

**Microfinance organization Mogo
Kazakhstan LLP**

Financial statements

For the year ended 31 December 2022

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Management is responsible for the preparation and fair presentation of the financial statements, of Microfinance organization Mogo Kazakhstan LLP (hereinafter – the “Company”) as at 31 December 2022 for the year ended 31 December 2022 in accordance with International Financial Reporting Standards (hereinafter - “IFRSs”).

In preparing the financial statements management is responsible for:

- selecting of proper accounting principles and its consistent application;
- presenting information, including accounting policies, in a manner that provides relevance, reliability, comparability and understandability of such information;
- using of reasonable and appropriate estimates and assumptions;
- providing additional disclosures when compliance with the requirements of IFRS is insufficient for users of the financial statements to understand the impact of particular transactions, as well as other events and conditions on the financial position and financial results of the Company’s operation; and
- assessment of the Company’s ability to continue as a going concern in the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining the effective and reliable functionality of the internal control system;
- maintaining adequate accounting system which allows the preparation of information about the Company financial position at any time with reasonable accuracy, and to ensure compliance of the financial statements with IFRSs;
- maintaining accounting records in accordance with the legislation of the Republic of Kazakhstan;
- adopting measures within its competence to safeguard assets of the Company; and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2022 were approved by the management of the Company on 24 April 2023.

General Director

Chief accountant

24 April 2023
Almaty, the Republic of Kazakhstan




Seitbekov A.M.

Asylbekova A.O.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

TABLE OF CONTENT

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

Statement of financial position	1
Statement of profit or loss and other comprehensive income	2
Statement of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5-43

Grant Thornton LLP

Office 2103
4V BC Nurlı Tau, n.p.
21V
15 Al-Farabi ave.
Almaty
050059/A15E2P5

T +7 (727) 311 13 40

almaty@kz.gt.com
www.grantthornton.kz

INDEPENDENT AUDITORS' REPORT

To the Founders and Management of the Microfinance organization Mogo Kazakhstan LLP

Opinion

We have audited the financial statements of Microfinance organization Mogo Kazakhstan LLP (hereinafter – “the Company”), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter - “IFRSs”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter - “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 ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are the matters that, in our professional judgment, were of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Why do we consider these matters to be key for the audit?	How was the matter addressed in the audit?
<p><i>Provision for expected credit losses on loans to customers</i></p> <p>The assessment of the allowance for expected credit losses on loans to customers, in accordance with IFRS 9 "Financial Instruments" is a key area of management's judgment. The assessment of the provision for expected credit losses (hereinafter - "ECL") on loans to customers includes the determination of a significant increase in credit risk, default, assessment of the probability of default, as well as the level of losses in default. When assessing the reserve on a collective basis, the Company uses statistical models. Due to the significance of the amount of loans to customers, as well as due to the substantial use of professional judgment, the assessment of the allowance for ECL was a key audit issue.</p> <p>Information on the allowance for ECL on loans to customers is presented in Note 7 "Loans to customers" and Note 26 "Financial Risk Management" to the financial statements.</p>	<p>Our audit procedures included an analysis of the methodology for assessing the allowance for expected credit losses on the loan portfolio, in particular, the methodology for calculating the probability of default, as well as the level of losses in case of default. We reviewed the judgments used by the Company's management in determining the probability of default on loans to customers. We evaluated the initial data and analyzed the assumptions used by the Company in determining historical information on loan servicing, as well as the level of losses in default as a result of the implementation of collateral.</p> <p>We analyzed the distribution of loans by "stages" of impairment and the application to these "stages" of impairment of the relevant criteria for a significant increase in credit risk, default, as well as indicators of the probability of default and the level of losses in case of default. We have reviewed the information disclosed in the financial statements regarding the assessment of the allowance for ECL loans to customers.</p>

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

Auditors' responsibilities 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 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 skepticism 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 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 audit of the Microfinance organization Mogo Kazakhstan LLP.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditors' responsibilities for the audit of the financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of Microfinance organization Mogo Kazakhstan LLP of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton LLP

Evgeny Zhemaletdinov

Engagement partner

Certified Auditor of the Republic of Kazakhstan
Certificate No.MF-00000553 on 20 December 2003

24 April 2023
Almaty, the Republic of Kazakhstan

Yerzhan Dossynbekov

General Director
Grant Thornton LLP

State license for providing audit services on the territory of the Republic of Kazakhstan No.18015053, issued by the Internal State Audit Committee of the Ministry of Finance of the Republic of Kazakhstan dated 3 August 2018

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

<i>In thousands of tenge</i>	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents	6	32,461	129,009
Loans to customers	7	2,502,334	2,729,975
Trade and other receivables	8	368,246	274,230
Property and equipment	9	20,602	42,341
Intangible assets	10	58,967	90,666
Deferred corporate income tax assets	11	–	196,768
Prepayment for corporate income		9	–
Right-of-use assets	12	6,076	39,447
Other assets	13	13,649	28,482
TOTAL ASSETS		3,002,344	3,530,918
EQUITY AND LIABILITIES			
EQUITY			
Charter capital	14	2,047,670	2,047,670
Accumulated losses		(954,304)	(1,181,453)
TOTAL EQUITY		1,093,366	866,217
LIABILITIES			
Borrowings from related parties	15	715,618	390,000
Borrowings from third parties	15	804,840	2,074,091
Debt securities issued	16	225,037	30,446
Lease liabilities	12	6,574	24,599
Deferred corporate income tax liabilities	11	31,462	–
Trade and other payables	17	48,881	122,045
Other liabilities	18	76,566	23,520
TOTAL LIABILITIES		1,908,978	2,664,701
TOTAL EQUITY AND LIABILITIES		3,002,344	3,530,918

Accompanying notes on pages 5 to 40 are an integral part of these financial statements.

General Director



(Signature)
Seitbekov A.M.

Chief accountant

(Signature)
Asylbekova A.O.

24 April 2023
Almaty, the Republic of Kazakhstan

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

<i>In thousands of tenge</i>	Notes	2022	2021
Interest income	19	981,479	1,005,817
Interest expense	19	(231,358)	(265,065)
Net interest income before expected credit loss expense		750,121	740,752
Expected credit loss (expense) / recovery	20	(68,179)	67,476
Net interest income		681,942	808,228
Administrative expenses	21	(655,688)	(571,359)
Other operating expenses	22	(150,072)	(176,072)
Other operating income	22	463,825	309,386
Income from discount recognition	15	165,683	-
Net (loss) / gain from foreign exchange operations	23	(50,311)	134,538
Income before corporate income tax benefit		455,379	(571,359)
Corporate income tax expense	11	(228,230)	(124,065)
Net income		227,149	504,721
Other comprehensive income		-	-
Total comprehensive income for the year		227,149	380,656

Accompanying notes on pages 5 to 40 are an integral part of these financial statements.

General Director



[Handwritten signature]
Seitbekov A. M.

Chief accountant

[Handwritten signature]
Asylbekova A.O.

24 April 2023
Almaty, the Republic of Kazakhstan

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

<i>In thousands of tenge</i>	Charter capital	Accumulated losses	Total Equity
As at 31 December 2020	2,047,670	(1,562,109)	485,561
Net income for the year	-	380,656	380,656
Other comprehensive income	-	-	-
Total comprehensive income	-	380,656	380,656
As at 31 December 2021	2,047,670	(1,181,453)	866,217
Net income for the year	-	227,149	227,149
Other comprehensive income	-	-	-
Total comprehensive income	-	227,149	227,149
As at 31 December 2022	2,047,670	(954,304)	1,093,366

Accompanying notes on pages 5 to 40 are an integral part of these financial statements.

General Director



(Signature)
Seitbekov A. M.

Chief accountant

(Signature)
Asylbekova A.O.

