

**Joint Stock Company Eleving Solis**  
(UNIFIED REGISTRATION NUMBER 40203182962)

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE  
WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

**Riga, 2024**

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### General information

|                                                             |                                    |
|-------------------------------------------------------------|------------------------------------|
| Name of the Company                                         | Eleving Solis                      |
| Legal status of the Company                                 | Joint Stock Company                |
| Unified registration number, place and date of registration | Riga, 28 November 2018             |
| Registered office                                           | Skanstes street 52, Riga           |
| Shareholders                                                | 31.12.2023                         |
|                                                             | Eleving Vehicle Finance JSC 85.82% |
|                                                             | Other 14.18%                       |
|                                                             | <b>TOTAL 100%</b>                  |

Ultimate parent company Eleving Group S.A. (Luxembourg)

Board Members

Tomas Sudnius - Chairman of the Board from 28.11.2018.

Māris Kreics - Member of the Board from 13.01.2021.

Marius Barys - Member of the Board from 13.01.2021.

Council Members

Modestas Sudnius - Chairman of the Council from 07.11.2023.

Toms Puriņš - Deputy Chairman of the Council from 07.11.2023.

Anita Kalniņa - Member of the Council from 07.11.2023.

| Subsidiaries: | Subsidiary name                                        | Country of incorporation | % equity interest |
|---------------|--------------------------------------------------------|--------------------------|-------------------|
|               | <i>Mogo Auto Ltd</i>                                   | <i>Kenya</i>             | <i>87.05%</i>     |
|               | <i>Green Power Trading Ltd (former Mogo Kenya Ltd)</i> | <i>Kenya</i>             | <i>100.00%</i>    |
|               | <i>Mogo Africa UAB</i>                                 | <i>Lithuania</i>         | <i>100.00%</i>    |
|               | <i>Mogo Loans SMC Ltd</i>                              | <i>Uganda</i>            | <i>100.00%</i>    |
|               | <i>Mogo Lend LTD</i>                                   | <i>Uzbekistan</i>        | <i>97.10%</i>     |

Financial year 1 January - 31 December 2023

Previous financial year 1 January - 31 December 2022

|                          |                     |
|--------------------------|---------------------|
| Auditors:                | Certified auditor:  |
| RE Audit SIA             | Artūrs Strazdiņš    |
| Licence No. 197          | Certificate No. 228 |
| Doņu str. 16             |                     |
| Sigulda, LV-2150, Latvia |                     |

## Management report

The Board members of JSC "Eleving Solis" (hereinafter - the Company) present the report on the separate financial statements for the year ended 31 December 2023. All the figures are presented in EUR (euro).

### General information

JSC "Eleving Solis" is a company that provides management services to its related companies, such as financial management, development of marketing strategy, provision of IT services and other strategically important services in service recipient companies.

### Mission, vision and values

#### *Mission*

The company's mission is to help its clients implement and maintain sustainable financial, marketing, IT and other strategies that would result in rapid development of these companies.

#### *Vision*

The company's vision is to become an important partner for clients to ensure further development of these companies.

#### *Values*

- Availability – the Company provides the necessary human resources.
- Open communication and adaptation – the core value of the Company is an open communication and an adaptive approach to each and every customer, which results in a mutually beneficial outcome in every situation.
- Long term relationship – the Company values and creates mutually beneficial long term relationship with all its customers, it welcomes feedback and suggestions for improvement.

### Operations and Financial Results

Total assets of the Company amounted 12.2 million euro (6% decrease, compared to 2022), Operational service income amounted 681.2 thousand euro (11% decrease, compared to 2022), and net loss of the Company amounted 1.7 million euro (62% decrease, compared to 2022).

In 2023, the Company continued its work to implement its mission, namely to offer fast and easily accessible services, as well as to expand the range of services provided. The company continued to make extensive resource investments in the development of information system solutions in order to continuously improve its operational activity in the near future, automating the existing processes, while simultaneously increasing customer satisfaction with the services received.

### The future development of the Company

In 2023, the Company continues its work to ensure its mission. Despite the fact that the Company has negative equity and the Company's ability to continue its operations in the future depends on the financial support provided by the parent company, the Company's management believes that the Company will be able to continue its operations in the future. If the losses from the sale of dollars continue, the Company's management will have to evaluate potential solutions for reducing and covering the losses.

## Management report (continued)

### Significant risks and uncertainties

On December 31, 2023, the Company had a negative equity of EUR 5 247 027 (as of 31.12.2022. the negative equity EUR 4 584 300), as well as the financial result of the reporting period was a loss.

The Company has received a written confirmation from the parent company, in which the parent company confirms that it will continue to financially support the Company and, if necessary, will provide the Company with additional financial resources for the settlement of obligations within the stipulated terms. Therefore, the Company's management believes that it will not have a liquidity problem and will be able to settle with creditors within the specified terms. Accordingly, the Company's management believes that the going concern principle is applicable in the preparation of these financial statements.

The Company's key principles of finance risk management are presented in the Note 22.

### Subsequent events

After the end of the reporting year, the hostilities started by Russia on the territory of Ukraine are still continuing, as well as the extended economic sanctions of the western countries against Russia and Belarus are still in force. It is expected that the mentioned conditions will continue to affect the economic development in the country and in the world. It is not predictable how the situation could develop in the future, and therefore, there is uncertainty of economic development. The management of the company continuously evaluates the situation, taking into account the following circumstances and management response mechanisms:

1. The company has no direct business partners in Russia, Belarus or Ukraine.
2. The company has no signed contracts, not does it have any receivables or liabilities in Russian rubles or Ukrainian hryvnias.
3. The company does not have direct cooperation with sanctioned business partners.
4. The company does not face disruptions in its supply chains.
5. Currently, a decrease in revenue is not expected.

Currently, the Company's operation is not significantly affected. The management of the Company believes that the Company will be able to overcome the current situation. However, this conclusion is based on the information that is available at the time of signing this financial report and the impact of future events on the Company's operations in the future may differ from management's assessment.

As of the last day of the reporting year until the date of signing these separate financial statements there have been no other events requiring adjustment of or disclosure in the separate financial statements or Notes thereto.

Information about subsequent events is disclosed in Note 24.

Signed on behalf of the Company by:

Tomas Sudnius - Chairman of the Board  
Māris Kreics - Member of the Board  
Marius Barys - Member of the Board

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### **Statement of Management Responsibility**

JSC Eleving Solis management is responsible for preparation of the separate financial statements.

Management of the Company declares that in accordance with the information in their possession, separate financial statements have been prepared in accordance with accounting transaction documentation and with the International Financial Reporting Standards as adopted by EU and give a true and fair view of the Company's assets, liabilities, financial position as at 31 December 2023, results of operations and cash flows for the year ended 31 December 2023.

Management of the Company confirms that an appropriate and consistent accounting policies and management estimates are used. Management of the Company confirms that the separate financial statements are prepared using prudence principle as well as the going concern assumption. Management of the Company confirms its responsibility for maintaining proper accounting records, as well as monitoring, control and safeguarding of the Company's assets.

The Company's management is responsible for detection and prevention of the error, inaccuracy and / or fraud. The Company's management is responsible for the Company's activities to be carried out in compliance with the legislation of the Republic of Latvia. The management report includes a fair view of the development of the Company's business and results of operation.

Signed on behalf of the Company by:

Tomas Sudnius - Chairman of the Board  
Māris Kreics - Member of the Board  
Marius Barys - Member of the Board

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## Separate Financial Statements

### Separate Statement of Comprehensive Income

|                                                |      | 2023               | 2022               |
|------------------------------------------------|------|--------------------|--------------------|
|                                                | Note | EUR                | EUR                |
| Operational service income                     | 4    | 681 172            | 768 648            |
| Administrative expense                         | 5    | (671 925)          | (762 534)          |
| Other operating income                         |      | 3 332              | 1 970              |
| Other operating expense                        |      | (13 673)           | (935)              |
| Interest revenue                               | 6    | 69 719             | -                  |
| Interest expense                               | 7    | (1 665 947)        | (1 696 763)        |
| Net foreign exchange result                    | 8    | (62 344)           | (2 665 486)        |
| <b>Profit or (loss) before tax</b>             |      | <b>(1 659 666)</b> | <b>(4 355 100)</b> |
| Corporate income tax                           |      | (3 061)            | (62)               |
| <b>Net profit or (loss) for the period</b>     |      | <b>(1 662 727)</b> | <b>(4 355 162)</b> |
| <b>Total comprehensive income for the year</b> |      | <b>(1 662 727)</b> | <b>(4 355 162)</b> |

