OCN MOGO LOANS SRL
(IDNO 1017600033216)

FINANCIAL STATEMENT
FOR THE MANAGEMENT PERIOD ENDED ON DECEMBER 31, 2022

PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARTS

Contents

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RAPORTUL AUDITORULUI INDEPENDENT
către asociații OCN MOGO LOANS S.R.L.

Opinie
Am auditat situațiile financiare ale OCN MOGO LOANS S.R.L. (Compania), care cuprind situația poziției financiare la data de 31 decembrie 2022, situația de profit sau pierdere și altor elemente ale rezultatului global, situația modificărilor capitalului propriu și situația fluxurilor de trezorerie aferente exercițiului încheiat la data respectivă, și notele la situațiile financiare, inclusiv un sumar al politicilor contabile semnificative.

În opinia noastră, situațiile financiare anexate prezintă fidel, sub toate aspectele semnificative, poziția financiară a Companiei la data de 31 decembrie 2022, și performanța sa financiară și fluxurile sale de trezorerie aferente exercițiului încheiat la data respectivă, în conformitate cu Standardele Internaționale de Raportare Financiară.

Baza pentru opinie
Am desfășurat auditul nostru în conformitate cu Standardele Internaționale de Audit (ISA-uri). Responsabilitățile noastre în baza acestor standarde sunt descrise detaliat în secțiunea *Responsabilitățile auditorului într-un audit al situațiilor financiare* din raportul nostru. Suntem independenți față de Companie, conform *Codului Etic al Profesioniștilor Contabili (Codul IESBA)* emis de Consiliul pentru Standarde Internaționale de Etică pentru Contabili, coroborat cu cerințele etice relevante pentru auditul situațiilor financiare din Republica Moldova și ne-am îndeplinit celelalte responsabilități etice, conform acestor cerințe și Codului IESBA. Credem că probele de audit pe care le-am obținut sunt suficiente și adecvate pentru a furniza o bază pentru opinia noastră.

Alte aspecte
Situațiile financiare ale Companiei pentru anul încheiat la 31 decembrie 2021 au fost auditate de alt auditor care a exprimat o opinie nemodificată asupra acelor situații la 30 mai 2022.

Responsabilitățile conducerii și ale persoanelor responsabile cu guvernanța pentru situațiile financiare
Conducerea este responsabilă pentru întocmirea și prezentarea fidelă a situațiilor financiare în conformitate cu Standardele Internaționale de Raportare Financiară și pentru acel control intern pe care conducerea îl consideră necesar pentru a permite întocmirea de situații financiare lipsite de denaturări semnificative, cauzate fie de fraudă, fie de eroare.

În întocmirea situațiilor financiare, conducerea este responsabilă pentru aprecierea capacității Companiei de a-și continua activitatea, prezentând, dacă este cazul, aspectele referitoare la continuitatea activității și utilizând contabilitatea pe baza continuității activității, cu excepția cazului în care conducerea fie intenționează să lichideze Compania sau să oprească operațiunile, fie nu are nicio altă alternativă realistă în afara acestora.

Persoanele responsabile cu guvernanța sunt responsabile pentru supravegherea procesului de raportare financiară al Companiei.

Responsabilitățile auditorului într-un audit al situațiilor financiare

Obiectivele noastre constau în obținerea unei asigurări rezonabile privind măsura în care situațiile financiare, în ansamblu, sunt lipsite de denaturări semnificative, cauzate fie de fraudă, fie de eroare, precum și în emiterea unui raport al auditorului care include opinia noastră. Asigurarea rezonabilă reprezintă un nivel ridicat de asigurare, dar nu este o garanție a faptului că un audit desfășurat în conformitate cu ISA-urile va detecta întotdeauna o denaturare semnificativă, dacă aceasta există. Denaturările pot fi cauzate fie de fraudă, fie de eroare și sunt considerate semnificative dacă se poate preconiza, în mod rezonabil, că acestea, individual sau cumulat, vor influența deciziile economice ale utilizatorilor, luate în baza acestor situații financiare.

Ca parte a unui audit în conformitate cu ISA-urile, exercităm raționamentul profesional și menținem scepticismul profesional pe parcursul auditului. De asemenea:

- Identificăm și evaluăm riscurile de denaturare semnificativă a situațiilor financiare, cauzată fie de fraudă, fie de eroare, proiectăm și executăm proceduri de audit ca răspuns la respectivele riscuri și obținem probe de audit suficiente și adecvate pentru a furniza o bază pentru opinia noastră. Riscul de nedetectare a unei denaturări semnificative cauzate de fraudă este mai ridicat decât cel de nedetectare a unei denaturări semnificative cauzate de eroare, deoarece frauda poate presupune înțelegeri secrete, fals, omisiuni intenționate, declarații false și evitarea controlului intern.

- Înțelegem controlul intern relevant pentru audit, în vederea proiectării de proceduri de audit adecvate circumstanțelor, dar fără a avea scopul de a exprima o opinie asupra eficacității controlului intern al Companiei.

- Evaluăm gradul de adecvare a politicilor contabile utilizate și caracterul rezonabil al estimărilor contabile și al prezentărilor aferente de informații realizate de către conducere.

- Formulăm o concluzie cu privire la gradul de adecvare a utilizării de către conducere a contabilității pe baza continuității activității și determinăm, pe baza probelor de audit obținute, dacă există o incertitudine semnificativă cu privire la evenimente sau condiții care ar putea genera îndoieli semnificative privind capacitatea Companiei de a-și continua activitatea. În cazul în care concluzionăm că există o incertitudine semnificativă, trebuie să atragem atenția în raportul auditorului asupra prezentărilor aferente din situațiile financiare sau, în cazul în care aceste prezentări sunt neadecvate, să ne modificăm opinia. Concluziile noastre se bazează pe probele de audit obținute până la data raportului auditorului. Cu toate acestea, evenimente sau condiții viitoare pot determina Compania să nu își mai desfășoare activitatea în baza principiului continuității activității.