24 April 2023
Almaty, the Republic of Kazakhstan

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

<i>In thousands of tenge</i>	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before corporate income tax expense		455,379	504,721
Adjustments for:			
Depreciation of property and equipment, and amortization of intangible assets and right-of-use assets	9, 10, 12	80,309	83,802
Provision charge / (recovery) for expected credit losses	20	68,179	(67,476)
Unrealized foreign exchange loss / (gain)		34,648	(127,858)
Income from discount recognition	15	(165,683)	–
Accrued interest income		(981,479)	(1,005,817)
Accrued interest expense		231,358	265,065
Cash outflow from operating activities before changes in working capital		(277,289)	(347,563)
(Increase) / decrease in operating assets:			
Trade and other receivables		(93,243)	(107,749)
Inventory		–	43,275
Loans to customers		237,034	(495,546)
Other assets		14,833	3,901
Increase / (decrease) in operating liabilities:			
Trade and other payables		(64,342)	56,593
Other liabilities		53,046	9,991
Cash used in operating activities		(129,961)	(837,098)
Interest received		904,876	917,658
Interest paid		(147,840)	(82,537)
Net cash generated from / (used in) operating activities		627,075	(1,977)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	9	(276)	(5,643)
Purchase of intangible assets	10	–	(28,827)
Proceeds from sale of property and equipment		79	54
Net cash used in investing activities		(197)	(34,416)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Receipt of borrowings from related parties	15	491,594	390,000
Receipt of borrowings from third parties	15	422,345	2,754,009
Repayment of borrowings from related parties	15	(67,250)	–
Repayment of borrowings from third parties	15	(1,723,033)	(3,754,639)
Repayment of principal amount on lease liabilities	12	(11,328)	(32,575)
Issuance of debt securities	16	185,789	30,214
Net cash used in financing activities		(701,883)	(612,991)
Net decrease in cash and cash equivalents		(75,005)	(649,384)
Cash and cash equivalents at the beginning of the year		129,009	786,828
Recovery of allowance for expected credit losses on cash and cash equivalents		84	87
Effect of exchange rate changes on cash and cash equivalents		(21,627)	(8,522)
Cash and cash equivalents at the end of the year	6	32,461	129,009

Accompanying notes on pages 5 to 40 are an integral part of these financial statements.

General Director



Chief accountant


Seitbekov A. M.


Asylbekova A.O.

24 April 2023
Almaty, the Republic of Kazakhstan

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Microfinance organization Mogo Kazakhstan LLP (hereinafter “the Company”) was established in September 2018 in accordance with the legislation of the Republic of Kazakhstan. According to the Law of the Republic of Kazakhstan on microfinance activities, the Company was registered as a microfinance organization on 6 May 2020 and received a license № 02.21.0056.M. on 31 March 2021 from the Agency of the Republic of Kazakhstan for the regulation and development of financial markets for the conduction of microfinance activities.

The main activity of the Company is the issuance of retail microcredits and car loans to individuals and legal entities in the Republic of Kazakhstan.

As at 31 December 2022 and 2021, the following participants held interests in the Company:

Name	Share, %	
	31 December 2022	31 December 2021
Seitbekova A. M.		
Omarov K. U.	33.34%	100.00%
Omarova I. K.	33.33%	–
	33.33%	–
	100.00%	100.00%

The address of the registered office of the Company: 83 Tole bi street, Almaly district, Almaty, A05H1Y6, the Republic of Kazakhstan. The ultimate controlling parties of the Company as at 31 December 2022 are the Omarov family members: Omarov Kusain Uakbayevich, Omarova Indira Kusainovna (31 December 2021: Seitbekova Asel Malikovna).

As at 31 December 2022, the Company has 82 employees (31 December 2021: 64 employees).

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter - “IFRSs”).

Going concern

These financial statements have been prepared assuming that the Company is a going concern and will continue its operation for the foreseeable future.

Management believes that the Company is able to generate sufficient funds to meet its liabilities. The management of the Company does not have any intention or necessity to liquidate or significantly reduce the size of its business.

Functional currency

Items included in the financial statements are measured using the currency of the primary of the economic environment in which the Company operates (“the functional currency”). The functional currency and presentation currency of the financial statements of the Company is the Kazakhstani tenge (“tenge”).

These financial statements have been prepared on the historical cost basis except for certain properties and financial instruments.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

Functional currency (continued)

Exchange rates on Kazakhstan Stock Exchange (hereinafter – “KASE”) for the foreign currencies, used by the Company during preparation of the financial statements as at 31 December 2022 and 2021, were as follows:

	31 December 2022	31 December 2021
Exchange rates at the end of the year		
Tenge/1 US dollar	462.65	431.80
Tenge/1 euro	492.86	489.10
Tenge/1 Russian rubble	6.43	5.76

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at fair value through profit or loss (FVTPL) are recognized as ‘Interest income’ and ‘Interest expense’ in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period (see ‘Net gain/(loss) from operations with financial assets at fair value through profit or loss’).

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation includes all interest and other amounts paid or received between parties to the contract that are an integrated part of EIR and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognized in profit or loss at initial recognition.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets purchased or originated credit impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position. Income and expense is not offset in the statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances on current accounts in banks and time deposit accounts with original maturities within 3 months, which are not subject to restrictions to its availability.

Financial instruments

Initial recognition

Date of recognition

Purchases or sales of financial assets and liabilities on regular way are recognized at the trade date, etc. the date Company commits to purchase the asset or liability. Purchases or sales are purchases or sales of financial assets and liabilities on regular way, under a contract that requires delivery of assets and liabilities within the time frame established by rules or conventions in the marketplace.

Initial assessment

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Categories of measurement of financial assets and liabilities.

The Company classifies all its financial assets based on the business model used to manage the assets and the contractual terms of the assets as measured by:

- amortized cost;
- FVTOCI;
- FVTPL.

The Company classifies and measures derivatives and trading instruments at fair value through profit or loss. An entity may, at its sole discretion, classify financial instruments as at fair value through profit or loss if such classification would eliminate or significantly reduce the inconsistency in the application of measurement or recognition principles.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Initial assessment (continued)

Categories of measurement of financial assets and liabilities (continued)

Financial liabilities are measured at amortized cost and fair value through profit or loss if they are held for trading and derivatives, or, at the option of the entity, are classified as measured at fair value.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the statement of financial position if:

- the rights to receive cash flows from the asset have expired;
- The company has transferred the right to receive cash flows from the asset or assumed an obligation to transfer the received cash flows in full without significant delay to a third party under the terms of a "transit" agreement; as well as
- The company has either (a) transferred substantially all the risks and rewards of the asset, or (b) has not transferred, but did not retain all risks and rewards from the asset, but has transferred control over the asset.

If the Company has transferred its rights to receive cash flows from an asset, while neither transferring nor retaining substantially all the risks and rewards associated with it, as well as transferring control over the asset, such an asset is accounted for within the limits of continuing involvement of the Company in this asset. Continuing involvement in the asset, in the form of a guarantee for the transferred asset, is measured at the lower of the asset's original carrying amount and the maximum consideration that the Company can pay.

Financial liabilities

Deregistration of a financial obligation occurs in the event of fulfilment, cancellation or expiration of the validity period of the corresponding obligation.

When one existing financial liability replaces another liability to the same lender, on materially different terms, or when the terms of an existing liability are materially changed, the original liability is derecognised and the new liability is recognized, with the difference in the carrying amount of the liability recognized in profit or loss.

Expected credit losses

The Company recognizes an expected credit loss allowance on financial assets measured at amortized cost and fair value through other comprehensive income in an amount equal to lifetime expected credit losses if the credit loss has increased significantly since initial recognition. The Company does not reduce the carrying amount of the financial asset measured at fair value through other comprehensive income, but recognizes a provision in other comprehensive income.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expected credit losses (continued)

In determining whether there has been a significant increase in the credit risk of a financial asset since its initial recognition, the Company focuses on changes in the risk of a default occurring over the life of the credit instrument rather than changes in expected credit losses.

If the terms of the contractual cash flows of a financial asset have been renegotiated or modified and the financial asset has not been derecognised, the Company assesses whether the credit risk of a financial instrument has changed significantly by comparing:

- assessing the risk of a default occurring as of the reporting date (based on modified contractual terms);
- estimates of the risk of a default occurring at initial recognition (based on the original unmodified contractual terms).

If there is no significant increase in credit risk, the Company recognizes an allowance for losses on the financial asset in an amount equal to 12-month expected credit losses, except for:

- 1) acquired or created credit-impaired financial assets;
- 2) trade receivables; and
- 3) lease receivables.

For financial assets specified in paragraphs (1) - (3), the Company estimates the provision for losses in the amount of expected credit losses for the entire period.

If in the previous reporting period the Company estimated the estimated allowance for losses on a financial instrument in an amount equal to the expected credit losses for the entire period, but as of the current reporting date determines that there is no significant increase in credit risk, then at the current reporting date the Company should assess the estimated provision in an amount equal to 12-month expected credit losses.

