of providing the services. In majority of countries such services are not provided by the Group, as the customers perform registration procedures themselves and costs are covered by the customers directly without the need for such services from the Group. The performance obligation is satisfied when the respective service has been provided.

Revenue from car sales and other goods (Note 11)

Sale of motor vehicles and other goods (point in time)

The Group earns part of its revenues from the sales of used vehicles that were either bought from third parties or repossessed from its non-performing leasing customers . The Group is calculating minimum sales price based on initial cost or value after repossession plus additional cost incurred (e.g. repairs) and a margin added in order to make profit from the deal. The performance obligation is satisfied when the car is registered on client's name. Similarly the Group is selling mobile phones in Africa region.

2. Material accounting policy information (continued)

Other operating income (Note 14)

Income from management services (over time)

The Group provides management services to its related parties. Income is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing these services. The performance obligation is satisfied as the respective service is being provided.

Revenue from agency services (point in time)

Agency services consist of different services, such as settlement of costs on behalf of 3rd parties and recharging those costs to customers. The Group is acting as an agent in provision of these services to the customers. Such services are provided with the intention to realize the economies of scale of purchasing power for a service that is both used by the Group and the 3rd party. The Group recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party. The performance obligation is satisfied when the respective service has been provided.

Variable consideration revenue from client acquisition (point in time)

The Group has entered into a contract with JSC Primero Finance on providing commercial client acquisition services with the variable component of the contract on 26 September, 2019.

The fee is paid on all concluded agreements with clients. The fee consists of two elements – fixed and variable. Fixed fee is set as % from total loan amount and is invoiced every month based on concluded agreement list for previous month. Variable fee part is an additional fee and is set as percentage dependant on the specific annual percentage rate (APR) threshold for each individual concluded agreement.

The fixed and variable part of client acquisition fee is calculated and invoiced monthly. The revenue from the fixed part of the fee is recognized at point in time as the corresponding performance obligations are satisfied, and there is no significant judgement applied to determine the transaction price or the satisfaction of the performance obligations.

The additional client acquisition fee is determined to be a variable consideration as it is based on the individual APR of each concluded agreement.

In the case of loan defaults, the parties agreed to measure the default loss. In the cases when not all outstanding debt has been covered after the collateral sale, the Group returns part (proportional to the uncovered debt) of the additional fee, which has been invoiced to JSC Primero Finance.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration.

As at 31 December 2023 the Group did not have any contract assets in its consolidated statement of financial position.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

These receivables are disclosed in balance sheet caption 'Trade receivables' (Note 31).

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days. Accounting policies applicable to financial assets measured using amortized cost are applicable as described above in Note 2.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are extinguished and revenue is recognized when the Group performs under the contract.

As at 31 December 2023 the Group does not have any contract liabilities in its consolidated statement of financial position.

2. Material accounting policy information (continued)

Income taxes

Income taxes include current and deferred taxes. Income taxes are recognized in profit and loss except to the extent that they are related to a business combination, or items recognized directly in equity or other comprehensive income. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date in the countries where the Group and the Parent Company operates.

Current corporate income tax rate for the Parent company is applied at the statutory rate of 24.94%. Current corporate income tax rates for the foreign subsidiaries are:

Country	Tax rate
Estonia*	20%
Latvia*	20%
Lithuania	15%
Georgia*	15%
Poland	19%
Romania	16%
Kenya	30%
Uganda	30%
Botswana	22%
Zambia	30%
Mauritius	15%

Country	Tax rate
Moldova	12%
Albania	15%
Belarus	20%
Ukraine	18%
Uzbekistan	7.5%
North Macedonia	10%
Bosnia&Herzegovina	10%
Lesotho	25%
Eswatini	27.5%
Namibia	32%

* - as described further below corporate income tax in these countries is paid on distributed profits and deemed profit distributions only.

Deferred tax assets and liabilities

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit / loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

In Latvia, Estonia and Georgia deferred tax assets and liabilities are not recognized starting from 2017 or before in accordance with local legislation. Accordingly, deferred tax assets and liabilities which were calculated and recognized previously have been reversed through the statement of profit and loss and other comprehensive income in the year when the legislation was amended (for Latvia: 2017).

In Latvia legal entities are not required to pay income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia. Corporate income tax is paid on distributed profits and deemed profit distributions. Consequently, current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits. Starting from 1 January 2018, both distributed profits and deemed profit distributions are subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognized in the statement of profit and loss and other comprehensive income as expense in the reporting period when respective dividends are declared, while, as regards to other deemed profit items, at the time when expense is incurred in the reporting year.

Similar accounting policies are adopted in Estonia and Georgia.

Related parties

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Group are shareholders who could control or who have significant influence over the Group in accepting operating business decisions, key management personnel of the Group including members of Supervisory body – Audit committee and close family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence.

The Group has defined that a person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control of the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

2. Material accounting policy information (continued)

An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- The entity is controlled or jointly controlled by a person identified in (a);
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Non-controlling interest

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

Non-controlling interest are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Dividend distribution

Dividend distribution to the shareholders of the Group is recognized as a liability and as distribution of retained earnings in the financial statements in the period in which the dividends are approved by the shareholders as the Group has the obligations to pay the dividend which cannot be withdrawn.

Subsequent events

Post-period-end events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the consolidated financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

3. Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingencies. The most significant areas of estimation and judgement used in the preparation of the consolidated financial statements include assumptions used in Goodwill and other non-financial asset impairment tests, Impairment of financial assets, Determination of fair values and judgements around Going concern and military conflict in Ukraine impact assessment. They are described below among other estimates and judgements used in the preparation of these consolidated financial statements. Although these estimates and conclusions are based on the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates.

Principal versus agent assessment

In provision of agency services (Note 14) the Group has assessed that it does not obtain control of these services before they are transferred to customers, as these services or goods are acquired on their behalf. Therefore, it is considered agent in these transactions.

The Group is also acting as an agent in purchasing specific goods and services from 3rd parties on behalf of customers - mainly legal, recruitment and similar services, as it does not obtain control of the service, does not incur inventory risk nor has discretion in determining the sales price. For all other revenue streams the Group concluded that it acts as a principal.

Other revenue streams where the Group involves third parties in the provision of services include income from debt collection activities (Group acts as an agent as it does not control the service before it is provided to the customer) and income from car registration services (Group acts as a principal as it controls the asset being registered for the prospective customer).

3. Significant accounting judgments, estimates and assumptions (continued)

Goodwill and other non-financial asset impairment tests

The calculation of value in use for cash generating units among other is sensitive to the assumptions of discount rate and growth rates. These assumptions and their sensitivity are outlined in Note 21.

Determination of the FVLCTS of assets held for sale

Determination of the FVLCTS for repossessed vehicles is performed on an individual basis at the moment of the repossession.

Management's estimate is based on available data from historical sales transactions for such assets in previous reporting periods. The Group also considers factors such as historical actual average loss (if any) from the previous years. Management considers whether also events after the reporting year indicate a decline in the sales prices of such assets.

See further information in Note 35.

Estimation of the residual value of rental fleet

The Group assesses at each reporting date whether there is an indication that the expected residual value of the rental fleet asset at the end of the current rental period may not be recoverable. The residual value is an estimate of the amount that could be received from disposal of the vehicle at the reporting date if the asset were already of the age and in the condition that it will be in when Group expects to dispose of it (i.e. after expiration of the ultimate lease period, if any). Therefore, if any indication exists, in order to determine the recoverable amount for rental fleet assets, the management uses valuation models based on two methods primarily depending from the status of the lease agreement:

1) value in use (VIU) - for assets with active lease agreements; and

2) fair value less costs of disposal (FVLCOD) - for assets with inactive lease agreements.

VIU is the present value of the future cash flows expected to be derived from an asset or cash generating unit, both from its continuing use and ultimate disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using WACC. In measuring VIU the Group bases its cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset covering in total 7-year period.

For assets with an inactive lease agreement the Group applies probability-weighted scenario in determining the possible future use of vehicles - secondary rent or disposal. The outcome of the probability-weighted scenario has been determined based on the Group's/Company's historical data. According to management assessment, the carrying amount of secondary rent assets is expected to be recovered principally through a continuing use of it rather than sale transactions, therefore VIU method has been applied.

For assets with an inactive agreement, for which the carrying amount is expected to be recovered principally through disposal, the Group determines the residual value based on FVLCOD method. Assumptions applied for determination of the FVLCOD of assets are based on making a reliable estimate of the price at which a transaction to sell the asset would take place between market participants at the measurement date under current market conditions and on available data from historical sales transactions. The market price is being adjusted for car repair costs, which are estimated based on historical data for an average vehicle repair expenses occurred in 2022. In addition, management considers whether events after the reporting year indicate a decline in the sales prices of such assets. Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash generating unit, excluding finance costs and income tax expense.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss and other comprehensive income unless the asset is carried at a revaluated amount, in which case the reversal is treated as a revaluation increase.

As at 31 December 2023 the Group recognised impairment of rental fleet. Please refer to Note 22.

Impairment of financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include Probability of Default and Loss Given Default, judgment is applied also when determining significant increase in credit risk.

3. Significant accounting judgments, estimates and assumptions (continued)

Impairment of finance lease receivables and loans and advances to customers

The Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon, where default is defined as:
1. 61 DPD (Finance lease receivables and secured loans, matured countries)
2. 35 DPD (Finance lease receivables and secured loans, non-matured countries)
3. 61 DPD Loans and advances to customers (unsecured loans, car loans)
4. 91 DPD Loans and advances to customers (unsecured loans, acquired businesses).

In order to estimate PDs the Group utilizes Markov chains methodology. This methodology employs statistical analysis of historical transitions between delinquency buckets to estimate the probability that loan will eventually end up in default state which is set as absorbing state.

The Group uses 12-months continuous horizon window (or smaller if actual lifetime of the product is shorter), and estimation over lifetime is defined as nth power of 12-months matrix (n – depends on the estimated lifetime, e.g., if lifetime is 36-months then n=3).

Exposures are grouped into buckets of days past due (DPD) loans/leases.

Forward-looking macroeconomic indicators model for portfolio

Guided by IFRS 9, the Group assesses forward looking information and incorporates it into impairment model. Impairment change is modelled given expected future changes of macroeconomic factors' (hereinafter macro model). In 2021 the Group changed Hierarchical Bayes model approach to simplified approached based on relation analysis between changes in input variables and changes in PD and the Group expert's opinion. Macro model uses several assumptions which were agreed by group of experts. Model assumptions and historical periods for macroeconomic factors are reviewed and analyzed once per year considering available macroeconomic outlooks.

General description of the model

Macro model uses expected changes in macroeconomic indicators and assumes the same or similar change to Stage 1 PD. Model incorporates three macro indicators – unemployment rate, inflation rate and GDP annual growth rate, as more relevant for private individuals' financial stability evaluation. The model is based on actual and forecasted data points. Recalculated in December 2023 model includes macroeconomic indicators as of 2023 Q4 and average of all four 2024 quarter forecasts to predict the effect on Stage 1 PD. Data points average is taken to avoid significant indicator fluctuations due to forecast volatility. The Group built macroeconomic models for each country and business (vehicle/consumer) individually – LV, LT, EE, GE, AM, UZ, KE, UG, MD, RO, BY, MK, AL, LES, ZM, NM, BOT. Data for all cases is taken from the source: https://tradingeconomics.com/indicators. Forecasts are validated by National Banks forecasts.

For each macro indicator three scenarios are obtained – base, best and worse. Base scenario is based on actual data and forecasts. Worse and best scenario is obtained from base scenario increasing or decreasing base scenario by confidence interval of given macro indicator forecast. For each scenario is applied probability of occurring. The impact on PD from each macro indicator is calculated as weighted output across all three scenarios. As for all input macro indicators are applied weights according to their significance to the default rates of the Group customers then the final model output is obtained as sum of weighted output across all macro indicators.

Model's variables and assumptions

The model includes indicators which, based on the Group experts' opinion and used practice in industry, might have a significant impact on finance products default rates. Such indicators are also widely used by banking and non-banking industry across the world:

1. GDP growth
2. unemployment rate (UR) change
3. inflation rate (IR) change.

There are several assumptions made in the model to accommodate the Group customer specifics.

Assumption 1. UR is one of the main variables in the model, and it significantly affects Stage 1 PD.
Assumption 2. Okun's law holds in macro environment affected by macro-economic shocks.

Assumption 3. Typically, reasonably increasing inflation rate positively affects consumption and economy in general, and therefore reduces PD. However, the Groups customers rather suffers from increase in prices than benefit from income increase. Thus, the Group arrived at the assumption 3: increase in inflation in will affect customers negatively.

Determination of impact on PD based on macro indicator change

The model assumes relation between changes in macro indicators and Stage 1 PD change. If there is strong correlation between Stage 1 PD and macro indicator change then used linear regression equation to determine the impact on PD due to macro indicator changes. If there is no visible correlation between Stage 1 PD and macro indicators change then impact on PD is evaluated based on qualitative analysis of available data and reasonable experts' assumptions:

1. For each macro indicator chosen 25 data points, one 0 point and another 24 points that reflects indicator change – 12 points with negative change and 12 data points with positive change. The distance between 2 adjacent points is the same for all 24 points and is evaluated considering historical changes in macro indicators.

2. For PD impact determination relational table is built that describes linear or piecewise smooth function and its direction changes at 0 point. At 0 point assumed 0 PD impact. For other macro indicator change points impact on PD is evaluated individually based on historical PD rates and PD change in time, as well taking into account each country and product specifics. Then evaluated PD impacts on each macro indicator change point are summarized in table. This table remains fixed until the next year when impact on PD will be reviewed.

3. Significant accounting judgments, estimates and assumptions (continued)

Weighted scenarios approach

To take into account possible economic fluctuations and uncertainty, three scenarios are considered and used for final calculation to arrive at weighted average probability:

1. base case scenario - based on actual data and forecasts by external source.
2. worst case scenario - based on expert judgement of potential worsening of macroeconomic indicators.
3. best case scenario - based on expert judgement of potential improvement of macroeconomic indicators.

Worse and best scenario is obtained from base scenario increasing or decreasing base scenario by confidence interval of given macro indicator forecast. Confidence intervals are available for each macroeconomic indicator forecast.

Each scenario also has a specific probability of occurring, which is configurable for each country separately to account for potential differences in macroeconomic outlooks.
The Group’s experts analyse Europe and World macroeconomic projections and opinions (for example [1], [2], [3]). The global economy is experiencing several turbulent challenges. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia’s invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Normalization of monetary and fiscal policies that delivered unprecedented support during the pandemic is cooling demand as policymakers aim to lower inflation back to target. But a growing share of economies are in a growth slowdown or outright contraction. The global economy’s future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions.
Considering mentioned information, the Group applies at least 15% probability for worst-case scenario and only 5% for best-case. Last updated forecasts for macroeconomic indicators already reflect actual trends, for example – increase in inflation rate. At this stage base-case scenario is considered as a most possible but should be reviewed for Q2. Sensitivity test was done to evaluate impact from scenarios probability change. Changing worst-case scenario probability till 50%, no major effect on macro coefficient noticed. But, considering uncertainty in projections, macro coefficient was increased by 2pp for Eurozone countries.

Macro model results

To obtain final effect on PD from macro indicator change, applied weights for each macro indicator and the final result is taken as a weighted average of macro indicator PD effect. Weights are changed based on their significance in affecting default rate overall. Considering model main assumptions, the Group’s experts evaluate historical relationship and chooses weights for each country individually. In most of the countries UR (unemployment rate) and IR (inflation rate) chosen as main macro indicators and higher weights are applied for them.

To account for future uncertainty in case the model yields positive PD correction, the Group decided to be prudent and not to apply improving PD effect for impairment correction.

Illustration of example: UR impact evaluation on PD:

Scenarios	Current rate	2Y forecast	Difference (p.p.)	Likelihood of the scenario	Impact on PD
Worst case scenario	7.400%	8.50%	1.1pp	15%	109.6%
Base case scenario	7.400%	7.40%	0pp	80%	100.0%
Best case scenario	7.400%	6.30%	-1.1pp	5%	93.7%
Final macroeconomic correction				**100%**	**101.1%**

Loss Given Default

Group closely following recoveries from defaulted finance lease receivables and revises LGD rates every month for portfolios based on actual recoveries received.

- The sample used for LGD calculation consists of all the finance lease receivables that have been defaulted historically. If termination of the contract happens before default state is reached, then loan is considered defaulted (early default) and it is considered in LGD sample. Subsequent recoveries on such loans are monitored on a monthly basis. Recoveries from regular collections process, car sales, cessions and legal process are followed.

- Renewed leases (restored payments capacity after termination) also affect the LGD rate by incorporating recovered cash after renewal of the agreement and comparing it to the exposure at default of the agreements subsequently renewed, implying the cure rate. Cure rate from renewals is calculated over a three-year period. For the 31 December 2023 impairment purposes recovery rate for renewed cases were applied in range of 76% to 98% depending on the market. Above described LGD rate is used for all portfolio groups except for unsecured portfolio part. For unsecured portfolio part LGD is estimated using triangular recovery matrix on all unsecured cases. Received recovery is discounted with effective interest rate depending on the number of months between the date account got unsecured status and the date when recovery was received. Given that majority of the car sales happen before unsecured status, the LGD for unsecured portfolio is higher than for other buckets – as of 31 December 2023 Group average LGD unsecured for portfolios with DPD less than 360 DPD was 66%, respective LGD for portfolio older than 360 DPD was 94%.

Loans and advances to customers (unsecured loans, car loans)

For unsecured loans LGD is determined based on debt sales market activity and offered prices or based on historical recoveries. For the later stages (DPD 360) LGD is set to 100%.

Loans and advances to customers (unsecured loan, businesses acquired in 2020 and 2023)

LGD is calculated using triangle recovery matrix built on all defaulted loans. Received recovery is discounted with effective interest rate depending on the number of months between the date account got into default and the date when recovery was received. For later stages (DPD 360) LGD is set to 100%.

3. Significant accounting judgments, estimates and assumptions (continued)

Exposure at default (EAD) modelling

Exposure at default is modelled by adjusting the unpaid balance of lease and loan receivables as at the reporting date by expected future repayments during the next 12 months. As of 31 December 2023, it is applied for Stage 1 exposures only. This is performed based on contractual repayment schedules, adjusted for historical prepayment rate observed.

Historical prepayment patterns are assumed to be a reliable estimate for future prepayment activity.

Loans and advances to customers (unsecured loan, businesses acquired in 2020 and 2023)

EAD is calculated using the sample of defaulted loans. Outstanding balance of defaulted loans is divided by outstanding balance of the same accounts 12 months ago. Observation window can be shortened; however, it cannot exceed 12 months to avoid overestimation of EAD which may lead to underestimation of ECL.
As of 31 December 2023, EAD is applied for Stage 1 and Stage 2.

Impairment for loans to and receivables from related parties

Receivables from related parties inherently are subject to the Group's credit risk. Therefore, a benchmarked PD and LGD rate - based on Standard & Poor's corporate statistics studies has been applied in determining the ECLs.

Significant increase in credit risk for related party transactions is determined based on information available in the Group about the financial performance of the related parties. Financial position of related parties as at impairment assessment date is compared to that when the exposure was originated. Further 30 days past due back stop indicator is utilized to transfer exposures to Stage 2.

Recoverability of deferred tax asset

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets are recognized based on profitability assumptions over 3 year horizon. In developing these assumptions the Group considers both positive and negative evidence of past performance and future development plans to ensure that assumptions used are reasonable, realistic and achievable. The future taxable profit of 2024-2025 has been approved by the Management Board, while 2026 is considered as plausible taxable profit of the Group. Budgeting models used are the same as the ones used in goodwill impairment tests.

At each reporting date, the Group's management analyses the recoverability of deferred tax and reduces the deferred tax asset if it is no longer probable that during the period of utilization of tax losses future taxable profits will be available against which unused tax losses can be utilized (Note 18).

Capitalization of development costs

For capitalization of expenses in process of developing Group's enterprise resource planning (ERP) system and other IT systems management uses certain assumptions. Capitalization of salary expenses of IT personnel is based on employee time sheets and personnel involved in development dedicate up to 80% of their time on developing new functionality. Therefore up to 80% of salary expenses of involved personnel are capitalized under Other intangible assets while remaining 20% are recognized as salary expenses in Statement of profit and loss.

Expenses from amortization of capitalized development costs are included in statement of profit and loss caption "Administrative expense".

See further information in Note 21.

Separation of embedded derivatives from the host contract

The Group has certain call and put option arrangements that can accelerate repayment of the issued bonds. These options arise out of bond (host contract) prospectus and meet the definition of an embedded derivative in accordance with IFRS 9.

Call option, which is included in Latvian bond prospectus, gives the Group the right, but not the obligation to carry out early redemption, either in full or partially, of the issued bonds with a 1% premium. There is also a put option possibility in case (i) certain financial covenants are breached (ii) Interest and/or Nominal Amount payments have not been missed and (iii) the Issuer has been declared insolvent or has submitted an application for liquidation, then each bondholder has the right to request that all, or only some, of its Latvian bonds are repurchased at the nominal amount plus accrued unpaid interests and Default Interest.

There are also call and put options included in Eurobond prospectus. The Group may redeem all of the outstanding Eurobonds in full prior to the their maturity date, at the make whole amount if the call is exercised before 18 October 2023; 104.75 percent of the nominal amount if such redemption right is exercised after the first call date up to 18 October 2024; at 102.375 percent of the nominal amount if is exercised after the second call date up to up to 18 October 2025; and 100% of the Nominal Amount if the call option is exercised after 18 October 2025. There is also a put option possibility in case of change of control event, breach of certain financial covenants, ultimate beneficial owner of the Group being included into a sanction list of the European Union and the USE, then each bondholder has the right to request that all, or only some, of its Eurobonds are repurchased at a price of 101.00 percent of the nominal amount plus accrued unpaid interests.

The Group's management has evaluated that the embedded derivatives are not contractually separable, not contractually transferrable independently and have the same counterparty. Each option's exercise price is approximately equal on each exercise date to the amortized cost of bond, therefore these embedded derivatives are not separated from the host contract.

3. Significant accounting judgments, estimates and assumptions (continued)

Fair value of employee share options

The Group's employees have entered a share option agreement with the Parent Company or the Parent Company's shareholders and Subsidiaries. Under the agreements respective employees obtain rights to acquire Parent company's or certain subsidiaries' shares under several graded vesting scenarios. The respective option would be classified as an equity-settled share-based payment transaction in Group's consolidated financial statements in accordance with IFRS 2. There are cash settlement alternatives. Given absence of an ongoing sale of any of Subsidiaries or the Parent or any listing process initiated and other relevant cash settlement events, then cash settlement is considered not to be probable and the Group does not have a present obligation to settle in cash.

The Group's management has estimated that fair value of the options would not be materially different than zero. If it were, the Group would have to record expenses related to this transaction and recognize a respective component of equity.

In estimating fair value for the share option the most appropriate valuation model would depend on the terms and conditions of the grant. In 2019 fair value of employee share options has been estimated by first establishing the fair value at the grant date of the relevant issuer company/group applying discounted cash flow valuation methodology and same assumptions as the ones used in value in use estimation (refer to Goodwill impairment tests). Subsequently, the estimate is adjusted by the number of options granted, vesting period and the employee turnover rates in the respective grade.