- Evaluăm prezentarea, structura și conținutul general al situațiilor financiare, inclusiv al prezentărilor de informații, și măsura în care situațiile financiare reflectă tranzacțiile și evenimentele de bază într-o manieră care realizează prezentarea fidelă.

Comunicăm persoanelor responsabile cu guvernanța, printre alte aspecte, aria planificată și programarea în timp a auditului, precum și principalele constatări ale auditului, inclusiv orice deficiențe semnificative ale controlului intern, pe care le identificăm pe parcursul auditului.

De asemenea, furnizăm persoanelor responsabile cu guvernanța o declarație că am respectat cerințele etice relevante privind independența și că le-am comunicat toate relațiile și alte aspecte despre care s-ar putea presupune, în mod rezonabil, că ne afectează independența și, acolo unde este cazul, măsurile de protecție aferente.

BDO Audit & Consulting SRL

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19 mai 2023

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INDEPENDENT AUDITOR'S REPORT
to the shareholders of OCN MOGO LOANS S.R.L.

Opinion

We have audited the financial statements of OCN MOGO LOANS S.R.L. (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Moldova, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 30 May 2022.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Refer to the original signed Romanian version

Refer to the original signed Romanian version

BDO Audit & Consulting S.R.L.
45B A. Puskin str., 4th floor
MD-2005, Chisinau, Republic of Moldova
19 May 2023

Eugeniu Raietchi
Licensed Auditor
License AG 000294

Management's responsibility statement

May 19, 2023

The management of OCN MOGO LOANS SRL is responsible for preparing the financial statements.

The Company's management declares that, taking into account the information it has, the financial statements have been prepared in accordance with the transactions recorded in the primary accounting documents and with the provisions of the International Financial Reporting Standards and provides a correct and clear picture of the assets, liabilities, the financial statement on December 31, 2022, on the results and cash flow for the financial year ended on December 31, 2022.

The Company's management confirms that, for the preparation of the financial statements, appropriate and consistent accounting policies and estimates were applied. The management of the Company confirms that the financial statements were prepared taking into account the principle of prudence, as well as the principle of continuity of activity. The Company's management confirms its own responsibility for the correct keeping of the accounting, along with the monitoring, control and protection of the Company's assets.

The Company's management is responsible for detecting and preventing errors, inaccuracies and/or frauds. The Company's management is responsible for carrying out the Company's activity in accordance with the legislation of the Republic of Moldova in force. The management report includes a true picture of the Company's business development and its results.

Signed on behalf of the Company by:

Luchianenco Veaceslav

Administrator

SOCIETATEA CU RĂSPUNDERE LIMITATĂ ORGANIZAȚIA DE CREDITARE NEBANCARĂ „MOGO LOANS" mogo S.R.L. IDNO 1017600033216 REPUBLICA MOLDOVA, mun. CHIȘINĂU

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE MANAGEMENT PERIOD ENDED ON DECEMBER 31, 2022
(All amounts are indicated in MDL, except when it is mentioned otherwise)

	Note	2022 MDL	2021 MDL
Interest revenue calculated using the effective interest rate method	7	121,920,706	109,327,973
Other interest revenue	7	18,653	25,608
Interest expenses calculated using the effective interest rate method	7	(28,408,905)	(23,196,719)
Net interest income		**93,530,454**	**86,156,862**
Fee and commission income	8	1,496,147	2,160,108
Fee and comission expense	8	(121,720)	(112,860)
Income from fees and commissions, net		**1,374,427**	**2,047,248**
Net foreign exchange gain/(loss)	9	(733,426)	4,766,724
Net loss resulting from the derecognition of financial assets valued at amortized cost		(1,484,646)	(2,036,210)
Other operating income (expenses).	10	7,439,490	8,142,628
Operating Income		**100,126,299**	**99,077,252**
Impairment expenses	11	(31,482,458)	(17,865,602)
Personnel expenses	12	(15,597,896)	(16,767,619)
General and administrative expenses	13	(30,174,824)	(27,269,052)
Depreciation expenses	14	(1,885,895)	(1,829,481)
Expenses from the de-recognition of the financial guarantee	25	(1,278,952)	(6,513,192)
Operational Expenses		**(80,420,025)**	**(70,244,946)**
Profit from operational activity before taxation		**19,706,274**	**28,832,306**
Income tax expenses	15	(4,244,409)	(4,957,539)
Net profit of the management period		**15,461,865**	**23,874,767**
Other elements of the overall result		-	-
The total overall result of the management period		**15,461,865**	**23,874,767**

The attached notes constitute an integral part of these Financial Statements.

The financial statements were signed by the Entity's executive management on May 19, 2023, represented by:

Luchianenco Veaceslav
Administrator

SOCIETATEA CU RĂSPUNDERE LIMITATĂ ORGANIZAȚIA DE CREDITARE NEBANCARĂ "MOGO LOANS" mogo S.R.L. IDNO 1017600033216 REPUBLICA MOLDOVA, mun. CHIȘINĂU

OCN MOGO LOANS SRL
MD-2060; Republic of Moldova
Mun. Chisinau ; Cuza Voda 20/A ave.
IDNO: 1017600033216

STATEMENT OF THE FINANCIAL POSITION
FOR THE MANAGEMENT PERIOD ENDED ON DECEMBER 31, 2022
(All amounts are indicated in MDL, except when it is mentioned otherwise)

	Note	December 31, 2022 MDL	December 31, 2021 MDL
Assets			
Cash and cash equivalents	16	1,321,437	3,979,059
Loans and advances to clients	17	326,322,067	302,561,864
Finance lease receivables	18	1,785,910	5,204,245
Current tax assets	19	307,204	820,813
Deferred tax asset	19	563,459	894,792
Intangible assets	20	270,961	255,555
Tangible assets	21	1,702,598	2,589,653
Other assets	22	481,771	4,002,705
Total assets		**332,755,407**	**320,308,686**
Liabilities			
Borrowings	23	301,284,696	263,540,013
Lease liabilities		1,223,423	1,831,865
Provisions for financial guarantees	25	-	5,783,895
Other liabilities	26	7,258,461	5,579,508
Total liabilities		**309,766,580**	**276,735,281**
Equity			
Share capital	27	1,000,000	1,000,000
Reserve capital	27	100,000	641,713
Reserves for financial guarantees	25	-	(6,074,225)
Retained earnings/(losses)		21,888,827	48,005,917
Total equity		**22,988,827**	**43,573,405**
Total liabilities and equity		**332,755,407**	**320,308,686**

The attached notes constitute an integral part of these Financial Statements.