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

Signed on behalf of the Company by:

Tomas Sudnius - Chairman of the Board  
Māris Kreics - Member of the Board  
Marius Barys - Member of the Board  
Annija Dzene - Senior Accountant

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### Separate Statement of Financial Position

|                                                   |               | <b>ASSETS</b>     |                   |
|---------------------------------------------------|---------------|-------------------|-------------------|
|                                                   |               | <b>31.12.2023</b> | <b>31.12.2022</b> |
| <b>NON-CURRENT ASSETS</b>                         | <b>Note</b>   | <b>EUR</b>        | <b>EUR</b>        |
| <b>Intangible assets</b>                          | <b>9</b>      |                   |                   |
| Software                                          |               | 2 172 968         | 1 442 826         |
| <b>Total intangible assets</b>                    |               | <b>2 172 968</b>  | <b>1 442 826</b>  |
| <b>Tangible assets</b>                            | <b>10</b>     |                   |                   |
| Right-of-use assets                               |               | 71 724            | 56 494            |
| Property and equipment                            |               | 5 311             | 6 482             |
| <b>Total tangible assets</b>                      |               | <b>77 035</b>     | <b>62 976</b>     |
| <b>Non-current financial assets</b>               |               |                   |                   |
| Investments in Subsidiaries                       | <b>11</b>     | 8 940 306         | 10 971 349        |
| <b>Total non-current financial assets</b>         |               | <b>8 940 306</b>  | <b>10 971 349</b> |
| <b>TOTAL NON-CURRENT ASSETS</b>                   |               | <b>11 190 309</b> | <b>12 477 151</b> |
| <b>CURRENT ASSETS</b>                             |               |                   |                   |
| <b>Receivables and other current assets</b>       |               |                   |                   |
| Forward exchange contracts                        | <b>8</b>      | 181 346           | 307 484           |
| Loans to related parties                          | <b>12</b>     | 540 261           | -                 |
| Related party receivables                         | <b>13, 20</b> | 71 043            | 60 389            |
| Contract assets                                   | <b>14</b>     | 65 370            | 73 256            |
| Prepaid expense                                   |               | 3 264             | 3 315             |
| Other receivables                                 | <b>15</b>     | 69 684            | 86 349            |
| Cash and cash equivalents                         | <b>16</b>     | 83 649            | 3 980             |
| <b>Total receivables and other current assets</b> |               | <b>1 014 617</b>  | <b>534 773</b>    |
| <b>TOTAL CURRENT ASSETS</b>                       |               | <b>1 014 617</b>  | <b>534 773</b>    |
| <b>TOTAL ASSETS</b>                               |               | <b>12 204 926</b> | <b>13 011 924</b> |

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

Signed on behalf of the Company by:

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Māris Kreics - Member of the Board  
Marius Barys - Member of the Board  
Annija Dzene - Senior Accountant

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### Separate Statement of Financial Position

| EQUITY AND LIABILITIES               |      | 31.12.2023         | 31.12.2022         |
|--------------------------------------|------|--------------------|--------------------|
| EQUITY                               | Note | EUR                | EUR                |
| Share capital                        | 17   | 39 744             | 39 743             |
| Share premium                        |      | 999 999            | -                  |
| Retained earnings                    |      | (6 286 770)        | (4 624 043)        |
| brought forward                      |      | (4 624 043)        | (268 881)          |
| for the period                       |      | (1 662 727)        | (4 355 162)        |
| <b>Total equity</b>                  |      | <b>(5 247 027)</b> | <b>(4 584 300)</b> |
| <b>LIABILITIES</b>                   |      |                    |                    |
| <b>Non-current liabilities</b>       |      |                    |                    |
| Borrowings                           | 18   | 17 268 722         | 17 413 233         |
| <b>Total non-current liabilities</b> |      | <b>17 268 722</b>  | <b>17 413 233</b>  |
| <b>Current liabilities</b>           |      |                    |                    |
| Borrowings                           | 18   | 50 245             | 24 362             |
| Accrued liabilities                  | 19   | 120 355            | 128 535            |
| Payables to related companies        | 20   | 292                | 653                |
| Trade payables                       |      | -                  | 220                |
| Corporate income tax payable         |      | 3 045              | -                  |
| Taxes payable                        |      | -                  | 16 956             |
| Other liabilities                    |      | 9 294              | 12 265             |
| <b>Total current liabilities</b>     |      | <b>183 231</b>     | <b>182 991</b>     |
| <b>TOTAL LIABILITIES</b>             |      | <b>17 451 953</b>  | <b>17 596 224</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>12 204 926</b>  | <b>13 011 924</b>  |

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

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### Separate Statement of Changes in Equity

|                                      | Share<br>capital<br>EUR | Share<br>premium<br>EUR | Retained earnings/<br>(Accumulates losses)<br>EUR | Total<br>EUR           |
|--------------------------------------|-------------------------|-------------------------|---------------------------------------------------|------------------------|
| <b>Balance at 01.01.2022</b>         | <b>39 743</b>           | -                       | <b>(268 881)</b>                                  | <b>(229 138)</b>       |
| Profit/(loss) for the reporting year | -                       | -                       | (4 355 162)                                       | (4 355 162)            |
| <b>Balance at 31.12.2022</b>         | <b>39 743</b>           | -                       | <b>(4 624 043)</b>                                | <b>(4 584 300)</b>     |
| <br><b>Balance at 01.01.2023</b>     | <br><b>39 743</b>       | <br>-                   | <br><b>(4 624 043)</b>                            | <br><b>(4 584 300)</b> |
| Share capital increase/(decrease)    | 1                       | -                       | -                                                 | 1                      |
| Share premium                        | -                       | 999 999                 | -                                                 | 999 999                |
| Profit/(loss) for the reporting year | -                       | -                       | (1 662 727)                                       | (1 662 727)            |
| <b>Balance at 31.12.2023</b>         | <b>39 744</b>           | <b>999 999</b>          | <b>(6 286 770)</b>                                | <b>(5 247 027)</b>     |

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

Signed on behalf of the Company by:

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Māris Kreics - Member of the Board  
Marius Barys - Member of the Board  
Annija Dzene - Senior Accountant

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### Separate Statement of Cash Flows

|                                                                   |             | 2023               | 2022               |
|-------------------------------------------------------------------|-------------|--------------------|--------------------|
|                                                                   |             | EUR                | EUR                |
| <b>Cash flows from operating activities</b>                       | <b>Note</b> |                    |                    |
| Profit/(loss) before tax from continuing operations               |             | (1 659 666)        | (4 355 100)        |
| Adjustments for:                                                  |             |                    |                    |
| Amortisation and depreciation                                     | 5, 9, 10    | 337 078            | 193 657            |
| Interest expense                                                  | 7           | 1 665 947          | 1 696 763          |
| Interest income                                                   |             | (69 719)           | -                  |
| (Gain)/loss from fluctuations of currency exchange rates          | 8           | 126 138            | (1 715 000)        |
| Disposals of tangible and intangible assets                       | 9, 10       | (1 318)            | 63                 |
| <b>Operating profit before working capital changes</b>            |             | <b>398 460</b>     | <b>(4 179 617)</b> |
| Decrease/ (increase) in trade and other receivables               |             | 13 948             | 607 877            |
| Increase in advances received and trade payables                  |             | (28 688)           | 68 978             |
| <b>Cash generated from operations</b>                             |             | <b>383 720</b>     | <b>(3 502 762)</b> |
| Interest received                                                 |             | 10 458             | -                  |
| Interest paid                                                     | 18          | (1 642 923)        | (1 558 069)        |
| Corporate income tax paid                                         |             | (16)               | (62)               |
| <b>Net cash flows from operating activities</b>                   |             | <b>(1 248 761)</b> | <b>(5 060 893)</b> |
| <b>Cash flows from investing activities</b>                       |             |                    |                    |
| Purchase of tangible and intangible assets                        | 9, 10       | (1 055 359)        | (838 690)          |
| Capital of Subsidiary decrease                                    | 10          | 2 031 043          | -                  |
| Loan repayments received from related parties                     |             | 1 069 000          | -                  |
| <b>Net cash flows from investing activities</b>                   |             | <b>2 044 684</b>   | <b>(838 690)</b>   |
| <b>Cash flows from financing activities</b>                       |             |                    |                    |
| Paid in share capital                                             |             | 1                  | 0.00               |
| Paid out share premium                                            |             | 999 999            |                    |
| Received borrowings                                               | 18          | 5 328 000          | 12 457 571         |
| Repayments for borrowings                                         | 18          | (7 034 000)        | (6 572 000)        |
| Repayment of lease liabilities for right-of-use assets            | 18          | (10 254)           | (4 983)            |
| <b>Net cash flows from financing activities</b>                   |             | <b>(716 254)</b>   | <b>5 880 588</b>   |
| Change in cash and cash equivalents                               |             | <b>79 669</b>      | <b>(18 995)</b>    |
| Cash and cash equivalents at the beginning of the reporting year  |             | 3 980              | 22 975             |
| <b>Cash and cash equivalents at the end of the reporting year</b> | <b>16</b>   | <b>83 649</b>      | <b>3 980</b>       |

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

Signed on behalf of the Company by:

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Māris Kreics - Member of the Board  
Marius Barys - Member of the Board  
Annija Dzene - Senior Accountant

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## Notes to the separate financial statements

### 1. Corporate information

Eleving Solis JSC (registration number 40203182962) is a Latvian company. The Company was incorporated in Riga on November 28, 2018 as a joint stock company for an unlimited duration, subject to general company law.