The Company recognizes as an impairment gain or loss the amount necessary to adjust the loss allowance to the amount of expected credit losses at the reporting date.

For acquired or originated credit-impaired financial assets, the Company recognizes favourable changes in lifetime expected credit losses as a reversal of the impairment loss, even if the lifetime expected credit losses are less than the expected credit losses that were included in the estimated cash flows on initial recognition ...

Estimating expected credit losses the Company determines expected credit losses on a financial instrument in a manner that reflects:

- 1) an unbiased and probability-weighted amount determined by assessing the range of possible outcomes;
- 2) the time value of money;
- 3) reasonable and supported information about past events, current conditions, and projected future economic conditions available at the reporting date.

The maximum period considered in assessing expected credit losses is the maximum contractual period (including renewal options) during which the Company is exposed to credit risk.

Achieving the objective of recognizing lifetime expected credit losses arising from a significant increase in credit risk since initial recognition may require an assessment of a significant increase in credit risk on a group basis, for example, by analyzing information indicating a significant increase in credit risk for a group or subgroup of financial instruments. This ensures that the Company will meet its lifetime expected credit loss target in the event of a significant increase in credit risk, even if confirmation of such a significant increase in credit risk is not yet available at the individual instrument level.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings

Borrowings and funds from financial institutions and third parties are classified as liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder. Borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income through the amortisation process as well as when the borrowings are derecognised.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on revalued buildings is recognised in profit or loss. Depreciation on these assets, as well as on other items of property and equipment, starts from the moment the assets are ready for the planned use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis at the following annual rates:

Categories of property and equipment	Useful life
Computers and other electronics	3-5 years
Buildings (Capital repairs of rented premises)	3-5 years
Furniture	3-5 years
Vehicles	5-6 years
Others	3-6 years

An item of property and equipment is derecognised 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 the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Internally generated intangible assets

Internally generated intangible assets mainly include the cost of developing a company's information management systems. These costs are capitalized only if they meet the criteria defined in IAS 38. Internal and external costs of developing management information systems that arise during the development phase are capitalized. Significant maintenance and improvement costs are added to the original asset value if they specifically meet the capitalization criteria.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

Internally generated intangible assets (continued)

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. The cost of intangible assets increases due to capitalization of the company's costs of information technology - wages and social security contributions. All other expenses are recognized in profit or loss as incurred.

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

Other intangible assets

Other intangible assets are carried at cost and amortized over their estimated useful lives on a straight-line basis. The carrying amount of intangible assets is reviewed for impairment if events or changes in circumstances indicate that the carrying amount cannot be recovered. Impairment losses are recognized when the carrying amount of intangible non-current assets exceeds their recoverable amount.

Other intangible assets primarily consist of purchased computer software products.

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

Categories of intangible assets	Useful life
Software	7 years
Licenses	3 years
Other intangible assets	3 years

Leases

The Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Company as lessee (continued)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Taxation

Corporate income tax expense represents the sum of the tax currently payable and deferred income tax.

Current corporate income tax

The tax currently payable is based on taxable profit for the year. Taxable profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred corporate income tax

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred corporate income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment property that are measured using the fair value model, the carrying amounts of such property are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred corporate income tax for the year

Current and deferred corporate income tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred corporate income tax are also recognised in other comprehensive income or directly in equity, respectively. Where current or deferred corporate income tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Operating taxes

The Republic of Kazakhstan also has various other taxes, which are assessed on the Company's activities. These taxes are included as a component of operating expenses in the statement of profit or loss and other comprehensive income.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Transactions through P2P platform

The Company has signed cooperation agreements with the operator of a peer-to-peer (P2P) investment internet platform (hereinafter - "the Platform") in order to attract financing by the Company on the Platform. The Platform allows individual and corporate investors to receive fully proportional interest and principal cash flows from debt instruments, which include finance lease receivables or loans and advances to customers issued by the Company in exchange for an advance payment. These rights are established through assignment agreements between investors and the Platform, which acts as an agent on behalf of the Company. Commissions for the right to use the platform are expensed as incurred and commissions for the attraction of the financing are capitalized in the value of related liability.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions through P2P platform (continued)

Assignment agreements signed by the Company in addition to the cooperation agreements are of two types:

- 1) Agreements with the right of recourse, which require the Company to guarantee the full repayment of the invested funds to the investor in the event of default by the Company's client (buyback guarantee).
- 2) Non-recourse agreements that do not require the Company to guarantee the return of the invested funds by the investor in the event of a client's default.

Accounts receivable from operations on the Platform

The Platform acts as an agent in the transfer of cash flows between the Company and investors. Accounts receivable for attracted financing from investors through the Platform correspond to payments due from the Platform. Accounts receivable arise from assignments made through the Platform when the related investment has not yet been transferred to the Company. The Company pays commissions and fees for servicing financing raised through the Platform.

Funding raised through the Platform

Liabilities arising from assignments, with or without recourse, are initially recognized at the fair value of the consideration received from the investors, less the issuance costs associated with obtaining loans on the Platform within loans from third parties.

Deductions from employee benefits

In 2022, the Company pays social tax to the budget of the Republic of Kazakhstan in accordance with the tax legislation of the Republic of Kazakhstan at a flat rate of 9.5% of wages and other employee benefits, including material benefits (2021: 9.5%). Part of the social tax amount in the amount of 3.5% is transferred to the NJSC State Corporation "Government for Citizens" (2021: 3.5%).

In 2022, the Company pays mandatory social health insurance contributions in the amount of 3% of wages and other employee benefits, including material benefits (2021: 2%).

The Company also withholds mandatory pension contributions in the amount of 10% of the salaries of its employees in 2022 as contributions to the Unified Accumulative Pension Fund JSC.

In addition to contributions to the Unified Accumulative Pension Fund, the Company withholds personal income tax at a flat rate of 10% from salaries and other employee benefits, including material benefits.

Charter capital

Contributions to charter capital are recognised at historical cost.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Contingent assets and contingent liabilities

A contingent asset is not recognised in the statement of financial position but disclosed when an inflow of economic benefits is probable.

A contingent liability is recognized in the financial statements if, as a result of a particular event in the past, the Company has a legal or voluntary obligation, the settlement of which is likely to require an outflow of resources embodying economic benefits, and the amount of the obligation can be measured in monetary terms with a sufficient degree reliability. Contingent liabilities are disclosed in the financial statements when it is unlikely that an outflow of resources due to their redemption will occur.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Company's accounting policies, the Company management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant use of judgments and estimates are as follows:

Significant increase of credit risk

As explained in Note 3, ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Quantity and relative weightings of forward-looking scenarios determination for each type of product/ market and allotment of the forward-looking information relevant for each scenario

For loans to customers, the calculation of ECL takes into account the possible estimated effects of changes in macroeconomic parameters on forecasted cash flows, migration of collective loans and collateral coverage. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The key inputs used for measuring ECL are:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

Probability of default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The calculation of PD on loans assessed on a collective basis is carried out on the basis of historical data using the migration matrices and roll-rates.

Loss given default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, not taking into account cash flows from collateral and integral credit enhancements. The Company rarely encounters the sale of collateral; therefore, the Company does not use the expected cash flows from its sale in LGD model. Usually expressed as a percentage of EAD.

Exposure at default

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Company's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortization profiles, early repayment or overpayment, changes in utilization of undrawn commitments and credit mitigation actions taken before default. The Company uses EAD models that reflect the characteristics of the portfolios.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

Impairment of financial assets at amortised cost

The Company regularly reviews its loans and receivables to assess for impairment. The Company recognises a loss allowance for expected credit losses (ECL) on loans and receivables at initial recognition. ECL are measured through a loss allowance at an amount equal to 12-month ECL in profit or loss at initial recognition. ECL may result from those default events on the financial instruments that are possible within 12 months after the reporting date. For measurement the Company uses information that is available without undue cost or effort, such information includes past, actual and reasonable and supportable forecast economic information. In making this assessment, the Management considers information that is based on historical experience of losses on 'credit-impaired' financial assets with evidences of credit-impairment for portfolios of financial assets that share similar risk characteristics.

Credit risk is measured at a fixed rate of ECL that is based on historical data and the probability of default.