The financial statements were signed by the Entity's executive management on May 19, 2023, represented by:

Luchianenco Veaceslav
Administrator

SOCIETATEA CU RĂSPUNDERE LIMITATĂ ORGANIZAȚIA DE CREDITARE NEBANCARĂ "MOGO LOANS" mogo S.R.L. IDNO 1017600033216 REPUBLICA MOLDOVA, mun. CHIȘINĂU

STATEMENT OF CHANGES IN EQUITY
FOR THE MANAGEMENT PERIOD ENDED ON DECEMBER 31, 2022
(All amounts are indicated in MDL, except when it is mentioned otherwise)

	Share capital	Reserve capital	Reserves for financial guarantees	Retained earnings	Total
	MDL	MDL	MDL	MDL	MDL
Balance on January 1, 2021	**22,465,342**	**641,713**	**(8,718,136)**	**24,131,150**	**38,520,069**
Overall result					
Profit for the reporting year	-	-	-	23,874,767	23,874,767
Total comprehensive income for the period	-	-	-	**23,874,767**	**23,874,767**
Revaluation of the financial guarantee (Note 25)	-	-	2,643,911	-	2,643,911
Share capital decrease	(21,465,342)	-	-	-	(21,465,342)
	(21,465,342)	-	**2,643,911**	-	**(18,821,431)**
Balance as of December 31, 2021	**1,000,000**	**641,713**	**(6,074,225)**	**48,005,917**	**43,573,405**
Balance on January 1, 2022	**1,000,000**	**641,713**	**(6,074,225)**	**48,005,917**	**43,573,405**
Overall result					
Profit for the reporting year	-	-	-	15,461,865	15,461,865
Total overall result	-	-	-	**15,461,865**	**15,461,865**
Guarantee de-recognition (Note 25)	-	-	6,074,225	-	6,074,225
Share capital increase	541,713	-	-	-	541,713
Share capital decrease	(541,713)	-	-	-	(541,713)
Dividends distributed	-	-	-	(41,578,955)	(41,578,955)
Allocation of reserves	-	(541,713)	-	-	(541,713)
	-	**(541,713)**	**6,074,225**	**(41,578,955)**	**(36,046,443)**
Balance on December 31, 2022	**1,000,000**	**100,000**	-	**21,888,827**	**22,988,827**

The attached notes constitute an integral part of these Financial Statements.

The financial statements were signed by the Entity's executive management on May 19, 2023, represented by:

Luchianenco Veaceslav
Administrator

STATEMENT OF CASH FLOW
FOR THE MANAGEMENT PERIOD ENDED ON DECEMBER 31, 2022
(All amounts are indicated in MDL, except when it is mentioned otherwise)

	Note	2022 MDL	2021 MDL
Cash flow from operational activity			
Profit before tax from continuing operations		**15,461,865**	**23,874,767**
Adjustments for:			
Amortization and depreciation		1,885,897	1,829,476
Impairment Income / (expense)		1,193,958	2,125,536
Interest income		(121,939,359)	(109,353,581)
Interest expense		28,408,905	23,196,719
Income tax expenses		4,244,408	4,957,539
Financial guarantees amortization		245,070	3,911,954
Disposals of property, equipment and intangible assets		282,443	301,228
Net profit adjusted with non-monetary elements		**(70,216,813)**	**(49,156,362)**
Changes in:			
Loans and advances granted to clients		(23,757,198)	(67,270,683)
Finance lease receivables		4,881,253	(1,117,383)
Other assets		3,584,739	(3,100,244)
Borrowings		8,809,625	(20,478,185)
Lease liabilities		490,031	310,124
Other debts		1,679,486	43,251
		(4,312,064)	**(91,613,120)**
Interest received		116,060,435	108,495,121
Interest paid		(29,384,386)	(23,393,671)
Income tax paid		(3,400,000)	(4,200,000)
Net cash flow from operating activities		**8,747,172**	**(59,868,032)**
Cash flow from investment activity			
Purchases of tangible assets		(37,201)	(640,944)
Purchases of intangible assets		(277,859)	(246,269)
Net cash flows from investment activity		**(315,060)**	**(887,213)**
Cash flow from financial activity			
Share capital increase		-	-
Share capital decrease		(541,713)	(5,465,342)
Proceeds from borrowings		484,313,215	490,390,542
Gross payments for borrowings		(450,944,456)	(428,402,281)
Gross payments from operational leasing contracts	24	(2,071,284)	(2,272,959)
Dividends paid		(41,578,955)	-
Net cash flows from financial activity		**(10,823,193)**	**54,249,960**
Change in cash and cash equivalents		**(2,391,081)**	**(6,505,285)**
Cash and cash equivalents on January 1		**3,979,059**	**2,785,350**
The effect of exchange rate fluctuations on cash		(266,541)	7,698,994
Cash and cash equivalents on December 31	16	**1,321,437**	**3,979,059**

The attached notes constitute an integral part of these Financial Statements.

