Eleving GROUP

Integrated annual report

2021

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Eleving Group

Our approach

Our approach to business is to identify underserved markets and disrupt them with innovative and sustainable financial solutions both in the vehicle and consumer financing segments

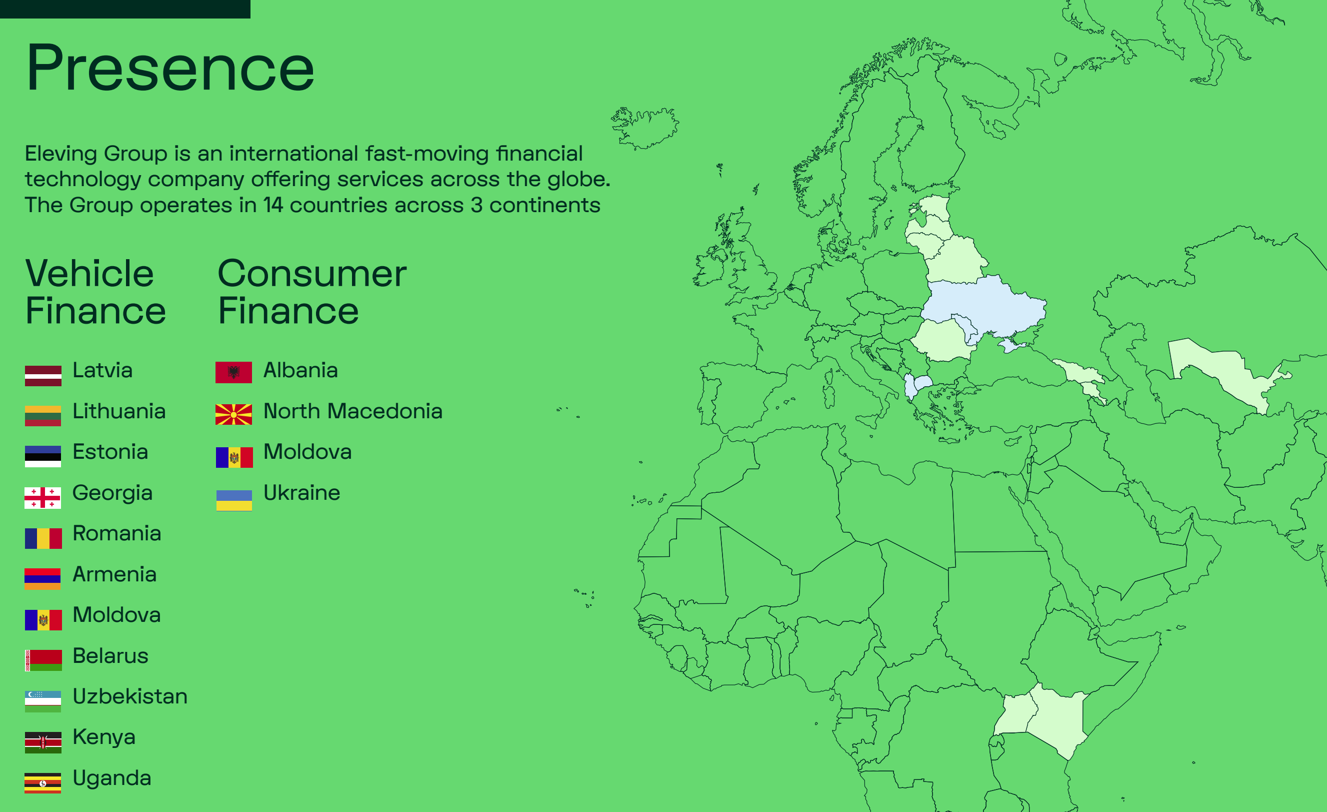
Vehicle Financing

Consumer Financing

Underserved markets

Sustained growth

The consistent pursuit of growth has turned us into a strong, global player of the financial services industry, earning us a spot among the Top 1 000 fastest growing companies in Europe, with more than 2 481 employees and 350 000 loyal customers



Presence

Eleving Group is an international fast-moving financial technology company offering services across the globe. The Group operates in 14 countries across 3 continents

Vehicle Finance

- Latvia
- Lithuania
- Estonia
- Georgia
- Romania
- Armenia
- Moldova
- Belarus
- Uzbekistan
- Kenya
- Uganda

Consumer Finance

- Albania
- North Macedonia
- Moldova
- Ukraine

About the group

About the report

Eleving Group, formerly known as Mogo Finance, a public limited liability company [société anonyme] incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered address at 8-10 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register [Registre de Commerce et des Sociétés, Luxembourg] under number B.174457, has prepared this Integrated Annual Report 2021 [hereinafter – the Integrated Report] in accordance with International Financial Reporting Standards [IFRS] as adopted by the European Union [EU], demonstrating Eleving Group's financial standing, its performance regarding environmental, social, and governance aspects, adopted measures to prevent financial crime, responsible lending and inclusion measures, and other non-financial elements.

The Integrated Report of Eleving Group discloses sustainability information of Eleving Group along with its key operating entities: AS "mogo" [Latvia], mogo OÜ [Estonia], UAB "mogo LT" [Lithuania], Mogo LLC [Georgia], Mogo IFN SA [Romania], O.C.N. "MOGO LOANS" S.R.L. [Moldova], OOO "Mogo Credit" [Belarus], MOGO Universal Credit Organization LLC [Armenia], AS Renti [Latvia], OCN SEBO CREDIT SRL [Moldova], Kredo Finance Shpk [Albania], Finance Company TIGO FINANCE DOOEL Skopje [North Macedonia] and AS Mogo Africa [Latvia], and other subsidiaries [altogether hereinafter – Eleving Group, the Group, the Company].

The Integrated Report covers the period from 1 January until 31 December 2021.

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

The report is made public on the 7th of May 2022. Previous report was made public on the 31st of September 2021.

Key achievements of 2021

- Annual adjusted revenue up by 74% [YoY] to EUR 153.8 million;
- Annual adjusted EBITDA up by 74% [YoY], reaching EUR 60.6 million;
- Record-high portfolio of EUR 245.6 million, driven by record sales and 22% annual portfolio growth;
- The Group's equity, according to IFRS, amounted to EUR 31.4 million and including subordinated loans that qualify as equity as per the Fitch Rating agency nearing EUR 49.0 million with a capitalization ratio of at 20.7%;
- More than 250 000 new clients onboarded;
- Spot on the Financial Times TOP 1 000 ranking of Europe's fastest growing companies for the second consecutive year [in 2020 and 2021];
- EUR 150 million worth of bonds issued and listed on the Frankfurt Stock Exchange, completing one of the largest bond issuances by a private company in the Baltics;
- EUR 25 million worth of subordinated bonds [subordinated bonds qualify as equity as per the Fitch Rating agency] issued to refinance existing shareholder loans and further strengthen the Group's capital structure;
- Brand-new car subscription product launched in Latvia in Q4 2021, providing customers with an opportunity to drive a new car the same day and cover all vehicle rental and maintenance costs with a single monthly payment.

Key ESG events of 2021

- In May, rebranding to Eleving Group;
- In July, the launch of Eleving Group's values;
- In September, the signing of the Latvian Diversity Charter to reaffirmed the Group's commitment to diversity and inclusion;
- In October, first ESG materiality assessment mapping and engaging the Group's key stakeholders;
- Launch of green vehicle financing products in Romania and Lithuania to incentivize customers to choose electric and hybrid vehicles;
- At the end of the year, the development of the Group's first ESG strategic framework containing the main goals and targets to be achieved by 2025;
- Recognized as a Family-Friendly Workplace by the Society. Integration Foundation in Latvia

2021 at a glance

350 000+
Total Number of Customers

EUR 60.6 mln[1]
EBITDA, 12M 2021

EUR 245.6 mln
Vehicle and Consumer Financing Portfolio

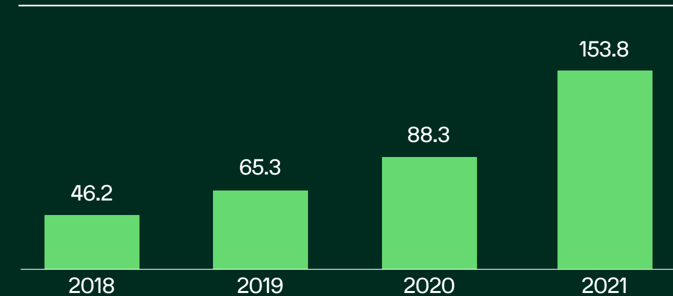
EUR 153.8 mln[2]
Revenues, 12M 2021

Highest ever EBITDA[1] – EUR 60.6 mln

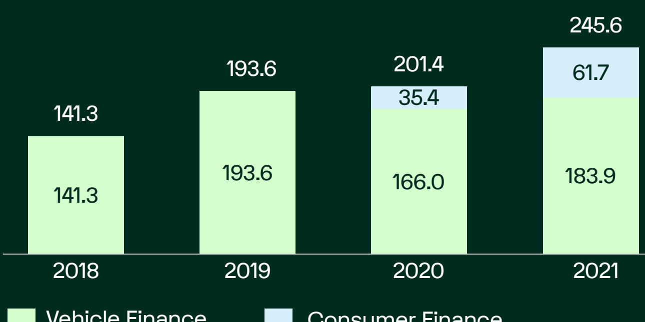
EBITDA, EUR mln[1]

17.6
24.5
34.8
60.6
2018
2019
2020
2021

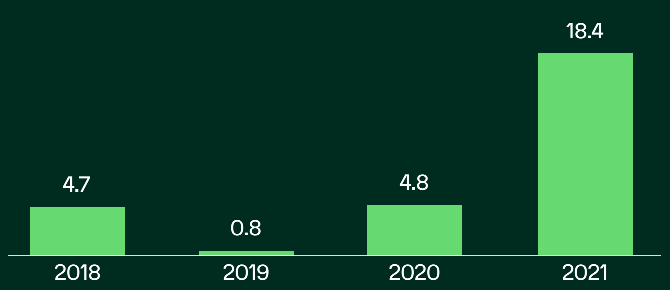
Revenue, EUR mln[2]



Net portfolio, EUR mln



Net profit before FX, EUR mln[3]



Alternative Performance Measures

This Integrated annual report provides alternative performance measures (APMs) not defined or specified under the International Financial Reporting Standards requirements. We believe these APMs provide readers with important additional information on our business. To support this, we have included, a reconciliation of the APMs we use where relevant and a glossary on pages 137 to 138 indicating the APMs that we use, and explaining of how they are calculated.

[1] 2020 EBITDA adjusted with an increase by one-off costs of: (a) Mezzanine payments for warrant EUR 2.5 mln; (b) amortization of fair value gain from acquisitions EUR 3.4 mln; and a decrease by one off-gains of: (a) fair value gain from acquisitions EUR 11.5 mln; (b) other one-off adjustments. 2021 EBITDA adjusted with an increase by one-ff costs of: (a) amortization of fair value gain EUR 3.2 mln; (b) loss resulting from subsidiary write-off EUR 1.0 mln; (c) bonds refinancing expense EUR 5.7 mln.

[2] Adjusted with fair value gain on acquisition in 2020 from the portfolio in the amount of EUR 3.4 mln and subsequent amortization of portfolio gain in 2021 in the amount of EUR 3.2 mln

[3] 2020 adjusted with an increase by one-off costs of: (a) Mezzanine payments for warrant EUR 2.5 mln; (b) amortization of fair value gain from acquisitions EUR 3.4 mln; and a decrease by one off-gains of: (a) fair value gain on acquisitions EUR 9.7 mln; (b) trademark acquired EUR 1.8 mln; (c) other one-off adjustments. 2021 adjusted with an increase by one-ff costs of: (a) amortization of fair value gain EUR 3.2 mln; (b) loss resulting from subsidiary write-off EUR 1.0 mln; (c) bonds refinancing expense EUR 5.7 mln.

Keynote from the CEO

Modestas Sudnius
Eleving Group CEO

Consistent, growth-oriented strategy

Over the last few years, we all have lived in a rapidly changing world that requires adapting well to change and readiness to meet the future. These new conditions gave us extra energy because consistent development is one of our core values and part of Eleving Group's DNA. We seek to persistently better ourselves, our people, our business processes, our communication, and our performance. In 2021, our commitment to sustainability bore fruit and let us set even bolder environment, social, and governance [ESG] targets for the future.

The consistent pursuit of growth has turned Eleving Group into a strong, global player of the financial services industry, earning the Company a spot among the Top 1 000 fastest-growing companies in Europe in 2020 and 2021, according to the Financial Times ranking.

Since 2020, not only have we shifted our business focus, but we have also made a transition from product and services orientation to impact making. In 2021, Eleving Group evolved from a company primarily active in the vehicle finance segment into an international multi-brand group with an extensive and diverse product portfolio and an ultimate purpose to empower diverse communities worldwide by providing them with financial inclusion.

Product and process development

In 2021, we managed to reach important business and corporate milestones. The industry know-how allowed us to react quickly to the global pandemic's impact on the used car market and offer our customers the most suitable mobility products together with the best-in-class customer experience. The introduction of longer maturity, higher ticket consumer finance loans allowed us to better address our customers' existing needs and grow a new customer base.

In 2021, our flexible lease and subscription-based product contribution to the Group's revenue increased substantially, thanks to the continued growth in motorcycle-taxi financing in Kenya and Uganda and successful rollout of rental and subscription products in the Baltics. We bounced back from the slowdown caused by Covid-19 in 2020 and got back on the growth trajectory in our main product group of lease and leaseback solutions. Our consumer lending products have produced the best-to-date results because of the substantial portfolio growth throughout the year.

Throughout the year, we continued investing in digital solutions. We have launched a WEB/CRM platform designed to enable releases of new targeted products within a day. We also continued investing in scoring automation and data collection tools to increase speed and accuracy in the client underwriting process. Eleving Group affirmed its digital mindset by providing customers with such tools as electronic contract signing and instant car evaluation, which in most of the markets allows for a complete customer journey online.

Support from investors

In 2021, Eleving Group successfully refinanced most of its outstanding debt and increased its funding maturity profile. The Group issued EUR 30 million worth of Latvian bonds, EUR 150 million worth of Eurobonds, and finished the year by issuing subordinated bonds in the amount of EUR 25 million. This marked another significant milestone in the Group's history and secured stable financing for Eleving Group in the foreseeable future.

We are grateful to our existing and new investors who supported us and showed trust in our Group. We are pleased and proud that investors from all over Europe invested in our Group, with exceptionally strong interest coming from the Baltic region.

Focus on sustainability

The UN Climate Change Conference in November 2021 in Glasgow called on the governments, the public and private sector — including financial institutions — to do more to combat climate change.

Having an ESG strategic framework in place puts us on a firm footing, yet there is work underway to implement, assess, measure, and report on our ESG goals. To address the future challenges faced by society, industry players must act as leaders, collaborating with policymakers, civil society organizations, suppliers, and various other stakeholders. By combining their strengths, these actors can lead the change.

As a financial technology group with operations and clients around the world, we promote sustainable business practices and help our customers capitalize on opportunities that bring positive social, environmental, and economic impact.

One of our priorities is to measure our sustainability performance according to internationally recognized metrics. In 2021, we launched our non-financial reporting practice based on the ESG framework, thus ensuring that our key

stakeholders have the relevant information to make informed decisions about the Group's ability to make a positive impact and create value through its ESG initiatives in the short, medium and longer term.

Addressing war in Ukraine

Having a business in Ukraine and a large share of operations in Eastern Europe, the war in Ukraine deeply saddens our hearts at Eleving Group. We are closely following the situation in Ukraine, and our top priority is to ensure the safety of our employees and their families. Due to the unstable political and economic situation, we have decided to scale back activities in Ukraine and Belarus — in line with our contingency plan — in an orderly and controlled manner.

To support the people of Ukraine, Eleving Group has joined the Entrepreneurs for Peace movement and donated EUR 100 000. The Group and its employees are also involved in multiple initiatives providing international humanitarian aid to the war-affected people in Ukraine and supporting Ukrainian refugees in the Baltics.

We sincerely hope for an end to the dreadful conflict and thus a return to a normalized situation.

Modestas Sudnius
Eleving Group CEO

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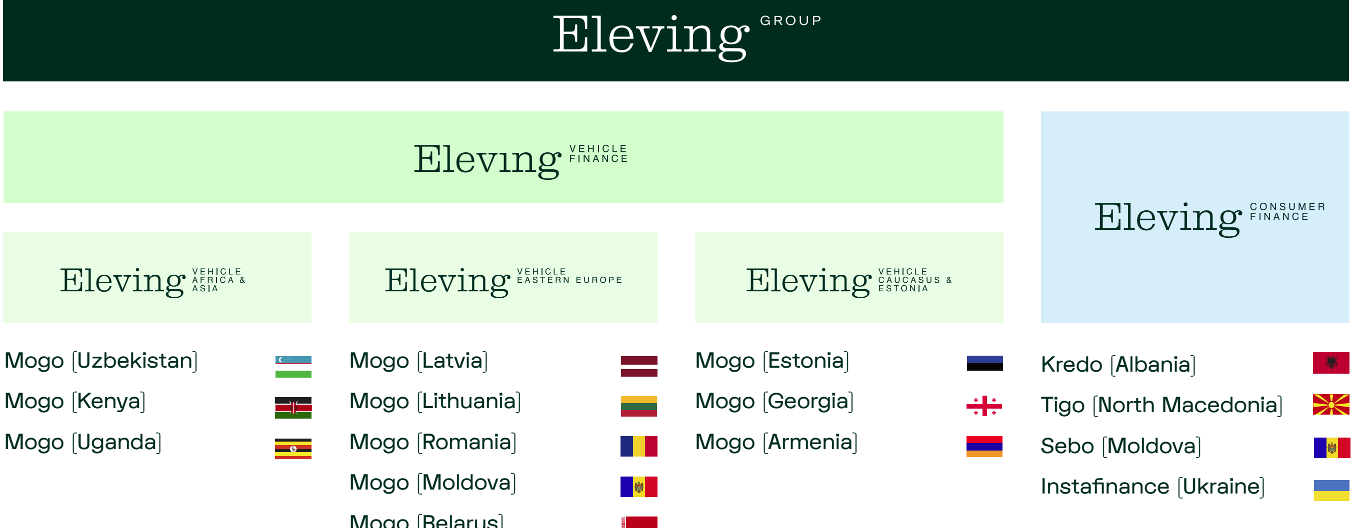
Business overview

Eleving Group is an international, growth-oriented financial technology company with a vast reach across the globe. The Group's approach to business is to identify underserved markets and disruptively change them with innovative and sustainable financial solutions both in the vehicle and consumer finance segments.

Founded in 2012 in Latvia as Mogo with a focus on motor vehicle financing and finance lease, the Group expanded into the Baltics within its first year in business and continued expansion in the following years, servicing a total of 14 active markets and operating in three continents — Europe, Asia, and Africa. Eleving Group serves more than 350 000 loyal clients with a team of 2 481 talented people from management to risk assessment to customer service.



Since its inception, the Group has issued over EUR 1 billion loans, with a current net loan portfolio and used car rental fleet of over EUR 240 million. In 2020 and 2021, the Group ranked at the top Europe's 1 000 fastest-growing companies compiled by the Financial Times.

Eleving Group has a proven track record and has developed strong know-how that allows its flexible business model to be implemented in new markets in an efficient way by leveraging on its knowledge and technological resources. Before entering a new market, Eleving Group conducts a detailed market analysis, which includes an analysis of the legal framework, competition, country risk, data availability, and other market conditions. Furthermore, Eleving Group visits the country to meet potential partners and suppliers and interviews potential local management candidates. Once the decision to enter a new market is made, Eleving Group typically adapts its existing models and business processes to its new markets. This approach, together with an experienced hands-on regional management team, facilitates quick penetration of new markets and allows to maintain processes and credit risk assessments at a high level.

Eleving Group's business lines

Eleving Group runs two business lines: vehicle finance and consumer finance. The Group offers vehicle finance in eleven markets — Latvia, Lithuania, Estonia, Georgia, Romania, Moldova, Belarus, Armenia, Uganda, Kenya, and Uzbekistan, and consumer financing in four — Albania, Moldova, North Macedonia, and Ukraine.

The Group's business lines comprise a number of products and services that fill the funding gap and create new opportunities for people who previously did not have access to finance or to private means of transportation. The main Group's products can be best split into 3 categories:

- flexible lease and subscription-based products — motorcycle-taxis in Kenya and Uganda, used vehicle rent in Latvia and Lithuania, new car subscription in Latvia;
- lease and leaseback products in Latvia, Lithuania, Estonia, Georgia, Romania, Armenia, Moldova, Belarus, Uzbekistan, Kenya, and Uganda;
- consumer lending products — installment loans, credit lines, single payment loans in Albania, Moldova, North Macedonia, and Ukraine.

Eleving Vehicle Finance provides alternative ways of vehicle financing and creates new opportunities for people who previously did not have access to private means of transportation.

Eleving Vehicle Finance offers a finance lease and leaseback to customers in all its countries of operation. Under a finance lease, Eleving Group purchases a customer-selected vehicle,

the lessee then can use the vehicle during the lease period and pay a series of installments. The purchased vehicles are 3 to 20 years old. After full repayment of the principal, the lessee becomes the legal owner of the vehicle. Under a leaseback contract, Eleving Group purchases a vehicle directly from the customer, the customer then continues to use the vehicle and pays monthly installments. After full repayment of the principal, the customer becomes the legal owner of the vehicle.

Both the finance lease and leaseback are Eleving Group's core products and currently represent 53.1% of the total net loan portfolio as at 31 December 2021.

Eleving Group also offers multiple flexible lease and subscription-based products. In the Baltics, the Company offers rent-to-buy products for customers who seek ultimate flexibility and the possibility of returning or changing the vehicle at any time. In eastern Africa, the company focuses on productive lending products by financing new motorcycles and three-wheelers used for carrying passengers or delivering goods. Such products are offered exceptionally for self-employed riders who use their motorcycles to generate income and provide for their families.

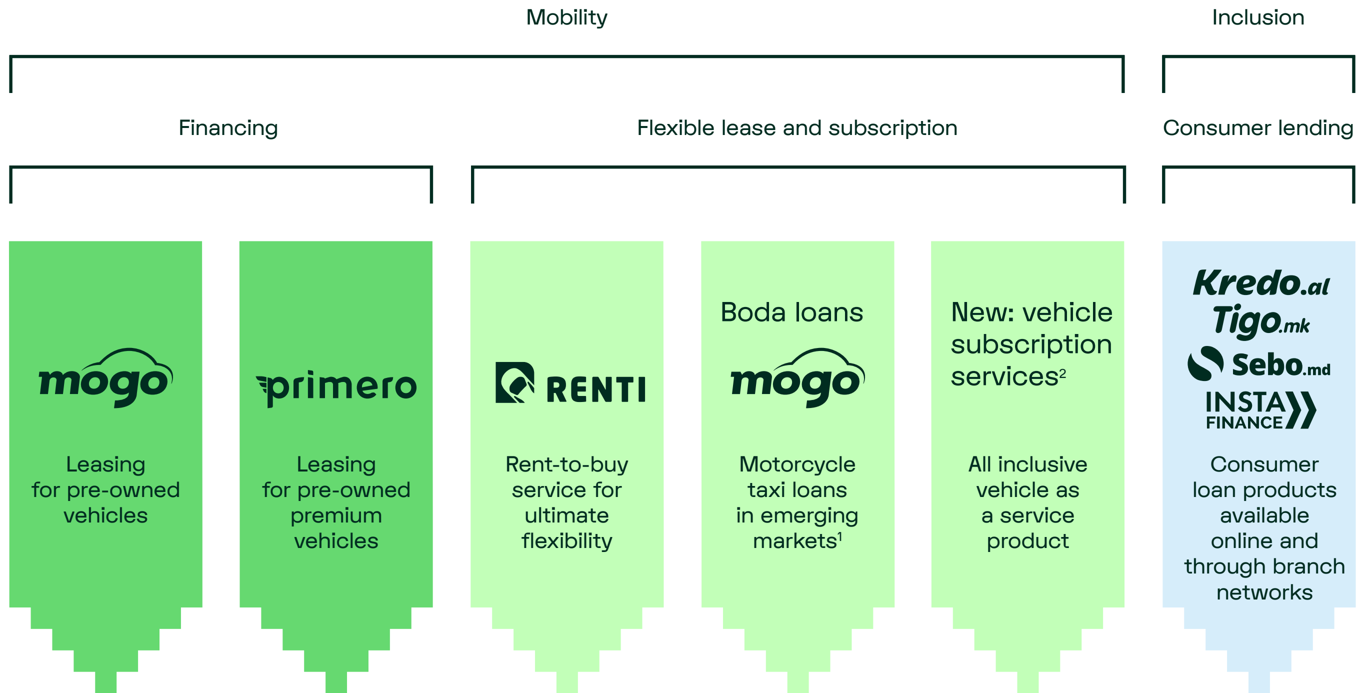
The Group has also launched a new car subscription product, providing customers with an opportunity to drive a new car the same day and covering all vehicle rental and maintenance costs with a single monthly payment. Customers can choose a subscription period from 1 to 36 months.

Mogo is the leading brand in the used vehicle finance market. Services are provided to customers via websites, mobile channels, and a broad dealer/broker and branch network. In certain markets, the Group also provides rent-to-buy services, car subscription services, and finance for more expensive vehicles through strategic collaboration with local banks. This is done under different brands [Renti, Renti Plus, Primero].

The proven business model of Eleving Vehicle Finance is built on the increasing demand for mobility around the world as well as demand for quality used vehicles across Eleving Group markets, and it is realized through an innovative, data-driven, and fast process. This process is led by IT investments together with strong controls, efficient debt collection, and direct partnerships with used car dealer networks. With a focus on secured lending against a vehicle's title, Eleving Group has unlocked a niche market for financial services and is a first mover in this sector, benefitting from economies of scale and competitive advantage. Before establishing Mogo in 2012, there was no convenient alternative to finance used vehicles older than 5 years in the Baltics.

Eleving Consumer Finance business focuses on markets lacking financial inclusion and having communities underserved by conventional financial institutions. In most cases, there is no "middle ground" between difficult-to-access bank finance and very limited, expensive short-term loans. Eleving Consumer Finance companies are often the only ones offering online and offline customer service experiences for diverse customer groups. With more than 100 branches in Moldova, North Macedonia, Albania, Eleving Consumer Finance companies offer flexible financial products — from credit lines to installment loans, providing access to substantial funds to customers that meet the Group's credit assessment benchmarks.

The key consumer financing product Eleving Vehicle Finance offers is a long-term unsecured loan with regular fixed monthly payments. Interest rates differ based on the product, loan size, and term, with decreasing pricing for longer maturities. A customer may repay the outstanding loan balance in full at any time or make required minimum payments in accordance with the terms of the loan agreement.

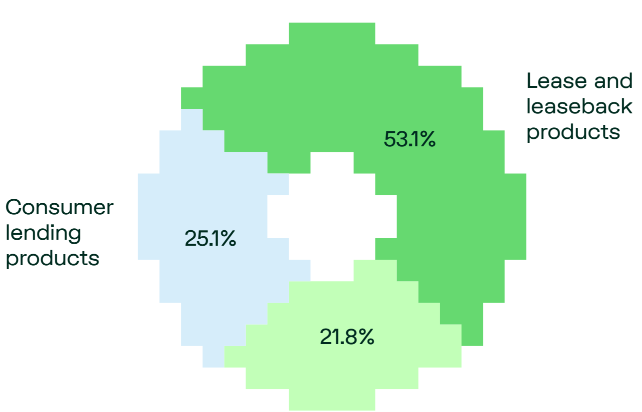


Both Group's business lines — vehicle finance and consumer finance — each have their own management team. Having a larger operational volume and geographical outreach, Eleving Vehicle Finance's business operations are managed through three regional hubs. The Group`s headquarters of both business lines operate from a centralized location in Riga, Latvia and Vilnius, Lithuania.

[1] Kenya and Uganda

[2] New car subscription services launched in Latvia in 2021 Q4

Portfolio balance in 2021



Eleving Group has a geographically diverse portfolio, with over 70% of loans concentrated in European countries with resilient economies and strong currencies. Eleving Group's revenues are principally derived from operations in Lithuania, Romania, Moldova, and Kenya, which together accounted for more than 40 % of its net loan portfolio and rental fleet as at 31 December 2021.

Revenues are also derived from the other markets where Eleving Group operates, including:

- Estonia [since 2013];
- Georgia [since 2014];
- Armenia [since August 2017];
- Moldova [since September 2017 with respect to vehicle finance and, since OCN SEBO CREDIT SRL acquisition in summer 2020, with respect to consumer finance business];
- Belarus [since April 2018];
- Uzbekistan [since December 2018];
- Uganda [since May 2019];
- Albania [since December 2018 with respect to vehicle finance and, since Kredo Finance Shpk acquisition in 2020, with respect to consumer finance business];
- North Macedonia [since TIGO FINANCE DOOEL Skopje acquisition in summer 2020 with respect to consumer finance];
- Ukraine [since the end of 2020 in respect of consumer finance].

Since the beginning of the Covid-19 pandemic in 2020, the Group has proactively optimized its portfolio by focusing entirely on the markets with the greatest potential for profitable growth and currently continues to follow that approach.

Taxonomy eligibility

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

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

Companies that are within the scope of the Non-Financial Reporting Directive [NFRD][2] must disclose taxonomy-related information in accordance with the methodology and implementation timeframe of the disclosure obligation as specified in the Disclosures Delegated Act.[3]

In the 2021 annual report, Eleving Group will disclose information regarding its exposures to taxonomy-eligible and non-eligible activities in line with article 10[2] of the Disclosures Delegated Act. Currently, the eligible activities concern the first two objectives of the Taxonomy regulation: climate change mitigation and climate change adaptation.[4]

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

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

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

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

Taxonomy Mandatory Reporting

Required information [art 10(2)]	Absolute sum	Proportion of total covered assets
Exposures to Taxonomy-eligible activities	55 213 179	17.1%
Exposures to Taxonomy-non-eligible activities	266 863 233	82.7%
Exposures to central governments, central banks, and supranational issuers	-	0%
Exposures to derivatives	-	0%
Exposures to undertakings not subject to NFRD	510 158	0.2%
Trading book and on demand inter-bank loans	-	0%

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

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

Stakeholders

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

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

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

Eleving Group's investors' community is mainly comprised of investors from the Baltics, Western, and Central Europe. They value the Group as a trusted partner that can deliver consistent and sustainable growth.

The Group's business depends on certain services provided by third parties such as banks, local consumer credit agencies, IT service providers and debt-collection agencies. An inability to maintain existing business relationships with banks, local consumer credit agencies, IT service providers, debt-collection agencies and other third-party providers or the failure by these third-party providers to maintain the quality of their services or otherwise provide their services to the Group may have a material adverse effect on its business, financial condition, results of operations, prospects, or cash flows.

The Group's current and potential customers are working-class people receiving a regular income but having limited savings. Typically, these are customers underserved by traditional banks due to the low ticket size, inefficient underwriting process, complicated and inefficient loan application process, and long turnaround times for such loans.

Potential customers for a consumer loan often try to address urgent cash flow needs, mainly related to unexpected expenses and financing consumer electronics purchases. Eleving Group's Consumer Finance customers are equally divided between both sexes within an age range from 21 to 59.

Customers of Eleving Group's Vehicle Finance are people who prefer to drive used premium class vehicles instead of new or few years old economy class vehicles, since such vehicles perform better, depreciate less, and have cheaper maintenance cost due to a well-developed aftermarket. For most customers a car is not a nice-to-have item, but rather a necessity needed to travel to their workplace or to earn income. The Group also serves small and medium enterprises that need quick financial solutions to solve mobility issues in their businesses. The majority of Eleving Group's Vehicle Finance customers are males aged 21 to 59.

A significant part of used car sales takes place at physical locations where potential customers can see and test a

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

car while interacting with a seller directly. Because of this trend, Eleving Group introduced dedicated partner account managers and specific partner programs in order to establish close business relationships with used car sellers. As at 31 December 2021, Eleving Group had entered into cooperation contracts with more than 1 100 car dealerships.

Presenting in the II International Financial and Banking Forum in Uzbekistan

As at 31 December 2021, Eleving Group had a total of 159 strategically located branches in 13 of its 14 countries of operation, allowing the Group to serve a broader population and address its customers' needs across both its business lines.

Eleving Group and its companies' membership in trade associations, unions, and organizations provide information on trends in the financial and related industries and ensure representation of national and international interests in the development of policy documents, legislation, and standards. For example, in Latvia, the Group is represented at the Latvian Fintech Association, in Moldova — at the Alternative Financial Services Association of Moldova.

The Group's representatives regularly discuss the development of finance and related industries with industry specialists at various forums, conferences, seminars, and working groups. For example, Eleving Group took part in the II International Financial and Banking Forum in Uzbekistan, where Juozas Rimgaila, CEO of Mogo Uzbekistan, shared Eleving Group`s experience with vehicle financing in different markets.

Business driven by technology

Eleving Group utilizes state-of-the-art technological solutions that ensure the quickest disbursement of funds in the market while still maintaining the flexibility needed to serve the underserved communities. Care for customers means open communication and tailor-made solutions. Innovative and technology-based internal processes allow the Group to analyze and assess all the possible customer and vehicle data. All decisions are based on an in-house scoring model and a data-driven metrics pool.

Since Eleving Group's IT strategy utilizes the most sophisticated technologies and solutions available on the market, the Group intends to continue substantial investments in the IT systems and adapt its operations and software to support current and future growth.

Eleving Group's IT department supports the full lifecycle of product development and optimization. Eleving Group embraces effective design principles and applies value driven prioritization principles to maximize return on time invested by the IT department. This approach is aimed at building solutions based on validated business needs, with a focus on running secure and stable systems minimizing maintenance costs but maximizing customer conversion rates, and streamlining portfolio administration.

Eleving Group is constantly investing in digitalization, data processing, and risk solutions. Together with Eleving Group's experience and expertise in providing innovative and data-driven financial services, such investments strengthen the Group's position to stay ahead of its competitors in terms of ease of use, customer convenience, and product offering. In addition, the Group's IT systems have demonstrated a track record for reliability and undisrupted performance, with no instances of significant system downtime in the last 3 years. Eleving Group believes that its in-house IT team will be able to maintain the current service level and further develop and strengthen the performance of its IT systems.

Eleving Group uses a data-driven analysis and a data-driven decision-making process in all aspects of its business. The use of data improves the assessment of existing and potential customers helps optimize marketing expenditures, enhances credit risk management, and facilitates efficient new product development. Predictive data from alternative sources, in addition to traditional data sources such as credit bureaus, is used for a customer's valid credit scoring.

Eleving Group as a responsible citizen of the international business community encourages responsible lending, and its priority is to ensure a transparent and convenient customer journey. The Group ensures that customer data are processed and stored in a secured, encrypted way. The Group's daily business operations are supported by a technological toolset and IT infrastructure, like a fraud prevention & scoring engine, risk evaluation engine, and usage of alternative data sources.

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

Strategy and goals for 2022

Strategy going forward

Products/geographies

- Launch two new vehicle financing markets;
- Launch an electrical car-sharing product in Riga, Latvia;
- Roll out new vehicle subscription product in Latvia and Estonia;
- Focus on organic growth in the East Africa region;
- Continue shifting clients to longer maturity, bigger ticket size products;
- Significantly decrease portfolio exposure in Belarus and Ukraine.

Sustainability

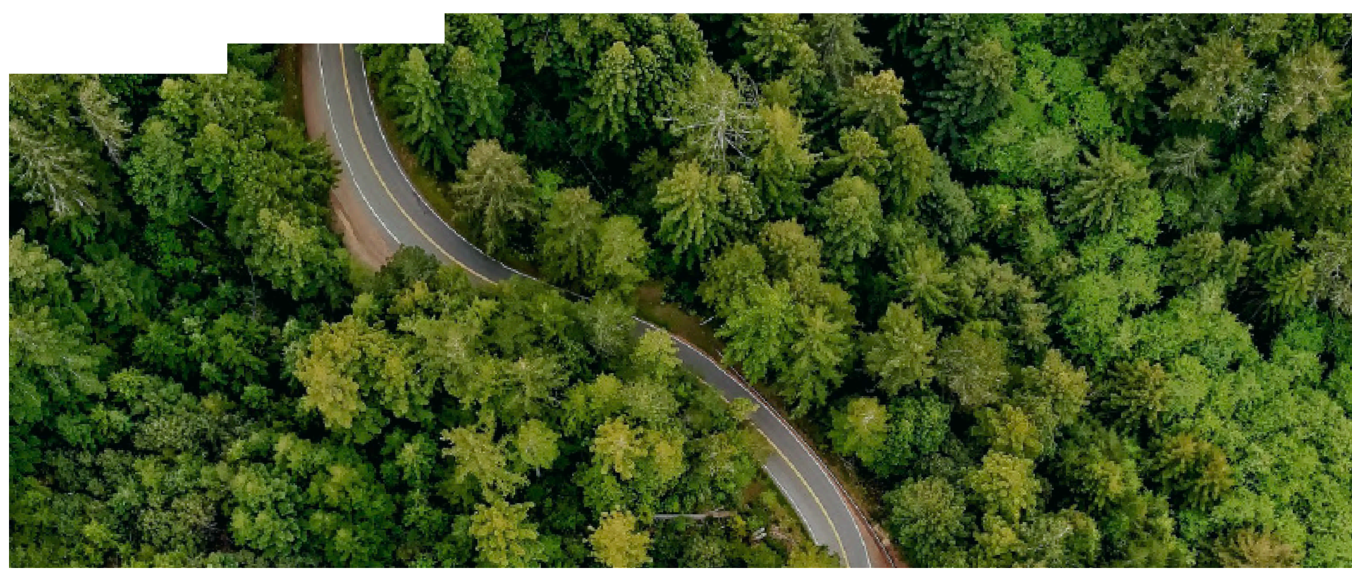
- Launch green vehicle financing products;
- Launch regular portfolio CO2 emission tracking;
- Ensure transparent ESG reporting practices;
- Maintain balanced gender diversity.

Capital management

- Continuous improvements in financial covenants (ICR, Leverage ratio, capitalization ratio);
- Explore routes for attracting outside equity.

Processes

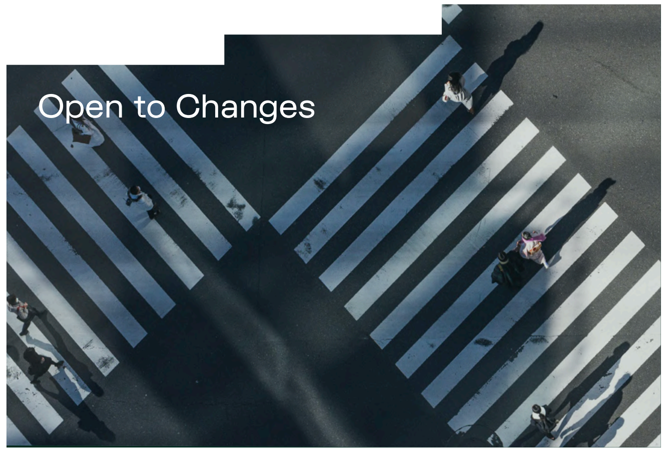
- Further automation;
- Launch of new digital processes (e.g., digital signing) in a variety of markets;
- Improvement of digital partnership tools (dealers module, POS).



Mission

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

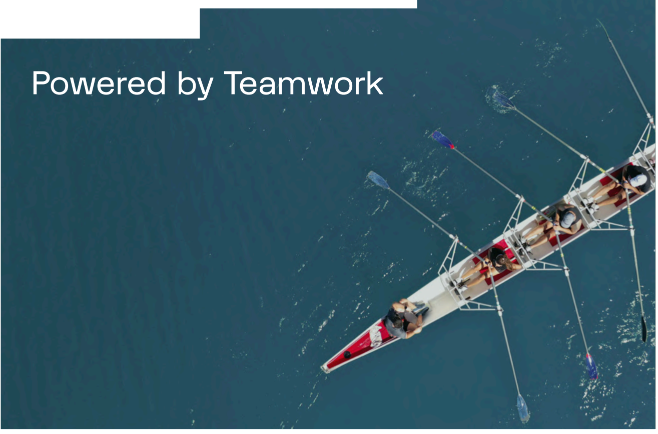
Values



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

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

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



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

Sustainability: approach and scope

Eleving Group is set to generate long-term value by fostering responsible financial behavior and practices, actively considering the societal impact of its business operations and the interests and expectations of the most relevant stakeholders, and contributing to a more sustainable future.

As a financial technology group with operations and clients around the world, Eleving Group promotes sustainable business practices and helps its customers capitalize on opportunities that bring positive social and economic impacts. With respect to several sustainability criteria, Eleving Group is a trendsetter introducing Western European values and incentives in developing countries, thus elevating the lives of vulnerable and diverse communities.

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

- we aim to comply with high responsibility standards from a legal, ethical, economic, social, and environmental perspective;
- we are committed to balancing economic success with environmental and social responsibility;
- responsible lending is the core of our business, and we continuously integrate environmental, social, and governance [ESG] criteria into our lending process;
- we encourage transparent communication and open dialogue with our stakeholders.

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

Materiality analysis

In 2021, Eleving Group conducted a materiality analysis to define the most relevant sustainability issues to the Group. The materiality analysis considered the nature of business operations and value chain of the Group, and various environmental, social, and governance impacts that its activities directly or indirectly might make or be affected by, and then prioritized these different ESG aspects through the following lenses:

- stakeholder expectations [online survey and 1:1 interviews];
- relevance from the management view [workshops];
- trends seen from peer review [desktop analysis];
- high-level soon-to-be requirements of EU sustainability regulations, i.e., taxonomy and the Corporate Sustainability Reporting Directive [CSRD] [detailed requirements to be launched yet].