The Company considers accounting estimates related to allowance for impairment of loans a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Company's estimated losses and actual losses would require the Company to record provisions which could have a material impact on its financial statements in future periods.

The Company uses management's judgment to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Company estimates changes in future cash flows based on past performance, past customer behaviour, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans. The Company uses management's judgment to adjust observable data for a group of loans to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the financial statements have been determined on the basis of existing economic and political conditions. The Company is not in a position to predict what changes in conditions will take place in the Republic of Kazakhstan and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

Write-off of loans to customers

If it is impossible to collect loans issued to customers, including by way of foreclosure on collateral, they are written off against the allowance for expected credit loss. Loans and funds provided are written off after the management of the Company has taken all possible measures to collect the amounts due to the Company, as well as after the sale of the available collateral by the Company. Subsequent recoveries of amounts previously written off are reflected as the decrease of losses for impairment of financial assets in the statement of profit or loss and other comprehensive income in the period of recovery.

Valuation of financial instruments

The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 25 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The Company's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Taxation

Kazakhstani tax, currency and customs legislations are subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant regional and state authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

As at 31 December 2022, the Company's management believes that its interpretations of the relevant legislation is appropriate and that the Company's tax, currency and customs positions will be sustained. Significant additional actual taxes, penalties and interest may be assessed following any challenges by the relevant authorities, which could have a material impact on the Company's reported net income.

The useful lives of property and equipment

The Company considers the useful lives of property and equipment and intangible assets at the end of each annual reporting period. The assessment of the useful life of the asset is dependent on factors such as: the economic use, the program on repair and maintenance, technological improvements and other business conditions. Management's assessment of the useful lives of property and equipment reflects the relevant information at the date of these financial statements.

5. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards and Interpretations adopted this year

The Company adopted the following new and revised standards during the reporting year, which became effective on January 1, 2022:

- Amendments to IFRS 3 – *Reference to the Conceptual Framework*;
- Amendments to IAS 16 – *Property, Plant and Equipment: Proceeds before Intended Use*;
- Amendments to IAS 37 – *Onerous Contracts – Costs of Fulfilling a Contract*;
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Subsidiary First-time Adoption of International Financial Reporting Standards*;
- Amendment to IFRS 9 Financial Instruments – *Commission on the '10% test' for derecognition of financial liabilities*;
- Amendment to IAS 41 *Agriculture – taxation of fair value measurements*.

The accounting policies adopted in the preparation of the financial statement are consistent with those followed in the preparation of the Company's financial statement for the year ended December 31, 2021, except for newly adopted standards and interpretations effective January 1, 2022. The Company has not early adopted standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**5. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(CONTINUED)**

Standards and Interpretations adopted this year (continued)

Amendments to IFRS 3 – Reference to the Conceptual Framework (continued)

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statement of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statement of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the financial statement of the Company as there were no onerous contracts.

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Standards and Interpretations adopted this year (continued)

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary First-time Adoption of International Financial Reporting Standards (continued)

These amendments did not have impact on the financial statements of the Company as the Company applies International Financial Reporting Standards since the date of formation.

Amendment to IFRS 9 Financial Instruments – Commission on the '10% test' for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statement of the Company as there were no modifications of the Company's financial instruments during the period.

Amendment to IAS 41 Agriculture – taxation of fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

New and revised IFRS – issued but not yet effective

The Company did not adopt the following new standards, amendments and clarifications that have been issued but are not yet effective:

- Amendments to IFRS 17 *Insurance contracts*;
- Amendments to IAS 1: *Classification of liabilities as current or non-current*;
- Amendments to IAS 8 - *Definition of Accounting Estimates*;
- Amendments to IAS 1 and IFRS Practice Statement 2 - *Disclosure of Accounting Policies*;
- Amendments to IAS 12 - *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

New and revised IFRS – issued but not yet effective (continued)

IFRS 17 – Insurance contracts (continued)

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company's financial statement.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**5. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(CONTINUED)**

New and revised IFRS – issued but not yet effective (continued)

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Company is currently assessing the impact of the amendments.

6. CASH AND CASH EQUIVALENTS

As at 31 December 2022 and 2021, cash and cash equivalents are presented as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Cash on hand	13,186	110,973
Current accounts in Kazakhstani banks	19,228	18,073
Short-term deposits in Kazakhstani banks with original maturity less than 3 months	200	200
Total cash and cash equivalents	32,614	129,246
Less: allowance for expected credit losses	(153)	(237)
Total cash and cash equivalents	32,461	129,009

As at 31 December 2022 and 2021, all cash and cash equivalents were classified to the stage 1. During 2022 and 2021, there were no transfer within the stages.

The movement of allowance for expected credit losses for the years ended 31 December 2022 and 2021 is presented as follows:

<i>In thousands of tenge</i>	2022	2021
Provision at the beginning of the year	(237)	(324)
Recovery of provision	84	87
Provision at the end of the year	(153)	(237)

7. LOANS TO CUSTOMERS

As at 31 December 2022 and 2021, loans to customers are presented as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Loans to customers	3,172,913	3,333,344
Less: allowance for expected credit losses	(670,579)	(603,369)
Total loans to customers	2,502,334	2,729,975

As at 31 December 2022 and 2021, accrued interest on loans to customers amounted to 313,432 thousand tenge and 236,829 thousand tenge, respectively.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

7. LOANS TO CUSTOMERS (CONTINUED)

The analysis of loans by products is presented below:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Car loans	2,004,179	2,397,533
Consumer loans	1,034,139	935,811
Loans for medical and cosmetology services	134,595	–
Total loans to customers	3,172,913	3,333,344

The analysis of loans in terms of collateral received is presented below:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Loans, secured with movable property	2,107,261	3,003,048
Unsecured loans	1,065,652	330,296
Total loans to customers	3,172,913	3,333,344

To reduce its credit risk the Company actively uses collateral, represented by vehicles as at 31 December 2022 and 2021 in the total amount of 3,885,786 thousand tenge and 5,722,351 thousand tenge, respectively.

The tables below provide an analysis of information about the significant changes in the gross carrying amount of loans to customers during the period that contributed to changes in the allowance for expected credit losses during 2022 (Note 20):

<i>In thousands of tenge</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	2,323,458	335,328	674,558	3,333,344
Transfer to stage 1	89,412	(76,879)	(12,533)	–
Transfer to stage 2	(398,300)	405,071	(6,771)	–
Transfer to stage 3	(844,589)	(139,520)	984,109	–
Acquisition of new loans	2,344,863	–	–	2,344,863
Repaid loans	(1,557,413)	(256,643)	(690,185)	(2,504,241)
Writing-off of the loans	–	–	(1,053)	(1,053)
Gross carrying amount as at 31 December 2022	1,957,431	267,357	948,125	3,172,913

<i>In thousands of tenge</i>	Stage 1	Stage 2	Stage 3	Total
Allowance for ECL as at 1 January 2022	(97,491)	(57,868)	(448,010)	(603,369)
Transfer to stage 1	(17,453)	12,920	4,533	–
Transfer to stage 2	58,836	(61,285)	2,449	–
Transfer to stage 3	223,314	23,791	(247,105)	–
Acquisition of new loans	(354,771)	–	–	(354,771)
Repaid loans	14,826	8,571	44,917	68,314
Writing-off of the loans	–	–	1,053	1,053
Revaluation of ECL	153,469	(2,352)	67,077	218,194
Allowance for ECL as at 31 December 2022	(19,270)	(76,223)	(575,086)	(670,579)

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

7. LOANS TO CUSTOMERS (CONTINUED)

The tables below provide an analysis of information about the significant changes in the gross carrying amount of loans to customers during the period that contributed to changes in the allowance for expected credit losses during 2021 (Note 20):

<i>In thousands of tenge</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	1,734,679	354,920	719,179	2,808,778
Transfer to stage 1	180,941	(131,988)	(48,953)	–
Transfer to stage 2	(754,220)	758,956	(4,736)	–
Transfer to stage 3	(352,618)	(72,124)	424,742	–
Acquisition of new loans	2,113,101	–	–	2,113,101
Repaid loans	(598,425)	(574,436)	(269,682)	(1,442,543)
Writing-off of the loans	–	–	(61,555)	(61,555)
Sales to debt collection companies	–	–	(84,437)	(84,437)
Gross carrying amount as at 31 December 2021	2,323,458	335,328	674,558	3,333,344