The financial statements were signed by the Entity's executive management on May 19, 2023, represented by:

Luchianenco Veaceslav
Administrator

SOCIETATEA CU RĂSPUNDERE LIMITATĂ ORGANIZAȚIA DE CREDITARE NEBANCARĂ „MOGO LOANS" mogo S.R.L. IDNO 1017600033216 REPUBLICA MOLDOVA, mun. CHIȘINĂU

NOTES TO THE FINANCIAL STATEMENT
FOR THE MANAGEMENT PERIOD ENDED ON DECEMBER 31, 2022
(All amounts are indicated in MDL, except when it is mentioned otherwise)

1. General information about the Company

OCN Mogo Loans SRL (hereinafter referred to as the Company) was registered in the Register of Enterprises and Organizations on August 4, 2017. The company has its headquarter at address: bd. Cuza Voda 20/A, Chisinau, MD-2060, Moldova. The initial founder of the Company was Mogo Finance SA (registered in Luxembourg), with a 100% share of the Company's capital starting from 4 August 2017. On 14.05.2019, based on the decision of the Shareholders, the shareholders was changed based on The contract of sale and purchase of the social part of 13.05.2019. The ultimate parent company become Eleving Stella AS (Mogo Eastern Europe AS until 15.12.2021) (registered in Latvia), with a share of 100% of the Company's capital, until June 28, 2022 when 4% of the held share was sold to individuals physical persons based on the decision of the Shareholders of 28.06.2022.

The Company's activity is the granting of loans and financial leasing.

These Financial Statements were approved by the Company Administrator on May 19, 2023.

	2022	2021
The average number of employees in the reporting year:	42	42

From the average number of employees for the year 2022, 98% carry out the activities in the Municipality of Chisinau. On 31.12.2022, one employee works in the Office in the municipality of Balti.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), based on the fair value convention, the initial recognition of financial instruments based on fair value and by revaluation of financial instruments classified at fair value through profit or loss (" FVTPL") and at the fair value through other elements of the global result ("FVOCI"), modified based on the historical cost convention for tangible and intangible assets. The main accounting policies applied in the preparation of these financial statements are presented below. These policies have been consistently applied to the periods presented, unless otherwise specified.

The annual financial statements of the Company and its financial result are influenced by the accounting policies, assumptions, estimates and reasoning of the management (Note 4), which must be made in the course of the preparation of the annual financial statements. The company makes estimates and assumptions that affect the reported values of assets and liabilities in the current and future financial periods. All estimates and assumptions imposed in accordance with IFRS are best estimates made in accordance with the applicable standard. Estimates and judgments are continuously evaluated and are based on past experience and other factors, including expectations regarding future events. Accounting policies and management reasoning for certain elements are particularly important for the Company's results and financial statement due to their significance. The effect of any change in estimates will be recorded in the financial statements, when it can be determined (Note 4). If subsequent events provide additional information, they have been taken into account.

The functional currency of the Company is the Moldovan leu (MDL). The financial statements are presented in Moldovan lei and the amounts are rounded to the nearest leu. The financial year / management period begins on January 1 and ends on December 31 and includes all operations performed by the Company. All the actual figures that reflect the financial and economic results of the Company's activity during the management period are included in the financial statements of the management period.

The Company's management does not use the segmental approach to the operational decision-making process. All the economic activities of the company take place in a single geographical segment - the Republic of Moldova.

The principle of continuity of activity

These financial statements were prepared based on the going concern principle, which assumes that the Company will continue its operations for the foreseeable future. In order to evaluate the reasonableness of this assumption, the management analyzes the forecasts of future cash inflows. Based on these analyzes and, if necessary, also on the permanent support of the Eleving Group, the management considers that the Company will be able to continue operating according to the principle of continuity of activity for the foreseeable future and, therefore, this principle has been applied in the preparation of these financial statements.

NOTES TO THE FINANCIAL STATEMENT
FOR THE MANAGEMENT PERIOD ENDED ON DECEMBER 31, 2022
(All amounts are indicated in MDL, except when it is mentioned otherwise)

3. Summary of significant accounting policies

3.1 Changes in accounting policies

The accounting policies presented in these financial statements were applied consistently in the management periods ended on December 31, 2022, respectively December 31, 2021.

3.2 Reclassification of comparative indicators

As mentioned in note 3.14, until 31.12.2021 the Company recognized as assets held for sale vehicles obtained through forced recovery, in the event that customers do not fulfill their obligations related to existing leasing/loan contracts. Such recovered pledges were classified as held for sale and valued at the lower value between the accounting value and the fair value, minus the selling costs. Selling costs are the additional costs, directly attributable to the sale of an asset, with the exception of financial costs and income tax expenses.

Starting with the year 2022, forcibly recovered pledges are no longer classified as "held for sale" and are not presented separately in the statement of financial position.

As a result, the reclassification was made from the statement of financial position, the title "Other assets held for sale" to "Loans and advances granted to clients". The reclassification did not affect any of the Company's basic reports, being considered immaterial, and the third balance sheet was not provides. The table below shows the reclassification of the comparative balances.

Statement of the financial position - Assets	Balance at 31.12.2021 in the annual report for 2021 **MDL**	Reclassifications **MDL**	Balance at 31.12.2021 after adjustment **MDL**
Reclassification of other assets held for sale			
Other assets held for sale	1,882,147	(1,882,147)	-
Loans and advances granted to clients	300,679,717	1,882,147	302,561,864
Total	**302,561,864**	-	**302,561,864**

3.3 Intangible assets

Intangible assets are initially recorded at cost and depreciated over their estimated useful life on a straight-line basis. The accounting values of intangible assets are reviewed for impairment, when events or changes in circumstances indicate that the accounting value cannot be recovered. Impairment losses are recognized when the accounting value of intangible assets exceeds their recoverable value.

Other intangible assets consist mainly of purchased software products.
Depreciation is calculated using the straight-line method over the estimated useful life of the asset as follows:

	Useful life of assets
Concessions, patents, licenses and similar rights	over 1 year
Other non-corporate fixed assets - purchased IT systems	over 2, 3 and 5 years

3.4 Tangible assets

The equipment is recognized at cost, minus the amount of accumulated wear and depreciation losses. Depreciation is calculated using the straight-line method based on the estimated life of the asset, as follows:

	Useful life of assets
Computers	3 years
Furniture	5 years
Vehicles	7 years
Leasehold improvements	according to the terms of the leasing contract
Other equipment	2 years

Depreciation of an asset begins when it is available for use, that is, when it is in the location and conditions necessary for it to be used in the manner desired by management. The accounting values of the equipment are reviewed for impairment, when events or changes in circumstances indicate that the accounting value cannot be recovered. If there are such indices and if the accounting values exceed the estimated recoverable amount, the assets or cash generating units are depreciated to their recoverable amount. The recoverable value of the equipment is the higher value of the asset's net sales price and its use value.