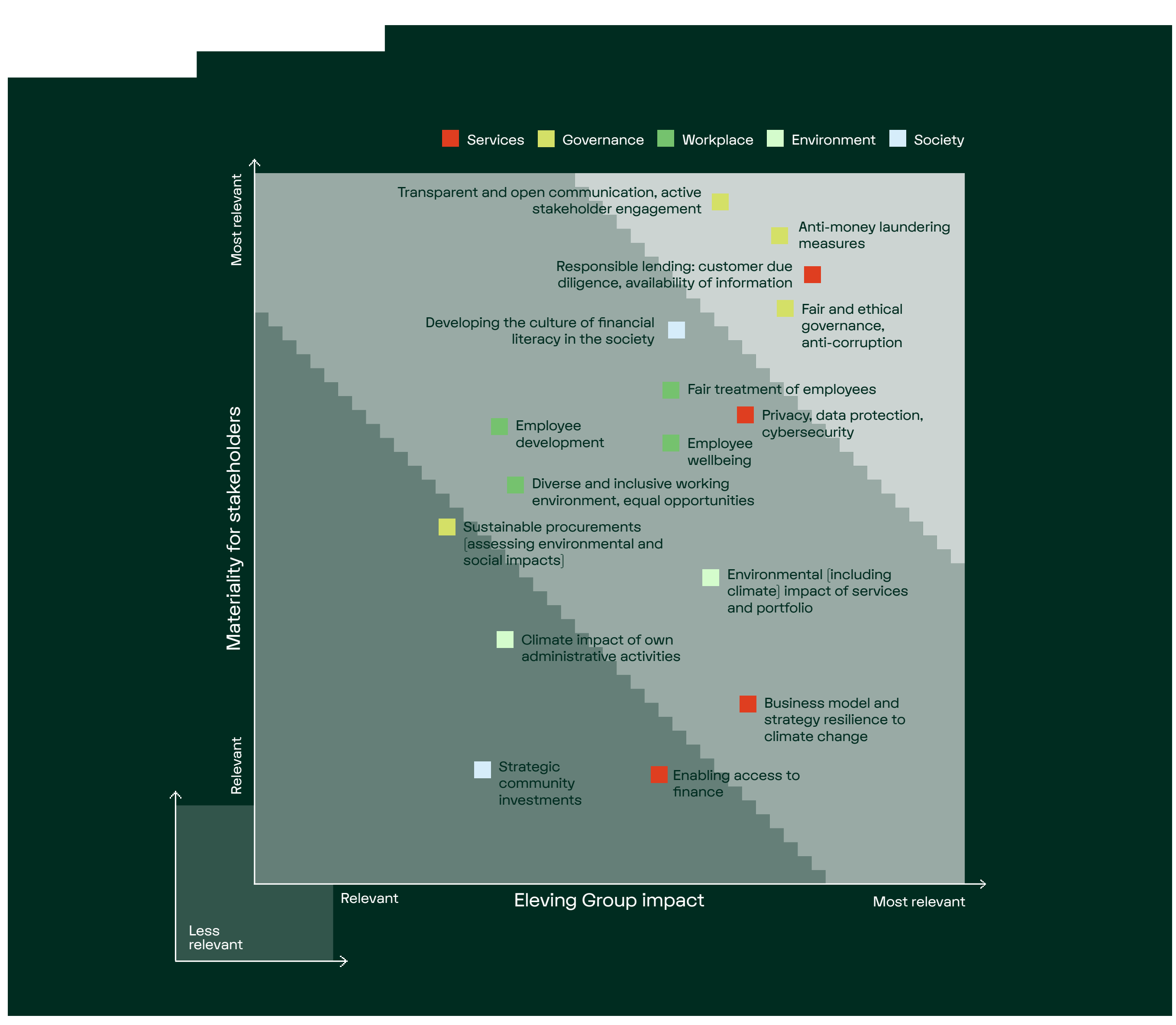
As part of stakeholder engagement, Eleving Group's managers of different functions and business units nominated the most important stakeholders to be invited to do a survey on sustainability. Altogether, around 150 stakeholders and experts from around 130 organizations contributed to the Group's efforts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

Priority sustainability areas / Major stakeholder categories	Financial community [banks, investors, analysts]	Policymakers, regulators, authorities, professional bodies	Suppliers, business partners	Civic society: NGOs, experts, media	Employees
Responsible lending: customer due diligence, access to information		✓	✓	✓	
Fair and ethical governance, anti-corruption	✓			✓	✓
Transparent and open communication, active stakeholder engagement	✓		✓	✓	✓
Anti-money laundering measures	✓	✓	✓		
Privacy, data protection, cybersecurity		✓	✓		
Environmental [including climate] impact of services and portfolio	✓				
Fair treatment of employees [i.e., employment relations, engagement, remuneration]				✓	✓

Priority sustainability areas / Major stakeholder categories	Financial community [banks, investors, analysts]	Policymakers, regulators, authorities, professional bodies	Suppliers, business partners	Civic society: NGOs, experts, media	Employees
Employee safety and well-being				✓	✓
Employee education, skills, and development		✓	✓		
Diverse and inclusive working environment, equal opportunities, respect for human rights					✓
Promotion of financial literacy in society	✓	✓			

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

Materiality Matrix



For the purposes of its Strategic ESG Program 2022–2025, the Group grouped the initially defined 16 areas into 11 priorities [split into four categories]:

Eleving Group ESG priority topics

Fostering responsible access to finance

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

Striving for climate impact reduction and adaptation

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

Ensuring growth & well-being of employees

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

Practicing responsible business conduct

- Sustainable procurements;
- Fair and transparent business operations.

ESG goals for 2025

Environment

- Climate impact monitoring and data collection system in place;
- Climate neutrality of administrative operations;
- User-friendly tools for measuring vehicle CO2 emissions.

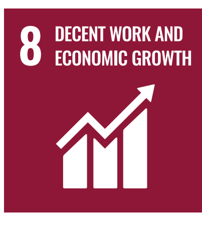
Social

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

Governance

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

Alignment with UN SDGs



To demonstrate compliance with the ethical standards of the industry and the national and international frameworks on corporate sustainability and sustainable development, Eleving Group has chosen to make sustainability commitments and align its practices with the United Nations Sustainable Development Goals [SDGs].

Based on an analysis of its contribution to the SDGs, Eleving Group has chosen to focus on UN SDGs 5, 8, 9, 12, and 13.

Sustainable development goals		SDGs and relevant sub-goals for Eleving Group	Contribution of Eleving Group to the achievement of the SDGs
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	5.1. End all forms of discrimination against all women and girls everywhere	Promote diversity in the workplace and equal pay; promote balanced gender diversity ratio; enable access to finance for female entrepreneurs
		5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life	Promote balanced gender diversity ratio in senior leadership roles; enable access to finance for female entre-preneurs
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	Provide access to finance for starting a business/support revenue-generating activities
		8.8. Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants, and those in precarious employment	Ensure a healthy and safe working environment and labor rights for employees
		8.10. Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all	Provide access to finance to unbanked customers

Sustainable development goals		SDGs and relevant sub-goals for Eleving Group	Contribution of Eleving Group to the achievement of the SDGs
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**	9.3. Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.	Enable access to finance to unbanked customers; providing employment considering diversity and equal pay; ensure digital accessibility
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Ensure sustainable consumption and production patterns**	12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Own ESG and sustainability reporting
		12.7. Promote public procurement practices that are sustainable, in accordance with national policies and priorities	ESG criteria included in the procurement process, assessment of suppliers
13 CLIMATE ACTION	**Take urgent action to combat climate change and its impacts**	13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate-resilient and adaptive planning, monitoring own climate impact, and development of new

Sustainability governance

Fair, ethical, and sustainable conduct across the Group and its supply chain underpins any business activity.

The board has the overall responsibility for the implementation of the Group's ESG policy, and everyone is committed to reaching the agreed strategic goals.

In order to meet its ESG commitments, Eleving Group has developed its Strategic ESG Program 2022–2025 and set measurable targets. Furthermore, the Group publicly reports on its progress, being transparent about its impacts on society, the economy, and the environment of the countries the Group operates in.

For each of the four Eleving Group's ESG priority categories, there is a designated senior executive responsible for proposing goals, KPIs, and possible activities, and monitoring the progress regarding each of the targets set.

Due diligence

Due diligence is an essential part of business expansion and is carried out to identify, prevent, and mitigate any potential adverse impact on the successful growth of Eleving Group. Therefore, prior to entering a new market, Eleving Group performs due diligence, covering, at a minimum, the following areas:

- assessment of business conditions;
- key legal regulations applied to the Group's products;
- tax regulation;
- local currency risks.

The time dedicated to researching and carrying out a detailed analysis of the target market helps the management form a sound decision on entering the new market and the best possible strategy for the entrance. Eleving Group selects its potential business partners in a careful and balanced way, based on the Group's standards recognized in commercial practices, which include ethical business practices and compliance with relevant regulatory enactments.

Approach to sustainability reporting

Eleving Group measures its non-financial performance according to internationally known metrics which are well-respected and recognized by the global investors` community. Therefore in 2021, the Group started its sustainability reporting practice, using the environmental, social, and governance [ESG] framework. This ensures that the key stakeholders have

relevant information to make informed decisions about the Group's ability to create value in the short, medium, and longer term.

Eleving Group sees the ESG data as a significant performance signal to all main stakeholders as well as to society in general; therefore, in 2021, the Group started a smooth transition to a regular and strategically guided sustainability reporting process. As one of the first steps, a materiality analysis was conducted by engaging key internal and external stakeholders [see section Materiality analysis].

Climate change mitigation and adaptation

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

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

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

- measure CO2 intensity [average gCO2/km tailpipe emissions], report transparently, and reduce the CO2 emissions intensity of the funded fleet annually;
- educate customers and society about CO2 emissions intensity and provide incentives to move to zero-emission vehicles;
- reach administrative operations climate neutrality by 2025.

To meet these commitments, in 2022, a detailed roadmap — a climate policy, strategy, and action plan — will be developed to meet Eleving Group's environmental goals and report annually on climate impact and adaptation management. The interim emission reduction targets will be set, ensuring their alignment with the Paris Agreement. Eleving Group also reports on the extent to which its portfolio is associated with economic activities that are eligible to qualify as environmentally sustainable under the EU Taxonomy regulation [see section 'Taxonomy eligibility'].

Vehicle finance portfolio climate impact

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

Eleving Group has set the reduction of CO2 intensity of its funded fleet as the primary goal in the Strategic ESG Program 2022–2025. The Group intends to reach its ambitions by promoting green vehicle financing and focusing on productive lending [see section Fostering responsible access to finance].

To assess the current climate impact of the Group's portfolio, a CO2 calculation methodology was developed internally in 2022 prior to publishing the report. After exploring different approaches and available data sources, it was decided to use the database of the Road Traffic Safety Directorate of Latvia [hereinafter CSDD [Latvian abbreviation]]. The database was compared with the European Environment Agency's [EEA] CO2 emissions for new passenger cars, and the results were very similar. Since the CSDD database covers the period of 2004–2020 as opposed to EEA's 2010+, it was decided that the CSDD database will provide better coverage.

In the CSDD database for 2004-2020, the New European Driving Cycle [NEDC] method was used but starting from 2021-2022, the method was changed to the Worldwide Harmonised Light Vehicle Test Procedure [WLTP] developed by the European Union. Since the WLTP method gives slightly higher CO2 emission results, the impact of methodology change should be estimated before it can be used in calculations. For 254 loans [0.8% of loans excluding boda boda], CO2 emission data from 2020 are used.

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

- vehicle year;
- fuel type;
- engine capacity.

For each vehicle matching the group, the average CO2 consumption from the CSDD database was used. For vehicles that did not match the group, exception rules were created:

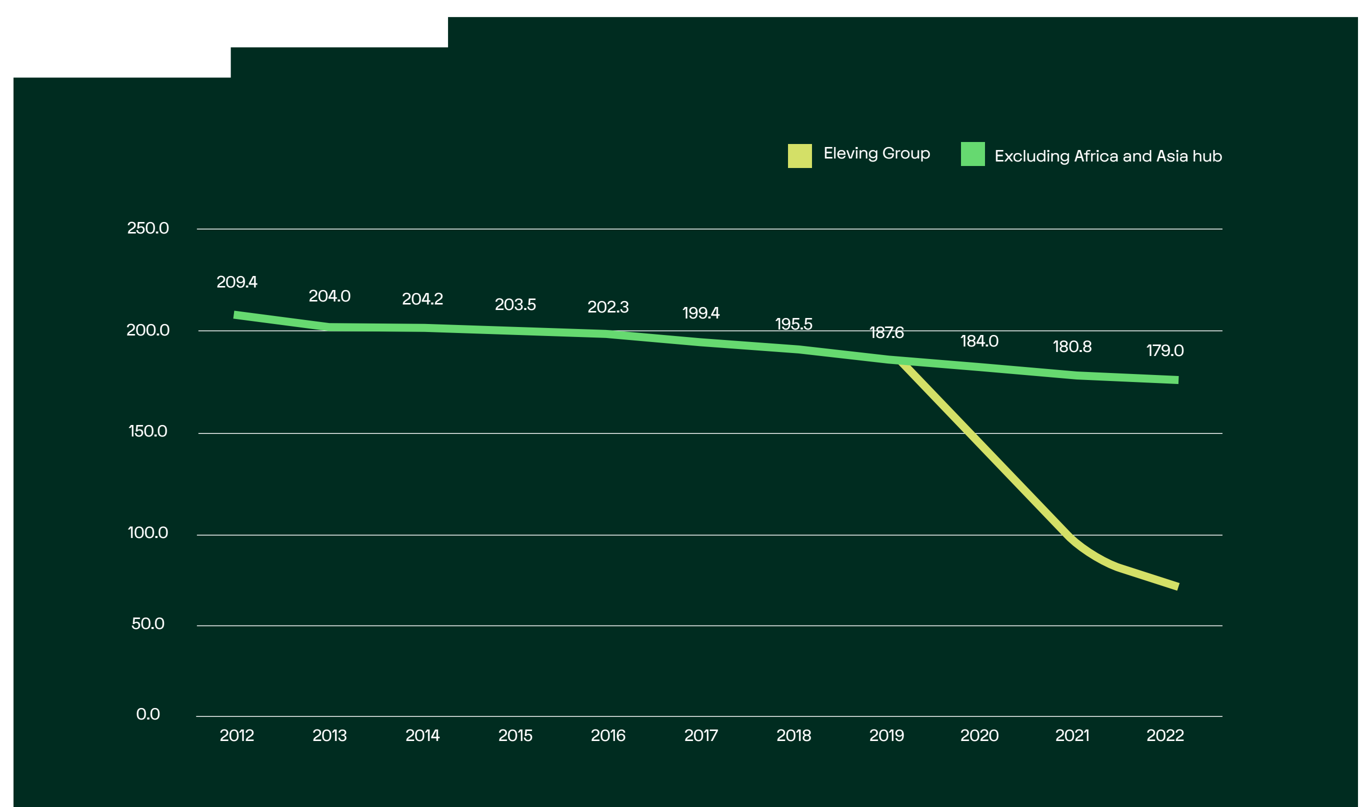
- boda boda's [motorbike taxis in Kenya and Uganda] formed 58.7% [count wise] of loans in the Group's vehicle finance portfolio in 2021. Their emissions have been estimated at 40g per km used. The International Council on Clean Transportation suggested using 21-35g per km for boda boda, but according to Ecoscore, the estimated consumption is 1.8l/100km: 1.81L/100km*2392g=43g per km and 1.61L/100km*2392g=39g per km;
- electric cars produce 0g CO2 per km used, and they formed 0.04% of Eleving Vehicle finance loans in 2021;
- cars manufactured before 2004 formed 10.2% of loans in 2021. Since no accurate data were available for this period, average data from the CSDD database of 2004 by fuel type and engine capacity was used in calculations.

Eleving Group leased car portfolio by fuel type as at 31 December 2021

Fuel type	Average CO2 emissions, g/per 100 km	Number of loans
Diesel	185.5	29 135
Petrol	198.2	23 924
Gas	156.7	4 949
Bi-fuel	219.6	1 340
Hybrid	48.8	1 292
Other		186
Electric	-	53
Flexfuel		22
Total	**185.8**	**60 901**

No exceptions were applied to 31.0% of loans in 2021, and this was 74.5% of Eleving Group's portfolio [excluding boda boda].

Average CO2 emissions of the portfolio by loan issued date, g per 100km



To facilitate the transition to sustainable transport, in 2021, a new product financing electric and hybrid vehicles were designed. The product is currently available under the Mogo brand in Lithuania and Romania and the Primero brand in Latvia. By 2025, Eleving Group intends to introduce more green products in at least 10 different markets. For example, in Kenya, the Company has already created a special product to finance electric boda bodas [motorcycle taxis], and this

product will be launched by mid-2022.

As at 31 December 2021, the Group's portfolio contained 27 leased cars with zero CO2 tailpipe emissions, but the Group expects that with the current and new measures in place, this figure will rise to at least 1 000 in the coming years.

By 2025, the Group plans to build and promote at least two tools enabling Eleving Group's customers and the wider public to measure the CO2 emission intensity of vehicles in an easy and understandable way. As part of these measures, CO2 intensity information will be included in all Group's sales, portals thus educating customers about the emission level of their chosen vehicle.

Direct environmental impact

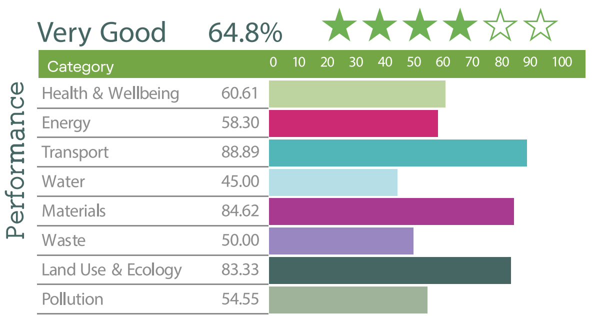
Although the Group's main climate impact is related to its portfolio, Eleving Group aims to become climate neutral in its administrative operations by 2025, and it constantly works to maintain high environmental standards in all its offices.

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

In the future, the Group intends to develop its approach to tackle its climate impact and analyze greenhouse gas emissions in administrative operations according to internationally recognized standards.

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

Eleving Group headquarters are in Riga, Latvia, in Skanstes City, a brand-new multifunctional business district, which is the only BREEAM In-Use certified office complex in Latvia to date. BRE Environmental Assessment Method [BREEAM] is an environmental certification system from the UK. It was developed in 1990 and is one of the oldest environmental certification systems that have been used to certify buildings. This is the most widely used system in Europe.



Modern offices, developed infrastructure, and sustainability were among the top reasons for the Group to choose Skanstes City. At the end of 2020, Eleving Group's office was certified as an energy-efficient workplace, receiving the BREEAM In-Use assessment of "Very Good," an upgrade from its sustainability assessment of "Good."

Also, significant investments were made into modernizing the ventilation systems and making technical upgrades, improving the headquarters' public spaces, accessibility, and cycling infrastructure. After renovation, it became one of Riga's most modern and sustainable office buildings in its class.

Eleving Group is also committed to keeping other environmental impacts of its offices to the bare minimum: reducing paper, water, waste, and other resources consumption intensity Group-wide. Admittedly, the Group's operations were influenced by Covid-19, leading to a significant change in the way of working. For example, digital meetings replaced physical ones, thus reducing travel-related emissions on a more permanent basis.

While the Group's focus is placed on reducing resource consumption, waste reduction and recycling are also considered. The Group`s headquarters have already implemented a range of waste optimization initiatives, such as a zero-paper policy and a reduction of plastic waste.

To provide Eleving Group's headquarter staff with fresh and clean drinking water, the office is equipped with water dispensers, which allow both to save water and reduce plastic waste. By using an average of 1.94 m3/m2 of water in 2021 at all Eleving Group`s premises, the water usage is kept in check across all offices.

Planting trees
Mogo Armenia

As emission reduction does not depend solely on Eleving Group, the Group also compensates some of its emissions. Emission offsetting was started in 2021 by supporting the planting of trees, bushes, and other plants in Latvia, Armenia, and Uzbekistan. In 2022, the Group will proceed with targeted carbon offsetting activities, selecting them according to the emissions generated and documenting the results, thus contributing to carbon dioxide capture.

Planting trees
Mogo Uzbekistan

Eleving Group's commitment to sustainability is forged by each team member believing in it and acting accordingly. June 2021 was declared Environment Month, and a number of activities were carried out at the Group's companies. Acknowledging that raising awareness is the first step toward changing behavior, Seek the Simple, a special online training session, was offered to all Group's employees to provide tips and tricks on reducing impact and protecting the Earth.

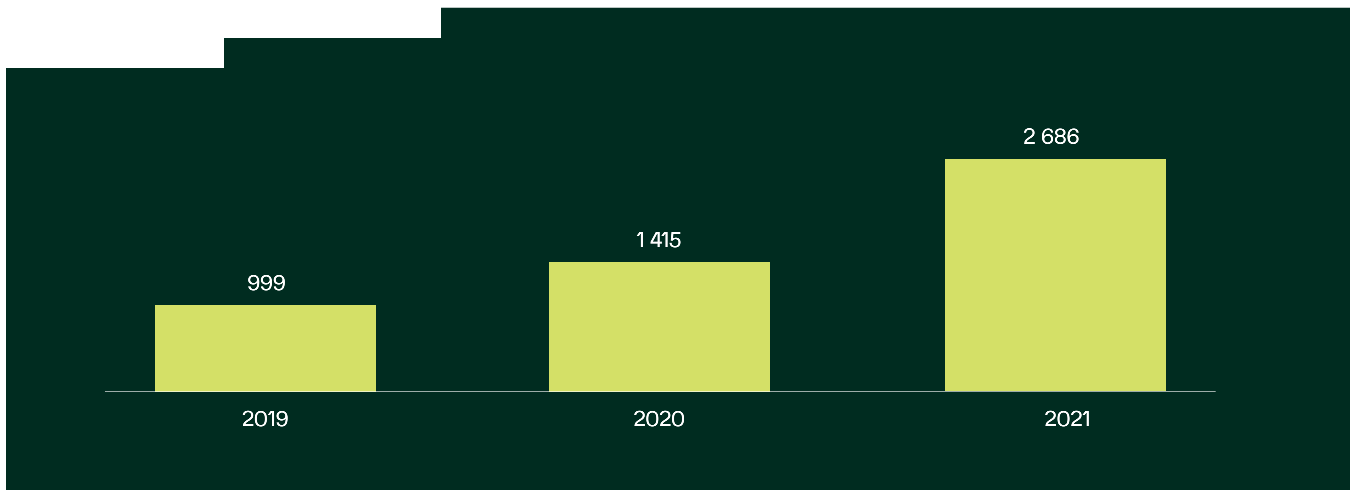
This formed a good basis for throwing group-wide green challenges during 2021. For example, a paperless office initiative in Romania introduced electronic signature, saving around 40 000 A4 pages in the first month. That translates into saving at least 8 pine trees a year. In June 2021, Latvian and Lithuanian office staff were encouraged to choose a bicycle over a car. As a result, 3 700 km were cycled in the month.

Ensuring employees' growth and well-being

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

All business operations are carried out by the Group's employees; Eleving Group does not rely on contracted workers [e.g., rented labor, subcontractors]. Subcontractors provide specific expertise and certain services, such as consulting or particular training. An absolute majority of employees are permanently employed by the Group.

Figure with the total number of employees by years: 2019, 2020, 2021



In 2022, The Group plans to measure employee engagement by utilizing Gallup's Q12 employee engagement survey by tweaking Eleway Pulse accordingly. Gallup's employee engagement survey is a globally used tool, rendering data more comparable with other companies.

Also, the Group pays particular attention to the onboarding of new employees. For example, Eleway Pitstop, an onboarding event for new employees, was held in February and September 2021, introducing them to the Group's culture, products, functions, and the like.

Diverse and inclusive workplace

Eleving Group employs a team of various cultural backgrounds, genders, and ages; therefore, diversity and equal opportunities are important components of Eleving Group's human resources strategy.

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

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

Mogo Moldova

Mogo Kenya

Primero Latvia

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

- equality. All humans are born equal. Therefore, equal treatment of all individuals regardless of ethnicity, cultural background, sex, gender identity, sexual orientation, religion, disability, age, or any other factor is our overriding priority;
- zero-tolerance against discrimination, harassment, sexual harassment, and victimization;
- respect for individuals' differences in ethnicity, sex, gender identity, sexual orientation, culture, religion, and other factors.

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

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

To ensure full compliance and adherence to the policy throughout the Group, continuous work is being done to raise employee awareness. In addition to daily measures, such as covering equality topics in on-boarding activities, a special newsletter for employees was issued in May 2021 dedicated to diversity and inclusion.

Anita Kalniņa
Group Chief Human Resources Officer

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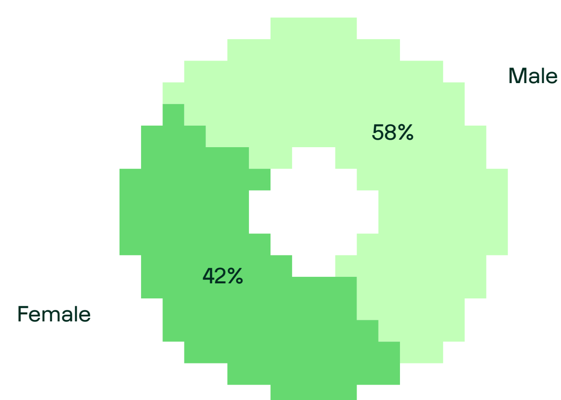
Eleving Group is where you can be yourself. With a startup culture and corporate performance, we're mature yet fun. Our team is diverse; we are inclusive, accepting, and respectful towards each other. Our diversity gives us an opportunity to learn from one another and grow together as a strong team.

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

According to Fontes, a Baltic human resources consultancy firm, the proportion of women and men in the financial services sector is 66% women and 34% men. At Eleving Group, the diversity ratio stands at 42% women and 58% men across all the positions as at the end of 2021. Gender diversity in the Group and in senior roles is measured monthly.

The signing of the Latvian Diversity Charter

Male/female % in all positions



Eleving Group undergoes a third-party evaluation to continuously monitor equal pay – Fontes Baltic Salary Survey carried out since the 1990s. According to Fontes, in the Latvian finance sector, men earn 9.8% more than women annually; in similar positions – 8.7% more than women. An analysis of the difference between the monthly base salary of all women working at Eleving Group and that of all men revealed a gender pay gap of 0.4 %, which means that women working at Eleving Group receive a higher monthly base salary than men.

The Group contributes to closing the global gender pay gap in tech by being involved in the Digital Explorers program initiated by AfriKo. Digital Explorers is a career advancement program that provides digital talents in Nigeria with skills enhancement training and places them in paid temporary employment with Lithuanian ICT companies. Within the framework of this program, in 2021, a six-month placement was offered for a young specialist from Nigeria at the Group's Vilnius office.

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

To foster an inclusive working environment, the Group offers its staff a wide range of fringe benefits. Among other things, Eleving Group focuses on solutions that prevent working parents from having to choose between career and family. For example, the Group offers flexible working hours and an opportunity to choose to work from the office, home, or any other convenient place. Employees use these opportunities when aligning their plans with children's school schedules, school holidays, work holidays, and other life events. Employees are also offered to purchase health insurance for their relatives every year – this opportunity is used to take care of children, spouses, and seniors. In 2021, Eleving Group was named a Family-Friendly Workplace. To earn this title, an employer has to facilitate measures to reconcile work and family life.

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

To improve internal communication and keep employees in all continents and markets informed about the activities at headquarters and other countries, group-level monthly webinars and a bi-monthly newsletter were introduced in 2021.

Personal growth and development

One of Eleving Group's main goals is talent attraction, development, and retention. The Group is committed to helping employees realize their full potential at every stage of their careers. The Group's personnel management policy is aimed at developing a skilled and highly productive staff that is successful in performing their responsibilities.

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

During 2021, all top managers, C-level managers, and country managers received a 360-degree assessment – Feedback 360. To ensure a sound employee evaluation process and use of evaluation results, management training on Feedback 360 was organized, providing tips on how to read results and how to lead feedback conversation. In 2021, all headquarter staff received performance assessment, and 98% of them – development interviews.

The Group has developed a comprehensive training program that provides internal and external professional training for employees at all levels. In April 2021, the e-learning platform was launched.

Eleving Group pays special attention to developing and encouraging employee leadership skills. In 2021, several inspiring webinars were organized for all employees, yet a number of initiatives took place at the local offices. For instance, in Lithuania, Vaidotas Žala, a Lithuanian Dakar Rally racing driver, spoke as a guest speaker at a quarterly meeting, sharing his path to the peak of his career.

In 2021, Eleving Group promoted 171 staff members. Whenever possible, rather than searching for external talent, the Group promotes employees who are capable of taking on new responsibilities.

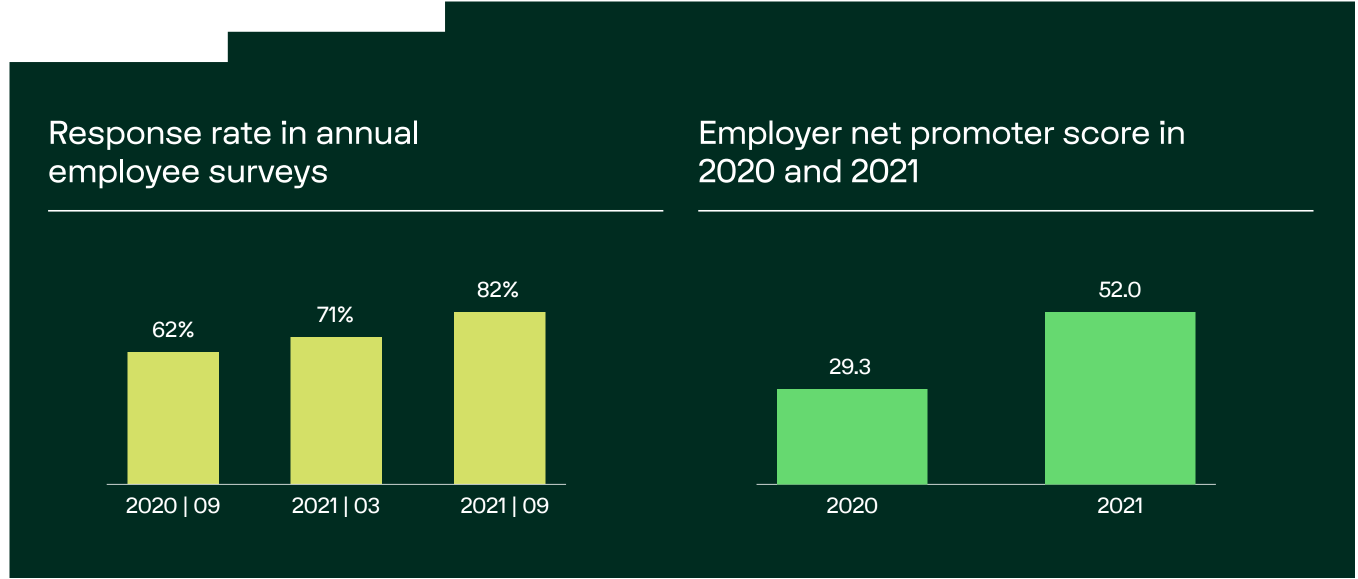
As part of the Group's women empowerment program in C-level roles, female leaders had an opportunity to participate in "Mission: Executive," an experience and knowledge sharing program organized by Novatore and designed for the professional growth of women in leadership roles. Since this was a truly inspiring experience, the Group is looking forward to offering participation to a broader audience to engage more talented and perspective female teammates.

Dialogue and committed employees

Employee engagement is partially measured through Eleway Pulse [previously Mogo Voice], an employee survey conducted twice a year — April and September. In April, the survey focused on hybrid work.

In 2021, the Eleway Pulse response rate varied from country to country ranging from 77.6 to 100%, but the average was 86.5%.

To measure employee satisfaction and loyalty, Eleving Group uses the scoring system Employer Net Promoter Score [eNPS]. This score increased from 29.3 in 2020 to 52.0 in 2021.



In 2022, The Group plans to measure employee engagement by utilizing Gallup's Q12 employee engagement survey by tweaking Eleway Pulse accordingly. Gallup's employee engagement survey is a globally used tool, rendering data more comparable with other companies.

Also, the Group pays particular attention to the onboarding of new employees. For example, Eleway Pitstop, an onboarding event for new employees, was held in February and September 2021, introducing them to the Group's culture, products, functions, and the like.

Employee health and well-being

Employee health, safety, and well-being are of great importance to Eleving Group. The pandemic brought mental health, work-life balance, and employee well-being to the forefront at Eleving Group.

Eleving Group aspires to create a workplace free from occupational injuries or occupational illnesses in all countries where it operates. All geographies and business lines are expected to continuously review, monitor, and improve their health and safety performance by complying with the local legal requirements, implementing the Group's Global Policy and Standards, reducing risk, and working towards health and safety goals across all operations.

Workplace safety risks and hazards are prevented by implementing proper measures. First, as required by law, workplace risks are assessed within the framework of the labor protection management system provided by FN Serviss, a workplace safety expert. All employees are regularly instructed on general work safety and fire alarms. At employee onboarding and annually, employees are provided with information, instructions, and trainings so that they can work safely and take steps to protect themselves from hazards. In 2021, the Group registered a total of 22 recordable injuries among employees; 16 of them were road accidents in Kenya. The staff affected were those working with boda bodas either in field debt collection, boda boda verification, or GPS Trackers installation.

In addition, everyone is required to perform a compulsory health check with a certain regularity. Eleving Group's employees are provided with annual health insurance, which allows using a wide range of health services.

Healthy lifestyle, sports activities, and employee well-being have become especially significant since 2020 when the global coronavirus pandemic started. By making the health and well-being of Eleving Group employees a top priority and providing safe working conditions, the Group put in place large-scale remote work models, which were implemented across many offices around the world.

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

- in February, a webinar on cardiovascular health was held with Inese Mauriņa, a cardiologist and head of Parsirdi.lv, a non-governmental organization. Parsirdi.lv brings together heart and cardiovascular disease patients and their relatives;
- in April, a personal productivity session-workshop on habits & well-being was provided by Dagnija Lejiņa, an entrepreneur and civic activist running productivity and happiness management projects and driving #investinLife, a community promoting more engaging living through different lifehacks;
- in October, a webinar on healthy eating habits and their impact on productivity was held.
- In November 2021, the Group hosted a webinar on work-life balance and well-being to prevent employee burnout. The guest speaker Alge Jablonskiene, a psychologist, coach, and organization development consultant, shared tips on improving employee well-being and preventing burnout in the workplace.

Even before Covid-19, employee mental health had become a high priority for many companies, given its profound effect on both - employee and Group performance. Eleving Group strived to mitigate the negative effects of the global spread of Covid-19 by providing the maximum possible protection to its employees. At the time of the pandemic, the following measures were implemented:

- setting up of a crisis management team to ensure prompt response to the situation, monitoring of public health requirements and related government announcements, and ensuring that the Group stays informed;
- a work-from-home policy ensuring continuity of the core processes;
- requirement for employees to adhere to standard precautions, including social distancing and other health and safety best practices in line with the government guidelines.

Future talents

Eleving Group's success is contingent on how successful the Group is at hiring and nurturing talent. Eleving Group also strives to help others grow by sharing its knowledge and experience.

At the end of 2021, Eleving Group became the general partner of the Students' Association of the Stockholm School of Economics in Riga, the leading business school in the Baltic region. This partnership is based on knowledge and experience sharing, thus bringing value to the school's talented and ambitious present and future students. So far, the Group's experts have given guest lectures on human resources and finance, but in 2022 the cooperation will be extended to other areas.

Also, in 2021, Eleving Group participated in WORK[IT], a career event organized by the Riga Coding School. During the event, the future professionals had an opportunity to participate in the seminar "Challenges faced by young programmers: practical advice for young/retrained professionals," where they could talk directly to the Group's representatives and ask questions of interest to them.

SSE Riga students meeting Eleving Group representatives

Fostering responsible access to finance

Helping our customers to make the right financial decisions lies at the core of the Eleving Group business. By balancing stable financial returns to investors and providing access to innovative and sustainable financial solutions, Eleving Group aims to generate significant social and economic impact. In the coming years, the Group is not only committed to working hard to create a culture that treats the Group's customers fairly but also to improving financial literacy in all markets where it operates.

Eleving Group's corporate strategy is focused on impact making. By serving communities that are underserved by conventional lenders, Eleving Group brings disruptive change to the financial industry. By providing financial inclusion, the Group improves people's lives around the world. The Group's ultimate purpose is to empower diverse communities around the world by providing them with financial inclusion — thus enabling upward social mobility.

The Group's products are designed to offer simplicity, convenience, and transparency to its customers. The convenient online and offline products aim to protect customer privacy, provide easy access to funding, and offer transparent fee and interest structures. A finance lease and leaseback are long-term loans [up to 84 months], while consumer loans are both short-term and long-term, with maturities ranging from 7 days to up to 48 months. For all products, customers are charged nominal interest and fees, payable monthly on the outstanding principal amount. While penalty interests are charged for late loan payments, this is a minimal proportion of the Group's income and shows the resilience of its customer base.

Enabling access to finance

Access to appropriate and sustainable financial services enables the poor to increase income, build assets, and reduce their vulnerability to external shocks. Eleving Group has changed the used vehicle market by providing access to finance for people with, up till then, limited access to funds. In 2021, Mogo, the leading brand in the Group's portfolio, made a bold shift to productive lending in developing countries. Productive lending means primarily financing vehicles for customers as a means to earn a living or, alternatively, to increase their income from existing businesses. This is achieved mainly by financing boda boda [motorcycle taxis] in Africa.

Boda boda is a small motorcycle widely used in Kenya as a taxi and cargo delivery transport. It is estimated that the boda boda industry secures over 1.4 million jobs, which support another 5+ million Kenyan [10% of the population] livelihood. An estimated 70% of the motorcycles in Kenya are rented to the riders by fleet owners, not allowing the average rider to own the asset. With a Mogo lease, riders can pay similar or even lower monthly fees compared to renting the motorcycle, and they will own it after the loan term.

Mārtiņš Spridzāns
The Head of Boda Boda product in Kenya

> We are proud to assist the local community by offering affordable leasing products to purchase motorcycle-taxis. These vehicles provide employment opportunities and financial independence for the youth, women, and other overlooked social groups, and give mobility of people from rural areas, different age groups and local tribes, which are able to use the provided motorcycle-taxi services.

In June 2021, the Group launched a women empowerment program in Kenya in cooperation with the Boda Boda Safety Association of Kenya to improve women's employment opportunities via initiating and financing a riding school and road safety training, as well as providing women with access to the boda boda job market, which is heavily dominated by men. The Group paid for the initial training of 150 women from vulnerable communities. Despite various challenges, the project is still ongoing.

Eleving Vehicle Finance provides a variety of products and services through developing different brands. The Group fills a funding gap, providing innovative financial solutions across the globe, which contribute to the empowerment of diverse communities, including local entrepreneurs.

Boda Boda Riding School in Kenya

By 2025, Eleving Group is committed to supporting the local SME environment and creating jobs in the mobility microbusiness industry in developing markets by offering more productive lending products and running local educational campaigns aimed at aspiring entrepreneurs. Collaboration with local NGOs and associations which promote productive lending as an opportunity to start a business will play an important role.

Responsible lending

As a responsible citizen of the global business community, Eleving Group encourages responsible lending, and its priority is to ensure that all services and lending decisions are transparent and clear.

Eleving Group companies always operate in full compliance with the local regulatory institutions (Financial Services Supervisory authorities, Central Banks, Consumer Right Protection authorities and/or Ministries of Finance). Eleving Group also follows its internal standards on responsible lending and fair treatment; one of the key principles of these standards is transparency. The Group makes sure that all the relevant information, including fees, key terms and conditions, legal documentation, and advertising is clear, understandable and accessible to clients.

Eleving Group's responsible lending principles

Eleving Group has two main business lines: secured lending via a finance lease and leaseback against the title of the vehicle and unsecured consumer lending. The Group's core focus stays on secured lending, which comprises more than 79% of the consolidated net loan portfolio as at 31 December 2021.

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

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

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

Each loan application undergoes the following steps:

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

This allows Eleving Group to assess counterparty risk properly. The approval rate is extremely rigorous: in the 12-month period from 1 January 2021 to 31 December 2021, of approximately one million new client loan applications, Eleving Group has kept an approval rate of 8.6% for vehicle finance and 17.6% for consumer finance.

Customer experience

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

Eleving Group has developed a customer service division with 1 134 full-time employees as at 31 December 2021, delivering highly efficient customer support in local languages across all markets. Eleving Group continuously works to improve customer satisfaction by creating personal contact with its customers through telephone calls, e-mails, chats, among others, to discuss product options, address customers' questions, inform customers of their payment due dates and encourage them to pay on time, discuss late payment arrangements, and help customers with their applications.

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

Eleving Group's customer service is provided in local languages and expedited through a network of call centers in all operating countries and branches in 13 of its 14 countries of operation.

To support its customers during the Covid-19 pandemic, The Group developed alternative ways of accepting payments, such as integration with paybox solutions, online payment providers, and remittance services.

Debt collection

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

Eleving Group has a debt collection team in each country utilizing debt collection measures that are fully compliant with local regulations. If the local regulations set out standards that are lower than in other countries where the Group operates, Eleving Group applies the higher standard.

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

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

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

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

Eleving Group does not employ controversial debt collection practices, such as using a continuous payment authority or siphoning money from customers' bank accounts. Such practices are controversial and will or may become illegal in certain jurisdictions. Due to this fact, and from the customer relations and loyalty perspective, Eleving Group strongly believes that its business model is more sustainable than the one of those lenders who engage in these types of debt collection.

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

Increasing financial literacy

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

By 2025, the Group aims to run at least one campaign on informed financial decision-making in each of the Eleving Group markets. Also, the launch of an interactive tool on the Eleving Group websites in all 14 markets is projected. Other initiatives will include engaging in public programs and running a group-wide awareness-raising campaign on financial literacy. It is forecasted that by 2025, a total of 500 000 people could be directly and indirectly engaged in the various initiatives.

Practicing responsible business conduct

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

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

Anti-bribery and corruption policy

Eleving Group is committed to complying with all applicable anti-bribery and corruption laws and regulations in the jurisdictions in which it operates and has zero tolerance towards bribery and corruption as activities that are inconsistent with the Group's core values.

The Group's Anti-Bribery and Corruption Policy defines bribery as offering, promising, giving, agreeing, accepting, or soliciting of an advantage as an incentive for an action that is illegal, unethical, or a breach of trust in exchange for the benefit of any kind. The benefit can take many forms, such as money, loans, fees, lavish gifts, rewards, or other advantages [taxes, services, donations, favors made to a relative, friend, or favored cause]. However, corruption is defined as any unlawful or improper behavior that seeks to gain an advantage through illegitimate means. Bribery, abuse of power, extortion, fraud, deception, collusion, cartels, embezzlement, and money laundering are all forms of corruption, which the Group has zero tolerance against and which it tries to fight with all legitimate means possible.

The Anti-Bribery and Corruption Policy is the source of information and guidance for the Group's employees and is applicable to all employees within the Group, who have an obligation to follow these guidelines accordingly. The purpose of this policy is to clarify the responsibilities of Eleving Group, its management and its employees, and emphasize the zero-tolerance position on bribery and corruption. The core principles set out in this policy are:

- employees or third parties representing any of Eleving Group`s entities shall not offer, promise, give, request, accept, or receive bribes or other unfair advantages to facilitate our business;
- employees are prohibited from offering, giving, accepting, requesting, or agreeing to receive gifts, events, trips, and other arrangements unless such activities comply with the allowed limits and if they are open, moderate, and match clear business objectives and are appropriate for the nature of the business relationship;
- activities to strengthen and establish client and partner relationships shall be made in good faith and compliance with requirements set by Eleving Group;
- supporting contributions to the communities in which the Group operates and permitting reasonable donations to charities and sponsorships. Sponsoring and donations to charities shall be performed in an open and transparent manner;
- not giving donations to political parties, politicians, or political campaigns — Eleving Group is politically neutral.

In 2019, a special Economic Security Department was established at Eleving Group ensuring the following:

- personnel and business partner's control against economic security risks;
- cooperation with police and other partners regarding anti-fraud activities;
- audit on local car sales operations;
- audit of local repossession teams;
- audit on IT security in the Group;
- physical security checks [cash, branches, car parking places, video, etc.];
- education of employees on economic security-related matters.

In addition, other measures like centralized accounting and other payment supervision systems are used to increase the transparency of payment transactions. Over the recent years, Eleving Group has reduced the number of payments in cash to a minimum and strictly follows the dual control principle for digital payment transactions above a certain threshold.

Certain countries where Eleving Group operates pose higher corruption risks. According to the 2020 Transparency International Corruption Perceptions Index ranking countries by their perceived levels of public sector corruption from 1 [least corrupt] to 179 [most corrupt], the Group's key markets in terms of assets, growth, and profitability like Lithuania, Romania, Kenya, and Moldova were ranked 35, 69, 124, and 115, respectively.

The Group's employees have an obligation to fulfill their duties in an honest and ethical manner to earn and safeguard clients' and business partners' trust. They also have agreed to comply with internal rules and procedures, which specify the obligation to conduct themselves in an ethical, polite, and respectful manner towards other team members, clients, and partners. The team is carefully selected, and for certain senior positions, in-depth background checks are performed to prevent any possibility of criminal or corruptive elements. The Group has a zero-tolerance policy for any illegal activities or unethical behavior also towards other employees, clients, business partners, and the community.