Management has considered that the financial position of the Subsidiaries that have issued share options (in particular for General Employee Share Option Plan described in Note 48), the particular features mentioned in the option agreements, such as buy-back options, non-competition clauses embedded in the agreements, restrictions of sales of shares, as well as dividend policy of the Parent Company (for both of the plans described in Note 48) effectively indicate that fair value of the employee options would not be material.

Deferred Tax Liability on unremitted earnings

In Latvia, Estonia and Georgia legal entities are required to pay income tax on earned profits in accordance with local legislation on Corporate Income Tax. Corporate income tax would be paid on distributed profits and deemed profit distributions. Corporate income tax on dividends would be recognized in the statement of profit and loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

The Group has decided to use these beneficial tax regimes to reinvest profits in further development of respective subsidiaries, therefore it does not plan to distribute dividends from subsidiaries in these countries in the next 5 years. The Group controls the process of dividend distribution and does not plan to distribute dividends from subsidiaries of these countries for year 2023 and after in the foreseeable future: 5 year horizon is considered appropriate given the Group's planning cycle.

Due to above mentioned reason, the Group has not recognized deferred tax liabilities.
See further information in Note 17.

Provisions

Significant management judgement is used for estimating provisions in relation to tax amounts disputed with tax authorities.
For more details see Note 37.

Lease term determination under IFRS 16 (Group as a Lessee)

IFRS 16 requires that in determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall determine the period for which the contract is enforceable. In assessment of lease term determination the Group considers the enforceable rights and obligations of both parties. If both the lessee and the lessor can terminate the contract without more than an insignificant penalty at any time at or after the end of the non-cancellable term, then there are no enforceable rights and obligations beyond the non-cancellable term. For lease agreements without a fixed term and agreements that are "rolled over" on monthly basis until either party gives notice the Group considers that it does have enforceable rights and obligations under such agreements, therefore a reasonable estimate of the lease term assessment is made.

When determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise an option to renew or not to exercise an option to terminate early. When assessing whether the Group is reasonably certain to exercise an option to extend, or not to exercise an option to terminate early, the economic reasons underlying the Group's past practice regarding the period over which it has typically used particular types of assets (whether leased or owned) are considered. Furthermore, the following factors are considered: level of rentals in any secondary period compared with market rates, contingent payments, renewal and purchase options, costs relating to the termination of the lease and the signing of a new replacement lease, costs to return the underlying asset, nature and the level of specialization of the leased assets, asset location, availability of suitable alternatives and existence of significant leasehold improvements. See Note 23.

Lease liability incremental borrowing rate determination under IFRS 16 (Group as a Lessee)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has used market rates in each of the countries as its incremental borrowing rate. The discount rate applied is obtained from official state government institutions as the average market rate available at the beginning of the lease agreement for loans over a similar term, security, value and applied in similar economic environment. The Group considers market rates used as an appropriate measure for incremental borrowing rates as they correctly reflect the ability the respective subsidiary to finance a specific asset purchase in each of the jurisdictions given the Group's wide geographical coverage, its track record in ability to raise public debt and the overall financial results of the Group and each subsidiary individually.

As additional factor considered is the way how local lenders would approach the asset financing at each subsidiary level. The two most important factors assessed would be the potential borrower's (in this case Group's subsidiary's) financial position and the asset that is being financed (i.e. the quality of the security). As per Group's assessment each of the Group's subsidiaries would qualify as a good quality borrower in the local markets in the context of overall Group results.

3. Significant accounting judgments, estimates and assumptions (continued)

Lease classification for rental fleet (Group as a Lessor)

The Group has entered into vehicle leases on its rental fleet (Note 22). These lease agreements have a non-cancellable term of 6 months and an optional term of up to 72 months. After the non-cancellable term of 6 months the lessee can return the leased asset to the Group and losses associated with the cancellation are borne by the Group. The leased asset is not transferred to lessee at the end of lease term. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the leased assets and the present value of the minimum lease payments not amounting to substantially all of the fair value of the leased asset, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Sale and leaseback transactions

Under sale and leaseback transactions the Group purchases the underlying asset and then leases it back to the same customer. To determine how to account for a sale and leaseback transaction, the Group first considers whether the initial transfer of the underlying asset from the seller-lessee (Customer) to the buyer-lessor (the Group) is a sale. The Group applies IFRS 15 to determine whether a sale has taken place. The key indicators that control has passed to the Group include the Group having:
- a present obligation to pay;
- physical possession (of the purchased asset);
- a legal title (to the purchased asset);
- the risks and rewards of ownership (of the purchased asset);
- the Group has accepted the asset;
- the borrower can or must repurchase the asset for an amount that is less than the original selling price of the asset.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Please refer to Note 2 for further detailed descriptions of the judgements made by management to assess whether regular loan, non-recourse loan and sale and leaseback financing arrangement contracts meet SPPI criteria.

Measurement of fair values

Trademarks obtained in business combinations during 2023

The Relief-from-royalty method was used for measuring the fair value of trademarks obtained. The relief from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned.
Management's key assumptions used to determine the value of trademarks were as follows:
Average cash flow forecast (5 Year) revenue growth rate is 19% per year (range 10% - 37%)
Long term revenue growth rate is 0% as a matter of prudence for fair value estimation.
Average trademark royalty rate is 0.9% (range 0.9% - 1.1%)
Average discount rate is 25.4% (range 22.2% - 32.0%)

Property, plant and equipment obtained in business combinations

Depreciated replacement cost technique was used for measuring the fair value of Property, plant and equipment obtained. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of assets obtained.

Other intangible assets obtained in business combinations

The With and Without Method (WWM) was used for measuring fair value of DAS Access asset acquired. The WWM estimates an intangible asset's value by calculating the difference between two discounted cash-flow models: one that represents the status quo for the business enterprise with the asset in place, and another without it.
Management's key assumptions used to determine the value of DAS Asset were as follows:
Loan issuance growth rate is 18%
Long term growth rate is 0% as a matter of prudence for fair value estimation.
Expected Loss (EL) for DAS loans issued: With asset is 8.0%; Without asset is 25.0%
Discount rate is 32%

Depreciated replacement cost technique was used for measuring the fair value of Intangible assets obtained (excluding Trademarks and DAS Access Asset). Depreciated replacement cost reflects adjustments for functional and economic obsolescence of assets obtained.

Please refer to Note 47 for disclosure of and relevant inputs for fair value techniques applied to financial assets and liabilities.

Obtaining control over obtained entities

During 2023 the Group obtained several new subsidiaries in a transaction where legal ownership of the companies was obtained through obtaining of a holding entity EC Finance Group SIA. The Group assumed full control over the newly obtained entities from the moment of signing the agreements since they include clauses granting the Group the power to govern the obtained entities from day of signing the share obtaining agreements. Accordingly, the Group concluded that control in accordance with IFRS 10 was exercised and commenced consolidation of the subsidiaries. The management of Eleving Group S.A. evaluated whether the acquisition of EC Finance Group SIA is considered as "transaction under common control", whereas such transactions are outside of the scope of IFRS 3 "Business combinations". Such evaluation was performed due to the fact that CI Holding AS and Eleving Group S.A. has overlapping shareholders. However, after careful consideration and interpretation of IFRS Accounting Policies, the management determined that the transaction should not be treated as under common control. This determination was made due to the impact of the transaction on minority shareholders, leading the management to conclude that the acquisition method prescribed by IFRS 3 should be applied. Consequently, the transaction falls within the scope of IFRS 3 for business combinations.

3. Significant accounting judgments, estimates and assumptions (continued)

Disposal groups and discontinued operations

At the end of 2021 the Group made a decision to fully exit the Balkan region with its car financing business as well as in late 2023 the Group decided to exit also from Belarus.

As a result of these decisions some entities have been sold or were in sales negotiations at the end of 2023, but for some entities the process of liquidation has been initiated with a plan to complete the liquidation in nearest future. Due to these reasons all of the following group subsidiaries as at 31 December 2023 are classified as subsidiaries held for sale or under liquidation and discontinued operations:

- Mogo Leasing d.o.o. (Bosnia&Herzegovina) – under liquidation;
- Mogo Albania SHA – sold in 2022;
- Rocket Leasing OOO – sold in early 2024;
- Autotrade OOO – sold in early 2024;
- MOGO Kredit LLC – sold in early 2024.

4. Interest revenue

	2023 EUR	2022 EUR (restated)
Interest income from finance lease receivables*	98 735 235	102 552 368
Interest income from loans and advances to customers according to effective interest rate method	*76 785 582*	*59 378 886*
Other interest income according to effective interest rate method	*776 958*	*585 602*
Total interest income calculated using effective interest method for financial assets that are measured at amortised cost	77 562 540	59 964 488
TOTAL:	**176 297 775**	**162 516 856**

* Interest income contains earned interest on portfolio derecognized from Group's assets due to being listed on P2P platform and having no buy back obligation (see Note 24).

Gross and net earned interest are as follows:	2023 EUR	2022 EUR
Gross interest income	176 298 402	162 565 418
Interest derecognized due to derecognition of portfolio from Group's assets	(627)	(48 562)
TOTAL NET INTEREST:	**176 297 775**	**162 516 856**

Interest income from impaired Stage 3 finance lease receivables/loans amounts to EUR 1 898 445.

5. Interest expense

	2023 EUR	2022 EUR (restated)
Interest expenses on financial liabilities measured at amortised cost:		
Interest expenses for loans from P2P platform investors	9 399 425	6 801 039
Interest expense on issued bonds	23 807 651	21 648 273
Interest expenses for bank liabilities and related parties	2 952 186	2 158 720
Interest expenses for lease liabilities	727 919	523 617
Interest expenses for other borrowings	612 263	-
TOTAL:	**37 499 444**	**31 131 649**

6. Fee and commission income related to finance lease activities

Revenue from contracts with customers recognized point in time:	2023 EUR	2022 EUR (restated)
Income from penalties received	7 754 726	7 215 154
Income from commissions	3 663 653	3 011 086
TOTAL:	**11 418 379**	**10 226 240**
Revenue from contracts with customers recognized point in time related to debt collection activities:	2023 EUR	2022 EUR
Gross income from debt collection activities	2 423 808	1 990 878
Gross expenses from debt collection activities	(4 874 045)	(4 473 685)
TOTAL:	**(2 450 237)**	**(2 482 807)**
Total fees and commissions income:	**8 968 142**	**7 743 433**

7. Impairment expense

	2023 EUR	2022 EUR (restated)
Change in impairment of intangible assets (Notes 21)	65 640	365 033
Change in impairment in rental fleet (Note 22)	(61 895)	(524 996)
Change in impairment in finance lease (Note 24)	2 429 326	6 138 501
Change in impairment in loans and advances to customers (Note 25)	5 050 495	10 566 588
Change in impairment in loans to related parties (Note 26)	(49 727)	(45 045)
Change in impairment of finished goods and goods for resale (Notes 28)	297 207	-
Change in impairment in trade receivables (Note 31)	381 300	(892 523)
Change in impairment in other receivables (Note 32)	(612 092)	724 826
Change in impairment in assets held for sale (Note 35)	241 165	52 690
Impairment of sold receivables	9 030 123	7 565 109
Written off debts	23 075 082	19 331 467
TOTAL:	**39 846 624**	**43 281 650**

8. Net gain/(loss) from de-recognition of financial assets measured at amortized cost

	2023 EUR	2022 EUR
Financial lease		
Income arising from cession of financial lease receivables to non related parties	3 378 994	5 366 232
Loss arising from cession of financial lease receivables to non related parties	(2 988 192)	(4 340 974)
TOTAL:	**390 802**	**1 025 258**
Loans and advances to customers		
Income arising from cession of loans and advances to customers receivables to non related parties	2 399 689	3 302 359
Loss arising from cession of loans and advances to customers receivables to non related parties	(1 638 090)	(2 446 820)
TOTAL:	**761 599**	**855 539**
Receivables from rent contracts		
Income arising from cession of customers receivables to non related parties	54 653	244 099
Loss arising from cession of customers receivables to non related parties	(47 731)	(131 305)
TOTAL:	**6 922**	**112 794**
Net gain/(loss) arising from cession of financial lease receivables, loans and advances to customers and rent contracts	**1 159 323**	**1 993 591**

During 2022 and 2023 the Group performed cessions of doubtful finance lease receivables as well as doubtful loans and advances to customers receivables to non related parties. The Group uses opportunities to sell receivables in cession to improve cash flow and reduce debt collection related expenses associated of recovering of doubtful debts.

When financial lease receivables or loans and advances to customers portfolio is sold in cession the Group reverses the respective part of impairment allowance of the ceded assets (Note 24 and 25).

The Group then separately recognizes net losses arising from derecognition of the ceded portfolio, which is reduced by the respective cession income.

9. Expenses related to peer-to-peer platform services

	2023 EUR	2022 EUR (restated)
Service fee for using P2P platform	987 970	883 424
TOTAL:	**987 970**	**883 424**

10. Revenue from leases

	2023 EUR	2022 EUR
Revenue from operating lease	4 067 111	5 421 567
TOTAL:	**4 067 111**	**5 421 567**

11. Revenue from car sales and other goods

Revenue from contracts with customers recognized point in time:	2023 EUR	2022 EUR
Income from sale of vehicles and other goods	1 936 451	174 152
TOTAL:	**1 936 451**	**174 152**

Expenses from contracts with customers recognized point in time:	2023 EUR	2022 EUR
Expenses from sale of vehicles and other goods	(1 789 166)	(171 752)
TOTAL:	**(1 789 166)**	**(171 752)**
Total Net revenue from contracts with customers recognized point in time	**147 285**	**2 400**

During 2023 the Group has started car sale and mobile phone sale business in Kenya which has resulted in significant increase in revenue from this business line.

12. Selling expense

	2023 EUR	2022 EUR (restated)
Online marketing expenses	1 342 637	1 539 071
TV advertising	582 692	744 888
Radio advertising	215 735	195 641
Affiliate fees	26 671	39 038
Other marketing expenses	1 286 993	1 594 916
Total marketing expenses	*3 454 728*	*4 113 554*
Customer insurance expenses	2 172 727	2 799 492
Other selling expenses	799 397	927 071
TOTAL:	**6 426 852**	**7 840 117**

13. Administrative expense

	2023 EUR	2022 EUR (restated)
Employees' salaries	34 814 751	32 102 520
Amortization and depreciation	9 442 554	8 063 484
IT services	3 220 247	2 245 842
Office and branches' maintenance expenses	2 928 259	2 616 476
Professional services	2 802 696	2 694 716
GPS tracking service expenses	1 649 342	2 009 159
Communication expenses	1 450 133	1 233 126
Business trip expenses	1 060 195	697 283
Bank commissions	927 972	989 303
Credit database expenses	757 986	809 565
Transportation expenses	667 357	424 768
Other personnel expenses	545 930	361 093
Insurance expenses	503 786	456 972
Low value equipment expenses	182 197	180 374
Employee recruitment expenses	126 863	185 901
Expenses from disposal of rental fleet and other fixed assets	39 093	766 199
Donations	23 990	163 834
Real estate tax	132	200
Other administration expenses*	2 102 527	1 344 054
TOTAL:	**63 246 010**	**57 344 869**

Audit fees for Group's entities' 2023 financial statements audit amounts to 549 930 EUR, the Parent Company - 80 430 EUR (2022: EUR 350 100; the Parent Company – 76 600 EUR).

In 2023 the audit company also provided services related to interim dividend distribution in total amount of EUR 25 200 (2022: 0).

No other permitted non-audit-services were provided to the Group by the auditor and member firms of its network during the year.

Amounts included in 'Professional services' line.

* - During the financial year 2023 the Group detected discrepancies in the fund movements within the accounts of one of its subsidiaries. Subsequently, an extensive investigation encompassing financial years 2022 and 2023 was conducted to ascertain the extent of transactions under the review. The investigation concluded with the assessment that the misappropriation of funds in the amount of slightly more than EUR 500 000 had taken place and funds were deemed to be largely irrecoverable for the time being, thus expensed within the respective periods in the subsidiary's financial records with the effect to Group's Consolidated Statement of Profit and Loss amounting to EUR 191 190. This amount has been duly reflected in the Group's Consolidated Financial Statements. Furthermore, the Group has taken a necessary legal action, which is presently ongoing under the jurisdiction of the relevant local authorities.

13. Administrative expense (continued)

Key management personnel compensation

Members of the Management	2023 EUR	2022 EUR
Remuneration*	4 376 041	4 219 850
Social security contribution expenses	631 353	657 152
TOTAL:	**5 007 394**	**4 877 002**

Key management personnel is considered to be all Group top management employees, regional management employees and country managers.

* - Including vacation accruals.

There are no amounts receivable or payable as of 31 December 2023 with members of the Group's Management (none at 31 December 2022) for any past transactions. There are no emoluments granted for current and for former members of the management and commitments in respect of retirement pensions for former members of the management.

In 2023 the Group employed 2 817 employees (in 2022: 2 573).

Country	2023 EUR	2022 EUR
Albania	231	231
Armenia	72	72
Belarus	61	69
Bosnia&Hercegovina	2	8
Botswana	73	-
Estonia	21	20
Georgia	75	74
Kenya	833	1009
Latvia	257	225
Lesotho	11	-

Country	2023 EUR	2022 EUR
Lithuania	74	75
Mauritius	3	-
Moldova	195	223
Namibia	139	-
North Macedonia	163	141
Romania	57	64
Uganda	355	244
Ukraine	59	74
Uzbekistan	50	44
Zambia	86	-

14. Other operating income

	2023 EUR	2022 EUR (restated)
Supplementary services income*	1 003 605	216 468
Income from management services	476 572	430 661
Income from associates accounted under equity method	-	76 098
Other operating income	888 562	619 499
TOTAL:	**2 368 739**	**1 342 726**

* - the Group started to provide additional supplementary services to its clients in Moldova in last querter of 2022. The increase in income this year is due to the services being provided during full year 2023.

*Revenue from contracts with customers recognized point in time where the Group acted as an agent **	2023 EUR	2022 EUR
Gross revenue from agency services	271 600	635 297
Gross expenses from agency services	(271 600)	(635 297)
TOTAL:	**-**	**-**

* - Revenue associated with these transactions is presented as revenue in net amount in these consolidated financial statements.

15. Other operating expense

	2023 EUR	2022 EUR (restated)
Withholding tax expenses	3 594 500	4 380 443
Non-deductible VAT from management services	3 083 292	2 649 683
Credit default swap expenses*	1 352 161	1 063 634
Expense from associates accounted under equity method	623 908	-
Other operating expenses	1 479 779	1 560 982
TOTAL:	**10 133 640**	**9 654 742**

* - a subsidiary of the Parent company - Mogo LT UAB, has signed a credit default swap agreement with a former company of the Group - Risk Management Services OU. Based on this contract the Group incurs credit default swap expenses in return for an insurance of the default of Mogo LT UAB finance lease receivables and loans and advances to customers portfolio.

16. Net foreign exchange result

	2023 EUR	2022 EUR (restated)
Currency exchange gain	(2 737 620)	(7 545 675)
Currency exchange loss	9 123 453	14 968 402
TOTAL:	**6 385 833**	**7 422 727**

17. Corporate income tax

	2023 EUR	2022 EUR (restated)
Current corporate income tax charge for the reporting year	8 324 461	9 004 133
Deferred corporate income tax due to changes in temporary differences	(1 758 559)	(2 151 290)
Corporate income tax charged to the income statement:	**6 565 902**	**6 852 843**

Unrecognized deferred tax liability for undistributed dividends as described in Note 3 comprises 9 406 035 EUR. (2022: 8 781 299 EUR)

	31.12.2023 EUR	31.12.2022 EUR
Current corporate income tax liabilities	729 149	3 934 652
TOTAL:	**729 149**	**3 934 652**

18. Deferred corporate income tax

	Balance sheet		Income statement	
	31.12.2023 EUR	31.12.2022 EUR	2023 EUR	2022 EUR (restated)
Deferred corporate income tax liability				
Accelerated depreciation for tax purposes	251 308	59 502	(64 391)	(57 061)
Other	229 918	46 615	137 428	(303 396)
Gross deferred tax liability	**481 226**	**106 117**	**73 037**	**(360 457)**
Deferred corporate income tax asset				
Tax loss carried forward	(2 846 009)	(1 103 048)	(76 945)	927 365
Unused vacation accruals	(196 978)	(228 881)	54 514	(102 845)
Impairment	(4 720 754)	(5 585 574)	289 392	(2 835 301)
Currency fluctuation effect	-	-	1 198 508	(120 483)
Other	(1 595 324)	1 528 853	(2 098 557)	219 948
Gross deferred tax asset	**(9 359 065)**	**(5 388 650)**	**(633 088)**	**(1 911 316)**
Net deferred tax liability/ (asset)	**(8 877 839)**	**(5 282 533)**	**(560 051)**	**(2 271 773)**
Increase in net deferred tax asset:				
In the statement of profit and loss	-	-	(1 758 559)	(2 151 290)
Net deferred corporate income tax assets	(8 877 839)	(5 282 533)		
Net deferred corporate income tax expense/ (benefit)			(1 758 559)	(2 151 290)

The Group believes that tax asset arising from tax losses will be utilized in nearest few years with future profits as well as asset arising due to temporary impairment cost recognition when low performing portfolio will be sold to third parties.

For all countries the asset is deemed recoverable based on trends of historical performance and estimates of future results. Deferred tax asset has been recognized in subsidiaries in following countries:

Country	Deferred tax asset 2023 EUR	2022 EUR
Mogo Auto Ltd	2 998 449	2 762 172
MOGO LOANS SMC LIMITED	2 062 902	944 523
YesCash Group Ltd	1 876 026	-
YesCash Zambia LTD	531 251	-
ExpressCredit Proprietary Ltd	438 623	-
Green Power Trading LTD	311 281	313 876
Kredo Finance SHPK	271 449	165 718
ExpressCredit Cash Advance Ltd	145 978	-
Mogo Lend LTD	142 836	110 194
Mogo UCO LLC	-	483 774
MOGO Kredit LLC	-	294 332
Other	99 044	207 944
TOTAL:	**8 877 839**	**5 282 533**

Recognition of deferred taxes mainly is driven from accumulated tax losses from entities in Mauritius and Uganda as well as temporary differences in taxable impairment in Kenya.

Deferred tax assets have not been recognized mainly in respect to tax losses arisen in Luxembourg and Ukraine as there may be no future taxable profits available in the foreseeable future. Subsidiaries in Ukraine have been loss-making and there are no other tax planning opportunities or other evidence of recoverability in the near future. Recoverability of deferred tax asset in Luxembourg in nearest future is also unlikely.

Deferred tax asset not recognized due to the above reason in amount of 8 548 066 EUR. (2022: 10 413 879 EUR).

The potential income tax consequence attached to the payment of dividends in 2023 amounts to 624 736 EUR. (2022: 1 350 317 EUR.)