<i>In thousands of tenge</i>	Stage 1	Stage 2	Stage 3	Total
Allowance for ECL as at 1 January 2021	(154,350)	(75,701)	(499,846)	(729,897)
Transfer to stage 1	(53,283)	27,925	25,358	–
Transfer to stage 2	73,591	(75,316)	1,725	–
Transfer to stage 3	73,128	15,652	(88,780)	–
Acquisition of new loans	(141,726)	–	–	(141,726)
Repaid loans	62,822	27,925	25,358	116,105
Writing-off of the loans	–	–	61,555	61,555
Sales to debt collection companies	–	–	24,989	24,989
Revaluation of ECL	42,327	21,647	1,631	65,605
Allowance for ECL as at 31 December 2021	(97,491)	(57,868)	(448,010)	(603,369)

8. TRADE AND OTHER RECEIVABLES

As at 31 December 2022 and 2021, the trade and other receivables are presented as follows:

<i>In thousands of tenge</i>	Note	31 December 2022	31 December 2021
Trade receivables from related parties	28	165,314	–
Trade receivables from third parties		48,836	53,775
Total trade receivables		214,150	53,775
Advances paid for goods and services provided to third parties		154,096	220,455
Total trade and other receivables		368,246	274,230

Trade receivables include debts for consulting services rendered on organization and management for a microfinance organization.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

9. PROPERTY AND EQUIPMENT

Property and equipment are presented as follows:

<i>In thousands of tenge</i>	Computers and other electronics	Buildings	Furniture	Vehicles	Other	Total
Historical cost:						
1 January 2021	59,340	36,790	20,313	10,200	1,092	127,735
Additions	4,900	480	263	–	–	5,643
Disposals	–	–	–	–	(54)	(54)
31 December 2021	64,240	37,270	20,576	10,200	1,038	133,324
Additions	276	–	–	–	–	276
Disposals	–	–	(240)	–	–	(240)
31 December 2022	64,516	37,270	20,336	10,200	1,038	133,360
Accumulated depreciation:						
1 January 2021	31,446	13,891	6,398	3,184	472	55,391
Charge	19,606	9,452	4,223	2,040	271	35,592
Disposals	–	–	–	–	–	–
31 December 2021	51,052	23,343	10,621	5,224	743	90,983
Charge	9,101	6,540	4,096	2,060	139	21,936
Disposals	–	–	(161)	–	–	(161)
31 December 2022	60,153	29,883	14,556	7,284	882	112,758
Net book value:						
31 December 2021	13,188	13,927	9,955	4,976	295	42,341
31 December 2022	4,363	7,387	5,780	2,916	156	20,602

As at 31 December 2022 and 2021, property and equipment were not pledged as collateral under the obligations of the Company.

As at 31 December 2022 the fully depreciated property and equipment amounted to 68,598 thousand tenge (31 December 2021: 13,326 thousand tenge).

10. INTANGIBLE ASSETS

Intangible assets are presented as follows:

<i>In thousands of tenge</i>	Software	Licenses	Other	Total
Historical cost:				
1 January 2021	82,123	1,642	30,000	113,765
Additions	28,827	–	–	28,827
31 December 2021	110,950	1,642	30,000	142,592
Additions	–	–	–	–
31 December 2022	110,950	1,642	30,000	142,592
Accumulated depreciation:				
1 January 2021	15,613	1,049	2,500	19,162
Charge	22,218	547	9,999	32,764
31 December 2021	37,831	1,596	12,499	51,926
Charge	21,653	46	10,000	31,699
31 December 2022	59,484	1,642	22,499	83,625
Net book value:				
31 December 2021	73,119	46	17,501	90,666
31 December 2022	51,466	–	7,501	58,967

As at 31 December 2022 the fully depreciated intangible assets amounted to 9,286 thousand tenge (31 December 2021: nil tenge).

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

11. DEFERRED CORPORATE INCOME TAX ASSETS / (LIABILITIES)

A reconciliation of the theoretical corporate income tax expense (CIT) applicable to profit before tax at the effective CIT rate with the actual corporate income tax expense for the years ended 31 December 2022 and 2021 are presented as follows:

<i>In thousands of tenge</i>	2022	2021
Income before tax	455,379	504,721
Current tax rate	20%	20%
Theoretical corporate income tax amount	(91,076)	(100,944)
Tax effect of permanent differences:		
Non-deductible expenses	(137,154)	(23,121)
Total corporate income tax expense	(228,230)	(124,065)

Corporate income tax expense for the years 2022 and 2021 are presented as follows:

<i>In thousands of tenge</i>	2022	2021
Current corporate income tax expense	–	–
Deferred corporate income tax expense	(228,230)	(124,065)
Total income tax expense	(228,230)	(124,065)

Movements in deferred corporate income tax assets for the years ended 31 December 2022 and 2021 are as follows:

<i>In thousands of tenge</i>	1 January 2021	Changes, recognized in the statement of profit and loss and other comprehensive income	31 December 2021	Changes, recognized in the statement of profit and loss and other comprehensive income	31 December 2022
Deferred income tax assets					
Tax losses carried forward	174,183	(98,883)	75,300	(49,570)	25,730
Allowance for expected credit losses	146,528	(25,854)	120,674	(120,674)	–
Lease liabilities	–	–	–	1,315	1,315
Accrued unused vacation reserves	122	672	794	(527)	267
Total deferred income tax assets	320,833	(124,065)	196,768	(169,456)	27,312
Deferred income tax liabilities					
Property, equipment and intangible assets	–	–	–	(1,151)	(1,151)
Right-of-use assets	–	–	–	(1,215)	(1,215)
Trade and other receivables	–	–	–	(36,663)	(36,663)
Discount on borrowings	–	–	–	(19,745)	(19,745)
Total deferred income tax liabilities	–	–	–	(58,774)	(58,774)
Total deferred income tax assets / (liabilities), net	320,833	(124,065)	196,768	(228,230)	(31,462)

12. LEASE

The Company has lease agreements for office premises that are used while operating activities. The carrying amounts of recognized right-of-use assets and their movements during the period are presented below:

<i>In thousands of tenge</i>	
As at 1 January 2021	52,160
Modification	2,733
Depreciation of right-of-use assets	(15,446)
As at 31 December 2021	39,447
Modification	(6,697)
Depreciation of right-of-use assets	(26,674)
As at 31 December 2022	6,076

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

12. LEASE (CONTINUED)

The carrying amount of lease liabilities and their changes during the period are presented below:

<i>In thousands of tenge</i>	
As at 1 January 2021	
Modification	(54,441)
Interest expenses	(2,733)
Repayment of principal and interest on lease liabilities	(1,631)
	34,206
As at 31 December 2021	(24,599)
Modification	6,697
Interest expenses	(578)
Repayment of principal and interest on lease liabilities	11,906
	(6,574)
As at 31 December 2022	(4,094)
Short-term lease liabilities	(4,094)
Long-term lease liabilities	(2,480)
Total lease liabilities	(6,574)

13. OTHER ASSETS

As at 31 December 2022 and 2021, other assets are presented as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Deferred expenses	13,261	24,738
Prepayments	388	3,744
Total	13,649	28,482

Other assets include deferred depreciation charges for installed GPS devices and dealer commissions.

14. CHARTER CAPITAL

As at 31 December 2022 and 2021, the shareholders of the Company were:

<i>In thousands of tenge</i>	31 December 2022	Share, %	31 December 2021	Share, %
Seitbekova A. M.	682,694	33.34%	2,047,670	100%
Omarov K. U.	682,488	33.33%	–	0%
Omarova I. K.	682,488	33.33%	–	0%
Total	2,047,670	100%	2,047,670	100%

On 30 April 2021, Ms. Seitbekova A. M. acquired 100% share of the Company from Mogo Balkans and Central Asia JSC. On 22 December 2022, Ms. Seitbekova A. M. sold a 33.33% share to Mr. Omarov K. U. and 33.33% share to Ms. Omarova I. K..

