

MOGO LLC and its subsidiary
Consolidated Financial Statements

Together with Independent Auditor's Report

Year ended 31 December 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of Mogo LLC

Independent auditor's opinion on the consolidated financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Mogo LLC (hereinafter the Company), and its subsidiary (hereinafter the Group) which comprise the consolidated statement of financial position as at 31 December 2024 and consolidated statements of comprehensive income, consolidated changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

As described in Note 23 (Taxation contingencies) to the consolidated financial statements, the Group has appealed the final decision issued by the Georgian tax administration regarding to the tax audit for the years 2016, 2017, and 2018 at the Tbilisi City Court. The group considers it is probable that the taxation authority will take into consideration the tax treatment of the Group's related party transactions. However, this judgement is not appropriately supported by the respective tax litigation practice and significant economic benefit outflow is expected from the Group. Reflection of an effect of the uncertain tax treatment is required by International Financial Reporting Standard IAS 12 Income Taxes and IFRIC 23 Uncertainty over Income Tax Treatments: if the Group concludes that it is not probable that a particular tax treatment is accepted by the taxation authority, the Group has to use most likely amount or the expected value of the tax treatment. The decision made by the management of the Group in previous year caused above mentioned circumstance. Due to this fact, our opinion on the current period's consolidated financial statements is modified. Had such tax consequences been recognized, the effect would have been to increase a tax liability and decrease retained earnings with the amount of GEL2,732 thousand as at 31 December 2024 (as at 31 December 2023: GEL2,700).

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw our attention to Note 1 of the consolidated financial statements, which describes the fact that according to law of Georgia on Accounting, Reporting and Audit the Group is required to prepare and present the Company's separate financial statements. The Group's subsidiary did not conduct substantial operations during 2024, also it did not hold substantial assets and liabilities at the end of the reporting year. Therefore, the management believes that Group's consolidated financial statements are not materially different from the separate financial statements of the Company. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management 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 management 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 consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, 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 management.
- Conclude on the appropriateness of management'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 auditor's report 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 auditor's report. 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 or 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is

A handwritten signature in blue ink, appearing to read 'D. Darsavelidze', is written over a horizontal line.

Davit Darsavelidze (SARAS-A-735032)

For and on behalf of BDO Audit LLC

Tbilisi, Georgia

16 May 2025

MOGO LLC AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(In Georgian Lari)

	Note	31.12.2024	31.12.2023* (restated)
Assets			
Cash at bank	7	2,163,407	9,251,851
Investments in debt securities	8	8,978,054	-
Loans and advances to customers	9	56,501,143	49,523,611
Tax assets		2,788,657	3,151,268
Other receivables	10	1,329,276	1,220,548
Right-of-use assets	11	1,151,548	1,557,784
Property and equipment	11	154,890	36,755
Total assets		73,066,975	64,741,817
Liabilities and Equity			
Liabilities			
Loans and borrowings	12	883,942	4,607,709
Provision for financial guarantee	13	-	1,080
Lease liabilities	14	1,208,657	1,516,283
Other liabilities	15	1,101,981	979,392
Total liabilities		3,194,580	7,104,464
Equity			
Share capital	16	200,000	200,000
Other reserves	16	-	(233,845)
Retained earnings		69,673,359	57,673,078
Currency translation reserve		(1,745)	(1,842)
Attributable owners of the parent		69,871,614	57,637,391
Non-controlling interest		781	(38)
Total equity		69,872,395	57,637,353
Total owner's equity and liabilities		73,066,975	64,741,817

(*) Consolidated statement of financial position as at 31 December 2023 is restated, please refer to Note 6.

Notes on pages 10 - 41 are the integral part of these consolidated financial statements.

MOGO LLC AND IT'S SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(In Georgian Lari)

	Note	2024	2023* (restated)
Interest income calculated using EIR method	17	22,937,575	19,364,544
Interest expense calculated using EIR method	17	(168,203)	(378,795)
Net interest income		22,769,372	18,985,749
Credit loss expense	18	(5,471,290)	(4,445,737)
Net interest income after credit loss expense		17,298,082	14,540,012
Fee and commission income	19	5,458,405	4,555,342
Loss from sale of financial assets		(186,728)	(205,088)
Selling expense	20	(759,006)	(549,407)
General and administrative expense	21	(9,194,082)	(7,972,673)
Operating profit		12,616,671	10,368,186
Net foreign exchange loss		(381,728)	(29,359)
Profit for the year		12,234,943	10,338,827
Other comprehensive income			
Foreign exchange gain/ (loss) arising on translation foreign operations		99	(1,880)
Other comprehensive income for the year		12,235,042	10,336,947
Net profit for the year attributable to:			
Owners of the parent		12,234,126	10,338,827
Non-controlling interest		817	-
		12,234,943	10,338,827
Total comprehensive income attributable to:			
Owners of the parent		12,234,223	10,336,985
Non-controlling interest		819	(38)
		12,235,042	10,336,947

(*) Consolidated statement of comprehensive income for the year ended 31 December 2023 is restated, please refer to Note 6.

The consolidated financial statements for the year ended 31 December 2024 were approved on behalf of the management on 16 May 2025 by:

Director	_____	Davit Mezvrishvili
Chief Accountant	_____	Nato Vachnadze

Notes on pages 10 - 41 are the integral part of these consolidated financial statements.

MOGO LLC AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(In Georgian Lari)

	Note	2024	2023
Cash flows from operating activities:			
Profit for the year		12,234,943	10,338,827
Adjustment for:			
Depreciation and amortisation	11	650,878	719,980
Interest expense	17	168,203	378,795
Interest income on debt securities		(148,271)	-
(Gain)/Loss on disposal of property and equipment and ROUA		(3,040)	292
Income from guarantees	13	(1,080)	(48,901)
Credit loss expense	18	5,471,290	4,445,737
Net foreign exchange loss/(gain)		381,728	(29,359)
Operating cash flows before working capital changes		18,754,651	15,805,371
Changes in:			
Loans and advances to customers		(12,398,381)	(7,453,688)
Other receivables and tax assets		205,317	132,243
Trade payables and other liabilities		82,314	229,673
Cash generated from operations		6,643,901	8,713,599
Interest paid on lease liability	14	(113,998)	(80,277)
Interest paid on loans and borrowings	12	(39,925)	(284,880)
Net cash flows from operating activities		6,489,978	8,348,442
Cash flows from investing activities:			
Purchase of property and equipment	11	(146,646)	(22,136)
Investments in debt securities	8	(9,411,197)	-
Received interest on investment in debt securities	8	279,842	-
Net cash used in investing activities		(9,278,001)	(22,136)
Cash flows from financing activities:			
Proceeds from loans and borrowings	12	1,218,414	6,305,318
Repayment of loans and borrowings	12	(4,796,022)	(7,128,391)
Repayment of lease liability	14	(576,397)	(638,000)
Net cash used in financing activities		(4,154,005)	(1,461,073)
Net (decrease)/ increase in cash and cash equivalents		(6,942,028)	6,865,233
Cash and cash equivalents at 1 January	7	9,251,851	2,359,556
Effect of movements in exchange rates on cash and cash equivalents		(146,416)	27,062
Cash and cash equivalents at 31 December	7	2,163,407	9,251,851

Notes on pages 10 - 41 are the integral part of these consolidated financial statements.