The ultimate parent company of Eleving Solis JSC is Eleving Group S.A. (Luxembourg). The ultimate beneficiary owner of mogo JSC is Aigars Kesenfelds (37%). The share of the rest shareholders does not exceed 25%.

The core business activity of the Company comprises of providing management services to its related companies.

Shareholders have the separate financial statements approval rights after their approval by the Board of Directors.

|                                                       | 2023 | 2022 |
|-------------------------------------------------------|------|------|
| Average number of employees during the reporting year | 5    | 6    |

### 2. Summary of significant accounting policies

#### a) Basis of preparation

These annual separate financial statements as of and for the year ended 31 December 2023 are prepared in accordance with International Financial Reporting Standards as adopted in the European Union.

The Company's annual separate financial statements and its financial result are affected by accounting policies, assumptions, estimates and management judgement (Note 3), which necessarily have to be made in the course of preparation of the annual separate financial statements. The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates are recorded in the separate financial statements, when determinable. See Note 3.

The separate financial statements are prepared on a historical cost basis except for the recognition of financial instruments measured at fair value.

The Company's presentation and functional currency is euro (EUR). The separate financial statements cover the period from 01 January 2023 till 31 December 2023. Accounting policies and methods are consistent with those applied in the previous years.

The management does not use segmental approach to operational decision-making.

#### Going concern

These separate financial statements are prepared on the going concern basis.

Going concern assumptions in the context of subsequent events are disclosed under 'Going concern (non-adjusting subsequent events)' (Note 3).

#### b) Application of new and/or amended IFRS and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC)

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

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

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

## 2. Summary of significant accounting policies (continued)

### (ii) New standards, interpretations and amendments not yet effective

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

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

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

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

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

The Company makes further assessment on the impact of these new standards and amendments, but the Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in future periods.

### c) Significant accounting policies

#### *Internally generated intangible assets*

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

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

Internally generated intangible assets cost value is increased by the Company's information technology costs - salaries and social security contribution capitalization. Asset useful life is reassessed by management at each year end and amortization periods adapted accordingly.

Internally generated intangible assets are amortized over their useful lives 7 years.

According to IAS38, development costs shall be capitalized if, and only if, the Company can meet all of the following criteria:

- the project is clearly identified and the related costs are itemized and reliably monitored;
- the technical and industrial feasibility of completing the project is demonstrated;
- there is a clear intention to complete the project and to use or sell the intangible asset arising from it;
- the Company has the ability to use or sell the intangible asset arising from the project;
- the Company can demonstrate how the intangible asset will generate probable future economic benefits;
- the Company has adequate technical, financial and other resources to complete the project and to use or sell the intangible asset.

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

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

Additional information is included in Notes 3 and 9.

#### *Licenses and other intangible assets*

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

Other intangible assets mainly consists of acquired computer software products.

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

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

#### *Property and equipment*

Equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

|                 |                 |
|-----------------|-----------------|
| Computers       | - over 3 years; |
| Furniture       | - over 5 years; |
| Other equipment | - over 2 years. |

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

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

## 2. Summary of significant accounting policies (continued)

### c) Significant accounting policies (continued)

#### *Financial assets*

Financial assets are recognized on the date when Company enters into the contract giving rise to the financial instruments. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Receivables are measured at the transaction price.

#### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings.

##### *Subsequent measurement*

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

##### *- Financial liabilities at fair value through the statement of comprehensive income*

Financial liabilities at fair value through the statement of comprehensive income include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the statement of comprehensive income.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through the statement of comprehensive income are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. This category generally applies to liabilities according to Forward exchange contracts.

##### *- Loans and borrowings*

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs (interest expense) in the statement of comprehensive income.

This category generally applies to borrowings.

##### *Modification of financial liabilities*

For financial liabilities, the Company 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 Company records a modification gain or loss.

##### *Treatment of non-substantial modifications*

If expectations of fixed rate financial liabilities' cash flows are revised, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial liability on the 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 Company 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 statement of comprehensive income and any costs or fees incurred adjust the carrying amount of the modified financial asset or liability and are amortized over the remaining term of the modified instrument. Therefore, the original EIR determined at initial recognition is revised on modification to reflect any costs or fees incurred.

##### *Derecognition*

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

The Company 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.

## 2. Summary of significant accounting policies (continued)

### c) Significant accounting policies (continued)

#### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### *Finance lease - Company as lessee*

##### *Lease liability*

###### *Initial recognition*

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

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

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

Lease term is the non-cancellable period for which the Company has the right to use an underlying asset, together with both:

- (a) Periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and
- (b) Periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

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

###### *Subsequent measurement*

After the commencement date, the Company measures the lease liability by:

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

##### *Right-of-use assets*

###### *Initial recognition*

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

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

###### *Subsequent measurement*

The Company measures the right-of-use asset at cost, less any accumulated depreciation and accumulated impairment losses; and adjusted for the remeasurement of the lease liability. Depreciation of the right-of-use asset is recognised on a straight-line basis in profit or loss. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset in accordance with the Company's policy of similar owned assets. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

###### *Company involvement with the underlying asset before the commencement date*

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

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

## **2. Summary of significant accounting policies (continued)**

### **c) Significant accounting policies (continued)**

#### *Initial recognition exemptions applied*

As a recognition exemption the Company elects not to apply the recognition requirements of right-of-use asset and lease liability to:

- (a) Short term leases – for all classes of underlying assets; and
- (b) Leases of low-value assets – on a lease-by-lease basis.

For leases qualifying as short-term leases and/or leases of low-value assets, the Company does not recognise a lease liability or right-of-use asset. The Company recognises the lease payments associated with those leases as an expense on either a straight-line basis over the lease term.

#### *(a) Short term leases*

A short-term lease is a lease that, at the commencement date, has a lease term of 3 months or less. A lease that contains a purchase option is not a short-term lease. This lease exemption is applied for all classes of underlying assets.

#### *(b) Leases of low-value assets*

The Company defines a low-value asset as one that:

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

#### **Cash and cash equivalents**

Cash comprises cash at bank.

#### **Vacation pay reserve**

Vacation pay reserve is calculated based on Latvian legislation requirements.

#### **Investments in subsidiaries**

Investments in Subsidiaries (i.e. where the Company holds more than 50% interest of the share capital or otherwise controls the company) are recognised at cost in the separate financial statements according to IAS 27. Following initial recognition, investments in Subsidiary and associates are carried at cost less any accumulated impairment losses. The carrying values of investments are reviewed for impairment at each statement of financial position date. The Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary or associate and its carrying value, then, recognises the loss in the statement of comprehensive income.

#### **Provisions**

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

#### **Contingencies**

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

#### **Income and expenses**

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

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

#### *The effective interest rate method*

According to IFRS 9 for all financial instruments measured at amortized cost interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

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

#### *Expenses related to attracting funding*

Expenses related to attracting funding consists of administration fee for using peer-to-peer platform. Expenses are charged monthly and recognised in the Company's statement of comprehensive income when they occur.



## 2. Summary of significant accounting policies (continued)

### c) Significant accounting policies (continued)

#### **Revenue and expenses from contracts with customers**

Revenue from contracts with customers in scope for IFRS 15 encompasses sold goods or services provided as output of the Company's ordinary activities. The Company uses the following criteria to identify contracts with customers:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- can be identified each party's rights regarding the goods or services to be transferred;
- can be identified the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract);
- it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

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

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

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

#### **Revenue and expenses from contracts with customers (continued)**

Revenue from satisfied performance obligations is recognized over time, if one of the following criteria is met:

- customer simultaneously receives and consumes the benefits;
- customer controls the asset as it is created or enhanced;
- the Company's performance creates an asset and has a right to payment for performance completed.

