

Joint stock company Renti

Unified registration number 40203174147

Annual report

for the year ended
31 December 2023

Including financial statements

Separate financial statements prepared in
accordance with international financial reporting
standards as adopted by the EU

Together with independent auditor's report

Riga, 2024

CONTENT

	Page
General information	3
Management Report	4
Financial statement	
Statement of comprehensive income	6
Statement of financial position	7
Statement of cash flows	9
Statement of changes in equity	10
Notes to the financial statements	11
Independent auditors' report	39

GENERAL INFORMATION

Name of the Company	Renti		
Legal status of the Company	Joint-stock company		
Registration No., place and date	40203174147, Riga, 10th October 2018		
Registered office	Skanstes street 52, Rīga, LV-1013		
Major shareholders	AS "mogo" - 100%		
	Vladislavs Mejertāls	–	Chairman of the Board from 4th March 2024
	Anete Pallo	–	Chairman of the Board from 4th August 2023 to 4th March 2024
	Krišjānis Znotiņš	–	Chairman of the Board from 14th March 2019 to 4th August 2023
Members of the Council	Valerij Petrov	–	Chairman of the Council from 11th May 2022
	Neringa Plauškiene	–	Council Member from 11th May 2022
	Vladislavs Mejertāls	–	Deputy chairman of the Council from 11th May 2022 to 5th March 2024
Annual report drawn up by	Līga Pētersone	–	Chief Accountant
Reporting year	from 01.01.2023	to 31.12.2023	
Parent company details	AS "mogo" Participation in the capital: 100% Skanstes street 52, Riga, LV-1013		
Auditors	BDO ASSURANCE SIA 15-3B Kaļķu street Riga, LV - 1010 License No. 182	Sworn Auditor Raivis Jānis Jaunkalns Certificate No. 237	

MANAGEMENT REPORT

Type of activity

AS "Renti" (the Company) is one of the largest long-term car rent companies in Latvia. The Company was established in October 2018 and since its establishment has held a distinctive position in the long-term rental market, providing affordable long-term rental of used cars. The Company's service is in direct competition with leasing providers, changing customers' car-buying habits.

In 2022, the Company offered long-term rent of cars from its fleet to customers, but from July 2022 it stopped making new long-term rent offers to customers. The Company continued to service existing customers and offered customers to buy their rented cars.

AS "Renti" also sells rented and other used cars at 469c Maskavas Street. The number of cars traded during the year decreased from 150 at the beginning of the year to 60 at the end of the year. The sales lot is located among other used car sales lots in "Rumbula", which together represent the largest supply of used cars in Latvia. This location attracts potential car buyers from Riga and other cities in Latvia, making it a successful location for offering a long-term car rental service. Information on the rental product can be found at www.renti.lv, while the used car offer can be found at www.autotev.lv.

In June 2023, the Company conducted the sale agreement for its car subscription service, Renti Plus and in July 2023, the entire portfolio, comprising more than 100 cars and the associated customer base, was successfully sold. This strategic decision was carefully deliberated by the Group, enabling it to redirect its focus towards the advancement of financial services within its parent company, AS "mogo," targeting both personal and corporate segments as well as allowed for further enhancements in automation processes.

In addition, the company entered into a cooperation with an affiliated company SIA "Spaceship", to acquire and lease Tesla electric cars on a long-term basis, which are used for the operation of the electric car-sharing brand OX drive.

Brief description of the Company's activities during the year under review

AS "Renti" turnover has decreased in the reporting period to EUR 3 million (-40% compared to 2022) as a result of the reduction of the long-term rental portfolio as well as the termination of the Renti plus service. The changes in the services offered by the company have led to significant cost reductions. Administration costs have decreased by 50% to EUR 515 thousand. Other operating costs have decreased by 72% to EUR 205 thousand. The number of active customers decreased during the year, reaching ~1000 active customers at year-end (-60% compared to 2022). As a result of the depreciation of cars and as part of the reduction of the overall fleet, the value of the total rental fleet decreased to EUR 2.4 million.

The value of assets decreased by 75% to EUR 5.3 million. The sharp decrease is due to the repayment of loans to related companies, as well as the reduction of the car fleet and the sale of Renti plus business line.

The Company closed the year with a profit of EUR 776 thousand, up 46% on 2022, achieving its second consecutive profitable year. The profit has allowed the Company to increase its equity by 45% to EUR 2.5 million. The profit was achieved by stabilising the long-term rental portfolio of used cars, as well as by concluding a profitable sale of the Renti plus portfolio and fleet. Continuous efforts are being made to improve the Company's efficiency and further reduce costs.

Future development of the Company

AS "Renti" expects to remain profitable in the upcoming years. A stable, profitable performance is expected based on the continued stability of the long-term rental customer portfolio and the market penetration of the new Renti plus product.

Events after the last day of the reporting year

On March 4, 2024, Annette Pallo, the Chairperson of the Board, stepped down from her position. She was succeeded by Vladislavs Mejertāls.

Proposals for using the Company's profits or covering losses

The Company's profit will be retained and used to cover losses of previous years. The parent company, AS "mogo", will continue to provide additional resources for the further development of the Company, if necessary.

Vladislavs Mejertāls
Chairman of the Board

signature

12th of April, 2024

This document is electronically signed with safe electronical signature and contains time stamp

STATEMENT OF COMPREHENSIVE INCOME

	Note number	2023 EUR	2022 EUR
Revenue from contracts with Customers	4	3 039 556	5 010 676
Cost of Sales	5	(1 579 244)	(2 564 338)
Gross profit		1 460 312	2 446 338
Selling expenses	6	(55 973)	(199 734)
Administrative expenses	7	(515 813)	(1 019 509)
Other operating revenue	8	449 618	796 657
Other operating expenses	9	(205 207)	(723 482)
Other interest and similar income:	10	373 288	23 127
a) from related companies,		372 593	20 629
b) from other persons.		695	2 498
Interest payments and similar expenses:	11	(728 527)	(789 567)
a) to subsidiary companies,		(445 153)	(629 187)
b) to other persons.		(283 374)	(160 380)
Profit before the corporate income tax		777 698	533 830
Corporate income tax for the reporting year	12	(1 064)	(3 303)
Profit after calculation of the corporate income tax		776 634	530 527
Profit for the reporting year		776 634	530 527

Notes on pages 11 to 38 form an integral part of these financial statements.