During onboarding, new employees receive training and are committed to educating themselves, and following rules set out in all Group policies, including but not limited to anti-corruption and anti-bribery policies. Whenever a new policy is approved, or an existing policy is amended, the management of the respective subsidiary is responsible for the implementation of the said policy and employee training,

therefore it is estimated that up to 95% of employees dealing with clients and suppliers have received training on anti-corruption.

In 2021, no significant risks related to corruption had been identified; however, the Group continues to monitor the situation and is ready to act to prevent any potential risks of corruption.

Anti-money laundering and sanctions compliance

The challenges in the fight against money laundering are vast, and potential threats exist in every corner of the world. Eleving Group works hard to stay ahead of increasingly sophisticated criminals seeking to exploit the global financial system.

The Group's Anti-Money Laundering [AML] policies are aimed at preventing the risks of money laundering, terrorism financing, proliferation financing, breach of sanctions, or other illegal activities and compliance with the requirements of applicable sanctions laws and regulations. Given that the Eleving Group entities are located in multiple jurisdictions, these policies are tweaked to the various jurisdictions the Group operates in and takes into account not only the specific local legal requirements but also product nuances, the Group's AML practices, and international recommendations and guidelines, thus ensuring the highest level of AML compliance reasonably possible.

The country managers in each jurisdiction are responsible for the prevention of money laundering and compliance. Besides, at each of the Group's companies, there is an AML team made up of several AML specialists. The team works closely with various internal departments and committees, including the legal department and client support, to achieve AML-related goals and adhere to the international and local legal requirements.

Along with the internal know-your-client [KYC] investigative practices, Eleving Group uses a special information technology solution that enhances compliance and provides faster and more efficient AML checks. This allows to perform the required client due diligence and KYC checks, monitor and screen transactions, and report any suspicious transactions or infringements on sanctions, as well as enables to effectively evaluate the potential risks associated with each client and ensure that the Group adheres to the Group's policies and standards.

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

Insider trading and information barriers policy

Eleving Group`s Policy on Preventing Insider Trading, as well as the laws of many countries in which it operates, prohibit trading in securities [in our case debt securities or bonds] while in possession of material non-public information regarding the issuer.

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

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

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

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

In addition to the above, all Group's employees are requested to adhere to certain information barriers to protect insider [price sensitive] information. This includes:

- prevention of confidential information from being shared with individuals who are not authorized to know such information;
- restricting access to potentially material non-public information to those persons who do not necessarily need to see it in order to perform their employment duties;
- addressing actual or potential conflicts of interest among business activities.

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

Whistleblowing system

Eleving Group cares for integrity, compliance, and ethics and believes part of building a culture of trust is learning to speak up when something is not right so that the Group can address the problem.

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

To facilitate the reporting of potential or suspected misconduct, improper activity, and illegal activity within or in relation to Eleving Group, including activity related to bribery and corruption, Eleving Group in 2019 implemented a whistleblowing reporting system. In 2021, the new solution was developed using a secured webform — TrustLine — where all employees and external stakeholders of each market the Group operates in can report suspected, experienced, or witnessed misconduct securely and confidentially.

TrustLine is an anonymous form available to report concerns related to misconduct, improper and/or illegal activity within or in relation to Eleving Group. This solution allows sharing concerns regarding violations of the Group's policies, local laws, regulations, fraud, and corruption without fear of negative consequences or retributions. Eleving Group ensures that the reporting on actual and potential conflicts of interest is confidential, and the reporting employees, clients, and suppliers are protected from discrimination and retaliation. TrustLine is monitored and reviewed by a competent Whistleblower report coordinator, who diligently follows up on the reports and examines the concerns. If a further action or investigation is necessary, the coordinator reports to competent institutions, bodies, offices, or agencies, as appropriate.

In 2019, one whistleblower report was received [in Lithuania]; in 2020 – three reports [Moldova, Lithuania, Bulgaria]. All of them were related to working environment matters and did not need interference from the outside; therefore, they were resolved internally. In 2021, zero whistle-blower reports were received.

Human rights statement

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

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

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

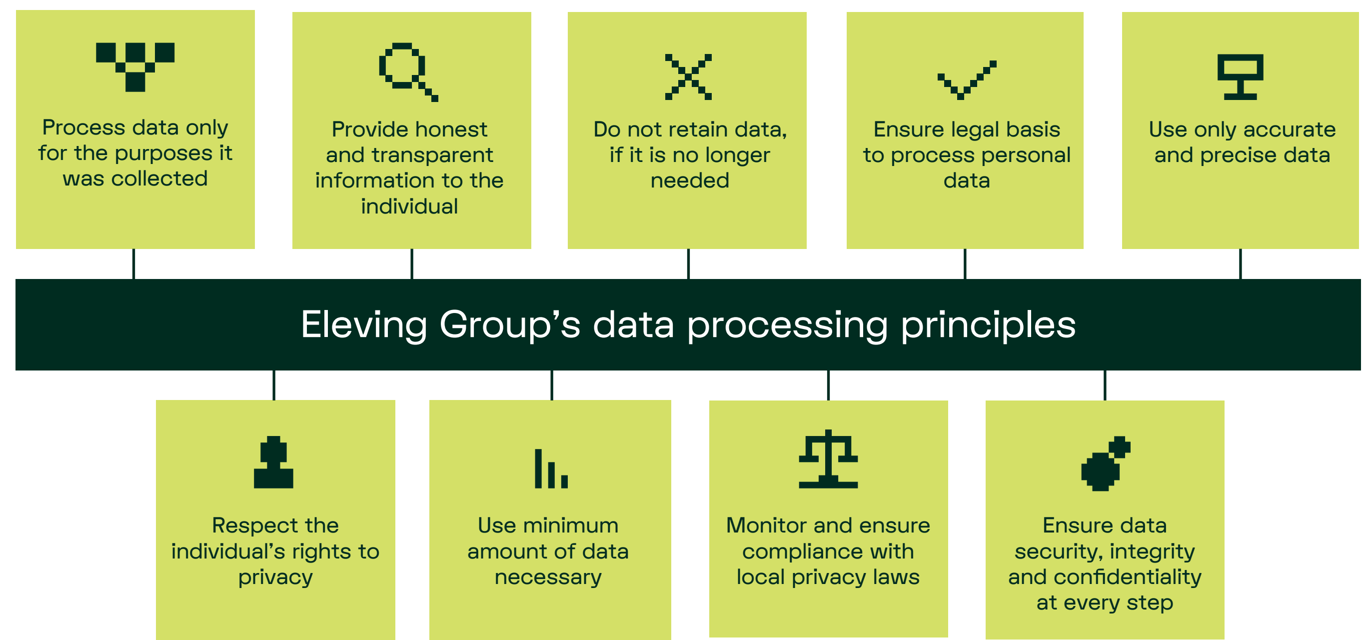
Child and forced labor statement

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

Data privacy

Eleving Group protects its customers`, employees`, and partners` privacy and ensures compliance with the applicable data protection laws and regulations. As business entities of Eleving Group enter new markets and its customer base grows, the work on data privacy is ongoing. Globally, more than 500 000 customers, 2 481 employees, and 2 000 partners have entrusted Eleving Group with their personal data.

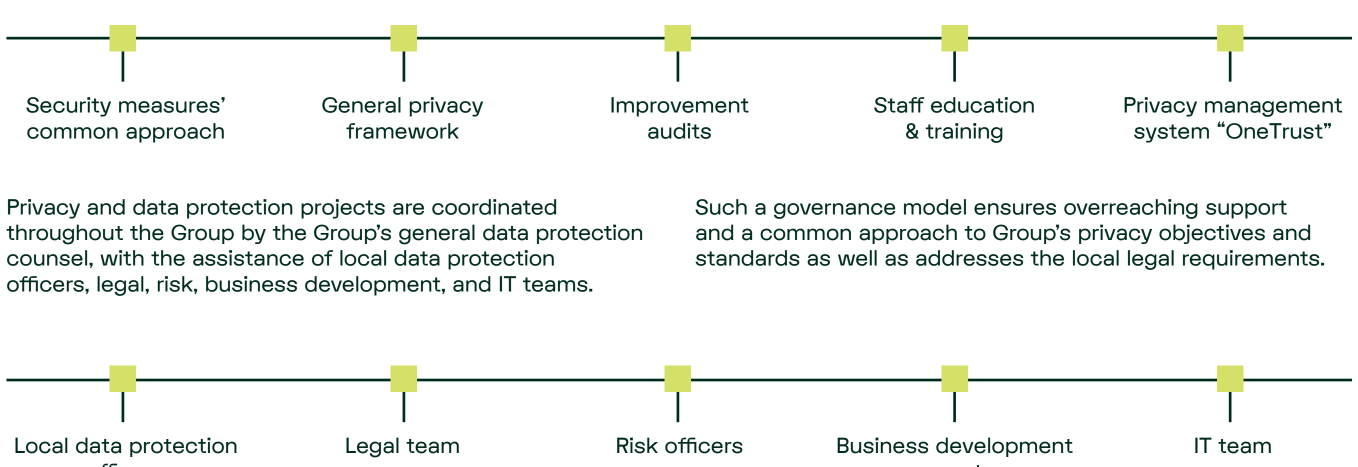
The Group's goal is to ensure that this information is processed securely and in accordance with applicable laws and regulations. To achieve this, goals and internal requirements are set and followed when dealing with personal data.



As Eleving Group operates in different markets and jurisdictions, it is a subject not only to the General Data Protection Regulation No. 679/2016 of the European Parliament and of the Council [GDPR] but also to different national requirements for personal data protection. At entities located in the European Union, the Group has carried out multiple privacy-related external audits, reviewed its procedures, and adopted documentation to address GDPR requirements and

improve data protection standards. All Eleving Group business entities have adopted the same general privacy framework, complemented by additional local requirements. Eleving Group strives to achieve a unified approach across the Group and provide a high level of technical and organizational security measures.

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



Privacy and data protection projects are coordinated throughout the Group by the Group's general data protection counsel, with the assistance of local data protection officers, legal, risk, business development, and IT teams.

Such a governance model ensures overreaching support and a common approach to Group's privacy objectives and standards as well as addresses the local legal requirements.

In 2021 no substantial complaints were received concerning personal data protection and privacy.

Sustainable supply chain

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

The Eleving Group business depends on certain services provided by third parties such as banks, local consumer credit agencies, IT service providers, and debt-collection agencies. An inability to maintain existing business relationships with banks, local consumer credit agencies, IT service providers, debt-collection agencies, and other third-party providers or the failure by these third-party providers to maintain the quality of their services or otherwise provide their services to the Group may have a material adverse effect on the Group's business, financial condition, results of operations, prospects, or cash flows.

With an aim to minimize the Group's external costs and risks when new business relationships are established with a new or existing supplier, Eleving Group has developed internal procurement guidelines in line with the Group's strategic direction and internal and external regulations. Employees have an obligation to screen suppliers against economic sanctions list, perform sanity checks [tax debts, overall reputation], and conduct general research on whether the suppliers have adopted their own code of conduct and follow good corporate practices. Most supplier agreements are entered into for a period shorter than one year, and before the extension of an agreement, the said procedures are repeated. Since it is important for Eleving Group to choose suppliers with similar values and responsible business conduct, the Group plans to invest in improving the supplier selection process. The goal by 2025 is set to assess all key suppliers according to the Group's ESG criteria.

In 2022, as the first step, Eleving Group plans to create its Code of Conduct for Suppliers, including but not limited to principles regarding the environment, occupational safety, human rights, business ethics that communicate the Group's core values and expectations of vendors and service providers. The enforcement of the Code of Conduct for Suppliers will be ensured by the development of supplier assessment procedures, such as self-assessment questionnaires and supplier audits.

Currently, the Group mainly outsources certain IT services, such as software development, data center, and technical support.

Operational and strategic highlights

- Record-high twelve-month amount of loans issued marking a significant year-on-year growth of 108%
- Substantial increase in performance levels [Key Performance Indicators]:
  - annual adjusted revenue up by 74% [year-on-year], surpassing EUR 153 million in 2021;
  - annual adjusted EBITDA up by 74% [year-on-year], reaching EUR 60.6 million in 2021;
- Continued diversification of business and a balanced revenue stream from the 3 core business lines:
  - flexible lease and subscription-based products contributed EUR 27.3 million to the annual revenue — a more than threefold increase year-on-year [EUR 8.0 million in 2020]. Primarily driven by growth in motorcycle-taxi financing in Kenya and Uganda, and successful rollout of rental and subscription products in the Baltics;
  - lease and leaseback product revenue at a stable EUR 58.1 million, bouncing back from the slowdown caused by the Covid-19 pandemic in 2020, as well as rationalization of some markets over the 2020–2021 period;
  - consumer lending products generated EUR 58.1 million in revenue — an all-time high and a direct result of the substantial portfolio growth throughout the year, mainly driven by the introduction of longer maturity and higher ticket installment loans and credit line products across multiple consumer finance markets.
- Continued digitalization and automation of the processes and sales channels, facilitating processing of more than 200 000 applications and scoring more than 100 000 clients per month.
- With the help of sustainability consultants, Eleving Group conducted a materiality analysis to align the Group's stakeholder expectations with the current and forthcoming regulatory requirements. The Group's headquarters underwent a carbon footprint assessment to minimize its climate impact; the Group will hold the course toward a carbon-neutral company and engage in offsetting activities in 2022.

Financial highlights and progress

- Record profitability as evidenced by:
  - Record-high EBITDA — EUR 50.8 million [12M 2020: EUR 34.8 million] and adjusted EUR 60.6 million;
  - Net Profit before FX — EUR 8.6 million [12M 2020: EUR 4.9 million] and adjusted — EUR 18.4 million;
  - Net Profit after FX — EUR 9.7 million [12M 2020: EUR -6.2 million] and adjusted — EUR 19.5 million.
- Record-high portfolio — EUR 245.6 million, a EUR 44.1 million increase year on year; Eleving Vehicle Finance accounted for EUR 183.9 million, Eleving Consumer Finance — for EUR 61.7 million, respectively.
- Eleving Group's funding maturity profile was extended by five more years due to successful Eurobond issuance and settlement on 18 October 2021. New secured Eurobonds were issued at par with an annual interest rate of 9.5% and maturity in 2026.
- Fitch Ratings assigned a senior secured debt rating of 'B-'[1] with a Recovery Rating of 'RR4' to Eleving Group's new Eurobonds.
- Additionally, Eleving Group announced an issuance and settlement of EUR 25 million subordinated bonds in order to refinance existing shareholder loans as well as further strengthen Group's capital structure.

[1] B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, the capacity for continued payment is vulnerable to deterioration in the business and economic environment.

Comment from Eleving Group CEO and CFO

Modestas Sudnius
Eleving Group CEO

We began 2021 with a clear goal of keeping our strategic focus on the Group's existing markets and pursuing steady growth. In retrospect, I can conclude that not only was our strategy accomplished but also surpassed. Sustained annual growth of our performance levels is the best evidence for that. Our sales, annual revenue, and EBITDA have grown by at least 50%, proving the strength of the Eleving Group business model. Effective risk management through automated solutions, state-of-the-art IT systems, and established sales channels were the core pillars in achieving results.

While keeping our focus on the existing geographies, Eleving Group also launched a variety of new products. From subscription and rental services in the Baltics to long term credit line solutions in Moldova. The successful launch of these products shows the company's ability to meet the changing customer needs and will play an important role in strengthening the Group's leading market position in the future.

Throughout the year, we recorded strong growth in productive lending operations in Africa. By providing local entrepreneurs with affordable access to owning a moto-taxi, we have created thousands of jobs and improved the drivers' income.

During the last year, Eleving Group has laid a firm foundation for sustainable operations following ESG principles, and we are proud of the tangible results achieved across multiple social and environmental initiatives. Going forward, we aim to incorporate more and more sustainability-focused products into our business and focus on improving our non-financial reporting practices.

Māris Kreics
Eleving Group CFO

2021 marks the best year in Eleving Group's 9-year history since its inception in 2012. The following achievements across three main areas are worthy of mention.

First, the Group's operational excellence and healthy balance sheet. Both have been forged by the Group's adjusted EBITDA of EUR 60.6 million, exceeding the previous year's result 1.7 times.

Second, in 2021, the Group refinanced all of its bond liabilities by issuing new Latvian bonds in the amount of EUR 30 million and refinancing previous Eurobonds with a new senior secured bond simultaneously raising more capital which resulted in a new EUR 150 million Eurobond with maturity in 2026. The year 2021 was closed with the issuance of subordinated bonds worth EUR 25 million, which enjoys the equity credit from the rating agency's perspective. It is worth mentioning that the extraordinary fundraising year left a one-off refinancing expense of EUR 5.7 mln in the Profit and Loss statement that we consider money well spent.

Third, we have spent a considerable amount of time optimizing our balance sheet; as a result, we have either divested or written off several of our rundown markets, freeing up resources for the active ones. This repositioning took a one-time toll on our Profit and Loss statement due to loss on measurement to fair value less costs to sell of the disposal groups in the amount of EUR 3.1 mln [Note 20] as an one-off expense. We have also been successful at monetizing a number of receivables on our balance sheet ahead of time, reinvesting them in productive assets – our net loan and used rental fleet portfolio, which now stands at EUR 245.6 million.

To conclude, a one-time extraordinary expense of almost EUR 10 million has not affected the profitability of the Group, which has achieved EUR 9.7 million of total comprehensive income in 2021, thus positioning itself for an operational and financial uplift in 2022.

Future outlook

Eleving Group's management is set to pursue sustainable growth in its existing markets while gradually exploring new potential business opportunities in the current and new geographies.

The Group's strategy in vehicle finance is to enable social mobility, focusing on two kinds of markets – developed and emerging. In the developed markets [Europe], the strategic goal is to become the leading mobility platform offering a wide range of products in used vehicle financing, premium car financing, and subscription-based products for greater flexibility, such as rent-to-buy schemes and new car subscriptions. The Group also aims to kick-off an electric car-sharing project in Latvia in 2022. In the emerging markets [Africa and Central Asia], the strategy is to drive organic growth in core segments by focusing on productive lending that supports local entrepreneurs and taxi drivers, introducing more flexible subscription-based products, launching multiple social impact products targeted at decreasing unemployment and building a strong vehicle fleet management infrastructure.

Eleving Group also plans to expand its geographical footprint further and launch two new vehicle finance markets in 2022. The Group is performing thorough market research in multiple jurisdictions, focusing on Scandinavian markets for traditional lease and finance lease products and exploring opportunities to further expand its productive lending operations in Africa or Latin America. In 2022, the Group does not expect to build significant portfolios in the newly launched markets; rather tests the markets and prepares for scale-up of operations in the coming years.

The consumer finance business strategy includes further expansion of the product range by utilizing existing databases and shifting the portfolio to longer maturity and higher-ticket loans to secure long-term income streams. The strategy also envisages an increase in bricks-and-mortar presence through partnerships with local retailers. This showed great potential in 2021, and the Group will continue this strategic direction going forward.

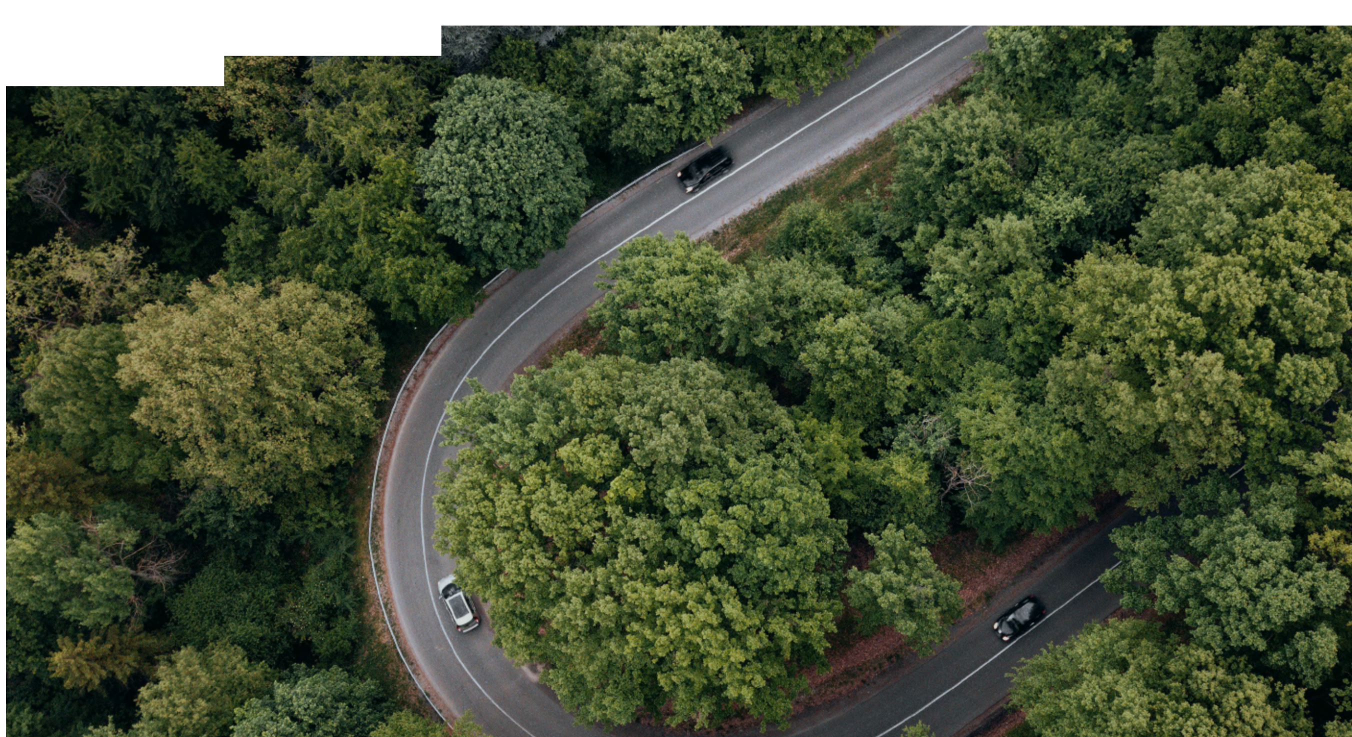
The core strategy for developing both business lines – vehicle and consumer finance – is to maintain a similar product mix with 3/4 of the portfolio secured and up to 1/4 of the portfolio unsecured

The Group also has a strategic focus on continuous digitalization of processes across the Group, including further automation of loan issuance and underwriting processes for efficient resource allocation and further development of sales channels, like the launch of the latest version of the car portal across all vehicle finance markets and upgrading partners` [POS/Dealerships] sales tools.

Group's capital management strategy focuses on maintaining and strengthening financial covenants, particularly, interest coverage ratio [ICR], leverage ratio, and capitalization ratio. The Group also plans to explore routes for attracting outside equity.

To demonstrate the Group's compliance with the ethical standards of the industry and the national and international frameworks on sustainability, Eleving Group has chosen to make sustainability commitments and align its practices with the United Nations Sustainable Development Goals. The Group kicked off corporate sustainability reporting in 2021 and entered 2022 with extended and improved long-term ESG goals focusing on environmental, social, and governance aspects. The Group will pay significant attention to the following:

- environmental criteria: monitoring of the impact, educating customers, launching mobility products with low CO2 emissions;
- social criteria: Eleving Group employee wellbeing and development and financial literacy in society;
- governance criteria: balanced gender diversity and transparent ESG reporting practices.



Products & strategy

	Mobility					Inclusion
	Financing		Flexible lease and subscription			Consumer lending
Products & services	mogo Leasing for pre-owned vehicles	primero Leasing for pre-owned premium vehicles	RENTI Rent-to-buy service for ultimate flexibility	Boda loans mogo Motorcycle taxi loans in emerging markets[1]	New: vehicle subscription services[2] All inclusive vehicle as a service product	Kredo.al Tigo.mk Sebo.md INSTA FINANCE Consumer loan products available online and through branch networks
Product strategy	Maintain organic growth in existing markets	Rollout the product across all of the Group's European markets	Rollout the product across all of the Group's EU markets	Maintain organic growth, with the possible launch of a new market in 2022	Launch and scale new product in the Group's European markets	Shift portfolio to longer maturities and higher ticket loans to serve wider customer needs

Processes

Further automation of loan issuances and underwriting processes for seamless customer experience and efficient resource allocation.

- Further development of sales channels:
- Launch of updated car portal across all Vehicle Finance markets
- Upgrade partners [POS/Dealerships] sales tools

Capital management

Continuous improvement in financial covenants — Interest coverage ratio [ICR], Net leverage ratio and Capitalization ratio and target rating upgrade.

Exploring routes for attracting outside equity.

Capital management

Implementation of a strategic ESG management system in collaboration with the leading Baltic sustainability consultant.

Development of long-term goal system based on stakeholders` survey and materiality analysis

Regular annual non-financial reporting process in place

Addressing war in Ukraine

Group is closely following the situation in Ukraine and its top priority is to ensure the safety of Eleving Group employees and their families. Due to the unstable economic and political situation, the Group has decided to scale back activities in Ukraine and Belarus – in line with the crisis management plan – in an orderly and controlled manner.

Eleving Group is not planning any new issuances for the foreseeable future in both markets and will focus on collection activities while maintaining a lean cost structure. Group sincerely hope for an end to the conflict and thus a return to a normalized situation.

In the light of events related to the war in Ukraine, the Group's management has assessed the impacts on the Group's ability to continue as a going concern. The Group has performed a quantitative analysis with a set of critical scenarios of the Group's operations, assuming cessation of new loan issuances in Ukraine. For details, please refer to Notes 2 and 50.

[1] Kenya and Uganda

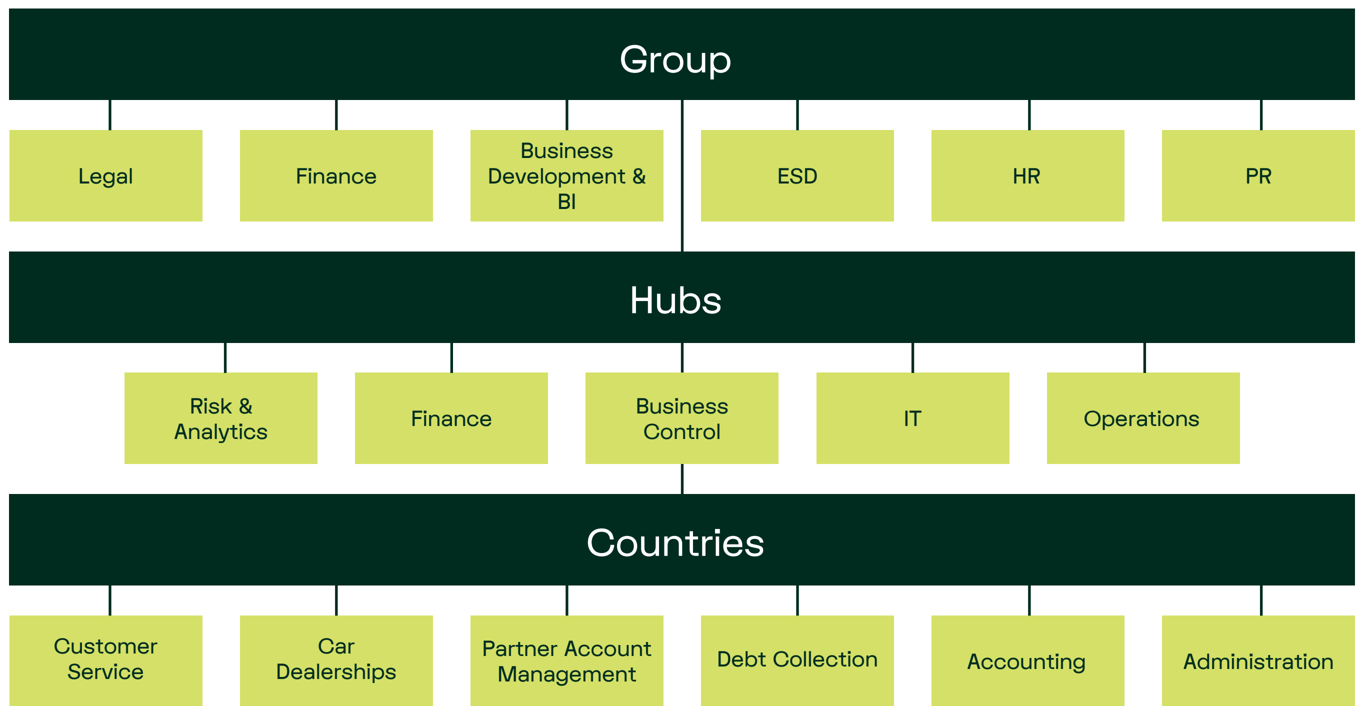
[2] New car subscription services launched in Latvia in 2021 Q4

Corporate governance

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

In 2021, the Group continued to operate in 14 active markets. Each country's subsidiary is entitled to take operational decisions regarding its business activities. Countries in a particular region are organized in clusters ["Hubs"] coordinated by sub-holding companies controlled by the parent company.

Multilayer structure



Group functions

- Fundraising;
- Consolidation;
- Hub management;
- Strategy;
- Reporting;
- Compliance.

Hub functions

- Operational excellence;
- Reporting;
- Risk management;
- Compliance;
- Analysis and data management;
- Country-level management.

Country-level functions

- Sales;
- Operational execution [debt collection and customer service];
- Policy implementation;
- Administration;
- Local regulatory compliance.

The share capital of the Group is indirectly held by the four founders of the Group [approximately 90%] and by present and former employees of the Group. On 5 May 2015, the shareholders of the Group entered into a shareholders' agreement, amended from time to time [the "Shareholders' Agreement"]. The Shareholders' Agreement provides that, among other things, [i] all shareholders [unless such shareholder ceases to be an employee of the Group] need to be present or represented at a shareholders' meeting; [ii] resolutions on certain material matters, including the

appointment of auditors and entry by the Group into material contracts, need to be passed unanimously [provisions to overcome deadlock scenarios are foreseen]; and [iii] limitation on the transfer of rights, tag-along, drag-along, and right of first refusal.

The share capital of Eleving Group is entirely held by its shareholders [see the Table below].

Largest shareholders, 31 December 2021

Share of capital and votes, %	2021
SIA "AK Family Investments"	43.59%
AS Novo Holdings	14.56%
AS Obelo Capital	14.56%
LVS Limited	14.56%
Other shareholders	12.72%
Total	**100%**

Powers of the shareholder

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

General powers of the directors/the board

The Group is currently managed by a board of directors [the "Board"] whose members have been appointed as type A Directors and type B Directors by the shareholders' general meeting of the Group. In accordance with Luxembourg Company Law, each type A Director and type B Director may be removed at any time without cause [révocation ad nutum].

Meetings of the Board are convened upon request of the chairman of the Board or any two Directors of the Group as often as the interest of the Group so requires. The meetings of the Board are validly held if, at the commencement of the meeting, at least one type A Director and one type B Director is present or represented, and decisions are validly taken by the majority of the Directors present or represented [including at least one type A Director and at least one type B Director]. Any Director may represent one or more other Directors at a Board`s meeting. The Board of the Group may, from time to time, delegate its power to conduct the daily management [gestion journalière] of the Group to one or more Directors, i.e., the managing director[s] [administrateur[s] délégué[s]], commit the management of the affairs of the Group to one or more Directors or give special powers for determined matters to one or more proxy holders.

Pursuant to its articles of association, where the Group is administrated by the Board comprising several categories of Directors, it shall be bound by the joint signatures of a type A Director and a type B Director. Thus the "four eyes" principle is established.

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

Modestas Sudnius

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

Māris Kreics

Appointed as Director in 2018 and as CFO of the Group in 2015. Māris spent two years in a corporate finance role at Tet [previously Lattelecom], the biggest telecommunication services company in Latvia. Before that, Māris spent seven years at PwC, two years in New York working exclusively on one of the largest [top 5 by market capitalization] S&P 500 Tech company's lead audit team. Māris is a CFA charterholder and a member of ACCA, the global body for professional

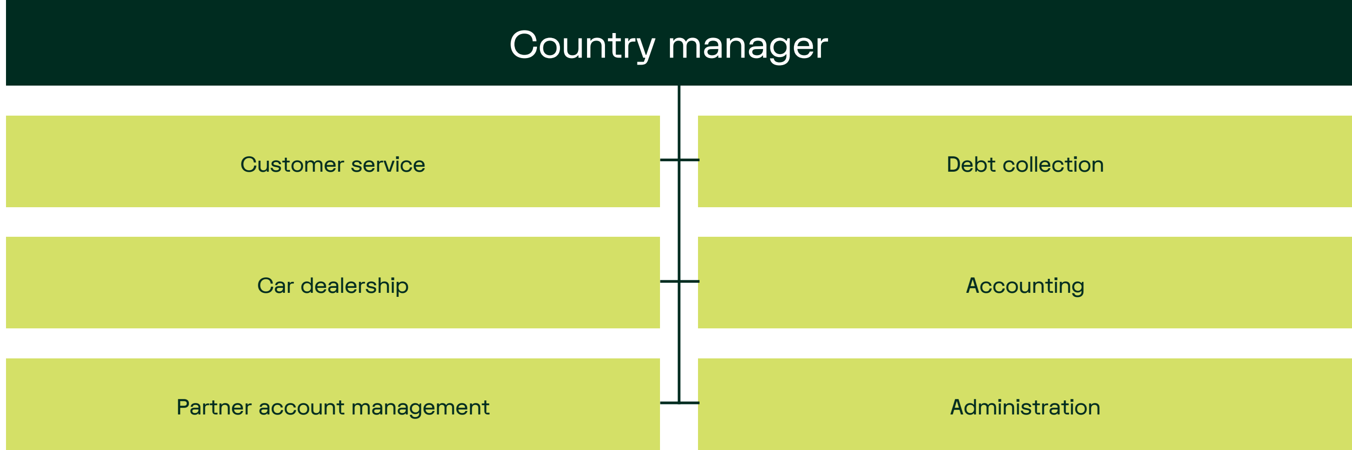
accountants. Māris holds a bachelor's and master's degree in finance from the BA School of Business and Finance in Riga.

Delphine Glessinger

Appointed as Director in 2018. Delphine is also a Senior Legal Administrator at Centralis S.A. Previously, she held a Legal Trust Officer position at Citco Corporate and Trust for more than eight years. Delphine holds a law degree from Université de Haute-Alsace Mulhouse-Colmar, a bachelor's degree in Administrative and Legal studies from the University of Lincoln, and a bachelor's degree in international business from Université Nancy 2.

Attila Senig

Appointed as Director in 2020. Since 2011, Attila has worked at Centralis S.A., where he currently acts as a Client Services Director. Attila is a qualified tax advisor and chartered accountant with extensive experience in accounting and outsourced corporate services in Hungary and Luxembourg. Attila's academic credentials include a degree in finance [specializing in taxation] and an affiliation to the Chamber of Hungarian Auditors. He is also accredited with a Luxembourg Tax Diploma.



Audit Committee

In 2019, the Group established an audit committee. The audit committee oversees the Group's financial reporting process to ensure transparency and integrity of published financial information, the effectiveness of the Group's internal control and risk management system, the effectiveness of the internal audit function, effectiveness of the independent audit process of the Group, including recommending the appointment and assessing the performance of the external auditor, and effectiveness of the process for monitoring compliance with laws and regulations affecting financial reporting and the code of business conduct [where applicable].

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

Risks and risk management

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

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

- to establish the framework required for the identification of significant risks;
- to assess exposure to significant risks;
- to establish the techniques and indicators to be used for the management of significant risks, including with reference to the adequacy of the limits system;
- to allocate the risk management duties within the entity;
- to establish the framework required for risk reporting [reporting typology– indicators, content; frequency, users];
- to establish the entity's risk profile in line with the entity's business strategy; and
- to establish the measures required for addressing the conflicts of interests at the level of the risk management function and the conditions required for the independent exercise of the risk management function.

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

- risk identification;
- risk management;
- risk monitoring;
- risk control.

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

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

- liquidity risk;
- credit risk;
- market risk [including currency risk and interest rate risk].

The Group's overall risk management focuses on financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures carried out by the central treasury department [the Group's treasury].

The Group controls its liquidity by managing the amount of funding it attracts through peer-to-peer marketplace platforms for loans, which provides the management greater flexibility to manage the level of borrowings and available cash balances. Also, the Group manages its longer-term liquidity needs by obtaining funding from international capital markets, in particular by issuing the Bonds and the AS mogo Notes.

The Group is exposed to credit risk through its finance lease receivables, loans, and advances, as well as cash and cash equivalents. The key areas of credit risk policy cover the lease and loan granting process [including solvency check of the lessee or the borrower], monitoring methods, as well as decision-making principles. The Group uses financed vehicles as collateral to significantly reduce the credit risk. The Group operates by applying a clear set of finance lease and loan granting criteria. These criteria include assessing the credit history of the customer, means of lease and loan repayment and understanding the lease object. The Group takes into consideration both quantitative and qualitative factors when assessing the creditworthiness of the customer. Based on this analysis, the Group sets the credit limit for each customer. When the lease agreement has been signed, the Group monitors the lease object and the customer's solvency. The Group has developed a lease monitoring process that helps quickly spot any possible non-compliance with the provisions of the agreement. The receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is minimized and, where appropriate, sufficient provisions are being made. The Group does not have a significant credit risk exposure to any single counterparty but is exposed to risks to the group of counterparties having similar characteristics.

The Group takes on exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in the interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility or market rates or prices, such as interest rates and foreign exchange rates.

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The most significant foreign currency exposure comes from Georgia, Armenia, Uzbekistan, Ukraine, and Moldova, where the Group has evaluated potential hedging options but, due to the costs associated with it, has decided not to pursue a hedging strategy for now and assume potential short to mid-term currency fluctuations with retaining potential upside from strengthening of the mentioned currencies. Nevertheless, the Group has a practice of pricing in the currency risk within the cost of its products in the most volatile markets from a foreign currency perspective.

In addition, the Group is making substantial progress in issuing as many loans as possible in EUR and USD currencies. Having now a significant portfolio of USD loans and leases, mainly linked to Belarus, Kenya, and Uganda, the Group has started to proactively manage the foreign currency exposure risk towards USD. The proactive management of USD exposure can be observed by forward contract purchases that have started already in 2020 and continued since then.

Cash flow interest rate risk means the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates, in particular, that the Group's income or the value of its portfolios of financial assets might be affected as a result. The management of Eleving Group believes that for the Group, interest rate risk is not material since all loans are issued and received at fixed rates and most of the borrowings as well as loans issued to customers are long-term.

Legal risks are mainly derived from regulatory changes, which the Group successfully manages with the help of an in-house legal department and external legal advisors that closely follow the latest developments and the legal environment. While the majority of Eleving Group operating entities are financial institutions, The Group is not regulated as a bank, payment institution, or e-money institution in any of its operating jurisdictions. The regulatory framework applicable to the Group's operating entities varies depending on the jurisdiction in which they are operating. The relevant regulations relate to, inter alia, lending and leasing activities, consumer rights protection, the processing of personal data, debt collection, and the prevention of money laundering and financing of terrorism.

The Group's operational risks are managed by successful underwriting procedures in the loan issuance process as well as efficient debt collection procedures.

Reputational risk is concerned with the exposure of Eleving Group to events that could adversely affect customers' trust in its products, could decrease its customer portfolio, or could lead to: [i] an increased difficulty in attracting new customers; [ii] difficulty raising financing sources; [iii] difficulty in retaining the employees; [iv] non-compliance with the requirements set forth by local authorities. The Group's reputational risk monitoring is performed, e.g., by monitoring the local and central media, monitoring Eleving Group's activity with the focus on the events that could expose the Group to a reputational risk [specifically those related to customer relations and the relationships with the supervisory authority] and monitoring the number of complaints received from customers.

Scientific evidence[1] suggests that climate change, and the associated need to transition towards an environmentally sustainable economy, will lead to changes in the real economy that will, in turn, impact the financial sector through new risks and opportunities.

In recent years, Eleving Group has become aware of the importance of ESG risks and has begun to work purposefully to manage them by developing its Strategic ESG Program 2022–2025 and initiating sustainability reporting. For Eleving Group, **ESG risks** include the following:

- climate change – changes in policy and regulatory context; timely development of innovative products and services, supporting the reduction of CO2 emissions and customer preferences; business interruption due to chronic [e.g., temperature increase, etc.] or extreme events [e.g., floods, etc.] on key company assets, i.e., physical risk;
- responsible use of natural resources – optimization of material cycles, in terms of recycling, waste, etc.,

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

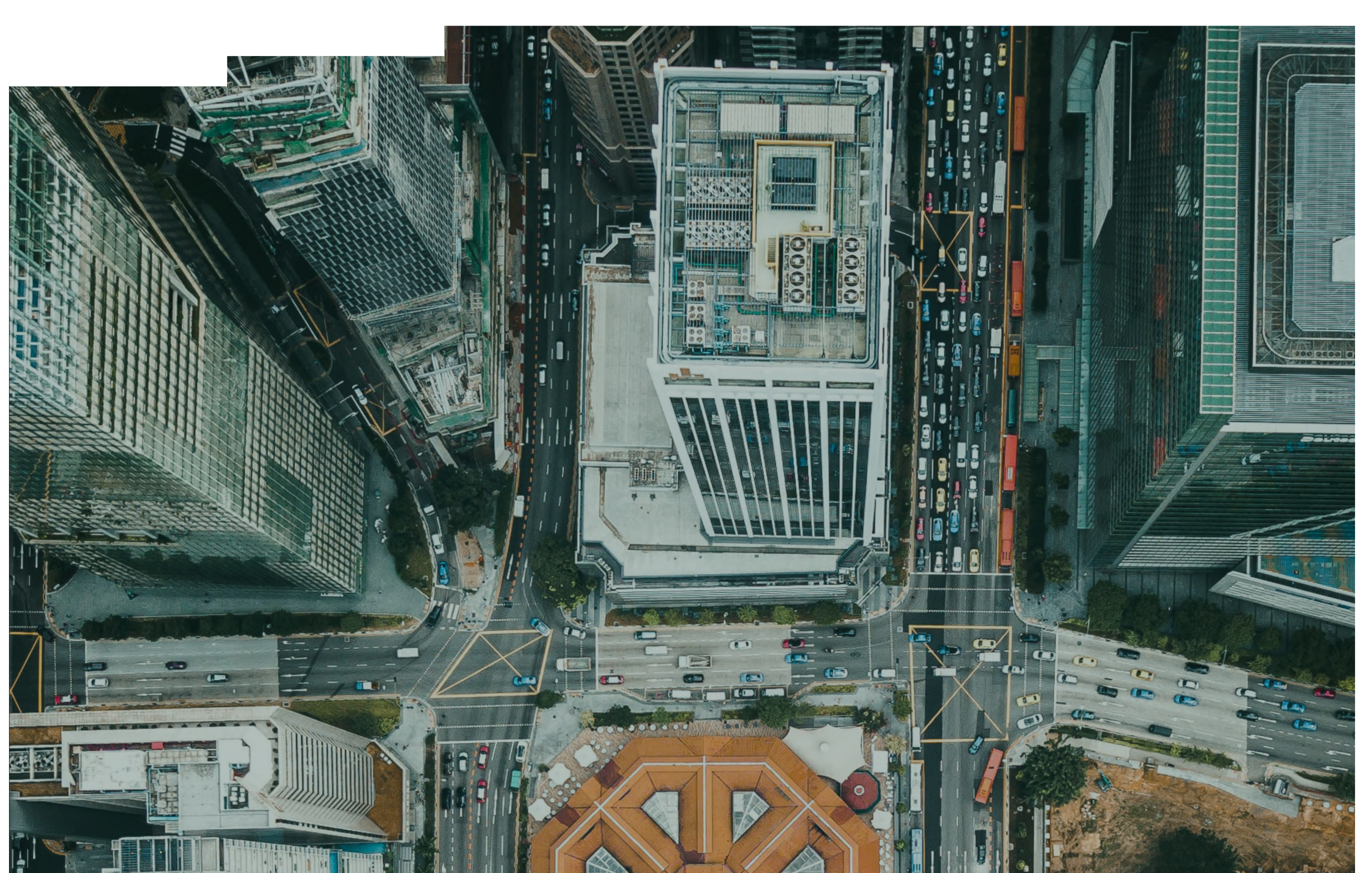
management; sustainable resource [water, electricity, etc.] management;

- human resources management – diversity, equal opportunities; health, safety, and well-being of employees; attraction, retention, and development of talents; employee training and development;
- responsible lending – compliance with legal and voluntary regulations;
- customers – customer relations [e.g., conduct, non-discrimination, mislabelling products]; customer data protection; evolving customer preferences regarding sustainable products; increasing use of digitalization and automation; affordable/accessible financial products;
- impact on local communities – providing access to finance for diverse groups;
- business ethics and integrity – prevention, detection, and countering unlawful behavior by employees, clients, and/or suppliers [incl. corruption, AML] and compliance with related international and national legislation.