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

In the year 2023 and 2022 the Company did not enter into contracts with rights of return, financing components, non cash considerations or consideration payable to customer.

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

- a) a good or another asset from the other party that it then transfers to the customer.
  - b) a right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf.
  - c) a good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.
- Management judgment on transactions where the Company acts as agent is disclosed in Note 3.

#### **Contract balances**

##### **Contract assets**

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

At 31 December the Company have contract assets in its statement of financial position. See Note 14.

##### **Related party receivables**

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

These receivables are disclosed in balance sheet caption 'Related party receivables' (Note 13).

Related party receivables are non-interest bearing and are generally on terms of 30 to 120 days.

##### **Contract liabilities**

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

## 2. Summary of significant accounting policies (continued)

### c) Significant accounting policies (continued)

#### Income taxes

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

No provision is recognized for income tax payable on a dividend distribution before dividends are declared.

As income tax has to be paid on distributed profits and deemed profit distributions, no temporary differences are arising between the tax bases of assets and liabilities and their carrying values for accounting purposes. Therefore deferred tax assets and liabilities are not recognized.

#### Related parties

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

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

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

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

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

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

#### Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability and distribution of retained earnings in the separate financial statements in the period in which the dividends are approved by the shareholders.

#### Subsequent events

Post period-end events that provide additional information about the Company's position at the statement of financial position date (adjusting events) are reflected in the separate financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material (Note 24).

### 3. Significant accounting judgments, estimates and assumptions

The preparation of the separate financial statements in conformity with IFRS requires management to make judgements, approaches and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingencies. The most significant judgment is related to the Company's ability to continue as a going concern, while significant areas of estimation uncertainty used in the preparation of the separate financial statements are impairment of financial assets, impairment tests for investments in subsidiaries and fair value of financial guarantees. Although these estimates and judgements along with other items listed below are based on the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the separate financial statements.

#### **Going concern**

These financial statements are prepared on going concern basis.

On 31 December 2023, the Company had a negative equity of EUR 5 247 027 (EUR 4 584 300 in 2022 ).

The Company has received written approval from the parent company, that the parent company will continue to financially support the Company and, if necessary, provide the Company with additional financial resources within the deadlines for settling its obligations.

In addition, at the end of 2022, the Company signed agreement with a related company on credit line of EUR 30 million .

In view of the above, the management of the Company believes that it will not have liquidity problems and will be able to pay to the creditors within the time limits prescribed. Accordingly, the management of the Company considers that the Company is able to continue as a going concern.

#### **Impairment assessment of investments in subsidiary**

Key assumptions used in value in use calculations:

The recoverable amount was determined based on the free cash flow to equity model (value in use) using perpetuity discounted cash flow projections covering a three -year period with a terminal year.

To determine the recoverable amount, discount rates applied to the cash flow projections were between 45.26% and 57.40% and were based on external sources of information. Terminal growth rates were assumed at 1%. Other key assumption, on which management based its cash flow projections for the period, was future profitability of the operation of the subsidiaries. During forecast period the aggregate operating profit of subsidiaries is projected to increase by 56% in financial year 2024 comparing to 2023, and by on average 35% per annum over 2025-2028. The costs in 2024 and onwards were estimated based on the budget approved by the management of the Company which are dependent on the volume of loan portfolio.

Taking into account all the aspects mentioned above, as at 31 December 2023 and as at 31 December 2022 the Company has not recognised impairment allowance for investment in subsidiary.

Sensitivity scenarios: assuming decrease by 30% in operating cash flow during the five-year period and increase in discount rate by 1% while other assumptions remain unchanged, the recoverable amount would decrease by 48%, but remains higher than carrying value.

#### **ECL determination for subsequent measurement**

All current assets with potential credit risk are receivables from related parties. The management of the Company believes that all receivables from companies, belonging to ultimate parent company (Eleving Group S.A., Luxembourg) group do not contain credit risk, and therefore ECL is not recognized

#### **Lease term determination under IFRS 16 (Company as a lessee)**

IFRS 16 requires that in determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall apply the definition of a contract in accordance with IFRS 15 and determine the period for which the contract is enforceable. In assessment of lease term determination the Company considers the enforceable rights and obligations of both parties. If both the lessee and the lessor can terminate the contract without more than an insignificant penalty at any time at or after the end of the non-cancellable term, then there are no enforceable rights and obligations beyond the non-cancellable term. For lease agreements without a fixed term and agreements that are "rolled over" on monthly basis until either party gives notice the Company considers that it does have enforceable rights and obligations under such agreements, therefore a reasonable estimate of the lease term assessment is made.

In considering the Company's options to extend or not to terminate the lease the Company evaluates what are the rights of the Company and the lessor under such options. The Company considers whether options included in the lease agreements (1) give an unilateral right for one party (i.e. Company) and (2) creates an obligation to comply for the other party (i.e. lessor). If neither party in the contract has an obligation then Company assessment is that no options are to be considered in the context of lease term assessment. In such situations the lease term would not exceed the non-cancellable contractual term. In determining the lease term the Company has assessed the penalties under the lease agreements as well as economic incentives to prolong the lease agreements such as the underlying asset being strategic.

#### **Lease liability incremental borrowing rate determination under IFRS 16 (Company as a lessee)**

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

The Company has used market rates as its incremental borrowing rate. The Company considers market rates used as an appropriate measure for incremental borrowing rates as they correctly reflect the ability to finance a specific asset purchase.

It is further considered that the way how local lenders would approach asset financing at each subsidiary level. As per Company's assessment each of the Company's Subsidiary would qualify as a good quality borrower in the local markets in the context of overall the Company results.

#### 4. Operational service income

|                                                     | 2023           | 2022           |
|-----------------------------------------------------|----------------|----------------|
|                                                     | EUR            | EUR            |
| Income from management services for related parties | 681 172        | 666 018        |
| Income from professional services                   | -              | 102 630        |
| <b>TOTAL:</b>                                       | <b>681 172</b> | <b>768 648</b> |

#### Geographical segment information for related parties

|                            | 2023           | 2022           |
|----------------------------|----------------|----------------|
|                            | EUR            | EUR            |
| Operational service income |                |                |
| Lithuania                  | 501 947        | 522 649        |
| Uzbekistan                 | 179 225        | 138 487        |
| Latvia                     | -              | 102 512        |
| Kenya                      | -              | 5 000          |
| <b>TOTAL:</b>              | <b>681 172</b> | <b>768 648</b> |

#### 5. Administrative expense

|                                           | 2023           | 2022           |
|-------------------------------------------|----------------|----------------|
|                                           | EUR            | EUR            |
| Employees' salaries                       | 294 555        | 269 580        |
| Amortization and depreciation             | 337 078        | 193 657        |
| IT services*                              | 4 429          | 149 434        |
| Business trips                            | 14 007         | 24 934         |
| Financial companies commissions           | 160            | 7 360          |
| Professional services**                   | 13 529         | 6 497          |
| Donations and sponsorships                | -              | 3 300          |
| Bank commissions                          | 1 939          | 2 648          |
| Office and branches' maintenance expenses | 3 837          | 2 605          |
| Recruitment fees                          | -              | 438            |
| Other personnel expenses                  | 1 586          | 188            |
| Communication and transportation expenses | 102            | 136            |
| Low value equipment expenses              | 335            | 120            |
| Other administration expenses             | 368            | 101 637        |
| <b>TOTAL:</b>                             | <b>671 925</b> | <b>762 534</b> |

\* Part of IT services was provided by related parties (Note 20)

\*\* Audit fees for Company 2023 separate financial statements audit amounts to 4 900 EUR (2022: EUR 4 900)

#### Key management personnel compensation

The board members have not received remuneration for the duties of the board.

There are no emoluments granted to the members of the Board/Council and commitments in respect of retirement pensions for former members of the Board/Council.