15. BORROWINGS FROM RELATED AND THIRD PARTIES

As at 31 December 2022 and 2021, the borrowings from related and third parties are presented as follows:

<i>In thousands of tenge</i>	Currency	Issuance date	Maturity date	Interest rate	31 December 2022	31 December 2021
Borrowings from related parties						
Borrowings from individuals	Tenge	2021-2022	31.12.2023	0.00%	705,618	390,000
CUPSTARS LLP	Tenge	18.10.2022	18.03.2023	0.00%	10,000	–
					715,618	390,000
Borrowings from third parties						
Mintos Finance SIA	Euro	03.08.2021	03.08.2026	13.25%	794,251	1,507,737
Mintos Finance SIA	Tenge	03.08.2021	03.08.2026	17.50%	10,589	14,388
Mogo Finance SA	Euro	21.09.2018	17.03.2022	12.00%	–	551,966
					804,840	2,074,091
Total					1,520,458	2,464,091

As at 31 December 2022 and 2021, agreements with Mintos Finance SIA are classified as non-recourse agreements.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

15. BORROWINGS FROM RELATED AND THIRD PARTIES (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	Non-cash movement							
	1 January 2022	Receipt of loans	Repayment of principal	Effect of exchange rate	Change in interest accruals	Discount recognition (ii)	Amortisation of discount	31 December 2022
Borrowings from related parties	390,000	491,594	(67,250)	–	–	–	66,957	715,618
Borrowings from third parties	2,074,091	422,345	(1,723,033)	24,220	7,217	(165,683)	–	804,840
Total	2,464,091	913,939	(1,790,283)	24,220	7,217	(165,683)	66,957	1,520,458

	Non-cash movement						
	1 January 2021	Receipt of loans	Repayment of principal	Transfer of loan (i)	Effect of exchange rate	Change in interest accruals	31 December 2021
Borrowings from related parties	1,793,561	390,000	–	(1,793,561)	–	–	390,000
Borrowings from third parties	1,241,373	2,754,009	(3,754,639)	1,793,561	(136,380)	176,167	2,074,091
Total	3,034,934	3,144,009	(3,754,639)	–	(136,380)	176,167	2,464,091

(i) The carryover of a loan from loans from related parties to loans from third parties occurred in April 2021 as a result of a change in ownership of the Company.

(ii) In 2022, the Company recognized a discount on loans from related parties using an average market interest rate of 13.77%.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

16. DEBT SECURITIES ISSUED

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Nominal amount	214,833	30,084
Premium	3,284	130
Accrued interest	6,920	232
Total	225,037	30,446

The information about issuance of debt securities in tenge and US dollar in tenge equivalents listed on KASE as at 31 December 2022 and 2021, is presented below:

<i>In thousands of tenge</i>	Issuance date	Maturity date	Coupon rate	Carrying amount	
				31 December 2022	31 December 2021
First issue debt securities in tenge	15.10.2021	20.08.2024	18%	192,454	-
First issue debt securities in US dollar	15.10.2021	20.08.2024	7.5%	32,583	30,446
				225,037	30,446

On 15 October 2021, the Company issued debt securities on KASE in the total amount of 2,000,000 US dollar or 925,300 thousand tenge (31 December 2021: 861,640 thousand tenge) at the rate of 7.5% which, until 31 December 2021, were placed in amount of 30,214 thousand tenge including premium of 130 thousand tenge.

On 15 October 2021, the Company also registered debt securities on KASE in total amount of 1,400,000 thousand tenge at the rate of 18.0%. During 2022 the Company placed bonds in tenge in the total amount of 185,789 thousand tenge including a premium of 3,189 thousand tenge.

17. TRADE AND OTHER PAYABLES

As at 31 December 2022 and 2021, trade accounts payable are presented as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Trade accounts payable to third parties	33,108	115,886
Other	15,773	6,159
Total	48,881	122,045

18. OTHER LIABILITIES

As at 31 December 2022 and 2021, other liabilities of the Company are presented as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Withholding tax	64,154	4,206
Value added tax payable	5,311	6,994
Personal income tax	2,746	5,025
Obligatory pension contributions	2,195	3,284
Social tax	1,936	3,614
Other	224	397
Total	76,566	23,520

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

19. NET INTEREST INCOME

For the years ended 31 December 2022 and 2021, net interest income is presented as follows:

<i>In thousands of tenge</i>	2022	2021
Interest income comprises:		
<i>Interest income on financial assets recorded at amortized cost:</i>		
Loans to customers		
Interest income from short-term deposits	981,470	1,004,020
Total interest income	9	1,797
Interest expense comprises:		
<i>Interest on financial liabilities recorded at amortized cost:</i>		
Borrowings from third parties		
Debt securities issued	(130,136)	(263,202)
Amortisation of discount on borrowings from related parties (Note 15)	(33,687)	(232)
Lease liabilities (Note 12)	(66,957)	-
Total interest expenses	(578)	(1,631)
Net interest income	(231,358)	(265,065)
	750,121	740,752

20. EXPECTED CREDIT LOSSES (EXPENSE) / RECOVERY

The table below summarizes the (expense) / recovery on ECL for financial assets reflected in the statement of profit or loss for the years ended 31 December 2022 and 2021:

<i>In thousands of tenge</i>	Notes	2022			
		Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	6	84	-	-	84
Loans to customers	7	(186,476)	6,219	111,994	(68,263)
Total recovery / (expenses) on expected credit losses		(186,392)	6,219	111,994	(68,179)

<i>In thousands of tenge</i>	Notes	2021			
		Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	6	87	-	-	87
Amounts due from financial institutions		2,416	-	-	2,416
Loans to customers	7	(36,577)	49,572	51,978	64,973
Total recovery / (expenses) on expected credit losses		(34,074)	49,572	51,978	67,476

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

21. ADMINISTRATIVE EXPENSES

For the years ended 31 December 2022 and 2021, administrative expenses are presented as follows:

<i>In thousands of tenge</i>	2022	2021
Salaries and other payments	419,979	380,028
Depreciation of property and equipment and intangible assets (Note 9, 10)	53,635	68,356
Social security contributions	40,902	35,866
Depreciation of right-of-use assets (Note 12)	26,674	15,446
IT expenses	23,079	8,629
Office maintenance	17,873	15,984
Communication expenses	17,325	10,548
Information services	14,259	12,264
Professional services	7,537	8,780
Commission of the bank	6,809	5,358
Lease expenses	1,266	1,433
Business trip expenses	900	909
Vehicle tracking expenses	881	4,616
Write-off of inventory	400	1,197
Other	24,169	1,945
Total administrative expenses	655,688	571,359

22. OTHER OPERATING EXPENSES AND INCOME

For the years ended 31 December 2022 and 2021, other operating expenses are presented as follows:

<i>In thousands of tenge</i>	2022	2021
Debt collection expenses	45,505	35,836
Social media advertising expenses	42,653	21,318
P2P platform service fee	27,010	13,792
Car Dealership Sales Commission	16,244	27,271
Marketing expenses	3,227	3,279
Management fee	13	50,444
Sold debts to 3rd parties	-	18,811
Other	15,420	5,321
Total	150,072	176,072

For the years ended 31 December 2022 and 2021, other operating income is presented as follows:

<i>In thousands of tenge</i>	2022	2021
Income for consulting services	264,156	150,150
Income from the sale of software	87,000	-
Agency commission	73,047	106,575
Income from the recovery of debt collection	24,714	12,485
Income from the sale of vehicles	9,842	-
Early repayment fee	1,236	16,245
Income from loans sold	-	5,000
Income for IT services	-	16,300
Other	3,830	2,631
Total	463,825	309,386

23. NET (LOSS) / INCOME FROM OPERATIONS WITH FOREIGN CURRENCY

For the years ended 31 December 2022 and 2021, net (loss) / income from foreign exchange transactions is as follows:

<i>In thousands of tenge</i>	2022	2021
Exchange rate differences, net	(48,924)	145,459
Buying and selling foreign currency	(1,387)	(10,921)
Total	(50,311)	134,538

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

24. COMMITMENTS AND CONTINGENCIES

Operating Environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Management of the Company is monitoring developments in the current environment and taking measures it considered necessary in order to support the sustainability and development of the Company's business in the foreseeable future. However, the impact of further economic developments on future operations and financial position of the Company is difficult to estimate.

Claims and litigations

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

The Company assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated. Management is of opinion that no material losses will be incurred and accordingly no provision has been made in these financial statements.

Taxation

The Company believes that it has paid or accrued all taxes that are applicable. Where legislation concerning the provision of taxes is unclear, the Company has accrued tax liabilities based on management's best estimate. The Company's policy is to recognize provisions in the accounting period in which a loss is deemed probable and the amount is reasonably determinable. As at 31 December 2022, management believes that its interpretation of the relevant legislation is appropriate and that the Company's tax, currency and custom positions including questions on transfer pricing, will be sustained.