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

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

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



Consolidated financial statements

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52 Consolidated statement of financial position
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55 Consolidated statement of cash flows
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General information

Name of the Parent Company	Eleving Group [formerly Mogo Finance]
Legal status of the Parent Company	Société Anonyme
Unified registration number, place and date of registration	B 174.457, Luxembourg, 18 December 2012
Registered office	8-10 Avenue de la Gare, L-1610, Luxembourg

Major shareholders

	31.12.2021
SIA AK Family Investments [Latvia]	43.59%
AS Novo Holdings [Latvia]	14.56%
LVS Limited [Malta]	14.56%
AS Obelo Capital [Latvia]	14.56%
Other shareholders	12.73%
TOTAL	100.00%

Directors

Māris Kreics [type A]	from 25.07.2018
Delphine Glessinger [type B]	from 14.09.2018
Modestas Sudnius [type A]	from 09.03.2019
Attila Senig [type B]	from 29.04.2020

Financial year	1 January - 31 December 2021
Previous financial year	1 January - 31 December 2020
Auditors	KPMG Luxembourg, Societe anonyme Cabinet de révision agréé 39 avenue John F. Kennedy, L-1855 Luxembourg

Consolidated Financial Statements

Consolidated Statement of Profit and Loss and Other Comprehensive Income

Continuing operations	Notes	2021 EUR	2020 EUR
Interest revenue	4	136 543 798	73 685 522
Interest expense	5	(28 203 219)	(24 877 404)
Net interest income		**108 340 579**	**48 808 118**
Fee and commission income related to financing activities	6	7 473 675	5 040 256
Impairment expense	7	(40 701 956)	(22 505 570)
Net gain/(loss) from de-recognition of financial assets measured at amortized cost	8	3 464 215	578 226
Bonds refinancing expense	9	(5 667 930)	-
Expenses related to peer-to-peer platform services	10	(1 041 330)	(948 940)
Revenue from leases	11	6 549 933	6 247 484
Revenue from car sales	12	110 659	50 299
Expenses from car sales	12	(112 024)	(59 019)
Selling expense	13	(8 209 741)	(2 567 196)
Administrative expense	14	(49 567 263)	(31 019 181)
Other operating income	15	859 392	14 282 767
Other operating expense	16	(6 323 808)	(5 501 509)
Net foreign exchange result	17	1 076 485	(11 061 815)
Profit before tax		**16 250 886**	**1 343 920**
Corporate income tax	18	(6 932 013)	(709 012)
Deferred corporate income tax	19	392 188	1 012 121
Profit from continuing operations		**9 711 061**	**1 647 029**
Discontinued operations			
Loss from discontinued operation, net of tax	20	(2 592 962)	(27 727)
Profit for the year		**7 118 099**	**1 619 302**
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial information of foreign operations to presentation currency		2 535 681	(1 518 423)
Other comprehensive income/(loss)		**2 535 681**	**(1 518 423)**
Total comprehensive Income for the year		**9 653 780**	**100 879**
Profit is attributable to:			
Equity holders of the Parent Company		2 115 384	2 045 501
Non-controlling interests		5 002 715	(426 199)
Profit for the year		**7 118 099**	**1 619 302**
Other comprehensive income/(loss) is attributable to:			
Equity holders of the Parent Company		2 480 567	(1 498 046)
Non-controlling interests		55 114	(20 377)
Other comprehensive income/(loss) for the year		**2 535 681**	**(1 518 423)**

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

Signed on behalf of the Group on 6 May 2022 by:

Māris Kreics
Type A director

Attila Senig
Type B director

Consolidated Statement of Financial Position

ASSETS

NON-CURRENT ASSETS	Notes	31.12.2021 EUR	31.12.2020 EUR
Intangible assets			
Goodwill	21	4 207 155	6 603 307
Internally generated intangible assets	21	7 530 576	5 868 613
Other intangible assets	21	2 734 414	2 338 498
Total intangible assets		**14 472 145**	**14 810 418**
Tangible assets			
Right-of-use assets	22, 23	9 095 695	7 500 117
Rental fleet	22	10 700 138	14 549 784
Property, plant and equipment	22	2 500 938	2 138 603
Leasehold improvements	22	615 310	443 330
Advance payments for assets	22	2 046	2 046
Total tangible assets		**22 914 127**	**24 633 880**
Non-current financial assets			
Finance lease receivables	24	64 417 410	60 433 229
Loans and advances to customers	25	54 708 877	37 935 401
Loans to related parties	26, 44	3 530 169	8 251 405
Equity-accounted investees	27	149 872	91 585
Other loans and receivables	29	723 098	187 315
Deferred tax asset	19	2 798 788	2 874 180
Total non-current financial assets		**126 328 214**	**109 773 115**
TOTAL NON-CURRENT ASSETS		**163 714 486**	**149 217 413**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale	28	3 763 734	1 600 343
Total inventories		**3 763 734**	**1 600 343**
Receivables and other current assets			
Finance lease receivables	24	47 942 305	34 025 363
Loans and advances to customers	25	67 783 267	54 496 491
Loans to related parties	26, 44	2 729 021	7 577 108
Other loans and receivables	29	2 207 045	2 681 817
Prepaid expense	30	1 672 422	1 932 932
Trade receivables	31	3 572 084	3 333 549
Other receivables	32	3 268 219	4 076 535
Cash and cash equivalents	33	10 127 087	9 315 430
Total receivables and other current assets		**139 301 450**	**117 439 225**
Assets of subsidiary held for sale or under liquidation	34	12 914 182	9 416 927
Assets held for sale	35	2 382 560	2 094 204
Total assets held for sale		**15 296 742**	**11 511 131**
TOTAL CURRENT ASSETS		**158 361 926**	**130 550 699**
TOTAL ASSETS		**322 076 412**	**279 768 112**

The accompanying notes are an integral part of these consolidated financial statements.
Signed on behalf of the Group on 6 May 2022 by:

Māris Kreics
Type A director

Attila Senig
Type B director

Consolidated Statement of Financial Position

EQUITY AND LIABILITIES

EQUITY	Notes	31.12.2021 EUR	31.12.2020 EUR
Share capital	36	1 000 000	1 000 000
Reserve	36	812 785	317 347
Foreign currency translation reserve		188 769	(2 291 798)
Retained earnings		22 265 753	22 874 235
brought forward		20 150 369	20 828 734
for the period		2 115 384	2 045 501
Total equity attributable to equity holders of the Parent Company		**24 267 307**	**21 899 784**
Non-controlling interests	36	7 122 787	338 439
TOTAL EQUITY		**31 390 094**	**22 238 223**
LIABILITIES			
Non-current liabilities			
Borrowings	38	229 757 374	166 696 463
Other non-current financial liabilities	43	-	66 508
Total non-current liabilities		**229 757 374**	**166 762 971**
Provisions	37	140 054	432 922
Total provisions for liabilities and charges		**140 054**	**432 922**
Current liabilities			
Borrowings	38	38 267 475	76 537 465
Liabilities directly associated with the assets held for sale or under liquidation	34	6 118 506	3 936 318
Prepayments and other payments received from customers	39	877 243	533 346
Trade and other payables		2 698 423	1 282 953
Current corporate income tax payable	18	3 697 322	784 197
Taxes payable	40	1 787 308	1 977 669
Other liabilities	41	888 273	1 877 198
Accrued liabilities	42	4 202 346	3 305 901
Other current financial liabilities	43	2 251 994	98 949
Total current liabilities		**60 788 890**	**90 333 996**
TOTAL LIABILITIES		**290 686 318**	**257 529 889**
TOTAL EQUITY AND LIABILITIES		**322 076 412**	**279 768 112**

The accompanying notes are an integral part of these consolidated financial statements.
Signed on behalf of the Group on 6 May 2022 by:

Māris Kreics
Type A director

Attila Senig
Type B director

Consolidated Statement of Changes in Equity

	Share capital EUR	Foreign currency translation reserve EUR	Retained earnings EUR	Reserve EUR	Total equity attributable to Equity holders of the Parent Company EUR	Non-controlling interest EUR	Total EUR
Balance at 01.01.2020.	**1 000 000**	**(793 752)**	**21 383 446**	**253 088**	**21 842 782**	**462 969**	**22 305 751**
Profit for the reporting year	-	-	2 045 501	-	2 045 501	(426 199)	1 619 302
Other comprehensive income	-	(1 498 046)	-	-	(1 498 046)	(20 377)	(1 518 423)
Total comprehensive income	-	(1 498 046)	2 045 501	-	547 455	(446 576)	648 334
Increase of share capital in subsidiaries	-	-	-	-	-	1 823	1 823
Sale of shares to NCI	-	-	(482 048)	-	(482 048)	512 836	30 788
Acquisition of NCI without change in control	-	-	(42 289)	-	(42 289)	(178 801)	(221 090)
Acquisition of non-controlling interests (NCI)	-	-	-	33 884	33 884	51 380	85 264
Dividends	-	-	-	-	-	(65 192)	(65 192)
Reserve (Note 36)	-	-	(30 375)	30 375	-	-	-
Balance at 01.01.2021.	**1 000 000**	**(2 291 798)**	**22 874 235**	**317 347**	**21 899 784**	**338 439**	**22 238 223**
Balance at 01.01.2021.	**1 000 000**	**(2 291 798)**	**22 874 235**	**317 347**	**21 899 784**	**338 439**	**22 238 223**
Profit for the reporting year	-	-	2 115 384	-	2 115 384	5 002 715	7 118 099
Other comprehensive income	-	2 480 567	-	-	2 480 567	55 114	2 535 681
Total comprehensive income	-	2 480 567	2 115 384	-	4 595 951	5 057 829	9 653 780
Decrease of share capital in subsidiaries	-	-	-	-	-	(91 500)	(91 500)
Sale of shares to NCI (Note 36)	-	-	(2 228 428)	-	(2 228 428)	2 241 437	13 009
Acquisition of NCI without change in control	-	-	-	-	-	(35)	(35)
Dividends	-	-	-	-	-	(423 383)	(423 383)
Reserve (Note 36)	-	-	(495 438)	495 438	-	-	-
Balance at 31.12.2021.	**1 000 000**	**188 769**	**22 265 753**	**812 785**	**24 267 307**	**7 122 787**	**31 390 094**

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

Signed on behalf of the Group on 6 May 2022 by:

Māris Kreics
Type A director

Attila Senig
Type B director

Consolidated Statement of Cash Flows

Cash flows to/from operating activities	Notes	2021 EUR	2020 EUR
Profit before tax		13 657 924	1 316 192
Adjustments for:			
Amortization and depreciation	21, 22	7 394 555	5 347 054
Interest expense	5	28 203 219	24 877 404
Interest income	4	(136 543 798)	(73 685 522)
Loss from disposal of property, plant and equipment	14	1 004 159	1 373 087
Impairment expense	7	40 701 956	22 505 570
Gain on acquisition of subsidiaries	15	-	(11 473 296)
Loss from disposal of subsidiaries/(gain on acquisition of subsidiaries)	20	3 100 925	-
(Gain)/loss from fluctuations of currency exchange rates		(3 612 166)	9 543 392
Operating profit before working capital changes		(46 093 226)	(20 196 119)
Decrease/(increase) in inventories		(2 163 391)	(952 225)
Increase in finance lease receivables, loans and advances to customers and other current assets		(86 150 557)	(17 630 721)
(Decrease)/increase in accrued liabilities		603 577	(83 224)
Increase in trade payable, taxes payable and other liabilities		5 524 504	7 241 819
Cash generated to/from operations		(128 279 093)	(31 620 470)
Interest received		135 990 793	73 559 119
Interest paid	38	(25 405 774)	(22 618 675)
Corporate income tax paid		(4 499 699)	(972 031)
Net cash flows to/from operating activities		**(22 193 773)**	**18 347 943**
Cash flows to/from investing activities			
Purchase of property, plant and equipment and intangible assets	21, 22	(5 994 430)	(3 919 107)
Purchase of rental fleet	22	(3 541 078)	(9 045 289)
Acquisition of a subsidiary, net of cash acquired		-	(4 132 469)
Disposal of discontinued operation, net of cash disposed of	20	(362 473)	(423 531)
Received payments for sale of shares in subsidiaries		1 268 182	5 280 400
Loan repayments received		19 339 778	3 269 702
Loans issued		(178 878)	(400 000)
Net cash flows to/from investing activities		**10 531 101**	**(9 370 294)**
Cash flows to/from financing activities			
Proceeds from borrowings	38	522 098 102	212 756 777
Repayments for borrowings	38	(500 911 788)	(216 327 206)
Payments made for acquisition costs of borrowings	38	(6 874 901)	(227 329)
Repayment of liabilities for right-of-use assets	38	(1 416 246)	(4 324 078)
Dividends paid to non-controlling shareholders		(423 383)	(65 192)
Payments for acquisition of non-controlling interests		-	(104 264)
Net cash flows to/from financing activities		**12 471 784**	**(8 291 292)**
Effect of exchange rates on cash and cash equivalents		2 545	(27 457)
Change in cash		**811 657**	**658 900**
Cash at the beginning of the year		9 315 430	8 656 530
Cash at the end of the year	33	**10 127 087**	**9 315 430**

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

Signed on behalf of the Group on 6 May 2022 by:

Māris Kreics
Type A director

Attila Senig
Type B director

Notes to the Consolidated Financial Statements

1. Corporate information

Eleving Group S.A. [hereinafter "the Parent Company"] is a Luxembourg company incorporated on December 18, 2012 as a Société Anonyme for an unlimited duration, subject to general company law. The consolidated financial statements of the Group include:

Subsidiary name	Country of incorporation	Registration number	Principal activities	% equity interest 2021	% equity interest 2020
Mogo LT UAB	Lithuania	302943102	Financing	100,00%	100,00%
Mogo Sp. z o.o.	Poland	7010514253	Financing	100,00%	100,00%
Mogo Iberia	Spain	B87587754	Financing	100,00%	100,00%
Mogo Albania SHA	Albania	NUIS L71528013A	Financing	100,00%	100,00%
Mogo Balkans and Central Asia AS	Latvia	40203150045	Management services	100,00%	100,00%
Mogo Leasing d.o.o.	Bosnia	4202540500009	Financing	100,00%	100,00%
Renti UAB	Lithuania	305653232	Financing	100,00%	100,00%
EL Investments OOO	Russia	7707457806	Financing	100,00%	-
Pocco Finance sp. z o. o.*	Poland	830343	Management services	98,70%	100,00%
Eleving Finance AS*	Latvia	40203150030	Management services	98,70%	100,00%
Eleving Vehicle Finance AS*	Latvia	42103088260	Management services	98,50%	99,42%
Mogo OU	Estonia	12401448	Financing	98,50%	98,80%
Mogo LLC	Georgia	404468688	Financing	98,50%	98,80%
Mogo UCO LLC	Armenia	42	Financing	98,50%	98,80%
Longo Georgia LLC	Georgia	402095166	Retail of motor vehicles	98,50%	98,80%
Longo LLC	Armenia	286.110.1015848	Retail of motor vehicles	98,50%	98,80%
Eleving Luna AS*	Latvia	40203145805	Management services	98,50%	98,80%
Mogo IFN SA	Romania	35917970	Financing	88,65%	91,25%
Eleving Stella AS*	Latvia	40103964830	Management services	88,65%	91,26%
Eleving Stella LT UAB*	Lithuania	305018069	Management services	88,65%	91,26%
Rocket Leasing OOO	Belarus	193553071	Financing	88,65%	-
Autotrade OOO	Belarus	192846476	Other services	88,65%	-
Mogo Loans SRL	Moldova	10086000260223	Financing	88,65%	91,26%
MOGO Kredit LLC	Belarus	192981714	Financing	88,65%	91,26%
Renti AS	Latvia	40203174147	Rent services	86,88%	96,83%
Mogo AS	Latvia	50103541751	Financing	86,88%	96,83%
Eleving Solis AS*	Latvia	40203182962	Management services	86,81%	87,55%
Eleving Solis UAB*	Lithuania	304991028	Management services	86,81%	87,55%
MOGO LOANS SMC LIMITED	Uganda	80020001522601	Financing	86,81%	87,55%
Mogo Auto Ltd	Kenya	PVT-AJUR7BX	Financing	86,81%	87,55%
Mogo Kenya Ltd	Kenya	PVT-BEU3ZKD	Financing	86,81%	87,55%
Mogo Lend LTD	Uzbekistan	305723654	Financing	86,03%	86,76%
Eleving Consumer Finance Holding, AS*	Latvia	40203249386	Management services	82,46%	100,00%
Kredo Finance SHPK	Albania	L71610009A	Financing	82,46%	100,00%
TIGO Finance DOOEL Skopje	North Macedonia	7229712	Financing	82,46%	100,00%
Eleving Consumer Finance AS*	Latvia	54103145421	Management services	78,62%	100,00%
Insta Finance LLC	Ukraine	43449827	Financing	78,62%	100,00%
Next Fin LLC	Ukraine	42273138	Financing	78,62%	100,00%
Hima UCO LLC	Armenia	53	Financing	78,62%	100,00%
Hima Finance	Armenia	286.110.1121811	Management services	78,62%	100,00%
OCN Sebo Credit SRL	Moldova	1017600000371	Financing	75,68%	96,26%
OCN SE Finance SRL	Moldova	1020600028773	Financing	75,68%	96,26%
Mogo Bulgaria EOOD [till 01.12.2021.]	Bulgaria	204009205	Financing	0,00%	100,00%
Mogo Kazakhstan TOO [till 01.03.2021.]	Kazakhstan	180940010094	Financing	0,00%	100,00%
FD Mogo krediti DOOEL [till 01.02.2021.]	North Macedonia	7342683	Financing	0,00%	100,00%
Mogo DOOEL [till 01.02.2021.]	North Macedonia	7273614	Financing	0,00%	100,00%
Avtopark-Slezheniye LLP [till 01.03.2021.]	Kazakhstan	200740017269	Other services	0,00%	87,55%

* - names of these entities have been changed during 2021.

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

Comparative figures for 2020 also include Risk Management Services OU [till 21.12.2020.] and Mogo Ukraine LLC [till 27.08.2020.]

These Consolidated financial statements have been approved by decision of the Board of directors on 06.05.2022.

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

2. Summary of significant accounting policies

a) Basis of preparation

These consolidated annual financial statements as of and for the year ended 31 December 2021 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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

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

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

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

The Group's presentation and functional currency is euro (EUR). The financial statements cover the period from 1 January 2021 till 31 December 2021. Accounting policies and methods are consistent with those applied in the previous years, except as described below.

Going concern

These consolidated financial statements are prepared on a going concern basis. In the light of events related to the war in Ukraine as described in Note 50, the Group's management has assessed the impacts on the Group's ability to continue as a going concern.

The Group is following the situation in Ukraine very closely and greatly regrets the current development. The Group's top priority is to ensure the safety of its employees. So far, only the business activities in Ukraine are directly affected, while further development in Belarus is being closely evaluated.

With less than 4% of the total net portfolio and 6% of the Group's EBITDA, Eleving Group has a limited presence in Ukraine . Already in the prewar period, the Company had significantly curtailed new issuances and stopped them completely as of 24 February 2022. Currently, Eleving refrains from strict collection measures and offers all its customers to defer payments without additional fees or interest being calculated. Collections from the portfolio declined significantly, although considerable payments are still being made by customers daily. Given the digital-only business in Ukraine, the scale back of the local portfolio is not exposed to any material risks. The Company is not planning any new loan issues for the foreseeable future and will focus on collection activities while maintaining a lean cost structure. Eleving Group is focused on supporting its employees and their family members in Ukraine.

The scope and impact of possible sanctions against Belarus as a result of its engagement alongside the Russian Federation is being analyzed, but management cannot fully estimate the impact. The net loan portfolio in Belarus accounts for 8% of the Group's total net loan portfolio and 8% of the Group's EBITDA as of 31 December 2021. Although the business activity in Belarus historically shows the greatest resilience of the operating countries against crises of various kinds, Eleving Group has decided to stop issuances in Belarus as of 24 February 2022 and focus on reducing the existing exposure. The Company is optimizing its costs structure in Belarus and is putting full focus on collection activities and incentivizing customers to repay their outstanding loans early. At this point, collections are unaffected, and the Company is receiving a significant amount of positive cashflows, with a focus on developing several secure ways to transfer foreign currency out of Belarus. Excess cash is being repatriated to EU countries.

Eleving Group itself is not a sanctions target and does not maintain business relations with Russian banks. The proactively initiated contingency management to ensure business continuity includes, in particular, real-time assessment of the situation in the affected countries of operation, liquidity management, and securing foreign exchange transfers outside the borders of sanctioned countries.

The Group has performed a quantitative analysis with a set of critical scenarios of Group's operations assuming cessation of new loan issuances in Ukraine and Belarus. The key assumptions of this analysis include entirely stopped issuance of new loans and severe cost reduction related with the issuance of new loans in both markets. The analysis includes two scenarios and the key assumptions are as follows:

Ukraine

Baseline scenario:

The baseline scenario considers a full stop on loan issuances starting 24 February 2022.

During the current environment of ongoing warfare in Ukraine the further operations there are deemed to be virtually impossible therefore a full wind-down of the business in Ukraine is assumed.

A prolonged war related disruptions to the eastern parts of Ukraine are expected that would in turn imply very minimal economic activity, while at the same time also more western parts of Ukraine are expected to suffer a continuous pressure on any economic activity, both factors resulting in very low portfolio recoveries to be expected in the future. 25% of the portfolio as of 31 December 2021 is expected to be recovered by the end of December 2022 with the remaining portion impaired.

Additionally, the operations have been substantially optimized in the Ukraine starting already in March 2022, with only critical functions together with debt collection departments largely remaining intact. Until the full stop of all operational activities in December 2022, the company is expected to be cash flow positive for 6 months in the period after February 2022.

Pessimistic scenario:

The pessimistic scenario considers a full stop on loan issuances starting 24 February 2022.

During the current environment of ongoing warfare In Ukraine the further operations there are deemed to be virtually impossible therefore a full wind-down of the business in Ukraine is assumed.

A prolonged war related disruptions to the whole territory of Ukraine are expected that would in turn imply no economic activity, resulting in minimal portfolio recoveries to be expected in the future. 10% of the portfolio as of 31 December 2021 is expected to be recovered by the end of August 2022 with the remaining portion impaired.

Additionally, the operations have been substantially optimized in the Ukraine starting already in March 2022, with only critical functions together with debt collection departments largely remaining intact. Until the full stop of all operational activities in August 2022, the company is expected to be cash flow positive for 3 months in the period after February 2022.

Belarus

Sales were fully stopped In February 2022, and business focus is on debt collection. Resumption of new loan issuances is not planned. Belarus operations are affected mostly by economic sanctions in country and FX fluctuations. Two possible scenarios are expected:

Baseline, with short term difficulties. In this scenario lower repayment rate is expected, mostly related with FX change. In this scenario we expect slower recoveries and higher default rates. More clients will have some difficulties in repayments, but some business tool/ restructurings could be offered from Company side to help clients.

Pessimistic, with longer term difficulties. In this scenario client repayment possibilities are even lower, and “90+” DPD bucket will grow faster.

In both scenarios some interruptions in court decisions and recoveries from bailiffs are expected, as well as lower/ slower car sales. For both scenarios cut in selling and admin costs starting from March 2022 is assumed, including gradual staff decrease to sustain ongoing operations.

Impact of the above assumptions from Ukraine and Belarus scenarios on Group's operations :

Group figures

Baseline scenario:
- Loans issuance volumes by 22% in 2022 less compared to the approved 2022 budget adjusted by Jan-Feb 2022 actuals (hereinafter "initial forecast") or increase of 4% compared to 2021 actuals;
- Total revenue for 2022 expected to decrease by 15% compared to the initial forecast or increase of 19% compared to 2021 actuals;
- Net impairment losses on loans and receivables including Net gain/(loss) from derecognition of financial assets measured at amortized cost for the twelve-month period ended 31 December 2022 expected to decrease by 20% compared to the initial forecast or increase of 13% compared to 2021 actuals. Provisions are expected to decrease due to suspension of new loan issuances. Provisions for initially planned loan issuances were higher than expected provisions in Ukraine and Belarus due to a deterioration in clients payment discipline caused by the current situation in both markets;
- Selling expense expected to decrease by 46%, administrative expenses by 2% in 2022 compared to the initial forecast or decrease of 23% and increase of 26% compared to 2021 actuals respectively;
- Net profit is expected to decrease by 32% compared to the initial forecast or increase of 120% compared to 2021 actuals.

Pessimistic scenario:
- Loans issuance volumes by 22% in 2022 less compared to the initial forecast or increase of 4% compared to 2021 actuals;
- Total revenue for 2022 expected to decrease by 15% compared to the initial forecast or increase of 19% compared to 2021 actuals. Increase vs 2021 actuals is mainly driven by growth in African markets;
- Net impairment losses on loans and receivables including Net gain/(loss) from derecognition of financial assets measured at amortized cost for the twelve-month period ended 31 December 2022 expected to decrease by 13% compared to the initial forecast or increase of 22% compared to 2021 actuals;
- Selling expense expected to decrease by 46%, administrative expenses by 3% in 2022 compared to the initial forecast or decrease of 23% and increase of 26% compared to 2021 actuals respectively;
- Net profit is expected to decrease by 41% compared to the initial forecast or increase of 90% compared to 2021 actuals. Eleving Group's presence in 14 markets is reducing business continuity risk, it's diversified loan portfolio and focus on most profitable segments will ensure further growth.

In management's view, and having considered the results of th e stress testing under the two scenarios outlined demonstrating a group profitable position for the foreseeable future, the above factors and measures taken, support the assertion that the Group will have sufficient resources to continue its existence for a period of at least 12 months from the approval date of the consolidated financial statements. The Group does not expect a substantial adverse effect form overall economic uncertainty on its markets of operations or the potential effects are too ambiguous to be reliably estimated as the preparation of financial statements. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The Group monitors its liquidity ratios on an ongoing basis. The main liquidity ratios for the Group are capitalization ratio, interest coverage ratio and net leverage. As at 31 December 2021, the Group's capitalization ratio , interest coverage ratio and net leverage were accordingly 20.6%, 2.4 and 3.9 (31 December 2020: 18.4%, 1.6 and 5.7), indicating stable liquidity situation of the Group. The Group has maintained a strong funding and liquidity position with its robust diversified funding base. As at 31 of December 2021 the Group is compliant with all financial covenants. The Group's management foresees that it will be able to fully satisfy the requirements of financial covenants also in the future assuming both development scenarios as outlined above.

The Group controls its liquidity by managing the amount of funding it attracts through P2P platform Mintos and other sources. P2P platform Mintos provides management greater flexibility to manage the level of borrowings and available cash balances. Despite the current uncertainty in the global economy, the amount of loans funded through Mintos have remained stable as at date of approval of these consolidated financial statements, demonstrating that investors trust in the Group, and they continue to invest in Eleving loans.

Consequently, and based on the analysis provided above, these consolidated financial statements have been prepared on the going concern basis.

Further information provided in Note 3 and Note 50.

c] Changes in accounting policy and disclosures

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

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates [IBORs] with alternative nearly risk-free rates [referred to as 'IBOR reform']. The Group has insignificant exposure to certain IBORs on its financial instruments that are being reformed as part of these market-wide initiatives, therefore it is not further analyzed and described.

d] Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new and amended standards in preparing these consolidated financial statements.

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

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The Group considers the potential effect to be insignificant on Group's financial statements.

Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.
- Onerous Contracts – Cost of Fulfilling a Contract [Amendments to IAS 37].
- COVID-19-Related Rent Concessions beyond 30 June 2021 [Amendment to IFRS 16].b
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use [Amendments to IAS 16].
- Reference to Conceptual Framework [Amendments to IFRS 3].
- Classification of Liabilities as Current or Non-current [Amendments to IAS 1].c
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies [Amendments to IAS 1 and IFRS Practice Statement 2].
- Definition of Accounting Estimates [Amendments to IAS 8].

The Group considers the potential effect to be insignificant on Group's financial statements.

e] Significant accounting policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Eleving Group S.A. [Parent company] and entities controlled by the Parent Company [its subsidiaries] as at 31 December 2021. The financial statements of the subsidiaries are prepared for the same reporting period as for the Parent company, using consistent accounting policies.

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

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

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

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

Foreign currency translation

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

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

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

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

	31.12.2021 1 EUR	31.12.2020 1 EUR
GEL	3.504	4.0233
PLN	4.5969	4.5597
RON	4.949	4.8683
ALL	120.76	123.70
MDL	20.0938	21.1266
BYR	2.8826	3.168
UAH	30.9226	27.4759
UZS	12 224.88	12 786.03
AMD	542.61	516.13
MKD	61.627	61.694
BAM	1.9558	1.9558
KEL	127.99	133.90
UGX	4 022.5	4 473.74

Business combinations

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

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

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

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

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

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI as well as statement of cash flows is re-presented as if the operation had been discontinued from the start of the comparative year.

Goodwill

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

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

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

Internally generated intangible assets

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

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

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

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

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

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

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

Additional information is included in Notes 3 and 21.

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

IT systems	- over 7 years.

Other intangible assets

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

Other intangible assets mainly consists of acquired computer software products.

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

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

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

Property, plant and equipment

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

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

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

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

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

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

Rental fleet

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

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

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

Financial assets

Financial instruments – initial recognition

Date of recognition

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

Initial measurement of financial instruments

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

Classification of financial assets

The Group measures Loans and advances to customers, Loans to related parties, Receivables from related parties, cash equivalents and Other loans and receivables at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL. This includes all derivative financial assets (see Note 26). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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

SPPI test

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

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

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

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

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

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

Embedded derivatives

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

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

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

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

Reclassification of financial assets

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line and changes its business model for managing financial assets.

Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2021 or 2020.

Derecognition of financial assets and finance lease receivables

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

Derecognition due to substantial modification of terms and conditions

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

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

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion for financial asset
- Whether legal obligations have been extinguished.
- Furthermore, for loans to customers and financial lease receivables the Group specifically considers the purpose of the modification for increase in loan principal. It is evaluated whether modification was entered into for commercial reasons upon customer initiative or for credit restructuring reasons. Management has performed analysis of the changes being made due to business reasons and evaluated that changes due to business reasons result in substantial modification of terms and conditions. This is in line with the objective of this modification that is to originate a new asset with substantially different present value of expected cash flows. If the customer was not in delay, and the principal was increase on a mutual agreement, the respective modification is considered to occur for a commercial reasons and results in derecognition of the initial lease/loan receivable.

Other modifications to the agreement terms are treated as modifications that do not result in derecognition [see section on Modifications below].

Derecognition other than for substantial modification

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

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

The Group has transferred the asset if, and only if, either:

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

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

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

A transfer only qualifies for derecognition if either:

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

Modifications

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

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

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

Treatment of non-substantial modifications

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

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

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

Overview of the expected credit loss principles

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

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

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

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

Impairment of finance lease receivables and loans and advances to customers

Defining credit rating

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

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

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

Finance lease receivables and secured loans [mature countries*]:

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

* - Matured countries - Operations in Latvia, Estonia [discontinued operation], Lithuania, Georgia and Armenia. Operations in these countries are the longest, with the smoothest processes, therefore consistent lending practices in these countries have a long enough track record. Refer to car loans and leases only.

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

* - Non-matured countries - Operations in other countries where Eleving Group operates. Refer to car loans and leases only.

Loans and advances to customers [unsecured loans]:
1] Not past due
2] Days past due up to 30 days
3] Days past due 31 up to 60 days
4] Days past due over 75 days

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

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

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

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

The Group defines staging predominantly based on DPD and aligns it with the debt collections processes. For more accurate ECL assessment, split by stages is enhanced by healing bucket concept to reflect on cases when DPD is not a sufficient indicator of credit risk. This is applicable to lease portfolios only.

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

- Stage 1: When loans/leases are first recognized, the Group recognizes an allowance based on 12mECLs. The Group considers leases and loans that are current or with DPD up to 30 [up to 25 DPD in non-mature countries] as Stage 1. A healing period of 2 months is applied before an exposure previously classified as Stage 2 can be transferred to Stage 1 and such an exposure must meet the general Stage 1 DPD criteria above. Healing period concept is not applied for unsecured loans [acquired businesses]. Exposures are classified out of Stage 1 if they no longer meet the criteria above.
- Stage 2: When a loan/lease has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The Group generally considers leases and secured loans that have a status of 31-60 DPD [matured countries] and 26-34 DPD [non-matured countries] to being Stage 2. An unsecured loan is considered Stage 2 if DPD is in the range of 30 to 60 or 30 to 90 days for acquired businesses. Lease exposures remain in Stage 2 for a healing period of 2 months, even if they otherwise would meet Stage 1 criteria above during this period.
- Stage 3: Leases and loans considered credit-impaired and at default. The Group records an allowance for the LTECLs. The Group considers a finance lease agreement and secured loan agreement defaulted and therefore Stage 3 in all cases when the borrower becomes 61 DPD [matured countries] or 35 DPD [non-matured countries] on its contractual payments or the lease/ loan agreement is terminated. The Group considers an unsecured loan agreement defaulted and therefore Stage 3 in all cases when the borrower becomes 61 days past due or 91 days past due for acquired businesses on its contractual payments.

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

COVID-19 impact on SICR

The COVID-19 outbreak in H1 2020 and subsequent development in H2 had negative impact on the Group's operations. Lockdowns and payment moratoriums imposed by governments in several countries as well as a global macro downturn restricted The Group's operations and caused an increase in credit risk.

Group's management has strong belief that under normal circumstances the majority of affected customers will return to their previous payment behavior.

Studying development of the situation as well as regulatory guidelines the Group made changes to its impairment policy affecting contract amendments effective from March 2020 and until further notice but not later than December 2021: cases where the Group has sound grounds to expect customers to return to the regular discipline not longer than in 12-month time should not be classified as SICR [significant increase of credit risk] even if the customer has been granted a forbearance tool. Forbearance tools [further TDR and restructuring, i.e. change of the original payment schedule] is almost the only feasible solution to reduce the financial burden on customers given the circumstances, thus fact of the forbearance as such does not lead to the recognition of SICR if customer pays according to new terms and later returns to the original schedule or close to it.

As a response to COVID-19 The Group introduced its TDR [temporary debt restructuring] program which consists of 2 main products:

1. Alternative schedule [AS] – a temporary reduction of monthly payment, typically not more than 50%. Customers use this option for several months, e.g. 3- 6 months in row.
2. Extension – is a payment holiday for 1 month. Customer pays extension fee [in some countries governments imposed free extensions for some period] and returns to the original schedule in the next month.

TDR is granted upon customer's request. A customer is on TDR program if he/she complies with the agreed terms. If the terms are breached then the customer returns to the original schedule. In this case no additional actions are performed to assess SICR, but exposure is classified to stage 2 and thus LTECL is calculated due to actual DPD.

A permanent amendment of the schedule is called restructuring. Restructuring was increasingly applied since June 2020 when customers who demonstrated good payment behavior using AS got over a temporary complicated situation and returned to the original schedule or increased their monthly payment. However, unpaid amounts accumulated over AS period required extension of the term. Restructuring after AS is not considered as SICR because the customer demonstrates improved credit worthiness and is able to increase the monthly payment. Confirmed good payment behavior during several months when the account is on AS prior moving to permanent restructuring is the basis for re-aging the account into the current bucket. Subsequent classification is based on the regular approach [DPD and healing].

Restructuring was also applied since March 2021 for customers affected by COVID-19 as alternative for TDR.

During 2021 the Group decreased usage of TDRs significantly in majority of countries, however due uncertain pandemic development and stricter restrictions and lockdowns in some countries, it was decided to extend TDR program till December 2022. Additionally, in 2021 the Group decided to supplement healing bucket definition for Africa's countries as a reaction on massive usage of such amendments as an effective debt collection tool. For Africa's countries restructurings due to credit reasons are evaluated as a sign of credit risk increase and exposures are included in Stage 2 for a period of two months. Afterwards SICR related to the event is settled and exposure is allocated to the stage based on DPD.

The calculation of ECLs

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

Key elements of the model are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a 12 month or lifetime horizon (time horizon depends on ECL type - i.e. 12mECL or LTECL);
- the Default distribution vector (DDV) is the estimate of the time to default, more specifically it provides distribution of PD over the course of a 12 month or lifetime horizon;
- EAD The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments, whether scheduled by contract or otherwise;
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the cash flows due at the moment of default and those that the lender would expect to receive, including from the realization of any collateral and deducting expenses related to cash collections or collateral realization processes. It is usually expressed as a percentage of the defaulted balance;
- lifetime period is estimated as average remaining contractual term of respective portfolio.

The Group may choose to use actual balance instead of EAD and do not apply DDV for the segments with the elevated credit risk.

Significant judgments used for determining PD and LGD are described in Note 3.

The Group employs multiplication model across all Stages for the ECL calculation:

ECL=EAD*PD*LGD*[DDV]

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

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

Depending on the Stage the following specifics are applied to the general ECL model:

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

ECL on restructured and modified loans

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

Write off of unrecoverable debts

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

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

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

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

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

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

Impairment of other receivables from customers/contract assets

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

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

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

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

Impairment of cash and cash equivalents and deposits

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such upon initial recognition. Net gains or losses, including any interest expense, on liabilities held at FVTPL are recognized in the statement of profit and loss.

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

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized; interest expense is recognized through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

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

Modification of financial liabilities

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

Treatment of non-substantial modifications

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

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

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

Derecognition

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

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

Equity - accounted investees

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

Group as a Lessor - Finance lease

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

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

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. The inception of the lease is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As of this date:
- a lease is classified as a finance lease; and
- the amounts to be recognized at the commencement of the lease term are determined.

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

A lease is classified as a finance lease at the inception of the lease if it transfers substantially all the risks and rewards incidental to ownership. The inception of the lease is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As of this date:
- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

Further indicators that individually or in combination would also lead to a lease being classified as a finance lease are:
- the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee.

Initial measurement

At lease commencement, the Group accounts for a finance lease, as follows:
- derecognizes the carrying amount of the underlying asset; and
- recognizes the net investment in the lease.

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

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

Subsequent measurement

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

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

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

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

Group as a Lessor - Operating lease

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

Group as a Lessee

Lease liability

Initial recognition

At the commencement date of the lease the Group measures the lease liability at the present value of the lease payments that are not paid at that date in accordance with lease term. Lease payments included in the measurement of the lease liability comprise:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

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

Subsequent measurement

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

Right-of-use assets

Initial recognition

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

Subsequent measurement

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

Group involvement with the underlying asset before the commencement date

If a Group incurs costs relating to the construction or design of an underlying asset, the lessee accounts for those costs applying other IFRS, such as IAS 16. Costs relating to the construction or design of an underlying asset do not include payments made by the lessee for the right to use the underlying asset.
Group applies IAS 36 to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Initial recognition exemptions applied

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

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

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

Sale and leaseback transactions

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

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

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

Inventories

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

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

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

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

Accrued revenue or expenses from currency trading

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

Cash and cash equivalents

Cash comprises cash at bank and on hand with an original maturity of less than three months. The accounting policies outlined above as applicable to financial assets measured at amortized cost are relevant for accounting for cash and cash equivalents.

Assets held for sale

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

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

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

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

Reserves

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

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

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

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

Accruals and deferrals

Accruals and deferrals are recorded to recognize revenues and costs as they are earned or incurred. Specifically, accrual for unused holidays is calculated based on local legislation requirements in each respective jurisdiction.

Transactions with peer-to-peer platforms

Background

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

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

1] Agreements with recourse rights which require the Group to guarantee full repayment of invested funds by the investor in case of default of Group's customer [buy back guarantee];

2] Agreements without recourse rights which do not require the Group to guarantee repayment of invested funds by the investor in case of default of the customer [no buy back guarantee].

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

Receivables and payables from/to P2P platform

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

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

P2P platform commissions and service fees incurred by the Group are fees charged by P2P platform for servicing the funding attracted through peer-to-peer platform and are disclosed in Note 10.

Funding attracted through peer-to-peer platform

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

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

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

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

Assignments with recourse rights [buy back guarantee]

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

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

Assignments without recourse rights [no buy back guarantee]

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

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

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

Provisions

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

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

Contingent assets and contingent liabilities

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

Share-based payments

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

Equity-settled transactions

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

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

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

Income and expenses

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

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

The effective interest rate method

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

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

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

Income from cession of bad debt

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

Expenses related to attracting funding

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

Revenues and expenses from contracts with customers

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

– the parties in the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

– can be identified each party's rights regarding the goods or services to be transferred;

– can be identified the payment terms for the goods or services to be transferred;

– the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract);

– it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

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

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

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

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

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

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

When another party is involved in providing goods or services to the Group's customers, the Group considers that it is a principal, if it obtains control of any one of the following:
a) a good or another asset from the other party that it then transfers to the customer;
b) a right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf - relevant for car registration income to conclude on principal presentation;
c) a good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer - relevant for debt collection income to conclude on agent presentation.

Fee and commission income (Note 6)

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

Fee and commission income arises from contracts with customers. Accordingly, it results in a recognized financial instrument in the Group's financial statements that is partially in scope of IFRS 9 and partially in scope of IFRS 15. Therefore, the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.
Income from debt collection activities and penalties is recognized in Group's statement of profit and loss at the moment when the likelihood of consideration being settled for such services is high, therefore income is recognized only when actual payment for provided services is actually received.
Income from penalties arise in case customers breach the contractual terms of financial lease receivables and loans and advances to customers agreements, such as exceeding the payment date. In those situations Group is entitled to charge the customers in accordance with the agreement terms. The Group recognizes income from penalties at the moment of cash receipt as likelihood and timing of settlement is uncertain. In case customers do not settle the penalty amount, the Group is entitled to enforce repossession of the collateral.

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

Income from commissions (point in time)

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

Income from providing registration services (point in time)

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

Revenue from car sales (Note 12)

Sale of motor vehicles (point in time)

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

Other operating income [Note 15]

Income from management services [over time]

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

Revenue from agency services [point in time]

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

Variable consideration revenue from client acquisition [point in time]

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

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

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

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

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

Contract balances

Contract assets

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

As at 31 December 2021 the Group did not have any contract assets in its consolidated statement of financial position.

Trade receivables

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

These receivables are disclosed in balance sheet caption 'Trade receivables' [Note 31].