MOGO LLC AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(In Georgian Lari)

	Attributable owners of the parent				Total equity attributable to owners of the parent	Non-controlling interest	Total equity
	Charter capital	Other reserves	Retained earnings	Currency translation reserve			
Balance at 31 December 2022	200,000	(233,845)	47,334,251	-	47,300,406	-	47,300,406
Total comprehensive income for the year	-	-	10,338,827	-	10,338,827	-	10,338,827
Other comprehensive income for the year	-	-	-	(1,842)	(1,842)	(38)	(1,880)
Balance at 31 December 2023	200,000	(233,845)	57,673,078	(1,842)	57,637,391	(38)	57,637,353
Total comprehensive income for the year	-	-	12,234,126	-	12,234,126	817	12,234,943
Other comprehensive income for the year	-	-	-	97	97	2	99
Reserve transition (please refer to Note 13)	-	233,845	(233,845)	-	-	-	-
Balance at 31 December 2024	200,000	-	69,673,359	(1,745)	69,871,614	781	69,872,395

Notes on pages 10 - 41 are the integral part of these consolidated financial statements.

1. Reporting Group**Georgian business environment**

The Group's operations are located in Georgia and in the State Register of the Republic of Uzbekistan. Consequently, the Group is exposed to the economic and financial markets of Georgia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia.

The consolidated financial statements reflect management's assessment of the impact of the Georgian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Organization and operations

Mogo LLC (the "Company") is a limited liability company as defined in the Law on Entrepreneurs of Georgia and was incorporated on 14 March 2014. The Company's identification number is 404468688.

The Company's registered office is Otar Chkheidze str.10, 0160 Tbilisi, Georgia.

The Company's principal business activity is providing automobile lease and sale and leaseback services for the amounts up to GEL 60,000 with duration of up to seven years in Georgia. In both instances, the vehicle is used as a collateral and appropriately, all loans issued by the Company are secured. Funding is being offered at the customer service centres.

As at 31 December 2024 and 2023 the shareholding structure of the Company was as follows:

Owners	2024*	2023
LLC Eleving Stella UAB, Lietuva	100%	-
JSC AS Eleving Stella, Latvia	-	100%

(*) - In February 2024, by the decision of the Board of JSC Eleving Stella, the ownership of 100% of the shares in Mogo LLC has been transferred from Sole Shareholder JSC AS Eleving Stella (Registration No. 40103964830) to LLC Eleving Stella UAB (Registration No. 305018069).

As at 31 December 2024 and 2023 the Company is ultimately controlled by Eleving Group S.A. As at 31 December 2024 and 2023 none of the ultimate beneficial owners individually controls the Company.

These consolidated financial statements include the following subsidiary:

Name of subsidiary	Country	Principal activity	31.12.2024	31.12.2023
Microfinance Organization Mogo Finance LLC *	Uzbekistan	Has not started operational activities	98%	98%

(*) - In March 2023 under the decision of the sole shareholder of Mogo LLC - AS Eleving Luna, there has been resolved to establish Limited Liability Company Mogo Finance Mikromoliya Tashkiloti (the "Subsidiary") and register it in the State Register of the Republic of Uzbekistan in accordance with the procedure and laws of the Republic of Uzbekistan.

To ensure the operation of the newly established LLC, a charter fund in the amount of 2,000,000,000 (two billion) sums should be established and fully formed through contributions by the founders, either in cash or fixed assets, within one year from the date of the LLC's state registration

On 20 April 2023, Mogo LLC transferred USD174,500 as contribution in the capital of Mogo Finance LLC, therefore it became 98% shareholder of the newly established company. For additional information please refer to Note 25.

Standalone financial statements

According to law of Georgia on Accounting, Reporting and Audit the Group is required to prepare and present the Company's separate financial statements. The Subsidiary did not conduct substantial operations during 2024, also it did not hold substantial assets and liabilities at the end of the reporting year. Therefore, the management believes that Group's consolidated financial statements are not materially different from the separate financial statements of the Company.

Therefore, the abovementioned consolidated financial statements represent consolidated financial statements as well as standalone financial statements.

2. Basis of preparation**Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Functional and presentation currency

The national currency of Georgia is the Georgian Lari ("GEL"), which is the Group's functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in GEL is rounded to the nearest GEL, except when otherwise indicated.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except as disclosed in the accounting policies below.

New standards and interpretations not yet adopted**A) STANDARDS AND AMENDMENTS MANDATORILY EFFECTIVE FROM 1 JANUARY 2024**

Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7). The IASB undertook a narrow-scope standard setting, leading to the Amendments. The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements.

Lease Liability in a Sale and Leaseback (Amendment to IFRS 16). The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Classification of Liabilities as Current or Non-Current (Amendment to IAS 1). The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

Noncurrent Liabilities with Covenants (Amendment to IAS 1). The amendment requires, if an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

B) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE**Standards and Amendments Mandatorily Effective from 1 January 2025**

Lack of Exchangeability (Amendment to IAS 21). The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

Standards and Amendments Mandatorily Effective from 1 January 2026

Amendments to the Classification and Measurement of financial Instruments (Amendments to IFRS 9 and IFRS 7). The Amendments modify the following requirements in IFRS 9 and IFRS 7 :

Derecognition of financial liabilities

- Derecognition of financial liabilities settled through electronic transfers

Classification of financial assets

- Elements of interest in a basic lending arrangement (the solely payments of principle and interest assessment - 'SPPI test')
- Contractual terms that change the timing or amount of contractual cash flows
- Financial assets with non-recourse features
- Investments in contractually linked instruments Disclosures
- Investments in equity instruments designated at fair value through other comprehensive income

2. Basis of preparation (Continued)

- ▶ Contractual terms that could change the timing or amount of contractual cash flows.

Annual Improvements to IFRS Accounting Standards.

Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the Accounting Standards.

- ▶ Minor clarifications and corrections across IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7 (e.g., hedge accounting, lease derecognition).

Contracts Referencing Nature dependent Electricity (previously Power Purchase Agreements) (Amendments to IFRS 9 and IFRS 7). The amendments include:

- ▶ Clarifying the application of the 'own-use' requirements;
- ▶ Permitting hedge accounting if these contracts are used as hedging instruments; and
- ▶ Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

Standards and Amendments Mandatorily Effective from 1 January 2027

IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 sets out significant new requirements for how financial statements are presented, with particular focus on:

- ▶ The statement of profit or loss, including requirements for mandatory sub-totals to be presented.
- ▶ Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.
- ▶ Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards.

IFRS 19 Subsidiaries without Public Accountability: Disclosures. On 9 May 2024, the International Accounting Standards Board (IASB) issued IFRS 19, which allows subsidiaries to use IFRS with reduced disclosures while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards. The eligibility criteria for an entity to apply IFRS 19 are:

- ▶ The entity is a subsidiary;
- ▶ The entity does not have public accountability; and
- ▶ The entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

3. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 18 - Credit loss expense;
- Note 13 - Provision for financial guarantee.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the notes:

- Determination of fair value of financial guarantee issued - Note 13 and 4.5;
- Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding - Notes 4.2.
- Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information - Note 9, 10, 18 and 4.3.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values for financial assets and liabilities. The fair value have been determined for measurement and disclosure purposes.

When measuring the fair value of an asset or a liability, the Group uses market observable 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 as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 5.1 - Accounting classifications and fair values.

4. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

4.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Can use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4.2. Financial instruments***Financial assets******Initial recognition***

Loans and advances to customers are recognized when funds are transferred to the customers' accounts.