18. Deferred corporate income tax (continued)

Tax losses for which no deferred tax assets are recognized by the Group may be utilized as follows for carry forward:	Tax loss EUR	Expiry term
Tax loss for 2018	353 728	2024
Tax loss for 2019	3 852 603	2024-2025
Tax loss for 2020	6 787 321	2025-2026
Tax loss for 2021	20 813 333	2026-2027
Tax loss for 2022	3 703 855	2027-2028
Tax loss for 2023	3 121 390	2028-2029
TOTAL:	**38 632 230**	

Tax losses for which no deferred tax assets were recognized by the Group for previous reporting period consisted of EUR 42 152 024.

Actual corporate income tax charge for the reporting year, if compared with theoretical calculations:	2023 EUR	2022 EUR
Profit before tax	**28 482 002**	**21 461 395**
Tax at the applicable tax rate*	**7 103 411**	**5 352 472**
Undistributed earnings taxable on distribution**	(2 534 833)	(2 460 093)
Unrecognized deferred tax asset	354 482	1 439 233
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3 146 455)	(2 956 793)
Non-temporary differences:		
Business not related expenses (donations, penalties and similar expenses)	(807 112)	(649 702)
Other	5 596 409	6 127 726
Actual corporate income tax for the reporting year:	**6 565 902**	**6 852 843**
Effective income tax rate	23.05%	31.93%

* - Tax rate for the Parent company for year 2023 - 24,94% (2022 - 24,94%)

** - In Latvia, Estonia and Georgia corporate income tax expenses are not recognized starting from 2017 or before in accordance with local legislation. See further information in Note 2.

19. Business combinations and acquisition of non-controlling interest

Obtaining of EC Finance Group SIA (Latvia)

On 14 July 2023, the Group obtained a 88,15% control over the shares of EC Finance Group SIA, a non-listed holding company based in Latvia and specialising in financial services. The Group obtained EC Finance Group SIA as part of equity increase of one of its subsidiaries Eleving Finance AS. It enlarges the range of products in its core business of geographies providing financing services in Africa region. For convenience purposes fair value caluculation was performed on information as at 30 June 2023.

The Group measures the interests in EC Finance Group SIA at fair value.

Assets	Carrying value	Adjustments	Fair value recognized on obtaining as at 30.06.2023. EUR
Internally generated intangible assets	1 702 136	-	1 702 136
Other intangible assets	14 480	2 892 000	2 906 480
Right-of-use assets	701 071	-	701 071
Property, plant and equipment	273 818	-	273 818
Other loans and receivables	554 060	-	554 060
Leasehold improvements	147 177	-	147 177
Deferred tax asset	3 329 589	-	3 329 589
Finished goods and goods for resale	4 832	-	4 832
Loans and advances to customers	26 045 906	-	26 045 906
Prepaid expense	1 085 857	-	1 085 857
Trade receivables	21 420	-	21 420
Other receivables	270 147	-	270 147
Cash and cash equivalents	4 379 262	-	4 379 262
Total assets	**41 421 755**	**-**	**41 421 755**
Liabilities			
Borrowings	37 289 278	-	37 289 278
Prepayments and other payments received from customers	935 050	-	935 050
Trade and other payables	281 010	-	281 010
Taxes payable	1 092 048	-	1 092 048
Other liabilities	962 999	-	962 999
Accrued liabilities	1 082 318	-	1 082 318
Total liabilities	**41 642 703**	**-**	**41 642 703**
Total identifiable net assets at fair value of obtained company			(220 948)
Increase in reserves as a result of obtaining the company			1 927 058
Goodwill arising on obtaining the company			**2 148 006**

The gross contractual amounts receivable from loans and advances to customers were 30 913 603 EUR. The contractual cash flows not expected to be collected are estimated to be 4 867 697 EUR.

19. Business combinations and acquisition of non-controlling interest (continued)

The amount of revenue the Group generated from obtained entities after the date of obtaining included in the consolidated statement of comprehensive income for the reporting period consisted of 10 413 675 EUR. Profit generated after the acquisition consisted of 1 152 196 EUR.
Total revenue of obtained entities for the year was 22 380 936 EUR and loss of 1 097 091 EUR.

Non-controlling interest of obtained entities consists of 11,85% and is calculated as proportion of EC Finance Group SIA shares owned by minority interest shareholders.

When obtaining EC Finance Group SIA (Latvia) the Group also obtained its subsidiaries. The ownership structure of the EC Finance Group SIA is following:
YesCash Zambia Ltd (Zambia) - 50% ownership of EC Finance Group SIA
ExpressCredit Holding AS (Latvia) - 100% ownership of EC Finance Group SIA
YesCash Group Ltd (Mauritius) - 100% ownership of EC Finance Group SIA
ExpressCredit Ltd (Lesotho) - 100% ownership of YesCash Group Ltd (Mauritius)
ExpressCredit Limited (Eswatini) - 100% ownership of YesCash Group Ltd (Mauritius)
ExpressCredit (Botswana) - 100% ownership of YesCash Group Ltd (Mauritius)
ExpressCredit Cash Advance (Namibia) - 49% ownership of YesCash Group Ltd (Mauritius)

20. Discontinued operations

As of end of 2022 the Group had either sold or was in active negotiation process of selling its vehicle business operations in the Balkan region. The Group had decided to fully exit from the Balkan region as a geographical market with its vehicle financing business line while retaining its consumer financing business lines in the region. Due to this reason the Group had decided to classify the vehicle financing operations in Bosnia-Herzegovina and Albania as well as Poland as discontinued operation and present their results separately. The sales process of subsidiary in Albania was completed by end of September 2022. The subsidiary in Bosnia-Herzegovina is in final stages of liquidation. Also in 2023 the Group decided to exit Belarus as a geographical market therefore several subsidiaries in Belarus are also classified as discontinued operations.

All following entities are classified as discontinued operations in these consolidated financial statements:

- Mogo Leasing d.o.o. (Bosnia&Herzegovina), liquidation process finished in Q1 of 2024
- Mogo Albania SHA, company sold in 2021
- Rocket Leasing OOO, company sold in January 2024
- Autotrade OOO, company sold in January 2024
- MOGO Kredit LLC, company sold in January 2024
- Pocco Finance sp. z o. o. (Poland), liquidated in October 2023
- Mogo Sp. z o.o. (Poland), liquidated in December 2023

Results of discontinued operation	2023 EUR	2022 EUR
Interest income	4 894 168	8 358 364
Other debt collection income/(expense)	301 050	449 121
External revenue	5 195 218	8 807 485
Expenses	(3 745 069)	(6 464 349)
Elimination of expenses related to inter-segment sales	1 104 241	2 691 515
External expenses	(2 640 828)	(3 772 834)
Results from operating activities	**2 554 390**	**5 034 651**
Income tax	(291 447)	(389 444)
Results from operating activities, net of tax	**2 262 943**	**4 645 207**
Gain on sale of discontinued operation/(loss) on measurement to fair value less costs to sell of the disposal group	276 011	(678 636)
Profit (loss) from discontinued operations, net of tax	**2 538 954**	**3 966 571**

Cash flows from discontinued operation	2023 EUR	2022 EUR
Net cash used in operating activities	5 078 806	(11 868 456)
Net cash from investing activities	253 509	(191 407)
Net cash from financing activities	(14 875 734)	11 969 827
Net cash flows for the year	**(9 543 419)**	**(90 036)**

Effect of disposal on the financial position of the Group	2023 EUR	2022 EUR
Intangible assets	-	-
Tangible assets	(405 104)	(6 307)
Deferred tax asset	(290 860)	-
Loans and advances to customers	(145 140)	(24 836)
Finance Lease Receivables	(8 050 101)	(161 974)
Other receivables	(561 080)	(20 932)
Cash and cash equivalents disposed of	(104 578)	(164 607)
Total disposed assets	**(9 556 863)**	**(378 656)**
Other liabilities	2 045 004	107 292
Net assets and liabilities	**2 045 004**	**(271 364)**
Net cash outflows	**(104 578)**	**(164 607)**

21. Intangible assets

	Goodwill	Internally generated intangible assets	Trademarks	Other intangible assets	Other intangible assets *SUBTOTAL*	**TOTAL**
	EUR	EUR	EUR	EUR	EUR	EUR
Cost	4 207 155	11 796 382	2 151 085	718 310	2 869 395	**18 872 932**
Accumulated amortization	-	(4 265 806)	-	(134 981)	(134 981)	**(4 400 787)**
As at 1 January 2022	**4 207 155**	**7 530 576**	**2 151 085**	**583 329**	**2 734 414**	**14 472 145**
2022						
Additions	-	3 882 908	-	(63 105)	(63 105)	**3 819 803**
Reclassified from assets held for sale (cost)	451 894	21 005	-	4 691	4 691	**477 590**
Disposals (cost)	-	(726 938)	-	(256 248)	(256 248)	**(983 186)**
Exchange difference, net	-	(183 725)	-	6 345	6 345	**(177 380)**
Amortization charge	-	(1 883 396)	-	(44 274)	(44 274)	**(1 927 670)**
Disposals (amortization)	-	344 032	-	36 125	36 125	**380 157**
Reclassified from assets held for sale (amortization)	-	(21 005)	-	(1 428)	(1 428)	**(22 433)**
Impairment	-	(365 033)	-	-	-	**(365 033)**
Exchange difference, net	-	43 014	-	(5 262)	(5 262)	**37 752**
Cost	4 659 049	14 789 632	2 151 085	409 993	2 561 078	**22 009 759**
Accumulated amortization	-	(6 148 194)	-	(149 820)	(149 820)	**(6 298 014)**
As at 31 December 2022	**4 659 049**	**8 641 438**	**2 151 085**	**260 173**	**2 411 258**	**15 711 745**
2023						
Additions	-	2 474 926	-	1 060 536	1 060 536	**3 535 462**
Acquisition of a subsidiary through business combination	2 148 006	7 798 508	1 072 000	1 860 778	2 932 778	**12 879 292**
Reclassification	-	904 566	-	(904 566)	(904 566)	**-**
Reclassified from assets held for sale (cost)	-	(366 717)	-	(2 144)	(2 144)	**(368 861)**
Disposals (cost)	-	(75 263)	-	(37 423)	(37 423)	**(112 686)**
Exchange difference, net	-	9 555	-	(6 455)	(6 455)	**3 100**
Amortization charge	-	(3 081 502)	-	(55 817)	(55 817)	**(3 137 319)**
Disposals (amortization)	-	76 879	-	15 177	15 177	**92 056**
Acquisition of a subsidiary through business combination (amortization)	-	(6 096 372)	-	(26 298)	(26 298)	**(6 122 670)**
Reclassified from assets held for sale (amortization)	-	62 254	-	1 902	1 902	**64 156**
Impairment	-	(65 640)	-	-	-	**(65 640)**
Exchange difference, net	-	(18 713)	-	4 513	4 515	**(14 200)**
Cost	6 807 055	25 535 207	3 223 085	2 380 719	5 603 804	**37 946 066**
Accumulated amortization	-	(15 271 288)	-	(210 343)	(210 341)	**(15 481 631)**
As at 31 December 2023	**6 807 055**	**10 263 919**	**3 223 085**	**2 170 376**	**5 393 463**	**22 464 435**

Amortization costs are included in the caption "Administrative expense".

Split of goodwill per cash generating unit:	31.12.2023	31.12.2022
Name	EUR	EUR
TIGO Finance DOOEL Skopje (North Macedonia)	3 000 276	3 000 276
EC Finance Group SIA	2 148 006	-
UAB mogo (Lithuania)	646 063	646 063
OU Primero Finance (Estonia)	451 894	451 894
AS mogo (Latvia)	298 738	298 738
Mogo UCO (Armenia)	182 028	182 028
Mogo LLC (Georgia)	80 050	80 050
	6 807 055	**4 659 049**

Each cash generating unit represents a subsidiary of the Group.

Goodwill and trademarks impairment test

As at 31 December 2023, goodwill and trademarks were tested for impairment.
The impairment test was performed for each cash generating unit separately.

The recoverable amounts for each unit were calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing activities of the units. No impairment losses were recognized because the recoverable amounts of these units including the goodwill allocated were determined to be higher than their carrying amounts. The calculations of value-in-use were based on free cash flow to equity approach to each unit respectively, discounted by estimated cost of equity. The value-in-use calculations are most sensitive to projected operating cash-flow, terminal growth rates used to extrapolate cash flows beyond the budget period, and discount rates. Projected operating cash-flow figures were based on detailed financial models.

Recoverable amount for the subsidiaries are estimated to be:	
Name	Amount
TIGO Finance DOOEL Skopje (North Macedonia)	15.4 million EUR
EC Finance Group SIA	19.5 million EUR
UAB mogo (Lithuania)	32.2 million EUR
OU Primero Finance (Estonia)	16.5 million EUR
AS mogo (Latvia)	18.7 million EUR
Mogo UCO (Armenia)	5.7 million EUR
Mogo LLC (Georgia)	15.3 million EUR

2023 actual figures were used as a starting point in these models, and took into account management's expectations of the future performance of each unit.

Five years of cash flows were included in the discounted cash flow model. A long-term terminal growth rate into perpetuity was determined to be 1%. The rate was estimated by management based on historical trends observed in existing markets, and expected Group and industry developments.

Discount rates reflect the current market assessment of the risk specific to each unit.

Discount rates applied are:	
Name	Amount
TIGO Finance DOOEL Skopje (North Macedonia)	43.7%
EC Finance Group SIA	28.6% - 75.1%
UAB mogo (Lithuania)	13.6%
OU Primero Finance (Estonia)	12.7%
AS mogo (Latvia)	14.4%
Mogo UCO (Armenia)	41.8%
Mogo LLC (Georgia)	38.9%

Sensitivity analysis was performed to assess changes to key assumptions that could influence whether the carrying value of the units exceeded their recoverable amounts. The results of this analysis indicate that for all units, the recoverable amount would not be below the carrying amount including goodwill (i.e. goodwill would not become impaired), if terminal growth rates decreased by 0.5% and discount rates increased by 5%.

The recoverable amounts after stress test exceed the carrying amounts for:	
Name	Amount
TIGO Finance DOOEL Skopje (North Macedonia)	10.9 million EUR
EC Finance Group SIA	14.0 million EUR
UAB mogo (Lithuania)	21.4 million EUR
OU Primero Finance (Estonia)	10.7 million EUR
AS mogo (Latvia)	17.1 million EUR
Mogo UCO (Armenia)	4.8 million EUR
Mogo LLC (Georgia)	13.1 million EUR

The following table shows currently applied terminal growth and discount rates and their adjusted values which would result in carrying value to be equal to recoverable value:

	Currently applied values		Adjusted values	
Name	Terminal growth rate	Discount rate	Terminal growth rate	Discount rate
TIGO Finance DOOEL Skopje (North Macedonia)	1.0%	43.7%	0.0%	249.9%
EC Finance Group SIA	1.0%	28.6% - 75.1%	0.0%	81.8% - 370.3%
UAB mogo (Lithuania)	1.0%	13.6%	0.0%	412.1%
OU Primero Finance (Estonia)	1.0%	12.7%	0.0%	371.6%
AS mogo (Latvia)	1.0%	14.4%	0.0%	6477.1%
Mogo UCO (Armenia)	1.0%	41.8%	0.0%	988.4%
Mogo LLC (Georgia)	1.0%	38.9%	0.0%	5220.4%

* Other intangible assets mainly consist of Group's developed ERP systems. Carrying amount of ERP systems at reporting year end was EUR 10 114 854. Expected amortization period is 7 years with year 2029 end date.
Carrying amount has significantly increased as the Group continued to make investments in further developemnt of the systems.
Amortization costs are included in the caption "Administrative expense".

22. Property, plant and equipment and Right-of-use assets

	Right-of-use premises EUR	Right-of-use motor vehicles EUR	*SUBTOTAL Right-of-use assets EUR*	Car sharing rental fleet EUR	Long term rental fleet EUR	*SUBTOTAL Rental fleet EUR*	Other property, plant and equipment EUR	TOTAL EUR
Cost	13 062 785	248 210	*13 310 995*	-	14 993 423	*14 993 423*	6 254 610	**34 559 028**
Accumulated depreciation	(4 125 973)	(89 327)	*(4 215 300)*	-	(4 293 285)	*(4 293 285)*	(3 136 316)	**(11 644 901)**
As at 1 January 2022	**8 936 812**	**158 883**	***9 095 695***	**-**	**10 700 138**	***10 700 138***	**3 118 294**	**22 914 127**
2022								
Additions	5 391 457	146 069	*5 537 526*	761 550	4 216 707	*4 978 257*	1 250 598	**11 766 381**
Disposals (cost)	(3 618 915)	(93 616)	*(3 712 531)*	(10 803)	(5 953 499)	*(5 964 302)*	(768 485)	**(10 445 318)**
Reclassified to assets held for sale (cost)	104 970	27 840	*132 810*	-	-	-	78 400	**211 210**
Exchange difference, net	157 315	(1 118)	*156 197*	-	-	-	132 100	**288 297**
Depreciation charge	(2 909 860)	(76 177)	*(2 986 037)*	(25 375)	(1 900 562)	*(1 925 937)*	(1 386 864)	**(6 298 838)**
Disposals (depreciation)	1 762 935	88 418	*1 851 353*	(18)	1 695 361	*1 695 343*	524 328	**4 071 024**
Reclassified to assets held for sale (depreciation)	(49 321)	(6 116)	-	-	-	-	(61 406)	**(61 406)**
Impairment release	-	-	-	-	524 996	-	-	**-**
Exchange difference, net	(85 211)	264	*(84 947)*	-	-	-	(109 210)	**(194 157)**
Cost	15 097 612	327 385	*15 424 997*	750 747	13 256 631	*14 007 378*	6 947 223	**36 379 598**
Accumulated depreciation	(5 407 430)	(82 938)	*(5 490 368)*	(25 393)	(3 973 490)	*(3 998 883)*	(4 169 468)	**(13 658 719)**
As at 31 December 2022	**9 690 182**	**244 447**	***9 934 629***	**725 354**	**9 283 141**	***10 008 495***	**2 777 755**	**22 720 879**
2023								
Additions	4 976 220	15 508	*4 991 728*	3 013 359	1 108 735	*4 122 094*	1 407 939	**10 521 761**
Disposals (cost)	(2 485 573)	(48 757)	*(2 534 330)*	(38 651)	(7 640 331)	*(7 678 982)*	(478 011)	**(10 691 323)**
Acquisition of a subsidiary through business combination	1 850 387	-	*1 850 387*	-	-	-	1 600 186	**3 450 573**
Reclassified from assets held for sale (cost)	(190 949)	(16 945)	*(207 894)*	-	-	-	(82 394)	**(290 288)**
Exchange difference, net	(1 069 714)	(2 302)	*(1 072 016)*	-	-	-	(589 262)	**(1 661 278)**
Depreciation charge	(2 341 327)	(84 902)	*(2 426 229)*	(179 198)	(1 299 276)	*(1 478 474)*	(1 213 667)	**(5 118 370)**
Disposals (depreciation)	686 550	27 105	*713 655*	5 236	2 045 664	*2 050 900*	231 922	**2 996 477**
Acquisition of a subsidiary through business combination (depreciation)	(1 149 316)	-	*(1 149 316)*	-	-	-	(1 179 191)	**(2 328 507)**
Reclassified to assets held for sale (depreciation)	108 952	10 407	*119 359*	-	-	-	74 047	**193 406**
Impairment release	-	-	-	-	61 895	*61 895*	-	**61 895**
Exchange difference, net	337 906	1 407	*339 313*	-	-	-	322 818	**662 131**
Cost	18 177 983	274 889	*18 452 872*	3 725 455	6 725 035	*10 450 490*	8 805 681	**37 709 043**
Accumulated depreciation	(7 764 665)	(128 921)	*(7 893 586)*	(199 355)	(3 165 207)	*(3 364 562)*	(5 933 539)	**(17 191 687)**
As at 31 December 2023	**10 413 318**	**145 968**	***10 559 286***	**3 526 100**	**3 559 828**	***7 085 928***	**2 872 142**	**20 517 356**

Operating leases maturity analysis		Contractual cash flows			
	Carrying value EUR	Up to 1 year EUR	1-5 years EUR	More than 5 years EUR	Total EUR
Long term rental fleet	**3 559 828**	2 288 207	3 253 736	-	**5 541 944**

Impairment test of non-financial assets (long term rental fleet)

As of 31 December 2023, non-financial assets of long term rental fleet were tested for impairment. An impairment indication existed as Renti AS has been loss making since its establishment and only in year 2022 started generating the profit.

Out of total rental fleet with the acquisition cost of EUR 6 725 035, impairment was identified for the total rental fleet with a acquisition cost of EUR 525 571. For those cars recoverable amount is estimated to EUR 169 742. The recoverable amount was estimated based on the value in use method discounting the cash-flow using a WACC of 12.6%. The cash-flow was projected based on rental agreements probabilities of default and early repayments. As a result, impairment loss was recognised in previous years and remaining impairment amount as at 31 December is EUR 75 398.
For the remaining rental fleet with the acquisition value of EUR 6 199 464, the recoverable amount was estimated as EUR 3 390 086.

Sensitivity analysis was performed to assess changes to key assumptions that could influence whether the carrying value of the rental fleet assets exceeded their recoverable amounts. If WACC would have increased by 2%, all other assumptions remaining the same including the rental income, acquisition cost would increase to EUR 546 116 and the recoverable amount of impaired assets would equal to EUR 178 637, additional impairment of EUR 1 580 would need to be recognized.

For detailed description of impairment testing refer to 'Impairment of non-financial assets (rental fleet) (Note 3).

Impairment test of non-financial assets (car sharing rental fleet)

As of 31 December 2023, non-financial assets of car sharing rental fleet were tested for impairment. The Group did not identify any indicators requiring recognition of any impairment.

23. Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities are shown as follows in the statement of financial position and statement of profit and loss:

	31.12.2023 EUR	31.12.2022 EUR
ASSETS		
Non-current assets		
Right-of-use assets - premises	10 413 318	9 690 182
Right-of-use assets - motor vehicles	145 968	244 447
TOTAL:	**10 559 286**	**9 934 629**
EQUITY AND LIABILITIES		
Non-current liabilities		
Lease liabilities	7 247 159	7 293 992
Current liabilities		
Lease liabilities	4 553 929	2 802 500
TOTAL:	**11 801 088**	**10 096 492**

	2023 EUR
Leases in the statement of profit and loss	
Revenue from contracts with customers	
Operating lease income	4 067 111
Total cash inflow from leases	**4 067 111**
Administrative expense	
Expense relating to leases of low-value assets and short-term leases	(446 549)
Depreciation	(3 578 774)
Net finance costs	
Interest expense on lease liabilities	(608 212)
Total cash outflow from lease liabilities	
Principal payments for finance lease liabilities	(2 247 050)
Interest payments for lease liabilities	(608 212)
Total cash outflow from leases	**(2 855 262)**

In 2023 the Group incurred expenses for lease agreements which did not qualify for recognition of Right-of-use assets in total amount of EUR 446 549.