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

Contract liabilities

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

As at 31 December 2021 the Group does not have any contract liabilities in its consolidated statement of financial position.

Income taxes

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

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

Country	Tax rate
Estonia	20%
Latvia	20%
Lithuania	15%
Georgia	15%
Poland	19%
Romania	16%
Kenya	30%
Bosnia-Herzegovina	10%

Country	Tax rate
Moldova	12%
Albania	15%
Belarus	18%
Ukraine	18%
Uzbekistan	7.5%
Kazakhstan	20%
North Macedonia	10%
Uganda	30%

3. Significant accounting judgments, estimates and assumptions

Deferred tax assets and liabilities

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

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

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

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

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

Similar accounting policies are adopted in Estonia and Georgia due to similar corporate income tax regime to Latvia.

Related parties

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

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

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

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

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

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

Non-controlling interest

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

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

Dividend distribution

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

Subsequent events

Post-period-end events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the consolidated financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material. The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingencies. The most significant areas of estimation and judgement used in the preparation of the consolidated financial statements include assumptions used in Goodwill and other non-financial asset impairment tests, Impairment of financial assets and judgements around Going concern assessment in context of military conflict in Ukraine. They are described below along with other estimates and judgements used in the preparation of these consolidated financial statements. Although these estimates and conclusions are based on the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates.

Principal versus agent assessment

In provision of agency services [Note 15 cash generating units among other is sensitive to the >] the Group has assessed that it does not obtain control of these services before they are transferred to customers, as these services or goods are acquired on their behalf. Therefore, it is considered agent in these transactions.

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

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

Goodwill and other non-financial asset impairment tests

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

Determination of the FVLCTS of assets held for sale

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

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

See further information in Note 35.

Estimation of the residual value of rental fleet

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

1] value in use [VIU] - for assets with active lease agreements; and
2] fair value less costs of disposal [FVLCOD]- for assets with inactive lease agreements.

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

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

For assets with an inactive agreement, for which the carrying amount is expected to be recovered principally through disposal, the Group determines the residual value based on FVLCOD method. Assumptions applied for determination of the FVLCOD of assets are based on making a reliable estimate of the price at which a transaction to sell the asset would take place between market participants at the measurement date under current market conditions and on available data from historical sales transactions. The market price is being adjusted for car repair costs, which are estimated based on historical data for an average vehicle repair expenses occurred in 2021. In addition, management considers whether events after the reporting year indicate a decline in the sales prices of such assets. Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash generating unit, excluding finance costs and income tax expense.

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

As at 31 December 2021 the Group recognized impairment of rental fleet. Please refer to Note 22.

Impairment of financial assets

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

*(i) **Impairment of finance lease receivables and loans and advances to customers***

The Probability of Default (PD)

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

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

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

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

Forward-looking macroeconomic indicators model for portfolio

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

General description of the model

Macro model uses expected changes in macroeconomic indicators and assumes the same or similar change to Stage 1 PD. Model incorporates three macro indicators – unemployment rate, inflation rate and GDP annual growth rate, as more relevant for private individuals' financial stability evaluation. The model is based on actual and forecasted data points. Recalculated in December 2021 model includes macroeconomic indicators as of 2021 Q4 and average of all four 2022 quarter forecasts to predict the effect on Stage 1 PD. Data points average is taken to avoid significant indicator fluctuations due to forecast volatility. The Group built macroeconomic models for each country and business (vehicle/consumer) individually – LV, LT, EE, GE, AM, UZ, KE, UG, AL, BIH, MD, RO, BY, MK, UA. Data for all cases is taken from the source: https://tradingeconomics.com/indicators. Forecasts are validated by National Banks forecasts.

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

Model's variables and assumptions

The model includes indicators which, based on the Group experts' opinion and used practice in industry, might have a significant impact on finance products default rates. Such indicators are also widely used by banking and non-banking industry across the world:
1. GDP growth
2. unemployment rate (UR) change
3. inflation rate (IR) change.

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

Assumption 1. UR is one of the main variables in the model, and it significantly affects Stage 1 PD.
Assumption 2. Okun's law holds in macro environment affected by Covid-19.
Assumption 3. Typically, reasonably increasing inflation rate positively affects consumption and economy in general, and therefore reduces PD. However, the Groups customers rather suffers from increase in prices than benefit from income increase. Thus, the Group arrived at the assumption 3: increase in inflation in will affect customers negatively.

Determination of impact on PD based on macro indicator change

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

1. For each macro indicator chosen 25 data points, one 0 point and another 24 points that reflects indicator change – 12 points with negative change and 12 data points with positive change. The distance between 2 adjacent points is the same for all 24 points and is evaluated considering historical changes in macro indicators.
2. For PD impact determination relational table is built that describes linear or piecewise smooth function and its direction changes at 0 point. At 0 point assumed 0 PD impact. For other macro indicator change points impact on PD is evaluated individually based on historical PD rates and PD change in time, as well taking into account each country and product specifics. Then evaluated PD impacts on each macro indicator change point are summarized in table. This table remains fixed until the next year when impact on PD will be reviewed.

Weighted scenarios approach

To take into account possible economic fluctuations and uncertainty, three scenarios are considered and used for final calculation to arrive at weighted average probability:
1. base case scenario - based on actual data and forecasts by external source.
2. worst case scenario - based on expert judgement of potential worsening of macroeconomic indicators.
3. best case scenario - based on expert judgement of potential improvement of macroeconomic indicators.

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

Each scenario also has a specific probability of occurring, which is configurable for each country separately to account for potential differences in macroeconomic outlooks. The Group's experts analyze Europe and World macroeconomic projections and opinions (for example [1], [2], [3]). Majority of resources are saying that economic growth is projected to remain strong over the next three years despite some headwinds in the near term. However, taking into account uncertainty about the future evolution of the pandemic and its economic consequences persists, the Group applies at least 15% probability for worst-case scenario and only 5% for best-case. Last updated forecasts for macroeconomic indicators already reflect actual trends, for example – increase in inflation rate. Therefor base-case scenario is considered as a most possible. In the same time sensitivity test was done to evaluate impact from scenarios probability change. Changing worst-case scenario probability till 50%, no effect on macro coefficient was noticed.

Macro model results

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

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

Illustration of example: UR impact evaluation on PD:

Scenarios	Current rate	Forecast for 2022	Difference (p.p.)	Likelihood of the scenario	Impact on PD
Worst case scenario	12.8%	13.6%	0.8pp	15%	110.7%
Base case scenario	12.8%	13.1%	0.3pp	80%	105.3%
Best case scenario	12.8%	12.6%	-0.2pp	5%	95.3%
Final macroeconomic correction				**100%**	**106.6%**

Loss Given Default

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

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

- Renewed leases (restored payments capacity after termination) also affect the LGD rate by incorporating recovered cash after renewal of the agreement and comparing it to the exposure at default of the agreements subsequently renewed, implying the cure rate. Cure rate from renewals is calculated over a three-year period. For the 31 December 2021 impairment purposes recovery rate for renewed cases were applied in range of 74% to 96% depending on the market. Above described LGD rate is used for all portfolio groups except for unsecured portfolio part. For unsecured portfolio part LGD is estimated using triangular recovery matrix on all unsecured cases. Received recovery is discounted with effective interest rate depending on the number of months between the date account got unsecured status and the date when recovery was received. Given that majority of the car sales happen before unsecured status, the LGD for unsecured portfolio is higher than for other buckets – as of 31 December 2021 Group average LGD unsecured for portfolios with DPD less than 360 DPD was 57%, respective LGD for portfolio older than 360 DPD was 93%.

Loans and advances to customers (unsecured loans)

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

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

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

Exposure at default (EAD) modelling

Exposure at default is modelled by adjusting the unpaid balance of lease and loan receivables as at the reporting date by expected future repayments during the next 12 months. As of 31 December 2021, it is applied for Stage 1 exposures only. This is performed based on contractual repayment schedules, adjusted for historical prepayment rate observed.

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

Impairment for loans to and receivables from related parties

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

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

Recoverability of deferred tax asset

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets are recognized based on profitability assumptions over 3 year horizon. In developing these assumptions the Group considers both positive and negative evidence of past performance and future development plans to ensure that assumptions used are reasonable, realistic and achievable . The future taxable profit of 2022-2023 has been approved by the Management Board, while 2024 is considered as plausible taxable profit of the Group. Budgeting models used are the same as the ones used in goodwill impairment tests.

At each reporting date, the Group's management analyses the recoverability of deferred tax and reduces the deferred tax asset if it is no longer probable that during the period of utilization of tax losses future taxable profits will be available against which unused tax losses can be utilized (Note 19).

Capitalization of development costs

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

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

See further information in Note 21.

Separation of embedded derivatives from the host contract

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

Call option, which is included in Latvian bond prospectus, gives the Group the right, but not the obligation to carry out early redemption, either in full or partially, of the issued bonds with a 1% premium. Call and put options, which are included in the agreements signed with certain bondholders, give the Group and bondholder the respective right of buying back or selling the bonds at exercise price, which is equal to the amortized cost of the respective bond notes.

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

The Group's management has evaluated that the embedded derivatives are not contractually separable, not contractually transferrable independently and have the same counterparty. Each option's exercise price is approximately equal on each exercise date to the amortized cost of bond, therefore these embedded derivatives are not separated from the host contract.
See further information in Note 38.

Fair value of employee share options

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

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

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

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

Fair value measurement of contingent consideration

As disclosed in Note 43 the Group acquired an additional 2% interest in the shares of Mogo OU (Estonia) and Mogo LLC (Georgia), increasing its ownership interest to 100%.
In accordance with the share purchase agreement the additional cash payments to the previous non-controlling interest holder will be made on the basis of Mogo OU net profit for 2017 – 2020 and Mogo Georgia LLC net profit for the period 2019-2021.

The Group has determined that it has a contractual obligation to deliver cash to the seller and therefore it has assessed it to be a financial liability. Consequently, the Group is required to remeasure that liability at fair value at each reporting date with changes in fair value recognized in profit or loss in accordance with IFRS9.

The fair value is based on management approved budgets of the respected entity and determined using probability-weighted cash flow under DCF method, based on the expected probable outcome. The fair value of the contingent consideration remeasured at each reporting period reflects management best estimate.

However, the calculation of the fair value among other is sensitive to the assumptions of discount rate which is estimated as 12% and the precision of budgets approved by the Group management (see Note 43).

Deferred Tax Liability on unremitted earnings

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

The Group has decided to use these beneficial tax regimes to reinvest profits in further development of respective subsidiaries, therefore it does not plan to distribute dividends from subsidiaries in these countries in the next 5 years. The Group controls the process of dividend distribution and does not plan to distribute dividends from subsidiaries of these countries for year 2019 and after in the foreseeable future: 5 year horizon is considered appropriate given the Group's planning cycle.
Due to above mentioned reason, the Group has not recognized deferred tax liabilities.
See further information in Note 19.

Provisions

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

Lease term determination under IFRS 16 [Group as a lessee]

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

When determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise an option to renew or not to exercise an option to terminate early. When assessing whether the Group is reasonably certain to exercise an option to extend, or not to exercise an option to terminate early, the economic reasons underlying the Group's past practice regarding the period over which it has typically used particular types of assets [whether leased or owned] are considered. Furthermore, the following factors are considered: level of rentals in any secondary period compared with market rates, contingent payments, renewal and purchase options, costs relating to the termination of the lease and the signing of a new replacement lease, costs to return the underlying asset, nature and the level of specialization of the leased assets, asset location, availability of suitable alternatives and existence of significant leasehold improvements. See Note 24.

Lease liability incremental borrowing rate determination under IFRS 16 [Group as a lessee]

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

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

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

Lease classification for rental fleet [Group as a lessor]

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

Going concern and Ukraine-Russia military conflict impact assessment

In the light of events related to military conflict in Ukraine, the Group's management has assessed the impacts on the Group's ability to continue as a going concern. The Group has performed a quantitative analysis with a set of critical scenarios of Group's operations assuming ceasing of operational activities in Ukraine and Belarus.

For further information and resulting management judgements please refer to Note 2 and Note 50.

Please also note that while non-adjusting in nature as at 31 December 2021, the economic impact of conflict in Ukraine may have a significant negative impact on the estimates of recoverable values of financial and non-financial assets further discussed in this note. The magnitude of such impact cannot be presently estimated in a reliable manner.

Sale and leaseback transactions

Under sale and leaseback transactions the Group purchases the underlying asset and then leases it back to the same customer. To determine how to account for a sale and leaseback transaction, the Group first considers whether the initial transfer of the underlying asset from the seller-lessee (Customer) to the buyer-lessor (the Group) is a sale. The Group applies IFRS 15 to determine whether a sale has taken place. The key indicators that control has passed to the Group include the Group having:

- a present obligation to pay ;
- physical possession (of the purchased asset);
- a legal title (to the purchased asset);
- the risks and rewards of ownership (of the purchased asset);
- the Group has accepted the asset;
- the borrower can or must repurchase the asset for an amount that is less than the original selling price of the asset.

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

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).
  Please refer to Note 2 for further detailed descriptions of the judgements made by management to assess whether regular loan, non-recourse loan and sale and leaseback financing arrangement contracts meet SPPI criteria.

Measurement of fair values

Trademarks acquired in business combinations during 2020

The Relief-from-royalty method was used for measuring the fair value of trademarks acquired. The relief from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned.

Management's key assumptions used to determine the value of trademarks were as follows:
Average cash flow forecast (5 Year) revenue growth rate is 7.0% per year (range 5.9% - 10.3%)
Long term revenue growth rate is 0% as a matter of prudence for fair value estimation.
Average trademark royalty rate is 1.0% (range 0.9% - 1.1%)
Average discount rate is 18.7% (range 18.6% - 19.0%)

Property, plant and equipment acquired in business combinations
Depreciated replacement cost technique was used for measuring the fair value of Property, plant and equipment acquired. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of assets acquired.
Other intangible assets acquired in business combinations
Depreciated replacement cost technique was used for measuring the fair value of Intangible assets acquired (excluding Trademarks). Depreciated replacement cost reflects adjustments for functional and economic obsolescence of assets acquired.

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

Obtaining control over acquired entities

During 2020 the Group acquired several new subsidiaries in transactions where legal ownership of the acquired companies was obtained during the year in several stages, while for some the regulatory approval received only in early 2021. At the moment of signing the acquisition agreements only a portion of the shares was legally acquired while the rest of the shares was acquired until the year end. The Group assumed full control over the newly acquired entities from the moment of signing the acquisition agreements since they include clauses granting the Group the power to govern the acquired entities from day of signing the share acquisition agreements. Accordingly, the Group concluded that control in accordance with IFRS 10 was exercised and commenced consolidation of the subsidiaries.

Disposal groups and discontinued operations

At the end of 2021 the Group made a decision to fully exit the Balkan region with its car financing business as well as exit Poland while earlier during the year the same decision was made for exiting from Kazakhstan.
In Estonia the Group has decided to change its business model and plans to continue its involvement in Estonia only through an entity where the Group holds minority interest.
As a result of these decisions some entities have been sold or are in process of completing sale, but for some entities the process of liquidation has been initiated with a plan to complete the liquidation by the end of 2022. Due to these reasons all of the following group subsidiaries as at 31 December 2021 are classified as subsidiaries held for sale or under liquidation and discontinued operations:

- Mogo Sp. z o.o. (Poland) – under liquidation;
- Mogo Bulgaria EOOD (Bulgaria) – sold during 2021;
- Mogo Kazakhstan TOO (Kazakhstan) – sold during 2021;
- Avtopark-Slezheniye LLP (Kazakhstan) – sold during 2021;
- FD Mogo krediti DOOEL (North Macedonia) – sold during 2021;
- Mogo DOOEL (North Macedonia) – sold during 2021;
- Mogo Leasing d.o.o. (Bosnia&Herzegovina) – under liquidation;
- Mogo OU (Estonia) – sales process ongoing, completion of sales process is expected in Q2 2022.

Mogo Albania SHA is not recognized as disposal group and discontinued operation due to the fact that although the sales process of this subsidiary is ongoing, the regulator approval is required, but the Group is uncertain if the process of obtaining the approval will be completed by end of 2022.

4. Interest revenue

	2021 EUR	2020 EUR
Interest income from finance lease receivables	90 016 502	41 760 680
*Interest income from loans and advances to customers according to effective interest rate method***	*45 417 229*	*30 419 363*
Other interest income according to effective interest rate method	*1 110 067*	*1 505 479*
Total interest income calculated using effective interest method for financial assets that are measured at amortized cost	46 527 296	31 924 842
	136 543 798	**73 685 522**

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

Amount includes amortization of fair value impact from business combinations in 2020 in amount of EUR 3 183 838.

Gross and net earned interest are as follows:	2021 EUR	2020 EUR
Gross interest income	136 592 285	73 904 773
Interest derecognized due to derecognition of portfolio from Group's assets	[48 487]	[219 251]
	136 543 798	**73 685 522**

Interest income has increased due to further expansion of the Group in new geographical markets and development in existing markets.

Interest income from impaired Stage 3 finance lease receivables/loans amounts to EUR 1 210 369.

5. Interest expense

	2021 EUR	2020 EUR
Interest expenses on financial liabilities measured at amortized cost:		
Interest expenses for loans from P2P platform investors	7 960 534	7 157 226
Interest expense on issued bonds	16 590 958	15 464 861
Interest expenses for bank liabilities and related parties	3 282 440	1 799 111
Interest expenses for lease liabilities	369 287	456 206
TOTAL:	**28 203 219**	**24 877 404**

6. Fee and commission income related to finance lease activities

Revenue from contracts with customers recognized point in time:	2021 EUR	2020 EUR
Income from penalties received	7 054 572	4 599 443
Income from commissions	2 003 986	1 149 658
TOTAL:	**9 058 558**	**5 749 101**

Revenue from contracts with customers recognized point in time related to debt collection activities:	2021 EUR	2020 EUR
Gross income from debt collection activities	1 665 794	1 810 894
Gross expenses from debt collection activities	[3 250 677]	[2 519 739]
TOTAL:	**[1 584 883]**	**[708 845]**
Total fees and commissions income:	**7 473 675**	**5 040 256**

7. Impairment expense

	2021 EUR	2020 EUR
Change in impairment in finance lease [Note 24]	[5 040 755]	4 622 648
Change in impairment in loans and advances to customers [Note 25]	15 874 178	4 688 332
Change in impairment in rental fleet [Note 22]	201 381	95 529
Change in impairment in other financial assets [Notes 26, 29 and 31]	713 875	740 246
Written off debts	28 953 277	12 358 815
TOTAL:	**40 701 956**	**22 505 570**

Overall impairment expenses have considerably increased due to effect of acquired businesses from 2020 entities performing consumer loan financing as 2021 was the first full year when the businesses were part of Group as well as further business expansion in existing markets.

8. Net gain/[loss] from de-recognition of financial assets measured at amortized cost

	2021 EUR	2020 EUR
Financial lease		
Income arising from cession of financial lease receivables to non related parties	1 216 869	977 760
Loss arising from cession of financial lease receivables to non related parties	[1 380 555]	[238 177]
TOTAL:	**[163 686]**	**739 583**
Loans and advances to customers		
Income arising from cession of loans and advances to customers receivables to non related parties	4 363 284	25 873
Loss arising from cession of loans and advances to customers receivables to non related parties	[785 626]	[187 271]
TOTAL:	**3 577 658**	**[161 398]**
Receivables from rent contracts		
Income arising from cession of customers receivables to non related parties	171 767	41
Loss arising from cession of customers receivables to non related parties	[121 524]	-
TOTAL:	**50 243**	**41**
Net gain arising from cession of financial lease receivables, loans and advances to customers and rent contracts	**3 464 215**	**578 226**

9. Bonds refinancing expense

	2021 EUR	2020 EUR
Expenses incurred due to accelerated depreciation of acquisition costs of refinanced Eurobonds	3 292 930	-
Expenses incurred due to exercising call option of refinanced Eurobonds	2 375 000	-
TOTAL:	**5 667 930**	**-**

The expenses presented above are the result of bond derecognition - during October of 2021 the Group performed premature refinancing of 100 million Eurobonds liabilities [ISIN: XS1831877755] by issuing new Eurobonds for 150 million EUR [ISIN: XS2393240887]. Original maturity of the refinanced bonds were July of 2022. Due to this process the Group incurred additional expenses. The Group had to use the call option for premature refinancing in amount of EUR 2 375 000. The remaining part of expense were caused by premature amortization of initial bond issuance costs. Initially a premature refinancing of these bonds was not planned, but the Group decided to exercise this option due to favorable financial market conditions and opportunity to ensure long term financial stability.

These types of expenses are separated in Consolidated Statement of Profit and Loss and Other Comprehensive Income as a separate expense line due to their non-recurring nature.

10. Expenses related to peer-to-peer platform services

	2021 EUR	2020 EUR
Service fee for using P2P platform	1 041 330	948 940
TOTAL:	**1 041 330**	**948 940**

11. Revenue from leases

	2021 EUR	2020 EUR
Revenue from operating lease	6 549 933	6 247 484
TOTAL:	**6 549 933**	**6 247 484**

12. Revenue from car sales

Revenue from contracts with customers recognized point in time:	2021 EUR	2020 EUR
Income from sale of vehicles	110 659	50 299
TOTAL:	**110 659**	**50 299**

Expenses from contracts with customers recognized point in time:	2021 EUR	2020 EUR
Expenses from sale of vehicles	[112 024]	[59 019]
TOTAL:	**[112 024]**	**[59 019]**
Total Net revenue from contracts with customers recognized point in time	**[1 365]**	**[8 720]**

13. Selling expense

	2021 EUR	2020 EUR
Online marketing expenses	1 888 029	889 624
TV advertising	1 509 809	271 420
Radio advertising	234 845	131 032
Affiliate fees	1 255 738	114 794
Other marketing expenses	1 252 835	839 712
Total marketing expenses	*6 141 256*	*2 246 582*
Other selling expenses	2 068 485	320 614
	8 209 741	**2 567 196**

During the initial Covid-19 waves in 2020 while high uncertainties were present the Group had reduced its spending in selling expenses despite further growth of the Group. In 2021 when future outlook became more stable and the Group continued its growth, spending on selling expenses was considerably increased to further support growth of the Group in all geographies.

14. Administrative expenses

	2021 EUR	2020 EUR
Employees' salaries	26 624 326	16 459 103
Amortization and depreciation	7 394 555	5 347 054
Professional services	2 594 619	1 754 533
Office and branches' maintenance expenses	2 030 071	1 111 121
IT services	1 659 261	1 123 308
Bank commissions	1 439 662	658 923
GPS tracking service expenses	1 379 927	574 936
Credit database expenses	1 339 103	527 739
Expenses from disposal of rental fleet and other fixed assets	1 004 159	1 373 087
Communication expenses	902 792	499 576
Business trip expenses	453 949	216 286
Low value equipment expenses	276 522	114 556
Other personnel expenses	249 972	146 725
Transportation expenses	228 171	106 406
Insurance expenses	143 748	87 468
Employee recruitment expenses	95 247	20 659
Donations	14 785	58 563
Real estate tax	9 250	132 386
Other administration expenses	1 727 144	706 752
TOTAL:	**49 567 263**	**31 019 181**

Audit fees for Group's entities' 2021 financial statements audit amounts to 590 291 EUR, the Parent Company - 87 410 EUR (2020: EUR 562 500; the Parent Company – 90 400 EUR).

Fees for permitted non-audit-services billed to the Company by KPMG Luxembourg during the year amount to EUR 450 400 relating to review of 6 months financial data and issuance of comfort letter as part of the Eurobonds' refinancing process.

Amounts included in 'Professional services' line.

Key management personnel compensation

Members of the Management	2021 EUR	2020 EUR
Remuneration*	4 284 341	3 524 940
Social security contribution expenses	619 605	525 311
TOTAL:	**4 903 946**	**4 050 251**

Key management personnel is considered to be all Group top management employees, regional management employees and country managers.

* - Including vacation accruals.

There are no amounts receivable or payable as of 31 December 2021 with members of the Group's Management (none at 31 December 2020) for any past transactions. There are no emoluments granted for current and for former members of the management and commitments in respect of retirement pensions for former members of the management.

15. Other operating income

	2021 EUR	2020 EUR
Income from management services	457 815	227 481
Income from associates accounted under equity method	17 127	13 516
Gain on acquisition of subsidiaries	-	11 473 296
Gain from sale of subsidiaries	-	2 270 197
Other operating income	384 450	298 277
TOTAL:	859 392	14 282 767

Result from sale of subsidiaries	2020
Risk Management Services OU (Estonia)	2 338 451
Mogo Ukraine LLC (Ukraine)	(68 254)
TOTAL:	2 270 197

Revenue from contracts with customers recognized point in time where the Group acted as an agent	2021 EUR	2020 EUR
Gross revenue from agency services	649 828	275 450
Gross expenses from agency services	(649 828)	(275 450)
TOTAL:	-	-

Revenue associated with these transactions is presented as revenue in net amount in these consolidated financial statements.

16. Other operating expenses

	2021 EUR	2020 EUR
Non-deductible VAT from management services*	2 182 652	1 238 592
Withholding tax expenses**	2 086 499	716 659
Credit default swap expenses***	993 985	-
Warrant expenses****	-	2 546 353
Other operating expenses	1 060 672	999 905
TOTAL:	6 323 808	5 501 509

* - significant increase in non-deductible VAT from management services incurred due to considerable increase in charged management fees to subsidiaries of the Parent. It was a result of continuous growth of the Group and management team compared to previous reporting period.

** - the Parent company issues loans to its subsidiaries to ensure their financing of operations. In several countries interest expenses are subject to local withholding tax and are deducted from the interest payments to Parent company. The Parent company recognizes this deduction as withholding tax expenses.

*** - a subsidiary of the Parent company - Mogo LT UAB, has signed a credit default swap agreement with a former company of the Group - Risk Management Services OU. Based on this contract the Group incurs credit default swap expenses in return for an insurance of the default of Mogo LT UAB finance lease receivables and loans and advances to customers portfolio.

**** - on 5 May 2015 Bonriki Holdings Limited ("Bonriki") entered into a mezzanine facility agreement with the Company, as amended on 23 May 2016. In accordance with the Bonriki mezzanine facility agreement a facility in amount of EUR 12,000,000 was made available to the Company. The Bonriki mezzanine facility agreement provided for an interest rate of 12.5% and maturity date 31 August 2018. In addition, Bonriki was granted a warrant over the shares of the Company whereby Bonriki may acquire 2.5% shares of the Company by 21 June 2021. The amended and restated warrant agreement signed on 23 May 2016 stipulated that Bonriki has the right to exercise warrant within three year period after full repayment of the Mezzanine loan and other accrued amounts. On 1 July 2020, Bonriki Holdings Limited served the Company with a Put Option Notice, whereby Bonriki used its right to sell to the Company half of the Warrant Shares owned by Bonriki equal to 1.25% of the Company's share capital against payment of a purchase price equal to EUR 1,251,678.08, and on 1 October 2020, Bonriki served the Company with the second Put Option Notice, whereby Bonriki used its right to sell to the Company the remaining half of the Warrant Shares owned by Bonriki equal to 1.25% of the Company's share capital against payment of a purchase price equal to EUR 1,294,674.66. Following the sale of the Warrant Shares, the share pledge established in favor of Bonriki over the Company's shares has been fully removed.

17. Net foreign exchange result

	2021 EUR	2020 EUR
Currency exchange gain	(7 478 800)	(3 235 916)
Currency exchange loss	6 402 315	14 297 731
TOTAL:	**(1 076 485)**	**11 061 815**

Compared to 2020 when due to initial phase of Covid 19 pandemic majority of markets where currency is different from EUR and where those currencies experienced a significant decline in value, in 2021 those currencies either stabilized or slightly recovered, thus leading to currency exchange gain compared to loss in 2020.

18. Corporate income tax

	2021 EUR	2020 EUR
Current corporate income tax charge for the reporting year	6 932 013	709 012
Deferred corporate income tax due to changes in temporary differences	(392 188)	(1 012 121)
Corporate income tax charged to the income statement:	**6 539 825**	**(303 109)**

Unrecognized deferred tax liability for undistributed dividends as described in Note 3 comprises 7 430 982 EUR. (2020: 5 634 437 EUR)

	2021 EUR	2020 EUR
Current corporate income tax liabilities	3 697 322	784 197
TOTAL:	**3 697 322**	**784 197**

Increase in corporate income tax liabilities is caused by several entities of the Group becoming more profitable in 2021. Liabilities are calculated at year end and typically have payment due date of 4 to 9 months.

19. Deferred corporate income tax

	Balance sheet		Income statement	
	31/12/21	31/12/20	2021	2020
	EUR	EUR	EUR	EUR
Deferred corporate income tax liability				
Accelerated depreciation for tax purposes	112 632	146 993	(34 361)	146 993
Other	347 327	161 850	185 477	161 850
Gross deferred tax liability	**459 959**	**308 843**	**151 116**	**308 843**
Deferred corporate income tax asset				
Tax loss carried forward	(1 780 220)	(1 367 270)	(783 325)	(367 825)
Unused vacation accruals	(126 014)	(59 827)	(66 423)	(35 829)
Impairment	(2 486 624)	(1 660 166)	(1 109 293)	(973 530)
Currency fluctuation effect	-	-	185 866	41 580
Other	1 134 111	(95 760)	1 229 871	14 640
Gross deferred tax asset	**(3 258 747)**	**(3 183 023)**	**(543 304)**	**(1 320 964)**
Net deferred tax liability/ (asset)	**(2 798 788)**	**(2 874 180)**	**(392 188)**	**(1 012 121)**
Increase in net deferred tax asset:				
In the statement of profit and loss			(392 188)	(1 012 121)
Net deferred corporate income tax assets	(2 798 788)	(2 874 180)		
Net deferred corporate income tax expense/ (benefit)			(392 188)	(1 012 121)

The Group believes that tax asset arising from tax losses will be utilized in nearest few years with future profits as well as asset arising due to temporary impairment cost recognition when low performing portfolio will be sold to third parties.

Deferred tax asset has been recognized in subsidiaries in following countries: Lithuania, Armenia, Romania, Moldova, Belarus, Uzbekistan, Kenya and Uganda. For all countries the asset is deemed recoverable based on trends of historical performance and estimates of future results.

Recognition of deferred taxes mainly is driven from accumulated tax losses from entities in Armenia, Belarus, Uzbekistan, Kenya and Uganda.

Deferred tax assets have not been recognized in respect to tax losses arisen in Poland as there may be no future taxable profits available in the foreseeable future. Subsidiaries have been loss-making and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Deferred tax asset not recognized due to the above reason in amount of 10 413 879 EUR. (2020: 4 351 963 EUR).

The potential income tax consequence attached to the payment of dividends in 2021 amounts to EUR 1 796 544 EUR. (2020: 1 390 967 EUR.)

Tax losses for which no deferred tax assets are recognized by the Group may be utilized as follows for carry forward:	Tax loss EUR	Expiry term
Tax loss for 2016	1 695 104	2022
Tax loss for 2017	1 150 620	2022-2023
Tax loss for 2018	2 961 478	2023-2024
Tax loss for 2019	3 852 603	2024-2025
Tax loss for 2020	7 209 710	2025-2026
Tax loss for 2021	25 524 617	2026-2027
TOTAL:	**42 394 132**	

Tax losses for which no deferred tax assets were recognized by the Group for previous reporting period consisted of EUR 18 473 752.

Actual corporate income tax charge for the reporting year, if compared with theoretical calculations:	2021 EUR	2020 EUR
Profit before tax	**16 250 886**	**1 343 920**
Tax at the applicable tax rate*	**4 052 971**	**335 174**
Undistributed earnings taxable on distribution**	(3 345 815)	(392 670)
Unrecognized deferred tax asset	46 899	1 164 685
Previous years deferred tax reversed	423 147	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2 716 479)	(182 317)
Non-temporary differences:		
Business not related expenses (donations, penalties and similar expenses)	127 834	(63 091)
Other	7 951 268	(1 164 889)
Actual corporate income tax for the reporting year:	**6 539 825**	**(303 109)**
Reversal of deferred tax	-	-
Corporate income tax charged to the statement of profit and loss:	**6 539 825**	**(303 109)**
Effective income tax rate	40,24%	-22,55%

* - Tax rate for the Parent company for year 2021 - 24,94% (2020 - 24,94%)

** - In Latvia, Estonia and Georgia corporate income tax expenses are not recognized starting from 2017 or before in accordance with local legislation. See further information in Note 2.

20. Discontinued operations

As of end of 2021 the Group has either sold or is in active negotiation process of selling its vehicle business operations in the Balkan region. The Group has decided to fully exit from the Balkan region as a geographical market with its vehicle financing business line while retaining its consumer financing business lines in the region. Due to this reason the Group has decided to classify the vehicle financing operations in Bulgaria, Bosnia-Herzegovina, North Macedonia and Albania as well as Poland as discontinued operation and present their results separately. Entities in Bulgaria and North Macedonia have been disposed before 31 December 2021 and the subsidiary in Albania is in a sales process and the subsidiary in Bosnia-Herzegovina will be liquidated. Also the Group has decided to start the liquidation process of its subsidiaries in Poland. The Group also is in a sale process of its subsidiary in Estonia. The Group has decided to change the strategic presence in Estonia by selling the Estonian entity to an affiliate where the Group holds 49% of the shares thus exiting the Estonia market as a Group.

All following entities are classified as discontinued operations in these consolidated financial statements:

- Mogo Bulgaria EOOD (Bulgaria)
- Mogo Sp. z o.o. (Poland)
- Mogo Kazakhstan TOO (Kazakhstan)
- FD Mogo krediti DOOEL (North Macedonia)
- Mogo DOOEL (North Macedonia)
- Avtopark-Slezheniye LLP ((Kazakhstan)
- Mogo OU (Estonia)
- Pocco Finance sp. z o. o. (Poland)

The business operations in all these countries were not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and OCI as well as balance sheet has been re-presented to show the discontinued operation separately from continuing operations.

To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-segment sales (and costs thereof, less unrealized profits) made before its disposal. Because purchases from the discontinued operation will continue after the disposal, inter-segment purchases made by the continuing operations before the disposal are retained in continuing operations.

Results of discontinued operation	2021 EUR	2020 EUR
Interest income	8 774 033	13 328 821
Revenue from car sales	10 050	-
Other debt collection income/(expense)	111 549	76 749
Elimination of inter-segment revenue	(1 871 710)	(963 784)
External revenue	7 023 922	12 441 786
Expenses	(8 932 863)	(15 938 902)
Elimination of expenses related to inter-segment sales	2 502 919	4 307 270
External expenses	(6 429 944)	(11 631 632)
Results from operating activities	**593 978**	**810 154**
Income tax	(86 015)	-
Results from operating activities, net of tax	**507 963**	**810 154**
Loss on measurement to fair value less costs to sell of the disposal group*	(3 100 925)	(837 881)
Profit (loss) from discontinued operations, net of tax	**(2 592 962)**	**(27 727)**

The loss from the discontinued operation of 2 592 962 EUR (2020: loss of 27 727 EUR) is attributable entirely to the owners of the Group.

* - main reason for loss is caused by write off of goodwill of subsidiary in Bosnia&Herzegovina.

Cash flows from discontinued operation	2021 EUR	2020 EUR
Net cash used in operating activities	42 616 130	3 527 000
Net cash from investing activities	(163 298)	(340 335)
Net cash from financing activities	(43 406 651)	(3 443 926)
Net cash flows for the year	**(953 819)**	**(257 261)**

Effect of disposal on the financial position of the Group	2021 EUR	2020 EUR
Intangible assets	(3 262)	(545 840)
Tangible assets	(565 434)	(379 542)
Deferred tax	-	(114 012)
Loans and advances to customers	(3 574 249)	(1 250 328)
Finance Lease Receivables	(8 265 907)	(7 058 445)
Other receivables	(142 857)	(482 885)
Cash and cash equivalents disposed of	(362 473)	(423 531)
Impairment of assets	-	837 657
Total disposed assets	**(12 914 182)**	**(9 416 927)**
Other liabilities	6 118 506	3 936 318
Net assets and liabilities	**(6 795 676)**	**(5 480 609)**
Net cash outflows	**(362 473)**	**(423 531)**

21. Intangible assets

	Goodwill	Internally generated intangible assets	Trademarks	Other intangible assets	Other intangible assets *SUBTOTAL*	**TOTAL**
	EUR	EUR	EUR	EUR	EUR	EUR
Cost	4 091 729	5 051 312	-	310 180	310 180	**9 453 221**
Accumulated amortization	-	[1 475 306]	-	[129 977]	[129 977]	**[1 605 283]**
As at 1 January 2020	**4 091 729**	**3 576 006**	**-**	**180 203**	**180 203**	**7 847 938**
2020						
Additions	-	2 439 478	-	183 340	183 340	**2 622 818**
Acquisition of a subsidiary through business combination	3 071 166	1 674 085	2 151 085	112 707	2 263 792	**7 009 043**
Reclassified to assets held for sale [cost]	-	[6 660]	-	[585]	[585]	**[7 245]**
Disposals [cost]	[559 588]	[317 978]	-	[257 458]	[257 458]	**[1 135 024]**
Exchange difference, net	-	[186 162]	-	[21 646]	[21 646]	**[207 808]**
Amortization charge	-	[683 826]	-	[12 763]	[12 763]	**[696 589]**
Disposals [amortization]	-	169 897	-	98 091	98 091	**267 988**
Reclassified to assets held for sale [amortization]	-	964	-	29	29	**993**
Acquisition of a subsidiary through business combination [amortization]	-	[865 361]	-	[102 533]	[102 533]	**[967 894]**
Exchange difference, net	-	68 170	-	8 028	8 028	**76 198**
Cost	6 603 307	8 654 075	2 151 085	326 538	2 477 623	17 735 005
Accumulated amortization	-	[2 785 462]	-	[139 125]	[139 125]	[2 924 587]
As at 31 December 2020	**6 603 307**	**5 868 613**	**2 151 085**	**187 413**	**2 338 498**	**14 810 418**
2021						
Additions	-	3 322 851	-	478 926	478 926	**3 801 777**
Reclassified to assets held for sale [cost]	[2 325 262]	-	-	[11 320]	[11 320]	**[2 336 582]**
Disposals [cost]	[70 890]	[310 499]	-	[82 574]	[82 574]	**[463 963]**
Exchange difference, net	-	129 955	-	6 740	6 740	**136 695**
Amortization charge	-	[1 335 423]	-	[30 390]	[30 390]	**[1 365 813]**
Disposals [amortization]	-	[73 180]	-	29 642	29 642	**[43 538]**
Reclassified to assets held for sale [amortization]	-	-	-	8 057	8 057	**8 057**
Exchange difference, net	-	[71 741]	-	[3 165]	[3 165]	**[74 906]**
Cost	4 207 155	11 796 382	2 151 085	718 310	2 869 395	**18 872 932**
Accumulated amortization	-	[4 265 806]	-	[134 981]	[134 981]	**[4 400 787]**
As at 31 December 2021	**4 207 155**	**7 530 576**	**2 151 085**	**583 329**	**2 734 414**	**14 472 145**

Amortization costs are included in the caption "Administrative expense".

Split of goodwill per cash generating unit:	31/12/2021	31/12/2020
Name	EUR	EUR
TIGO Finance DOOEL Skopje [North Macedonia]	3 000 276	3 000 276
UAB mogo [Lithuania]	646 063	646 063
AS mogo [Latvia]	298 738	298 738
Mogo UCO [Armenia]	182 028	182 028
Mogo LLC [Georgia]	80 050	80 050
Mogo Leasing d.o.o. Sarajevo [Bosnia and Herzegovina]	-	1 873 368
OU mogo [Estonia]	-	451 894
Hima UCO LLC [Armenia]	-	70 890
	4 207 155	**6 603 307**

Split of trademark per cash generating unit:	31/12/2021	31/12/2020
Name	EUR	EUR
OCN Sebo Credit SRL [Moldova]	1 187 362	1 187 362
Kredo Finance SHPK [Albania]	568 876	568 876
TIGO Finance DOOEL Skopje [North Macedonia]	394 847	394 847
	2 151 085	**2 151 085**

Each cash generating unit represents a subsidiary of the Group.

Goodwill and trademarks impairment test

As at 31 December 2021, goodwill and trademarks were tested for impairment.

The impairment test was performed for each cash generating unit separately.

The recoverable amounts for each unit were calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing activities of the units. No impairment losses were recognized because the recoverable amounts of these units including the allocated goodwill were determined to be higher than their carrying amounts. The calculations of value-in-use were based on free cash flow to equity approach to each unit respectively, discounted by estimated cost of equity. The value-in-use calculations are most sensitive to projected operating cash-flow, terminal growth rates used to extrapolate cash flows beyond the budget period, and discount rates. Projected operating cash-flow figures were based on detailed financial models.

Recoverable amount for the subsidiaries are estimated to be:	
Name	Amount
AS mogo [Latvia]	37.0 million EUR
UAB mogo [Lithuania]	16.7 million EUR
Mogo UCO [Armenia]	11.1 million EUR
Mogo LLC [Georgia]	9.2 million EUR
TIGO Finance DOOEL Skopje [North Macedonia]	25.0 million EUR

2021 actual figures were used as a starting point in these models, and took into account management's expectations of the future performance of each unit.

Five years of cash flows were included in the discounted cash flow model. A long-term terminal growth rate into perpetuity was determined to be 1%. The rate was estimated by management based on historical trends observed in existing markets, and expected Group and industry developments.

Discount rates reflect the current market assessment of the risk specific to each unit.

Discount rates applied are:	
Name	Amount
AS mogo [Latvia]	11,6%
UAB mogo [Lithuania]	11,6%
Mogo UCO [Armenia]	30,8%
Mogo LLC [Georgia]	29,9%
TIGO Finance DOOEL Skopje [North Macedonia]	32,8%

Sensitivity analysis was performed to assess changes to key assumptions that could influence whether the carrying value of the units exceeded their recoverable amounts. The results of this analysis indicate that for all units, the recoverable amount would not be below the carrying amount including goodwill [i.e. goodwill would not become impaired], if terminal growth rates decreased by 0.5% and discount rates increased by 5%.

The recoverable amounts exceed the carrying amounts for:	
Name	Amount
AS mogo [Latvia]	23.8 million EUR
UAB mogo [Lithuania]	10.7 million EUR
Mogo UCO [Armenia]	9.4 million EUR
Mogo LLC [Georgia]	7.7 million EUR
TIGO Finance DOOEL Skopje [North Macedonia]	18.6 million EUR

The following table shows currently applied terminal growth and discount rates and their adjusted values which would result in carrying value to be equal to recoverable value:

The following table shows currently applied terminal growth and discount rates and their adjusted values which would result in carrying value to be equal to recoverable value:

	Currently applied values		Adjusted values	
Name	Terminal growth rate	Discount rate	Terminal growth rate	Discount rate
AS mogo [Latvia]	1,0%	11,6%	0,0%	820,8%
UAB mogo [Lithuania]	1,0%	11,6%	0,0%	358,0%
Mogo UCO [Armenia]	1,0%	30,8%	0,0%	2087,1%
Mogo LLC [Georgia]	1,0%	29,9%	0,0%	2903,4%
TIGO Finance DOOEL Skopje [North Macedonia]	1,0%	32,8%	0,0%	274,9%

* Other intangible assets mainly consist of Group's developed ERP systems. Carrying amount of ERP systems at reporting year end was EUR 4 829 496. Expected amortization period is 7 years with year 2028 end date.

Carrying amount has significantly increased as the Group continued to make investments in further development of the systems.