Vladislavs Mejertāls
Chairman of the Board

signature

12th of April, 2024

Annual report drawn up by:

Līga Pētersone
Chief Accountant

signature

This document is electronically signed with safe electronical signature and contains time stamp

STATEMENT OF FINANCIAL POSITION

ASSETS	Note number	31.12.2023 EUR	31.12.2022 EUR
Fixed assets			
Rental feet		2 429 492	7 781 770
Right-of-use assets		122 021	49 648
Other fixed assets and inventory		975	3 431
Total fixed assets	14	2 552 488	7 834 849
Long-term financial investments and sublease receivables			
Loans to related companies	15	1 490 000	11 553 655
Sublease receivables from related parties	16	583 543	614 170
Total long-term financial investments		2 073 543	12 167 825
Non-current assets		4 626 031	20 002 674
Receivables			
Trade receivables	17	98 665	178 457
Receivables from related parties	18	9 616	7 720
Other receivables	19	4 119	11 141
Sublease receivables from related parties	16	204 761	160 407
Deferred expenses	20	2 805	81 984
Accrued income	21	157 479	213 689
Total receivables		477 445	653 398
Cash and cash equivalents	22	190 038	582 347
Total current assets		667 483	1 235 745
TOTAL ASSETS		5 293 514	21 238 419

STATEMENT OF FINANCIAL POSITION

LIABILITIES	Note number	31.12.2023 EUR	31.12.2022 EUR
Equity			
Share capital	21	5 500 000	5 500 000
Uncovered losses from previous years		(3 710 479)	(4 241 002)
Profit for the reporting year		776 634	530 527
Total equity		2 566 155	1 789 525
Creditors			
Non-current liabilities			
Long-term creditors			
Other borrowings	26	1 466 365	2 308 585
Amounts owed to related companies	27	-	15 971 867
Lease liabilities for right-of-use assets	28	94 883	6 975
Total non-current liabilities		1 561 248	18 287 427
Current liabilities			
Funding attracted through peer-to-peer	26	918 725	636 352
Advance payments from customers		68 820	203 259
Trade payables		3 122	25 193
Payables to related parties	27	19 844	59 417
Lease liabilities for right-of-use assets	28	29 936	45 546
Taxes payable	29	45 406	64 795
Other liabilities	30	8 215	13 019
Accrued liabilities	31	72 043	113 886
Total short-term liabilities		1 166 111	1 161 467
Total creditors		2 727 359	19 448 894
TOTAL LIABILITIES		5 293 514	21 238 419

Notes on pages 11 to 38 form an integral part of these financial statements.

Vladislavs Mejertāls
Chairman of the Board

signature

12th of April, 2024

Annual report drawn up by:

Līga Pētersone
Chief Accountant

signature

This document is electronically signed with safe electronical signature and contains time stamp

STATEMENT OF CASH FLOWS

	Note number	2023 EUR	2022 EUR
Cash flow to/ from operating activities			
Profit before taxation corporate income tax		777 698	533 830
Adjustment for:			
Amortisation and depreciation		1 165 601	1 845 027
Taxes accrued		1 149 446	339 210
Disposals of property, equipment and intangible assets		5 199 056	4 266 208
Impairment expenses		(123 654)	(744 339)
Decrease in deferred costs		79 179	84 651
Increase / (decrease) in accrued liabilities		15 595	(57 978)
Decrease in accrued income		104 686	65 562
Other interest and similar income		(373 288)	-
Interest and similar charges		728 527	-
		8 722 846	6 332 171
Adjustments for:			
Decrease/(increase) in advances to customers, trade and other receivables		132 950	(502 451)
Increase/(decrease) in trade and other payables, contract liabilities and refund liabilities		(193 250)	46 656
Cash generated to /from operations, gross		8 662 546	5 876 376
VAT and other taxes paid		(1 166 693)	(333 667)
Corporate income tax paid		(3 206)	(3 978)
Net cash flows to/ from operating activities		7 492 647	5 538 731
Cash flow to/ from investing activities			
Purchase of property, equipment and other intangible assets		(1 020 401)	(2 610 301)
Loans		10 063 655	(11 533 655)
Interest received		324 812	-
Net cash flows to/ from investing activities		9 368 066	(14 143 956)
Cash flow to/ from financing activities			
Increase from borrowings		3 566 120	9 622 842
Repayments for borrowings		(19 936 942)	197 528
Interest paid		(779 348)	(789 567)
Repayment of lease liabilities for right-of-use assets		(102 852)	(55 727)
Net cash flows to/ from financing activities		(17 253 022)	8 975 076
Change in cash and cash equivalents for the year		(392 309)	369 851
Cash and cash equivalents at the beginning of the year		582 347	212 496
Cash and cash equivalents at the end of the year	22	190 038	582 347

Notes on pages 11 to 38 form an integral part of these financial statements.

Vladislavs Mejertāls
Chairman of the Board *signature*

12th of April, 2024

Annual report drawn up by:

Līga Pētersone
Chief Accountant *signature*

This document is electronically signed with safe electronical signature and contains time stamp

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings	Total equity
	EUR	EUR	EUR	EUR
As at 31.12.2021	5 500 000	(271 613)	(4 226 800)	1 001 587
Increase in reserve balance	-	271 613	-	271 613
Profit for the financial year	-	-	530 527	530 527
Guarantee derecognition (Note 23)	-	-	(14 206)	(14 206)
Total comprehensive loss recognized in the reporting year	-	-	544 733	544 733
As at 31.12.2022	5 500 000	-	(3 710 479)	1 789 521
Profit for the financial year	-	-	776 634	776 634
Total comprehensive income recognized in the reporting year	-	-	776 634	776 634
As at 31.12.2023	5 500 000	-	(2 933 845)	2 566 155

Notes on pages 11 to 38 form an integral part of these financial statements.

Vladislavs Mejertāls
 Chairman of the Board

signature

12th of April, 2024

Annual report drawn up by:

Līga Pētersone
 Chief Accountant

signature

This document is electronically signed with safe electronical signature and contains time stamp

NOTES TO THE FINANCIAL STATEMENT

(1) Corporate information

AS "Renti" (the "Company") is located in the Republic of Latvia. The Company was incorporated on October 10, 2018 as a joint stock company for an unlimited duration, subject to general company law.

The Parent company of AS "Renti" is AS "mogo", reg. No. 50103541751. The Parent Company has 100% participating interest in AS "Renti".

The company's activities are long-term and short-term car rent and sales of cars and other light vehicles.

The Companies Financial statements of 2023 has been approved by decision of the Board of Directors on 12 April 2024

(2) Summary of significant accounting policies

a) Basis of preparation

These financial statement as of and for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as adopted by the EU.

The financial statement is affected by accounting policies, assumptions, estimates and management judgement (Note 3), which necessarily have to be made in the course of preparation of the financial statement.

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 will be recorded in the financial statement, when determinable. See Note 3.

The financial statement is prepared on a historical cost basis except for the recognition of financial instruments measured at fair value.

The presentation and functional currency of the Company is Euro (EUR). The financial statement covers 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. All of the Company's economic activities are carried out in one geographical segment - Latvia.

Going concern

This financial statement is prepared on the going concern basis. Going concern assumptions are described in Note 3, "Continuing Operations".

a) Changes in accounting policies

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

The new and amended standards listed below are not expected to have a material impact on the Company's financial statements.

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

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

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

IFRS 17 Insurance Contracts

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

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

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

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

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

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

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

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

These amendments had no effect on the financial statements of the Company.

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

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

These amendments had no effect on the financial statements of the Company.