3. Summary of significant accounting policies (continued)
3.4 Tangible fixed assets (continued)

When assessing 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 asset-specific risks. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit of which the asset is a part. Depreciation losses are recognized in the statement of the overall result in the heading "Depreciation expenses".

An item of equipment is derecognized on disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss resulting from the derecognition of the asset (calculated as the difference between the net receipts and the accounting value of the item) is reflected in the statement of comprehensive income in the year in which the item is derecognised.

3.5 Financial assets

a) Financial instruments - initial recognition

Date of recognition
Loans and advances to clients are recognized when the funds are transferred to clients' accounts. Other assets are recognized on the date the Company concludes the contract that generates the financial instruments.

Initial assessment
The classification of financial instruments at their initial recognition depends on the contractual terms and the business model for the management of these instruments, as further described in the accounting policies. Financial instruments are initially measured at their fair value and, with the exception of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL), transaction costs are added or subtracted from this value. Other receivables are valued at the transaction price.

b) Classification of financial assets

The company evaluates loans and advances to customers, loans to related parties, receivables from related parties, cash equivalents and other loans and receivables at amortized cost, only if both of the following conditions are met:

- Financial assets are held within a business model, with the objective of holding financial assets for the collection of contractual cash flows;
- The contractual terms of the financial asset generate, on specified dates, cash flows that are exclusively payments of principal and interest (SPPI) related to the value of the principal owed.

c) Evaluation of the business model

The company determines its business model, at the level that best reflects the way it manages financial assets, in order to achieve its business objective - the risks that affect the performance of the business model (and the financial assets held within the business model) and the way in which that these risks are managed. The frequency, value and expected timing of sales are also important aspects of the Company's evaluation. The assessment of the business model is based on reasonably expected scenarios, without taking into account "worst case" or "stress cases" scenarios. If cash flows after initial recognition are realized in a different way than the Company's initial expectations, it does not change the classification of the remaining financial assets held in that business model, but incorporates this information when evaluating the new financial statement or the recently acquired financial assets in evolution. The assessed business model intends to hold financial assets to collect contractual cash flows.

d) SPPI test (excluding principal and interest payments)

As a second step in its classification process, the Company evaluates, 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 resulting from sales transactions and reversible financial leasing, as reported in a separate section of this note). "Principal" for the purposes 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 capital repayments or amortization of the premium / discount). The most significant elements of interest in a loan agreement are usually taking into account the time value of money and credit risk.

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3. Summary of significant accounting policies (continued)
3.5 Financial assets (continued)

In evaluating whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. These include assessing whether the financial asset contains a contractual term that could change the schedule or value of the contractual cash flows so that it does not meet this condition. When performing the evaluation, the Company mainly takes into account:
- contingent events that would change the amount and schedule of cash flows;
- the deadlines for early payment and extension; and
- conditions that limit the Company's claim to the cash flows from the specified assets (for example, non-recourse loans).

In general, the loan contracts stipulate that, in case of return of the guarantee and non-repayment of the guarantee, the request is not limited to the recovery of the guarantee and if the amount of the guarantee does not cover the remaining debt, additional resources can be requested from the borrower to compensate the losses from the risk of credit. Consequently, this aspect does not create obstacles to passing the SPPI test. However, in some cases, company loans that are guaranteed by the borrower's guarantee limit the company's claim to the cash flows of the underlying collateral (non-recourse loans). The company applies judgment in evaluating whether non-recourse loans meet the SPPI criterion. Typically, the Company considers the following information when making this judgment:
- if the contractual arrangement specifically defines the amounts and dates of cash payments of the loan;
- the fair value of the guarantee in relation to the value of the underlying loan;
- the ability and desire of the borrower to make contractual payments, without prejudice to the decrease in the value of the guarantees;
- the company's risk of loss on the asset in relation to a loan with full recourse; and
- if the Company will benefit from any advantage from the underlying assets.

Even if according to the court decision the loan is declared without recourse but is guaranteed by the debtor's guarantee, this loan fulfills the SPPI criterion.

Reclassification of financial assets
The Company does not reclassify its financial assets after initial recognition, except in exceptional circumstances in which the Company acquires, sells or closes a business.
Financial liabilities are never reclassified.

e) __Derecognition of financial assets and receivables from financial leasing__

The provisions regarding derecognition below apply to all financial assets valued at amortized cost and financial leasing receivables.

Derecognition due to the substantial modification of the terms and conditions
The company derecognizes the loan granted to a customer or a receivable from a financial lease, when the terms and conditions have been renegotiated to the extent that they become, substantially, a new loan or leasing contract, the difference being recognized as gain or loss from derecognition, to the extent that an impairment loss has not already been recorded. Newly recognized loans are classified in Stage 1 for the purpose of ECL assessment, except for the case where the new financial asset is considered to be impaired origination (POCI).

When evaluating a financial asset for it to be derecognized or not, among others, the Company takes into account the following qualitative factors:
• Change in currency of the loan;
• Change of counteragent;
• If the modification is such that the instrument no longer meets the SPPI criterion;
• Whether legal obligations have been extinguished.

Moreover, in the case of loans and advances granted to clients and receivables from financial leasing, the Company takes into account, specifically, the purpose of the changes. It is evaluated whether the modification was introduced for commercial (business) reasons or for the purpose of credit restructuring. The change is considered to be introduced for commercial reasons if the DPD (past due days) of the counterparty immediately before the change is less than 5 DPD. In such cases, the modification is considered to be made for commercial purposes and results in the derecognition of the old contract and the respective loan/leasing claim. These changes include increasing the amount or the term of the loan contract, which are agreed with the client for commercial purposes (eg: both the client and MOGO, both are co-interested in the substantial change of the purpose of the leasing/loan transaction).

Other changes to the terms of the agreement are treated as non-opt-out changes (see the section on Changes below).