The cost relating to variable lease payments that do not depend on an index or a rate amounted to EUR nil for the year ended December 31, 2023. There were no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

24. Finance Lease Receivables

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Finance lease receivables	2023 Stage 1 EUR	2023 Stage 2 EUR	2023 Stage 3 EUR	2023 TOTAL EUR	2022 Stage 1 EUR	2022 Stage 2 EUR	2022 Stage 3 EUR	2022 TOTAL EUR
Not past due	66 392 549	6 471 891	162 383	73 026 823	86 776 105	11 392 383	279 281	98 447 769
Days past due up to 30 days	18 339 482	12 902 628	134 436	31 376 546	18 218 588	11 570 698	154 056	29 943 342
Days past due up to 60 days	-	1 668 308	3 855 483	5 523 791	-	1 328 648	4 209 849	5 538 497
Days past due over 60 days	-	-	19 327 408	19 327 408	-	3 212	20 475 117	20 478 329
TOTAL, GROSS:	**84 732 031**	**21 042 827**	**23 479 710**	**129 254 568**	**104 994 693**	**24 294 941**	**25 118 303**	**154 407 937**

24. Finance Lease Receivables (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to finance lease receivables are, as follows:

Finance lease receivables	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Balance at 1 January 2023	104 994 692	24 294 942	25 118 303	154 407 937
Transfer to Stage 1*	4 174 640	(3 732 015)	(442 625)	-
Transfer to Stage 2*	(9 828 541)	10 168 828	(340 287)	-
Transfer to Stage 3*	(12 911 149)	(9 049 023)	21 960 172	-
New financial assets acquired	52 490 936	9 398 015	8 645 651	70 534 602
Receivables settled	(11 805 498)	(1 411 229)	(1 887 066)	(15 103 793)
Receivables partly settled	(18 640 457)	(3 862 696)	(12 398 531)	(34 901 684)
Receivables written off	(1 311 774)	(629 396)	(9 152 162)	(11 093 332)
Receivables sold	(1 874 613)	(333 152)	(2 009 057)	(4 216 822)
Foreign exchange movements	1 488 534	258 791	(113 610)	1 633 715
Reclassified to assets held for sale	(12 438 757)	(185 534)	(1 734 343)	(14 358 634)
Currency conversion effect	(9 605 982)	(3 874 704)	(4 166 735)	(17 647 421)
Balance at 31 December 2023	**84 732 031**	**21 042 827**	**23 479 710**	**129 254 568**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to finance lease receivables are, as follows:

Impairment allowance	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Balance at 1 January 2023	2 977 453	2 546 067	14 429 796	19 953 316
Transfer to Stage 1*	482 324	(354 803)	(127 521)	-
Transfer to Stage 2*	(383 939)	472 708	(88 769)	-
Transfer to Stage 3*	(577 303)	(1 024 034)	1 601 337	-
Impairment for new financial assets acquired	1 752 479	1 147 436	3 953 002	6 852 917
Reversed impairment for partly settled receivables	(635 618)	(139 942)	(215 150)	(990 710)
Reversed impairment for written off receivables	(439 744)	(548 161)	(10 430 759)	(11 418 664)
Reversed impairment for sold receivables	(65 066)	(30 484)	(1 421 641)	(1 517 191)
Net remeasurement of loss allowance	(99 198)	974 363	8 834 607	9 709 772
Foreign exchange movements	44 040	(426)	(250 412)	(206 798)
Reclassified to assets held for sale	(91 131)	(18 510)	(1 410 457)	(1 520 098)
Currency conversion effect	(376 419)	(506 428)	(2 427 579)	(3 310 426)
Balance at 31 December 2023	**2 587 878**	**2 517 786**	**12 446 454**	**17 552 118**
Change in impairment excluding impact from asset reclassification to assets held for sale and foreign exchange convertion impact	**77 975**	**496 657**	**1 854 694**	**2 429 326**

* - Amounts presented as changes in finance lease receivables and impairment allowance due to transfer among stages include only movement of opening balances as at 1 January. Information about transfers among stages does not include new financial assets acquired and impairment calculated during the year.

On the 1 January 2017 the subsidiary in Lithuania 'Mogo LT UAB' entered into a Credit Default Swap (CDS) agreement with another subsidiary in Estonia 'Risk Management Services OU'. On the basis of CDS all leasing and loan agreements issued by the Lithuanian subsidiary are secured by the CDS and are transferred to 'Risk Management Services OU' if the client of leasing or loan agreement is late in paying the debt for more than 125 days. Due to this reason, in 2017 impairment was reversed and no impairment is calculated onwards for Lithuanian subsidiary. Due to the signed Credit Default Swap agreement with Risk Management Services OU the loan agreements are insured and in case of customer insolvency and Mogo LT UAB receives a payment from Risk Management Services OU. During 2021 also Renti LT UAB signed the same type of agreement with the same conditions.
As of 1 January 2022 'Risk Management Services OU' is no longer considered a related party since it has been disposed from the group in 2020.

24. Finance Lease Receivables (continued)

Finance lease receivables	Minimum lease payments EUR 31.12.2023	Net investment in the lease EUR 31.12.2023	Minimum lease payments EUR 31.12.2022	Net investment in the lease EUR 31.12.2022
Up to one year	114 738 180	65 819 206	130 897 899	78 542 316
Years 2 through 5 combined	111 486 163	61 557 384	119 795 107	72 348 120
More than 5 years	2 303 125	1 877 978	3 985 791	3 517 501
TOTAL, GROSS:	**228 527 468**	**129 254 568**	**254 678 797**	**154 407 937**

Unearned finance income	31.12.2023 EUR	31.12.2022 EUR
Up to one year	48 918 974	52 355 583
Years 2 through 5 combined	49 928 779	47 446 987
More than 5 years	425 147	468 290
TOTAL, GROSS:	**99 272 900**	**100 270 861**

Finance lease receivables, net	Non-Current 31.12.2023 EUR	Current 31.12.2023 EUR	Non-Current 31.12.2022 EUR	Current 31.12.2022 EUR
Finance lease receivables	63 435 363	56 494 550	75 865 620	68 550 352
Accrued interest and handling fee	-	9 324 655	-	9 991 965
Fees paid and received upon lease disbursement	158 762	141 391	(250 177)	(226 054)
Impairment allowance	(3 795 617)	(13 756 501)	(3 512 714)	(16 440 602)
TOTAL, NET:	**59 798 508**	**52 204 095**	**72 102 729**	**61 875 661**

Transactions with peer-to-peer platforms

From year 2016 the Group started placing lease agreement receivables on peer-to-peer lending platform. Agreements were offered with buy back guarantee, which means that all risks of such agreements remain with the Group and in case of client default the Group has the liability to repay the whole remaining principal and accrued interest to P2P investor. By using the same platform the Group also offered loans without buy back guarantee, which means that all risks related to client default were transferred to P2P investor. Portions of agreements purchased by investors are therefore considered as financial assets eligible for derecognition from the Group's statement of financial position.

Total gross portfolio and associated liabilities for the portfolio derecognized from Group financial assets were:

	31.12.2023 EUR	31.12.2022 EUR
Non-current		
Finance lease receivable	-	15 618
Associated liabilities	-	(15 618)
NET POSITION:	**-**	**-**
Current	EUR	EUR
Finance lease receivable	-	16 169
Associated liabilities	-	(16 169)
NET POSITION:	**-**	**-**
Total gross portfolio derecognized from Group's financial assets	-	31 787
Total associated liabilities	-	(31 787)
TOTAL NET POSITION:	**-**	**-**

Information about liabilities for attracted funding through P2P platform where derecognition of portfolio was not applicable are disclosed in Note 38.

25. Loans and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Loans and advances to customers	2023 Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	TOTAL EUR	2022 TOTAL EUR
Not past due	179 338 126	2 677 719	110 036	182 125 881	133 918 993
Days past due up to 30 days	17 604 819	3 550 434	128 841	21 284 094	15 562 370
Days past due up to 60 days	-	6 002 942	1 336 807	7 339 749	6 190 935
Days past due over 60 days	-	1 366 066	65 489 215	66 855 281	60 562 443
TOTAL, GROSS:	**196 942 945**	**13 597 161**	**67 064 899**	**277 605 005**	**216 234 741**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers are, as follows:

Loans and advances to customers	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Balance at 1 January 2023	144 046 576	11 077 119	61 111 046	216 234 741
Transfer to Stage 1	2 348 528	(1 970 071)	(378 457)	-
Transfer to Stage 2	(6 298 750)	6 465 887	(167 137)	-
Transfer to Stage 3	(13 812 512)	(4 228 364)	18 040 876	-
New financial assets acquired	113 533 094	6 078 306	9 921 214	129 532 614
New financial assets acquired through obtained subsidiaries	26 635 876	1 567 584	4 277 237	32 480 697
Receivables settled	(56 367 880)	(1 234 620)	(4 420 009)	(62 022 509)
Receivables written off	(864 698)	(1 347 576)	(9 737 991)	(11 950 265)
Receivables sold	(2 323 774)	(1 648 352)	(5 805 606)	(9 777 732)
Receivables partially settled	(10 404 289)	(680 870)	(3 054 881)	(14 140 040)
Foreign exchange movements	(504 266)	(38 422)	(49 858)	(592 546)
Reclassified to assets held for sale	(324 665)	(6 273)	(172 697)	(503 635)
Currency conversion effect	1 279 705	(437 187)	(2 498 838)	(1 656 320)
Balance at 31 December 2023	**196 942 945**	**13 597 161**	**67 064 899**	**277 605 005**

Impairment allowance	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Balance at 1 January 2023	8 396 809	4 048 135	52 187 877	64 632 821
Transfer to Stage 1	540 843	(403 568)	(137 275)	-
Transfer to Stage 2	(584 090)	636 615	(52 525)	-
Transfer to Stage 3	(2 741 341)	(1 506 573)	4 247 914	-
Impairment for new financial assets acquired	5 943 917	2 149 881	6 527 361	14 621 159
Increase in impairment due to obtaining of subsidiaries	1 887 814	536 510	4 107 488	6 531 812
Reversed impairment for settled receivables	(3 500 832)	(20 172)	(1 287 567)	(4 808 571)
Reversed impairment for written off receivables	(463 319)	(910 445)	(8 492 671)	(9 866 435)
Reversed impairment for sold receivables	(1 156 125)	(1 352 065)	(4 925 979)	(7 434 169)
Net remeasurement of loss allowance	3 455 106	(3 807 682)	12 881 647	12 529 071
Foreign exchange movements	38 710	9 762	(39 032)	9 440
Reclassified to assets held for sale	(3 705)	(766)	(152 928)	(157 399)
Currency conversion effect	66 470	296 709	(2 420 402)	(2 057 223)
Balance at 31 December 2023	**11 880 257**	**(323 659)**	**62 443 908**	**74 000 506**
Change in impairment excluding impact from asset reclassification to assets held for sale, impairment incurred through obtaining of new subsidiaries and foreign exchange conversion	**1 532 869**	**(5 204 247)**	**8 721 873**	**5 050 495**

* - Amounts presented as changes in loans and advances to customers and impairment allowance due to transfer among stages include only movement of opening balances as at 1 January. Information about transfers among stages does not include new financial assets acquired and impairment calculated during the year.

Loans and advances to customers, net	Non-Current 31.12.2023 EUR	Current 31.12.2023 EUR	Non-Current 31.12.2022 EUR	Current 31.12.2022 EUR
Loans and advances to customers	103 910 369	154 308 999	75 784 960	124 304 596
Accrued interest	-	19 385 637	-	16 145 185
Fees paid and received upon loan disbursement	(966 973)	(1 435 974)	(994 466)	(1 631 150)
Impairment allowance	(7 887 451)	(66 113 055)	(6 958 373)	(57 674 448)
	95 055 945	**106 145 607**	**67 832 121**	**81 144 183**

26. Loans to related parties

Non current	31.12.2023 EUR	31.12.2022 EUR
Loans to related parties	-	3 203 344
Impairment allowance	-	(49 727)
TOTAL:	**-**	**3 153 617**

Current	31.12.2023 EUR	31.12.2022 EUR
Loans to related parties	-	-
Accrued interest	-	-
TOTAL:	**-**	**-**

An analysis of Loans to related parties staging and the corresponding ECL allowances at the year end are as follows:

31.12.2023	Stage 1	Stage 2	Stage 3	Total
Loans to related parties	-	-	-	-
Accrued interest	-	-	-	-
Total	**-**	**-**	**-**	**-**
Total ECL calculated	**-**	**-**	**-**	**-**

31.12.2022	Stage 1	Stage 2	Stage 3	Total
Loans to related parties	3 203 344	-	-	3 203 344
Accrued interest	-	-	-	-
Total	**3 203 344**	**-**	**-**	**3 203 344**
Total ECL calculated	**(49 727)**	**-**	**-**	**(49 727)**

27. Equity-accounted investees

	31.12.2023 EUR	31.12.2022 EUR
Investments in associates	580 714	420 622
TOTAL:	**580 714**	**420 622**

In September 2019 the Group sold 51% of its previously wholly owned investment in its subsidiary Primero Finance AS. As a result the Group lost the control over the subsidiary and recognizes this investment in the statement of financial position as equity-accounted investees. During 2021 the Group established a new holding company - Primero Holding AS together with majority shareholder of Primero Finance AS. Group's shareholding also is 49% in the new entity. At the same time ownership of Primero Finance AS was transferred to Primero Holding AS. Through 49% shareholding in Primero Holding AS, the Group continues to have investment in Primero Finance AS at the same level. Also during 2021 Primero Holding AS established a new company in Lithuania - Primero Finance UAB and plans to expand its activities in this market. In 2022 Primero Holding AS also established a subsidiary 'Primero SV1 OU' and also will expand its activities in Estonia.

Further information on entities performance disclosed below:

		31.12.2023			
Name of the company	Country	Share capital EUR	Total Equity EUR	Interest in affiliate equity %	Net value according to equity method EUR
Primero Holding AS (Latvia)	Latvia	2 150 000	1 642 011	49	580 714

		31.12.2022			
Name of the company	Country	Share capital EUR	Total Equity EUR	Interest in affiliate equity %	Net value according to equity method EUR
Primero Holding AS (Latvia)	Latvia	550 000	867 020	49	420 622

27. Equity-accounted investees (continued)

Changes in investments in associates	2023 EUR	2022 EUR
Balance as at 1 January	420 622	149 872
Increase in share capital	784 000	-
Elimination of unrealised gain	-	193 339
Income/(loss) from associates accounted under equity method	(623 908)	77 411
Balance as at 31 December	580 714	420 622

Consolidated statement of profit and loss of affiliate (unaudited)	2023 EUR	2022 EUR
Interest revenue	3 518 858	3 826 015
Interest expense	(58 269)	(377)
Net interest income	**3 460 589**	**3 825 638**
Fee and commission income	26 027	77 158
Impairment expense	(741 965)	(326 161)
Net loss from de-recognition of financial assets measured at amortized cost	(583 487)	(1 384 076)
Selling expense	(281 298)	(113 806)
Administrative expense	(1 163 099)	(846 818)
Other operating income	197 485	110 775
Other operating expense	(2 176 750)	(1 176 120)
Profit before tax	**(1 262 498)**	**166 590**
Corporate income tax	(10 155)	(9 237)
Deferred income tax	(628)	628
Net profit	**(1 273 281)**	**157 981**

Consolidated statement of financial position at year end of affiliate

	31.12.2023 EUR	31.12.2022 EUR
ASSETS		
Other intangible assets	11 897	26 313
Right-of-use assets	5 877	8 175
Property, plant and equipment	990	2 290
Deferred tax assets	-	628
Loans and advances to customers	12 976 121	9 931 567
Finance lease receivables	4 433 900	3 373 329
TOTAL NON-CURRENT ASSETS	**17 428 785**	**13 342 302**
Loans and advances to customers	3 454 399	3 336 447
Finance lease receivables	6 352 553	704 754
Prepaid expense	67 820	64 515
Trade receivables	260 988	357 137
Other receivables	102 841	36 914
Cash and cash equivalents	2 037 451	1 214 906
Assets held for sale	77 103	67 905
TOTAL CURRENT ASSETS	**12 353 155**	**5 782 578**
TOTAL ASSETS	**29 781 940**	**19 124 880**
EQUITY		
Share capital	2 150 000	550 000
Retained earnings/(losses)	(507 989)	198 020
brought forward	765 292	40 039
for the period	(1 273 281)	157 981
TOTAL EQUITY	**1 642 011**	**748 020**
LIABILITIES		
Non-current liabilities		
Borrowings	26 814 699	16 639 173
Total non-current liabilities	**26 814 699**	**16 639 173**
Current liabilities		
Borrowings	53 787	4 419
Trade and other payables	1 048 317	1 575 590
Taxes payable	33 675	22 551
Other liabilities	55 043	35 180
Accrued liabilities	134 408	99 947
Total current liabilities	**1 325 230**	**1 737 687**
TOTAL LIABILITIES	**28 139 929**	**18 376 860**
TOTAL EQUITY AND LIABILITIES	**29 781 940**	**19 124 880**

28. Finished goods and goods for resale

	31.12.2023 EUR	31.12.2022 EUR
Advance payments to vehicle dealerships	2 517 439	2 069 211
Acquired vehicles for purpose of selling them to customers	2 220 088	196 808
Other inventory	377 779	214 969
Impairment allowance	(297 207)	-
TOTAL:	**4 818 099**	**2 480 988**

Income and expenses from sale of vehicles and other goods during the reporting year were EUR 1 936 451 and EUR 1 789 166 respectively. (2022: EUR 174 152 and EUR 171 752 respectively. Note 11).

29. Other loans and receivables

Non-current	*Interest rate per annum (%)*	*Maturity*	31.12.2023 EUR	31.12.2022 EUR
Long term receivable for sold finance lease portfolio to associated entities	-	January 2027	175 783	267 629
		TOTAL:	**175 783**	**267 629**

Current	*Interest rate per annum (%)*	*Maturity*	31.12.2023 EUR	31.12.2022 EUR
Receivable for sold finance lease portfolio to associated entities	-	January 2027	124 638	377 177
Deposit in bank in Albania			29 054	320 000
Other short term loans to non-related parties			44 882	-
		TOTAL:	**198 574**	**697 177**

An analysis of other loans and receivables staging and the corresponding ECL allowances at the year end are as follows:

31.12.2023	Stage 1	Stage 2	Stage 3	Total
Receivable for sold finance lease portfolio to associated entities	300 421	-	-	300 421
Deposit in bank in Albania	29 054	-	-	29 054
Other short term loans to non-related parties	44 882	-	-	44 882
Total	**374 357**	**-**	**-**	**374 357**
Total ECL calculated	**-**	**-**	**-**	**-**

31.12.2022	Stage 1	Stage 2	Stage 3	Total
Receivable for sold finance lease portfolio to associated entities	644 806	-	-	644 806
Deposit in bank in Albania	320 000	-	-	320 000
Total	**964 806**	**-**	**-**	**964 806**
Total ECL calculated	**-**	**-**	**-**	**-**

30. Prepaid expense

	31.12.2023 EUR	31.12.2022 EUR
Advances paid for services	647 299	260 363
Prepaid insurance expenses	557 675	206 612
Prepaid Mintos service fee	1 667	2 500
Other prepaid expenses	1 918 103	1 638 854
TOTAL:	**3 124 744**	**2 108 329**

31. Trade receivables

	31.12.2023 EUR	31.12.2022 EUR
Receivables for ceased financial assets	1 190 064	1 909 152
Receivables for rent services	610 249	808 230
Receivables for provided management services	424 589	180 899
Receivables for insurance services	92 840	152 282
Receivables for other services provided	184 801	126 423
Impairment allowance	(895 773)	(514 473)
TOTAL:	**1 606 770**	**2 662 513**

An analysis of trade receivables staging and the corresponding ECL allowances at the year end are as follows:

31.12.2023	Current	1-30 DPD	31-90 DPD	>90 DPD	**Total**
Receivables for ceased financial assets	-	-	-	1 190 064	1 190 064
Receivables for rent services	61 258	44 174	2 833	501 984	610 249
Receivables for provided management services	424 589	-	-	-	424 589
Receivables for insurance services	92 840	-	-	-	92 840
Receivables for other services provided	184 801	-	-	-	184 801
Total	**763 488**	**44 174**	**2 833**	**1 692 048**	**2 502 543**
Total ECL calculated	**(651)**	**(8 652)**	**(1 069)**	**(885 401)**	**(895 773)**

31.12.2022	Current	1-30 DPD	31-90 DPD	>90 DPD	**Total**
Receivables for ceased financial assets	-	-	-	1 909 152	1 909 152
Receivables for rent services	808 230	-	-	-	808 230
Receivables for provided management services	180 899	-	-	-	180 899
Receivables for insurance services	152 282	-	-	-	152 282
Receivables for other services provided	126 423	-	-	-	126 423
Total	**1 267 834**	**-**	**-**	**1 909 152**	**3 176 986**
Total ECL calculated	**-**	**-**	**-**	**(514 473)**	**(514 473)**

The Group does not have contract assets and contract liabilities at 31.12.2023 (EUR 0 at 31.12.2022).

32. Other receivables

	31.12.2023 EUR	31.12.2022 EUR
Other receivables		
Overpaid VAT from subsidiary in Latvia	461 158	447 134
Impairment allowance for overpaid VAT	(461 158)	(447 134)
Net overpaid VAT*	-	-
CIT paid in advance	1 610 554	4 174 686
Accrued income from currency hedging transactions**	1 960 166	434 696
Receivables from P2P platform for attracted funding	1 016 629	-
Disputed tax audit measurement in Georgia***	911 322	940 041
Overpaid VAT in other subsidiaries	566 688	689 126
Security deposit for office lease (more information in Note 23).	358 706	364 348
Receivables for payments received from customers through online payment systems	320 394	255 909
Advance payments for other taxes	287 472	-
Advances to employees	34 454	19 461
Other debtors	1 376 598	1 205 291
Impairment allowance	(175 307)	(787 399)
TOTAL:	**8 267 676**	**7 296 159**

32. Other receivables (continued)

* - All receivables are due within the following year, except VAT overpayment where the date of settlement is unclear due to ongoing litigation process in Latvia.

This resulted in full settlement of payable VAT and recognition of VAT overpayment. Considering the uncertainty disclosed in Note 37, the Group has decided to recognize the impairment provision in full amount for VAT receivable in the statement of financial position and additional provisions in amount of VAT payable settled by VAT return adjustment and related penalties (see Note 37).

** - The Group enters into currency exchange transactions where it tries to limit its foreign currency rate fluctuation loss. The transaction requires the Group to reserve the a cash deposit with its currency transaction partners. At year end the Group recognizes accrued income based on year end currency rates versus agreed currency transaction rates and recognizes income if the estimated result is expected to be profitable.

*** - The Georgian tax administration has initiated a transfer pricing audit for Mogo LLC (Georgia). The audit covers the financial years 2016, 2017 and 2018. Additional audit has been initiated for financial years 2019 and 2020. Audit decisions have been issued for respective year. The Georgian tax administration has challenged that interest rate applied by Eleving Group S.A. on loan issued to Mogo LLC complies with arm's lengths principle. According to the decisions additional tax amount of EUR 911 322 has been assessed. The amount has been withheld by the Georgian tax administration from a tax overpayment of Mogo LLC, and part of the amount has been transferred to the Georgian state budget by Mogo LLC.

Mogo LLC has appealed the decisions.

The tax audit decisions for have been appealed within Tbilisi City Court.

Group's management has made a decision to apply for a mutual agreement procedure according to the double tax treaty concluded between Georgia and Luxembourg. In 2022 the Group has submitted the application within the Luxembourg tax administration to initiate mutual agreement procedure. The tax administration is assessing the application.