#### 6. Interest revenue

|                                              | 2023          | 2022     |
|----------------------------------------------|---------------|----------|
|                                              | EUR           | EUR      |
| Interest income for loans to related parties | 69 719        | -        |
| <b>TOTAL:</b>                                | <b>69 719</b> | <b>-</b> |

#### 7. Interest expense

|                                                                               | 2023             | 2022             |
|-------------------------------------------------------------------------------|------------------|------------------|
|                                                                               | EUR              | EUR              |
| <i>Interest expenses on financial liabilities measured at amortised cost:</i> |                  |                  |
| Interest expenses for loans from related parties                              | 1 655 207        | 1 695 701        |
| Interest expenses for lease liabilities                                       | 1 302            | 726              |
| Interest expenses for loans from non-related parties                          | 9 438            | 336              |
| <b>TOTAL:</b>                                                                 | <b>1 665 947</b> | <b>1 696 763</b> |

#### 8. Net foreign exchange result

|                                                 | 2023          | 2022             |
|-------------------------------------------------|---------------|------------------|
|                                                 | EUR           | EUR              |
| Currency forward deals realized loss            | 40 246        | 4 380 444        |
| Currency forward deals unrealized loss (profit) | 126 138       | (1 715 000)      |
| Other                                           | (104 040)     | 42               |
| <b>TOTAL:</b>                                   | <b>62 344</b> | <b>2 665 486</b> |

As of the end of 2023 the Company had 2 future currency exchange deals, with notional amount USD 23 700 000. Based on currency exchange rates on December 31, 2023, deals positive revaluation result is EUR 181 346. The settlement date of deals is 22.01.2024.

## 9. Intangible assets

|                               | Software*        | TOTAL            |
|-------------------------------|------------------|------------------|
| Acquisition cost              | 937 881          | 937 881          |
| Accumulated amortization      | (145 839)        | (145 839)        |
| <b>As at 1 January 2022</b>   | <b>792 042</b>   | <b>792 042</b>   |
| <b>2022</b>                   |                  |                  |
| Additions*                    | 835 797          | 835 797          |
| Amortization charge           | (185 013)        | (185 013)        |
| Acquisition cost              | 1 773 678        | 1 773 678        |
| Accumulated amortization      | (330 852)        | (330 852)        |
| <b>As at 31 December 2022</b> | <b>1 442 826</b> | <b>1 442 826</b> |
| <b>2023</b>                   |                  |                  |
| Additions*                    | 1 055 349        | 1 055 349        |
| Amortization charge           | (325 207)        | (325 207)        |
| Acquisition cost              | 2 829 027        | 2 829 027        |
| Accumulated amortization      | (656 059)        | (656 059)        |
| <b>As at 31 December 2023</b> | <b>2 172 968</b> | <b>2 172 968</b> |

\* Part of software was purchased from related parties (Note 20)  
Amortization costs are included in Note 5 - 'Administrative expense'

## 10. Tangible assets

|                               | Right-of-use assets | Property and equipment | TOTAL         |
|-------------------------------|---------------------|------------------------|---------------|
| Acquisition cost              | 40 431              | 21 923                 | 62 354        |
| Accumulated depreciation      | (10 553)            | (14 100)               | (24 653)      |
| <b>As at 1 January 2022</b>   | <b>29 878</b>       | <b>7 823</b>           | <b>37 701</b> |
| <b>2022</b>                   |                     |                        |               |
| Additions                     | 31 089              | 2 893                  | 33 982        |
| Disposals (cost)              | -                   | (3 780)                | (3 780)       |
| Depreciation charge           | (4 473)             | (4 171)                | (8 644)       |
| Disposals (depreciation)      | -                   | 3 717                  | 3 717         |
| Acquisition cost              | 71 520              | 21 036                 | 92 556        |
| Accumulated depreciation      | (15 026)            | (14 554)               | (29 580)      |
| <b>As at 31 December 2022</b> | <b>56 494</b>       | <b>6 482</b>           | <b>62 976</b> |
| <b>2023</b>                   |                     |                        |               |
| Additions                     | 24 602              | 10                     | 24 612        |
| Disposals (cost)              | -                   | (4 448)                | (4 448)       |
| Depreciation charge           | (9 372)             | (2 499)                | (11 871)      |
| Disposals (depreciation)      | -                   | 5 766                  | 5 766         |
| Acquisition cost              | 96 122              | 16 598                 | 112 720       |
| Accumulated depreciation      | (24 398)            | (11 287)               | (35 685)      |
| <b>As at 31 December 2023</b> | <b>71 724</b>       | <b>5 311</b>           | <b>77 035</b> |

Amortization costs are included in Note 5 - 'Administrative expense'.

Right-of-use assets and other liabilities for rights to use assets are shown as follows in the statement of financial position and statement of comprehensive income:

| ASSETS                                                 | Note | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|--------------------------------------------------------|------|-------------------|-------------------|
| <b>Non-current assets</b>                              |      |                   |                   |
| Right-of-use assets - premises                         | 10   | 71 724            | 56 494            |
| <b>TOTAL:</b>                                          |      | <b>71 724</b>     | <b>56 494</b>     |
| <b>EQUITY AND LIABILITIES</b>                          |      |                   |                   |
| <b>Non-current liabilities</b>                         |      |                   |                   |
| <i>Borrowings</i>                                      |      |                   |                   |
| Lease liabilities for right-of-use assets              | 18   | 60 961            | 49 472            |
| <b>Current liabilities</b>                             |      |                   |                   |
| <i>Borrowings</i>                                      |      |                   |                   |
| Lease liabilities for right-of-use assets              | 18   | 12 269            | 8 108             |
| <b>TOTAL:</b>                                          |      | <b>73 230</b>     | <b>57 580</b>     |
| <b>Leases in the statement of comprehensive income</b> |      | 2023<br>EUR       | 2022<br>EUR       |
| <i>Administrative expense</i>                          |      |                   |                   |
| Depreciation of right-of-use premises                  |      | (9 372)           | (4 473)           |
| <i>Interest expense (finance cost)</i>                 |      |                   |                   |
| Interest expense for right-of-use premises             | 7    | (1 302)           | (726)             |
| <b>Total expenses from leases</b>                      |      | <b>(10 674)</b>   | <b>(5 199)</b>    |

The weighted average borrowing rate for lease liabilities in 2023 was 2.2% (2022: 2.2%). Lease contracts term 31.08.2029.

In 2023, there were no incurred expenses for lease agreements which did not qualify for recognition of Right-of-use assets.

The cost relating to variable lease payments that do not depend on an index or a rate amounted to EUR nil for the year ended December 31, 2023. There were no leases with residual value guarantees or leases not yet commenced to which the Company is committed.

## 11. Investments in subsidiaries

The Company's investments in subsidiaries as of 31 December 2023 and 31 December 2022 are set out below:

| Company                                                 | Business            | Shareholding | 31.12.2023       | 31.12.2022        |
|---------------------------------------------------------|---------------------|--------------|------------------|-------------------|
|                                                         |                     |              | EUR              | EUR               |
| Mogo Auto Ltd (Kenya)                                   | Financing           | 87.1%        | 6 962 487        | 6 962 487         |
| Green Power Trading Ltd (former Mogo Kenya Ltd) (Kenya) | Financing           | 100.0%       | 1 855 019        | 1 855 019         |
| Mogo Africa UAB (Lithuania)                             | Management services | 100.0%       | 2 500            | 2 500             |
| Mogo Loans SMC Ltd (Uganda)                             | Financing           | 100.0%       | 707              | 707               |
| Mogo Lend LTD (Uzbekistan)                              | Financing           | 97.1%        | 119 593          | 2 150 636         |
| Impairment:                                             |                     |              | -                | -                 |
| <b>Total Net Investments in subsidiaries:</b>           |                     |              | <b>8 940 306</b> | <b>10 971 349</b> |

Impairment testing of the investments in subsidiaries has been performed by the management of the Company using valuation methods and based on assumptions described in section impairment testing.

As a result of performed impairment test calculations there is no additional impairment recognised in the year ended 31 December 2023 (2022: nil).

## Income from investments

There were no dividends received from Company's subsidiaries during years 2023 and 2022.

## Changes in investments in subsidiaries

|                    | 2023              | 2022              |
|--------------------|-------------------|-------------------|
|                    | EUR               | EUR               |
| <b>1 January</b>   | <b>10 971 349</b> | <b>10 971 349</b> |
| Capital decrease   | (2 031 043)       | -                 |
| <b>31 December</b> | <b>8 940 306</b>  | <b>10 971 349</b> |

## 12. Loans to related parties

|                                                     | Interest rate<br>per annum (%) | 31.12.2023     | 31.12.2022 |
|-----------------------------------------------------|--------------------------------|----------------|------------|
|                                                     |                                | EUR            | EUR        |
| Short term loan to subsidiary                       | 15%                            | 481 000        | -          |
| Accrued interest from short term loan to subsidiary |                                | 59 261         | -          |
| <b>TOTAL:</b>                                       |                                | <b>540 261</b> | <b>-</b>   |

## 13. Related party receivables

|                                   | 31.12.2023    | 31.12.2022    |
|-----------------------------------|---------------|---------------|
|                                   | EUR           | EUR           |
| Receivables from related parties* | 71 043        | 60 389        |
| <b>TOTAL:</b>                     | <b>71 043</b> | <b>60 389</b> |

\* - Trade receivables are without delay. The management has performed an assessment of the receivables from related party, and concluded there is no significant credit risk increase. Accordingly, no ECL is recognized as at the end of the reporting period (2022: EUR 0 as well).