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

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

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

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

Management of Renti has determined that the Company is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar

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

c) Significant accounting policies

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 consist 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, licenses and similar rights - over 1 year;

Other intangible assets - acquired IT Systems - over 2, 3 and 5 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;

Vehicles - over 7 years;

Leasehold improvements - according to lease term;

Other equipment - over 2 years.

Amortization 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 profit and loss and other comprehensive income in the year the item is derecognized.

Rental fleet

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

Company adds initial direct costs, including The Global Positioning System (GPS) costs and dealership commissions, incurred in obtaining the operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense divided on 7 years.

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

Impairment of financial assets other than loans and advances

Impairment of other receivables from customers/contract assets (Trade receivables)

During year 2021 the Company changed the benchmarked general approach for the vehicle rental product and estimates ECL based on simplified approach. Simplified approach for ECL calculation is justified by product nature – for trade receivables provision matrix can be applied. A provision matrix is nothing more than applying the relevant loss rates to the trade receivable balances outstanding.

The Company do not consider forward looking macro-economic factor for vehicle rental product, as for short term trade receivables the determination of forward-looking economic scenarios is less significant given that over the credit risk exposure period a significant change in economic conditions may be unlikely, and historical loss rates might be an appropriate basis for the estimate of expected future losses.

To use provision matrix, approach the Company determine grouping for receivables based on delay days and debt collection strategy and apply discounted historical recovery rates for each bucket separately.

For the sake of more accurate ECL assessment the Company divides portfolio into buckets based on DPD (days past due) and debt collection stages, as debt collections process triggers important milestones that affect recoverability of the receivable.

The DPDs are splitted into periods by days - by ageing:

- current
- 1-30 DPD (Bucket consists of receivables 1 to 30 days past due date)
- 61-90 DPD (Bucket consists of receivables 61 to 90 days past due date)
- 91-180 DPD (Bucket consists of receivables 91 to 180 days past due date)
- >=180 DPD (Bucket consists of receivables equal or above 180 days past due date)

We can observe that each of the agreements (Client) is classified in the specific bucket, based on the days past due the last monthly payment of agreement:

- Current (All of payments from Customer are received up to date, no overdue payments)
- 1-30 DPD (Rent payment is overdue for 1-30 days past due)
- 31-60 DPD (Rent payment is overdue for 31-60 days past due)
- active settlement agreement
- for repossession
- for sale
- inkasso
- unsecured in process
- low probability of recovery, which further is divided into 13 more classifications in order to understand if there is a chance to receive the recovery or if cession is possible.

For active agreements historical cure rates are used, which represents recovery in certain period since the agreement started delaying particular number of days. Cure Rate shows how many delaying invoices were recovered during time horizon. Horizon which is taken for recovery is 60 days corresponding early debt collect stage.

For terminated agreement triangle recovery matrix is used, which represents recovery by months since the agreement got particular debt collection status. Horizon over which recovery is calculated is called horizontal window, and its length depends on the length of the representative history. To avoid seasonality fluctuations recovery of the last 'n' available months (vertical window) is summed in each respective month of horizontal window. Length of vertical window depends on the stability of business processes and can be shorter than 12 months (full calendar year), if such horizon includes not comparable from underwriting, pricing, and product prospective periods. However, vertical horizon should not be shorter than 3 months. For agreements prepared for cession, historical cession price is used discounted by average days till cession.

Impairment for loans to related parties

Receivables from related parties inherently are subject to the Company's credit risk. Therefore, a benchmarked PD rate based on Standard & Poor's corporate statistics studies has been applied in determining the ECLs. The LGD has been assessed considering the related party's financial position.

Impairment of cash and cash equivalents

For cash and cash equivalents default is considered as soon as balances are not cleared beyond conventional banking settlement timeline, i.e., a few days. Therefore, transition is straight from Stage 1 to Stage 3 given the low number of days that it would take the exposure to reach Stage 3 classification, meaning default.

For cash and cash equivalents no Stage 2 is applied given that any past due days would result in default.

Financial guarantees

Guarantees that are not integral to a loan contractual terms are accounted as separate units of accounts subject to ECL. For this purpose, the Company estimates ECLs based on the value of the expected payments to reimburse the holder for a credit loss that it would incur. ECLs are calculated on an individual basis.

The ECL allowance is based on the credit losses expected to arise over the life of the guarantee, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12months ECL. Judgements for determining of the Company if there has been a significant increase in credit risk are set out in Note 3.

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 recognized 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 recognized 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. The Company has not designated any financial liability as at fair value through statement of comprehensive income.

Right-of-use assets

Initial recognition

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

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the 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

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 recognized 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 Companies' 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's involvement with the underlying asset before the commencement date

If the 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.

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 recognize a lease liability or right-of-use asset. The Company recognizes the lease payments associated with those leases as an expense on either a straight-line basis over the lease term.

(a) Short term leases

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

(b) Leases of low-value assets

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

- 1) has a value, when new of 5 000 EUR or less. 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.

Sublease of Right-of-use assets (RoUA)

Sublease - a transaction for which an underlying asset is re-leased by a lessee (intermediate lessor) to a third party, and the lease (head lease) between the head lessor and lessee remains in effect.

Intermediate lessor accounting

The intermediate lessor accounts for the head lease and the sub-lease as two different contracts, applying both the lessee and the lessor accounting requirements.

The sublease is classified either as an operating lease or a finance lease by reference to the RoUA in the head lease:

- 1) if the head lease is a short-term lease for which the recognition exemption is applied, the sublease shall be classified as an operating lease; or
- 2) otherwise, the sublease shall be classified by reference to RoUA arising from the head lease, rather than by reference to the underlying asset (for example, the item of property, plant or equipment that is the subject of the lease).

Intermediate Lessor accounting - finance lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Indicators of finance lease:

- 1) transfer of ownership;
- 2) purchase options;
- 3) major part of useful life of RoUA;
- 4) at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset;
- 5) specialized nature - only the lessee can use RoUA without major modifications.

Initial measurement

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

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

The net investment in leases comprise the following payments:

- (a) fixed payments, less any lease incentives payable;
- (b) variable lease payments that depend on an index or a rate;
- (c) any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise it.
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The difference between the gross investment and its present value is recorded as unearned finance lease income.

Initial direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of income recognized over the lease term. Examples could be:

- legal fees;
- dealer commissions;
- other directly with specialized related costs.

Prepayments and any other payments received from lessee as at or before commencement date are recorded in statement of financial position upon receipt and settled against respective lessee's finance lease receivables agreement at the moment of issuing next monthly invoice according to the agreement schedule.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Initial measurement

During the term of the operating sublease, the intermediate lessor:

- (a) recognizes a depreciation charge for the RoUA and interest on the lease liability; and
- (b) recognizes lease income from the sublease.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use assets arising from the head lease, not with reference to the underlying assets.

Cash and cash equivalents

Cash comprises cash at bank and on hand with an original maturity of less than three months.

Vacation pay reserve

Vacation pay reserve is calculated based on Latvian legislation requirements.