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3. Summary of significant accounting policies (continued)
3.5 Financial assets (continued)

e) Derecognition of financial assets and receivables from financial leasing (continued)

Derecognition for reasons other than substantial changes
A financial asset or a receivable from a finance lease (or, if applicable, a part of a financial asset or a receivable from a finance lease or a part of a Company with financial assets or receivables from a finance lease similar) are derecognized when the rights to receive cash flows from the financial asset or receivable from the financial lease have expired. Also, the Company derecognizes the financial asset or the receivable from the financial lease, if it has transferred either the financial asset or the receivable from the financial lease, and the transfer qualifies for derecognition. The company has transferred the financial asset or receivable from the financial lease, if it has transferred its contractual rights to receive cash flows from the financial asset or the receivable from the financial lease.

The company has transferred the asset if and only if:
- The company has transferred its contractual rights to receive cash flows from its asset
- It retains its rights over the cash flows, but has assumed an obligation to pay a third party in full the cash flows received, without significant delays, based on a transfer agreement.

Transfer agreements are transactions in which the Company retains the contractual rights to receive the cash flows of a financial asset (the "initial asset"), but assumes a contractual obligation to pay those cash flows to one or more entities ("possible recipients"), when the three conditions below are met:
- The Company does not have the obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the initial asset, with the exception of short-term advances from the Company with the right to full recovery of the loaned amount, plus accrued interests at market rates;
- The company cannot sell or pledge the initial asset except as a guarantee, to the eventual recipients, for the obligation to pay their cash flows;
- The company must remit any cash flows it collects on behalf of potential recipients, without significant delays. In addition, the Company does not have the right to reinvest these cash flows, with the exception of investments in cash or cash equivalents for a short settlement period from the date of collection to the date of the necessary remittance to the eventual recipients, and the interest earned from such investments are transferred to eventual recipients.

A Transfer qualifies for derecognition, only if:
- The company has transferred substantially all the risks and rewards of its assets
- The company has neither transferred nor retained substantially all the risks and rewards of the assets, but it has transferred control over the asset.

f) Modifications

Sometimes, the Company rather intervenes with changes in the initial conditions regarding the loans/leasing contract, in response to the financial difficulties encountered by the borrower, but does not take possession or impose the collection of guarantees. The Company considers a restructured leasing/loan contract, when these changes are provided as a result of the borrower's present or expected financial difficulties, and the Company would not have agreed on them, if the borrower's financial statement had been solid. Indicators of financial difficulties include non-payment or DPDs before changes. Such changes may involve the expansion of payment methods and the agreement of new loan conditions.

If the modification does not result in substantially different cash flows, as shown above, the modification does not result in derecognition. Based on the change in cash flows discounted at the initial effective interest rate (EIR), the Company records a gain or loss in interest income/expenses calculated by the effective interest method from the profit or loss statement, to the extent that an impairment loss was not already registered (Note 7). More information on modified financial assets and finance lease receivables is presented in the following section on depreciation.

As described in the section on "Derecognition due to substantial modification of the terms and conditions" if the modification is carried out for commercial reasons, then it is considered to result in the derecognition of the initial financial leasing / loan contract. Such changes include increasing the amount of the lease and increasing the duration of the leasing contract, which are agreed with the customers for commercial reasons (for example, the customers and the Company are both interested in substantially changing the scope of the leasing / loan transaction). Whenever such a modification agreement is reached, the old agreement and the respective claim are derecognized.

Treatment of non-substantial changes:
If the expectations regarding the cash flows of the fixed rate financial assets are revised for reasons other than credit risk, the changes related to the future contractual cash flows are updated to the initial EIR, with a consequent adjustment of the book value. The difference compared to the previous accounting value is recorded as a positive or negative adjustment of the accounting value of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income/expenses calculated by the effective interest method.

3. Summary of significant accounting policies (continued)
3.5 Financial assets (continued)

f) Changes (continued)

The accounting value of the financial asset or financial liability is adjusted, if the Company revises its estimates regarding payments or collections. If the modification of an asset or a financial liability measured at amortized cost does not result in derecognition, a gain/loss of the modification is calculated. The adjusted accounting value is calculated based on the initial effective interest rate, and the change in the accounting value is recorded as interest income or expense.

Changes in the asset's contractual cash flows are recognized in the statement of comprehensive income and any costs or charges incurred adjust the accounting value of the modified financial asset and are amortized over the remaining life of the modified instrument. Therefore, the initial EIR, determined at initial recognition, is revised upon modification to reflect any costs or charges incurred.

g) General presentation of the principles regarding expected credit losses (ECL)

The company recognizes the provision for expected credit losses for all loans and other financial assets that are not held at FVPL and financial leasing receivables (because due to the specificity of the leasing contract, the leasing receivable does not contain any unguaranteed residual value, the provisions of IFRS 9 apply to the total balance of the financial leasing claim). in this section, all referred to as "financial instruments.

If there has been no significant increase in credit risk since initial recognition, the ECL allowance is based on the 12-month expected credit loss (12 mECL), as shown 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 occur over the lifetime of the asset (lifetime expected credit loss or LTECL). The company's policies for determining whether there has been a significant increase in credit risk are outlined below.

The case of 12mECL is the portion of LTECLs that represent the ECLs resulting from the probability of non-repayment that is possible in the 12 months from the reporting date. Both LTECL and 12-month ECL are calculated either individually or collectively, depending on the nature of the related portfolio of financial instruments.

The company has established a policy to perform an assessment, at the end of each reporting period, of the credit risk of a financial instrument, to determine whether it has increased significantly since initial recognition, taking into account the change in the risk of default on the remaining life of the financial instrument. This is further explained in the section on Significant increase in credit risk.

Depreciation of receivables from financial leasing, loans and advances to customers

Definition of credit rating
The basic assets of the Company - receivables from financial leasing, loans and advances granted to clients - have an individual character, therefore they are classified by products (Receivables from financial leasing, Loans and advances granted to clients) for the collective calculation of ECL, which is mainly based on the number of days outstanding (DPD), the Company analyzes its portfolio of receivables from financial leasing, loans and advances to customers, dividing the receivables into categories depending on the product group, the outstanding days for each of them and the presence of the underlying guarantee (for pledged products). Financial leasing receivables and secured loans (vehicle secured loans) are combined due to the similar nature of the products.