## 14. Contract assets

|                                     | 31.12.2023    | 31.12.2022    |
|-------------------------------------|---------------|---------------|
|                                     | EUR           | EUR           |
| Contract asset from related parties | 65 370        | 73 256        |
| <b>TOTAL:</b>                       | <b>65 370</b> | <b>73 256</b> |

All invoices are issued after the year end and receivables from these invoices are paid.

The Company assesses material amounts recovery individually. The Company's management decides on the performance assessment on an individual basis, reflecting the possibility of obtaining information on a particular contract asset and a significant increase in the credit risk of that particular contract asset. As at year end ECLs are as well assessed based on the expected settlements. The contract assets, which are settled shortly after end of reporting period, have no ECL recognised. The management has performed an assessment of the contract assets and concluded there is no significant credit risk increase. Accordingly, no ECL is recognized as at the end of the reporting period (2022: nil).

## 15. Other receivables

|               | 31.12.2023    | 31.12.2022    |
|---------------|---------------|---------------|
|               | EUR           | EUR           |
| Overpaid VAT  | 60 561        | 81 662        |
| Other debtors | 9 123         | 4 687         |
| <b>TOTAL:</b> | <b>69 684</b> | <b>86 349</b> |

## 16. Cash and cash equivalents

|               | 31.12.2023    | 31.12.2022   |
|---------------|---------------|--------------|
|               | EUR           | EUR          |
| Cash at bank  | 83 649        | 3 980        |
| <b>TOTAL:</b> | <b>83 649</b> | <b>3 980</b> |

This financial asset is not impaired as of 31.12.2023 (31.12.2022: nil).

The Company has not created ECL allowances for cash and cash equivalents on the basis that placements with banks are of short term nature and the lifetime of these assets under IFRS 9 is so short that the low probability of default would result in immaterial ECL amounts (31.12.2022: nil).

## 17. Share capital

|                   |               | 31.12.2023 |           | 31.12.2022 |           |
|-------------------|---------------|------------|-----------|------------|-----------|
|                   | Nominal value | Number     | Value EUR | Number     | Value EUR |
| Category A shares | 0.10          | 335 920    | 33 592    | 350 000    | 35 000    |
| Category B shares | 0.10          | 61 520     | 6 152     | 47 430     | 4 743     |
| TOTAL:            |               |            | 39 744    |            | 39 743    |

All the shares are fully paid.

Company's category A shares give voting rights, rights to receive dividends and liquidation quota.

Company category B shares have been issued with the purpose to be assigned to the Company's employees. They give the right to receive dividends and liquidation quota, without voting rights.

## 18. Borrowings

|                                                 | Interest rate<br>per annum<br>(%) | Maturity | 31.12.2023        | 31.12.2022        |
|-------------------------------------------------|-----------------------------------|----------|-------------------|-------------------|
| <b>Non-current</b>                              |                                   |          | EUR               | EUR               |
| Credit line (30 million EUR) from related party | 11.05%                            | 2027     | 17 130 190        | 17 286 190        |
| Loans from non-related parties                  | 12%                               | 2025     | 77 571            | 77 571            |
| Lease liabilities for right-of-use assets       | 2.2%                              | 2029     | 60 961            | 49 472            |
| <b>TOTAL:</b>                                   |                                   |          | <b>17 268 722</b> | <b>17 413 233</b> |

### Current

|                                                     |      |               |               |
|-----------------------------------------------------|------|---------------|---------------|
| Accrued interest for loans from related parties     |      | 36 399        | 15 918        |
| Accrued interest for loans from non-related parties |      | 1 577         | 336           |
| Lease liabilities for right-of-use assets           | 2.2% | 12 269        | 8 108         |
| <b>TOTAL:</b>                                       |      | <b>50 245</b> | <b>24 362</b> |

All borrowings are unsecured

### Changes in liabilities

|                                           | 01.01.2023        | Incoming<br>cash flow | Outgoing<br>cash flow | Other            | 31.12.2023        |
|-------------------------------------------|-------------------|-----------------------|-----------------------|------------------|-------------------|
| Loans from related parties                | 17 286 190        | 5 328 000             | (7 034 000)           | 1 550 000        | 17 130 190        |
| Loans from non-related parties            | 77 571            | -                     | -                     | -                | 77 571            |
| Lease liabilities for right-of-use assets | 57 580            | -                     | (10 254)              | 25 904           | 73 230            |
| <b>TOTAL BORROWINGS PRINCIPAL (EUR):</b>  | <b>17 421 341</b> | <b>5 328 000</b>      | <b>(7 044 254)</b>    | <b>1 575 904</b> | <b>17 280 991</b> |

|                                                     | 01.01.2023        | Calculated for<br>the financial<br>year | Incoming<br>cash flow | Outgoing<br>cash flow | Other            | 31.12.2023        |
|-----------------------------------------------------|-------------------|-----------------------------------------|-----------------------|-----------------------|------------------|-------------------|
| Accrued interest for loans from related parties     | 15 918            | 1 655 207                               | -                     | (1 634 726)           | -                | 36 399            |
| Accrued interest for loans from non-related parties | 336               | 9 438                                   | -                     | (8 197)               | -                | 1 577             |
| <b>TOTAL INTEREST LIABILITIES (EUR):</b>            | <b>16 254</b>     | <b>1 664 645</b>                        | <b>-</b>              | <b>(1 642 923)</b>    | <b>-</b>         | <b>37 976</b>     |
| <b>TOTAL BORROWINGS (EUR):</b>                      | <b>17 437 595</b> | <b>1 664 645</b>                        | <b>5 328 000</b>      | <b>(8 687 177)</b>    | <b>1 575 904</b> | <b>17 318 967</b> |

|                                           | 01.01.2022        | Incoming<br>cash flow | Outgoing<br>cash flow | Other          | 31.12.2022        |
|-------------------------------------------|-------------------|-----------------------|-----------------------|----------------|-------------------|
| Loans from related parties                | 10 825 331        | 12 380 000            | (6 572 000)           | 652 859        | 17 286 190        |
| Loans from non-related parties            | -                 | 77 571                | -                     | -              | 77 571            |
| Lease liabilities for right-of-use assets | 30 748            | -                     | (4 983)               | 31 815         | 57 580            |
| <b>TOTAL BORROWINGS PRINCIPAL (EUR):</b>  | <b>10 856 079</b> | <b>12 457 571</b>     | <b>(6 576 983)</b>    | <b>684 674</b> | <b>17 421 341</b> |

|                                                     | 01.01.2022        | Calculated for<br>the financial<br>year | Incoming<br>cash flow | Outgoing<br>cash flow | Other            | 31.12.2022        |
|-----------------------------------------------------|-------------------|-----------------------------------------|-----------------------|-----------------------|------------------|-------------------|
| Accrued interest for loans from related parties     | 531 145           | 1 695 701                               | -                     | (1 558 069)           | (652 859)        | 15 918            |
| Accrued interest for loans from non-related parties | -                 | 336                                     | -                     | -                     | -                | 336               |
| <b>TOTAL INTEREST LIABILITIES (EUR):</b>            | <b>531 145</b>    | <b>1 696 037</b>                        | <b>-</b>              | <b>(1 558 069)</b>    | <b>(652 859)</b> | <b>16 254</b>     |
| <b>TOTAL BORROWINGS (EUR):</b>                      | <b>11 387 224</b> | <b>1 696 037</b>                        | <b>12 457 571</b>     | <b>(8 135 052)</b>    | <b>31 815</b>    | <b>17 437 595</b> |



## 19. Accrued liabilities

|                                                                  | 31.12.2023     | 31.12.2022     |
|------------------------------------------------------------------|----------------|----------------|
|                                                                  | EUR            | EUR            |
| Accrued liabilities for management services from related parties | 87 723         | 81 832         |
| Accrued unused vacation and bonuses                              | 28 947         | 42 253         |
| Other                                                            | 3 685          | 4 450          |
| <b>TOTAL:</b>                                                    | <b>120 355</b> | <b>128 535</b> |