Transactions with peer-to-peer platforms

Background

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

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

Assignment agreements are of two types:

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

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

Receivables and payables from/to P2P platform

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

Receivable is arising from assignments made through P2P platform where the related investment is not yet transferred to the Company (Note 24).

P2P platform commissions and service fees incurred by the Company are fees charged by P2P platform for servicing the funding attracted through peer-to-peer platform and are disclosed in Note 7.

Funding attracted through peer-to-peer platform

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

Liabilities to investors are recognized in statement of financial position caption Other borrowings (Note 24) and are treated as loans received.

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

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

Assignments with recourse rights (buy back guarantee)

Assignments with recourse rights provide for direct recourse to the Company, thus do not meet the requirements to be classified as pass-through arrangement based on IFRS 9.

Therefore, the Companies's respective debt instruments do not qualify to be considered for partial derecognition and interest expense paid to investors is shown in gross amount under Interest payments and similar expenses (Note 9).

Assignments without recourse rights (no buy back guarantee)

Assignments without recourse rights are arrangements that transfer to investors substantially all the risks and rewards of ownership equal to a fully proportionate share of the cash flows to be received from Companies' debt instruments. Therefore, such arrangements are classified as pass-through arrangements in accordance with IFRS 9.

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

Other reserves

Other reserves is used to record the effect of transactions with owners in their capacity as owners and includes financial guarantees given by the Company.

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 profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Recognition of 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 from contracts with customers (Rental revenue)

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. The Company has concluded that it is the principal in it's revenue arrangements, because Company controls the goods or services before transferring them to the customer.

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.

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. Starting from 1 January 2018, both distributed profits and deemed profit distributions have been subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognized in the statement of profit or loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

The income tax rate in Latvia is 20%. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

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 Mother companies' 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, and fellow 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.

Fair value measurement

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

- 1) value in use (VIU) - for assets with active lease agreements; and
- 2) fair value less costs of disposal (FVL COD)- for assets with inactive lease agreements.

VIU is the present value of the future cash flows expected to be derived from an asset or cash-generating unit, both from its continuing use and ultimate disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a weighted average cost of capital (WACC) rate which is 12.6%.

In measuring VIU the Company bases its cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset covering a total 7-year period.

For assets with an active and inactive lease agreement, the Company applies probability-weighted scenarios in determining the possible future cash flows. These scenarios for CGU with the active lease agreements are (a) the probability the lease agreement will end in its full term, (b) the probability the lease agreement will be early repaid by the client, (c) the probability that the lease agreement will be terminated and the vehicle returned to the Company, and (d) the probability that the lease agreement will be terminated and the vehicle will be lost. The scenario for CGU with the inactive lease agreement is (a) the probability the vehicle will be disposed of. The outcome of the probability-weighted scenario has been determined based on the Companies' historical data.

According to management assessment, for the scenarios when the asset value is expected to be recovered through continuing use rather than sale transaction, VUI method has been applied. For the scenarios when the asset carrying amount is expected to be recovered principally through disposal, the Company determines the residual value based on FVL COD method. Assumptions applied for the determination of the FVL COD of assets are based on making a reliable estimate of the price at which a transaction to sell the asset would take place between market participants at the measurement date under current market conditions and on available data from historical sales transactions. In addition, management considers whether events after the reporting year indicate a decline in the sales prices of such assets. Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expenses.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revaluated amount, in which case the reversal is treated as a revaluation increase. Sensitivity analysis of the residual value of the leased fleet is disclosed in Note 14.

Subsequent events

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

(3) Summary of significant accounting policies

The preparation of the financial statement in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingencies. The most significant judgment is related to the Companies' ability to continue as a going concern, while significant areas of estimation used in the preparation of the financial statement relate to impairment evaluation of financial assets and rental fleet and fair value of financial guarantees. Although these and other estimates described in this section 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 Companies' accounting policies, management has made the following key judgements and applied estimates, which have the effect on the amounts recognized in the financial statement:

Going concern

This financial statement is prepared on going concern basis.

Valuation of rental fleet

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

- 1) value in use (VIU) - for assets with active lease agreements; and
- 2) fair value less costs of disposal (FVLCD)- for assets with inactive lease agreements.

VIU is the present value of the future cash flows expected to be derived from an asset or cash-generating unit, both from its continuing use and ultimate disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a weighted average cost of capital (WACC) rate which is 12.6%.

In measuring VIU the Company bases its cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset covering a total 7-year period.

For assets with an active and inactive lease agreement, the Company applies probability-weighted scenarios in determining the possible future cash flows. These scenarios for CGU with the active lease agreements are (a) the probability the lease agreement will end in its full term, (b) the probability the lease agreement will be early repaid by the client, (c) the probability that the lease agreement will be terminated and the vehicle returned to the Company, and (d) the probability that the lease agreement will be terminated and the vehicle will be lost. The scenario for CGU with the inactive lease agreement is (a) the probability the vehicle will be disposed of. The outcome of the probability-weighted scenario has been determined based on the Companies' historical data.

According to management assessment, for the scenarios when the asset value is expected to be recovered through continuing use rather than sale transaction, VUI method has been applied. For the scenarios when the asset carrying amount is expected to be recovered principally through disposal, the Company determines the residual value based on FVLCO method. Assumptions applied for the determination of the FVLCO of assets are based on making a reliable estimate of the price at which a transaction to sell the asset would take place between market participants at the measurement date under current market conditions and on available data from historical sales transactions. In addition, management considers whether events after the reporting year indicate a decline in the sales prices of such assets. Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expenses.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revaluated amount, in which case the reversal is treated as a revaluation increase. As at 31 December 2022 and 2023 the Company recognized impairment of rental fleet see Note 14. Sensitivity analysis of the residual value of the leased fleet is disclosed in Note 14.

Impairment of financial assets

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

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon, where default is defined as: agreement reaches 61 DPD or is terminated.

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

The Company uses 12 months continuous horizon window (or smaller if actual lifetime of the product is shorter or if representative historical data is available for a shorter period), and estimation over lifetime is defined as nth power of 12 months matrix (n-depends on the estimated lifetime, e.g., if lifetime is 36 months then $n=3$).

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

Company uses 6 months (continuous horizon) transition window and estimation over lifetime is defined as nth power of 6 months matrix. The approach improves consistency of PD calculations, i.e., accounted for 6 months seasonality effect and smoothened volatile impact of the regular changes in the business processes.

Forward-looking macroeconomic indicators model for portfolio impairment assessment

Guided by IFRS 9, the Company assesses forward looking information and incorporates it into impairment model. Impairment change is modelled given expected future changes of macroeconomic factors' (hereinafter macro model). In 2021 the Company changed Hierarchical Bayes model approach to simplified approached based on relation analysis between changes in input variables and changes in PD and the Company expert's opinion. Description of the new macro model is provided further.

Macro model uses expected changes in macroeconomic indicators year on year and assumes the same or similar change to Stage 1 PD.