The management of the Group considers that the interest rate applied by Eleving Group S.A. on loans issued to related parties fully complies with the arm's length principle. The applied interest rate is justified by transfer pricing policies held by the Group. The management of the Group considers that the approach of the Georgian tax administration does not comply with basic loan pricing principles and international guidelines. In order to determine the market interest rate for the Eleving Group S.A. loan issued to the Mogo LLC, Georgian tax administration has used coupon rate of bonds issued by credit institutions as a comparable source. The coupon rates of such bonds are not comparable as represents lower risk market comparing with that where the Group operates. Additionally, when issuing the decision Georgian tax administration has not considered borrowing costs of Eleving Group S.A. The interest rate applied by the Georgian tax administration in the decisions is significantly lower than the borrowing costs of Eleving Group S.A.

The Group is in a position to use all available local and international measures to justify its transfer pricing policies and to achieve the result that the decisions are fully cancelled. According to management's best estimate no significant economical outflows in relation to the transfer pricing audit is expected in the future as the possibility of such has been assessed as remote.

The Group management expects to fully recover paid tax.

33. Cash and cash equivalents

	31.12.2023 EUR	31.12.2022 EUR
Cash at bank	26 754 625	13 132 865
Cash on hand*	715 843	701 972
TOTAL:	**27 470 468**	**13 834 837**

* - The Group provides the possibility to its customers to pay their monthly receivables in cash, therefore it holds cash on hand at period end.

An analysis of cash and cash equivalent staging and the corresponding ECL allowances at the year end are as follows:

31.12.2023	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Cash at bank	26 754 625	-	-	26 754 625
Cash on hand	715 843	-	-	715 843
Total	**27 470 468**	**-**	**-**	**27 470 468**
Total ECL calculated	**-**	**-**	**-**	**-**

31.12.2022	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Cash at bank	13 132 865	-	-	13 132 865
Cash on hand	701 972	-	-	701 972
Total	**13 834 837**	**-**	**-**	**13 834 837**
Total ECL calculated	**-**	**-**	**-**	**-**

The Group has not calculated an ECL allowance for cash and cash equivalents on the basis that placements with banks are of short term nature and the lifetime of these assets under IFRS 9 is so short that the low probability of default would result in immaterial ECL amounts (2022: EUR 0).

The Group cooperates with banks with credit ratings no less than BBB-.

The Group also does not keep large amounts of funds in one specific bank to limit concentration risk and high exposure to small amount of banks.

34. Disposal groups held for sale

In latter part of 2021, management committed to a plan to sell parts of its vehicle finance business operations in Balkan countries and liquidate subsidiary in Bosnia&Herzegovina. Accordingly, several entities were presented as a disposal group held for sale. In 2021 management decided to also initiate the liquidation of several additional entities in Poland.
Also in 2024 the Group has sold its subsidiaries in Belarus, therefore respective entities are disclosed as disposal groups in these consolidated financial statements.

As at 31 December 2023 following companies were classified as held for sale or under liquidation:
- Mogo Leasing d.o.o., Bosnia&Herzegovina
- Rocket Leasing OOO, Belarus
- Autotrade OOO, Belarus
- MOGO Kredit LLC, Belarus

Assets and liabilities of disposal groups held for sale	31.12.2023 EUR	31.12.2022 EUR
ASSETS		
Mogo Leasing d.o.o., Bosnia&Herzegovina	35 172	362 262
Rocket Leasing OOO, Belarus	856	-
Autotrade OOO, Belarus	2 464	-
MOGO Kredit LLC, Belarus	9 518 371	-
Mogo Sp. z o.o., Poland (liquidated in 2023)	-	16 173
Pocco Finance Sp. z o.o., Poland (liquidated in 2023)	-	221
TOTAL ASSETS OF DISPOSAL GROUPS HELD FOR SALE	**9 556 863**	**378 656**
LIABILITIES		
Mogo Leasing d.o.o., Bosnia&Herzegovina	4 086	12 515
Rocket Leasing OOO, Belarus	382	-
Autotrade OOO, Belarus	110	-
MOGO Kredit LLC, Belarus	2 040 426	-
Mogo Sp. z o.o., Poland (liquidated in 2023)	-	94 698
Pocco Finance Sp. z o.o., Poland (liquidated in 2023)	-	79
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE	**2 045 004**	**107 292**

Mogo Sp. z o.o., Poland

At 31 December 2023, the entity was stated at fair value less costs to sell and comprised the following assets and liabilities.

	31.12.2023 EUR	31.12.2022 EUR
ASSETS		
Property, plant and equipment	-	641
TOTAL NON-CURRENT ASSETS	**-**	**641**
Prepaid expense	-	479
Other receivables	-	11 152
Cash and cash equivalents	-	3 825
Assets held for sale	-	76
TOTAL CURRENT ASSETS	**-**	**15 532**
TOTAL ASSETS	**-**	**16 173**
LIABILITIES		
Current liabilities		
Advances received	-	8 164
Trade and other payables	-	1 649
Taxes payable	-	3 978
Other liabilities	-	15
Accrued liabilities	-	80 892
Total current liabilities	**-**	**94 698**
TOTAL LIABILITIES	**-**	**94 698**

The company was liquidated in 2023.

34. Disposal groups held for sale (continued)

Mogo Leasing d.o.o., Bosnia&Herzegovina

At 31 December 2023, the entity was stated at fair value less costs to sell and comprised the following assets and liabilities.

	31.12.2023 EUR	31.12.2022 EUR
ASSETS		
Right-of-use assets	-	5 288
Property, plant and equipment	-	378
Loans and advances to customers	-	4 250
Finance lease receivables	-	63 032
TOTAL NON-CURRENT ASSETS	**-**	**72 948**
Loans and advances to customers	19 159	20 586
Prepaid expense	976	7 896
Other receivables	5 815	100 271
Cash and cash equivalents	9 222	160 561
TOTAL CURRENT ASSETS	**35 172**	**289 314**
TOTAL ASSETS	**35 172**	**362 262**
LIABILITIES		
Borrowings	-	2 025
Total non-current liabilities	**-**	**2 025**
Current liabilities		
Borrowings	-	3 538
Advances received	409	1 482
Trade and other payables	-	40
Taxes payable	365	-
Other liabilities	3 224	-
Accrued liabilities	88	5 430
Total current liabilities	**4 086**	**10 490**
TOTAL LIABILITIES	**4 086**	**12 515**

Efforts to liquidate the company have started and process is expected to be completed in 2024.

Pocco Finance Sp. z o.o., Poland

At 31 December 2023, the entity was stated at fair value less costs to sell and comprised the following assets and liabilities.

	31.12.2023 EUR	31.12.2022 EUR
ASSETS		
Cash and cash equivalents	-	221
TOTAL CURRENT ASSETS	**-**	**221**
TOTAL ASSETS	**-**	**221**
LIABILITIES		
Current liabilities		
Trade and other payables	-	79
Total current liabilities	**-**	**79**
TOTAL LIABILITIES	**-**	**79**

The company was liquidated in 2023.

34. Disposal groups held for sale (continued)

Rocket Leasing OOO, Belarus

At 31 December 2023, the entity was stated at fair value less costs to sell and comprised the following assets and liabilities.

	31.12.2023 EUR
ASSETS	
Other intangible assets	463
TOTAL NON-CURRENT ASSETS	**463**
Prepaid expense	13
Other receivables	153
Cash and cash equivalents	227
TOTAL CURRENT ASSETS	**393**
TOTAL ASSETS	**856**
LIABILITIES	
Current liabilities	
Advances received	303
Other liabilities	79
Total current liabilities	**382**
TOTAL LIABILITIES	**382**

Autotrade OOO, Belarus

At 31 December 2023, the entity was stated at fair value less costs to sell and comprised the following assets and liabilities.

	31.12.2023 EUR
ASSETS	
Other receivables	1 433
Cash and cash equivalents	1 031
TOTAL CURRENT ASSETS	**2 464**
TOTAL ASSETS	**2 464**
LIABILITIES	
Current liabilities	
Other liabilities	110
Total current liabilities	**110**
TOTAL LIABILITIES	**110**

MOGO Kredit LLC, Belarus

At 31 December 2023, the entity was stated at fair value less costs to sell and comprised the following assets and liabilities.

	31.12.2023 EUR
ASSETS	
Other intangible assets	304 241
Right-of-use assets	88 535
Property, plant and equipment	8 347
Deferred tax asset	290 860
Loans and advances to customers	54 013
Finance lease receivables	4 458 218
TOTAL NON-CURRENT ASSETS	**5 204 214**
Loans and advances to customers	93 269
Prepaid expense	31 849
Other receivables	4 094 941
Cash and cash equivalents	94 098
TOTAL CURRENT ASSETS	**4 314 157**
TOTAL ASSETS	**9 518 371**
LIABILITIES	
Non-current liabilities	
Borrowings	957 552
Total non-current liabilities	**957 552**
Current liabilities	
Borrowings	750 030
Advances received	2 262
Trade and other payables	6 889
Taxes payable	214 200
Other liabilities	49 484
Accrued liabilities	60 009
Total current liabilities	**1 082 874**
TOTAL LIABILITIES	**2 040 426**

35. Assets held for sale

Other assets held for sale	31.12.2023 EUR	31.12.2022 EUR
Repossessed collateral	745 910	1 133 041
Impairment allowance	(293 855)	(52 690)
	452 055	**1 080 351**

Changes in other assets held for sale	31.12.2022	Net changes during the year	31.12.2023
Repossessed collateral	1 080 351	(628 296)	452 055
TOTAL:	**1 080 351**	**(628 296)**	**452 055**

Repossessed collaterals are vehicles taken over by the Group in case of default by the Group's clients on the related lease agreements. After the default of the client, the Group has the right to repossess the vehicle and sell it to third parties. The Group does not have the right to repossess, sell or pledge the vehicle in the absence of default by Group's clients. The Group usually sells the repossessed vehicles within 90 days after repossession. There are no balances left unsold from previous reporting period.

36. Share capital and reserves

Share capital

The subscribed share capital of the Group amounts to EUR 1 000 500 and is divided into 100 050 000 shares fully paid up.

The movements on the Share capital caption during the year are as follows:

	Share capital EUR	**Number of regular Shares**	**Total number of Shares**
Opening balance as at 1 January 2022	**1 000 000**	**100 000 000**	**100 000 000**
Subscriptions	500	50 000	50 000
Redemptions	-	-	-
Closing balance as at 31 December 2022	**1 000 500**	**100 050 000**	**100 050 000**
Opening balance as at 1 January 2023	**1 000 500**	**100 050 000**	**100 050 000**
Subscriptions	-	-	-
Redemptions	-	-	-
Closing balance as at 31 December 2023	**1 000 500**	**100 050 000**	**100 050 000**

Foreign currency translation reserve

As explained in Note 2, foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Reserves

	31.12.2023 EUR	31.12.2022 EUR
Mandatory reserves in TIGO Finance DOOEL Skopje (North Macedonia)**	1 938 924	700 555
Resreve in Eleving Finance AS*	1 927 058	-
Mandatory reserves in OCN Sebo Credit SRL (Moldova)**	258 187	258 187
Mandatory reserves in Eleving Group S.A. (Luxembourg)**	100 050	100 050
Mogo IFN SA (Romania)**	52 940	52 940
Mandatory reserves in Mogo Loans SRL (Moldova)**	4 733	4 733
Mandatory reserves in Mogo LT UAB (Lithuania)**	2 897	2 897
Mandatory reserves in Next Fin LLC (Ukraine)**	2 842	2 842
TOTAL:	**4 287 631**	**1 122 204**

* - Reserve in Eleving Finance AS consists of 1 927 058 EUR. It was obtained during the integration of EC Finance Group SIA into the Groups equity. Additional information about the obtaining of EC Finance Group SIA is disclosed in Note 19.

** - further information disclosed in Note 2.

37. Provisions

Non-current	31.12.2023 EUR	31.12.2022 EUR
Provision for VAT liabilities in Latvia*	123 798	130 824
Provision for taxes and duties in Latvia*	33 518	21 285
TOTAL:	**157 316**	**152 109**

* Provision for taxes and duties in Latvia are calculated based on rates applied by tax body of Republic of Latvia and discounted with rate of 0.42% for estimated litigation process period of 2 years.

See Note 32 for more information.

Changes in provisions	01.01.2023	Additional provisions recognized	Unused provisions reversed	Provisions used	Unwinding of discount	31.12.2023
Provision for VAT liabilities in Latvia	130 824	-	-	(7 026)	-	123 798
Provision for taxes and duties in Latvia	21 285	12 233	-	-	-	33 518
	152 109	**12 233**	**-**	**(7 026)**	**-**	**157 316**

38. Borrowings

Non-current

Subordinated borrowings	*Interest rate per annum (%)*	*Maturity*	31.12.2023 EUR	31.12.2022 EUR
Eleving Group S.A. subordinated bonds nominal value[3]	12%+6m Euribor	29.12.2031	16 850 000	18 956 000
Bonds acquisition costs			(387 647)	(478 986)
		TOTAL:	**16 462 353**	**18 477 014**

Bonds	*Interest rate per annum (%)*	*Maturity*	31.12.2023 EUR	31.12.2022 EUR
Eleving Group S.A. bonds nominal value[1]	9.5%	18.10.2026	144 916 000	149 680 000
Eleving Group S.A. bonds nominal value[8]	13%	31.10.2028	46 667 200	-
Mogo AS 30m bonds nominal value[2]			-	29 196 000
Bond additional interest accrual			171 461	86 833
Bonds acquisition costs			(5 538 601)	(4 831 596)
		TOTAL:	**186 216 060**	**174 131 237**
Other borrowings				
Long term loan from banks[4]	6%+16%	up to December 2026	3 054 777	1 191 007
Lease liabilities for rent of premises[5]	2%-12%	up to 10 years	6 466 463	7 115 543
Lease liabilities for rent of vehicles[5]	2%-12%	up to 3 years	780 696	178 449
Financing received from P2P investors[6]	4.5% - 15.5%	up to June 2033	21 077 011	27 727 346
Lease liabilities for acquired rental fleet			-	2 307 245
Long term borrowings in Kenya[9]	9.5%-15.5%	21.06.2027	6 302 336	-
Other borrowings[7]	8.3%-15.5%	up to December 2026	2 198 622	198 184
Loan acquisition costs			(151 824)	(131 905)
		TOTAL:	**39 728 081**	**38 585 869**
		TOTAL NON CURRENT BORROWINGS:	**242 406 494**	**231 194 120**

Current

Other borrowings	*Interest rate per annum (%)*	*Maturity*	31.12.2023 EUR	31.12.2022 EUR
Financing received from P2P investors[6]	4.5% - 15.5%	up to June 2033	42 798 405	39 919 916
Mogo AS 30m bonds nominal value[2]	11%	31.03.2024	17 481 000	-
Accrued interest for bonds			3 675 421	2 930 892
Lease liabilities for rent of premises[5]	2%-12%	up to 10 years	3 763 479	2 659 706
Accrued interest for financing received from P2P investors			312 643	489 376
Lease liabilities for rent of vehicles[5]	2%-12%	up to 3 years	790 450	142 794
Short term loans from banks[4]	7.5% - 14%	October 2024	3 029 560	4 304 951
Accrued interest for loans from banks			15 906	60 914
Short term loans from non related parties	9.5%-20%	up to December 2024	12 428 261	1 462 811
Accrued interest for loans from non related parties			264 992	32 516
Other borrowings[7]	8.3%-15.5%	up to December 2024	11 244 485	7 289 026
Accrued interest for borrowings in Kenya			375 424	188 268
Lease liabilities for acquired rental fleet			-	633 063
		TOTAL:	**96 180 026**	**60 114 233**

38. Borrowings (continued)

1) On 18 October 2021, Eleving Group successfully issued a 5-year senior secured corporate bond (XS2393240887), listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange in 2023 for EUR 150 million at par with an annual interest rate of 9.5%. The bond will mature on 18 October 2026.

2) On 11 February 2021 subsidiary in Latvia - Mogo AS registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 30 million. With the purpose to refinance the previous bond issuance. The notes are issued at par, have a maturity at 31 of March, 2024 and carry a fixed coupon of 11% per annum, paid monthly in arrears. The note type on 11 March 2021 was changed to "publicly issued notes" and were listed on the regulated market of NASDAQ OMX Baltic.

3) On 29 December 2021 Eleving Group S.A. registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 25 million (XS2427362491). The notes are issued at par, have a maturity at 29 of December, 2031 and carry a coupon of 12% + 6 month Euribor per annum, paid monthly in arrears. On 7 March 2022 the bonds were listed on the First North unregulated bond market of NASDAQ OMX Baltic.

4) Loans from banks comprise loans received by:
-Mogo Armenia from Ardshinbank CJSC (Armenia). The loans are denominated in local currency with an interest rate of 7.5%-14%.
-OCN Sebo Credit SRL from bank in Moldova. The loan is denominated in local currency with an interest rate of 16%.
-Kredo Finance SHPK (Albania) from Union Bank JSC (Albania) in amount of ALL 150 million and from Tirana Bank JSC (Albania) in the amount of ALL 120 million and interest rate of 10%.
-SIA Spaceship from AS Industra Bank (Latvia) in the amount of EUR 1,8 million and interest rate 6%+6M EURIBOR.

5) Group has entered into several lease agreements for office premises and branches as well as several vehicle rent agreements, which are accounted under IFRS 16.

6) Attracted funding from P2P platform non-current/ current split is aligned with the related non-current/ current split of the lease or loan agreement which is assigned to investors through the P2P platform. Funds are transferred to Group's bank accounts once per week.

7) In June 2022, Mogo Auto Limited entered into an agreement for short term note program with Dry Associates Limited, where the later was to manage the placement of funds. The average rate of interest is 15.5% for notes issued in local currency (KES), while EUR and USD notes are issued at 8.3% and 9.3% respectively.

8) On 31 October 2023, Eleving Group successfully issued a 5-year senior secured corporate bond (DE000A3LL7M4), admitted to trading on Frankfurt Stock Exchange's and Nasdaq Riga Stock Exchange's regulated market, for EUR 50 million at par with an annual interest rate of 13%. The bond will mature on 31 October 2028.

9) On 21 June 2023 Mogo Auto Limited (Kenya) has attracted from VERDANT CAPITAL HYBRID FUND I GMBH & CO. a USD 7 million loan facility consisting of USD 5.5 million senior secured tranche and USD 1.5 million unsecured subordinated tranche. The senior secured tranche has an interest rate of 9.5% + 3m SOFR and the unsecured subordinated tranche of 15.5% + 3m SOFR. The loan facility matures on the fourth anniversary of the agreement.

Subordinated borrowings	01.01.2023	Cash flows	Foreign exchange effect	Other	31.12.2023
Eleving Group S.A. subordinated bonds nominal value	18 956 000	(2 106 000)	-	-	16 850 000
TOTAL SUBORDINATED BORROWINGS PRINCIPAL:	**18 956 000**	**(2 106 000)**	**-**	**-**	**16 850 000**

Other borrowings	01.01.2023	Cash flows	Foreign exchange effect	Other	31.12.2023
Bonds nominal value	178 876 000	30 188 200	-	-	209 064 200
Financing received from P2P investors	67 647 262	(15 266 084)	399 824	11 094 414	63 875 416
Loans from banks	5 495 958	830 421	(242 042)	-	6 084 337
Borrowings in Kenya	7 289 026	13 829 173	(3 571 378)	-	17 546 821
Lease liabilities for acquired rental fleet	2 940 308	(2 939 818)	(490)	-	-
Other borrowings	198 184	2 318 173	(317 735)	-	2 198 622
Short term loans from non related parties	1 462 811	(14 165 479)	5 112	25 125 817	12 428 261
Lease liabilities	10 096 492	(2 855 262)	(768 670)	5 328 528	11 801 088
TOTAL OTHER BORROWINGS PRINCIPAL:	**274 006 041**	**11 939 324**	**(4 495 379)**	**41 548 759**	**322 998 745**
TOTAL BORROWINGS PRINCIPAL:	**292 962 041**	**9 833 324**	**(4 495 379)**	**41 548 759**	**339 848 745**

Total cash flow of borrowings of EUR 9 833 324 consists of cash inflows EUR 288 281 493, cash outflows of EUR 275 592 907 and payments for lease liabilities in amount of EUR 2 855 262.

Acquisition costs and accrued interest	01.01.2023	Cash flows	Foreign exchange effect	Other	31.12.2023
Bonds acquisition costs	(5 310 582)	(2 740 283)	54 123	2 070 494	(5 926 248)
Loan acquisition costs	(131 905)	(175 599)	4 380	151 300	(151 824)
Acquisition costs of borrowings	(5 442 487)	(2 915 882)	58 503	2 221 794	(6 078 072)
Accrued interest for loans from non related parties	32 516	(1 640 802)	(2 997)	1 876 275	264 992
Accrued interest for financing received from P2P investors	489 376	(6 358 270)	17 670	6 163 867	312 643
Accrued interest for short term borrowings in Kenya	188 268	267 847	(80 691)	-	375 424
Additional bond interest accrual	3 017 725	(22 952 765)	-	23 781 922	3 846 882
Accrued interest for loan from bank	60 914	(605 537)	(4 507)	565 036	15 906
TOTAL ACQUISITION COSTS AND ACCRUED INTEREST:	**3 788 799**	**(31 289 527)**	**(70 525)**	**32 387 100**	**4 815 847**
TOTAL BORROWINGS:	**291 308 353**	**(24 372 085)**	**(4 507 401)**	**76 157 653**	**338 586 520**

38. Borrowings (continued)

Subordinated borrowings	01.01.2022	Cash flows	Foreign exchange effect	Other	31.12.2022
Eleving Group S.A. subordinated bonds nominal value	-	18 956 000	-	-	18 956 000
Bonds acquisition costs		(428 262)	-	(50 724)	(478 986)
TOTAL SUBORDINATED BORROWINGS PRINCIPAL:	**-**	**18 956 000**	**-**	**-**	**18 956 000**

Other borrowings	01.01.2022	Cash flows	Foreign exchange effect	Other	31.12.2022
Bonds nominal value	172 100 000	6 776 000	-	-	178 876 000
Financing received from P2P investors	62 008 307	4 278 100	1 360 855	-	67 647 262
Loans from banks	7 484 236	(3 041 825)	1 053 547	-	5 495 958
Short term borrowings in Kenya	-	7 705 929	(416 903)	-	7 289 026
Lease liabilities for acquired rental fleet	-	(3 367 670)	171	6 307 807	2 940 308
Lease liabilities	9 207 380	(2 350 758)	55 517	3 184 353	10 096 492
Short term loans from non related parties	1 818 887	(371 441)	15 365	-	1 462 811
Other borrowings	833 485	(658 985)	23 684	-	198 184
TOTAL OTHER BORROWINGS PRINCIPAL:	**253 452 295**	**8 969 350**	**2 092 236**	**9 492 160**	**274 006 041**
TOTAL BORROWINGS PRINCIPAL:	**253 452 295**	**27 925 350**	**2 092 236**	**9 492 160**	**292 962 041**

Total cash flow of borrowings of EUR 27 925 350 consists of cash inflows EUR 189 892 932, cash outflows of EUR 176 917 062 and payments for lease liabilities in amount of EUR 2 350 758.