## 20. Related parties disclosures

Transactions and balances with related parties for years 2023 and 2022 were as follows:

|                                                    | Note | 2023<br>EUR       | 2022<br>EUR       |
|----------------------------------------------------|------|-------------------|-------------------|
| <b>Services provided</b>                           |      |                   |                   |
| - Revenue from professional and management service | 4    | <b>681 172</b>    | <b>768 648</b>    |
| <i>Shareholders</i>                                |      | -                 | 97 630            |
| <i>Subsidiaries</i>                                |      | 681 172           | 671 018           |
| <b>Interest income</b>                             |      |                   |                   |
| - For loans                                        |      | <b>69 719</b>     | -                 |
| <i>Subsidiaries</i>                                |      | 69 719            | -                 |
| <b>Services received</b>                           |      |                   |                   |
| - IT service                                       |      | <b>1 101</b>      | <b>144 770</b>    |
| <i>Shareholders</i>                                | 5    | -                 | 144 770           |
| <i>Other related companies</i>                     |      | 1 101             | -                 |
| - Other services                                   |      | <b>746</b>        | <b>491</b>        |
| <i>Shareholders</i>                                |      | 746               | 491               |
| <b>Interest expenses</b>                           |      |                   |                   |
| - For borrowings                                   | 7    | <b>1 656 509</b>  | <b>1 696 427</b>  |
| <i>Ultimate parent company</i>                     |      | 2 740             | 1 679 783         |
| <i>Other related companies</i>                     |      | 1 652 467         | 15 918            |
| <i>Shareholders</i>                                |      | 1 302             | 726               |
| <b>Assets</b>                                      |      |                   |                   |
| - Purchase of intangible assets                    | 9    | <b>2 470 214</b>  | <b>1 414 864</b>  |
| <i>Shareholders</i>                                |      | 2 470 214         | 1 414 864         |
| - Loans to                                         |      | <b>540 261</b>    | -                 |
| <i>Subsidiaries</i>                                |      | 540 261           | -                 |
| - Contract assets                                  | 14   | <b>65 370</b>     | <b>73 256</b>     |
| <i>Subsidiaries</i>                                |      | 65 370            | 73 256            |
| <i>Other related companies</i>                     |      | -                 | -                 |
| - Receivables                                      | 13   | <b>71 043</b>     | <b>60 389</b>     |
| <i>Subsidiaries</i>                                |      | -                 | 60 389            |
| <i>Other related companies</i>                     |      | 71 043            | -                 |
| <b>Liabilities</b>                                 |      |                   |                   |
| - Borrowings                                       | 18   | <b>17 239 819</b> | <b>17 359 688</b> |
| <i>Ultimate parent company</i>                     |      | 44                | -                 |
| <i>Other related companies</i>                     |      | 17 166 545        | 17 302 108        |
| <i>Shareholders</i>                                |      | 73 230            | 57 580            |
| - Accrued liabilities                              | 19   | <b>87 723</b>     | <b>81 832</b>     |
| <i>Shareholders</i>                                |      | 87 723            | 81 832            |
| - Payables to related companies                    |      | <b>292</b>        | <b>653</b>        |
| <i>Shareholders</i>                                |      | 292               | 653               |

## 21. Commitments and contingencies

Ultimate parent company Eleving Group S.A. entered into several pledge agreements with TMF Trustee Services GmbH, establishing pledge over shares of subsidiaries (including the Company) in order to secure Eleving Group obligations towards bondholders deriving from Eleving Group bonds (ISIN: XS2393240887).

Ultimate parent company Eleving Group S.A. as Issuer and certain of its subsidiaries (including the Company) as Guarantors have entered into guarantee agreements (as amended and restated from time to time) according to which the guarantors unconditionally and irrevocably guaranteed by way of an independent payment obligation to each holder of the Eleving Group bonds (ISIN: XS2393240887 and ISIN: DE000A3LL7M4) the due and punctual payment of principal of, and interest on, and any other amounts payable under the Eleving Group bonds (ISIN: XS2393240887 and ISIN: DE000A3LL7M4).

## 22. Financial risk management

The risk management function within the Company is carried out in respect of legal and financial risks. Financial risk comprises market risk (including the currency risk and interest rate risk), credit risk and liquidity risk.

### Legal risks

Legal risks are mainly derived from regulatory changes, which the Company successfully manages with the help of in-house legal department and external legal advisors, which assist in addressing any current or future regulatory developments that might have an impact on Company's business activities.

### Financial risks

The main financial risks arising from the Company's activities are liquidity risk, credit risk, foreign currency risk and interest rate risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company controls its liquidity risk by attracting funds from parent company.

The table below presents the cash flows payable by the Company and to the Company under financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flow. Cash flow payable for borrowings includes estimated interest payments assuming principal is paid in full at maturity date.

| As at 31.12.2023                                         | Carrying value<br>EUR | Contractual cash flows |                        |                     |                             | Total<br>EUR        |
|----------------------------------------------------------|-----------------------|------------------------|------------------------|---------------------|-----------------------------|---------------------|
|                                                          |                       | On demand<br>EUR       | Up to 1<br>year<br>EUR | 1-5 years<br>EUR    | More than<br>5 years<br>EUR |                     |
| <b>Assets</b>                                            |                       |                        |                        |                     |                             |                     |
| Cash and cash equivalents                                | 83 649                | 83 649                 | -                      | -                   | -                           | <b>83 649</b>       |
| Related party receivables                                | 71 043                | -                      | 71 043                 | -                   | -                           | <b>71 043</b>       |
| Forward exchange contracts                               | 181 346               | -                      | 181 346                | -                   | -                           | <b>181 346</b>      |
| Other receivables                                        | 69 684                | -                      | 69 684                 | -                   | -                           | <b>69 684</b>       |
| <b>Total undiscounted financial assets</b>               | <b>405 722</b>        | <b>83 649</b>          | <b>322 073</b>         | <b>-</b>            | <b>-</b>                    | <b>405 722</b>      |
| <b>Liabilities</b>                                       |                       |                        |                        |                     |                             |                     |
| Loans from related parties                               | (17 166 589)          | -                      | (1 924 434)            | (22 887 718)        | -                           | <b>(24 812 152)</b> |
| Loans from non-related parties                           | (79 148)              | -                      | (9 464)                | (86 399)            | -                           | <b>(95 863)</b>     |
| Lease liabilities for right-of-use assets                | (73 230)              | -                      | (13 757)               | (55 028)            | (9 171)                     | <b>(77 957)</b>     |
| Other current liabilities                                | (132 986)             | -                      | (132 986)              | -                   | -                           | <b>(132 986)</b>    |
| <b>Total undiscounted financial liabilities</b>          | <b>(17 451 953)</b>   | <b>-</b>               | <b>(2 080 641)</b>     | <b>(23 029 145)</b> | <b>(9 171)</b>              | <b>(25 118 958)</b> |
| <b>Net undiscounted financial assets / (liabilities)</b> | <b>(17 046 231)</b>   | <b>83 649</b>          | <b>(1 758 568)</b>     | <b>(23 029 145)</b> | <b>(9 171)</b>              | <b>(24 713 236)</b> |

## 22. Financial risk management (continued)

| As at 31.12.2022                                         | Carrying value      | Contractual cash flows |                    |                     |                   | Total               |
|----------------------------------------------------------|---------------------|------------------------|--------------------|---------------------|-------------------|---------------------|
|                                                          |                     | On demand              | Up to 1 year       | 1-5 years           | More than 5 years |                     |
| <b>Assets</b>                                            | <b>EUR</b>          | <b>EUR</b>             | <b>EUR</b>         | <b>EUR</b>          | <b>EUR</b>        | <b>EUR</b>          |
| Cash and cash equivalents                                | 3 980               | 3 980                  | -                  | -                   | -                 | <b>3 980</b>        |
| Related party receivables                                | 60 389              | -                      | 60 389             | -                   | -                 | <b>60 389</b>       |
| Forward exchange contracts                               | 307 484             | -                      | 307 484            | -                   | -                 | <b>307 484</b>      |
| Other receivables                                        | 86 349              | -                      | 86 349             | -                   | -                 | <b>86 349</b>       |
| <b>Total undiscounted financial assets</b>               | <b>458 202</b>      | <b>3 980</b>           | <b>454 222</b>     | <b>-</b>            | <b>-</b>          | <b>458 202</b>      |
| <b>Liabilities</b>                                       |                     |                        |                    |                     |                   |                     |
| Loans from related parties                               | (17 302 108)        | -                      | (1 936 653)        | (25 038 110)        | -                 | <b>(26 974 763)</b> |
| Loans from non-related parties                           | (77 907)            | -                      | (9 437)            | (95 862)            | -                 | <b>(105 299)</b>    |
| Lease liabilities for right-of-use assets                | (57 580)            | -                      | (9 294)            | (37 175)            | (15 490)          | <b>(61 958)</b>     |
| Other current liabilities                                | (158 629)           | -                      | (158 629)          | -                   | -                 | <b>(158 629)</b>    |
| <b>Total undiscounted financial liabilities</b>          | <b>(17 596 224)</b> | <b>-</b>               | <b>(2 114 013)</b> | <b>(25 171 147)</b> | <b>(15 490)</b>   | <b>(27 300 649)</b> |
| <b>Net undiscounted financial assets / (liabilities)</b> | <b>(17 138 022)</b> | <b>3 980</b>           | <b>(1 659 791)</b> | <b>(25 171 147)</b> | <b>(15 490)</b>   | <b>(26 842 447)</b> |

### Credit risk

The Company is exposed to credit risk through its trade receivables, other debtors and cash and cash equivalents. Maximum credit risk exposure is represented by the gross carrying value of the respective financial assets.