Investments in debt securities are recognized on the trade date, which is the date the Group commits to purchase the asset.

Other assets are recognized on the date when the 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, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

Other receivables are measured at the transaction price.

Investments in debt securities are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

4. Summary of Significant accounting policies (Continued)*Classification of financial assets*

The Group measures loans and advances to customers, investment in debt securities, receivables from related parties, cash equivalents and other 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.

Business model assessment

The Group determines its business model at the level that best reflects how it manages the group 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. 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.

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 and investment in debt securities 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.

4. Summary of Significant accounting policies (Continued)

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

Investments in debt securities (bonds) are classified based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, in accordance with IFRS 9 Financial Instruments. The bonds are measured at amortized cost, as they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, the bonds are measured at amortized cost using the effective interest method, less any loss allowance for expected credit losses (ECL).

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.

Financial liabilities are never reclassified.

Derecognition of financial assets

The Group derecognizes an investment in bonds when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership are transferred.

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

Derecognition due to substantial modification of terms and conditions

The Group derecognizes loan to a customer when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, 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 the Group specifically considers the purpose of the modification for increase in loan principal. It is evaluated whether the modification was entered into for commercial reasons upon a 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 loan receivable.

Other modifications to the agreement terms are treated as modifications that do not result in derecognition are disclosed below in the section titled "Modification."

Derecognition other than for substantial modification

A financial asset is derecognized when the rights to receive cash flows from the financial asset have expired. The Group also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

4. Summary of Significant accounting policies (Continued)

The Group has transferred the financial asset if the Group has transferred its contractual rights to receive cash flows from the financial asset.

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 the Group retains the contractual rights to receive 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:

- The 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;
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows;
- The 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 as a response to the borrower’s financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a 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 above, 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 in the consolidated statements of comprehensive income, to the extent that an impairment loss has not already been recorded. Further information on modified financial assets is disclosed in the following section on impairment.

If modification is performed for commercial reasons, then it is considered to result in derecognition of the initial loan receivable. Such modifications include increase in the loan amount and increase in loan 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 loan transaction). Whenever such an agreement to modify is reached the old agreement and respective receivable is derecognized.

Treatment of non-substantial modifications

If expectations of fixed rate financial assets’ cash flows 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.

4. Summary of Significant accounting policies (Continued)

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 original 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 the consolidated statement of comprehensive income 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.

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.

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 consolidated statement of comprehensive income.

The Group has not designated any financial liability as at fair value through profit or loss.

4.3. Impairment**- 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. 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).

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 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.

Impairment of loans and advances to customers***Defining credit rating***

Group's core business assets - loans and advances to customers - are of retail nature, therefore are grouped per products for a collective ECL calculation that is modelled based on DPD (days past due) classification.

Specifically, the Group analyses its portfolio of loans and advances to customers by segregating receivables in categories according to each receivables' days past due metrics and presence of underlying collateral (for secured products). Secured loans (more specifically vehicle secured loans) are combined due to similar nature of the products. The Group continuously monitors all assets subject to ECLs. To determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

4. Summary of Significant accounting policies (Continued)

Secured loans:

- 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).

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

- Stage 1: When loans are first recognized, the Group recognizes an allowance based on 12mECLs. The Group considers loans that are current or with DPD up to 30 as Stage 1. A healing period of 2 month 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. Exposures are classified out of Stage 1 if they no longer meet the criteria above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The Group generally considers secured loans that have a status of 31-60 DPD to being Stage 2.
- Stage 3: Loans considered credit-impaired and at default. The Group records an allowance for the LTECLs. The Group considers a secured loan agreement defaulted and therefore Stage 3 in all cases when the borrower becomes 61 DPD on its contractual payments or the loan agreement is terminated. Due to the nature of credit exposures of the Group qualitative assessment of whether a customer is in default is not performed and primary reliance is placed on the above criteria.

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;
- 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 employs multiplication model across all Stages for the ECL calculation:

$$ECL = EAD * PD * LGD * [DDV]$$

Given that DDV is a multidimensional vector (12 or 13 dimensions) 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.

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 or representative historical data is available for a shorter period) PDs and DDV over the 12-month horizon. These 12-month default probabilities are applied to

4. Summary of Significant accounting policies (Continued)

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%.

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 a financial asset.

Impairment of financial assets other than loans and advances to customers

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

- Other receivables
- Cash and cash equivalents
- Investment in debt securities

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

For other 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.

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.

For investment in debt securities (bonds) measured at amortized cost, the Group recognizes a loss allowance for expected credit losses (ECL) at each reporting date. The ECL model considers the probability of default, loss given default, and exposure at default over the expected life of the bond.

4.4. 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 consolidated statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

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

4. Summary of Significant accounting policies (Continued)

from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial liability on the 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.

Changes in the contractual cash flows of the asset are recognized in the consolidated statement of comprehensive 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 consolidated statement of comprehensive income.

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.

4.5. Financial guarantees

Where a contract meets the definition of financial guarantee contract the Group, as an issuer, applies specific accounting and measurement requirements of IFRS 9. These IFRS 9 measurement requirements are applied for all guarantee contracts, including guarantees issued between entities under common control, as well as guarantees issued by a subsidiary on behalf of the parent. If a Group gives a guarantee on behalf of an entity under common control, a respective provision is recognized in the consolidated financial statements. Where transaction is driven by the Group's shareholders in their capacity as owners, the Group treats such transactions as an increase in provisions for financial guarantees and an equal and opposite decrease in equity (distribution of equity). Distributions of equity under financial guarantees are recognized in other reserves.

Financial guarantees are initially recognized in at fair value. Subsequently, unless the financial guarantee contract is designated at inception as at fair value through comprehensive income, Group's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortisation recognized in the consolidated statement of profit or loss and other comprehensive income, and ECL provision determined in accordance with IFRS 9. Amortisation is recognized in the consolidated statement of profit or loss and other comprehensive income under net other operating income on a straight-line basis over the term of guarantee.

Financial guarantees are derecognized if the terms of the guarantee are substantially changed. Changes in guarantee limit are treated as a derecognition. In such cases the original guarantee is derecognized, and a new guarantee is recognized at fair value. Change in the fair value is recognized as a decrease or increase in other reserves. Other reserves are transferred to retained earnings upon extinguishment of liabilities under the financial guarantee.

4.6. Charter capital

Charter capital is classified as equity.

4.7. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4. Summary of Significant accounting policies (Continued)**4.8. Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

- As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A lease term reflects the Group's reasonable estimate of the period during which the underlying asset will be used. In determining the lease term the Group bases its judgement on the broader economics of the contract and the underlying asset, rather than the contractual terms only and allows factors like economic penalties, legislative approach to renewal of the lease, forthcoming changes in regulation and the future business plans of the Group to be effectively captured in the estimate of the lease term.

4.9. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

- Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

On 13 May 2016 the Parliament of Georgia passed the bill on corporate income tax reform (also known as the Estonian model of corporate taxation), which mainly moves the moment of taxation from when taxable profits are earned to when they are distributed. The law has entered into force in 2016 and is effective for tax periods starting after 1 January 2017 for all entities except for financial institutions (such as banks, insurance companies, microfinance organizations, pawnshops), for which the law will become effective from 1 January 2023.