Because of the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, penalties and interest, if any, as a result of past transactions, may be in excess of the amount expensed to date and accrued at 31 December 2022. Although such amounts are possible and may be material, it is the opinion of the Company's management that these amounts are either not probable, not reasonably determinable, or both.

Capital commitments

As at 31 December 2022, the Company had no capital commitments.

Investment related commitments

As at 31 December 2022, the Company had no investment contracts.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses a hierarchical structure of valuation techniques to determine and disclose the fair value of financial instruments;

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except the financial instruments detailed in the following table, the management of the Company considers that the carrying amounts of financial assets and financial liabilities, which are not measured at fair value on a recurring basis in the financial statements approximate their fair values.

<i>In thousands of tenge</i>	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	32,461	32,461	129,009	129,009
Trade and other receivables	368,246	368,246	274,230	274,230
Loans to customers	2,502,334	3,055,737	2,729,975	3,910,485
Financial liabilities				
Borrowings from related parties	715,618	715,618	390,000	390,000
Borrowings from third parties	804,840	1,080,904	2,074,091	2,520,055
Debt securities issued	225,037	203,685	30,446	30,234

The table below provides an analysis of financial instruments presented in the financial statements at fair value, by levels of the fair value hierarchy as at 31 December 2022 and 2021:

<i>In thousands of tenge</i>	Date of measurement	Fair value measurement as at 31 December 2022			
		Level 1	Level 2	Level 3	Total
Assets whose fair value is disclosed					
Cash and cash equivalents	31.12.2022	32,461	–	–	32,461
Trade and other receivables	31.12.2022	–	368,246	–	368,246
Loans to customers	31.12.2022	–	3,055,737	–	3,055,737
Total fair value		32,461	3,423,983	–	3,456,444
Liability whose fair value is disclosed					
Borrowings from related parties	31.12.2022	–	(715,618)	–	(715,618)
Borrowings from third parties	31.12.2022	–	(1,080,904)	–	(1,080,904)
Debt securities issued	31.12.2022	(203,685)	–	–	(203,685)
Total fair value		(203,685)	(1,796,522)	–	(2,000,207)
Fair value, net		(171,224)	1,627,461	–	1,456,237

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

25. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) (continued)

<i>In thousands of tenge</i>	Date of measurement	Fair value measurement as at 31 December 2021			
		Level 1	Level 2	Level 3	Total
Assets whose fair value is disclosed					
Cash and cash equivalents	31.12.2021	129,009	–	–	129,009
Trade and other receivables	31.12.2021	–	274,230	–	274,230
Loans to customers	31.12.2021	–	3,910,485	–	3,910,485
Total fair value		129,009	4,184,715	–	4,313,724
Liability whose fair value is disclosed					
Borrowings from related parties	31.12.2021	–	(390,000)	–	(390,000)
Borrowings from third parties	31.12.2021	–	(2,520,055)	–	(2,520,055)
Debt securities issued	31.12.2021	(30,234)	–	–	(30,234)
Total fair value		(30,234)	(2,910,055)	–	(2,940,289)
Fair value, net		98,775	1,274,660	–	1,373,435

As at 31 December 2022, there were no movement between levels in the fair value hierarchy.

26. RISK MANAGEMENT

Introduction

The Company manages risks through a process of ongoing identification, measurement and monitoring, setting risk limits and other measures of internal controls. Process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Company's strategic planning process.

Risk assessment and reporting systems

The Company's risks are measured using a method, which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Company also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks are primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected segments. In addition, the Company monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information compiled from all the businesses is examined and processed in order to analyse, control and early identify risks. This information is presented and explained to the Management Board, the Risk Committee, and the head of each business division. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis. The Board of Directors receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Company.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that the Company will incur a loss because its clients or counterparties failed to discharge their contractual obligations.

Maximum credit risk is limited to carrying amount of financial instruments, except for secured loans. All loans issued by the company are secured.

Credit quality by types of financial assets

Financial assets are graded according to the current credit rating they have been issued by an international rating agency or in accordance with the Company's internal rating system. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to B-.

The financial assets of the Company, including provisions for expected credit loss on credit ratings, are presented as follows:

<i>In thousands of tenge</i>	BBB-	BB+	B+	Credit rating is not assigned	31 December 2022
Cash and cash equivalents	510	7,355	11,410	–	19,275
Loans to customers	–	–	–	2,502,334	2,502,334
Total	510	7,355	11,410	2,502,334	2,521,609

<i>In thousands of tenge</i>	BBB-	B	Credit rating is not assigned	31 December 2021
Cash and cash equivalents	–	–	–	18,036
Loans to customers	13,394	4,642	2,729,975	2,729,975
Total	13,394	4,642	2,729,975	2,748,011

It is the Company's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

Collateral

The amount and type of collateral depends on an assessment of the credit risk of the counterparty.

Management is monitoring the market value of collateral, requires additional collateral in accordance with the main agreement and monitors the market value of collateral obtained during the review of the availability of provision for impairment.

Impairment assessment

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice.

The measurement of ECL is based on probability weighted average credit loss. In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis.

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

26. RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

<i>In thousands of tenge</i>	Unimpaired financial assets		Impaired financial assets		31 December 2022 Total
	Gross carrying amount of assets	Amount of allowance for expected credit losses	Gross carrying amount of assets	Amount of allowance for expected credit losses	
Cash and cash equivalents	32,614	(153)	–	–	32,461
Trade and other receivables	368,246	–	–	–	368,246
Loans to customers	1,957,431	(19,270)	1,215,482	(651,309)	2,502,334

<i>In thousands of tenge</i>	Unimpaired financial assets		Impaired financial assets		31 December 2021 Total
	Gross carrying amount of assets	Amount of allowance for expected credit losses	Gross carrying amount of assets	Amount of allowance for expected credit losses	
Cash and cash equivalents	129,246	(237)	–	–	129,009
Trade and other receivables	274,230	–	–	–	274,230
Loans to customers	2,323,458	(97,491)	1,009,886	(505,878)	2,729,975

Liquidity risk and funding management

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Management controls this risk by means of maturity analysis, determining the Company's strategy for the next financial period. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

26. RISK MANAGEMENT (CONTINUED)

Liquidity risk and funding management (continued)

	Average % rate	Less than				Over 5 years	31 December 2022 Total
		1 month/ on demand	Less than 3 months	3 to 12 months	1 to 5 years		
Interest-bearing financial assets							
Cash and cash equivalents	13.00%	–	–	200	–	–	200
Loans to customers	38.30%	425,354	32,405	363,038	1,271,658	409,879	2,502,334
Total interest-bearing financial assets		425,354	32,405	363,238	1,271,658	409,879	2,502,534
Non-interest bearing financial assets							
Cash and cash equivalents		32,261	–	–	–	–	32,261
Trade and other receivables		43,180	205,770	119,296	–	–	368,246
Total non-interest bearing financial assets		75,441	205,770	119,296	–	–	400,507
Total financial assets		500,795	238,175	482,534	1,271,658	409,879	2,903,041
Interest-bearing financial liabilities							
Borrowings from third parties	15.38%	–	–	–	804,840	–	804,840
Borrowings from related parties	13.77%	–	10,000	705,618	–	–	715,618
Debt securities issued	12.75%	6,920	–	–	218,117	–	225,037
Lease liabilities	5.20%	334	1,009	2,751	2,480	–	6,574
Total interest-bearing financial liabilities		7,254	11,009	708,369	1,025,437	–	1,752,069
Non-interest bearing financial liabilities							
Trade and other payables		31,876	5,048	342	11,615	–	48,881
Total non-interest bearing financial liabilities		31,876	5,048	342	11,615	–	48,881
Total financial liabilities		39,130	16,057	708,711	1,037,052	–	1,800,950
Difference between financial assets and financial liabilities		461,665	222,118	(226,177)	234,606	409,879	1,102,091
Difference between interest bearing financial assets and interest-bearing financial liabilities		418,100	21,396	(345,131)	246,221	409,879	750,465

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

26. RISK MANAGEMENT (CONTINUED)

Liquidity risk and funding management (continued)