Acquisition costs and accrued interest	01.01.2022	Cash flows	Foreign exchange effect	Other	31.12.2022
Bonds acquisition costs	(5 790 824)	(825 096)	-	1 305 338	(5 310 582)
Loan acquisition costs	(88 370)	(107 704)	(1 485)	65 654	(131 905)
Acquisition costs of borrowings	**(5 879 194)**	**(932 800)**	**(1 485)**	**1 370 992**	**(5 442 487)**
Accrued interest for loans from non related parties	42 255	(419 325)	306	409 280	32 516
Accrued interest for financing received from P2P investors	265 480	(5 611 045)	3 159	5 831 782	489 376
Accrued interest for short term borrowings in Kenya	-	199 036	(10 768)	-	188 268
Additional bond interest accrual	2 776 880	(22 223 458)	-	22 464 303	3 017 725
Accrued interest for loan from bank	66 895	(861 093)	10 772	844 340	60 914
TOTAL ACQUISITION COSTS AND ACCRUED INTEREST:	**3 151 510**	**(28 915 885)**	**3 469**	**29 549 705**	**3 788 799**
TOTAL BORROWINGS:	**250 724 611**	**(1 923 335)**	**2 094 220**	**40 412 857**	**291 308 353**

39. Prepayments and other payments received from customers

	31.12.2023 EUR	31.12.2022 EUR
Unallocated payments received*	785 587	200 851
Received deposits from customers	253 587	202 401
Overpayments from historical customers	36 926	37 239
Advances for sold cars	2 524	4 285
Payments received from ceased receivables	4 930	5 321
TOTAL:	**1 083 554**	**450 097**

* - Unallocated payments are payments received from former clients after contractual terms are ended and payments received which cannot be identified and allocated to a respective finance lease or loan and advance to customer balance at 31 December 2023.

40. Taxes payable

	31.12.2023 EUR	31.12.2022 EUR
Value added tax	917 821	753 111
Withholding tax	1 271 185	961 040
Social security contributions	503 980	458 259
Personal income tax	227 822	165 579
Other taxes	453 194	29 112
TOTAL:	**3 374 002**	**2 367 101**

41. Other liabilities

	31.12.2023 EUR	31.12.2022 EUR
Liabilities against employees for salaries	664 049	669 062
Deferred income	643 591	635 631
Liabilities for unpaid dividends to minority interest holders	-	94 269
Other liabilities	594 752	554 274
TOTAL:	**1 902 392**	**1 953 236**

42. Accrued liabilities

	31.12.2023 EUR	31.12.2022 EUR
Accrued unused vacation	1 895 772	1 658 599
Accruals for bonuses	2 174 311	1 425 036
Other accrued liabilities for received services	1 707 414	1 935 131
TOTAL:	**5 777 497**	**5 018 766**

43. Other financial liabilities

On 16 January 2020, the Group acquired an additional 2% interest in the shares of Mogo LLC (Georgia), increasing its ownership interest to 100%. As part of the purchase agreement with the previous non-controlling interest holder of Mogo LLC (Georgia), a contingent consideration has been agreed. There will be additional cash payments to the previous non-controlling interest holder of:

1) 2% of the net profit earned by Mogo LLC for the years 2019 through 2021;

2) Additional annual amounts of GEL 82 836 for the years 2019-2021.

As at the additional interest acquisition date, the fair value of the contingent consideration was estimated to be 212 988 EUR based on the expected probable outcome. During 2020, 2021 and 2022 the Group settled part of the liabilities. Value of remaining amount was reassessed and additional income was recognized in 2022.

The significant unobservable inputs used in the fair value measurement of the contingent consideration are disclosed in Note 3.

The contingent consideration liability is due for yearly measurement and payment to the former non-controlling interest holder after issuance of the respective year's annual report. Contingent consideration liability is recognized as follows:

	31.12.2023 EUR	31.12.2022 EUR
Current contingent consideration liability	-	39 575
TOTAL OTHER FINANCIAL LIABILITIES:	**-**	**39 575**

44. Related party disclosures

All ultimate beneficial shareholders and entities controlled or jointly controlled by these individuals or close family members of these individuals are deemed as related parties of the Group. All shareholders have equal rights in making decisions proportional to their share value.
As at 31 December 2023 and 31 December 2022 none of the ultimate beneficial owners individually controls the Group.

All transactions between related parties are performed according to market rates. Receivables and payables incurred are not secured with any kind of pledge.

More detailed information about transactions with related parties is provided in Notes 36 and 38.
Other related parties are entities which are under control or joint control of the shareholders of the Group, but not part of the Group.
The information related to remuneration of the Group`s Management Board and council members is provided in Note 13.

The income and expense items with related parties for 2023 were as follows:

Related party	Shareholder controlled companies EUR	Other related parties EUR
Interest income	221 079	-
Interest expenses	-	-
Sale of finance lease receivables to associated entities	-	1 008 330
Management services provided to associated entities	-	408 422

The income and expense items with related parties for 2022 were as follows:

Related party	Shareholder controlled companies EUR	Other related parties EUR
Interest income	331 650	-
Interest expenses	(7 776)	-
Sale of finance lease receivables to associated entities	-	1 643 137
Management services provided to associated entities	-	219 599

44. Related party disclosures (continued)

The receivables and liabilities with related parties as at 31.12.2023 and 31.12.2022 were as follows:

	31.12.2023 EUR	31.12.2022 EUR
Amounts owed by related parties		
Loans to related parties	-	3 153 617
Trade receivables*	424 589	180 899
Total	**424 589**	**3 334 516**
Amounts owed to related parties		
Unpaid dividends	-	94 269
Payables to related parties	275 584	350 625
Total	**275 584**	**444 894**

* Other short term receivables from related parties contain receivables for provided management services to equity accounted investees and subsidiaries in the process of acquisition.

Movement in amounts owed by related parties	Amounts owed by related parties EUR
Amounts owed by related parties as of 01 January 2022	6 735 013
Receivables repaid in period	(3 400 497)
Amounts owed by related parties as of 31 December 2022	3 334 516
Amounts owed by related parties as of 01 January 2023	3 334 516
Receivables repaid in period	(2 909 927)
Amounts owed by related parties as of 31 December 2023	424 589

Movement in amounts owed to related parties	Amounts owed to related parties EUR
Amounts owed to related parties as of 01 January 2022	17 606 094
Loans received in period	1 777 816
Loans repaid/settled in period	(19 078 054)
Interest calculated in period	7 776
Interest repaid in period	(7 776)
Change in other payables	44 769
Dividends calculated for minority shareholders	629 792
Dividends paid to minority shareholders	(535 523)
Amounts owed to related parties as of 31 December 2022	444 894
Amounts owed to related parties as of 01 January 2023	444 894
Change in other payables	(75 041)
Dividends calculated for shareholders	10 007 731
Dividends paid to minority shareholders	(10 102 000)
Amounts owed to related parties as of 31 December 2023	275 584

45. Commitments and contingencies

Externally imposed regulatory capital requirements

The Group considers both equity capital as well as borrowings a part of its overall capital risk management strategy.

The Group is subject to externally imposed capital requirements in several countries. The main requirements are listed below:

Albania

Acquired license on performing financing activities requires to maintain amount of equity at all times not lower than 10% of the total assets of the entity. Management of the Group monitors and increases the share capital if needed to satisfy this requirement.

Armenia

Acquired license on performing financing activities require:
1) To maintain minimum amount of statutory capital of 150mln AMD;
2) To maintain minimum amount of total capital of 150mln AMD;
3) To maintain minimum ratio of amounts of total capital and risk-weighted assets at 10%.
Management of the Group monitors and increases the share capital if needed to satisfy this requirement.

Romania

Acquired license on performing financing activities require to ensure the level of equity is not less than company's finance receivables portfolio divided 15 times. Management of the Group monitors and increases the share capital or issues subordinated loans l if needed to satisfy this requirement.

North Macedonia

Acquired license on performing financing activities require to ensure that the loan portfolio limit is set as share capital multiplied by 10.

45. Commitments and contingencies (continued)

Moldova
The non-bank credit organization is required to hold and maintain its own capital in relation to the value of the assets at any date in the amount of at least 5%.

Botswana
In terms of Regulation 6 of the Micro-Lending Regulations, any person applying to carry on a business as a micro lender shall have and maintain at all times a minimum financial balance of P20,000 (Twenty Thousand Pula)

Cooperation agreement with P2P platforms

Cooperation agreements with P2P platforms require to maintain positive amount of equity at all times in Albania, Armenia, Estonia, Georgia, Kenya, Latvia, Lithuania, Moldova, North Macedonia and Romania. Management of the Group monitors and increases the share capital if needed to satisfy this requirement.

The Group is subject to additional financial covenants relating to its attracted funding through P2P platform. Group is regularly monitoring respective indicators and ensures that covenants are satisfied. The Group is in compliance with these covenants at 31 December 2023 and 31 December 2022 and during the years.

Eleving Group S.A. bonds

There are restrictions in the prospectus for the bonds issued on the Frankfurt Stock exchange (ISIN (XS2393240887 and DE000A3LL7M4)). These financial covenants are the following:
(a) the Interest Coverage Ratio for the Relevant Period is at least 1.25;
(b) the Capitalization Ratio for the Relevant Period is at least 15%; and
(c) the Consolidated Net Leverage Ratio for the Relevant Period does not exceed 6.00x.

There are other limitations regarding additional and permitted debt, restricted and permitted payments, permitted loans and securities.

The Group is in compliance with all covenants during the entire reporting period.

Mogo AS bonds

There are restrictions in the prospectus for the bonds issued on the Nasdaq Baltic (ISIN: LV0000802452), namely, until the date of repayment thereof, Eleving Group shall undertake to maintain the following financial covenants:
(a) The Capitalization Ratio shall in any case be at least 15.00 per cent;
(b) The Interest Coverage Ratio shall be at least 1.25, calculated on twelve (12) consecutive calendar months.

During the reporting period the Group complied with all externally imposed capital requirements to which it was subjected to.

Other contingent liabilities and commitments

1) On 29 September 2017 the subsidiary in Armenia - Mogo UCO LLC entered into a pledge agreement over deposit and right of claim with Ardshinbank CJSC, establishing a pledge over the funds in the bank accounts of Mogo UCO LLC in favour of Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 29 September 2017.

2) On 2 November 2017 the subsidiary in Armenia Mogo UCO LLC entered into a pledge agreement over deposit and right of claim with Ardshinbank CJSC, establishing a pledge over the funds in the bank accounts of Mogo UCO LLC in favour of Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 2 November 2017.

3) On 26 February 2018 the subsidiary in Latvia mogo AS entered into a surety agreement with Ardshinbank CJSC and Mogo LLC, in order to secure Mogo LLC obligations towards Ardshinbank CJSC deriving from loan agreement concluded between Ardshinbank CJSC and Mogo LLC on 26 February 2018. The principal amount of the loan agreement is EUR 1 000 000.

4) Starting from 14 October 2021 Eleving Group and certain of its Subsidiaries entered into several pledge agreements with TMF Trustee Services GmbH, establishing pledge over shares of those Subsidiaries, pledge over present and future loan receivables of those Subsidiaries, pledge over trademarks of those Subsidiaries, general business pledge over those Subsidiaries, pledge over primary bank accounts if feasible, in order to secure Eleving Group obligations towards bondholders deriving from Eleving Group bonds (ISIN: XS2393240887). Subsequently additional pledgors were added who became material (subsidiaries with net portfolio of more than EUR 7 500 000 and represents at least 3% of the Net Loan Portfolio) according to terms and conditions of the bonds.

5) Starting from 14 October 2021 Eleving Group as Issuer and certain of its Subsidiaries (subsidiaries with net portfolio of more than EUR 7 500 000 and represents at least 3% of the Net Loan Portfolio) as Guarantors have entered into a guarantee agreement dated 14 October 2021 (as amended and restated from time to time) according to which the guarantors unconditionally and irrevocably guaranteed by way of an independent payment obligation to each holder of the Eleving Group bonds (ISIN: XS2393240887) the due and punctual payment of principal of, and interest on, and any other amounts payable under the Eleving Group bonds (ISIN: XS2393240887) offering memorandum.

6) On 27 November 2018 the subsidiary in Armenia Mogo UCO LLC entered into an agreement on pledge of right of claim and funds with Ardshinbank CJSC, pledging Mogo UCO LLC right of claim and funds, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 27 November 2017.

45. Commitments and contingencies (continued)

7) On 15 April 2019 Eleving Group S,A. as the guarantor and the subsidiary in Armenia - Mogo UCO LLC entered into a surety agreement with Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 2 November 2017.

8) On 31 July 2019 the subsidiary in Latvia - mogo AS entered into a commercial pledge agreement with Citadele banka AS, establishing a pledge over rights of claim arising from certain agreements concluded between mogo AS and its clients, to secure mogo AS, mogo OÜ and UAB mogo LT obligations towards Citadele banka AS deriving from the Credit line agreement dated 8 July 2019.

9) On 9 August 2019 the subsidiary in Estonia - mogo OÜ entered into a claims pledge agreement with Citadele banka AS, establishing a pledge over all present and future claims arising from certain agreements concluded between mogo OÜ and its clients, to secure mogo AS, mogo OÜ and UAB mogo LT obligations towards Citadele banka AS deriving from the Credit line agreement dated 8 July 2019.

10) On 9 September 2019 the subsidiary in Lithuania - UAB mogo LT entered into a contractual pledge agreement with Citadele banka AS, establishing a pledge over rights of claim arising from certain agreements concluded between UAB mogo LT and its clients, to secure mogo AS, mogo OÜ and UAB mogo LT obligations towards Citadele banka AS deriving from the Credit line agreement dated 8 July 2019.

11) On 26 September 2019 the subsidiary in Armenia - Mogo UCO LLC entered into a pledge agreement over right of claim with Ardshinbank CJSC, establishing a pledge over certain receivables of Mogo UCO LLC in favour of Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 2 November 2017.

12) On 22 July 2020 O.C.N. Sebo Credit issued guarantee favour of private individual Tamara Paun to secure repayment of the loan issued by Tamara Paun to Rodica Paun. The loan was used to provide a subordinated loan to O.C.N. Sebo Credit.

13) On 26 January 2021, Eleving Group S,A. signed a guarantee whereby Eleving Group S.A. undertook to guarantee the fulfilment of AS mogo obligations towards its creditors under AS mogo Bonds (ISIN: LV0000802452) and their Terms and Conditions.

14) The Group has signed Covenant Agreements with P2P platform companies AS Mintos Marketplace and Mintos Finance OU according to which the Group secures P2P platform's claims towards the subsidiaries if certain subsidiaries cooperating with P2P platform fail to perform their obligations. The claims are limited by amounts borrowed by each subsidiary.

15) The Group has signed Guarantee Agreements with P2P platform companies AS Mintos Marketplace, SIA Mintos Finance No.1 and Mintos Finance Estonia OU according to which the Group secures P2P platform's claims towards the subsidiaries if certain subsidiaries cooperating with P2P platform fail to perform their obligations. The claims are limited by amounts borrowed by each subsidiary.

16) Certain subsidiaries of the Group have entered into a commercial pledge agreements with SIA Mintos Finance No.1 and/or Mintos Finance Estonia OU, in order to secure those Group subsidiary obligations towards AS Mintos Marketplace, SIA Mintos Finance No.1 and Mintos Finance Estonia OU deriving from cooperation agreements entered into between the respective subsidiary and AS Mintos Marketplace, SIA Mintos Finance No.1 and/or Mintos Finance Estonia OU.

17) The Group has signed Guarantee Agreement with AS Citadele Banka according to which the Group secures AS Mogo, Primero Finance OU, and UAB Mogo LT liabilities towards AS Citadele Banka under Credit Line Agreement entered into with AS Citadele Banka on 8 July 2019 (as amended from time to time).

18) The Group's subsidiaries AS Renti (Latvia) and UAB Renti LT (Lithuania) have entered into commercial pledge agreements and guarantee agreements with AS Citadele Banka in order to secure AS Mogo, Primero Finance OU and UAB Mogo LT liabilities towards AS Citadele Banka under Credit Line Agreement entered into with AS Citadele Banka on 8 July 2019 (as amended from time to time).

19) The Group's subsidiary AS Eleving Vehicle Finance (Latvia) has entered into a put option agreement with Ropat Trust Company Limited according to which AS Eleving Vehicle Finance undertakes to purchase Mogo Auto Limited (Kenya) secured revolving loan notes up to two billion Kenya Shillings in case of default of Mogo Auto Limited under the terms and conditions of the short term notes programme and Mogo Auto Limited (Kenya) secured revolving loan notes up to two billion Kenya Shillings in case of default of Mogo Auto Limited under the terms and conditions of the medium term notes programme.

20) The Group's subsidiary AS Eleving Stella (Latvia) has entered into a guarantee agreement with SIA Citadele Leasing in order to secure SIA Citadele Leasing claims towards AS Renti under several financial leasing agreements entered between AS Renti and SIA Citadele Leasing.

21) The Group's subsidiary Mogo Auto Limited (Kenya) has entered into a deed of assignment and Ropat Trust Company Limited (acting on behalf of the noteholders) in order to secure Mogo Auto Limited (Kenya) liabilities towards the noteholders under the terms and conditions of Mogo Auto Limited (Kenya) secured revolving short term notes and medium term notes programmes.

22) Eleving Group has provided a guarantee to VERDANT CAPITAL HYBRID FUND I GMBH & CO. KG with the aim to secure punctual performance by Mogo Auto Limited (Kenya) of all Mogo Auto Limited (Kenya) obligations under the Finance Documents relating to USD 7 000 000 loan facility provided by VERDANT CAPITAL HYBRID FUND I GMBH & CO.

23) Mogo Auto Limited has entered into an account charge agreement creating a security interest over the accounts of Mogo Auto Limited and a fixed and floating charge agreement creating a security interest over specified receivable assets of Mogo Auto Limited in order to secure Mogo Auto Limited (Kenya) obligations under the Finance Documents relating to USD 7 000 000 loan facility provided by VERDANT CAPITAL HYBRID FUND I GMBH & CO.

45. Commitments and contingencies (continued)

24) The Group's subsidiary AS Eleving Vehicle Finance (Latvia) has entered into a guarantee agreement with AS Industra Bank according to which AS Eleving Vehicle Finance guarantees SIA Spaceship loan liabilities against AS Industra Bank in the total amount of for 918 825 EUR.

25) On 30 March 2023 Express Credit Cash Advance (Proprietary) Limited, registered in Namibia, has entered into Pledge and Cession Agreement (Account Pledge) establishing a pledge over the funds in the bank accounts of Express Credit Cash Advance (proprietary) Limited, and in Cession in Security agreement ceding the rights over Loan book and insurance, in favour of trustees of Private Capital Trust, in order to secure Express Credit Cash Advance (Proprietary) Limited obligations towards Private Capital Trust trustees deriving from Loan Agreement dated 30 March 2023.

26) On 6 May 2022 ExpressCredit (Pty) Limited, registered in Botswana, has signed Cession in Security Agreement No. LVMM/06-07-2021-125 with P2P platform company SIA Mintos Finance No. 8, ceding the rights over loan agreement portfolio (loan agreements entered into between ExpressCredit (Pty) Limited and its customers, book debts and loan receivables) to ensure timely and proper performance of obligations by ExpressCredit (Pty) Limited towards SIA Mintos Finance No. 8 derived from Cooperation Agreement dated 6 May 2022.

27) On 22 December 2021 ExpressCredit (Pty) Limited, registered in Botswana, has entered into Cession in Security agreement with Norsad Finance Limited, ceding the rights over book debts to ensure timely and proper performance of obligations by ExpressCredit (Pty) Limited towards Norsad Finance Limited derived from the Credit Facility Agreement dated 20 December 2020. In addition, with the Credit Facility Agreement simultaneously is also guarantee established by YesCash Group Limited (now - Eleving Consumer Finance Mauritius Ltd) to ensure proper performance of obligations by ExpressCredit (Pty) Limited in favour of Norsad Finance Limited.

28) Starting from 31 October 2023 Eleving Group and certain of its Subsidiaries entered into several pledge agreements with TMF Trustee Services GmbH, establishing pledge over shares of those Subsidiaries, pledge over present and future loan receivables of those Subsidiaries, pledge over trademarks of those Subsidiaries, general business pledge over those Subsidiaries, pledge over primary bank accounts if feasible, in order to secure Eleving Group obligations towards bondholders deriving from Eleving Group bonds (ISIN: DE000A3LL7M4).

29) Starting from 31 October 2023 Eleving Group as Issuer and certain of its Subsidiaries (subsidiaries with net portfolio of more than EUR 7 500 000 and represents at least 3% of the Net Loan Portfolio) as Guarantors have entered into a guarantee agreement dated 31 October 2023 according to which the guarantors unconditionally and irrevocably guaranteed by way of an independent payment obligation to each holder of the Eleving Group bonds (ISIN: DE000A3LL7M4) the due and punctual payment of principal of, and interest on, and any other amounts payable under the Eleving Group bonds (ISIN: DE000A3LL7M4).

30) On 18 December 2023 ACP CREDIT I SCA SICAV-RAIF has made available to MOGO IFN S.A. (Romania) a facility amounting to EUR 10 000 000. The ACP Facility has a 48-month maturity with an amortised loan repayment schedule and carries an interest rate of 11.6% in the first year, 10.8% in second year and 8% + 3m EURIBOR thereafter. The ACP Facility is secured with a movable mortgage on loan receivables and separate bank account of MOGO IFN S.A. (Romania), a commercial pledge over AS Eleving Stella subordinated loan receivables from MOGO IFN S.A. (Romania) and a guarantee from AS Eleving Vehicle Finance.

31) On the date of approval of these consolidated financial statements, one of the Group's companies located in Central Europe is subject to a tax audit by the relevant local body of authority, in order to verify the tax base for the period 2017-2022. Among the other matters, one of the Group's product (sale in installment with a financing element), which was active over the period of 2016 - 2020 (total sales volume 29 mEUR where the potential VAT effect under discussion is from zero (in positive scenario) and up to 10 million EUR (worst case scenario)) is analyzed, and more specifically, its treatment under relevant VAT legislation. Despite the high level of certainty that the selected tax treatment is correct and according to local legislation with no adverse fiscal implications, in 2016 the subsidiary of the Group has applied for the Binding Tax Ruling, to which the answer was received on July 2020. The Management of the Group has analysed the commentary and conditions disclosed in the mentioned Binding Tax Ruling, and decided that the actually applied VAT regime is fully compliant to VAT regulations and the possibility of cash outflows is remote. The tax audit was suspended on October 2023 for a period up to 6 months and is still on hold as at the reporting date, consequently, the Group does not have any tax audit conclusions. As at the reporting date, the Management of the Company believes that the outcome of the currently open tax audit is highly uncertain, thus the disclosure under Contingent liabilities selected.

46. Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Operational risks

The Group takes on exposure to certain operational risks, which result from general and specific market and industry requirements.

Compliance risk

Compliance risk refers to the risk of losses or business process disruption resulting from inadequate or failed internal processes systems, that have resulted in a breach of applicable law or other regulation currently in place.