22. Property, plant and equipment and Right-of-use assets

	Right-of-use premises EUR	Right-of-use motor vehicles *EUR*	*SUBTOTAL Right-of-use assets EUR*	Rental fleet EUR	Other property, plant and equipment EUR	TOTAL EUR
Cost	9 342 775	301 344	*9 644 119*	15 041 434	3 341 235	**28 026 788**
Accumulated depreciation	(1 605 077)	(144 582)	*(1 749 659)*	(1 549 386)	(1 361 930)	**(4 660 975)**
As at 1 January 2020	**7 737 698**	**156 762**	***7 894 460***	**13 492 048**	**1 979 305**	**23 365 813**
2020						
Additions	6 431 632	92 583	*6 524 215*	9 045 289	1 296 289	**16 865 793**
Acquisition of a subsidiary	2 141 860	-	*2 141 860*	-	1 966 961	**4 108 821**
Reclassification	1 896		*1 896*		(1 896)	**-**
Disposals (cost)	(6 420 214)	(199 361)	*(6 619 575)*	(6 505 249)	(1 191 940)	**(14 316 764)**
Reclassified to assets held for sale (cost)	(521 172)	(23 440)	*(544 612)*	-	(217 155)	**(761 767)**
Exchange difference, net	(657 257)	(8 182)	*(665 439)*	-	(336 172)	**(1 001 611)**
Depreciation charge	(1 500 377)	(69 053)	*(1 569 430)*	(2 202 559)	(839 386)	**(4 611 375)**
Acquisition of a subsidiary (depreciation)	(532 434)	-	*(532 434)*	-	(957 303)	**(1 489 737)**
Disposals (depreciation)	278 265	126 873	*405 138*	815 784	585 281	**1 806 203**
Reclassified to assets held for sale (depreciation)	215 220	16 958	*232 178*	-	150 047	**382 225**
Impairment	-	-	*-*	(95 529)	-	**(95 529)**
Exchange difference, net	228 947	2 913	*231 860*	-	149 948	**381 808**
Cost	10 319 520	162 944	*10 482 464*	17 581 474	4 857 322	**32 921 260**
Accumulated depreciation	(2 915 456)	(66 891)	*(2 982 347)*	(3 031 690)	(2 273 343)	**(8 287 380)**
As at 31 December 2020	**7 404 064**	**96 053**	***7 500 117***	**14 549 784**	**2 583 979**	**24 633 880**
2021						
Additions	5 676 274	153 859	*5 830 133*	3 541 078	2 192 653	**11 563 864**
Disposals (cost)	(3 186 156)	(42 004)	*(3 228 160)*	(6 129 129)	(836 266)	**(10 193 555)**
Reclassified to assets held for sale (cost)	(122 872)	(27 840)	*(150 712)*	-	(186 111)	**(336 823)**
Exchange difference, net	376 019	1 251	*377 270*	-	227 012	**604 282**
Depreciation charge	(2 405 837)	(59 181)	*(2 465 018)*	(2 300 180)	(1 263 543)	**(6 028 741)**
Disposals (depreciation)	1 408 116	30 970	*1 439 086*	1 239 966	373 394	**3 052 446**
Reclassified to assets held for sale (amortization)	64 240	6 116	*70 356*	-	152 926	**223 282**
Impairment	-	-	*-*	(201 381)	-	**(201 381)**
Exchange difference, net	(277 036)	(341)	*(277 377)*	-	(125 750)	**(403 127)**
Cost	13 062 785	248 210	*13 310 995*	14 993 423	6 254 610	**34 559 028**
Accumulated depreciation	(4 125 973)	(89 327)	*(4 215 300)*	(4 293 285)	(3 136 316)	**(11 644 901)**
As at 31 December 2021	**8 936 812**	**158 883**	***9 095 695***	**10 700 138**	**3 118 294**	**22 914 127**

Operating leases maturity analysis		Contractual cash flows			
	Carrying value EUR	Up to 1 year EUR	1-5 years EUR	More than 5 EUR	Total EUR
Rental fleet	10 700 138	6 115 434	19 279 452	268 478	25 663 364

Impairment test of non-financial assets (rental fleet)

As at 31 December 2021, non-financial assets of rental fleet were tested for impairment. An impairment indication existed as Renti AS has not been profitable during its first 3 years of its operations.

Out of total rental fleet with the acquisition cost of EUR 14 993 423, impairment was identified for the total rental fleet with a acquisition cost of EUR 5 481 040. For those cars recoverable amount is estimated to EUR 3 595 345. The recoverable amount was estimated based on the value in use method discounting the cash-flow using a WACC of 13.52%. The cash-flow was projected based on rental agreements probabilities of default and early repayments. As a result, impairment loss was recognized in amount of EUR 201 381. For the remaining rental fleet with the acquisition value of EUR 9 512 383, the recoverable amount was estimated as EUR 10 527 570.

Sensitivity analysis was performed to assess changes to key assumptions that could influence whether the carrying value of the rental fleet assets exceeded their recoverable amounts. If WACC would have increased by 2%, all other assumptions remaining the same including the rental income, the acquisition cost of rental fleet assets with identified impairment would Increase to EUR 5 991 606 and the recoverable amount of impaired assets would equal to EUR 3 946 373, additional impairment of EUR 51 638 would need to be recognized.

For detailed description of impairment testing refer to 'Impairment of non-financial assets (rental fleet) (Note 3).

23. Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities are shown as follows in the statement of financial position and statement of profit and loss:

		31.12.2021 EUR	31.12.2020 EUR
ASSETS			
Non-current assets			
Right-of-use assets - premises		8 936 812	7 404 064
Right-of-use assets - motor vehicles		158 883	96 053
	TOTAL:	**9 095 695**	**7 500 117**
EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities		6 706 190	5 725 015
Current liabilities			
Lease liabilities		2 501 190	2 070 296
	TOTAL:	**9 207 380**	**7 795 311**

	2021 EUR
Leases in the statement of profit and loss	
Revenue from contracts with customers	
Operating lease income	6 549 933
Total cash inflow from leases	**6 549 933**
Administrative expense	
Expense relating to leases of low-value assets and short-term leases	(296 143)
Depreciation	(2 535 421)
Net finance costs	
Interest expense on lease liabilities	(369 286)
Total cash outflow from lease liabilities	
Principal payments for finance lease liabilities	(1 046 960)
Interest payments for lease liabilities	(369 286)
Total cash outflow from leases	**(1 416 246)**

In 2021 the Group incurred expenses for lease agreements which did not qualify for recognition of Right-of-use assets in total amount of EUR 296 143.

The cost relating to variable lease payments that do not depend on an index or a rate amounted to EUR nil for the year ended December 31, 2021. There were no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

24. Finance Lease Receivables

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Finance lease receivables	2021				2020
	Stage 1	Stage 2	Stage 3	TOTAL	TOTAL
	EUR	EUR	EUR	EUR	EUR
Not past due	87 124 078	5 964 197	184 787	93 273 062	74 511 181
Days past due up to 30 days	13 988 918	6 228 242	111 067	20 328 227	16 641 109
Days past due up to 60 days	-	688 126	1 776 680	2 464 806	3 149 122
Days past due over 60 days	4 729	-	11 657 088	11 661 817	19 038 219
TOTAL, GROSS:	101 117 725	12 880 565	13 729 622	127 727 912	113 339 631

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to finance lease receivables are, as follows:

Finance lease receivables	Stage 1	Stage 2	Stage 3	Total
	EUR	EUR	EUR	EUR
Balance at 1 January 2021	82 080 845	9 453 541	21 805 245	113 339 631
Transfer to Stage 1*	4 040 556	(3 200 922)	(839 634)	-
Transfer to Stage 2*	(4 943 523)	5 620 459	(676 936)	-
Transfer to Stage 3*	(4 758 644)	(1 701 931)	6 460 575	-
New financial assets acquired	64 629 936	7 175 754	4 450 327	76 256 017
Receivables settled	(18 721 962)	(1 806 878)	(1 493 876)	(22 022 716)
Receivables partly settled	(12 915 097)	(2 073 087)	(4 491 722)	(19 479 906)
Receivables written off	(4 747 759)	(517 080)	(7 828 994)	(13 093 833)
Reclassified to assets held for sale	(7 692 132)	(427 902)	(1 678 843)	(9 798 877)
Foreign exchange movements	4 145 505	358 611	(1 976 520)	2 527 596
Balance at 31 December 2021	101 117 725	12 880 565	13 729 622	127 727 912

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to finance lease receivables are, as follows:

Impairment allowance	Stage 1	Stage 2	Stage 3	Total
	EUR	EUR	EUR	EUR
Balance at 1 January 2021	2 098 138	1 094 752	14 623 219	17 816 109
Transfer to Stage 1*	585 112	(297 145)	(287 967)	-
Transfer to Stage 2*	(187 808)	429 149	(241 341)	-
Transfer to Stage 3*	(217 653)	(267 170)	484 823	-
Impairment for new financial assets acquired	1 672 310	1 015 063	2 394 062	5 081 435
Reversed impairment for settled receivables	(305 318)	(147 082)	(296 421)	(748 821)
Reversed impairment for written off receivables	(310 035)	(169 785)	(7 190 061)	(7 669 881)
Net remeasurement of loss allowance	(1 049 861)	21 148	2 857 424	1 828 711
Reclassified to assets held for sale	(130 581)	(64 433)	(3 903 944)	(4 098 958)
Foreign exchange movements	106 020	51 892	408 847	566 759
Balance at 31 December 2021	2 260 324	1 666 389	8 848 641	12 775 354
Net change in impairment	162 186	571 637	(5 774 578)	(5 040 755)
- excluding reclassification to assets held for sale	292 767	636 070	(1 870 634)	(941 797)

* - Amounts presented as changes in finance lease receivables and impairment allowance due to transfer among stages include only movement of opening balances as at 1 January. Information about transfers among stages does not include new financial assets acquired and impairment calculated during the year.

On the 1 January 2017 the subsidiary in Lithuania 'Mogo LT UAB' entered into a Credit Default Swap (CDS) agreement with another subsidiary in Estonia 'Risk Management Services OU'. On the basis of CDS all leasing and loan agreements issued by the Lithuanian subsidiary are secured by the CDS and are transferred to 'Risk Management Services OU' if the client of leasing or loan agreement is late in paying the debt for more than 125 days. Due to this reason, in 2017 impairment was reversed and no impairment is calculated onwards for Lithuanian subsidiary. Due to the disposal of 'Risk Management Services OU' from the Group in 2020 the part of impairment attributable to receivables of Lithuanian entities is excluded from the Groups assets. Due to the signed Credit Default Swap agreement with Risk Management Services OU the loan agreements are insured and in case of customer insolvency and Mogo LT UAB receives a payment from Risk Management Services OU. During 2021 also Renti LT UAB signed the same type of agreement with the same conditions.

The total estimated amount of impairment not recognized in finance lease receivables as at 31 December 2021 as a result of CDS was 560 009 EUR.

The Group performed sensitivity analysis on LGD rates changes (simplified scenarios of 3% and 5% increase were tested) indicated that finance lease receivable loss impairment would increase respectively by EUR 988 870 and by EUR 1 648 116 across the Group.

Finance lease receivables	Minimum lease payments EUR 31.12.2021	Net investment in the lease EUR 31.12.2021	Minimum lease payments EUR 31.12.2020	Net investment in the lease EUR 31.12.2020
Up to one year	112 697 822	59 570 371	85 957 069	49 269 876
Years 2 through 5 combined	117 063 377	64 662 622	108 267 824	60 545 676
More than 5 years	4 108 903	3 494 919	4 469 550	3 524 079
TOTAL, GROSS:	233 870 102	127 727 912	198 694 443	113 339 631

Unearned finance income	31.12.2021 EUR	31.12.2020 EUR
Up to one year	53 127 451	36 687 193
Years 2 through 5 combined	52 400 755	47 722 148
More than 5 years	613 984	945 471
TOTAL, GROSS:	106 142 191	85 354 813

Finance lease receivables, net	Non-Current 31.12.2021 EUR	Current 31.12.2021 EUR	Non-Current 31.12.2020 EUR	Current 31.12.2020 EUR
Finance lease receivables	68 161 485	54 589 250	64 069 755	44 804 312
Accrued interest and handling fee	-	4 977 177	-	4 465 564
Fees paid and received upon lease disbursement	(1 439 763)	(1 153 080)	(626 686)	(438 244)
Impairment allowance	(2 304 312)	(10 471 042)	(3 009 840)	(14 806 269)
TOTAL, NET:	64 417 410	47 942 305	60 433 229	34 025 363

Transactions with peer-to-peer platforms

From the year 2016 onwards the Group started placing lease agreement receivables on peer-to-peer lending platform. Agreements were offered with buy back guarantee, which means that all risks of such agreements remain with the Group and in case of client default the Group has the liability to repay the whole remaining principal and accrued interest to P2P investor. By using the same platform the Group also offered loans without buy back guarantee, which means that all risks related to client default were transferred to P2P investor. Portions of agreements purchased by investors are therefore considered as financial assets eligible for derecognition from the Group's statement of financial position.

Total gross portfolio and associated liabilities for the portfolio derecognized from Group financial assets were:

	31.12.2021 EUR	31.12.2020 EUR
Non-current		
Finance lease receivable	24 323	59 539
Associated liabilities	(24 323)	(59 539)
NET POSITION:	-	-
Current		
Finance lease receivable	21 256	34 596
Associated liabilities	(21 256)	(34 596)
NET POSITION:	-	-
Total gross portfolio derecognized from Group's financial assets	45 579	94 135
Total associated liabilities	(45 579)	(94 135)
TOTAL NET POSITION:	-	-

Information about liabilities for attracted funding through P2P platform where derecognition of portfolio was not applicable are disclosed in Note 38.

25. Loans and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Loans and advances to customers	Stage 1 2021 EUR	Stage 2 2021 EUR	Stage 3 2021 EUR	TOTAL 2021 EUR	TOTAL 2020 EUR
Not past due	107 749 954	1 852 483	3 146 639	112 749 076	80 641 264
Days past due up to 30 days	8 516 010	5 118 217	242 357	13 876 584	14 421 732
Days past due up to 60 days	-	7 060 056	955 847	8 015 903	5 117 692
Days past due over 60 days	1 753	290 990	42 827 048	43 119 791	32 082 128
TOTAL, GROSS:	**116 267 717**	**14 321 746**	**47 171 891**	**177 761 354**	**132 262 816**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers are, as follows:

Loans and advances to customers	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Balance at 1 January 2021	85 011 902	13 187 392	34 063 522	132 262 816
Transfer to Stage 1	2 772 524	(2 036 195)	(736 329)	-
Transfer to Stage 2	(2 931 071)	3 225 178	(294 107)	-
Transfer to Stage 3	(7 265 733)	(6 358 821)	13 624 554	-
New financial assets acquired	129 793 568	10 845 063	20 271 859	160 910 490
Receivables settled	(71 260 606)	(2 103 130)	(1 941 838)	(75 305 574)
Receivables written off	(7 880 910)	(2 036 837)	(18 065 955)	(27 983 702)
Receivables partially settled	(14 506 556)	(727 779)	(795 490)	(16 029 825)
Reclassified to assets held for sale	(3 345 272)	(196 510)	(1 272 399)	(4 814 181)
Foreign exchange movements	5 879 871	523 385	2 318 074	8 721 330
Balance at 31 December 2021	**116 267 717**	**14 321 746**	**47 171 891**	**177 761 354**

Impairment allowance	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Balance at 1 January 2021	5 704 156	5 938 045	26 180 681	37 822 882
Transfer to Stage 1	632 881	(337 215)	(295 666)	-
Transfer to Stage 2	(478 780)	594 398	(115 618)	-
Transfer to Stage 3	(1 787 258)	(3 539 072)	5 326 330	-
Impairment for new financial assets acquired	7 190 243	7 046 388	14 423 143	28 659 774
Reversed impairment for settled receivables	(4 346 721)	(672 173)	(1 298 566)	(6 317 460)
Reversed impairment for written off receivables	(868 405)	(1 016 478)	(13 664 708)	(15 549 591)
Net remeasurement of loss allowance	6 556	16 967	6 877 135	6 900 658
Reclassified to assets held for sale	(60 293)	(38 346)	(1 137 448)	(1 236 087)
Foreign exchange movements	793 025	222 947	2 400 912	3 416 884
Balance at 31 December 2021	**6 785 404**	**8 215 461**	**38 696 195**	**53 697 060**
Net change in impairment less impairment acquired through acquisition of subsidiaries	**1 081 248**	**2 277 416**	**12 515 514**	**15 874 178**
- excluding reclassification to assets held for sale	**1 141 541**	**2 315 762**	**13 652 962**	**17 110 265**

* - Amounts presented as changes in loans and advances to customers and impairment allowance due to transfer among stages include only movement of opening balances as at 1 January. Information about transfers among stages does not include new financial assets acquired and impairment calculated during the year.

The total estimated amount of impairment excluded from loans and advances to customers as at 31 December 2021 as a result of CDS was 70 751 EUR.

The Group performed sensitivity analysis on LGD rates changes (simplified scenarios of 3% and 5% increase were tested) indicated that loans and advances to customers loss impairment would increase respectively by EUR 1 803 431 and by EUR 2 568 745 across the Group.

Loans and advances to customers, net	Non-Current 31.12.2021 EUR	Current 31.12.2021 EUR	Non-Current 31.12.2020 EUR	Current 31.12.2020 EUR
Loans and advances to customers	58 979 625	103 106 510	42 744 711	81 808 489
Accrued interest	-	15 675 219	-	7 709 616
Fees paid and received upon loan disbursement	(572 071)	(1 000 079)	(689 129)	(1 318 913)
Impairment allowance	(3 698 677)	(49 998 383)	(4 120 181)	(33 702 701)
TOTAL, NET:	**54 708 877**	**67 783 267**	**37 935 401**	**54 496 491**

26. Loans to related parties

Non-current	Interest rate per annum [%]	Maturity	31.12.2021 EUR	31.12.2020 EUR
Loans to related parties	3-12,5%	2023	3 197 903	7 289 265
Loans to related parties recognized at fair value*		2023	427 038	1 006 912
Impairment allowance			[94 772]	[44 772]
		TOTAL:	**3 530 169**	**8 251 405**

* - On 28 December 2020, a loan agreement between Mogo Finance S.A. and Mogo Sh.p.k. was amended. The new terms include an option arrangement. Therefore, the loan between Mogo Finance S.A. and Mogo Sh.p.k. is recognized mandatorily at fair value through profit and loss, which is determined according to the best estimate of the management of the Group. The fair value is determined based on the assigned probabilities of the loan repayment schedules and discounted using market refinancing rates adjusted for the country and credit risk.
On 21 March 2021, a share purchase agreement between Eleving Group S.A. and a private person in Kazakhstan was signed for sale of Group's subsidiaries in Kazakhstan. Part of the sales price contains an option arrangement. Therefore, part of the receivable for the sale of the subsidiary is recognized at fair value through profit and loss, which is determined according to the best estimate of the management of the Group. The fair value is determined based on the assigned probabilities of the receivable repayment due date and discounted using market refinancing rates adjusted for the country and credit risk.

Current	31.12.2021 EUR	31.12.2020 EUR
Loans to related parties recognized at fair value	446 318	460 908
Loans to related parties [including loans as a result of sale of Longo Group entities]	2 259 304	7 116 200
Accrued interest	23 399	-
TOTAL :	**2 729 021**	**7 577 108**

An analysis of Loans to related parties staging and the corresponding ECL allowances at the year end are as follows:

31.12.2021.	Stage 1	Stage 2	Stage 3	Total
Loans to related parties [including loans as a result of sale of Longo Group entities]	6 330 563	-	-	6 330 563
Accrued interest	23 399	-	-	23 399
Total	**6 353 962**	-	-	**6 353 962**
Total ECL calculated	[94 772]	-	-	[94 772]

31.12.2020.	Stage 1	Stage 2	Stage 3	Total
Loans to related parties [including loans as a result of sale of Longo Group entities]	8 757 085	7 116 200	-	15 873 285
Accrued interest	-	-	-	-
Total	**8 757 085**	**7 116 200**	-	**15 873 285**
Total ECL calculated	-	[44 772]	-	[44 772]

ECL was assessed for these receivables and concluded insignificant because in case of the borrower default the Group has the right to not to settle certain borrowings from another 3rd party lender linked to the borrower.

27. Equity-accounted investees

	31.12.2021	31.12.2020
	EUR	EUR
Investments in associates	149 872	91 585
TOTAL :	149 872	91 585

In September 2019 the Group sold 51% of its previously wholly owned investment in its subsidiary Primero Finance AS. As a result the Group lost the control over the subsidiary and recognizes this investment in the statement of financial position as equity-accounted investees. During 2021 the Group established a new holding company - Primero Holding AS together with majority shareholder of Primero Finance AS. Group's shareholding also is 49% in the new entity. At the same time ownership of Primero Finance AS was transferred to Primero Holding AS. Through 49% shareholding in Primero Holding AS, the Group continues to have investment in Primero Finance AS at the same level.

Also during 2021 Primero Holding AS established a new company in Lithuania - Primero Finance UAB and plans to expand its activities in this market.

Further information on entities performance disclosed below:

		31.12.2021			
Name of the company		Share capital	Total Equity	Interest in affiliate equity	Net value according to equity method
	Country	EUR	EUR	%	EUR
Primero Holding AS [Latvia]	Latvia	550 000	709 039	49	149 872

		31.12.2020			
Name of the company		Share capital	Total Equity	Interest in affiliate equity	Net value according to equity method
	Country	EUR	EUR	%	EUR
Primero Finance AS [Latvia]	Latvia	425 000	561 619	49	91 585

Changes in investments in associates	2021	2020
	EUR	EUR
Balance as at 1 January	91 585	252 630
Elimination of unrealized gain	-	[174 561]
Income/[loss] from associates accounted under equity method	58 287	13 516
Balance as at 31 December	149 872	91 585

Consolidated statement of profit and loss of affiliate [unaudited]	2021
	EUR
Interest revenue	3 983 168
Interest expense	[522]
Net interest income	**3 982 646**
Fee and commission income	84 109
Impairment expense	[392 997]
Net loss from de-recognition of financial assets measured at amortized cost	[1 229 845]
Selling expense	[317 721]
Administrative expense	[806 246]
Other operating income	86 199
Other operating expense	[1 363 818]
Profit before tax	**42 327**
Corporate income tax	[7 307]
Net profit	**35 020**

Consolidated statement of financial position at year end of affiliate

	31.12.2021 EUR
ASSETS	
Goodwill	119 000
Other intangible assets	40 730
Right-of-use assets	12 440
Property, plant and equipment	2 943
Loans and advances to customers	10 849 431
Finance lease receivables	4 232 143
TOTAL NON-CURRENT ASSETS	**15 256 687**
Loans and advances to customers	4 354 672
Finance lease receivables	1 241 065
Prepaid expense	67 696
Trade receivables	384 984
Other receivables	9 791
Cash and cash equivalents	453 443
Assets held for sale	36 434
TOTAL CURRENT ASSETS	**6 548 085**
TOTAL ASSETS	**21 804 772**
EQUITY	
Share capital	550 000
Retained earnings/(losses)	159 039
brought forward	124 019
for the period	35 020
TOTAL EQUITY	**709 039**
LIABILITIES	
Non-current liabilities	
Borrowings	520 770
Total non-current liabilities	**520 770**
Current liabilities	
Borrowings	19 404 269
Advances received	4 029
Trade and other payables	984 794
Corporate income tax payable	1 862
Taxes payable	24 360
Other liabilities	47 710
Accrued liabilities	107 939
Total current liabilities	**20 574 963**
TOTAL LIABILITIES	**21 095 733**
TOTAL EQUITY AND LIABILITIES	**21 804 772**

28. Finished goods and goods for resale

	31.12.2021 EUR	31.12.2020 EUR
Advance payments to vehicle dealerships	3 071 359	1 282 707
Acquired vehicles for purpose of selling them to customers	213 075	170 863
Other inventory	479 300	146 773
TOTAL :	**3 763 734**	**1 600 343**

The increase in finished goods and goods for resale is mainly caused by significant growth of businesses in Kenya and Uganda.

Expenses from sale of vehicles during the reporting year were EUR 112 024 (2020: EUR 59 019).

There were no inventory write downs to net realizable value as of 31.12.2021. (31.12.2020.: 0 EUR).

29. Other loans and receivables

Non-current	Interest rate per annum [%]	Maturity	31.12.2021 EUR	31.12.2020 EUR
Long term receivable for sold finance lease portfolio to associated entities	-	February 2027	723 098	187 315
		TOTAL:	**723 098**	**187 315**

Current	Interest rate per annum [%]	Maturity	31.12.2021 EUR	31.12.2020 EUR
Deposit in bank in Kazakhstan			-	1 241 935
Deposit in bank in Uzbekistan			-	78 210
Deposit in bank in Armenia			585 182	221 116
Receivable for sold finance lease portfolio to associated entities	-	December 2022	111 229	277 853
Purchase consideration paid for cancelled business			331 556	831 556
Loans to non-related parties as a result of sale of subsidiaries			1 182 992	36 006
Accrued interest	15 - 24%	March 2022	1 665	720
Impairment allowance			[5 579]	[5 579]
		TOTAL:	**2 207 045**	**2 681 817**

An analysis of Loans to non-related parties staging and the corresponding ECL allowances at the year end are as follows:

31.12.2021	Stage 1	Stage 2	Stage 3	Total
Deposit in bank in Armenia	585 182	-	-	585 182
Receivable for sold finance lease portfolio to associated entities	834 327	-	-	834 327
Purchase consideration paid for cancelled business	331 556	-	-	331 556
Loans to non-related parties as a result of sale of subsidiaries	1 182 992	-	-	1 182 992
Accrued interest	1 665	-	-	1 665
Total	**2 935 722**	**-**	**-**	**2 935 722**
Total ECL calculated	[5 579]	-	-	[5 579]

31.12.2020	Stage 1	Stage 2	Stage 3	Total
Deposit in bank in Kazakhstan	1 241 935	-	-	1 241 935
Deposit in bank in Uzbekistan	78 210	-	-	78 210
Deposit in bank in Armenia	221 116	-	-	221 116
Receivable for sold finance lease portfolio to associated entities	465 168	-	-	465 168
Purchase consideration paid for cancelled business	831 556	-	-	831 556
Loans to non-related parties as a result of sale of subsidiaries	36 006	-	-	36 006
Accrued interest	720	-	-	720
Total	**2 874 711**	**-**	**-**	**2 874 711**
Total ECL calculated	[5 579]	-	-	[5 579]

30. Prepaid expense

	31.12.2021 EUR	31.12.2020 EUR
Prepaid insurance expenses	388 097	487 817
Advances paid for services	318 931	803 188
Prepaid Mintos service fee	-	68 356
Other prepaid expenses	965 394	573 571
TOTAL :	**1 672 422**	**1 932 932**

31. Trade receivables

	31.12.2021 EUR	31.12.2020 EUR
Receivables for ceased financial assets	2 787 321	2 042 204
Receivables for rent services	1 148 886	1 412 408
Receivables for provided management services	482 710	133 795
Receivables for insurance services	99 661	17 208
Receivables for sold ERP system	334 574	368 461
Receivables for other services provided	125 928	108 173
Impairment allowance	(1 406 996)	(748 700)
TOTAL :	**3 572 084**	**3 333 549**

An analysis of trade receivables staging and the corresponding ECL allowances at the year end are as follows:

31.12.2021	Current	1-30 DPD	31-90 DPD	>90 DPD	Total
Receivables for ceased financial assets	-	-	-	2 787 321	2 787 321
Receivables for rent services	184 583	106 391	22 883	835 029	1 148 886
Receivables for sold ERP system	334 574	-	-	-	334 574
Receivables for provided management services	482 710	-	-	-	482 710
Receivables for insurance services	99 661	-	-	-	99 661
Receivables for other services provided	125 928	-	-	-	125 928
Total	**1 227 456**	**106 391**	**22 883**	**3 622 350**	**4 979 080**
Total ECL calculated	(473 318)	(7 868)	(14 870)	(910 940)	(1 406 996)

31.12.2020	Current	1-30 DPD	31-90 DPD	>90 DPD	Total
Receivables for ceased financial assets	2 042 204	-	-	-	2 042 204
Receivables for rent services	370 629	103 981	66 354	871 444	1 412 408
Receivables for sold ERP system	368 461	-	-	-	368 461
Receivables for provided management services	133 795	-	-	-	133 795
Receivables for insurance services	17 208	-	-	-	17 208
Receivables for other services provided	108 173	-	-	-	108 173
Total	**3 040 470**	**103 981**	**66 354**	**871 444**	**4 082 249**
Total ECL calculated	(3 326)	(7 868)	(14 870)	(722 636)	(748 700)

The Group does not have contract assets and contract liabilities at 31.12.2021. (EUR 0 at 31.12.2020.).

32. Other receivables

	31.12.2021 EUR	31.12.2020 EUR
Overpaid VAT from subsidiary in Latvia	434 594	353 005
Impairment allowance for overpaid VAT	(434 594)	(353 005)
Net overpaid VAT*	-	-
Security deposit paid for currency hedging transactions	8 082	787 521
CIT paid in advance	1 106 080	610 802
Disputed tax audit measurement in Georgia***	510 421	510 421
Accrued income from currency hedging transactions**	-	704 111
Overpaid VAT in other subsidiaries	462 531	501 013
Security deposit for office lease (more information in Note 23).	304 430	190 110
Receivables for payments received from customers through online payment systems	150 389	162 781
Advances to employees	-	80 656
Receivables from P2P platform for attracted funding	75 434	-
Other debtors	713 425	685 879
Impairment allowance	(62 573)	(156 759)
	3 268 219	**4 076 535**

* - All receivables are due within the following year, except VAT overpayment where the date of settlement is unclear due to ongoing litigation process in Latvia.

This resulted in full settlement of payable VAT and recognition of VAT overpayment. Considering the uncertainty disclosed in Note 37, the Group has decided to recognize the impairment provision in full amount for VAT receivable in the statement of financial position and additional provisions in amount of VAT payable settled by VAT return adjustment and related penalties (see Note 37).

** - The Group enters into currency exchange transactions where it tries to limit its foreign currency rate fluctuation loss. The transaction requires the Group to reserve the a cash deposit with its currency transaction partners. At year end the Group recognizes accrued income based on year end currency rates versus agreed currency transaction rates and recognizes income if the estimated result is expected to be profitable.

*** - The Georgian tax administration has initiated a transfer pricing audit for Mogo LLC (Georgia). The audit covers the financial years 2016, 2017 and 2018. Audit decisions have been issued for respective year. The Georgian tax administration has challenged that interest rate applied by Eleving Group S.A. on loan issued to Mogo LLC complies with arm's lengths principle. According to the decisions for additional tax amount of EUR 767 478 (2020: EUR 510 421) has been assessed. The tax amount increased due to the audit decision issued within 2021 for 2018. The amount has been withheld by the Georgian tax administration from a tax overpayment of Mogo LLC, and part of the amount has been transferred to the Georgian state budget by Mogo LLC.

Mogo LLC has appealed the decisions.

The appeal for 2016 has been reviewed by the Georgian tax administration and Dispute Resolution Board within the Ministry of Finance of Georgia (the Dispute Resolution Board). During the appeal more favorable decision has been issue to Mogo LLC. The decision further is appealed within the Tbilisi City Court. The audit decision for 2017 was appealed within the Dispute Resolution Board. The Dispute Resolution Board has issued the decision according to which the audit decision has to be reviewed by the Georgian tax administrations and more favorable has to be issued. The audit decision for 2018 has been appealed within the Dispute Resolution Board.

During 2021 Group's management made a decision to apply for a mutual agreement procedure according to the double tax treaty concluded between Georgia and Luxembourg and in 2022 the Group has engaged a Luxembourg tax advisor to initiate mutual agreement procedure.

The management of the Group considers that the interest rate applied by Eleving Group S.A. (called Mogo Finance S.A. at time of the respective transactions) on loans issued to related parties fully complies with the arm's length principle. The applied interest rate is justified by transfer pricing policies held by the Group, which have been developed by independent external tax advisors. The management of the Group considers that the approach of the Georgian tax administration does not comply with basic loan pricing principles and international guidelines. In order to determine the market interest rate for the Eleving Group S.A. loan issued to the Mogo LLC, Georgian tax administration has used coupon rate of bonds issued by credit institutions as a comparable source. The coupon rates of such bonds are not comparable as represents lower risk market comparing with that where the Group operates. Additionally, when issuing the decision Georgian tax administration has not considered borrowing costs of Eleving Group S.A. The interest rate applied by the Georgian tax administration in the decisions is significantly lower than the borrowing costs of Eleving Group S.A.

The Group is in a position to use all available local and international measures to justify its transfer pricing policies and to achieve the result that the decisions are fully cancelled. According to management's best estimate no significant economical outflows in relation to the transfer pricing audit is expected in the future as the possibility of such has been assessed as remote.

The Group management expects to fully recover paid tax.

33. Cash and cash equivalents

	31.12.2021 EUR	31.12.2020 EUR
Cash at bank	9 533 727	8 839 293
Cash on hand*	593 360	476 137
TOTAL :	**10 127 087**	**9 315 430**

* - The Group provides the possibility to its customers to pay their monthly receivables in cash, therefore it holds cash on hand at period end.

An analysis of cash and cash equivalent staging and the corresponding ECL allowances at the year end are as follows:

31.12.2021	Stage 1	Stage 2	Stage 3	Total
Cash at bank	9 533 727	-	-	9 533 727
Cash on hand	593 360	-	-	593 360
Total	**10 127 087**	**-**	**-**	**10 127 087**
Total ECL calculated	-	-	-	-

31.12.2020	Stage 1	Stage 2	Stage 3	Total
Cash at bank	8 839 293	-	-	8 839 293
Cash on hand	476 137	-	-	476 137
Total	**9 315 430**	**-**	**-**	**9 315 430**
Total ECL calculated	-	-	-	-

The Group has not calculated an ECL allowance for cash and cash equivalents on the basis that placements with banks are of short term nature and the lifetime of these assets under IFRS 9 is so short that the low probability of default would result in immaterial ECL amounts (2020: EUR 0).

The Group cooperates with banks with credit ratings no less than BBB-.

34. Assets of subsidiary held for sale or under liquidation

In latter part of 2021, management committed to a plan to sell parts of its vehicle finance business operations in Balkan countries and liquidate subsidiary in Bosnia&Herzegovina. Accordingly, several entities were presented as a disposal group held for sale. In 2021 management decided to also initiate the liquidation of several additional entities in Poland. As well the Group decided to change the strategy in Estonia and sell its Estonian subsidiary Mogo OU to Primero Holding AS - a subsidiary where the Group holds 49% of shares.

As at 31 December 2021 following companies were classified as held for sale:

- Mogo OU, Estonia

As at 31 December 2021 following companies were classified as under liquidation:

- Mogo Sp. z o.o., Poland
- Mogo Leasing d.o.o., Bosnia&Herzegovina
- Pocco Finance Sp. z o.o., Poland

Assets and liabilities of disposal groups held for sale	31.12.2021 EUR	31.12.2020 EUR
ASSETS		
Mogo OU, Estonia	11 545 025	-
Mogo Leasing d.o.o., Bosnia&Herzegovina	733 597	-
Mogo Sp. z o.o., Poland	181 410	-
Sale For Five Sp. z o.o., Poland	2 256	-
Mogo Bulgaria EOOD, Bulgaria	-	7 804 376
FD Mogo krediti DOOEL, North Macedonia	-	1 178 794
Mogo DOOEL, North Macedonia	-	711 826
TOTAL	**12 462 288**	**9 694 996**
Goodwill arising from Mogo OU, Estonia	451 894	-
Goodwill arising from FD Mogo krediti DOOEL, North Macedonia	-	559 588
Impairment of assets of Mogo Bulgaria EOOD, Bulgaria*	-	(298 932)
Impairment of goodwill of FD Mogo krediti DOOEL, North Macedonia**	-	(538 725)
TOTAL ASSETS OF DISPOSAL GROUPS HELD FOR SALE	**12 914 182**	**9 416 927**
LIABILITIES		
Mogo OU, Estonia	5 993 920	-
Mogo Sp. z o.o., Poland	82 124	-
Mogo Leasing d.o.o., Bosnia&Herzegovina	42 382	-
Sale For Five Sp. z o.o., Poland	80	-
Mogo Bulgaria EOOD, Bulgaria	-	3 712 662
FD Mogo krediti DOOEL, North Macedonia	-	94 124
Mogo DOOEL, North Macedonia	-	129 532
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE	**6 118 506**	**3 936 318**

* - Valuation of net assets of Bulgarian entity was based on share purchase price offering received from potential buyer.

** - impairment losses of 538 725 EUR for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in Consolidated Statement of Profit and Loss and Other Comprehensive Income in line 'Loss from discontinued operation, net of tax'. The impairment was calculated based on total of net assets and goodwill of FD mogo krediti DOOEL from which the entity sales price and loan value was deducted. Net result is assumed unrecoverable thus impairment for respective amount has been recognized.
The sales agreements of both entities of North Macedonia was signed before year end of 2020, but sales process finished in first quarter of 2021.

Mogo Bulgaria EOOD, Bulgaria

At 31 December 2020, the entity was stated at the lower of carrying amount and fair value less costs to sell and comprised the following assets and liabilities [at carrying amounts]:

	31.12.2021. EUR	31.12.2020. EUR
ASSETS		
Other intangible assets	-	5 149
Right-of-use assets	-	178 699
Property, plant and equipment	-	39 627
Deferred tax asset	-	114 012
Loans and advances to customers	-	485 387
Finance lease receivables	-	3 540 997
TOTAL NON-CURRENT ASSETS	-	**4 363 871**
Loans and advances to customers	-	245 968
Finance lease receivables	-	2 442 042
Prepaid expense	-	18 021
Trade receivables	-	387 316
Other receivables	-	-7 763
Cash and cash equivalents	-	317 276
Assets held for sale	-	37 645
TOTAL CURRENT ASSETS	-	**3 440 505**
TOTAL ASSETS	-	**7 804 376**
LIABILITIES		
Non-current liabilities		
Borrowings	-	1 815 343
Total non-current liabilities	-	**1 815 343**
Current liabilities		
Borrowings	-	1 736 932
Advances received	-	3 789
Trade and other payables	-	30 061
Taxes payable	-	18 257
Other liabilities	-	23 626
Accrued liabilities	-	84 654
Total current liabilities	-	**1 897 319**
TOTAL LIABILITIES	-	**3 712 662**

The sale was completed on 2 December 2021. As a result of the sale of the entity the Group incurred a loss of 196 540 EUR.

Mogo OU, Estonia

At 31 December 2020, the entity was stated at the lower of carrying amount and fair value less costs to sell and comprised the following assets and liabilities [at carrying amounts]:

	31.12.2021. EUR
ASSETS	
Other intangible assets	3 262
Right-of-use assets	77 372
Property, plant and equipment	16 994
Loans and advances to customers	2 342 561
Finance lease receivables	5 525 178
TOTAL NON-CURRENT ASSETS	**7 965 367**
Loans and advances to customers	1 162 538
Finance lease receivables	2 203 785
Prepaid expense	15 434
Other receivables	5 996
Cash and cash equivalents	151 874
Assets held for sale	40 031
TOTAL CURRENT ASSETS	**3 579 658**
TOTAL ASSETS	**11 545 025**
LIABILITIES	
Non-current liabilities	
Borrowings	4 125 853
Total non-current liabilities	**4 125 853**
Current liabilities	
Borrowings	1 580 483
Advances received	-
Trade and other payables	38 059
Taxes payable	66 239
Other liabilities	122 065
Accrued liabilities	61 221
Total current liabilities	**1 868 067**
TOTAL LIABILITIES	**5 993 920**

Share purchase agreement has been signed and all necessary regulatory approvals have been received in 2021. Transfer of control is expected to be completed during second quarter of 2022.

Mogo Polska Sp. z o.o., Poland

At 31 December 2020, the entity was stated at the lower of carrying amount and fair value less costs to sell and comprised the following assets and liabilities [at carrying amounts]:

	31.12.2021. EUR
ASSETS	
Property, plant and equipment	8 793
Finance lease receivables	433
TOTAL NON-CURRENT ASSETS	**9 226**
Loans and advances to customers	45 380
Finance lease receivables	79 415
Prepaid expense	1 099
Other receivables	14 224
Cash and cash equivalents	29 292
Assets held for sale	2 774
TOTAL CURRENT ASSETS	**172 184**
TOTAL ASSETS	**181 410**
Current liabilities	
Advances received	7 579
Trade and other payables	4 373
Taxes payable	7 717
Accrued liabilities	62 455
Total current liabilities	**82 124**
TOTAL LIABILITIES	**82 124**

In 2021 the Group has decided to terminate economic activities in Poland and complete the liquidation of its subsidiaries by the end of 2022.

Pocco Finance Sp. z o.o., Poland

At 31 December 2020, the entity was stated at the lower of carrying amount and fair value less costs to sell and comprised the following assets and liabilities [at carrying amounts]:

	31.12.2021. EUR
ASSETS	
Other receivables	238
Cash and cash equivalents	2 018
TOTAL CURRENT ASSETS	**2 256**
TOTAL ASSETS	**2 256**
LIABILITIES	
Current liabilities	
Trade and other payables	80
Total current liabilities	**80**
TOTAL LIABILITIES	**80**

In 2021 the Group has decided to terminate economic activities in Poland and complete the liquidation of its subsidiaries by the end of 2022.

Mogo Bosnia, Bosnia

At 31 December 2020, the entity was stated at the lower of carrying amount and fair value less costs to sell and comprised the following assets and liabilities (at carrying amounts):

	31.12.2021. EUR
ASSETS	
Right-of-use assets	2 984
Property, plant and equipment	7 398
Loans and advances to customers	9 206
Finance lease receivables	266 566
TOTAL NON-CURRENT ASSETS	**286 154**
Loans and advances to customers	14 564
Finance lease receivables	190 531
Prepaid expense	9 738
Other receivables	46 557
Cash and cash equivalents	179 289
Assets held for sale	6 764
TOTAL CURRENT ASSETS	**447 443**
TOTAL ASSETS	**733 597**
LIABILITIES	
Current liabilities	
Borrowings	3 048
Trade and other payables	3 697
Other liabilities	30 159
Accrued liabilities	5 478
Total current liabilities	**42 382**
TOTAL LIABILITIES	**42 382**

In 2021 the Group has decided to terminate economic activities in Bosnia&Herzegovina and complete the liquidation of its subsidiaries by the end of 2022.

FD Mogo krediti DOOEL, North Macedonia

At 31 December 2020, the entity was stated at the lower of carrying amount and fair value less costs to sell and comprised the following assets and liabilities [at carrying amounts]:

	31.12.2021. EUR	31.12.2020. EUR
ASSETS		
Other intangible assets	-	729
Right-of-use assets	-	81 161
Property, plant and equipment	-	9 593
Loans and advances to customers	-	246 403
Finance lease receivables	-	727 694
TOTAL NON-CURRENT ASSETS	-	**1 065 580**
Loans and advances to customers	-	81 637
Finance lease receivables	-	[57 802]
Other receivables	-	117
Cash and cash equivalents	-	73 267
Assets held for sale	-	15 995
TOTAL CURRENT ASSETS	-	**113 214**
TOTAL ASSETS	-	**1 178 794**
LIABILITIES		
Non-current liabilities		
Borrowings	-	56 650
Total non-current liabilities	-	**56 650**
Current liabilities		
Borrowings	-	15 677
Advances received	-	476
Trade and other payables	-	304
Taxes payable	-	3 926
Other liabilities	-	8 264
Accrued liabilities	-	8 612
Total current liabilities	-	**37 259**
TOTAL LIABILITIES	-	**93 909**

The agreement for the sale of shares of this company was signed in 2020. The Group has received an approval from the state regulatory body to fully complete the transaction and dispose entity from the consolidated statements as at 1 February 2021.