4. Summary of Significant accounting policies (Continued)

The new system of corporate income taxation does not imply exemption from Corporate Income Tax (CIT), rather CIT taxation is shifted from the moment of earning the profits to the moment of their distribution; i.e. the main tax object is distributed earnings.

The Tax Code of Georgia defines Distributed Earnings (DE) to mean profit distributed to shareholders as a dividend. However, some other transactions are also considered as DE, for example non-arm's length cross-border transactions with related parties and/or with persons exempted from tax are also considered as DE for CIT purposes. In addition, the tax object includes expenses or other payments not related to the entity's economic activities, free of charge supply and over-limit representative expenses.

Tax reimbursement is available for the current tax paid on the undistributed earnings in the years 2008-2016, if those earnings are distributed in 2018 or further years.

The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which the dividends are paid.

- **Deferred tax**

Due to the nature of the new taxation system described above, the entities registered in Georgia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise.

Tax losses accrued in the prior periods cannot be utilized against the future taxable profits.

4.10. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising in translation are recognised in profit or loss.

4.11. Income from debt collection activities and earned penalties

Income from debt collection activities and penalties is recognized in the consolidated statement of profit or loss and other comprehensive income 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 a loan agreements, such as exceeding the payment date. In those situations, the 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.

Income from debt collection activities typically arises when customers delay the payments due. The Group's income 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 the loan agreement termination, which is recharged to the customers in accordance with the agreement terms. Debt collection income is recognised on net (agent) basis as these amounts are recharged to the customers in accordance with agreement terms and the Group does not control these services before they are transferred to a customer.

The performance obligation is satisfied when respective service has been recharged to a customer when issuing the next monthly invoice in accordance with the loan agreement schedule.

4. Summary of Significant accounting policies (Continued)**4.12. Finance income and costs**

The Group's finance income and finance costs include:

- Interest expense;
- Interest income;
- The foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

5. Fair values and risk management

- **Accounting classifications and fair values**

The estimates of fair value are intended to approximate 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. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or transfer of liabilities.

The Group has determined fair values of financial assets and liabilities using valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The valuation technique used is the discounted cash flow model. Fair value of all financial assets and liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Management believes that the fair value of the Group's financial assets and liabilities approximates their carrying amounts.

- **Financial risk management**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk (see Note 5.2);
- Liquidity risk (see Note 5.3);
- Market risk (see Note 5.4); and
- Interest rate risk (see Note 5.5).

5.1. Risk management framework

Management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

*(In Georgian Lari)***5. Fair values and risk management (Continued)**

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

5.2. Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers, other receivables, investments in debt securities and cash at bank.

The key areas of credit risk policy cover loan granting process (including solvability check), monitoring methods, as well as decision making principles. The Group operates by applying a clear set of finance loan granting criteria. These criteria include assessing the credit history of customer, means of loan repayment and understanding the 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 loan agreement has been signed, the Group monitors the object and the customer's solvency. The Group has developed the 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 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 or any group of counterparties having similar characteristics. The maximal credit risk exposure for loans and advances to customers are presented in Note 9.

As at 31 December 2024 and 2023 other receivables mainly consist of exposure towards an entity under common control of the Ultimate Parent Company, with the credit rating of B and B-, respectively. Management estimates that the impact of expected credit loss ("ECL") is immaterial at all reporting dates.

As at 31 December 2024, investments in debt securities primarily consist of bonds purchased from the Ultimate Parent Company, which has a credit rating of "B". Management estimates that the impact of the expected

credit loss (ECL) is immaterial at all reporting dates.

Cash at bank is held with the banks, which are rated BB- (long-term rating) and B (short-term rating), based on rating agency Fitch ratings. As at 31 December 2024 and 2023 all balances are neither overdue nor impaired and categorized under Stage 1. The Group does not expect any counterparty to fail to meet its obligations.

5.3. 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 risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters or global pandemic.

The Group manages its liquidity risk by arranging an adequate amount of committed credit facilities with the related parties.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

31 December 2024	Contractual cash flows				
	Carrying amount	Total	Up to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities					
Loans and borrowings	883,942	1,109,989	120,643	989,346	-
Lease liabilities	1,208,657	1,362,682	543,265	819,417	-
Other liabilities	1,101,981	1,101,981	1,101,981	-	-
	3,194,580	3,574,652	1,765,889	1,808,763	-

5. Fair values and risk management (Continued)**31 December 2023**

	Carrying amount	Total	Contractual cash flows		
			Up to 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities					
Loans and borrowings	4,607,709	5,097,662	1,896,099	3,110,929	90,634
Lease liabilities	1,516,283	1,762,915	548,980	1,213,935	-
Other liabilities	979,392	979,392	979,392	-	-
Issued financial guarantee	1,080	374,438	374,438	-	-
	7,104,464	8,214,407	3,798,909	4,324,864	90,634

It is not expected that the cash flows included in the maturity analysis table above could occur significantly earlier, or at significantly different amounts.

As at 31 December 2024 and 2023 the maximum amount of the contingent liability under the issued guarantee to Eleving Group S.A. is EUR 0 equivalent to GEL 0 (as of 31 December 2023: EUR 0).

As at 31 December 2023 the maximum amount of the contingent liability under the issued guarantee to Mogo UCO LLC is AMD56,282,756 equivalent to GEL374,438.

For detailed information please refer to note 13.

5.4. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group incurs financial liabilities, in order to manage market risks. The Group does not apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which purchases and borrowings are denominated and the functional currency of the Group. The functional currency of the Group is Georgian Lari (GEL). The currency in which these transactions are primarily denominated is EUR.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

	EUR - denominated	EUR - denominated
	2024	2023
Cash at banks	459,663	1,259,511
Investment in debt securities	8,978,054	-
Loans and borrowings	(883,942)	(4,607,709)
Other liabilities	(417,133)	(313,537)
Net exposure	8,136,642	(3,661,735)

The following significant exchange rates have been applied during the year:

	Average rate		Reporting date spot rate	
	2024	2023	2024	2023
EUR	2.9440	2.8436	2.9306	2.9753

5. Fair values and risk management (Continued)**Sensitivity analysis**

A reasonably possible strengthening/(weakening) of the GEL, as indicated below, against EUR at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sale and purchases:

	Profit or loss	
	Strengthening of GEL	Weakening of GEL
31 December 2024		
EUR (20% movement)	1,627,328	(1,627,328)
31 December 2023		
EUR (20% movement)	(732,347)	732,347

5.5. Interest rate risk

The Group is not exposed to interest rate risk, as all loans and advances to customers and borrowings have fixed interest rates. The Group does not account for any fixed-rate financial instruments as FVTPL or FVOCI. Therefore, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

6. Prior period reclassification

In preparing the consolidated financial statements for the year ended 31 December 2024, the Group has reassessed the presentation of certain financial statement line items in accordance with its revised approach to classifying financial assets, liabilities, revenue and expenses. The group believes the new presentation more fairly reflects the Group's consolidated financial position and comprehensive income.

Specifically, the Group made changes to the following issues:

- To improve the readability of the Group's consolidated financial statements, the Group has decided to merge finance lease receivables and loans and advances to customers, previously presented separately in the consolidated statement of financial position, into loans and advances to customers.

Previously, the Group split its receivables related to customer financing into two separate items based on their legal framework. The Group has recognized that such a split does not provide the desired level of information. Therefore, it has decided to merge these receivables into a single line item and disclose more detailed information in the Notes, including a segregation of financing receivables according to their risk profile, and distinguishing between secured and unsecured portions.