Financial guarantees

Fair value (FV) determination and initial recognition

The Company has elected to determine the FV of guarantee using valuation of expected loss approach. FV of guarantee is calculated as multiple of EAD, PD and LGD. EAD is determined based on the contractual guaranteed amount per guarantee agreement (Note 25) and considering Company's pro-rata share of the guaranteed amount estimated considering the total assets of guarantors (Company and other Subsidiary of Eleving Group S.A.) as at end of the reporting period included in the respective guarantee agreement.

ECL determination for subsequent measurement

For the purposes of FV estimation the Company is using the ultimate Eleving Group S.A. credit rating as determined by credit rating agency Fitch Ratings Since initial recognition the Company has assessed that that ultimate parent's credit risk has not increased and guarantee liability is therefore considered as Stage 1 exposure.

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 Companies 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 level.

(4) Revenue from contracts with Customers

Turnover is the revenue obtained during the year from the Company's principal activity of providing services-provision of services without value added tax, minus discounts.

Type of activity	2023 EUR	2022 EUR
Rental income	3 039 556	5 010 676
Total	3 039 556	5 010 676

Breakdown of net turnover by geographical markets:

Country	2023 EUR	2022 EUR
Latvia	3 039 556	5 010 676
Total	3 039 556	5 010 676

(5) Cost of Sales

The item shows the costs used to achieve the net turnover - the related costs of the services provided.

	2023 EUR	2022 EUR
Depreciation of fixed assets and amortization of intangible assets	1 127 181	1 798 765
Fleet maintenance costs	227 818	288 907
Personnel costs	181 135	262 536
Agent costs	14 570	147 151
GPS equipment maintenance costs	13 291	28 361
Office costs	12 898	17 163
Other costs	2 351	21 455
Total	1 579 244	2 564 338

(6) Selling expenses

	2023 EUR	2022 EUR
Advertising and representation costs	36 179	189 079
Personnel costs	19 794	10 655
Total	55 973	199 734

(7) Administrative expenses

	2023	2022
	EUR	EUR
Management services*	254 979	403 686
Business support services**	87 131	436 334
Personnel costs	76 553	72 611
Depreciation of fixed assets	36 275	47 294
Audit and accounting costs	25 280	34 750
Office cost	22 730	17 175
Costs of legal services	7 992	480
Bank fees	4 834	5 286
Professional services	39	1 893
Total	515 813	1 019 509

*Management services are provided by Eleving Stella AS. The management services agreement is effective from October 1, 2019 and includes such services provided by the group as general and operational management services, marketing support at the group level, human resource and legal services, finance and risk management services.

** As of July 1st 2020, the Company receives business support services from the Parent Company, which include services related to marketing, car valuation, debt collection, support and maintenance of IT systems, promotion of cooperation with partners and other similar services.

(8) Other operating revenue

	2023	2022
	EUR	EUR
Result on disposal of fixed assets, net*	112 589	-
Fines received	93 102	160 416
Revenue from costs reimbursed by customers	87 553	153 569
Revenue from OCTA services	48 614	76 896
Changes in provisions for uncollectible trade receivables	37 966	219 343
Revenue from sub-lease**	28 608	36 366
Revenue from commissions on car sales	10 165	16 690
Other revenue	31 021	133 377
Total	418 597	663 280

* The company's income from the sale of fixed assets during the reporting period amounted to EUR 5 273 694, while the residual value of excluded fixed assets amounted to EUR 5 161 105 the total net result – profit EUR 112 589.

**During 2023, the company recognized a gain of EUR 28 608 (2022: EUR 36 366) as profit from sub-lease to related party.

(9) Other operating expenses

	2023	2022
	EUR	EUR
Losses from assignment transactions*	134 375	341 483
Debt collection costs	61 975	107 015
Write-offs of uncollectible receivables	31 486	9 090
Costs related to peer-to-peer lending platform services	19 379	23 933
Fines	15 444	5 735
Costs not related to economic activity	2 988	1 457
Donations	1 455	-
Changes in provisions for impairment of fixed assets	(61 895)	(524 996)
Result on disposal of fixed assets, net	-	758 099
Other costs	-	1 666
Total	205 207	723 482

* The item includes revenues from assignment transactions and the write-off of the book value of receivables disposed of as a result of assignment transactions.

(10) Other interest and similar income:

	2023	2022
	EUR	EUR
Interest income from related companies	347 984	8 981
Interest income from sublease from related companies*	24 609	11 649
Interest income from other persons	695	2 497
Total	373 288	23 127

*During 2023, the company recognized interest income on lease receivables from related companies of EUR 24609 (2022: EUR 11 649).

(11) Interest payments and similar expenses:

	2023	2022
	EUR	EUR
Interest expense on borrowings from related companies	445 153	629 187
Other interest and similar charges*	157 677	94 943
Finance leasing interest expense**	119 103	62 996
Interest expense on the right to use premises	6 594	2 441
Total	728 527	789 567

* The remaining interest payments in the reporting year in the amount of EUR 157 677 consist of payments to the global online loan market platform holder Mintos (Mintos Finance Estonia OU).

** Including interest expenses in amount of EUR 54 786 for sub-lease agreements.

(12) Corporate income tax for the reporting year

	2023	2022
	EUR	EUR
Calculated tax according to the declaration	1 064	3 303
Total	1 064	3 303

(13) Intangible investments

		Concessions, patents, licenses, trade marks and similar rights	Total intangible assets
		EUR	EUR
Acquisition value	01.01.2023	173	173
Acquisition value	31.12.2023	173	173
Accumulated depreciation	01.01.2023	173	173
Accumulated depreciation	31.12.2023	173	173
Closing net carrying amount at	01.01.2023	-	-
Closing net carrying amount at	31.12.2023	-	-

(14) Fixed assets

		Rental fleet	Right-of-use assets	Other fixed assets and inventory	Total fixed assets
		EUR	EUR	EUR	EUR
Acquisition value	01.01.2023	11 649 895	226 825	18 788	11 895 508
Additions		873 111	147 290	-	1 020 401
Disposal		(7 159 511)	(226 825)	-	(7 386 336)
Acquisition value	31.12.2023	5 363 495	147 290	18 788	5 529 573
Accumulated depreciation	01.01.2023	3 868 125	177 177	15 357	4 060 659
Depreciation charge		1 124 725	38 420	2 456	1 165 601
Amortization of intangible assets that have been liquidated or reclassified		(1 996 952)	(190 328)	-	(2 187 280)
Impairment		(61 895)			(61 895)
Accumulated depreciation	31.12.2023	2 934 003	25 269	17 813	2 977 085
Net book value	01.01.2023	7 781 770	49 648	3 431	7 834 849
Net book value	31.12.2023	2 429 492	122 021	975	2 552 488

As of 31 December 2023, non-financial assets of rental fleet were tested for impairment. An impairment indication existed as Renti AS has been loss making since its establishment and only in year 2022 started generating the profit. In June 2023, Renti AS signed a sale transaction of the car subscription service Renti plus and in July the entire portfolio was sold.