Mogo DOOEL, North Macedonia

As at 31 December 2020, the entity was stated at the lower of carrying amount and fair value less costs to sell and comprised the following assets and liabilities.

	31.12.2021. EUR	31.12.2020. EUR
ASSETS		
Other intangible assets	-	374
Right-of-use assets	-	52 574
Property, plant and equipment	-	17 887
Loans and advances to customers	-	71 784
Finance lease receivables	-	268 208
TOTAL NON-CURRENT ASSETS	-	**410 827**
Loans and advances to customers	-	119 150
Finance lease receivables	-	137 306
Other receivables	-	-5 672
Cash and cash equivalents	-	32 988
Assets held for sale	-	8 572
TOTAL CURRENT ASSETS	-	**292 344**
TOTAL ASSETS	-	**703 171**
LIABILITIES		
Non-current liabilities		
Borrowings	-	46 069
Total non-current liabilities	-	**46 069**
Current liabilities		
Borrowings	-	12 089
Advances received	-	1 362
Trade and other payables	-	3 166
Taxes payable	-	477
Other liabilities	-	32 693
Accrued liabilities	-	22 696
Total current liabilities	-	**72 483**
TOTAL LIABILITIES	-	**118 552**

The agreement for the sale of shares of this company was signed in 2020. The Group has received an approval from the state regulatory body to fully complete the transaction and dispose of the entity from the consolidated statements as at 1 February 2021. As a result of the sale of the entity the Group incurred a loss of 5 289 EUR.

35. Assets held for sale

Other non-current assets held for sale	31.12.2021 EUR	31.12.2020 EUR
Repossessed collateral	2 382 560	2 094 204
TOTAL :	**2 382 560**	**2 094 204**

Changes in other assets held for sale	31.12.2020	Net changes during the year	31.12.2021
Repossessed collateral	2 094 204	288 356	2 382 560
TOTAL :	**2 094 204**	**288 356**	**2 382 560**

Repossessed collaterals are vehicles taken over by the Group in case of default by the Group's clients on the related lease agreements. After the default of the client, the Group has the right to repossess the vehicle and sell it to third parties. The Group does not have the right to repossess, sell or pledge the vehicle in the absence of default by Group's clients. The Group usually sells the repossessed vehicles within 90 days after repossession. There are no balances left unsold from previous reporting period.

36. Share capital and reserves

Share capital

The subscribed share capital of Group amounts to EUR 1 000 000 and is divided into 100 000 000 shares fully paid up.

The movements on the Share capital caption during the year are as follows:

	Share capital EUR	Number of regular Shares	Total number of Shares
Opening balance as at 1 January 2020	1 000 000	100 000 000	100 000 000
Subscriptions	-	-	-
Redemptions	-	-	-
Closing balance as at 31 December 2020	1 000 000	100 000 000	100 000 000
Opening balance as at 1 January 2021	1 000 000	100 000 000	100 000 000
Subscriptions	-	-	-
Redemptions	-	-	-
Closing balance as at 31 December 2021	1 000 000	100 000 000	100 000 000

Foreign currency translation reserve

As explained in Note 2, foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Reserves

	31.12.2021 EUR	31.12.2020 EUR
Mandatory reserves in OCN Sebo Credit SRL [Ukraine]*	253 790	-
Mandatory reserves in Mogo LT UAB [Lithuania]*	249 983	249 984
Mogo IFN SA [Romania]*	35 621	-
Mandatory reserves in TIGO Finance DOOEL Skopje [North Macedonia]*	214 884	33 884
Mandatory reserves in Mogo Loans SRL [Moldova]*	30 375	30 375
Mandatory reserves in Eleving Group S.A. [Luxembourg]*	25 290	3 104
Mandatory reserves in Next Fin LLC [Ukraine]*	2 842	-
TOTAL :	**812 785**	**317 347**

* - further information disclosed in Note 2.

Minority interest

The following table summarizes the information about the subsidiaries with most material non-controlling interest in net assets of those subsidiaries:

	Proportion of ownership interests held by NCI	*Profit/(loss) allocated to NCI for reporting year*	Net assets attributable to NCI	
			31.12.2021	31.12.2020
			EUR	EUR
OCN Sebo Credit SRL (Moldova)	24,32%	1 375 423	2 399 197	243 611
Mogo AS (Latvia)	13,12%	663 829	1 964 793	810 766
Mogo Auto Ltd (Kenya)	13,19%	446 051	1 463 738	586 983
Kredo Finance SHPK (Albania)	17,54%	668 955	1 378 920	-
TIGO Finance DOOEL Skopje (North Macedonia)	21,38%	432 767	955 470	-
Eleving Consumer Finance AS (Latvia)	1,30%	504 188	(987 893)	-
Eleving Solis AS (Latvia)	13,19%	(406 991)	(1 477 546)	1 348 057
Other subsidiaries	1.3%-24.32%	1 318 493	1 426 108	(2 650 978)
		TOTAL :	7 122 787	338 439

During the year 2021, the Group sold shares of several of its direct and indirect subsidiaries while maintaining control. This resulted in considerable increase in minority interest.

37. Provisions

Non-current	31.12.2021	31.12.2020
	EUR	EUR
Provision for VAT liabilities in Latvia*	108 422	333 608
Provision for taxes and duties in Latvia*	31 632	99 314
TOTAL :	140 054	432 922

* Provision for taxes and duties in Latvia are calculated based on rates applied by tax body of Republic of Latvia and discounted with rate of 0.42% for estimated litigation process period of 3 years. During the financial year 2021 the Group has reversed the provision for possible VAT liabilities and penalties in Latvia for the period January to November 2018 due to the expiry of the statute of limitations in accordance with the national legislation.

See Note 32 for more information.

Changes in provisions	01.01.2021	Additional provisions recognized	Unused provisions reversed	Provisions used	Unwinding of discount	31.12.2021
Provision for VAT liabilities in Latvia	333 608	(228 251)		-	3 065	108 422
Provision for taxes and duties in Latvia	99 314	(68 594)		-	912	31 632
	432 922	(296 845)	-	-	3 977	140 054

38. Borrowings

Non-current

Subordinated loans	Interest rate per annum [%]	Maturity	31.12.2021 EUR	31.12.2020 EUR
Loan from related parties [Note 44]	12%	31.12.2026	17 300 238	12 126 467
		TOTAL:	**17 300 238**	**12 126 467**

Subordinated loans comprise of loans received by the Parent company from its shareholders. The loans are denominated in EUR with an interest rate of 12% and maturity extended to December 2026 during 2021 and are subordinated to the Parent company's obligations arising from the Eurobonds described further below. Till all the Parent company's outstanding liabilities under the Eurobonds are fulfilled the Parent company as the borrower under subordinated loans is allowed to make payments of principal and interest only to the extent that any such payment is in accordance with the terms and conditions of the Eurobonds. On 31 December 2021 the terms and conditions of the Eurobonds that would allow the Parent company to make payments of principal and interest under the subordinated loans were met.

In 2021 the Subordinated loan balance increased by 5 173 771 EUR, due to interest capitalization and additional Subordinated loan received from Shareholders.

Bonds	Interest rate per annum [%]	Maturity	31.12.2021 EUR	31.12.2020 EUR
Eleving Group S.A. bonds nominal value1]	9,5%	18.10.2026	142 241 000	96 245 840
Mogo AS 20m bonds nominal value2]	11%	31.03.2024	29 859 000	-
Bond additional interest accrual	11%	31.03.2024	29 753	-
Bonds acquisition costs			[5 790 824]	[3 129 846]
		TOTAL:	**166 338 929**	**93 115 994**
Other borrowings				
Long term loan from banks4]	7.5%-12.75%	February 2024	5 615 831	6 481 610
Lease liabilities for rent of premises5]	2%-12%	up to 10 years	6 612 744	5 682 880
Lease liabilities for rent of vehicles5]	2%-12%	up to 3 years	93 446	42 135
Financing received from P2P investors6]	6% - 15%	up to 30.12.2027.	33 884 556	49 368 618
Loan acquisition costs			[88 370]	[121 241]
		TOTAL:	**46 118 207**	**61 454 002**
		TOTAL NON CURRENT BORROWINGS:	**229 757 374**	**166 696 463**

Current

Other borrowings	Interest rate per annum [%]	Maturity	31.12.2021 EUR	31.12.2020 EUR
Financing received from P2P investors6]	6% - 15%	up to 30.12.2027.	28 123 751	37 356 308
Mogo AS 20m bonds nominal value2]	10%	31.03.2021	-	20 000 000
Mogo AS 10m bonds nominal value	10%	31.03.2021	-	4 129 000
Accrued interest for bonds			2 747 127	4 486 220
Bond additional interest accrual			-	367 626
Lease liabilities for rent of premises5]	2%-12%	up to 10 years	2 443 778	2 013 871
Accrued interest for financing received from P2P investors			265 480	528 275
Lease liabilities for rent of vehicles5]	11%	20.09.2022	57 412	56 425
Short term loans from banks4]	15%-18%	July 2023	1 868 405	6 096 506
Short term loans from non related parties7]	9,5%-11%	up to 09.12.2024	1 818 887	1 420 011
Other borrowings	9,5%-11%	up to 09.12.2024	833 485	-
Accrued interest for loans from non related parties			42 255	25 988
Accrued interest for loan from bank			66 895	57 235
		TOTAL CURRENT BORROWINGS:	**38 267 475**	**76 537 465**

Eleving Group S.A. bonds

1] On 11 July 2018, Mogo Finance successfully issued a 4-year corporate bond [XS1831877755], listed on the Open Market of the Frankfurt Stock Exchange for EUR 50 million at par with an annual interest rate of 9.5%, followed on 16 November 2018 by a EUR 25 million tap at par and 13 November 2019 by another EUR 25 million. After both tap issues, the total amount outstanding of Mogo Finance's 9.50% corporate bonds 2018/2022 [XS1831877755] amounts to EUR 100 million. On 30 November 2018, the corporate bond 2018/2022 [XS1831877755] was uplisted to the regulated market [General Standard] of the Frankfurt Stock Exchange. On 18 October 2021 the bond was refinanced and amount increased totaling the new bond amount of EUR 150 million [ISIN: XS2393240887]. The Bond is listed in open market while the Group is in process of listing it on regulated market. A waiver is obtained by the Group for the listing of the bond in regulated market by November 2022. The bond will mature in October 2026 . See Note 45 for further information about pledges and other additional information.

Mogo AS bonds

2] On 11 February 2021 subsidiary in Latvia - Mogo AS registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 30 million. With the purpose to refinance the previous bond issuance.
Company has raised a total of EUR 30 000 000 as at 31 December 2021
The notes are issued at par, have a maturity at 31 of March, 2024 and carry a fixed coupon of 11% per annum, paid monthly in arrears. The note type on 11 March 2021 was changed to "publicly issued notes" and were listed on the regulated market of NASDAQ OMX Baltic.

Subordinated bonds

3] On 29 December 2022 Eleving Group S.A. issue subordinated bonds in amount of EUR 25 million [XS2427362491] and listed them on the First North unregulated bond market of NASDAQ OMX Baltic on 7 March 2022. As at 31 December 2021 these bonds were not yet sold therefore the balance of these liabilities at year end was zero.

Other borrowings

4] Loans from banks comprise loans received by Mogo Armenia from a local bank. The loans are denominated in local currency, thus fully eliminating forex risk for the Group, with an interest rate of 12.75% and maturing on February 2024. Loans received by Mogo Georgia in the amount of USD 250 000 with an interest rate of 10% are maturing on March 2022. See Note 45 for further information about pledges and other additional information.
Kredo Finance SHPK received a loan from local bank in amount of ALL 98 500 000 with an interest rate of 4,6757% maturing on December 2023.
Mogo Belarus received a bank loan of USD 1 000 000 with 11% interest rate, maturing in 20.09.2022, plus a short term 2month credit line for USD 200 000, also Mogo Belarus acquired a bank loan specifically for the purpose of hedging BYN currency fluctuations reducing the currency exposure, but not being an actual hedge, loan amount is 2 525 000 BYN, which is secured by deposit in USD currency.

5] Group has entered into several lease agreements for office premises and branches as well as several vehicle rent agreements, which are accounted under IFRS 16.

6] Attracted funding from P2P platform non-current/ current split is aligned with the related non-current/ current split of the lease or loan agreement which is assigned to investors through the P2P platform. Funds are transferred to Group's bank accounts once per week.

7] SEBO Moldova entity had previously already acquired local financing in MDL currency with the rate from 16% to 19% maturing in July 2023.

Total [payable]/receivable for attracted funding not yet received from P2P platform as at statement of financial position dates were:

	31.12.2021	31.12.2020
	EUR	EUR
[Payable]/Receivable from attracted funding through P2P platform [Note 41]	-	[1 093 087]
TOTAL :	-	**[1 093 087]**

See additional information in Note 24.

Total accrued expenses for services for attracted funding through P2P platform as at statement of financial position dates were:

	31.12.2021	31.12.2020
	EUR	EUR
Accrued for expenses from attracted funding through peer-to-peer platform [Note 42]	44 987	45 949
TOTAL :	**44 987**	**45 949**

See Note 45 for further information about pledges and other additional information.

The Group has satisfied all the covenants. Please see further information in notes 45 and 51.

Changes in liabilities

Subordinated loans	01.01.2021	From obtaining control over subsidiary	Cash flows	Foreign exchange effect	Other	31.12.2021
Loan from related parties	12 126 467	-	5 173 771	-	-	17 300 238
TOTAL SUBORDINATED BORROWINGS PRINCIPAL:	**12 126 467**	**-**	**5 173 771**	**-**	**-**	**17 300 238**

Other borrowings	01.01.2021	From obtaining control over subsidiary	Cash flows	Foreign exchange effect	Other	31.12.2021
Bonds nominal value	120 374 840	-	51 725 160	-	-	172 100 000
Financing received from P2P investors	86 724 926	-	[27 411 423]	2 694 804	-	62 008 307
Loans from banks	12 578 116	-	[6 073 265]	979 385	-	7 484 236
Other borrowings	-	-	799 523	33 962	-	833 485
Short term loans from non related parties	1 420 011	-	286 115	112 761	-	1 818 887
Lease liabilities	7 795 311	-	[4 729 813]	230 814	5 911 068	9 207 380
TOTAL OTHER BORROWINGS PRINCIPAL:	**228 893 204**	**-**	**14 596 297**	**4 051 726**	**5 911 068**	**253 452 295**
TOTAL BORROWINGS PRINCIPAL:	**241 019 671**	**-**	**19 770 068**	**4 051 726**	**5 911 068**	**270 752 533**

Total cash flow of borrowings of EUR 19 770 068 consists of cash inflows EUR 522 098 102, cash outflows of EUR 500 911 788 and payments for lease liabilities in amount of EUR 1 416 246.

	01.01.2021	From obtaining control over subsidiary	Cash flows	Foreign exchange effect	Other	31.12.2021
Bonds acquisition costs	[3 129 846]	-	[6 814 296]	-	4 153 318	[5 790 824]
Loan acquisition costs	[121 241]	-	[60 605]	[2 955]	96 431	[88 370]
Loan acquisition costs	**[3 251 087]**	**-**	**[6 874 901]**	**[2 955]**	**4 249 749**	**[5 879 194]**
Accrued interest for loans from non related parties	25 988	-	[368 297]	306 330	78 234	42 255
Accrued interest for financing received from P2P investors	528 275	-	[7 976 903]	12 411	7 701 697	265 480
Additional bond interest accrual	4 853 846	-	[15 724 480]	-	13 647 514	2 776 880
Accrued interest for loan from bank	57 235	-	[1 336 094]	9 109	1 336 645	66 895
Accrued interest	**5 465 344**	**-**	**[25 405 774]**	**327 850**	**22 764 090**	**3 151 510**
TOTAL BORROWINGS:	**243 233 928**	**-**	**[12 510 607]**	**4 376 621**	**32 924 907**	**268 024 849**

* - 'Other' mainly contains movement due to accrued interest expenses and incurred bonds acquisition costs.

Subordinated loans	01.01.2020.	From obtaining control over subsidiary	Cash flows	Foreign exchange effect	Other	31.12.2020.
Loan from related parties	6 782 061	-	5 344 406	-	-	12 126 467
TOTAL SUBORDINATED BORROWINGS PRINCIPAL:	**6 782 061**	**-**	**5 344 406**	**-**	**-**	**12 126 467**

Other borrowings	01.01.2020.	From obtaining control over subsidiary	Cash flows	Foreign exchange effect	Other	31.12.2020.
Bonds nominal value	121 279 656	-	[904 816]	-	-	120 374 840
Financing received from P2P investors	70 157 207	27 699 642	[1 764 930]	[5 834 798]	[3 532 195]	86 724 926
Loans from banks	16 454 596	-	[2 258 465]	[1 610 580]	[7 435]	12 578 116
Long term loan from non-related parties	-	99 867	1 524 358	[204 214]	-	1 420 011
Lease liabilities	7 945 543	1 647 523	[9 824 509]	[464 862]	8 491 616	7 795 311
TOTAL OTHER BORROWINGS PRINCIPAL:	**215 837 002**	**29 447 032**	**[13 228 362]**	**[8 114 454]**	**4 951 986**	**228 893 204**
TOTAL BORROWINGS PRINCIPAL:	**222 619 063**	**29 447 032**	**[7 883 956]**	**[8 114 454]**	**4 951 986**	**241 019 671**

Total cash flow of borrowings of EUR -7 883 956 consists of cash inflows EUR 212 756 777, cash outflows of EUR 216 327 206 and payments for lease liabilities in amount of EUR 4 324 078.

	01.01.2021	From obtaining control over subsidiary	Cash flows	Foreign exchange effect	Other	31.12.2021
Bonds acquisition costs	(5 280 300)	-	(186 669)	130	2 336 993	(3 129 846)
Loan acquisition costs	(287 961)	-	(40 660)	5 150	202 230	(121 241)
Acquisition costs of borrowings	**(5 568 261)**	**-**	**(227 329)**	**5 280**	**2 539 223**	**(3 251 087)**
Accrued interest for loans from non related parties	17 304	27 850	(582 671)	99 423	464 082	25 988
Accrued interest for loans from related parties	6 567	-	(6 472)	11	(106)	-
Accrued interest for financing received from P2P investors	363 369	314 200	(8 252 509)	8 160 914	(57 699)	528 275
Additional bond interest accrual	4 725 753	-	(12 531 298)	-	12 659 391	4 853 846
Accrued interest for loan from bank	86 050	-	(1 245 725)	(12 646)	1 229 556	57 235
Accrued interest	**5 199 043**	**342 050**	**(22 618 675)**	**8 247 702**	**14 295 224**	**5 465 344**
TOTAL BORROWINGS:	**222 249 845**	**29 789 082**	**(30 729 960)**	**138 528**	**21 786 433**	**243 233 928**

39. Prepayments and other payments received from customers

	31.12.2021 EUR	31.12.2020 EUR
Advances received for sale of subsidiaries in North Macedonia (see Note 34)	400 000	360 001
Unallocated payments received*	125 933	96 965
Overpayments from historical customers	298 562	56 852
Received deposits from customers	29 660	12 931
Advances for sold cars	2 770	1 370
Payments received from ceased receivables	20 318	5 227
TOTAL :	877 243	533 346

* - Unallocated payments are payments received from former clients after contractual terms are ended and payments received which cannot be identified and allocated to a respective finance lease or loan and advance to customer balance at 31 December 2021.

40. Taxes payable

	31.12.2021 EUR	31.12.2020 EUR
Value added tax	563 351	578 903
Withholding tax	500 886	262 728
Social security contributions	401 491	728 629
Personal income tax	106 976	294 278
Other taxes	214 604	113 131
TOTAL :	1 787 308	1 977 669

41. Other liabilities

	31.12.2021 EUR	31.12.2020 EUR
Payable for attracted funding through P2P platform	-	1 093 087
Liabilities against employees for salaries	615 662	576 936
Other liabilities	272 611	207 175
TOTAL :	888 273	1 877 198

42. Accrued liabilities

	31.12.2021 EUR	31.12.2020 EUR
Accrued unused vacation	1 602 905	1 168 930
Accruals for bonuses	870 767	513 852
Accrued expenses for currency exposure for attracted funding through P2P platforms without buyback guarantee	7 770	195 038
Accrued expenses from attracted funding through peer-to-peer platform [Note 38]	44 987	45 949
Other accrued liabilities for received services	1 675 917	1 382 132
TOTAL :	**4 202 346**	**3 305 901**

43. Other non-current financial liabilities

On 16 January 2020, the Group acquired an additional 2% interest in the shares of Mogo LLC [Georgia], increasing its ownership interest to 100%. As part of the purchase agreement with the previous non-controlling interest holder of Mogo LLC [Georgia], a contingent consideration has been agreed. There will be additional cash payments to the previous non-controlling interest holder of:

1] 2% of the net profit earned by Mogo LLC for the years 2019 through 2021;
2] Additional annual amounts of GEL 82 836 for the years 2019-2021.

As at the additional interest acquisition date, the fair value of the contingent consideration was estimated to be 212 988 EUR based on the expected probable outcome. During 2020 and 2021 the Group settled part of the liabilities. Value of remaining amount was reassessed and concluded that no additional income or expenses need to be recognized.

The significant unobservable inputs used in the fair value measurement of the contingent consideration are disclosed in Note 3.

The contingent consideration liability is due for yearly measurement and payment to the former non-controlling interest holder after issuance of the respective year's annual report. Contingent consideration liability is recognized as follows:

	31.12.2021 EUR	31.12.2020 EUR
Non-current		
Non-current contingent consideration liability	-	66 508
Current		
Forward exchange contracts*	2 113 689	-
Current contingent consideration liability	138 305	98 949
TOTAL OTHER FINANCIAL LIABILITIES:	**2 251 994**	**165 457**

* - The Group enters into currency exchange transactions where it tries to limit its foreign currency rate fluctuation loss. At year end the Group recognizes accrued income or expenses based on year end currency rates versus agreed currency transaction rates and recognizes income or expenses if the estimated result is expected to be profit or loss.

Sensitivity analysis

An analysis of sensitivity of the Group's possible liabilities for purchase of shares in subsidiary based on positions existing as at 31 December 2021 using a simplified scenario of a 10% change in estimated future profits would result in change of liabilities for 225 199 EUR.

Changes in liabilities

	01.01.2021	Cash flows	Reassessment	Reclass	31.12.2021
Non-current contingent consideration liability	66 508	-	-	[66 508]	-
Current contingent consideration liability	98 949	[27 152]	-	66 508	138 305
TOTAL :	**165 457**	**[27 152]**	**-**	**-**	**138 305**

	01.01.2020	Cash flows	Reassessment	Reclass	31.12.2020
Non-current contingent consideration liability	22 569	-	66 508	[22 569]	66 508
Current contingent consideration liability	34 163	[104 264]	146 481	22 569	98 949
TOTAL :	**56 732**	**[104 264]**	**212 989**	**-**	**165 457**

Reassessment took place due to signing of additional share repurchase agreement of Mogo LLC [Georgia] during 2020.

44. Related party disclosures

All ultimate beneficial shareholders and entities controlled or jointly controlled by these individuals or close family members of these individuals are deemed as related parties of the Group. All shareholders have equal rights in making decisions proportional to their share value.
As at 31 December 2021 and 31 December 2020 none of the ultimate beneficial owners individually controls the Group.
All transactions between related parties are performed according to market rates. Receivables and payables incurred are not secured with any kind of pledge.
More detailed information about transactions with related parties is provided in Notes 36 and 38.
Other related parties are entities which are under control or joint control of the shareholders of the Group, but not part of the Group.

The information related to remuneration of the Group`s Management Board and council members is provided in Note 14.

The income and expense items with related parties for 2021 were as follows:

Related party	Shareholder controlled companies EUR	Other related parties EUR
Interest income	738 421	-
Interest expenses	(1 719 044)	-
Management services received from related parties	(343 481)	-
Sale of finance lease receivables to associated entities	-	1 544 805
Management services provided to associated entities	-	292 947

The income and expense items with related parties for 2020 were as follows:

Related party	Shareholder controlled companies EUR	Other related parties EUR
Interest income	1 128 262	-
Interest expenses	(368 649)	-
Sale of finance lease receivables to associated entities	-	589 816
Management services provided to associated entities	-	227 481

The receivables and liabilities with related parties as at 31.12.2021. and 31.12.2020. were as follows:

	31.12.2021 EUR	31.12.2020 EUR
Amounts owed by related parties		
Loans to related parties*	6 259 190	15 828 513
Trade receivables**	475 823	133 795
Amounts owed to related parties		
Subordinated loans from shareholders of the Parent Company	17 300 238	12 126 467
Payables to related parties	305 856	315 566

Movement in amounts owed by related parties	Amounts owed by related parties
Amounts owed by related parties as of 01.01.2020	22 328 834
Receivables repaid in period	(6 366 526)
Amounts owed by related parties as of 31.12.2020	15 962 308
Amounts owed by related parties as of 01.01.2021	15 962 308
Receivables repaid in period	(9 227 295)
Amounts owed by related parties as of 31.12.2021	6 735 013

Movement in amounts owed to related parties	Amounts owed to related parties
Amounts owed to related parties as of 01 January 2020	6 782 061
Loans received in period	6 551 786
Loans repaid/settled in period	[1 576 029]
Interest calculated in period	368 649
Interest repaid in period	-
Change in other payables	315 566
Dividends calculated for minority shareholders	65 192
Dividends paid to minority shareholders	[65 192]
Amounts owed to related parties as of 31 December 2020	12 442 033
Amounts owed to related parties as of 01 January 2021	12 442 033
Loans received in period	8 500 000
Loans repaid/settled in period	[5 045 273]
Interest calculated in period	1 719 044
Interest repaid in period	-
Management services received in period	343 481
Management services paid in period	[343 481]
Change in other payables	[9 710]
Dividends calculated for minority shareholders	423 383
Dividends paid to minority shareholders	[423 383]
Amounts owed to related parties as of 31 December 2021	17 606 094

45. Commitments and contingencies

Externally imposed regulatory capital requirements

The Group considers both equity capital as well as borrowings a part of its overall capital risk management strategy [see Note 46].

The Group is subject to externally imposed capital requirements in several countries. The main requirements are listed below:

Albania
Acquired license on performing financing activities requires to maintain amount of equity at all times not lower than 10% of the total assets of the entity. Management of the Group monitors and increases the share capital if needed to satisfy this requirement.

Armenia
Acquired license on performing financing activities require:
1] To maintain minimum amount of statutory capital of 150mln AMD;
2] To maintain minimum amount of total capital of 150mln AMD;
3] To maintain minimum ratio of amounts of total capital and risk-weighted assets at 10%.
Management of the Group monitors and increases the share capital if needed to satisfy this requirement.

Romania
Acquired license on performing financing activities require to ensure the level of equity is not less than company's finance receivables portfolio divided 15 times. Management of the Group monitors and increases the share capital or issues subordinated loans l if needed to satisfy this requirement.

North Macedonia
Loan portfolio limit is set as Share capital multiplied with 10.

Bosnia&Herzegovina
Acquired license on performing financing activities requires to maintain amount of equity at all times not lower that 250 000 BAM. Management of the Group monitors and increases the share capital if needed to satisfy this requirement. Loan portfolio limit is set as Share capital multiplied with 10.

Moldova
The non-bank credit organization is required to hold and maintain its own capital in relation to the value of the assets at any date in the amount of at least 5%.

Cooperation agreement with P2P platforms

Cooperation agreements with P2P platforms require to maintain positive amount of equity at all times in Latvia, Estonia, Georgia, Lithuania, Moldova, Poland, Romania, Belarus, Albania, Bulgaria, North Macedonia, Kazakhstan and Kenya. Management of the Group monitors and increases the share capital if needed to satisfy this requirement.

In order to secure P2P platform's claims towards the subsidiaries if certain subsidiaries cooperating with P2P platform fail to perform their obligations, the Group has signed Covenant Agreements with P2P platform companies AS Mintos Marketplace and Mintos OU.

The Group is subject to additional financial covenants relating to its attracted funding through P2P platform. Group is regularly monitoring respective indicators and ensures that covenants are satisfied. The Group is in compliance with these covenants at 31 December 2021 and 31 December 2020.

Eleving Group S.A. bonds

There are restrictions in the prospectus for the bonds issued on the Frankfurt Stock exchange (ISIN (XS2393240887)). These financial covenants are the following:

(a) the Interest Coverage Ratio for the Relevant Period is at least 1.25;

(b) the Capitalization Ratio for the Relevant Period is at least 15%; and

(c) the Consolidated Net Leverage Ratio for the Relevant Period does not exceed 6.00x.

There are other limitations regarding additional and permitted debt, restricted and permitted payments, permitted loans and securities.

The Group is in compliance with all covenants during the entire reporting period.

Mogo AS bonds

There are restrictions in the prospectus for the bonds issued on the Nasdaq Baltic (ISIN: LV0000802452):
From the Issue Date of Bonds to the date of repayment thereof, Mogo Finance S.A. shall undertake to maintain following financial covenants:
(a) The Capitalization Ratio shall in any case be at least:
- 8.00 per cent until 31 March 2021;
- 10.00 per cent until 30 June 2021; and
- 15.00 per cent until 30 September 2021 and until full repayment of the Bonds
(b) Starting as of 31 March 2021, the Interest Coverage Ratio shall be at least 1.25, calculated on:
- three (3) consecutive calendar months until the end of the interim quarter ending on 31 March 2021;
- six (6) consecutive calendar months until the end of the interim quarter ending on 30 June 2021;
- nine (9) consecutive calendar months until end of the interim quarter ending on 30 September 2021;
- twelve (12) consecutive calendar months until end of the financial year ending on 31 December 2021 and until full repayment of the Bonds.

During the reporting period the Group complied with all externally imposed capital requirements to which it was subjected to.

Other contingent liabilities and commitments

1) On 29 September 2017 the subsidiary in Armenia - Mogo UCO LLC entered into a pledge agreement over deposit and right of claim with Ardshinbank CJSC, establishing a pledge over the funds in the bank accounts of Mogo UCO LLC in favor of Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 29 September 2017.

2) On 2 November 2017 the subsidiary in Armenia Mogo UCO LLC entered into a pledge agreement over deposit and right of claim with Ardshinbank CJSC, establishing a pledge over the funds in the bank accounts of Mogo UCO LLC in favor of Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 2 November 2017.

3) On 5 December 2017 the subsidiary in Latvia - mogo AS entered into a commercial pledge agreement with Mintos OU, in order to secure mogo AS obligations towards Mintos OU deriving from Cooperation agreement on issuance of loans No. 36/2017-L, dated 5 December 2017.

4) On 26 February 2018 the subsidiary in Latvia mogo AS entered into a surety agreement with Ardshinbank CJSC and Mogo LLC, in order to secure Mogo LLC obligations towards Ardshinbank CJSC deriving from loan agreement concluded between Ardshinbank CJSC and Mogo LLC on 26 February 2018. The principal amount of the loan agreement is EUR 1 000 000.

5) On 26 February 2018 the subsidiary in Georgia - Mogo LLC entered into an agreement on pledge of right of claim and funds with Ardshinbank CJSC, in order to secure Mogo LLC obligations towards Ardshinbank CJSC deriving from the loan agreement concluded between Ardshinbank CJSC and Mogo LLC on 26 February 2018.

6) Starting from 14 October 2021 Eleving Group and certain of its Subsidiaries entered into several pledge agreements with TMF Trustee Services GmbH, establishing pledge over shares of those Subsidiaries, pledge over present and future loan receivables of those Subsidiaries, pledge over trademarks of those Subsidiaries, general business pledge over those Subsidiaries, pledge over primary bank accounts if feasible, in order to secure Eleving Group obligations towards bondholders deriving from Eleving Group bonds (ISIN: XS2393240887). Subsequently additional pledgors were added who became material (subsidiaries with net portfolio of more than EUR 7 500 000 and represents at least 3% of the Net Loan Portfolio) according to terms and conditions of the bonds. The total amount of pledged assets as at 31 December 2021 was 237 640 144 EUR. (2020: 288 175 680 EUR.)

7) Starting from 14 October 2021 Eleving Group as Issuer and certain of its Subsidiaries as Guarantors have entered into a guarantee agreement dated 14 October 2021 (as amended and restated from time to time) according to which the guarantors unconditionally and irrevocably guaranteed by way of an independent payment obligation to each holder of the Eleving Group bonds (ISIN: XS2393240887) the due and punctual payment of principal of, and interest on, and any other amounts payable under the Eleving Group bonds (ISIN: XS2393240887) offering memorandum.

8] On 27 November 2018 the subsidiary in Armenia Mogo UCO LLC entered into an agreement on pledge of right of claim and funds with Ardshinbank CJSC, pledging Mogo UCO LLC right of claim and funds, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 27 November 2017.

9] On 11 December 2018 the subsidiary in Latvia - mogo AS issued a payment guarantee No.2018.12.05 for the benefit of third party with a maximum liability not exceeding EUR 200 000, where the liability of mogo AS is limited to the performance of other subsidiary's AS Mogo Baltics and Caucasus obligations from the secured agreement with this party.

10] On 12 December 2018 the subsidiary in Latvia - mogo AS issued guarantee letters for the benefit of SIA Skanste City [previously SWH Grupa JSC] to secure other Subsidiary Eleving Vehicle Finance JSC [previously Mogo Group JSC] obligations from the secured office space lease agreements concluded on 12 December 2018. According to the guarantee letters the Company undertook to fulfil Eleving Vehicle Finance JSC obligations towards SIA Skanste City if they are overdue on liabilities under the agreements terms. The guarantees expire if the lease agreements are amended, renewed without prior written approval by the Company and is effective for the entire duration of the respective lease agreements. At the beginning of 2020 both lease agreements were amended and the Company provided the new guarantee to secure only obligations of Eleving Vehicle Finance JSC.

11] On 25 January 2019 the subsidiary in Latvia - Renti AS entered into a commercial pledge agreement with Mintos Finance Estonia OU, in order to secure Renti AS obligations towards Mintos Finance Estonia OU deriving from Cooperation agreement on issuance of loans No. 49/2018-L, dated 25 January 2019.

12] On 15 April 2019 Mogo Finance S,A. as the guarantor and the subsidiary in Armenia - Mogo UCO LLC entered into a surety agreement with Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 2 November 2017.

13] On 31 July 2019 the subsidiary in Latvia - mogo AS entered into a commercial pledge agreement with Citadele banka AS, establishing a pledge over rights of claim arising from certain agreements concluded between mogo AS and its clients, to secure mogo AS, mogo OÜ and UAB mogo LT obligations towards Citadele banka AS deriving from the Credit line agreement dated 8 July 2019.

14] On 9 August 2019 the subsidiary in Estonia - mogo OÜ entered into a claims pledge agreement with Citadele banka AS, establishing a pledge over all present and future claims arising from certain agreements concluded between mogo OÜ and its clients, to secure mogo AS, mogo OÜ and UAB mogo LT obligations towards Citadele banka AS deriving from the Credit line agreement dated 8 July 2019.

15] On 9 September 2019 the subsidiary in Lithuania - UAB mogo LT entered into a contractual pledge agreement with Citadele banka AS, establishing a pledge over rights of claim arising from certain agreements concluded between UAB mogo LT and its clients, to secure mogo AS, mogo OÜ and UAB mogo LT obligations towards Citadele banka AS deriving from the Credit line agreement dated 8 July 2019.

16] On 17 September 2019 the subsidiary in Belarus - Mogo Kredit LLC entered into a pledge agreement over right of claim with CJSC Bank Resenije, establishing a pledge over certain receivables of Mogo Kredit LLC in favour of CJSC Bank Resenije, in order to secure Mogo Kredit LLC obligations towards CJSC Bank Resenije deriving from 2 credit contracts dated 17 September 2019.

17] On 26 September 2019 the subsidiary in Armenia - Mogo UCO LLC entered into a pledge agreement over right of claim with Ardshinbank CJSC, establishing a pledge over certain receivables of Mogo UCO LLC in favor of Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 2 November 2017.

18] On 3 November 2021 and 30 December 2021 20 March, 2020 the shareholder AS Eleving Consumer Finance Finitera of Kredo Finance [Albania] signed a Master Confirmation Agreement for Non-Deliverable Forward FX Transactions. This agreement covers the currency gap, which benchmark from Bank of Albania limits the currency exposure of less than 30% of capital, for only one currency.

19] On 22 July, 2020 O.C.N. Sebo Credit issued guarantee favor of private individual Tamara Paun to secure repayment of the loan issued by Tamara Paun to Rodica Paun. The loan was used to provide a subordinated loan to O.C.N. Sebo Credit.

20] On 26 January 2021, Mogo Finance S,A. signed a guarantee whereby Mogo Finance S.A. undertook to guarantee the fulfilment of AS mogo obligations towards its creditors under AS mogo Bonds [ISIN: LV0000802452] and their Terms and Conditions.

21] On 23 December 2021 Eleving Group signed a guarantee whereby Eleving undertook to guarantee the fulfilment of Kredo Finance [Albania] obligations towards Triana Bank under the loan agreement.

22] On 23 December 2021 Kredo Finance [Albania] singed a financial collateral agreement to pledge cash deposit to Triana Bank to secure the payments under respective loan agreement.

46. Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk [including currency risk and interest rate risk], credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Operational risks

The Group takes on exposure to certain operational risks, which result from general and specific market and industry requirements.

Compliance risk

Compliance risk refers to the risk of losses or business process disruption resulting from inadequate or failed internal processes systems, that have resulted in a breach of applicable law or other regulation currently in place.

Regulatory risks

Group's operations are subject to regulation by a variety of consumer protection, financial services and other state authorities in various jurisdictions, including, but not limited to, laws and regulations relating to consumer loans and consumer rights protection, debt collection and personal data processing . Formal licenses issued by respective regulators are required in all countries where the Group operates in, except for Lithuania, Georgia, Belarus, Moldova, Uzbekistan, Kazakhstan and Poland. The Group closely monitors all the changes in regulatory framework for each of the countries it operates in. The Group employs both in-house as well as outsourced legal specialists to assist in addressing any current or future regulatory developments that might have an impact on Group's business activities.

See further information on regulatory matters in Note 45.

Anti-money laundering and Know Your Customer laws compliance risk

The Group is subject to anti-money laundering laws and related compliance obligations in most of the jurisdictions in which it does business. The Group has put in place local anti-money laundering policies in those jurisdictions where it is required under local law to do so and in certain other jurisdictions. As a financial institution, the Group is required to comply with anti-money laundering regulations that are generally less restrictive than those that apply to banks.

As a result, the Group often relies on anti-money laundering and know your customer checks performed by our customers' banks when such customers open new bank accounts, however Group has implemented further internal policies to minimize these risks. Group has put in place internal control framework to identify and report all suspicious transactions with a combination of IT based solutions and human involvement. Internal policies of the Group typically include customers' background check against sanctioned lists and other public sources as required by each local law.

Privacy, data protection compliance risk

The Group's business is subject to a variety of laws and regulations internationally that involve user privacy, data protection, advertising, marketing, disclosures, distribution, electronic contracts and other communications, consumer protection and online payment services. The Group has put in place an internal control framework consisting from a combination of IT based solutions and business procedures that are designed to capture any potential non-compliance matter before it has occurred and to ensure compliance with these requirements.

Market risks

The Group takes on exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility or market rates or prices such as interest rates and foreign exchange rates.

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

Foreign currency risk

The Group accepts the currency risk by issuing loans in local currencies and funding local operations mostly with EUR. Further currency risk is managed transaction wise by avoiding unnecessary conversions back and forth to settle payments and invoices in EUR. Also Group is constantly looking for ways to fund local country operations with local currency funds.

The currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The most significant foreign currency exposure comes from Belarus, Kazakhstan and Georgia, where Group has evaluated potential hedging options, but due to the costs associated with it, has decided not to pursue hedging strategy for now and assume potential short to mid-term currency fluctuations with retaining potential upside from strengthening in those currencies. The depreciation of several frontier market currencies during 2020 have been unprecedented in their severity over a relatively short period of time, hence Group was facing a one-off event with limited options to address the forex losses caused by that. The Group has always operated with a forex loss being a legitimate and always present cost item that was adequately priced within each non-EUR country's product portfolio. In an instant and severe currency movement such equity buffer built in product pricing becomes affected as it did in the year 2020. It is worth mentioned that during 2021 the Group already observes a more stable currency markets across the board.

It is expected that Group's exposure to volatile foreign currencies will be continuing to decrease in future with Group's divestment of several of its subsidiaries. Additionally, the Group has started to proactively manage to foreign currency exposure risk towards USD, since in several of Group's largest markets local loan portfolios are linked to USD. The proactive management of USD exposure can be observed by forward contract purchases that have started already in 2020 and continued to do so in 2021.

Assets and liabilities exposed to foreign currencies fluctuation risk as at 31 December 2021:

Currency	Assets	Equity and liabilities	Foreign exchange contracts	Net assets exposed to currency risk
	in EUR	in EUR	in EUR	in EUR
ALL (Albania)*	23 808 980	2 802 876		26 611 856
AMD (Armenia)	12 790 219	(6 578 133)		6 212 086
BAM (Bosnia&Herzegovina)	2 082 194	(2 082 194)		-
BYR (Belarus)	1 513 796	(2 836 024)		(1 322 228)
GEL (Georgia)	16 720 363	(10 880 512)		5 839 851
KEL (Kenya)	34 594 929	(20 188 609)		14 406 320
MDL (Moldova)	42 965 717	(18 900 931)		24 064 786
MKD (North Macedonia)*	12 810 393	(8 012 254)		4 798 138
PLN (Poland)	183 665	6 926 843		7 110 508
RON (Romania)*	30 650 979	(19 969 968)		10 681 011
UAH (Ukraine)	9 995 477	(3 468 987)		6 526 491
UGX (Uganda)	14 019 373	(427 856)		13 591 517
USD (Group)	40 350 836	(2 142 499)	(48 560 833)	(10 352 495)
UZS (Uzbekistan)	7 634 597	(2 999 597)		4 635 000
	250 121 518	(88 757 844)	(48 560 833)	112 802 842
excluding currencies with currency rate fluctuations below 5% over the last three years	182 851 167	(63 578 498)	(48 560 833)	70 711 835

* - currency has not fluctuated more than 5% during last 3 years.