The company continuously monitors all assets subject to ECLs. To determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or LTECL, the Company evaluates whether there has been a significant increase in credit risk since initial recognition. When estimating the ECL on a collective basis for a company with similar assets, the Company applies the same principles to assess whether there has been a significant increase in credit risk since initial recognition in the country portfolios, based on the type of product - contract of leasing or loan.

The company divides receivables from financial leasing, loans and advances granted to clients into the following categories:

Finance lease receivables:

1) Non-persistent
2) Arrears up to 30 days
3) Arrears from 31 to 60 days
4) Arrears over 61 days
5) unsecured (general definition: more than 90 days passed or guarantees are not available, i.e. lost or sold).

3. Summary of significant accounting policies (continued)
3.5 Financial assets (continued)

g) General presentation of the principles regarding expected credit losses (ECL), (continued)

Loans and advances to customers:
1) Non-persistent
2) Arrears up to 30 days
3) Arrears from 31 to 60 days
4) Arrears over 61 days

Based on the above process, the Company classifies leases and loans into Stage 1, Stage 2 and Stage 3, as described below:

• **Stage 1** : When the loans/leasing contracts are recognized for the first time, the Company recognizes a provision based on ECL for 12 months. The company considers lease contracts that are current or with an arrears of up to 30 days as being in Stage 1.

An observation period of 2 months applies before an exposure, previously classified as Stage 2, can be transferred to Stage 1 and such an exposure must meet the general DPD Stage 1 criteria above. The concept of the observation period does not apply to unsecured loans. Exposures are no longer classified in Stage 1, if they no longer meet the above criteria.

• **Stage 2** : When a loan/leasing contract has shown a significant increase in credit risk since initiation, the Company records a provision for LTECL. In general, the Company considers leasing/loan contracts that have an overdue status of 31 - 60 days as being in Stage 2. Also, the unsecured loan is considered in Stage 2 if the DPD is in the range of 31 - 60 days. Leasing exposures remain in Stage 2 for an observation period of 2 months, even if they would otherwise meet the criteria from Stage 1 above for this period.

• **Stage 3** : Leasing and loan contracts considered impaired as a result of credit risk and not honored. The company records a provision for LTECL.

The Company considers the finance lease/loan in default and therefore in all cases where the borrower has a DPD of 61 days on its contractual payments or the contract is terminated, it is classified as Stage 3. The exposures remain in Stage 3 for a period of observation for 1 month, even if he would otherwise fulfill the criteria of stage 2 above during this period.

Due to the nature of the Company's credit exposures, there is no qualitative assessment of whether a client is unable to pay, and the main focus is on the above criteria.

Temporary debt restructuring (TDR) and restructuring

The first years of this decade were imposed by a particularly unstable period in the history of mankind. The return to a "new normal" following the COVID-19 pandemic was quickly disrupted by the outbreak of war in Ukraine, leading to a new wave of food and energy crises. Moldova faced "older" risks such as inflation, cost of living crises, widespread social unrest, geopolitical confrontation that negatively affected the Group's operations and caused an increase in credit risk.

Analyzing and evaluating such non-standard situations from the past, the management decided to keep active the customer support option introduced during the Covid-19 pandemic, the so-called TDR (temporary debt restructuring) program, which implies the forgiveness of late penalties if the customer pays the outstanding debt and/or agrees to return to regular payments.

The TDR program consists of 2 main products:

Extension - is a paid vacation for one month (or several months). The client pays the extension fee and returns to the initial program in the next few months. The extension fee paid is an indication that the customer is willing to cooperate, and the Company expects the customer to return to the previous payment discipline under normal circumstances. The classification in such cases for Stages is based on DPD.

Restructuring - permanent modification of the payment schedule. Classification for Stages is based on DPD.

Extension and Restructuring (subsequent modification of the initial payment schedule) is almost the only feasible solution to reduce the financial burden on clients, given the circumstances, thus the fact that tolerance as such does not lead to the recognition of SICR if the client pays according to the new terms and returns later at the initial schedule or close to it.

The Company has made changes to the depreciation policy, in force until further notice, but no later than December 2021*: cases where the Company has good reason to expect the customer to return to the usual fork in no more than 12 months they should not be classified as SICR even if the client was granted the forbearance instrument.

3. Summary of significant accounting policies (continued)
3.5 Financial assets (continued)

g) General presentation of the principles regarding expected credit losses (ECL), (continued)

The extension is applied to clients who were previously in default and have as a result the continuation of treatment in Stage 3 during the one-month healing period, followed by 2 months of the healing period in Stage 2. In the case of modification for credit reasons before of the inability to pay (in general, the extension), the exposure is passed to Stage 2 for a recovery period of 2 months.

During 2022, the TDR program was active, but zero implementation cases were registered.
Due to the unstable situation generated by the conflict in Ukraine and the uncertain evolution of the crises, it was decided to maintain the validity of the TDR program option until December 2023.

ECL calculation
The company calculates the ECL based on probability-weighted scenarios to evaluate the expected cash deficits, updated with an approximation to the EIR. A cash shortfall is the difference between the cash flows owed to the Company, in accordance with the contract, and the cash flows that the Company expects to obtain.

The key elements are as follows:

- PD - The probability of non-payment is an estimate of the probability of non-fulfillment of obligations during the 12-month period or during life (the time horizon depends on the type of ECL - ie 12mECL or LTECL). The default distribution vector (DDV) is the estimate of the time until default, more precisely it ensures the distribution of PD during a period of 12 months or for life.

- EAD Default exposure is an estimate of default exposure at a future date, taking into account expected changes in exposure after the reporting date, including repayments, whether contractually scheduled or otherwise.

- LGD Loss given default is an estimate of losses incurred in case of default at a certain date. This is based on the difference between the contractual cash flows due and those that the creditor would expect to receive, including from the realization of any guarantee. It is usually expressed as a percentage of EAD.