- Reclassifications between certain financial statement line items of consolidated statement of comprehensive income have been made to better reflect the nature of the underlying transactions and to enhance the presentation and comparability.
- The Group has adopted a presentation of assets and liabilities in order of liquidity in the consolidated statement of financial position. As a result reclassifications between certain financial statement line items have been made.

These changes have been applied retrospectively in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, and the comparative information as of and for the year ended 31 December 2023 has been restated accordingly.

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6. Prior period reclassification (Continued)

The effect of prior period adjustments on the consolidated statement of financial position as of 31 December 2023 can be presented as follows:

	As previously presented	Reclassification	Restated
Finance lease receivables	22,252,215	(22,252,215)	-
Loans and advances to customers	10,357,090	39,166,521	49,523,611
Finance lease receivables (Short-term)	10,526,928	(10,526,928)	-
Loans and advances to customers (Short-term)	6,691,658	(6,691,658)	-
Other receivables	916,268	304,280	1,220,548
Borrowings	2,906,660	1,701,049	4,607,709
Lease liabilities	1,071,339	444,944	1,516,283
Borrowings (Short-term)	1,701,049	(1,701,049)	-
Lease liabilities (Short-term)	444,944	(444,944)	-
Trade payables	169,819	(169,819)	-
Other liabilities	809,573	169,819	979,392

The effect of prior period adjustments on the consolidated statement of comprehensive income as of 31 December 2023 can be presented as follows:

	As previously presented	Adjustments	Restated
Interest income	19,821,242	(456,698)	19,364,544
Net income from debt collection activities	(202,231)	202,231	-
Income from penalties received	2,874,826	(2,874,826)	-
Expenses related to peer-to-peer platforms services	(64,460)	64,460	-
Administrative expense	(7,773,036)	(199,637)	(7,972,673)
Other operating income	1,426,049	(1,426,049)	-
Other operating expense	(135,177)	135,177	-
Fee and commission income	-	4,555,342	4,555,342

7. Cash at bank

	31.12.2024	31.12.2023
Bank balances	2,163,407	9,251,851
Cash at bank in the statement of financial position and in the statement of cash flows	2,163,407	9,251,851

The Group's exposure to credit and currency risks are disclosed in Note 5.

8. Investment in debt securities

In October and December 2024, Group purchased 2-year bonds of the ultimate parent company Eleving Group SA, listed on the Frankfurt Stock Exchange for EUR 3 million at par, with an annual coupon rate of 9.5%. The ultimate parent company holds a credit rating of "B".

These instruments are held under the business model, that does not has trading objective. Investment in debt securities is measured at amortised cost.

Bond issuer	Classification	Maturity date	Coupon rate (%)	Nominal value (EUR)	31.12.2024
Eleving Group SA	At amortized cost	October-2026	9.5	2,000,000	5,985,940
Eleving Group SA	At amortized cost	October-2026	9.5	1,000,000	2,992,114
					8,978,054

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8. Investment in debt securities (continued)

Changes in investment in debt securities during the year can be presented as follows:

	2024
1 January	-
Purchase of debt security*	9,411,197
Interest received	(279,842)
Interest accrued	148,271
Net foreign exchange loss	(301,572)
31 December	8,978,054

(*) - Purchase of debt security includes accumulated interest on debt securities from the issue date to the purchase date, amounting to (EUR102,348 equivalent to GEL311,333).

9. Loans and advances to customers

	31.12.2024*	31.12.2023
Loans and advances to customers	64,178,595	56,040,185
Fees paid and received upon loan disbursement	(943,111)	(447,543)
Expected credit losses	(6,734,341)	(6,069,031)
Total net loans and advances to customers at amortised cost	56,501,143	49,523,611

(*) - During 2024, the Group sold the portfolio of impaired loans to customers with carrying amount of GEL696,901 for a consideration of GEL510,173. The loss from the transaction of GEL186,728 was recognised in the consolidated statement of comprehensive income.

	31.12.2024		31.12.2023	
	Non-current	Current	Non-current	Current
Customer receivables, net				
Customer receivables (secured), gross	39,761,777	22,968,152	34,012,106	20,679,812
Accrued interest and handling fee (secured)	-	1,448,666	-	1,348,267
Fees paid and received upon loan disbursement	(597,797)	(345,314)	(272,833)	(174,710)
Less: expected credit losses (secured)	(1,141,806)	(5,592,535)	(1,133,854)	(4,935,177)
Total, net	38,022,174	18,478,969	32,605,419	16,918,192

	31.12.2024	31.12.2023
Customer receivables, gross		
<i>Non-current</i>		
Loans and advances to customers (secured)	39,761,777	34,012,106
<i>Current</i>		
Loans and advances to customers (secured)	22,968,152	20,679,812
Accrued interest and handling fee (secured)	1,448,666	1,348,267
Total, gross	64,178,595	56,040,185

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9. Loans and advances to customers (Continued)

	31 December 2024		
	Minimum loan payments	Unearned finance income	Customers receivables, gross
Customer receivables (secured)			
Up to one year	43,892,941	19,476,123	24,416,818
Years 2 through 5 combined	64,462,093	28,830,490	35,631,603
More than 5 years	5,599,461	1,469,287	4,130,174
Total, gross	113,954,495	49,775,900	64,178,595

	31 December 2023		
	Minimum loan payments	Unearned finance income	Customers receivables, gross
Customer receivables (secured)			
Up to one year	39,027,876	16,999,797	22,028,079
Years 2 through 5 combined	54,358,981	23,268,486	31,090,495
More than 5 years	3,920,131	998,520	2,921,611
Total, gross	97,306,988	41,266,803	56,040,185

	31.12.2024			
	Stage 1	Stage 2	Stage 3	Total
Customer receivables (secured)				
- not overdue	51,165,822	450,223	192,466	51,808,511
- overdue less than 30 days	3,496,109	229,010	133,705	3,858,824
- overdue more than 31 days and less than 60 days	-	526,179	555,091	1,081,270
- overdue more than 60 days	-	-	7,429,990	7,429,990
Total, gross	54,661,931	1,205,412	8,311,252	64,178,595

	31.12.2023			
	Stage 1	Stage 2	Stage 3	Total
Customer receivables (secured)				
- not overdue	43,347,955	509,561	167,245	44,024,761
- overdue less than 30 days	3,918,808	475,548	140,056	4,534,412
- overdue more than 31 days and less than 60 days	-	692,690	409,023	1,101,713
- overdue more than 60 days	-	-	6,379,299	6,379,299
Total, gross	47,266,763	1,677,799	7,095,623	56,040,185

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:

	Customer receivables (secured)		
	31.12.2024	Change during the year	01.01.2024
Stage 1	54,661,931	7,395,168	47,266,763
Stage 2	1,205,412	(472,387)	1,677,799
Stage 3	8,311,252	1,215,629	7,095,623
	64,178,595	8,138,410	56,040,185

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9. Loans and advances to customers (Continued)

	Customer receivables (secured)		
	31.12.2023	Change during the year	01.01.2023
Stage 1	47,266,763	3,994,539	43,272,224
Stage 2	1,677,799	(9,401)	1,687,200
Stage 3	7,095,623	(2,694,557)	9,790,180
	56,040,185	1,290,581	54,749,604