Regulatory risks

Group's 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. Formal licences issued by respective regulators are required in all countries where the Group operates in, except for Lithuania, Georgia, Belarus, Moldova, Uzbekistan, Kazakhstan and Poland. The Group closely monitors all the changes in regulatory framework for each of the countries it operates in. The Group employs both in-house as well as outsourced legal specialists to assist in addressing any current or future regulatory developments that might have an impact on Group's business activities.

See further information on regulatory matters in Note 45.

46. Financial risk management (continued)

Anti-money laundering and Know Your Customer laws compliance risk

The Group is subject to anti-money laundering laws and related compliance obligations in most of the jurisdictions in which it does business. The Group has put in place local anti-money laundering policies in those jurisdictions where it is required under local law to do so and in certain other jurisdictions. As a financial institution, the Group is required to comply with anti-money laundering regulations that are generally less restrictive than those that apply to banks.
As a result, the Group often relies on anti-money laundering and know your customer checks performed by our customers' banks when such customers open new bank accounts, however Group has implemented further internal policies to minimise these risks. Group has put in place internal control framework to identify and report all suspicious transactions with a combination of IT based solutions and human involvement. Internal policies of the Group typically include customers' background check against sanctioned lists and other public sources as required by each local law.

Privacy, data protection compliance risk

The Group's business is subject to a variety of laws and regulations internationally that involve user privacy, data protection, advertising, marketing, disclosures, distribution, electronic contracts and other communications, consumer protection and online payment services. The Group has put in place an internal control framework consisting from a combination of IT based solutions and business procedures that are designed to capture any potential non-compliance matter before it has occurred and to ensure compliance with these requirements.

Market risks

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.

Financial risks

The main financial risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk, and credit risk.

Foreign currency risk

The Group accepts the currency risk by issuing loans in local currencies and funding local operations mostly with EUR. Further currency risk is managed transaction wise by avoiding unnecessary conversions back and forth to settle payments and invoices in EUR. Also Group is constantly looking for ways to fund local country operations with local currency funds.

The currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. 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 Armenia, Georgia, Moldova, Kenya, Uganda, and Uzbekistan, where 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 in those currencies. The Group has always operated with a forex loss being a legitimate and always present cost item that was adequately priced within each non-EUR country's product portfolio.
It is expected that Group's exposure to volatile foreign currencies will be continuing to decrease in future with Group's divestment of several of its subsidiaries. Additionally, the Group has started to proactively manage to foreign currency exposure risk towards USD, since in several of Group's largest markets local loan portfolios are linked to USD. The proactive management of USD exposure can be observed by forward contract purchases that have started already in 2020 and continued to do so in 2021, 2022 and 2023.

Assets and liabilities exposed to foreign currencies fluctuation risk as at 31 December 2023:

Currency	Assets in EUR	Equity and liabilities in EUR	Foreign exchange contracts in EUR	Net assets exposed to currency risk in EUR
ALL (Albania)*	38 142 013	(21 346 733)	-	16 795 280
AMD (Armenia)	14 299 457	(8 745 835)	-	5 553 623
BYR (Belarus)	1 431 951	(728 057)	-	703 895
GEL (Georgia)	21 436 604	(19 443 418)	-	1 993 186
KEL (Kenya)	32 364 407	(18 083 658)	-	14 280 749
MDL (Moldova)	40 113 979	(15 108 211)	-	25 005 768
MKD (North Macedonia)*	25 785 315	(11 070 868)	-	14 714 447
RON (Romania)*	34 578 737	(2 987 459)	-	31 591 278
UAH (Ukraine)	2 956 528	241 987	-	3 198 515
UGX (Uganda)	29 242 422	(5 236 855)	-	24 005 567
USD (Group)	35 436 845	(14 380 483)	(71 350 000)	(50 293 638)
UZS (Uzbekistan)	13 054 932	(1 505 292)	-	11 549 640
BWP (Botswana)	17 365 335	(7 999 159)	-	9 366 176
ZMW (Zambia)	5 007 424	(3 045 941)	-	1 961 483
LSL (Lesotho)	2 305 927	(14 519)	-	2 291 408
SZL (Eswatini)	2 366	(2 281)	-	84
NAD (Namibia)	9 588 106	(2 548 951)	-	7 039 156
TOTAL:	323 112 348	(132 005 732)	(71 350 000)	119 756 616
excluding currencies with currency rate fluctuations below 5% over the last three years	224 606 284	(96 600 673)	(71 350 000)	56 655 611

46. Financial risk management (continued)

Assets and liabilities exposed to foreign currencies fluctuation risk as at: 31 December 2022:

Currency	Assets in EUR	Equity and liabilities in EUR	Foreign exchange contracts in EUR	Net assets exposed to currency risk in EUR
ALL (Albania)*	31 573 312	(9 349 144)	-	22 224 169
AMD (Armenia)	14 439 159	(7 978 836)	-	6 460 323
BYR (Belarus)	2 628 647	(1 337 553)	-	1 291 094
GEL (Georgia)	18 689 286	(16 768 586)	-	1 920 700
KEL (Kenya)	38 210 405	(24 273 270)	-	13 937 136
MDL (Moldova)	38 935 104	(11 210 518)	-	27 724 586
MKD (North Macedonia)*	18 422 794	(9 570 040)	-	8 852 753
PLN (Poland)	16 394	949 488	-	965 882
RON (Romania)*	30 535 024	(2 664 561)	-	27 870 464
UAH (Ukraine)	4 021 395	(229 767)	-	3 791 628
UGX (Uganda)	24 637 543	(2 452 197)	-	22 185 346
USD (Group)	45 925 246	(3 193 334)	(79 183 826)	(36 451 914)
UZS (Uzbekistan)	9 391 474	(2 954 453)	-	6 437 021
TOTAL:	277 425 785	(91 032 772)	(79 183 826)	107 209 187
excluding currencies with currency rate fluctuations below 5% over the last three years	196 894 654	(69 449 027)	(79 183 826)	48 261 801

* - currency has not fluctuated more than 5% during last 3 years.

An analysis of sensitivity of the Group's net assets to changes in foreign currency exchange rates based on positions existing as at 31 December 2023 and 31 December 2022 and a simplified scenario of a +/- 5% change in respective currency to EUR exchange rates (which is considered a reasonable historical approximation of average currency fluctuations) is as follows*:

Foreign currency rate risk exposure	31.12.2023 in EUR	31.12.2022 in EUR
ALL currency	+/- 839 764	+/- 818 458
AMD currency*	+/- 555 362	+/- 220 919
BYR currency*	+/- 70 389	+/- 861 165
GEL currency*	+/- 199 319	+/- 185 824
KEL currency*	+/- 1 428 075	+/- 2 167 958
MDL currency	+/- 1 250 288	+/- 820 158
MKD currency	+/- 735 722	+/- 453 450
RON currency	+/- 1 579 564	+/- 752 241
UAH currency*	+/- 319 851	+/- 336 761
UGX currency*	+/- 2 400 557	+/- 1 120 150
USD currency	+/- 2 514 682	+/- 1 822 596
UZS currency*	+/- 1 154 964	+/- 588 600
BWP currency*	+/- 936 618	-
ZMW currency*	+/- 196 148	-
LSL currency*	+/- 229 141	-
SZL currency*	+/- 8	-
NAD currency*	+/- 703 916	-
TOTAL:	**+/- 15 114 368**	**+/- 10 148 280**

* - Due to historical fluctuations and higher risk of future significant fluctuations a higher sensitivity rate of 10% has been used for these currencies.

46. Financial risk management (continued)

An analysis of sensitivity of the Group's net profit to changes in foreign currency exchange rates based on positions existing as at 31 December 2023 and 31 December 2022 and a simplified scenario of a +/- 5% change in respective currency to EUR exchange rates (which is considered a reasonable historical approximation of average currency fluctuations) is as follows:

Foreign currency rate risk exposure	31.12.2023 in EUR	31.12.2022 in EUR
ALL currency	+/- 424 505	+/- 448 651
AMD currency	+/- 65 185	+/- 106 203
BWP currency	+/- 71 373	-
BYR currency	+/- 66 112	+/- 194 513
GEL currency	+/- 180 765	+/- 201 016
KEL currency	+/- 145 000	+/- 77 528
LSL currency	+/- 6 415	-
MDL currency	+/- 370 080	+/- 188 867
MKD currency	+/- 130 780	+/- 234 138
NAD currency	+/- 17 144	-
PLN currency	-	+/- 54 196
RON currency	+/- 8 719	+/- 75 068
SZL currency	+/- 4	-
UAH currency	+/- 27 118	+/- 160 591
UGX currency	+/- 138 308	+/- 102 425
UZS currency	+/- 30 127	+/- 81 535
ZMW currency	+/- 31 824	-
TOTAL:	**+/- 1 713 459**	**+/- 1 924 732**

The Group is not exposed to currency risk in Bosnia&Herzegovina since currency rate is fixed by national bank.

Interest rate risk

The Company is exposed to interest rate risk through its issued subordinated bond which carries a coupon of 12% plus 6 month Euribor and floating coupon notes in Kenya. However, due to its relatively low size in terms of total borrowings (5% from total borrowings as at end of 2023), which in turn are fixed rate, the Company believes its revenue will be sufficient to cover the increased borrowings costs from subordinated bonds.

Financial risks

Capital risk management

The Group considers both equity capital as well as borrowings a part of overall capital risk management strategy.
The Group manages its capital to ensure that it will be able to continue as going concern. In order to maintain or adjust the capital structure, the Group may attract new credit facilities or increase its share capital. The Group fulfils externally imposed equity capital requirements as stated in Note 45.

The Group monitors equity capital on the basis of the capitalization ratio as defined in Eurobond prospectus. This ratio is calculated as Net worth (the sum of paid in capital, retained earnings, reserves and shareholder loan) divided by Net Loan portfolio.
In order to maintain or adjust the overall capital structure, the Group may issue new bonds, borrow in P2P platform or sell assets to reduce debt.
The management of the borrowings is driven by monitoring and complying the lender imposed covenants as well as planning the further borrowing needs to ensure business development of the Group.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages its liquidity risk by arranging an adequate amount of committed credit facilities with related parties, P2P investors and by issuing bonds. The Group monitors daily cash flows and plans for milestone dates for cash outflows to cover major liabilities like semi-annual interest payments for Eurobonds. The Group regulates its issuances of new loans to ensure the adequate funds are available when upcoming larger settlement of liabilities is approaching.

46. Financial risk management (continued)

The table below presents the cash flows payable by the Group and to the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flow. Cash flow payable for borrowings includes estimated interest payments assuming principal is paid in full at maturity date.

As at 31.12.2023	Carrying value	Contractual cash flows				
		On demand	Up to 1 year	1-5 years	More than 5 years	Total
	EUR		EUR	EUR	EUR	EUR
Assets						
Cash in bank	27 470 468	27 470 468	-	-	-	**27 470 468**
Loans and advances to customers	201 201 552	-	218 357 460	205 275 806	20 309 858	**443 943 124**
Loans to related parties	-	-	-	-	-	**-**
Loans to non-related parties	-	-	-	-	-	**-**
Trade receivables	1 606 770	-	1 606 770	-	-	**1 606 770**
Other loans and receivables	374 357	-	180 096	27 826	-	**207 922**
Finance lease receivables	112 002 603	-	113 255 620	109 952 408	2 014 583	**225 222 611**
Total undiscounted financial assets	342 655 750	27 470 468	333 399 946	315 256 040	22 324 441	**698 450 895**
Liabilities						
Borrowings*	(322 124 166)	-	(114 282 330)	(293 195 656)	(6 626 662)	**(414 104 648)**
Other current liabilities	(10 988 315)	-	(10 988 315)	-	-	**(10 988 315)**
Total undiscounted financial liabilities	(333 112 481)	-	(125 270 645)	(293 195 656)	(6 626 662)	**(425 092 963)**
Net undiscounted financial assets/ (liabilities)	9 543 269	27 470 468	208 129 301	22 060 384	15 697 779	**273 357 932**

* - borrowings contain balances from P2P lenders which might require earlier repayment due to 'buy back' guarantee. Carrying amount of such liabilities is 63 875 416 EUR. See Note 2 for further information on 'buy back' guarantee.

As at 31.12.2022	Carrying value	Contractual cash flows				
		On demand	Up to 1 year	1-5 years	More than 5 years	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Assets						
Cash in bank	13 834 837	13 834 837	-	-	-	**13 834 837**
Loans and advances to customers	148 976 304	-	164 614 790	139 622 939	3 398 383	**307 636 112**
Loans to related parties	3 153 617	-	68 386	3 425 653	-	**3 494 039**
Trade receivables	2 662 513	-	2 662 513	-	-	**2 662 513**
Other loans and receivables	964 807	-	977 100	134 987	-	**1 112 087**
Finance lease receivables	133 978 390	-	124 597 759	118 383 869	3 985 790	**246 967 418**
Total undiscounted financial assets	303 570 468	13 834 837	292 920 548	261 567 448	7 384 173	**575 707 006**
Liabilities						
Borrowings*	(272 831 339)	-	(86 431 807)	(263 873 080)	(25 724 272)	**(376 029 159)**
Other current liabilities	(9 107 922)	-	(9 107 922)	-	-	**(9 107 922)**
Total undiscounted financial liabilities	(281 939 261)	-	(95 539 729)	(263 873 080)	(25 724 272)	**(385 137 081)**
Net undiscounted financial assets/ (liabilities)	21 631 207	13 834 837	197 380 819	(2 305 632)	(18 340 099)	**190 569 925**

* - borrowings contain balances from P2P lenders which might require earlier repayment due to 'buy back' guarantee. Carrying amount of such liabilities is 67 647 262 EUR. See Note 2 for further information on 'buy back' guarantee.

46. Financial risk management (continued)

Credit risk

The Group is exposed to credit risk through its finance lease receivables, loans and advances to customers, loans to related parties, trade and other receivables as well as cash and cash equivalents. Maximum credit risk exposure is represented by the gross carrying value of the respective financial assets. The key areas of credit risk policy cover lease granting process (including solvency check of the lease), monitoring methods, as well as decision making principles.

	31.12.2023 EUR	31.12.2022 EUR
Finance lease receivables	129 254 568	154 407 937
Loans and advances to customers	277 605 005	216 234 741
Loans to related parties	-	3 203 344
Trade and other receivables	4 694 748	5 088 519
Cash and cash equivalents	27 470 468	13 834 837
TOTAL:	**439 024 789**	**392 769 378**

The Group collateralizes the finance lease assets it finances and provides loans in amount of no more than 85% of the market values of the collateral.

The Group operates by applying a clear set of finance lease granting criteria. This criteria includes assessing the credit history of customer, means of lease 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 customer's solvency. The Group has developed lease monitoring process so that it helps to 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, provisions are being made.

The Group does not have a significant credit risk exposure to any single counterparty, but has risk to group of counterparties having similar characteristics.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group is maintaining a diversified portfolio. It's main product is subprime lease, however it is offering also near prime lease, as well as instalment loan and long-term rent products.

The concentration risk on Groups financial assets (based on net exposure) is the following:	31.12.2023 EUR	31.12.2022 EUR
Kenya	46 435 187	52 293 365
Moldova	37 935 566	36 714 279
Albania	36 941 231	30 055 233
Lithuania	34 308 971	29 074 031
Romania	33 481 634	29 900 672
Uganda	24 609 498	23 881 155
North Macedonia	23 518 504	17 490 859
Georgia	19 768 338	17 102 117
Botswana	16 288 324	-
Armenia	13 340 306	13 042 253
Uzbekistan	11 929 791	8 726 296
Estonia	11 360 545	12 021 428
Luxembourg	8 477 994	5 587 316
Namibia	8 477 667	-
Latvia	6 421 447	8 875 241
Zambia	4 156 237	-
Ukraine	2 468 167	3 522 776
Lesotho	2 046 890	-
Mauritius	679 367	-
Finland	7 720	97 738
Eswatini	2 366	-
Belarus	-	15 185 709
TOTAL:	**342 655 750**	**303 570 468**

Climate-related risk

'Climate-related risks' are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks), but due to their pervasive nature have been identified and managed by the Group on an overall basis.

The Group distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Group has incorporated Climate related risks into a broader ESG policy that aims to assess the materiality of focus areas as well as defines future goals for 2025 (including climate related ones). The Group also reports on the extent to which its portfolio is associated with economic activities that are eligible to qualify as environmentally sustainable under the EU Taxonomy regulation.

47. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Instruments within Level 1 include highly liquid assets and standard derivative financial instruments traded on the stock exchange.

Fair value for such financial instruments as Financial assets at fair value through profit and loss is mainly determined based on publicly available quoted prices (bid price, obtainable from Bloomberg system).

Instruments within Level 2 include assets, for which no active market exists, such as over the counter derivative financial instruments that are traded outside the stock exchange, bonds, as well as balances on demand with the central banks, balances due from banks and other financial liabilities. Bonds fair value is observable in Frankfurt Stock Exchange public information. Fair value of bank loans is based on effective interest rate which represents current market rate to similar companies. The management recognizes that cash and cash equivalents' fair value is the same as their carrying value therefore the risk of fair value change is insignificant.

Instruments within Level 3 include loans and receivables.

Fair value of finance lease receivables and loans and advances to customers is determined using discounted cash flow model consisting of contractual lease and loan cash flows that are adjusted by expectations about possible variations in the amount and timings of cash flows using methodology consistent with the expected credit loss determination as at 31 December 2023 to determine the cash flows expected to be received net of impairment losses. The pre-tax weighted average cost of capital (WACC) of the entity holding the respective financial assets is used as the basis for the discount rate. The WACC is based on the actual estimated cost of equity and cost of debt that reflect any other risks relevant to the leases and loans that have not been taken into consideration by the impairment loss adjustment described above and also includes compensation for the opportunity cost of establishing a similar lease or loan. An additional 1.5 to 4.1% is added to the discount rate as an adjustment to consider service costs of the portfolio that are not captured by the cash flow adjustments.

The annual discount rate was determined between 11.04% and 20.82% depending on the Group's component holding the respective financial asset. Impairment loss is estimated by applying PD and LGD rates, which are in line with ECL methodology described under 'The calculation of ECLs' (Note 2).

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's statement of financial position at their fair value:

	Carrying value 31.12.2023 EUR	Fair value 31.12.2023 EUR	Carrying value 31.12.2022 EUR	Fair value 31.12.2022 EUR
Assets for which fair value is disclosed				
Loans to related parties	-	-	3 153 617	3 153 617
Finance lease receivables	112 002 603	157 744 869	133 978 390	182 498 425
Loans and advances to customers	201 201 552	306 081 274	148 976 304	200 197 412
Other loans and receivables	374 357	374 357	964 806	964 806
Trade receivables	1 606 770	1 606 770	2 662 513	2 662 513
Other receivables	8 267 676	8 267 676	7 296 159	7 296 159
Cash and cash equivalents	27 470 468	27 470 468	13 834 837	13 834 837
Total assets for which fair value is disclosed	**350 923 426**	**501 545 414**	**310 866 626**	**410 607 769**
Liabilities for which fair value is disclosed				
Borrowings				
Eleving Group S.A. bonds	189 720 020	177 572 764	147 875 287	136 875 000
Mogo AS bonds	171 461	17 470 317	29 282 833	30 177 500
Lease liabilities for right-of-use assets	11 801 088	11 801 088	10 096 492	10 096 492
Long term loan from banks	6 084 337	6 084 337	5 495 958	5 495 958
Financing received from P2P investors	63 723 592	63 723 592	67 515 357	67 515 357
Other borrowings	50 623 668	50 623 668	12 565 412	12 565 412
Trade payables	2 224 873	2 224 873	1 646 248	1 646 248
Other liabilities	1 902 392	1 902 392	1 953 236	1 953 236
Total liabilities for which fair value is disclosed	**326 251 431**	**331 403 031**	**276 430 823**	**266 325 203**
Liabilities measured at fair value				
Other financial liabilities	-	-	39 575	39 575
Total liabilities measured at fair value and liabilities for which fair value is disclosed	**326 251 431**	**331 403 031**	**276 470 398**	**266 364 778**

47. Fair value of financial assets and liabilities (continued)

The table below specified analysis by fair value levels as at 31 December 2023 (based on their fair values):

	Level 1 31.12.2023 EUR	Level 2 31.12.2023 EUR	Level 3 31.12.2023 EUR	Level 1 31.12.2022 EUR	Level 2 31.12.2022 EUR	Level 3 31.12.2022 EUR
Assets for which fair value is disclosed						
Loans to related parties	-	-	-	-	-	3 153 617
Finance lease receivables	-	-	157 744 869	-	-	182 498 425
Loans and advances to customers	-	-	306 081 274	-	-	200 197 412
Other loans and receivables	-	-	374 357	-	-	964 806
Trade receivables	-	-	1 606 770	-	-	2 662 513
Other receivables	-	-	8 267 676	-	-	7 296 159
Cash and cash equivalents	27 470 468	-	-	13 834 837	-	-
Total assets for which fair value is disclosed	**27 470 468**	**-**	**474 074 946**	**13 834 837**	**-**	**396 772 932**
Liabilities for which fair value is disclosed						
Borrowings						
Loan from related parties	-	-	-	-	-	-
Eleving Group S.A. bonds	-	177 572 764	-	-	136 875 000	-
Mogo AS bonds	-	-	17 470 317	-	-	30 177 500
Lease liabilities for right-of-use assets	-	-	11 801 088	-	-	10 096 492
Long term loan from banks	-	-	6 084 337	-	-	5 495 958
Financing received from P2P investors	-	-	63 723 592	-	-	67 515 357
Other borrowings	-	-	50 623 668	-	-	12 565 412
Trade payables	-	-	2 224 873	-	-	1 646 248
Other liabilities	-	-	1 902 392	-	-	1 953 236
Total liabilities for which fair value is disclosed	**-**	**177 572 764**	**153 830 267**	**-**	**136 875 000**	**129 450 203**
Liabilities measured at fair value						
Other financial liabilities	-	-	-	-	-	39 575
Total liabilities measured at fair value and liabilities for which fair value is disclosed	**-**	**177 572 764**	**153 830 267**	**-**	**136 875 000**	**129 489 778**

Bonds issued by Eleving Group S.A. have been classified as Level 2 fair value measurement given that there are observable market quotations in markets. The market for Mogo AS bonds is not assessed as an active market thus classified as Level 3. Fair value of the bonds has been determined based on observable quotes.

There have been no transfers between fair value hierarchy levels during 2023 and 2022.

48. Share-based payments

General Employee Share Option Plan

The Group may grant share options of Subsidiaries to its employees. Share options are generally awarded on the first day of employment. The share options vest within four years time with front loaded vesting of 25% of the granted shares after one year of employment. The maximum term of options granted is 4 years.

Fair value of the respective share options

The fair value of share options granted is estimated at the date of grant. Group's management has assessed that the fair value of the respective share options, due to reasons described in Note 3 is not material. Accordingly, no expense and liability arising from these equity-settled share-based payment transactions is recognized.

The exercise price of the share options under typical circumstances is equal to the nominal price of the underlying shares. The contractual maximum term of the share options are till 2025. There are cash settlement alternatives. Given absence of an ongoing sale of subsidiaries or Eleving Group S.A. or any listing process initiated and any other relevant cash settlement events, cash settlement is considered not to be probable. The Group does not have a past practice of cash settlement for these awards and the Group does not have a present obligation to settle in cash.