Out of total rental fleet with the acquisition cost of EUR 5 363 495, impairment was identified for the total rental fleet with a acquisition cost of EUR 430 811. For those cars recoverable amount is estimated to EUR 128 866. The recoverable amount was estimated based on the value in use method discounting the cash-flow using a WACC of 12.6%. The cash-flow was projected based on rental agreements probabilities of default and early repayments. As a result, impairment loss was recognized in amount of EUR 75 398, demonstrating the reduction of EUR 61 895 from the result at 31.12.2022. For the remaining rental fleet with the acquisition value of EUR 4 932 685, the recoverable amount was estimated as EUR 1 420 354.

For detailed description of impairment testing refer to Fair value measurement (Note 3).

(15) Loans to related companies

	% rate	Date of repayment	31.12.2023	31.12.2022
	EUR	EUR	EUR	EUR
Long-term loans				
Mogo LT UAB	12.75%	31.12.2027	-	11 553 655
Eleving stella AS	12.00%	31.12.2028	1 490 000	-
Total long term loans	X	X	1 490 000	11 553 655

On August 4, 2023, a loan agreement was concluded between Renti AS and Eleving stella AS. The loan is repayable until December 31, 2028, and its interest rate is 12.00% per year. The balance of the loan on December 31, 2023 amounts to EUR 1 490 000.

(16) Sublease receivables from related parties

	31.12.2023	31.12.2022
	EUR	EUR
Long-term receivables		
Sublease receivables from related parties	583 543	614 170
Total long-term borrowings	583 543	614 170

	31.12.2023	31.12.2022
	EUR	EUR
Short-term borrowings		
Sublease receivables from related parties	204 761	160 407
Total	204 761	160 407

When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with the reference to the Sublease receivables from related party arising from the head lease, not with reference to the underlying asset. During 2023, the Company leases out 34 vehicles to related company whose are leased from SIA "Citadele leasing". The company from lessor perspective classify all leases as finance sub-lease and both side agreements as for lessor and lessee are with equal term and would expire in 2028.

During 2023, the Company leases out 34 vehicles to related company SIA "Spaceship" whose are leased from SIA "Citadele leasing". The company from lessor perspective classify all leases as finance sub-lease and both side agreements as for lessor and lessee are with equal term and would expire in 2028.

During 2023, the Company has sub-leased the vehicles that have been presented as a Sublease receivables from related parties.

(17) Trade receivables

	31.12.2023	31.12.2022
	EUR	EUR
Carrying amount of trade receivables	575 172	692 930
Provisions for bad and doubtful debtors	(476 507)	(514 473)
Total	98 665	178 457

Changes in provisions

	31.12.2023	31.12.2022
	EUR	EUR
Provisions at the beginning of the period	(514 473)	(733 816)
Provisions for bad and doubtful debtors	96 716	(234 934)
Excludes provisions for bad debts after their foreclosure	(58 750)	454 277
Provisions at the end of the period	(476 507)	(514 473)

An analysis of Trade and other receivable aging and the corresponding ECL allowances at the year end are as follows:

2022	current EUR	1-30 EUR	31-60 EUR	>60 EUR	Total EUR
Receivables for rent services	21 299	76 066	21 210	574 355	692 930
Total ECL calculated for rent services	(1 941)	(20 193)	(8 310)	(484 029)	(514 473)
% from gross trade receivables	0%	3%	1%	70%	74%

2023	current EUR	1-30 EUR	31-60 EUR	>60 EUR	Total EUR
Receivables for rent services	8 009	44 174	2 833	520 156	575 172
Total ECL calculated for rent services	(650)	(8 652)	(1 069)	(466 136)	(476 507)
% from gross trade receivables	0%	2%	0%	81%	83%

For rent receivables in 2023 year ECL recognized in amount of EUR 476 507. (2022: EUR 514 473). In order to estimate the ECL of lease contracts, PD and LGD indicators are compared against the lease portfolio.

Benchmarking ensures the most accurate estimation of ECL for rent contacts, as historical behaviour of rent portfolio is similar to finance lease portfolio. Additionally rent portfolio has the same or very similar to financial lease portfolio operational processes.

(18) Receivables from related parties

	31.12.2023 EUR	31.12.2022 EUR
Carrying amount of debt owed by related companies	9 616	7 720
Total	9 616	7 720

(19) Other receivables

	31.12.2023 EUR	31.12.2022 EUR
Other debtors	4 119	11 141
Total	4 119	11 141

(20) Deferred expenses

	31.12.2023 EUR	31.12.2022 EUR
Insurance	773	31 495
Subscription to information databases	250	930
Agent services	-	13 345
Financial leasing administration fee	-	13 216
Other deferred charges	1 782	595
Other expenses related to the fleet	-	22 403
Total	2 805	81 984

(21) Accrued income

	31.12.2023 EUR	31.12.2022 EUR
Accrued rental revenue	83 829	172 716
Accrued interest income on loans to related companies	57 457	8 981
Accrued revenue from OCTA mediation	13 076	27 376
Accrued income from commissions for OCTA mediation	3 117	4 304
Accrued income from related companies	-	312
Total	157 479	213 689

(22) Cash and cash equivalents

	31.12.2023	31.12.2022
	EUR	EUR
Cash in bank accounts	180 439	579 057
Cash on hand	9 599	3 290
Total	190 038	582 347

All funds are in EUR currency and kept in a current account of a credit institution registered in the Republic of Latvia without restrictions on use.

(23) Share capital

The share capital of the Company on December 31, 2023 is EUR 5 500 000 and consists of 5 500 000 shares with a nominal value of EUR 1 each. The share capital of the company is fully paid.

(24) Uncovered losses:

The reporting year of the Company closed with a profit of EUR 776 634.

As of December 31, 2023, equity has increased to EUR 2 566 155, where the total amount of the Company's uncovered losses has decreased to EUR 2 933 845 compared to year 2022. The successful launch of the new product line in 2022, which continued to develop in 2023, as well as the stabilisation of the existing portfolio of long-term rental customers, allow for a further improvement of the financial indicators.