Since the trade receivables consist of receivables from related parties, and that current accounts are also opened in safe banks that have the license and are under control of the Regulator (The Financial and Capital Market Commission), the management believes that there is no credit risk related to trade receivables and minor credit risk related to other debtors.

|                           | Note | 31.12.2023<br>EUR | 31.12.2022<br>EUR |
|---------------------------|------|-------------------|-------------------|
| Related party receivables | 13   | 71 043            | 60 389            |
| Other debtors             | 15   | 9 123             | 4 687             |
| Cash and cash equivalents | 16   | 83 649            | 3 980             |
| <b>TOTAL:</b>             |      | <b>163 815</b>    | <b>69 056</b>     |

### Foreign currency risk

The currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currencies risk exposure:

|                                                      | 2023<br>EUR | 2022<br>EUR |
|------------------------------------------------------|-------------|-------------|
| Foreign exchange contracts EUR/USD - notional amount | 21 447 964  | 84 380 274  |

An analysis of sensitivity to changes in foreign currency exchange rates based on positions existing as at 31 December 2023 and 31 December 2022 and a simplified scenario of a +/- 5% change in respective currency to EUR exchange rates (which is considered a reasonable historical approximation of average currency fluctuations) is as follows:

|     | 2023<br>EUR   | 2022<br>EUR   |
|-----|---------------|---------------|
| USD | +/- 1 072 398 | +/- 4 219 014 |

### Interest rate risk

The Company is not exposed to interest rate risk because all of its interest bearing assets and liabilities are with a fixed interest rate.

### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The company does not have significant concentrations of credit risk with respect to any single counterparty or group of counterparties with similar characteristics.

### 23. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Instruments within Level 1 include highly liquid cash and cash equivalent assets and standard derivative financial instruments traded on the stock exchange.

Instruments within Level 2 include assets/liabilities, for which no active market exists, such as Forward exchange contracts

Instruments within Level 3 include loans, trade and other receivables, current and non-current borrowings and other liabilities.

Fair value of current and non-current borrowings is based on cash flows discounted using effective agreement interest rate which represents current market rate. The Company's management believes that interest rates applicable to borrowings are in line with current market interest rates for similar companies.

The management recognizes that if a fair value of assets/liabilities would be assessed as an amount at which an asset could be exchanged or liability settled on an arm's length basis with knowledgeable third parties, the fair values obtained of the respective assets and liabilities would not be materially different.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The table below summarizes the carrying amounts and fair values of financial assets and liabilities:

|                                                          | 31.12.2023        |                   | 31.12.2022        |                   |
|----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                          | Carrying<br>value | Fair value        | Carrying<br>value | Fair value        |
|                                                          | EUR               | EUR               | EUR               | EUR               |
| <b>Financial assets measured at fair value:</b>          |                   |                   |                   |                   |
| Forward exchange contracts                               | 181 346           | 181 346           | 307 484           | 307 484           |
| <b>Financial assets not measured at fair value:</b>      |                   |                   |                   |                   |
| Related party receivables                                | 71 043            | 71 043            | 60 389            | 60 389            |
| Other receivables                                        | 69 684            | 69 684            | 86 349            | 86 349            |
| Cash and cash equivalents                                | 83 649            | 83 649            | 3 980             | 3 980             |
| <b>Total financial assets</b>                            | <b>224 376</b>    | <b>224 376</b>    | <b>150 718</b>    | <b>150 718</b>    |
| <b>Financial liabilities measured at fair value:</b>     |                   |                   |                   |                   |
| Forward exchange contracts                               | -                 | -                 | -                 | -                 |
| <b>Financial liabilities not measured at fair value:</b> |                   |                   |                   |                   |
| Loans from related parties                               | 17 166 589        | 17 166 589        | 17 302 108        | 17 302 108        |
| Loans from non-related parties                           | 79 148            | 79 148            | 77 907            | 77 907            |
| Lease liabilities for right-of-use assets                | 73 230            | 73 230            | 57 580            | 57 580            |
| Other current liabilities                                | 132 986           | 132 986           | 158 629           | 158 629           |
| <b>Total financial liabilities</b>                       | <b>17 451 953</b> | <b>17 451 953</b> | <b>17 596 224</b> | <b>17 596 224</b> |

### 23. Fair value of financial assets and liabilities (continued)

The table below specified analysis by fair value levels as at 31.12.2023 and 31.12.2022 (based on their carrying amounts):

|                                           | 31.12.2023     |                |                   | 31.12.2022     |                |                   |
|-------------------------------------------|----------------|----------------|-------------------|----------------|----------------|-------------------|
|                                           | Level 1<br>EUR | Level 2<br>EUR | Level 3<br>EUR    | Level 1<br>EUR | Level 2<br>EUR | Level 3<br>EUR    |
| <b>Financial assets</b>                   |                |                |                   |                |                |                   |
| Forward exchange contracts                | -              | 181 346        | -                 | -              | 307 484        | -                 |
| Related party receivables                 | -              | -              | 71 043            | -              | -              | 60 389            |
| Other receivables                         | -              | -              | 69 684            | -              | -              | 86 349            |
| Cash and cash equivalents                 | 83 649         | -              | -                 | 3 980          | -              | -                 |
| <b>Total financial assets</b>             | <b>83 649</b>  | <b>181 346</b> | <b>140 727</b>    | <b>3 980</b>   | <b>307 484</b> | <b>146 738</b>    |
| <b>Financial liabilities</b>              |                |                |                   |                |                |                   |
| Loans from related parties                | -              | -              | 17 166 589        | -              | -              | 17 302 108        |
| Loans from non-related parties            | -              | -              | 79 148            | -              | -              | 77 907            |
| Lease liabilities for right-of-use assets | -              | -              | 73 230            | -              | -              | 57 580            |
| Other current liabilities                 | -              | -              | 132 986           | -              | -              | 158 629           |
| <b>Total financial liabilities</b>        | <b>-</b>       | <b>-</b>       | <b>17 451 953</b> | <b>-</b>       | <b>-</b>       | <b>17 596 224</b> |

### 24. Subsequent events

As of the last day of the reporting year until the date of signing these separate financial statements there have been no events requiring adjustment of or disclosure in the separate financial statements or Notes thereto.

Signed on behalf of the Company by:

Tomas Sudnius - Chairman of the Board  
Māris Kreics - Member of the Board  
Marius Barys - Member of the Board  
Annija Dzene - Senior Accountant

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

**Independent Auditor's Report****To the shareholders of AS Eleving Solis***Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of AS Eleving Solis ("the Company") set out on pages 7 to 29 of the accompanying annual report, which comprise:

- statement of financial position as at 31 December, 2023,
- statement of comprehensive income for the year then ended,
- statement of changes in equity for the year then ended,
- statement of cash flows for the year then ended, and
- notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AS Eleving Solis as at 31 December 2023, and of its financial performance and its cash flows for the year then ended with International Financial Reporting Standards as adopted by the European Union (IFRS).

*Basis for Opinion*

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Reporting on Other Information*

The Company's management is responsible for the other information. The other information comprises:

- General Information, as set out on page 3 of the accompanying Annual Report,
- Management Report, as set out on page 4 to 5 of the accompanying Annual Report,
- Statement of Management Responsibility, as set out on page 6 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Other reporting responsibilities applicable to other information in accordance with the legislation of the Republic of Latvia*

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

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.

SIA RE Audit  
License No 197

Arturs Strazdins  
Member of the Board  
Certified Auditor of Latvia  
Certificate No 228

Sigulda, Latvia

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CONTAINS A TIME STAMP