48. Share-based payments (continued)

The following table illustrates the number and weighted average exercise prices of the General Employee share option plan:

	2023		2022	
	Number	Weighted average exercise price, EUR	Number	Weighted average exercise price, EUR
Outstanding at 1 January	**66**	**0.1**	**85**	**0.1**
Granted during the year	4	0.1	27	0.1
Fully vested during the year	-45	0.1	-30	0.1
Terminated due to failed vesting conditions	-2	-	-16	-
Outstanding at 31 December	**23**	**0.1**	**66**	**0.1**
Exercisable at the end of the period	-	-	-	-

Several employee share options have been exercised, expired and/or forfeited in accordance with the terms and conditions of the General Share Option plan, while a several other employee share options remain outstanding and may be exercised, expired and/or forfeited in the future. The table above does not include employee share options that have been granted during the year and exercised during the year or shares provided to the employees. Refer to note 1 for Eleving Group equity Interest percentage in the Group subsidiaries.

The exercise price for options outstanding at the end of the year was 0.1 EUR (2022: 0.1 EUR). The weighted average remaining contractual life for the share options outstanding as at 31 December 2023 is less than a year (2022: 1).

The main purpose of both share option plans is to attract and retain highly experienced employees for extensive period of time and build strong management team.

49. Segment information

For management purposes, the Group is organized into business units based on their geographical locations and on internal management structure, which is the basis for reporting system. During reporting year the Group reorganized Eleving Luna holding therefore its subsidiaries were transferred to Eleving Stella operating segments. These consolidated financial statements provide information on the following operating segments. Comparative figures reflect segments according to previous years structure.

- Eleving Stella. This is the major segment of the Group representing entities performing car financing activities in Latvia, Lithuania, Romania, Moldova, Georgia, Armenia and Estonia.
- Eleving Solis. This is the major segment of the Group representing entities performing car financing activities in Uzbekistan, Kenya and Uganda.
- Entities performing consumer loan financing activities. This is the major segment of the Group representing entities performing activities in Moldova, Albania, Ukraine, Botswana, Namibia, Zambia, Lesotho, Mauritius and Eswatini.
- Discontinued operations. This group includes entities from countries where the group has decided to exit from geographical markets. Countries include Bosnia&Herzegovina, Albania, Poland and Belarus.
- Other segments. This segment comprises Group's business lines with aggregate unconsolidated revenue below 10% of the total unconsolidated revenue of all operating segments.
- Other. The Group's financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments hence these are presented in "Other".

Management monitors mainly the following indicators of operating segments for the purpose of making decisions about resource allocation and performance assessment: net revenue, profit before tax, gross portfolio and impairment. Other segment is not monitored on segment level but on comprising subsidiaries level.

The Group`s Chief operating decision maker is Group`s CEO.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2022 or 2023.

Segment information below shows main income and expense items of profit and loss statement. Other smaller income and expense items are summarized and shown under 'Other income/(expense)' column.

49. Segment information (continued)

Segment information for the period ended on 31 December 2023 is presented below:

Operating segment	Interest income	Interest expenses	Impairment expense*	Other operating income	Other operating expense	Corporate income tax	Segment profit/(loss) for the period	Total assets	Total liabilities
Eleving Stella	45 721 926	(12 786 195)	(8 197 387)	8 000 373	(26 851 637)	(985 228)	4 901 852	197 861 294	143 052 784
Eleving Solis	58 952 956	(13 641 605)	(15 222 425)	4 205 343	(33 725 804)	(446 184)	122 281	103 835 772	106 286 739
Entities performing consumer loan financing	68 272 605	(8 088 821)	(15 222 530)	5 140 774	(25 160 192)	(4 745 215)	20 196 621	122 521 648	75 281 520
Discontinued operations	4 912 144	(1 296 305)	(137 513)	322 033	(2 350 208)	(291 447)	1 158 704	9 597 949	9 432 078
Other segments	(254 985)	(2 883 929)	(11 093 219)	11 440 883	(8 708 678)	(499)	(11 500 427)	27 812 078	20 526 637
Total segments	*177 604 646*	*(38 696 855)*	*(49 873 074)*	*29 109 406*	*(96 796 519)*	*(6 468 573)*	*14 879 031*	*461 628 741*	*354 579 758*
Other	18 434 908	(18 793 579)	(619 429)	7 531 774	(1 634 539)	(97 329)	4 821 806	214 687 811	207 017 742
Total	**196 039 554**	**(57 490 434)**	**(50 492 503)**	**36 641 180**	**(98 431 058)**	**(6 565 902)**	**19 700 837**	**676 316 552**	**561 597 500**
Adjustments and eliminations	(19 741 779)	19 990 990	11 805 202	(19 300 737)	9 461 587	-	2 215 263	(255 001 019)	(205 717 192)
Consolidated	**176 297 775**	**(37 499 444)**	**(38 687 301)**	**17 340 443**	**(88 969 471)**	**(6 565 902)**	**21 916 100**	**421 315 533**	**355 880 308**

* - includes net gain/(loss) from de-recognition of financial assets measured at amortized cost.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' line. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Revenue	2023 EUR
External customers (interest income and other income)	167 671 536
Inter-segment (interest income and other income)	39 042 516
TOTAL:	**206 714 052**

Reconciliation of profit	2023 EUR
Segment profit	14 879 031
Profit from other	*4 821 806*
Elimination of inter-segment revenue	*(39 042 516)*
Elimination of intragroup interest income	(20 025 671)
Elimination of intragroup income from dividends	(9 470 579)
Elimination of intragroup management services	(7 787 025)
Elimination of intragroup other income	(1 687 008)
Elimination of intragroup income from dealership commissions	(72 233)
Elimination of inter-segment expenses	*41 257 779*
Elimination of intragroup interest expenses	19 990 990
Elimination of intragroup management services	7 791 873
Elimination of intragroup other expenses	1 669 714
Elimination of impairment expenses	11 805 202
Consolidated profit for the period	21 916 100

Reconciliation of assets	31.12.2023 EUR
Segment operating assets	461 628 741
Loans to subsidiaries (assets of Other)	195 461 113
Other short term receivables (assets of Other)	19 226 698
Elimination of intragroup loans	(204 762 773)
Elimination of other intragroup receivables	(50 238 246)
Total assets	421 315 533

49. Segment information (continued)

Reconciliation of liabilities	31.12.2023 EUR
Segment operating liabilities	354 579 758
Borrowings (liabilities of Other)	190 139 431
Other liabilities (liabilities of Other)	16 878 311
Elimination of intragroup borrowings	(204 762 772)
Elimination of other intragroup accounts payable	(954 420)
Total liabilities	355 880 308

Segment information for the period ended on 31 December 2022 is presented below:

	Interest income	Interest expenses	Impairment expense*	Other operating income	Other operating expense	Corporate income tax	Segment profit for the period	Total assets	Total liabilities
Eleving Luna	17 415 966	(2 125 014)	(1 846 290)	1 725 491	(6 814 332)	(867 905)	7 487 916	57 732 507	33 111 321
Eleving Stella	29 816 651	(9 981 813)	(3 228 349)	7 299 677	(21 365 869)	(1 328 382)	1 211 915	124 402 945	96 259 253
Eleving Solis	60 058 372	(11 554 301)	(14 033 572)	2 007 801	(32 162 136)	(2 201 246)	2 114 918	105 008 164	106 171 884
Entities performing consumer loan financing	57 056 572	(5 517 390)	(21 817 413)	1 996 930	(20 709 909)	(2 446 095)	8 562 695	84 750 466	52 203 107
Discontinued operations	379 996	(482 770)	231 945	(120 883)	(1 925 737)	-	(1 917 449)	1 727 252	1 285 107
Other segments	(108 514)	(3 743 296)	(421 145)	8 852 658	(8 011 183)	(4 400)	(3 435 880)	44 378 729	41 407 825
Total segments	164 619 043	(33 404 584)	(41 114 824)	21 761 674	(90 989 166)	(6 848 028)	14 024 115	418 000 063	330 438 497
Other	20 601 038	(20 184 534)	(288 513)	2 031 859	(2 015 362)	(4 815)	139 673	167 039 960	168 935 518
Total	**185 220 081**	**(53 589 118)**	**(41 403 337)**	**23 793 533**	**(93 004 528)**	**(6 852 843)**	**14 163 788**	**585 040 023**	**499 374 015**
Adjustments and eliminations	(22 703 225)	22 457 469	115 278	(9 111 655)	9 686 897	-	444 765	(223 989 294)	(192 396 586)
Consolidated	**162 516 856**	**(31 131 649)**	**(41 288 059)**	**14 681 878**	**(83 317 631)**	**(6 852 843)**	**14 608 553**	**361 050 729**	**306 977 429**

* - includes net gain/(loss) from de-recognition of financial assets measured at amortized cost.

Revenue	2022 EUR
External customers (interest income and other income)	154 565 837
Inter-segment (interest income and other income)	31 814 880
TOTAL:	**186 380 717**

Reconciliation of profit	2022 EUR
Segment profit	14 024 115
Profit from other	*139 673*
Elimination of inter-segment revenue	*(31 814 880)*
Elimination of intragroup interest income	(22 447 811)
Elimination of intragroup income from dividends	(921 845)
Elimination of intragroup management services	(6 866 107)
Elimination of intragroup other income	(1 584 726)
Elimination of intragroup income from dealership commissions	5 609
Elimination of inter-segment expenses	*32 259 645*
Elimination of intragroup interest expenses	22 457 469
Elimination of intragroup management services	7 208 923
Elimination of intragroup other expenses	2 477 975
Elimination of impairment expenses	115 278
Consolidated profit for the period	14 608 553

49. Segment information (continued)

Reconciliation of assets	31.12.2022 EUR
Segment operating assets	418 000 063
Loans to subsidiaries (assets of Other)	161 319 003
Loans to non related parties (assets of Other)	3 114 230
Other short term receivables (assets of Other)	2 606 727
Elimination of intragroup loans	(191 634 833)
Elimination of other intragroup receivables	(32 354 461)
Total assets	361 050 729
Reconciliation of liabilities	
Segment operating liabilities	330 438 497
Borrowings (liabilities of Other)	150 235 344
Other liabilities (liabilities of Other)	18 700 174
Elimination of intragroup borrowings	(191 640 390)
Elimination of other intragroup accounts payable	(756 196)
Total liabilities	306 977 429

50. Events after balance sheet date

Since the last day of the reporting year several significant events took place:

1) The Group successfully settled its liabilities for its 30 million EUR bonds issued in Latvia on 2 April 2024.

2) On 10 April 2024, the Group listed its 2021/2026 bonds (ISIN XS2393240887) with a coupon rate of 9.5% and maturity in 2026 on Nasdaq Riga regulated bond market.

3) In January and February, 2024 Eleving Solis AS (Parent entity to operating entities in Kenya and Uganda) entered into currency hedging agreements with FOREX service provider MFX Solutions, Inc. Exposure to EUR/KES and EUR/UGX currency pairs amounting to EUR 30M was hedged with 6 to 12 month non-deliverable forward contracts.

4) In January 2024, the Group received all the necessary approvals from Belarusian government authorities with respect to the sale of entities in Belarus. The sale is expected to be finished within 2024 once all aspects of the transaction, including asset refinance, will be implemented. As at the moment of the signing of these consolidated financial statements 5.2 million EUR worth of assets have already been refinanced and respective liabilities against the Group settled. Outstanding amount of the liabilities against the Group to be settled in future are 0.7 million EUR.

As of the last day of the reporting year until the date of signing these integrated consolidated financial statements there have been no other events requiring adjustment of or disclosure in the statements or Notes thereto.

51. Alternative performance measures (unaudited)

This Integrated report provides, as incorporated in these consolidated financial statements, alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards as adopted by the EU. We believe these APMs provide readers with important additional information on our business. To support this, we have included, a reconciliation of the APMs we use where relevant and a glossary indicating the APMs that we use, an explanation of how they are calculated. These numbers are unaudited.

APM	Definition
Capitalization ratio	Total equity (incl. subordinated loans/bonds)/net loan portfolio (excl. rental fleet)
EBITDA	Profit from continuing operations for the period before corporate income tax and deferred corporate income tax, interest expense, amortization and depreciation, and net foreign exchange result
Interest coverage ratio	Last twelve-month Adjusted EBITDA/interest expense less Eurobonds acquisitions costs and subordinated loans/bonds interest expense
Net leverage	Sum of non-current and current borrowings (excl. lease liabilities for rent of vehicles and premises and subordinated debt/bonds) less cash and cash equivalents / last twelve-month Adjusted EBITDA
Net loan portfolio	Sum of rental fleet, non-current and current finance lease receivables and loans and advances to customers
Net profit before FX	Net profit for the period before net foreign exchange result
Revenue	Sum of interest revenue, fee and commission income related to financing activities and revenue from leases

Capitalization ratio	2023	2022	2021	2020	2019
Total Equity	65 435 225	54 073 300	31 390 094	22 238 223	20 469 430
Subordinated loans/bonds	16 462 353	18 477 014	17 300 238	12 126 467	6 782 061
Net loan portfolio	313 204 155	282 954 694	234 851 859	186 890 484	180 086 142
Capitalization ratio	**26.1%**	**25.6%**	**20.7%**	**18.4%**	**15.1%**

EBITDA	2023	2022	2021	2020	2019
Profit from continuing operations	21 916 100	14 608 552	11 205 675	1 647 029	487 970
Corporate income tax	(8 324 461)	(9 004 133)	(6 932 013)	(709 012)	(1 331 785)
Deferred corporate income tax	1 758 559	2 151 290	815 335	1 012 121	679 531
Net foreign exchange result	(6 385 833)	(7 422 727)	1 095 031	(11 061 815)	(275 386)
Amortization and depreciation	9 442 554	8 063 484	7 399 657	5 347 054	3 295 383
Interest expense	(37 499 444)	(31 131 649)	(29 022 570)	(24 877 404)	(19 795 373)
EBITDA	**81 809 833**	**68 079 255**	**52 649 549**	**42 630 193**	**24 506 366**
(Gain)/Loss from subsidiary sale	-	805 957	-	(2 270 197)	-
Loss from cancelled acquisition in Kosovo	-	-	960 237	-	-
Amortization of acquisitions' fair value gain	-	-	3 183 838	3 365 103	-
Bonds refinancing expense	-	-	5 667 930	-	-
Warrant repurchase from Mezzanine Management	-	-	-	2 546 353	-
Gain from acquisitions	-	-	-	(11 473 296)	-
Non-controlling interests	(4 356 389)	(3 311 445)	(5 002 715)	426 199	(222 254)
Adjusted EBITDA	**77 453 444**	**65 573 767**	**57 458 839**	**35 224 355**	**24 284 112**

Interest coverage ratio	2023	2022	2021	2020	2019
Interest expense	37 499 444	31 131 649	29 022 570	24 877 404	19 795 373
Interest expense from subordinated loans/bonds	2 774 925	2 233 276	1 735 481	344 406	229 978
Bonds issuance costs	1 259 773	1 079 908	2 142 668	1 938 791	1 323 571
Interest coverage ratio	**2.3**	**2.4**	**2.3**	**1.6**	**1.3**

Net leverage	2023	2022	2021	2020	2019
Non-current borrowings, less:	242 406 494	231 194 120	229 757 374	166 696 463	187 478 935
Subordinated loans/bonds	*16 462 353*	*18 477 014*	*17 300 238*	*12 126 467*	*6 782 061*
Non-current lease liabilities for rent of premises	*6 466 463*	*7 115 543*	*6 612 744*	*5 682 880*	*6 520 497*
Non-current lease liabilities for rent of vehicles	*780 696*	*178 449*	*93 446*	*42 135*	*78 085*
Current borrowings, less:	96 180 026	60 114 233	38 267 475	76 537 465	34 770 910
Current lease liabilities for rent of premises	*3 763 479*	*2 659 706*	*2 443 778*	*2 013 871*	*1 263 024*
Current lease liabilities for rent of vehicles	*790 450*	*142 794*	*57 412*	*56 425*	*83 937*
Cash and cash equivalents	*27 470 468*	*13 834 837*	*10 127 087*	*9 315 430*	*8 656 530*
Net leverage	**3.7**	**3.8**	**4.0**	**6.1**	**8.2**

51. Alternative performance measures (continued)

Net loan portfolio	2023	2022	2021	2020	2019
Rental fleet	7 085 928	10 008 495	10 700 138	14 549 784	13 492 048
Non-current finance lease receivables	59 798 508	72 102 729	64 417 410	60 433 229	78 213 431
Non-current loans and advances to customers	95 055 945	67 832 121	54 708 877	37 935 401	40 077 725
Current finance lease receivables	52 204 095	61 875 661	47 942 305	34 025 363	37 938 035
Current loans and advances to customers	106 145 607	81 144 183	67 783 267	54 496 491	23 856 951
Net loan portfolio	**320 290 083**	**292 963 189**	**245 551 997**	**201 440 268**	**193 578 190**

Net profit after FX	2023	2022	2021	2020	2019
Profit from continuing operations	21 916 100	14 608 552	11 205 675	1 647 029	487 970
Net profit after FX	**21 916 100**	**14 608 552**	**11 205 675**	**1 647 029**	**487 970**
(Gain)/Loss from subsidiary sale	-	805 957	960 237	(2 270 197)	-
Amortization of acquisitions' fair value gain	-	-	3 183 838	3 365 103	-
Bonds refinancing expense	-	-	5 667 930	-	-
Warrant repurchase from Mezzanine Management	-	-	-	2 546 353	-
Gain from acquisitions	-	-	-	(11 473 296)	-
One off solidarity tax payment in North Macedonia	1 151 000	-	-	-	-
Adjusted Net profit after FX	**23 067 100**	**15 414 509**	**21 017 680**	**(6 185 008)**	**487 970**

Net profit before FX	2023	2022	2021	2020	2019
Profit from continuing operations	21 916 100	14 608 552	11 205 675	1 647 029	487 970
Net foreign exchange result	(6 385 833)	(7 422 727)	1 095 031	(11 061 815)	(275 386)
Net profit before FX	**28 301 933**	**22 031 279**	**10 110 644**	**12 708 844**	**763 356**
(Gain)/Loss from subsidiary sale	-	805 957	960 237	(2 270 197)	-
Amortization of acquisitions' fair value gain	-	-	3 183 838	3 365 103	-
Bonds refinancing expense	-	-	5 667 930	-	-
Warrant repurchase from Mezzanine Management	-	-	-	2 546 353	-
Gain from acquisitions	-	-	-	(11 473 296)	-
One off solidarity tax payment in North Macedonia	1 151 000				
Adjusted Net profit before FX	**29 452 933**	**22 837 236**	**19 922 649**	**4 876 807**	**763 356**

Revenue	2023	2022	2021	2020	2019
Interest revenue	176 297 775	162 516 856	139 857 244	73 685 522	57 513 922
Fee and commission income related to financing activities	8 968 142	7 743 433	7 317 048	5 040 256	3 788 912
Revenue from leases	4 067 111	5 421 567	6 549 933	6 247 484	3 992 485
Revenue	**189 333 028**	**175 681 856**	**153 724 225**	**84 973 262**	**65 295 319**
Amortization of acquisitions' fair value gain	-	-	3 183 838	3 365 103	-
Adjusted revenue	**189 333 028**	**175 681 856**	**156 908 063**	**88 338 365**	**65 295 319**

Signed on behalf of the Group on 29 April 2024 by:

Māris Kreics
Type A director

Sébastien Jean-Jacques J. François
Type B director

Report of the réviseur d’entreprises agréé

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Shareholders of
Eleving Group
Société anonyme
8-10, Avenue de la Gare
L - 1610 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Eleving Group and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the "*réviseur d'entreprises agréé*" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How the Key Audit Matter was addressed in our audit*
Impairment allowance for "Finance lease receivables" and "Loans and advances to customers"	
The total net value of "Finance lease receivables" and "Loans and advances to customers" (together the "portfolio") amounts to EUR 313 204 155 and represents approximately 74% of the Group's total assets at 31 December 2023 (31 December 2022: EUR 282 954 694 and approximately 78%). The portfolio consists mainly of both secured and unsecured loans. The Group's management estimates the amount of the impairment allowance in accordance with the expected credit loss (ECL) model under IFRS 9. Expected credit losses for the entire portfolio are determined by grouping them, applying modelling techniques based on historical loss rates and changes in the portfolio's risk characteristics adjusted for forward-looking information. The main parameters used in the model include those related to probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD'). Management needs to make critical judgements in order to identify, in a timely manner, portions of the portfolio with significant increases in credit risk and impaired exposures. In view of the above, we have identified this as a key audit matter.	**Our audit procedures included amongst others:** • We tested control environment related to the approval and issuance of loans, the identification of defaults and the collection of debts. • We engaged IT specialists to test the overall IT environment and the effectiveness of controls over the systems supporting portfolio accounting and ECL calculation. • We tested the accounting policies, management assumptions and data used to estimate the probability of default and loss given default rates. We tested the completeness and accuracy of the data used to calculate the provision for impairment losses. • We tested selected key controls over the validation and posting of credits and the testing and validation of key ECL model inputs and outputs. • We also tested management's assessment of the impact of macro factors on the quality of the loan portfolio and other related considerations. • We performed other substantive and analytical procedures. • We tested the completeness and accuracy of the disclosures relating to originated loans, impairment allowance and losses in the notes to the consolidated financial statements.

Interest income recognition	
For the year ended 31 December 2023, interest income from "Finance lease receivables" and "Loans and advances to customers" totaled EUR 176 297 775 and represented approximately 92% of the Group's total income and other revenue (31 December 2022: EUR 162 516 856 and approximately 91%). In accordance with IFRS 9 - Recognized interest income is determined using the effective interest rate ("EIR") method. In determining the amount of interest income, the Group uses a model whereby automatically calculated interest amounts are manually adjusted based on the contractual interest rate to reflect the additional costs incurred in entering into the lease and loan agreement in the EIR measurement and the resulting interest income is recognized in the income statement. The calculation of interest income is performed using sophisticated information technology systems that process frequently updated and voluminous data. In view of the above, we have identified this as a key audit matter.	**Our audit procedures included amongst others:** • We tested the accounting policies, management assumptions and inputs used in the recognition of interest income. • We engaged IT specialists who tested the effectiveness of the overall IT environment and controls over the systems supporting the calculation of interest income. • We tested the design and implementation of selected controls over the interest revenue recognition process, controls over the application of appropriate contractual interest rates and other contractual terms in the interest revenue recognition process and controls over the review and validation of manual accounting entries used in the EIR valuation. • We performed other substantive and analytical procedures. • We tested the completeness and accuracy of the disclosures relating to interest income in the notes to the consolidated financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of "*réviseur d'entreprises agréé*" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "*réviseur d'entreprises agréé*" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "*réviseur d'entreprises agréé*" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *"réviseur d'entreprises agréé"* to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"réviseur d'entreprises agréé"*. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as *"réviseur d'entreprises agréé"* by the Annual General Meeting of the Shareholders held on 2 May 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2023, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Luxembourg, 30 April 2024

BDO Audit
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