(25) Provisions for financial guarantees

	31.12.2023	31.12.2022
	EUR	EUR
Changes in other reserves		
Residue at the beginning of the year	-	(271 613)
Derecognition of warranties (2)	-	252 597
Decrease in fair value of guarantees due to revaluation	-	19 016
Residue at the end of the year	-	-

Changes in provisions

	31.12.2023	31.12.2022
	EUR	EUR
Provisions at the beginning of the year	-	257 411
Decrease in fair value of guarantees due to revaluation	-	(19 016)
Derecognition of warranties (2)	-	(238 395)
Provisions at the end of the year	-	-

Total recognised in other operating income (Note 8) - (172 907)

(1) On October 14, 2021, the Related Company entered into a financial guarantee agreement in favor of Eleving Group S.A. bondholders. The guarantee was issued to ensure Eleving Group S.A. exposure to risk transactions following the issuance of corporate bonds ISIN XS2393240887 (as of December 31, 2021, the total nominal value of the bonds is EUR 150 million), which are listed on the open market of the Frankfurt Stock Exchange. The guarantee agreement stipulates that the Related Company irrevocably guarantees the payment of Eleving Group S.A. obligations to the bondholders in the event that Eleving Group S.A. fails to fulfill its obligations under the terms of the prospectus. AS "Renti" joined the aforementioned financial guarantee agreement as a guarantor on October 14, 2021. AS "Renti" has not received compensation for this issued guarantee. The fair value of financial guarantees is recognized as a liability and the distribution of equity in other reserves. The amount of the financial guarantee liability is amortized as income (Note 8) in accordance with the straight-line method until the maturity date of the notes, which is October 2026. Under the guarantee agreement the Company, amongst other material group entities, irrevocably guarantees the payment of Eleving Group S.A. liabilities towards its bondholders in case of default of Eleving Group S.A. under the provisions of bond prospectus, however considering that the bonds are primarily secured by multiple share, asset and bank account pledges granted by several other material group entities, the Company has reevaluated the fair value of this guarantee by assessing the value of all unencumbered assets of each material group entity guaranteeing the payment of Eleving Group S.A. liabilities towards its bondholders, as well as the potential liability exposure of each guarantor under the bonds, and considers that the fair value of this financial guarantee is insignificant.

(26) Other borrowings

	% rate	Date of repayment	31.12.2023 EUR	31.12.2022 EUR
Long-term borrowings				
Funding attracted through peer-to-peer platforms	6%-14%	20.09.2027	782 679	1 371
Finance lease liabilities	2.90%-6.852%	31.03.2028	17 902	1 599 999
Borrowings - Liabilities for rights-of use assets	2.90%-6.852%	30.09.2028	665 785	707 215
Total long-term borrowings	X	X	1 466 365	2 308 585
Short-term borrowings				
Funding attracted through peer-to-peer platforms	6%-14%	20.09.2027	691 653	7 986
Finance lease liabilities	2.90%-6.852%	31.03.2028	5 033	438 200
Borrowings - Liabilities for rights-of use assets	2.90%-6.852%	30.09.2028	222 039	190 166
Total short-term borrowings	X	X	918 725	636 352

The agreement on the funding raised through peer-to-peer lending platforms was signed on January 21, 2019. The repayment term of the funding raised on the peer-to-peer lending platform is equal to the lease agreement with the longest term entered into by the Company at that point in time. It bears an interest rate of 6%-14% per annum. The balance of the borrowing at December 31, 2023 amounts to EUR1 474 332.

The amount repayable under the contract more than one year after the balance sheet date amounts to EUR 782 678 on December 31, 2022. There are no contracts repayable more than five years after the balance sheet date as of December 31, 2023.

During 2023, the Company attracted additional financing from SIA "Citadele leasing". During 20223 18 new cars were purchased using financial leasing to supplement the rental car fleet (including see note no. 14 on subleased cars to a related company). Leasing contract period: 60 months, fixed part of the interest rate 2.90% + 3-month EURIBOR.

(27) Payables to related parties

	% rate	Date of payment	31.12.2023 EUR	31.12.2022 EUR
Long-term liabilities				
Borrowing from AS mogo*	12.5%	03.01.2024	-	15 971 867
Total long-term liabilities			-	15 971 867
<i>*early payment made on 26.07.2023</i>				
			31.12.2023	31.12.2022
			EUR	EUR
Short-term liabilities				
Product debt			-	1 300
Debt for services received			19 844	679
Accumulated interest on the loan from AS "mogo"			-	57 438
Total short-term liabilities			19 844	59 417

(28) Lease liabilities for right-of-use assets

	% rate	Date of repayment	31.12.2023 EUR	31.12.2022 EUR
Long-term liabilities				
Lease liabilities for right-of-use assets - premises	2.9-6.517%	1-5 years	94 883	6 975
Total long-term liabilities	X	X	94 883	6 975
Short-term liabilities				
Lease liabilities for right-of-use assets - premises	2.9-6.517%	1-5 years	29 936	45 546
Total short-term liabilities	X	X	29 936	45 546

The company has concluded several lease agreements for the lease of premises and car sales areas. Since the Company has made a decision to apply IFRS No. 16, it has recognized the lease obligations in the estimated lease period. (Note 1 section of IFRS No. 16: "Leases").

(29) Taxes payable

	31.12.2023	31.12.2022
	EUR	EUR
Value added tax	37 201	52 571
Social security contributions	4 767	6 188
Personal income tax	2 685	3 141
Corporate income tax	750	2 891
Business risk state fee	3	4
Total	45 406	64 795

Including:

	31.12.2023	31.12.2022
	EUR	EUR
Tax debt	45 406	64 795

(30) Other liabilities

	31.12.2023	31.12.2022
	EUR	EUR
Short-term other creditors		
Settlement of liabilities to employees of the Company	8 215	12 651
Other creditors	-	368
Total short-term other creditors	8 215	13 019

(31) Accrued liabilities

	31.12.2023	31.12.2022
	EUR	EUR
Savings for vacations	12 174	15 181
Accrued liabilities for uncollected invoices	30 570	47 254
Accrued liabilities for uncollected invoices from related parties	19 066	45 158
Accrued liability for payment of annual bonuses	10 233	6 293
Total	72 043	113 886

(32) Related parties, related party transactions

During the reporting year, the Company had transactions with related parties as part of its economic activity. The most important transactions and their volumes are as follows:

Related party	Description of the transaction	Amount of the the 2023 EUR	Amount of the transaction 2022 EUR
Parent company	Purchased goods	145 460	208 330
mogo AS	Goods sold	12 300	26 310
	Services received	87 131	436 334
	Services provided	13 511	18 958
	Other purchases	13 359	11 767
	Other sales	354	15 996
	Borrowings	66 000	13 108 665
	Borrowings repaid	16 037 867	4 115 000
	Interest expense	445 153	629 187

Related party	Description of the transaction	Amount of the the 2023 EUR	Amount of the transaction 2022 EUR
Other related companies			
Spaceship SIA	Goods sold	102 279	534
Eleving stella AS	Services received	254 979	428 829
Eleving stella AS	Other purchases	3 085	2 664
Eleving stella AS, mogo LT UAB	Interest income	347 984	8 981
Eleving stella AS, mogo LT UAB	Loans issued	1 490 000	11 553 665
mogo LT UAB	Loans received	11 553 655	-
Spaceship SIA	Sublease receivables from related parties	788 304	774 577
Spaceship SIA	Profit from sub-lease	28 608	36 366

(33) Average number of employees

	2023	2022
Average number of employees	10	15

(34) Personnel costs

	2023 EUR	2022 EUR
Remuneration for work	218 848	278 396
State social insurance contributions	51 616	65 674
Other personnel costs	7 018	1 731
Other personnel expenses	277 482	345 801

(35) Details of off-balance sheet commitments and pledged assets

On December 20, 2022 Renti AS and Mintos Finance Estonia OU entered into Commercial Pledge Agreement No LVMM/06-07-2022-176. The basic agreement is the Cooperation Agreement on the issuance of loans No. LVMM/06-07-2022-174 concluded on December 20, 2022. Subject of commercial pledge: existing vehicles of the commercial pledger against Third Parties. The amount of the pledge is depending on the exposure to Mintos.