	Credit loss allowance (secured)		
	31.12.2024	Change during the year	01.01.2024
Stage 1	1,313,020	65,582	1,247,438
Stage 2	228,114	(89,359)	317,473
Stage 3	5,193,207	689,087	4,504,120
	6,734,341	665,310	6,069,031

	Credit loss allowance (secured)		
	31.12.2023	Change during the year	01.01.2023
Stage 1	1,247,438	169,341	1,078,097
Stage 2	317,473	53,336	264,137
Stage 3	4,504,120	(1,845,024)	6,349,144
	6,069,031	(1,622,347)	7,691,378

The following tables show reconciliations from the opening to the closing balances of the expected credit losses for loans and advances to customers for the year ended 31 December 2024 and 31 December 2023:

Customer receivables (secured)	2024			
	Stage 1	Stage 2	Stage 3	TOTAL
Balance at 1 January	47,266,763	1,677,799	7,095,623	56,040,185
Transfer to Stage 1	344,884	(310,607)	(34,277)	-
Transfer to Stage 2	(570,296)	574,631	(4,335)	-
Transfer to Stage 3	(5,265,830)	(669,329)	5,935,159	-
New financial assets originated or purchased	30,261,057	616,498	2,663,608	33,541,163
Receivables settled	(14,552,960)	(413,364)	(776,366)	(15,742,690)
Bad debts written off	(417,691)	(199,928)	(475,434)	(1,093,053)
Sold debts written off	-	-	(4,359,387)	(4,359,387)
Receivables partially settled	(2,403,996)	(70,288)	(1,733,339)	(4,207,623)
Balance at 31 December	54,661,931	1,205,412	8,311,252	64,178,595

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9. Loans and advances to customers (Continued)

	2024			
Impairment allowance (secured)	Stage 1	Stage 2	Stage 3	TOTAL
Balance at 1 January	1,247,438	317,473	4,504,120	6,069,031
Transfer to Stage 1	64,032	(49,580)	(14,452)	-
Transfer to Stage 2	(21,705)	23,090	(1,385)	-
Transfer to Stage 3	(169,959)	(136,383)	306,342	-
Impairment for new financial assets originated or purchased	724,111	119,062	1,435,387	2,278,560
Reversed impairment for settled receivables	(195,247)	(27,468)	313,264	90,549
Reversed impairment for written off receivables	(189,798)	(90,933)	(317,851)	(598,582)
Reversed impairment for sold receivables	-	-	(3,662,486)	(3,662,486)
Net remeasurement of loss allowance	(145,852)	72,853	2,630,268	2,557,269
Balance at 31 December	1,313,020	228,114	5,193,207	6,734,341

	2023			
Customer receivables (secured)	Stage 1	Stage 2	Stage 3	TOTAL
Balance at 1 January	43,272,224	1,687,200	9,790,180	54,749,604
Transfer to Stage 1	739,730	(547,541)	(192,189)	-
Transfer to Stage 2	(1,030,532)	1,072,531	(41,999)	-
Transfer to Stage 3	(4,923,025)	(555,002)	5,478,027	-
New financial assets originated or purchased	23,153,604	651,450	1,194,296	24,999,350
Receivables settled	(10,607,892)	(174,397)	(108,133)	(10,890,422)
Bad debts written off	(407,755)	(170,428)	(512,885)	(1,091,068)
Sold debts written off	(1,567)	-	(5,641,370)	(5,642,937)
Receivables partially settled	(2,928,024)	(286,014)	(2,870,304)	(6,084,342)
Balance at 31 December	47,266,763	1,677,799	7,095,623	56,040,185

	2023			
Impairment allowance (secured)	Stage 1	Stage 2	Stage 3	TOTAL
Balance at 1 January	1,078,097	264,137	6,349,144	7,691,378
Transfer to Stage 1	136,651	(75,648)	(61,003)	-
Transfer to Stage 2	(35,388)	47,897	(12,509)	-
Transfer to Stage 3	(158,050)	(95,432)	253,482	-
Impairment for new financial assets originated or purchased	584,098	123,637	567,906	1,275,641
Reversed impairment for settled receivables	(244,663)	(25,682)	(51,959)	(322,304)
Reversed impairment for written off receivables	(349,066)	(131,085)	(695,308)	(1,175,459)
Reversed impairment for sold receivables	(1,923)	-	(4,924,230)	(4,926,153)
Net remeasurement of loss allowance	237,682	209,649	3,078,597	3,525,928
Balance at 31 December	1,247,438	317,473	4,504,120	6,069,031

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10. Other receivables

	31.12.2024	31.12.2023
Receivable from related party	629,309	629,309
Other Receivables from clients	600,021	474,930
Expected credit losses for other Receivables from clients	(221,091)	(170,650)
Receivable from quick payments providers	207,805	236,636
Advances paid for goods and services	69,460	33,980
Receivable from sale of portfolio	40,000	37
Other	3,772	16,306
	1,329,276	1,220,548

As of 31 December 2024, the Group has receivables due from an entity under common control in the amount of GEL 629,309 (31 December 2023: GEL 629,309) from the sale of repossessed vehicles.

The Group's exposure to credit and currency risks are disclosed in Note 5.

11. Property and equipment and right-of-use assets

GEL	Equipment	Leasehold improvements	Right-of-use assets	Total
Cost				
At 1 January 2023	1,085,618	56,258	2,227,992	3,369,868
Additions	18,472	3,664	1,067,605	1,089,741
Disposals	(9,502)	-	(779,376)	(788,878)
At 31 December 2023	1,094,588	59,922	2,516,221	3,670,731
At 1 January 2024	1,094,588	59,922	2,516,221	3,670,731
Additions	140,872	5,774	219,073	365,719
Disposals	(141,290)	-	(379,933)	(521,223)
At 31 December 2024	1,094,170	65,696	2,355,361	3,515,227
Accumulated depreciation				
At 1 January 2023	(1,047,397)	(56,258)	(1,018,026)	(2,121,681)
Depreciation for the year	(23,514)	(76)	(696,390)	(719,980)
Depreciation on disposals	9,490	-	755,979	765,469
At 31 December 2023	(1,061,421)	(56,334)	(958,437)	(2,076,192)
At 1 January 2024	(1,061,421)	(56,334)	(958,437)	(2,076,192)
Depreciation for the year	(27,498)	(1,013)	(622,367)	(650,878)
Depreciation on disposals	141,290	-	376,991	518,281
At 31 December 2024	(947,629)	(57,347)	(1,203,813)	(2,208,789)
Carrying amounts				
At 31 December 2023	33,167	3,588	1,557,784	1,594,539
At 31 December 2024	146,541	8,349	1,151,548	1,306,438

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12. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, currency and liquidity risk, see Note 5.