<i>In thousands of tenge</i>	Average % rate	Less than 1 month/ on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	31 December 2021 Total
Interest-bearing financial assets							
Cash and cash equivalents	6.50%	–	–	200	–	–	200
Loans to customers	44.60%	24,640	56,650	441,466	1,714,622	492,597	2,729,975
Total interest-bearing financial assets		24,640	56,650	441,666	1,714,622	492,597	2,730,175
Non-interest bearing financial assets							
Cash and cash equivalents		128,809	–	–	–	–	128,809
Trade and other receivables		47,088	226,292	850	–	–	274,230
Total non-interest bearing financial assets		175,897	226,292	850	–	–	403,039
Total financial assets		200,537	282,942	442,516	1,714,622	492,597	3,133,214
Interest-bearing financial liabilities							
Borrowings from third parties	10.70%	–	551,966	–	1,522,125	–	2,074,091
Debt securities issued	7.50%	232	–	–	30,214	–	30,446
Lease liabilities	5.20%	–	–	4,651	19,948	–	24,599
Total interest-bearing financial liabilities		232	551,966	4,651	1,572,287	–	2,129,136
Non-interest bearing financial liabilities							
Borrowings from related parties		–	–	390,000	–	–	390,000
Trade and other payables		418	19,725	–	101,902	–	122,045
Total non-interest bearing financial liabilities		418	19,725	390,000	101,902	–	512,045
Total financial liabilities		650	571,691	394,651	1,674,189	–	2,641,181
Difference between financial assets and financial liabilities		199,887	(288,749)	47,865	40,433	492,597	492,033
Difference between interest bearing financial assets and interest-bearing financial liabilities		24,408	(495,316)	437,015	142,335	492,597	601,039

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

Liquidity risk and funding management (continued)

The table below shows the financial liabilities of the Company as at 31 December 2022 and 2021, by maturity based on contractual undiscounted repayment obligations.

<i>In thousands of tenge</i>	Less than 3 months	3 to 12 months	1 to 5 years	31 December 2022 Total
Lease liabilities	1,080	3,240	2,520	6,840
Debt securities issued	8,821	26,464	240,350	275,635
Trade and other payables	36,924	342	11,615	48,881
Borrowings from third parties	66,568	195,239	621,237	883,044
Borrowings from related parties	–	814,344	–	814,344
Total	113,393	1,039,629	875,722	2,028,744

<i>In thousands of tenge</i>	Less than 3 months	3 to 12 months	1 to 5 years	31 December 2021 Total
Lease liabilities	3,714	9,558	12,790	26,062
Debt securities issued	604	1,813	36,376	38,793
Trade and other payables	20,143	–	101,902	122,045
Borrowings from third parties	681,249	393,969	1,677,172	2,752,390
Borrowings from related parties	–	390,000	–	390,000
Total	705,710	795,340	1,828,240	3,329,290

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges and equity prices. The market risk is managed and monitored based on sensitivity analysis. The Company does not have significant concentration of market risk, except for foreign currency concentration.

The Company is not exposed to interest rate risk as the interest rates on financial assets and liabilities are fixed.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The tables below indicate the currencies to which the Company had significant exposure at 31 December 2022 and 2021, on its non-trading monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the tenge, with all other variables held constant on the statement of profit or loss and other comprehensive income (due to the fair value of currency sensitive non-trading monetary assets and liabilities). All other variables are held constant.

Financial assets and liabilities of the Company in terms of currency as at 31 December 2022:

<i>In thousands of tenge</i>	Tenge	US dollar	Euro	Total
Financial assets				
Cash and cash equivalents	32,461	–	–	32,461
Trade and other receivables	368,246	–	–	368,246
Loans to customers	2,502,334	–	–	2,502,334
Total financial assets	2,903,041	–	–	2,903,041
Financial liabilities				
Borrowings from third parties	10,589	–	794,251	804,840
Borrowings from related parties	715,618	–	–	715,618
Trade and other payables	32,512	–	16,369	48,881
Debt securities issued	192,454	32,583	–	225,037
Total financial liabilities	951,173	32,583	810,620	1,794,376
Open position	1,951,868	(32,583)	(810,620)	1,108,665

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

Financial assets and liabilities of the Company in terms of currency as at 31 December 2021:

<i>In thousands of tenge</i>	Tenge	US dollar	Euro	Russian ruble	Total
Financial assets					129,009
Cash and cash equivalents	129,009	–	–	–	274,230
Trade and other receivables	259,988	–	1,548	12,694	2,729,975
Loans to customers	2,729,975	–	–	–	3,133,214
Total financial assets	3,118,972	–	1,548	12,694	
Financial liabilities					2,074,091
Borrowings from third parties	14,388	–	2,059,703	–	390,000
Borrowings from related parties	390,000	–	–	–	122,045
Trade and other payables	16,625	–	105,420	–	30,446
Debt securities issued	–	30,446	–	–	2,616,582
Total financial liabilities	421,013	30,446	2,165,123	–	516,632
Open position	2,697,959	(30,446)	(2,163,575)	12,694	

Analysis of sensitivity to the foreign exchange market

The effect on equity does not differ from the effect on the income statement and other comprehensive income. Negative amounts in the table reflect a potential net decrease in the statement of profit or loss and other comprehensive income, while positive amounts reflect a potential net increase. An equivalent decrease in the exchange rate of each of the following currencies against the tenge will have the opposite effect on profit before tax.

<i>In thousands of tenge</i>	2022		2021	
	Change in exchange rate in%	Effect on profit before corporate income tax expense	Change in exchange rate in%	Effect on profit before corporate income tax expense
Currency				
US dollar	20%	(6,517)	20%	(6,089)
US dollar	-20%	6,517	-20%	6,089
Euro	20%	(162,124)	20%	(432,715)
Euro	-20%	162,124	-20%	432,715
Russian ruble	20%	–	20%	2,539
Russian ruble	-20%	–	-20%	(2,539)

Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

Management of the Company believes that creditors will not request early repayment of loans and borrowers will not make earliest repayments, which may impact significantly on Company's net income. This assumption is based on historical data from two previous financial years.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Control system should include effective segregation of duties, access, authorisation and reconciliation procedures, staff trainings and assessment processes, including the use of internal audit. Operational Risks Manager and Compliance Officer under Legal Department together with the Management Board are responsible for managing of operational risks inherent to the Company's products, activities, procedures and systems. Within scope of intervention, Compliance Officer monitors the consistency and effectiveness of the control of the Risk of non-compliance in the Company.

MICROFINANCE ORGANIZATION MOGO KAZAKHSTAN LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

Price risk

Price risk is the risk that the value of a financial instrument can change due to changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Company is exposed to price risk due to general and specific market fluctuations on its products.

27. CAPITAL MANAGEMENT

The Company maintains an active management of capital base to cover the risks inherent in the business. The Company's sufficiency of capital is monitored using, amongst other measures, norms established by the legislation of the Republic of Kazakhstan.

The main object of capital management for Company is to provide the Company's compliance to external requirements in terms of capital and support of high credit rate and norms of capital sufficiency required for its activity.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities.

In 2021, in accordance with the changes in the legislation on microfinance organizations, the Company was registered as a microfinance organization. In accordance with the effective capital requirements, set by the NBRK, the Company must maintain capital adequacy ratio (k1) not lower than 0.1, maximum risk per borrower (k2) not greater than 0.25 and leverage ratio (k3) not greater than 10. As at 31 December 2022, the capital adequacy ratio amounted to: k1 – 0.344; k2 – 0.017; and k3 – 1.91.

28. TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Principal transactions with related parties as at 31 December 2022 and 2021 are presented as follows:

<i>In thousands of tenge</i>	Notes	31 December 2022		31 December 2021	
		Balances by related parties	Total for the category	Balances by related parties	Total for the category
Trade and other receivables	8	165,314	368,246	–	274,230
Borrowings from related and third parties	15	715,618	715,618	390,000	390,000

Principal transactions with related parties for 2022 and 2021 are presented as follows:

<i>In thousands of tenge</i>	Notes	2022		2021	
		Transactions with related parties	Total for the category	Transactions with related parties	Total for the category
Income and expenses during the year					
Interest expenses	19	–	(231,358)	(57,894)	(265,065)
Administrative expenses	21	–	(655,688)	(15,347)	(571,359)
Other operating income	22	179,350	463,825	21,684	309,386