Starting from 14 October 2021 Eleving Group and certain of its Subsidiaries (including AS "Renti") entered into several pledge agreements with TMF Trustee Services GmbH, establishing pledge over shares of those Subsidiaries, pledge over present and future loan receivables of those Subsidiaries, pledge over trademarks of those Subsidiaries, general business pledge over those Subsidiaries, pledge over primary bank accounts if feasible, in order to secure Eleving Group obligations towards bondholders deriving from Eleving Group bonds (ISIN: XS2393240887). Subsequently additional pledgors were added who became material (subsidiaries with net portfolio of more than EUR 7 500 000 and represents at least 3% of the Net Loan Portfolio) according to terms and conditions of the bonds. In 2022 the following amendments were made to these commercial pledges with TMF Trustee Services GmbH: On 8 June 2022 amendments to the terms of commercial pledge No 100195518 was registered, where the commercial pledgor is AS "Renti" (Latvia).

On January 3, 2022, a commercial pledge was registered between AS "Citadele banka" and AS "Renti" in accordance with commercial pledge agreement no. 659-08/19-51-KL2 from December 23, 2021. The commercial pledge agreement was concluded to ensure the fulfillment of obligations in accordance with the July 8, 2019 Credit Line Agreement No. 659-08/19-51, concluded between AS "mogo", mogo OU and UAB "mogo LT". The secured claim totals EUR 5.5 million as of 31 December 2023 and EUR 7.5 million as of 31 December 2022. According to the commercial pledge agreement concluded with AS "Citadele banka", the value of the pledged assets of AS "Renti" as of December 31, 2023 is EUR 0 (as of 31 December 2022 was EUR 3 million).

On October 27, 2023, a guarantee agreement was registered between AS "Citadele banka" and AS "Renti" and several other Eleving Group subsidiaries. The guarantee agreement was concluded to ensure the fulfillment of obligations in accordance with the July 8, 2019 Credit Line Agreement No. 659-08/19-51, concluded between AS "mogo", mogo OU and UAB "mogo LT". The maximum exposure over which the guarantee agreement is signed totals EUR 5.5 million as of 31 December 2023 and EUR 7.5 million as of 31 December 2022.

(36) Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Company's statement of financial position at their fair value:

	Carrying value 31.12.2023 EUR	Fair value 31.12.2023 EUR	Carrying value 31.12.2022 EUR	Fair value 31.12.2022 EUR
Assets for which fair value is disclosed				
Loans to related parties (do not include loans to mogo group companies)	-	-	8 981	8 981
Other non-current financial assets	-	-	8 981	8 981
Other short term receivables from related parties (do not include receivables from mogo group companies)	8 406	8 406	103 375	103 375
Cash and cash equivalents	190 038	190 038	582 347	582 347
Total assets for which fair value is disclosed	198 444	198 444	703 683	703 683

Liabilities for which fair value is disclosed

Loan from related parties (do not include loans from mogo group companies)	-	-	2 994 719	2 994 719
Lease liabilities for right-of-use assets	124 819	124 819	52 521	52 521
Financing received from P2P investors	1 444 155	1 444 155	6 619	6 619
Trade payables	3 122	3 122	25 193	25 193
Other liabilities	892 856	625 143	625 143	625 143

Total liabilities for which fair value is disclosed

2 464 952	2 197 239	3 704 195	3 704 195
------------------	------------------	------------------	------------------

Total liabilities measured at fair value and liabilities for which fair value is disclosed

2 464 952	2 197 239	3 704 195	3 704 195
------------------	------------------	------------------	------------------

	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	31.12.2023	31.12.2023	31.12.2023	31.12.2022	31.12.2022	31.12.2022
	EUR	EUR	EUR	EUR	EUR	EUR

Assets for which fair value is disclosed

Other short term receivables from related parties (do not include receivables from mogo group companies)	-	-	103 375	-	-	186 589
--	---	---	---------	---	---	---------

Cash and cash equivalents	190 038	-	-	582 347	-	-
---------------------------	---------	---	---	---------	---	---

Total assets for which fair value is disclosed

190 038	-	103 375	582 347	-	186 589
----------------	----------	----------------	----------------	----------	----------------

	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	31.12.2023	31.12.2023	31.12.2023	31.12.2022	31.12.2022	31.12.2022
	EUR	EUR	EUR	EUR	EUR	EUR

Liabilities for which fair value is disclosed

Loan from related parties (do not include loans from mogo group companies)	-	-	2 994 719	-	-	2 589 582
Lease liabilities for right-of-use assets	-	-	52 521	-	-	108 248
Financing received from P2P investors	-	-	6 620	-	-	2 481 603
Trade payables	-	-	25 194	-	-	45 080
Other liabilities	-	-	625 143	-	-	740 349

Total liabilities for which fair value is disclosed

-	-	3 704 197	-	-	5 964 862
----------	----------	------------------	----------	----------	------------------

Total liabilities measured at fair value and liabilities for which fair value is disclosed

-	-	3 704 197	-	-	5 964 862
----------	----------	------------------	----------	----------	------------------

(37) Continuing operations

The company closed the reporting year with a profit, as well as the working capital as of December 31, 2023 is positive. AS "Renti" plans to continue working with profit for the following years as well. The improvement of the results is expected based on the further improvement of the quality of the portfolio of long-term rental customers, as well as the successful progress of the Renti plus product in the market.

In order to ensure the Company's liquidity, the Company has received a confirmation from the parent Company to provide financial and other support, as necessary, for the continuation of the Company's economic activity.

The losses of the previous years are planned to be covered from the profits of the following periods.

(38) Events after the balance sheet date

Chairman of the management board, Anete Pallo, left her position at March 4, 2024. Her role has been taken over by Vladislavs Mejeritāls.

Vladislavs Mejeritāls
Chairman of the Board

signature

12th of April, 2024

Annual report drawn up by:

Līga Pētersone
Chief Accountant

signature

This document is electronically signed with safe electronical signature and contains time stamp

Translation from original in Latvian

Independent Auditor's Report

To the shareholder of AS "Renti"

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of AS "Renti" (the Company) set out on pages 6 to 38 of the accompanying annual report, which comprise:

- the statement of financial position as at 31 December 2023,
- the statement of comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended,
- 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 "Renti" as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting 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

- Company Information as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on pages 4 to 5 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 in accordance with the legislation of the Republic of Latvia

In addition, 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 the IFRS Accounting Standards 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.

BDO ASSURANCE SIA
Kalku street 15-3B, Riga, LV1050
License No 182

Raivis Jānis Jaunkalns
Sworn auditor
Certificate No 237
Member of the Board

Riga, Latvia
12 April, 2024

This document is electronically signed with safe electronical signature and contains time stamp.