	31.12.2024	31.12.2023
Non-current liabilities		
Financing received from related party	879,180	-
Financing received from P2P investors	-	2,906,660
	879,180	2,906,660
Current liabilities		
Financing received from related party	4,762	-
Financing received from P2P investors	-	1,701,049
	4,762	1,701,049
	883,942	4,607,709

- **Terms and debt repayment schedule**

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest	Year of maturity	31.12.2024		31.12.2023	
				Face value	Carrying amount	Face value	Carrying amount
Financing received from related party	EUR	13%	2026	883,942	883,942	-	-
Financing received from P2P investors	EUR	7%-13.5%	-	-	-	4,607,709	4,607,709
Total interest-bearing liabilities				883,942	883,942	4,607,709	4,607,709

- **Reconciliation of movements of liabilities to cash flows arising from financing activities:**

	2024	2023
1 January	4,607,709	5,344,054
Proceeds from borrowings	1,218,414	6,305,318
Interest expense (note 17)	54,205	298,518
Repayment of principal	(4,796,022)	(7,128,391)
Repayment of interest	(39,925)	(284,880)
Net foreign exchange (gain)/ loss	(160,439)	73,090
31 December	883,942	4,607,709

13. Provision for financial guarantee**- Guarantee in favour of Eleving Group S.A**

In October 2021, the Group entered into a financial guarantee agreement issued in favor of the bondholders of Eleving Group S.A. related to the 9.5% Senior Secured Bond 2021/2026 issued by Eleving Group in the amount of EUR 150 million. Upon issuance, Eleving Group S.A. and the guarantors (including Mogo LLC) concluded a guarantee agreement with the Security Agent, TMF Trustee Services GmbH, dated 14 October 2021. Under this agreement, the guarantors unconditionally and irrevocably guarantee, by way of an independent payment obligation, the due and punctual payment of principal, interest, and any other amounts payable under the relevant bonds to each holder.

In October 2023, the Group entered into another financial guarantee agreement in favor of the bondholders of Eleving Group S.A., this time related to the 13% Senior Secured Bond 2023/2028 issued by Eleving Group in the amount of EUR 50 million. Upon issuance, Eleving Group and the guarantors (including Mogo LLC) concluded a guarantee agreement with the Security Agent, TMF Trustee Services GmbH, dated 31 October 2023. Under this agreement, the guarantors unconditionally and irrevocably guarantee, by way of an independent payment obligation, the due and punctual payment of principal, interest, and any other amounts payable under the relevant bonds to each holder.

As at 31 December 2024 Eleving Group S.A. was rated “B” by a third party (31 December 2023: “B-“).

As of 31 December 2024, based on calculations performed, the guarantees’ fair value was measured at 0 (as of 31 December 2023: 0), because the assets of Eleving Group S.A. (LUX assets) cover more than the total exposures.

- Guarantee in favour of Mogo UCO LLC

In 2021 the Group entered into a financial guarantee agreement issued in favor of lender Ardshinbank CJSC of Mogo UCO LLC. The guarantee was issued to secure the loan received by Mogo UCO LLC in the amount of AMD3,400 mln. Under the guarantee agreement, the Group and other entities under common control irrevocably guarantee the payment of Mogo UCO LL liabilities towards its lender in case of Mogo UCO LLC default.

The Group did not receive compensation for the guarantees provided. Fair value of the guarantee is recognized as liability and as a distribution of equity under “Other reserves”. The amount of the financial guarantee liability is amortized to income in accordance with IFRS 15 on a straight line basis till bond maturity, and loan maturity.

As of February 2, 2024, the financial guarantee agreement was concluded. Therefore, the remaining balance in Other reserves was transferred to Retained Earnings upon the extinguishment of the liabilities under the financial guarantee.

After initial recognition, the liabilities under the financial guarantees are measured at the higher of the amount initially recognized less cumulative amortization recognized through linear amortization and an ECL provision. The ECL provision for the financial guarantees are a Stage 1 exposures. The ECL for the guarantees issued by the Group is lower than related carrying amount as at 31 December 2024 and 31 December 2023 and therefore no ECLs were recognized.

	Provision for financial guarantee	Other reserves
31 December 2022	51,009	(233,845)
Foreign exchange and other movements	(1,028)	-
Amortisation	(48,901)	-
31 December 2023	1,080	(233,845)
Offset to retained earnings	-	233,845
Amortisation	(1,080)	-
31 December 2024	-	-

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*(In Georgian Lari)***14. Leases****- Leases as lessee**

The Group has entered into several lease agreements for office premises and branches. Lease terms and rental calculations vary between different lease agreements. The leases typically run for a minimum non-cancellable period of 1-3 years.

Information about leases for which the Group is a lessee and records a right-of-use asset and a lease liability is presented below, movements of right-of-use asset is presented in Note 11.

Amounts recognized in profit or loss**2024 - Leases under IFRS 16**

Interest on lease liabilities	113,998
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2023 - Leases under IFRS 16

Interest on lease liabilities	80,277
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Amounts recognized in statement of cash flows

	2024
Interest paid on lease liability	(113,998)
Repayment of lease liability	(576,397)
Total cash outflow for leases	(690,395)

	2023
Interest paid on lease liability	(80,277)
Repayment of lease liability	(638,000)
Total cash outflow for leases	(718,277)

- Lease term and extension options

The Group interprets lease enforceability in lease contracts broadly. A lease term reflects the Group's reasonable estimate of the period during which the underlying asset will be used. In determining the lease term the Group bases its judgement on the broader economics of the contract and the underlying asset, rather than the contractual terms only and allows factors like economic penalties, legislative approach to renewal of the lease and forthcoming changes in regulation to be effectively captured in the estimate of the lease term.

In determination of the enforceable period of the lease, the Group also considers the costs of abandoning or dismantling non-removable leasehold improvements, cost of relocation, etc.

All leases are cancellable by the lessee before the maturity of the lease contracts. The Group analysed all the relevant facts and circumstances and concluded that the lease term mostly equals to the period till contractual maturity.

15. Other liabilities

	31.12.2024	31.12.2023
Accrued liabilities against related parties	338,686	266,078
Trade payables	448,583	341,657
Salary payables	161,515	211,020
Payables for attached funding through P2P platform	-	47,459
Other	153,197	113,178
	1,101,981	979,392

The Group's exposure to currency and liquidity risk related to other liabilities is disclosed in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(In Georgian Lari)

16. Equity**(a) Charter capital**

As at 31 December 2024 the authorized and fully paid capital of the Group is GEL 200,000 (2023: GEL 200,000).

(b) Other reserves

Other reserves represent non-cash distributions by the Group to the Parent, see Note 13.

(c) Dividends

In accordance with Georgian legislation, the Group's distributable reserves are limited to the balance of retained earnings as recorded in the Group's statutory consolidated financial statements prepared in accordance with IFRSs.

The Group has not declared any dividends in 2024 and 2023.

(d) Capital management

The Group management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Group's revenues and profit, and long-term investment plans mainly financed by the Group's operating cash flows. With these measures the Group aims for steady profits growth.

17. Net interest income

	2024	2023
Interest income		
Interest income from loans and advances to customers according to EIR method	22,285,281	19,053,280
Other interest income	652,294	311,264
	22,937,575	19,364,544
Interest expense		
Interest expenses for loans from P2P platform investors (Note 12)	(49,443)	(298,518)
Interest expenses for loans from related parties (Note 12)	(4,762)	-
Interest expenses for lease liabilities (Note 14)	(113,998)	(80,277)
	(168,203)	(378,795)
Net interest income	22,769,372	18,985,749

18. Credit loss expense

The table below shows the movement of loans and advances to customers' and other receivables' expected credit loss in the consolidated comprehensive income for the years ended 31 December 2024 and 2023:

	2024	2023
Change in impairment in loans and advances to customers	665,310	(1,622,347)
Change in impairment of sold receivables	3,662,486	4,926,153
Change in impairment in other receivables	50,441	50,863
Written off debts	1,093,053	1,091,068
Total credit loss expense	5,471,290	4,445,737

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(In Georgian Lari)