Assets and liabilities exposed to foreign currencies fluctuation risk as at 31 December 2020:

Currency	Assets	Equity and liabilities	Foreign exchange contracts	Net assets exposed to currency risk
	in EUR	in EUR	in EUR	in EUR
ALL (Albania)	13 654 038	(7 328 208)	-	6 325 830
AMD (Armenia)	11 964 989	(3 033 016)	-	8 931 973
BAM (Bosnia&Herzegovina)	2 815 053	(2 126 053)	-	689 000
BGN (Bulgaria)	7 804 376	(1 509 490)	-	6 294 886
BYR (Belarus)	2 444 636	(447 171)	-	1 997 465
GEL (Georgia)	13 134 247	(7 167 365)	-	5 966 882
KEL (Kenya)	16 267 176	(7 664 808)	-	8 602 368
KZT (Kazakhstan)	7 091 172	(3 405 784)	-	3 685 388
MDL (Moldova)	33 680 524	(13 510 089)	-	20 170 435
MKD (North Macedonia)	8 269 380	(3 404 428)	-	4 864 952
PLN (Poland)	1 915 627	5 420 822	-	7 336 450
RON (Romania)	22 629 976	(12 946 932)	-	9 683 044
UAH (Ukraine)	5 484 884	(1 139 542)	-	4 345 341
UGX (Uganda)	4 793 388	270 357	-	5 063 745
USD (Group)	20 626 236	-	(24 447 885)	(3 821 649)
UZS (Uzbekistan)	5 894 081	(2 109 081)	-	3 785 000
	178 469 783	(60 100 786)	(24 447 885)	93 921 112
excluding currencies with currency rate fluctuations below 5% over the last three years	133 916 390	(36 421 219)	(24 447 885)	73 047 286

An analysis of sensitivity of the Group's net assets to changes in foreign currency exchange rates based on positions existing as at 31 December 2021 and 31 December 2020 and a simplified scenario of a +/- 5% change in respective currency to EUR exchange rates [which is considered a reasonable historical approximation of average currency fluctuations] is as follows*:

Foreign currency rate risk exposure	31.12.2021 in EUR	31.12.2020 in EUR
ALL currency	+/- 1 330 593	+/- 316 291
AMD currency*	+/- 621 209	+/- 893 197
BAM currency	-	+/- 34 450
BGN currency	-	+/- 314 744
BYR currency*	+/- 132 223	+/- 199 747
GEL currency*	+/- 583 985	+/- 596 688
KEL currency	+/- 720 316	+/- 430 118
KZT currency	-	+/- 368 539
MDL currency	+/- 1 203 239	+/- 1 008 522
MKD currency	+/- 239 907	+/- 243 248
PLN currency	+/- 355 525	+/- 366 822
RON currency	+/- 534 051	+/- 484 152
UAH currency*	+/- 652 649	+/- 434 534
UGX currency	+/- 679 576	+/- 253 187
USD currency	+/- 517 625	+/- 191 082
UZS currency*	+/- 463 500	+/- 378 500
TOTAL:	+/- 8 034 398	+/- 6 513 821

* - During 2021 the currency rates of majority of countries have remained stable. Nevertheless, due to historical fluctuations and higher risk of future significant fluctuations a higher sensitivity rate of 10% has been used for those currencies.

An analysis of sensitivity of the Group's net profit to changes in foreign currency exchange rates based on positions existing as at 31 December 2021 and 31 December 2020 and a simplified scenario of a +/- 5% change in respective currency to EUR exchange rates [which is considered a reasonable historical approximation of average currency fluctuations] is as follows:

Foreign currency rate risk exposure	31.12.2021 in EUR	31.12.2020 in EUR
ALL currency	+/- 178 829	+/- 1 492
AMD currency	+/- 37 678	+/- 328 776
BYR currency	+/- 162 292	+/- 102 882
GEL currency	+/- 117 953	+/- 23 163
KEL currency	+/- 158 774	+/- 45 054
KZT currency	+/- 170 897	+/- 189 462
MDL currency	+/- 349 005	+/- 187 314
MKD currency	+/- 57 215	+/- 30 637
PLN currency	+/- 109 793	+/- 77 782
RON currency	+/- 58 708	+/- 20 555
UAH currency	+/- 94 317	+/- 6 998
UGX currency	+/- 54 260	+/- 39 725
UZS currency	+/- 46 178	+/- 125 743
TOTAL:	+/- 1 595 900	+/- 1 179 582

For reasons mentioned above a higher sensitivity rate of 10% has been used for currencies affected.

The Group is not exposed to currency risk in Bulgaria and Bosnia since currency rates are fixed by respective national banks.

Interest rate risk

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

Financial risks

Capital risk management

The Group considers both equity capital as well as borrowings a part of overall capital risk management strategy.

The Group manages its capital to ensure that it will be able to continue as going concern. In order to maintain or adjust the capital structure, the Group may attract new credit facilities or increase its share capital. The Group fulfils externally imposed equity capital requirements as stated in Note 44.

The Group monitors equity capital on the basis of the capitalization ratio as defined in Eurobond prospectus. This ratio is calculated as Net worth (the sum of paid in capital, retained earnings, reserves and shareholder loan) divided by Net Loan portfolio.

In order to maintain or adjust the overall capital structure, the Group may issue new bonds, borrow in P2P platform or sell assets to reduce debt.

The management of the borrowings is driven by monitoring and complying the lender imposed covenants as well as planning the further borrowing needs to ensure business development of the Group.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages its liquidity risk by arranging an adequate amount of committed credit facilities with related parties, P2P investors and by issuing bonds. The Group monitors daily cash flows and plans for milestone dates for cash outflows to cover major liabilities like semi-annual interest payments for Eurobonds. The Group regulates its issuances of new loans to ensure the adequate funds are available when upcoming larger settlement of liabilities is approaching.

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

		Contractual cash flows				
As at 31.12.2021.	Carrying value	On demand	Up to 1 year	1-5 years	More than 5 years	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Assets						
Cash in bank	10 127 087	10 127 087	-	-	-	**10 127 087**
Loans and advances to customers	122 492 144	-	120 148 229	108 622 296	4 220 686	**232 991 211**
Loans to related parties	6 259 190	-	3 156 059	4 654 830	-	**7 810 889**
Trade receivables	3 572 084	-	3 572 084	-	-	**3 572 084**
Other short term receivables from related parties	2 930 143	-	1 589 228	512 141	23	**2 101 392**
Finance lease receivables	112 359 714	-	106 113 759	99 555 727	3 390 665	**209 060 151**
Total undiscounted financial assets	257 740 362	10 127 087	234 579 359	213 344 994	7 611 374	**465 662 814**
Liabilities						
Borrowings*	(268 024 849)	-	(60 226 784)	(255 437 237)	(6 586 208)	**(322 250 229)**
Other current liabilities**	(10 918 277)	-	(10 918 277)	-	-	**(10 918 277)**
Total undiscounted financial liabilities	(278 943 126)	-	(71 145 061)	(255 437 237)	(6 586 208)	**(333 168 506)**
Net undiscounted financial assets / (liabilities)	(21 202 764)	10 127 087	163 434 298	(42 092 243)	1 025 166	**132 494 308**

* - borrowings contain balances from P2P lenders which might require earlier repayment due to 'buy back' guarantee. Carrying amount of such liabilities is 62 008 307 EUR. See Note 2 for further information on 'buy back' guarantee.

** - includes 'foreign exchange contracts'.

As at 31.12.2020.	Carrying value	Contractual cash flows				
		On demand	Up to 1 year	1-5 years	More than 5 years	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Assets						
Cash in bank	9 315 430	9 315 430	-	-	-	**9 315 430**
Loans and advances to customers	92 431 892	-	92 567 307	61 915 516	3 802 143	**158 284 966**
Loans to related parties	15 828 513	-	7 577 108	9 023 944	-	**16 601 052**
Trade receivables	3 333 549	-	3 333 549	-	-	**3 333 549**
Other short term receivables from related parties	2 869 132	-	760 878	187 171	145	**948 194**
Finance lease receivables	94 458 592	-	80 279 828	107 212 350	4 271 891	**191 764 069**
Total undiscounted financial assets	218 237 108	9 315 430	184 518 670	178 338 981	8 074 179	**380 247 260**
Liabilities						
Borrowings*	(243 233 928)	-	(78 862 971)	(185 139 099)	(13 451 077)	**(277 453 147)**
Other current liabilities	(7 164 857)	-	(7 164 857)	-	-	**(7 164 857)**
Total undiscounted financial liabilities	(250 398 785)	-	(86 027 828)	(185 139 099)	(13 451 077)	**(284 618 004)**
Net undiscounted financial assets / (liabilities)	(32 161 677)	9 315 430	98 490 842	(6 800 118)	(5 376 898)	**95 629 256**

* - borrowings contain balances from P2P lenders which might require earlier repayment due to 'buy back' guarantee. Carrying amount of such liabilities is 86 724 926 EUR. See Note 2 for further information on 'buy back' guarantee.

Credit risk

The Group is exposed to credit risk through its finance lease receivables, loans and advances to customers, loans to related parties, trade and other receivables as well as cash and cash equivalents. Maximum credit risk exposure is represented by the gross carrying value of the respective financial assets. The key areas of credit risk policy cover lease granting process (including solvency check of the lease), monitoring methods, as well as decision making principles.

	31.12.2021	31.12.2020
	EUR	EUR
Finance lease receivables	127 727 912	113 339 631
Loans and advances to customers	177 761 354	132 262 816
Loans to related parties	6 353 962	15 873 285
Trade and other receivables	7 441 475	7 051 341
Cash and cash equivalents	10 127 087	9 315 430
TOTAL :	**329 411 790**	**277 842 503**

The Group collateralizes the finance lease assets it finances and provides loans in amount of no more than 85% of the market values of the collateral.

The Group operates by applying a clear set of finance lease granting criteria. This criteria includes assessing the credit history of customer, means of lease repayment and understanding the lease object. The Group takes into consideration both quantitative and qualitative factors when assessing the creditworthiness of the customer. Based on this analysis, the Group sets the credit limit for each and every customer.

When the lease agreement has been signed, the Group monitors the lease object and customer's solvency. The Group has developed lease monitoring process so that it helps to quickly spot any possible non-compliance with the provisions of the agreement. The receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is minimized, and, where appropriate, provisions are being made.

The Group does not have a significant credit risk exposure to any single counterparty, but has risk to group of counterparties having similar characteristics.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group is maintaining a diversified portfolio. It's main product is subprime lease, however it is offering also near prime lease, as well as instalment loan and long-term rent products.

The concentration risk on Groups financial assets (based on net exposure) is the following:	31.12.2021 EUR	31.12.2020 EUR
Moldova	38 888 744	32 575 375
Lithuania	27 539 598	29 025 746
Romania	24 565 077	19 015 470
Luxembourg	7 275 781	18 003 746
Belarus	20 902 192	15 524 958
Russia	17 084	-
Latvia	10 454 220	14 908 944
Kenya	40 364 406	13 298 124
Estonia	-	13 059 747
Albania	21 640 977	12 046 197
Georgia	14 685 922	12 098 240
Armenia	10 341 370	10 299 380
Uganda	13 952 611	5 483 383
Kazakhstan	-	5 369 464
Ukraine	9 106 003	5 039 163
North Macedonia	11 238 873	4 919 268
Uzbekistan	6 764 502	4 399 370
Poland	-	1 815 421
Bosnia&Herzegovina	-	1 352 112
Spain	3 000	3 000
TOTAL :	**257 740 362**	**218 237 108**

Climate-related risk

'Climate-related risks' are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks), but due to their pervasive nature have been identified and managed by the Group on an overall basis.

The Group distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand.

The Group has incorporated Climate related risks into a broader ESG policy that aims to assess the materiality of focus areas as well as defines future goals for 2025 (including climate related ones). The Group also reports on the extent to which its portfolio is associated with economic activities that are eligible to qualify as environmentally sustainable under the EU Taxonomy regulation.

47. Fair value of financial assets and liabilities

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Fair value for such financial instruments as Financial assets at fair value through profit and loss is mainly determined based on publicly available quoted prices (bid price, obtainable from Bloomberg system).

Instruments within Level 2 include assets, for which no active market exists, such as over the counter derivative financial instruments that are traded outside the stock exchange, bonds, as well as balances on demand with the central banks, balances due from banks and other financial liabilities. Bonds fair value is observable in Frankfurt Stock Exchange public information. Fair value of bank loans is based on effective interest rate which represents current market rate to similar companies. The management recognizes that cash and cash equivalents' fair value is the same as their carrying value therefore the risk of fair value change is insignificant.

Instruments within Level 3 include loans and receivables.

Fair value of finance lease receivables and loans and advances to customers is determined using discounted cash flow model consisting of contractual lease and loan cash flows that are adjusted by expectations about possible variations in the amount and timings of cash flows using methodology consistent with the expected credit loss determination as at 31 December 2021 to determine the cash flows expected to be received net of impairment losses. The pre-tax weighted average cost of capital [WACC] of the entity holding the respective financial assets is used as the basis for the discount rate. The WACC is based on the actual estimated cost of equity and cost of debt that reflect any other risks relevant to the leases and loans that have not been taken into consideration by the impairment loss adjustment described above and also includes compensation for the opportunity cost of establishing a similar lease or loan. An additional 1.5 to 4.1% is added to the discount rate as an adjustment to consider service costs of the portfolio that are not captured by the cash flow adjustments.

The annual discount rate was determined between 11.04% and 20.82% depending on the Group's component holding the respective financial asset. Impairment loss is estimated by applying PD and LGD rates, which are in line with ECL methodology described under 'The calculation of ECLs' [Note 2].

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

	Carrying value 31.12.2021 EUR	Fair value 31.12.2021 EUR	Carrying value 31.12.2020 EUR	Fair value 31.12.2020 EUR
Assets for which fair value is disclosed				
Loans to related parties	6 259 190	6 259 190	15 828 513	15 828 513
Finance lease receivables	112 359 715	159 528 661	94 458 592	131 979 781
Loans and advances to customers	122 492 144	169 884 463	92 431 892	119 900 934
Other loans and receivables	2 930 143	2 930 143	2 869 132	2 869 132
Trade receivables	3 572 084	3 572 084	3 333 549	3 333 549
Other receivables	3 268 219	3 268 219	4 076 535	4 076 535
Cash and cash equivalents	10 127 087	10 127 087	9 315 430	9 315 430
Total assets for which fair value is disclosed	**261 008 582**	**355 569 847**	**222 313 643**	**287 303 874**
Liabilities for which fair value is disclosed				
Borrowings				
Loan from related parties	17 300 238	17 300 238	12 126 467	12 126 467
Mogo Finance S.A. bonds	139 293 294	146 038 127	97 698 205	95 877 220
Mogo AS bonds	29 888 753	31 229 753	24 129 000	23 566 794
Lease liabilities for right-of-use assets	9 207 380	9 207 380	7 795 311	7 795 311
Long term loan from banks	7 484 236	7 484 236	12 578 116	12 578 116
Financing received from P2P investors	61 919 937	61 919 937	86 603 685	86 603 685
Other borrowings	2 931 011	2 931 011	2 303 144	2 303 144
Trade payables	2 698 423	2 698 423	1 282 953	1 282 953
Other liabilities	888 273	888 273	1 877 198	1 877 198
Total liabilities for which fair value is disclosed	**271 611 545**	**279 697 378**	**246 394 079**	**244 010 888**
Liabilities measured at fair value				
Other financial liabilities	2 251 994	2 251 994	165 457	165 457
Total liabilities measured at fair value and liabilities for which fair value is disclosed	**273 863 539**	**281 949 372**	**246 559 536**	**244 176 345**

The table below specified analysis by fair value levels as at 31.12.2021 and 31.12.2020 (based on their fair values):

	Level 1 31.12.2021 EUR	Level 2 31.12.2021 EUR	Level 3 31.12.2021 EUR	Level 1 31.12.2020 EUR	Level 2 31.12.2020 EUR	Level 3 31.12.2020 EUR
Assets for which fair value is disclosed						
Loans to related parties	-	-	6 259 190	-	-	15 828 513
Finance lease receivables	-	-	159 528 661	-	-	131 979 781
Loans and advances to customers	-	-	169 884 463	-	-	119 900 934
Other loans and receivables	-	-	2 930 143	-	-	2 869 132
Trade receivables	-	-	3 572 084	-	-	3 333 549
Other short term receivables from related parties	-	-	-	-	-	-
Other receivables	-	-	3 268 219	-	-	4 076 535
Cash and cash equivalents	10 127 087	-	-	9 315 430	-	-
Total assets for which fair value is disclosed	**10 127 087**	**-**	**345 442 760**	**9 315 430**	**-**	**277 988 444**
Liabilities for which fair value is disclosed						
Borrowings						
Loan from related parties	-	-	17 300 238	-	-	12 126 467
Mogo Finance S.A. bonds	-	146 038 127	-	-	95 877 220	-
Mogo AS bonds	-	-	31 229 753	-	-	23 566 794
Lease liabilities for right-of-use assets	-	-	9 207 380	-	-	7 795 311
Long term loan from banks	-	-	7 484 236	-	-	12 578 116
Financing received from P2P investors	-	-	61 919 937	-	-	86 603 685
Other borrowings	-	-	2 931 011	-	-	2 303 144
Trade payables	-	-	2 698 423	-	-	1 282 953
Other liabilities	-	-	888 273	-	-	1 877 198
Total liabilities for which fair value is disclosed	-	146 038 127	133 659 251	-	95 877 220	148 133 668
Liabilities measured at fair value						
Other financial liabilities	-	-	2 251 994	-	-	165 457
Total liabilities measured at fair value and liabilities for which fair value is disclosed	**-**	**146 038 127**	**135 911 245**	**-**	**95 877 220**	**148 299 125**

Bonds issued by Mogo Finance S.A. have been classified as Level 2 fair value measurement given that there are observable market quotations in markets. The market for Mogo AS bonds is not assessed as an active market thus classified as Level 3. Fair value of the bonds has been determined based on observable quotes and management assessment why the quotes are representative of the fair values and are subject to any adjustments.

There have been no transfers between fair value hierarchy levels during 2021 and 2020.

48. Share-based payments

General Employee Share Option Plan

The Group may grant share options of Subsidiaries to its employees. Share options are generally awarded on the first day of employment. The share options vest within four year time with front loaded vesting of 25% of the granted shares after one year of employment. The maximum term of options granted is 4 years.

Fair value of the respective share options

The fair value of share options granted is estimated at the date of grant. Group's management has assessed that the fair value of the respective share options, due to reasons described in Note 3 is not material. Accordingly, no expense and liability arising from these equity-settled share-based payment transactions is recognized.

The exercise price of the share options under typical circumstances is equal to the nominal price of the underlying shares. The contractual maximum term of the share options are till 2023. There are cash settlement alternatives. Given absence of an ongoing sale of subsidiaries or Eleving Group S.A. or any listing process initiated and any other relevant cash settlement events, cash settlement is considered not to be probable. The Group does not have a past practice of cash settlement for these awards and the Group does not have a present obligation to settle in cash.

The following table illustrates the number and weighted average exercise prices of the General Employee share option plan:

		2021		2020
	Number	Weighted average exercise price, EUR	Number	Weighted average exercise price, EUR
Outstanding at 1 January	79	0,1	63	0,1
Granted during the year	25	0,1	65	0,1
Fully vested during the year	(9)	0,1	-	0,1
Terminated due to failed vesting conditions	(10)	0,1	(49)	0,1
Outstanding at 31 December	85	0,1	79	0,1
Exercisable at the end of the period	-	-	-	-

Several employee share options have been exercised, expired and/or forfeited in accordance with the terms and conditions of the General Share Option plan, while a several other employee share options remain outstanding and may be exercised, expired and/or forfeited in the future. The table above does not include employee share options that have been granted during the year and exercised during the year or shares provided to the employees. Refer to note 1 for Eleving Group equity Interest percentage in the Group subsidiaries.

The exercise price for options outstanding at the end of the year was 0.1 EUR (2020: 0.1 EUR). The weighted average remaining contractual life for the share options outstanding as at 31 December 2021 is 2 years (2020: 3).

The main purpose of both share option plans is to attract and retain highly experienced employees for extensive period of time and build strong management team.

49. Segment information

For management purposes, the Group is organized into business units based on their geographical locations and on internal management structure, which is the basis for reporting system. During reporting year the Group restructured management structure therefore operating segments have been change. These consolidated financial statements provide information on the following operating segments. Comparative figures reflect segments according to previous years structure.

- Eleving Luna. This is the major segment of the Group representing entities performing car financing activities in Georgia and Armenia.

- Eleving Stella. This is the major segment of the Group representing entities performing car financing activities in Latvia, Lithuania, Romania, Moldova and Belarus.

- Eleving Solis. This is the major segment of the Group representing entities performing car financing activities in Uzbekistan, Kenya and Uganda.

- Entities performing consumer loan financing activities. This is the major segment of the Group representing entities performing activities in Moldova, Armenia and Ukraine.

- Discontinued operations. This group includes entities from countries where the Group has decided to exit from geographical markets. Countries include Estonia, Kazakhstan, Bulgaria, Bosnia-Herzegovina, Albania and North Macedonia.

- Other segments. This segment comprises Group's business lines with aggregate unconsolidated revenue below 10% of the total unconsolidated revenue of all operating segments.

- Other. The Group's financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments hence these are presented in "Other".

Management monitors mainly the following indicators of operating segments for the purpose of making decisions about resource allocation and performance assessment: net revenue, profit before tax, gross portfolio and impairment. Other segment is not monitored on segment level but on comprising subsidiaries level.

The Group`s Chief operating decision maker is the Group`s CEO.
Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.
No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2021 or 2020.

Segment information below shows main income and expense items of profit and loss statement. Other smaller income and expense items are summarized and shown under 'Other income/(expense)' column.

Segment information for the period ended on 31 December 2021 is presented below:

Operating segment	Interest income	Interest expenses	Impairment expense*	Other operating income	Other operating expense	Corporate income tax	Segment profit/(loss) for the period	Total assets	Total liabilities
Eleving Luna	9 683 185	(2 249 858)	(1 887 870)	8 809 478	(5 127 044)	382 360	9 610 251	56 933 584	19 392 158
Eleving Stella	42 107 998	(15 630 365)	(1 565 454)	12 960 570	(24 210 816)	(2 060 991)	11 600 942	196 596 186	172 697 705
Eleving Solis	33 186 260	(7 961 595)	(5 960 807)	453 974	(15 244 816)	(2 242 013)	2 231 003	92 882 027	93 444 891
Entities performing consumer loan financing	65 174 891	(4 211 119)	(28 228 728)	8 179 842	(21 008 993)	(2 614 149)	17 291 744	76 657 845	55 618 365
Discontinued operations	8 573 478	(2 217 714)	(55 204)	117 357	(4 324 899)	(86 014)	2 007 004	22 277 544	6 177 033
Other segments	(255 758)	(1 277 336)	(1 082 200)	6 339 801	(5 650 629)	(208)	(1 926 330)	42 954 149	60 431 015
Total segments	158 470 054	(33 547 987)	(38 780 263)	36 861 022	(75 567 197)	(6 621 015)	40 814 614	488 301 335	407 761 167
Other	12 844 196	(19 516 453)	(16 484 461)	38 266 294	(7 702 817)	(4 822)	7 401 937	169 581 061	182 352 866
Total	**171 314 250**	**(53 064 440)**	**(55 264 724)**	**75 127 316**	**(83 270 014)**	**(6 625 837)**	**48 216 551**	**657 882 396**	**590 114 033**
Adjustments and eliminations	(34 770 452)	24 861 221	18 026 983	(60 133 657)	13 424 403	86 012	(38 505 490)	(335 805 984)	(299 427 715)
Consolidated	**136 543 798**	**(28 203 219)**	**(37 237 741)**	**14 993 659**	**(69 845 611)**	**(6 539 825)**	**9 711 061**	**322 076 412**	**290 686 318**

* - includes net gain/(loss) from de-recognition of financial assets measured at amortized cost.

Revenue	2021 EUR
External customers (interest income and other income)	100 426 967
Inter-segment (interest income and other income)	94 904 109
TOTAL :	**195 331 076**

Reconciliation of profit	31.12.2021 EUR
Segment profit	40 814 614
Profit from other	*7 401 937*
Elimination of inter-segment revenue	*(94 904 109)*
Elimination of intragroup interest income	(23 851 111)
Elimination of intragroup income from dividends	(10 829 491)
Elimination of intragroup management services	(6 564 129)
Elimination of intragroup income from sale of subsidiaries	(33 887 140)
Elimination of intragroup other income	(19 772 238)
Elimination of inter-segment expenses	*56 398 619*
Elimination of intragroup interest expenses	24 861 221
Elimination of intragroup other expenses	13 510 415
Elimination of impairment expenses	18 026 983
Consolidated profit for the period	9 711 061

	31.12.2021 EUR
Reconciliation of assets	
Segment operating assets	488 301 335
Loans to subsidiaries [assets of Other]	117 545 088
Loans to non related parties [assets of Other]	6 585 740
Other short term receivables [assets of Other]	45 450 233
Elimination of intragroup loans	[178 442 304]
Elimination of other intragroup receivables	[157 363 680]
Total assets	322 076 412
Reconciliation of liabilities	
Segment operating liabilities	407 761 167
Borrowings [liabilities of Other]	157 331 136
Other liabilities [liabilities of Other]	25 021 730
Elimination of intragroup borrowings	[246 506 832]
Elimination of other intragroup accounts payable	[52 920 883]
Total liabilities	290 686 318

Segment information for the period ended on 31 December 2020 is presented below:

Operating segment	Interest income	Interest expenses	Impairment expense*	Other operating income	Other operating expense	Corporate income tax	Segment profit/[loss] for the period	Total assets	Total liabilities
Eleving Luna	13 436 920	[3 386 620]	[6 581 114]	6 436 444	[14 837 590]	252 450	[4 679 510]	40 151 297	25 700 994
Eleving Stella	40 535 138	[12 046 240]	[7 209 209]	13 945 483	[24 555 727]	[331 783]	10 337 662	154 826 517	128 608 171
Eleving Solis	9 643 792	[2 461 415]	[3 388 172]	1 563 684	[10 369 542]	973 361	[4 038 292]	40 311 094	43 296 170
Consumer loan financing entities	17 209 205	[1 600 239]	[5 921 144]	2 884 111	[6 454 445]	[563 409]	5 554 079	44 525 171	27 942 741
Discontinued operations	13 986 633	[4 204 208]	[3 851 722]	571 382	[9 458 038]	423 537	[2 532 416]	48 179 465	38 220 930
Other segments	69 909	[543 417]	[315]	4 011 298	[3 540 494]	[4 187]	[7 206]	10 530 137	8 523 459
Total segments	94 881 597	[24 242 139]	[26 951 676]	29 412 402	[69 215 836]	749 969	4 634 317	338 523 680	272 292 465
Other	9 868 101	[16 458 922]	[8 341 788]	18 289 922	[3 277 886]	[4 815]	74 612	98 320 474	148 027 190
Total	**104 749 698**	**[40 701 061]**	**[35 293 464]**	**47 702 324**	**[72 493 722]**	**745 154**	**4 708 929**	**436 844 154**	**420 319 655**
Adjustments and eliminations	[31 064 176]	15 823 657	13 366 120	[22 081 518]	21 336 062	[442 045]	[3 061 900]	[157 076 042]	[162 789 767]
Consolidated	73 685 522	[24 877 404]	[21 927 344]	25 620 806	[51 157 660]	303 109	1 647 029	279 768 112	257 529 889

* - includes net gain/[loss] from de-recognition of financial assets measured at amortized cost.

Revenue	2020 EUR
External customers [interest income and other income]	71 148 305
Inter-segment [interest income and other income]	53 145 694
TOTAL :	124 293 999

	31.12.2020 EUR
Reconciliation of profit	
Segment profit	4 634 317
Profit from other	74 612
Elimination of inter-segment revenue	*(47 121 602)*
Elimination of intragroup interest income	(26 478 949)
Elimination of intragroup income from dividends	(9 694 390)
Elimination of intragroup other income	(12 233 891)
Elimination of intragroup income from dealership commissions	1 285 628
Elimination of inter-segment expenses	*44 059 702*
Elimination of intragroup interest expenses	15 823 657
Elimination of intragroup other expenses	14 869 925
Elimination of impairment expenses	13 366 120
Consolidated profit for the period	1 647 029

Reconciliation of assets	31.12.2020 EUR
Segment operating assets	338 523 680
Loans to subsidiaries (assets of Other)	73 532 078
Loans to non related parties (assets of Other)	15 825 465
Other short term receivables (assets of Other)	8 962 931
Elimination of intragroup loans	(150 586 950)
Elimination of other intragroup receivables	(6 489 092)
Total assets	279 768 112
Reconciliation of liabilities	
Segment operating liabilities	272 292 466
Borrowings	110 445 192
Other liabilities	37 581 998
Elimination of intragroup borrowings	(145 166 849)
Elimination of other intragroup accounts payable	(17 622 918)
Total liabilities	257 529 889

50. Events after balance sheet date

The Group conducts operations in the Ukrainian market through its two subsidiaries. Consequently, the Group is exposed to the economic and financial markets of Ukraine. In February 2022, following the recognition of self-proclaimed republics of Donetsk and Lugansk by the Russian Federation and its subsequent invasion of Ukraine, the military conflict escalated and spread to other regions of that country. The current escalation of the military conflict is likely to have a detrimental impact on the political and business environment in Ukraine, including on the ability of many entities to continue business as usual. In view of the above, as at the date these consolidated financial statements were authorized for issue, the situation in Ukraine is extremely volatile and inherently uncertain. In the wake of the ongoing and dynamic nature of the military operations management concluded that a reliable estimate of the financial impact cannot be presently made. Additional information provided in Note 2.

However, presented below is the Group's summarized exposure in Ukraine as at 28 February 2022 (unaudited):

Balance sheet position	EUR
Property, plant& equipment	498 681
Loans and advances to customers	6 611 409
Oher assets	393 315
Trade payables and other external liabilities	(470 647)

In 2021 the Group also established a company in Russia - EL Investments OOO, but has not started any economic activity. Investment in this company is very limited - approximately 14 000 EUR with no further investment plans as a result of the sanctions against country of Russia.

The Group also conducts operations in the Belarus market through one loan Issuing subsidiary – MOGO Kredit. Group also has 2 other subsidiaries In Belarus with very limited Investment and business activity. Consequently, the Group is exposed to the economic and financial markets of Belarus. Despite not being an official party, EU and other countries have imposed restrictive measures on Belarus following its involvement of Russia's military invasion of Ukraine in February 2022. The measures active as at the date of report include restrictions regarding the provision of specialized financial messaging services (SWIFT) to three Belarusian banks, prohibition of transactions with the Central Bank of Belarus, significant limitations on the financial inflows from Belarus to the EU, etc. The current escalation of the military conflict and specifically Belarus position in it, is likely to have a significant impact on the political and business environment development in Belarus. As at the date these consolidated financial statements were authorized for issue, the Group did not yet face significant external limitations to execute its operations on a business-as-usual basis, however, in the wake of the ongoing military operations in Ukraine and thus dynamic political and economic responses towards Belarus involvement into it, the Management concluded that a reliable estimate of the financial impact cannot be presently made.

Presented below is the Group's summarized exposure in Belarus as at 28 February 2022 (unaudited):

Property, plant& equipment	EUR
Property, plant& equipment	322 247
Finance lease, loans and advances to customers	20 553 481
Oher assets	2 002 587
Trade payables and other external liabilities	(13 606 524)

Since the last day of the reporting year several other significant events took place:

1) The Group has amended the credit line issued by Citadele banka AS granted to mogo AS (Latvia), mogo LT UAB (Lithuania) and mogo OU (Estonia) decreasing its exposure to EUR 12 000 000.

2) The Group has established new subsidiaries in Finland and Estonia. Also the Group has acquired a majority shareholding and obtaining a control in an entity in Latvia. Business activities in all these entities are not yet started, but planned to be launched later in 2022.

3) Until 31 March 2022 the Group has sold EUR 11 200 000 of its subordinated bonds and by similar amount decreased subordinated loans.

51. Alternative performance measures

This Integrated annual report provides, as incorporated in these consolidated financial statements, alternative performance measures [APMs] which are not defined or specified under the requirements of International Financial Reporting Standards as adopted by the EU. We believe these APMs provide readers with important additional information on our business. To support this, we have included, a reconciliation of the APMs we use where relevant and a glossary indicating the APMs that we use, an explanation of how they are calculated.

APM	Definition
Capitalization ratio	Total equity [incl. subordinated loans/bonds]/net loan portfolio [excl. rental fleet]
EBITDA	Profit from continuing operations for the period before corporate income tax and deferred corporate income tax, interest expense, amortization and depreciation, and net foreign exchange result
Interest coverage ratio	Last twelve-month Adjusted EBITDA/interest expense less Eurobonds acquisitions costs and subordinated loans/bonds interest expense
Net leverage	Sum of non-current and current borrowings [excl. lease liabilities for rent of vehicles and premises and subordinated debt/bonds] less cash and cash equivalents / last twelve-month Adjusted EBITDA
Net loan portfolio	Sum of rental fleet, non-current and current finance lease receivables and loans and advances to customers
Net profit before FX	Net profit for the period before net foreign exchange result
Revenue	Sum of interest revenue, fee and commission income related to financing activities and revenue from leases

Capitalization ratio	2021	2020	2019	2018
Total Equity	31 390 094	22 238 223	20 469 430	15 291 246
Subordinated loans	17 300 238	12 126 467	6 782 061	2 500 000
Net loan portfolio	234 851 859	186 890 484	180 086 142	139 861 410
Capitalization ratio	**20,7%**	**18,4%**	**15,1%**	**12,7%**

EBITDA	2021	2020	2019	2018
Profit from continuing operations	9 711 061	1 647 029	487 970	4 766 659
Corporate income tax	[6 932 013]	[709 012]	[1 331 785]	[1 412 192]
Deferred corporate income tax	392 188	1 012 121	679 531	268 839
Net foreign exchange result	1 076 485	[11 061 815]	[275 386]	45 419
Amortization and depreciation	7 394 555	5 347 054	3 295 383	1 844 282
Interest expense	[28 203 219]	[24 877 404]	[19 795 373]	[9 897 719]
EBITDA	**50 772 175**	**42 630 193**	**24 506 366**	**17 606 594**
Gain from subsidiary sale	-	[2 270 197]	-	-
Loss from cancelled acquisition in Kosovo	960 237	-	-	-
Amortization of acquisitions' fair value gain	3 183 838	3 365 103	-	-
Bonds refinancing expense	5 667 930	-	-	-
Warrant repurchase from Mezzanine Management	-	2 546 353	-	-
Gain from acquisitions	-	[11 473 296]	-	-
Adjusted EBITDA	**60 584 180**	**34 798 156**	**24 506 366**	**17 606 594**

Interest coverage ratio	2021	2020	2019	2018
Interest expense	28 203 219	24 877 404	19 795 373	9 897 719
Interest expense from subordinated loans/bonds	1 735 481	344 406	229 978	[498 687]
Bonds issuance costs	2 142 668	1 938 791	1 323 571	155 683
Interest coverage ratio	**2,5**	**1,5**	**1,3**	**1,7**

Net leverage	2021	2020	2019	2018
Non-current borrowings	229 757 374	166 696 463	187 478 935	122 605 986
Current borrowings	38 267 475	76 537 465	34 770 910	30 298 310
Subordinated loans	17 300 238	12 126 467	6 782 061	2 500 000
Cash and cash equivalents	10 127 087	9 315 430	8 656 530	6 522 838
Non-current lease liabilities for rent of premises	6 612 744	5 682 880	6 520 497	1 288 265
Non-current lease liabilities for rent of vehicles	93 446	42 135	78 085	34 685
Current lease liabilities for rent of premises	2 443 778	2 013 871	1 263 024	1 081 209
Current lease liabilities for rent of vehicles	57 412	56 425	83 937	40 273
Net leverage	**3,8**	**6,1**	**8,1**	**8,0**

Net loan portfolio	2021	2020	2019	2018
Rental fleet	10 700 138	14 549 784	13 492 048	1 430 490
Non-current finance lease receivables	64 417 410	60 433 229	78 213 431	88 205 664
Non-current loans and advances to customers	54 708 877	37 935 401	40 077 725	2 183 929
Current finance lease receivables	47 942 305	34 025 363	37 938 035	46 379 266
Current loans and advances to customers	67 783 267	54 496 491	23 856 951	3 092 551
Net loan portfolio	**245 551 997**	**201 440 268**	**193 578 190**	**141 291 900**

Net profit after FX	2021	2020	2019	2018
Profit from continuing operations	9 711 061	1 647 029	487 970	4 766 659
Net profit after FX	**9 711 061**	**1 647 029**	**487 970**	**4 766 659**
[Gain]/Loss from subsidiary sale	960 237	[2 270 197]	-	-
Amortization of acquisitions' fair value gain	3 183 838	3 365 103	-	-
Bonds refinancing expense	5 667 930	-	-	-
Warrant repurchase from Mezzanine Management	-	2 546 353	-	-
Gain from acquisitions	-	[11 473 296]	-	-
Adjusted Net profit after FX	**19 523 066**	**[6 185 008]**	**487 970**	**4 766 659**

Net profit before FX	2021	2020	2019	2018
Profit from continuing operations	9 711 061	1 647 029	487 970	4 766 659
Net foreign exchange result	1 076 485	[11 061 815]	[275 386]	45 419
Net profit before FX	**8 634 576**	**12 708 844**	**763 356**	**4 721 240**
[Gain]/Loss from subsidiary sale	960 237	[2 270 197]	-	-
Amortization of acquisitions' fair value gain	3 183 838	3 365 103	-	-
Bonds refinancing expense	5 667 930	-	-	-
Warrant repurchase from Mezzanine Management	-	2 546 353	-	-
Gain from acquisitions	-	[11 473 296]	-	-
Adjusted Net profit before FX	**18 446 581**	**4 876 807**	**763 356**	**4 721 240**

Revenue	2021	2020	2019	2018
Interest revenue	136 543 798	73 685 522	57 513 922	42 489 944
Fee and commission income related to financing activities	7 473 675	5 040 256	3 788 912	3 552 395
Revenue from leases	6 549 933	6 247 484	3 992 485	152 573
Revenue	**150 567 406**	**84 973 262**	**65 295 319**	**46 194 912**
Amortization of acquisitions' fair value gain	3 183 838	3 365 103	-	-
Adjusted revenue	**153 751 244**	**88 338 365**	**65 295 319**	**46 194 912**

Signed on behalf of the Group on 6 May 2022 by:

Māris Kreics
Type A director

Attila Senig
Type B director

Report of the réviseur d’entreprises agréé

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Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Eleving Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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Impairment allowance for finance lease receivables, loans and advances to customers

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements for the year ended 31 December 2021

The gross amount of finance lease receivables as at 31 December 2021 amounts to EUR 127 728 thousand; impairment allowances on lease receivables recognised in 2021 amount to a release of EUR 5 041 thousand; total impairment allowance as at 31 December 2021 amounts to EUR 12 775 thousand.

The gross amount of loans and advances to customers as at 31 December 2021 amounts to EUR 177 761 thousand; impairment allowances on loans and advances to customers recognised in 2021 amount to EUR 15 874 thousand; total impairment allowance as at 31 December 2021 amounts to EUR 53 697 thousand.

We refer to Note 2 and Note 3 (accounting policy), Note 7, Note 24 and Note 25 (financial disclosures) to the consolidated financial statements.

Finance lease receivables, and loans and advances to customers, collectively ("exposures"), represent approximately 73% of the Group's total assets as at 31 December 2021. Related impairment allowances represent the Board of Directors' best estimate of the expected credit losses associated with those exposures at the reporting date.

The Group estimates impairment allowances under the expected credit losses (ECLs) model of IFRS 9, considering multiple scenarios. During this process, the exposures are assigned into one of three stages. Stage 1 and Stage 2 loans are performing exposures, with Stage 2 exposures being those where a significant increase in credit risk since origination ("SICR") has been observed. Stage 3 loans are non-performing exposures. The ECLs for all are determined collectively, by applying modelling techniques, based on the historical pattern of losses and changes in the exposures' risk characteristics, adjusted by relevant forward-looking information. Key parameters within the model include those in respect of Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

Determination of key parameters and timely identification of exposures with significant increase in credit risk and those credit impaired also requires significant management judgment. This is because the Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Due to the above factors, and further alleviated in the current uncertain economic environment as a result of the COVID-19 pandemic, we consider the area to be associated with a significant risk of material misstatement, which requires our increased attention in the audit. As such, we determined it to be a key audit matter.

b) How the matter was addressed in our audit

Our procedures over impairment allowance for finance lease receivables, loans and advances to customers included but were not limited to:

— inspecting the Group's ECL methodology and assessing its compliance with the relevant requirements of the financial reporting standards. As part of the above, we challenged whether the level of the methodology's sophistication is appropriate based on an assessment of the entity-level and portfolio-level factors;

- testing selected key controls over the approval and recording of finance lease receivables and loans, and also those over the management review and approval of the key ECL model inputs and outcomes;
- testing the application and general IT controls related to the ECL estimation process, data flows between source systems and calculation of days past due with the assistance of our own information technology (IT) specialists;
- independently assessing and challenging the forward-looking information used in the ECL model, by means of corroborating inquiries of the Board of Directors with the assistance of our own financial risk management specialists and inspection of publicly available information;
- with the assistance of our specialists, assessing the LGD, PD and EAD parameters in the model, by inspecting the Group's experience studies, evaluating any changes thereto in 2021 and making related inquiries of the Board of Directors and relevant credit risk personnel;
- with the assistance of our specialists, assessing the appropriateness of the Group's staging of exposures, including identification of exposures with SICR. Considering COVID-19 pandemic related increase in granted forbearances and payment holidays in certain portfolios we also challenged the identification of SICR for exposures that have been subject to any of the forbearance options offered by the Group. As part of the procedure, we also tested the appropriateness of the impairment rates applied in the model for exposures in a given stage;
- with the assistance of our specialists, assessing the reasonableness of the ECL allowances, including both the share of the gross non-performing exposure in total gross exposure and the non-performing loans provision coverage;
- assessing the adequacy of the Group's disclosures on the loss allowances and credit risk management in the notes to the consolidated financial statements.

Interest income recognition

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements for the year ended 31 December 2021

Interest income from finance lease receivables in 2021 amounts to EUR 90 017 thousand; Interest income from loans and advances to customers in 2021 amounts to EUR 45 417 thousand;

We refer to Note 2 (accounting policy) and Note 4 (financial disclosures) to the consolidated financial statements.

Interest income represent 90% of the total revenue and other income of the Group for the year ended 31 December 2021.

The calculation of interest income relies on the application of complex information technology systems, which process substantial amounts of data requiring frequent updates.

In addition, interest income to be recognized is determined using the effective interest rate ("EIR") method.

In making the determination, the Group applies a model whereby manual adjustments are made to the interest amounts calculated in an automated manner based on the contractual interest rate, to reflect incremental costs incurred in securing the underlying lease and loan contracts in the measurement of the EIR and resulting interest income recognized in profit or loss.

The above complexities increase the risk of a material error in the recognition of interest income and, because interest income represents one of the Group’s key performance indicators, there is an inherent risk that the timing of recognition and the amounts recognized could be manipulated to meet specific targets or expectations.

In the wake of the above factors, we considered interest income recognition to be associated with a significant risk of material misstatement due to both error and fraud. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.

b) How the matter was addressed in our audit

Our procedures over interest income recognition included but were not limited to:

— obtaining an understanding of and evaluating the Group's interest income recognition policies against the requirements of the relevant financial reporting standards;

— testing the design and implementation of selected key controls within the interest recognition process, including those over application of appropriate contractual interest rates and other contractual terms in interest revenue recognition process and review and approval of manual accounting entries to measure EIR;

— testing IT general controls and selected key process level controls for the systems supporting the automated element of the interest income calculation (or overall EIR calculation in cases when full process automation had been implemented) using contractual (nominal) interest rates and other components of EIR with the assistance of our own information technology (IT) specialists;

— in respect of the internal reports and computations for manual adjustments to recognized interest income, testing the mathematical and logical accuracy of the reports and computations and, on a sample basis, tracing selected data inputs used in the reports, as follows:

  - interest rate implicit in the lease, principal outstanding at the year end and remaining lease term: by reference to the terms of the underlying finance lease and loan agreements;
  - transaction costs (commissions): by reference to supporting counterparty invoices;

— examining whether the interest income-related disclosures in the consolidated financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other information

The Board of Directors is responsible for the other information.
The other information comprises the information stated in the consolidated annual report including the “Our Group” section, the consolidated Management Report, and the consolidated Non-Financial Statement but does not include the consolidated financial statements and our report of the “réviseur d'entreprises agréé” thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

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

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter 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.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 7 May 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

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