19. Fee and commission income

	2024	2023
Revenue from contracts with customers recognized point in time:		
Income from penalties received	3,514,640	2,874,826
Income from commissions	1,779,600	1,803,985
Other	53,572	78,762
	5,347,812	4,757,573
Revenue from contracts with customers recognized point in time where the Group acted as an agent:		
Income from debt collection activities	423,870	143,869
Expenses from debt collection activities	(313,277)	(346,100)
	110,593	(202,231)
Fee and commission income	5,458,405	4,555,342

20. Selling expense

	2024	2023
Marketing expenses	(748,148)	(546,222)
Other selling expenses	(10,858)	(3,185)
	(759,006)	(549,407)

21. General and administrative expense

	2024	2023
Management services	(3,408,916)	(2,709,656)
Employees' salaries	(3,331,949)	(3,132,080)
Depreciation and amortization	(650,878)	(719,980)
Tax expense	(475,049)	(102,265)
Office and branches' maintenance expenses	(311,539)	(322,329)
IT services	(238,235)	(181,676)
Professional services	(180,659)	(209,661)
Communication expenses	(108,134)	(98,965)
Credit database expenses	(102,633)	(95,885)
Bank commissions	(32,257)	(37,774)
Other administrative expenses	(353,833)	(362,402)
	(9,194,082)	(7,972,673)

Key management compensations are disclosed in Note 24.

22. Commitments

As at 31 December 2024, the Group has guarantees issued to the Ultimate Parent Company, Eleving Group S.A. According to the guarantee agreements, the Group, together with fellow guarantors within Eleving Group, unconditionally and irrevocably guarantees the payment of the liabilities of Eleving Group S.A. in the amount of EUR 200 million (31 December 2023: EUR 200 million) to the bondholders in the event of a default by the Ultimate Parent Company. These guarantees are provided under the provisions of the bond prospectus and are secured by TMF Trustee Services GmbH, acting as the Security Agent. (Please refer to Note 13).

23. Contingencies**- Taxation contingencies**

The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by the tax authorities after three years have passed since the end of the year in which the breach occurred.

These circumstances may create tax risks in Georgia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

In December of 2019 the Georgian tax administration has initiated a transfer pricing audit for the Group. The audit covers financial years 2016, 2017 and 2018. The final decision issued by the Georgian tax administration has been received with respect to 2016, 2017 and 2018. The final decisions were appealed at Tbilisi City Court. The Georgian tax administration has challenged that interest rate applied by Eleving Group S.A. on loan issued to the Group complies with arm's length principle. According to mentioned decisions additional tax charges in the amount of GEL650 thousand, GEL826 thousand and GEL1,148 thousand have been imposed on the Group for 2016, 2017 and 2018, respectively. The amounts have been reduced within the litigation process, partly covered from the existing positive balance with the Georgian state budget and the rest amount was paid therein.

Management of the Group considers that the interest rate applied on the loan from Eleving Group S.A. is a market rate. Since January 2020 the Group started to appeal the decisions of the Georgian tax administration.

Management's position is to use all available local and international measures to justify its transfer pricing policies and cancel the final decisions. Management concludes it is not probable that the Georgian Tax administration will accept an uncertain tax treatment. The Group has not recognized tax expenses related to transfer pricing audit in its consolidated financial statements.

- Litigations

In the ordinary course of business, the Group is subject to legal actions, litigations and complaints. Management believes that the ultimate liability not already provided for, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

- Management report

In accordance with the Law on accounting, reporting and auditing (article 7) the Organisation has an obligation to prepare and submit Management Report to the State Regulatory Authority, together with Independent Auditors' Report no later than 1 October of the year following the reporting period. The organization has fulfilled this obligation as of the date of issuance of these consolidated financial statements.

- Distribution of dividends

In accordance with Georgian tax legislation the Company recognises the income tax payable on the distribution of dividends as a liability and an expense in the period in which the dividends are declared regardless of the period to which they belong or the period in which the dividends are ultimately distributed. The contingent income tax liability reflecting the maximum obligation that would arise if all of the retained earnings were distributed as dividends is not recognised in the financial statement. Maximum income tax payable upon the dividend distribution in the future would be GEL10,451,004.

24. Related parties**- Parent and ultimate controlling party**

The Group's immediate parent company is LLC Eleving Stella UAB, a Company incorporated in Lietuva (see Note 1). The Group's ultimate parent company is Eleving Group S.A.. The annual report of Eleving Group S.A. is publicly available on its website: www.eleving.com.

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(In Georgian Lari)

24. Related parties (Continued)**- Transactions with key management personnel****Key management remuneration**

Key management received the following remuneration during the year, which is included in employees' salaries expenses (see Note 21):

	2024	2023
Salaries and bonuses	(264,457)	(278,813)

- Other related party transactions

	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2024	2023	2024	2023
Sale of goods and services				
Fellow subsidiaries:				
Other receivables (Note 10)	-	-	629,309	629,309

	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2024	2023	2024	2023
Purchase of goods and services				
Fellow subsidiaries:				
Other liabilities (Note 15)	(3,371,312)	(2,879,106)	338,686	266,078

	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2024	2023	2024	2023
Loans received				
Ultimate parent company:				
Loans and borrowings (Note 12)	(3,838)	-	883,942	-

	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2024	2023	2024	2023
Purchase of bonds				
Ultimate parent company:				
Investment in debt securities (Note 8)	78,620	-	8,978,054	-

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For the year ended 31 December 2024

*(In Georgian Lari)***24. Related parties (Continued)**

	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2024	2023	2024	2023
Provision for financial guarantee				
Fellow subsidiary	-	-	-	1,080

In 2024 amortized income on financial guarantee amounted to GEL1,080 (2023: GEL48,901), see note 13.

All outstanding balances with related parties except for the loan received, investment in debt securities and the provision for financial guarantee are to be settled in cash within six months of the reporting date. None of the balances are secured.

25. Subsequent events

- **Sale of shares in Mogo Finance Uzbekistan**

On January 2, 2025, Mogo LLC sold 1.0% share in the authorized capital of Mogo Finance Microfinance Organization LLC (Uzbekistan) to Physical Person - Saidov Saidbek for a purchase price of SUM20,000,000 (EUR1,425).

On September 14, 2024, Mogo LLC sold 0.85% share in the authorized capital of Mogo Finance Microfinance Organization LLC (Uzbekistan) to Physical Person - Rimgaila Juozas for a purchase price of SUM17,042,000 (EUR 1,214).

Both transactions were reflected in the charter of Mogo Finance Microfinance Organization LLC (Uzbekistan) in February 2025.

- **Loans and borrowings**

In 2025, the Group fully repaid received loans from ultimate parent company in the amount of 300,000 EUR.

In April 2025, the Group borrowed funds in the amount of EUR1,086,677 from P2P investors on the Mintos platform.

- **Change of a director of the Company**

On 29 January 2025, according to the decision of shareholder of the Company, Mr. Ivan Lagutin, the incumbent director of Mogo LLC, was relieved of his duties. Mr. Davit Mezvrishvili was subsequently appointed as a new director.

- **Sale of Loan Portfolio**

In 2025 April, the Group sold the portfolio of impaired loans to customers with carrying amount of GEL360,724 (The total number of loans in the loan portfolio is 351, and the total gross value of items is 3,680,531 GEL (this includes the principal amount of the loan, interest benefits, and fines)) for a consideration of GEL227,649. The loss from the transaction of GEL 133,075 was recognised in the consolidated statement of comprehensive income.