- The maximum period for which credit losses are determined is the average remaining contractual life of a financial instrument.

- Macroeconomic factors

The company can choose to use the actual balance instead of EAD and not apply DDV for segments with high credit risk

The company uses a multiplication model on all stages for the ECL calculation:

ECL=EAD*PD*LGD*[DDV]
Considering that DDV is a multidimensional vector (generally 12 or 13 dimensions, but can be shorter if representative historical data for a shorter period is available) it is aggregated into a single value before multiplication - [DDV]. The aggregate DDV value is obtained as follows:

- each DDV value is multiplied by the reduction factor;
- the reduction factor is calculated regularly (for example, the NPV formula), where the update is calculated on the EIR of the portfolio and the number of periods corresponds to the size of the respective DDV value;
- [DDV] is the sum of all the respective multipliers of the DDV values with the respective reduction factors.

Depending on the Stage, the following specific steps are applied to the general ECL model:

- **Stage 1** : the probability of default over 12 months is calculated. The company calculates an adjustment for expected losses using the probability of impairment in the next 12 months (or shorter if the product life is less than 12 months or if there is historical data representative of a shorter period) and the vector of impairment distribution on the 12-month horizon. These 12-month default probabilities are applied to an estimated default exposure and multiplied by the expected LGD and REDUCED with an approximation of the initial effective interest rate using the depreciation distribution vector, thus incorporating the time for depreciation into the model.
- **Stage 2** : When a loan has shown a significant increase in credit risk since initial recognition, the Company records an adjustment for expected losses for the life of the loan. The mechanism is the one explained above, but the probability of depreciation and the distribution vector of the depreciation are estimated during the lifetime of the instrument. Expected cash shortfalls are updated by an approximation to the original EIR using DDV.

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3. Summary of significant accounting policies (continued)
3.5 Financial assets (continued)

g) General presentation of the principles regarding expected credit losses (ECL), (continued)

- **Stage 3** : For loans considered impaired, the Company recognizes expected credit losses over the lifetime of these loans. The method is similar to that of assets in stage 2, the probability of depreciation being set at 100%.

ECL for restructured and modified loans:

Some types of changes made to clients that serve to renegotiate the terms of an agreement that was previously defaulted categorized in Stage 3 for a recovery period of one month, followed by an observation period of 2 months in Stage 2. In the case of modification of the credit prior to the default (generally extending the term), the exposure is moved to Stage 2 for an observation period of 2 months.

Cancellation of bad debts
The company considers any kind of debt completely irrecoverable and writes off the debt from the balance sheet in its entirety, if all legal actions have been carried out to recover the debt and the debt is considered irrecoverable by the respective court.

3.6 Financial liabilities

a) Initial recognition and evaluation

Financial liabilities are classified, at the stage of initial recognition, as financial liabilities at fair value through profit or loss, or liabilities at amortized cost, as the case may be.
All financial liabilities are initially recognized at fair value and, in the case of credits, loans and debts, minus directly attributable transaction costs. The entity's financial liabilities include trade and other debts, credits and loans.

b) Subsequent evaluation

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

- Financial liabilities at fair value through profit or loss (FVTPL)

A financial debt is classified at FVTPL if it is classified as held for trading, is a derivative instrument or is designated as such upon initial recognition. Net gains or losses, including any interest expense, for the debts held at FVTPL are recognized in the profit and loss account.
The company does not hold any financial debt as fair value through profit or loss.

- Financial liabilities at amortized cost (Credits and loans)

This is the most relevant category for the Company. After initial recognition, interest-bearing loans and credits are subsequently valued at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when debts are derecognized, as well as through the amortization of the effective interest.
The amortized cost is calculated taking into account any discount or purchase premium and commissions or costs that are an integral part of the effective interest. The amortization of the effective interest is included in financial costs in the statement of the overall result.
This category generally applies to interest-bearing credits and loans.

c) Modification of financial debts

In the case of financial debts, the Company considers a change to be significant based on qualitative factors (interest rate, contract term) and if this results in a difference between the updated present value and the initial accounting value of the financial debt in the amount of or greater than ten to hundred. If the change is significant, then a derecognition gain or loss is recorded. If the modification does not generate substantially different cash flows, the modification does not result in derecognition.

d) Addressing insignificant changes

If the cash flow estimates related to fixed-rate financial liabilities are revised, then changes to future contractual cash flows are updated at the initial effective interest rate, with a corresponding adjustment to the book value. The difference compared to the previous accounting value is recorded as a positive or negative adjustment of the accounting value of the financial debt in the statement of financial position with a corresponding increase or decrease in income / expenses from interests calculated using the effective interest method.

3. Summary of significant accounting policies (continued)
3.6 Financial liabilities (continued)

e) <u>Derecognition</u>

A financial debt is derecognized when the obligation related to the debt is paid, canceled or expires. When an existing financial debt is replaced by another from the same creditor, in substantially different terms, or the terms of an existing debt are significantly modified, such exchange or modification is treated as derecognition of the original debt and recognition of a new debt. The difference between the respective accounting values is recognized in the global result statement.

The company considers a change to be significant based on qualitative factors, and if this results in a difference between the updated present value and the initial accounting value of the financial debt in the amount of ten percent or more.

3.7 Credits and loans

All credits, loans and financing attracted through peer-to-peer lending platforms are initially recognized at cost, being the fair value of the consideration received minus the issuance costs related to the loan.

After initial recognition, credits, loans and financing attracted through Peer-to-Peer platforms are subsequently valued at amortized cost using the effective interest rate method.

The amortized cost is calculated taking into account any issue costs and any discount or premium at the time of settlement.
Gains and losses are recognized in the statement of comprehensive income as interest income / expenses when the liabilities are not recognized through the amortization process.

3.8 Clearing of financial instruments

Financial assets and financial liabilities are offset, and the net value is reported in the statement of financial position if there is a legal enforceable right at this time to offset the amounts recognized and there is an intention to settle them on a net basis, to realize the assets and settle the liabilities simultaneous.

3.9 Provisions for financial guarantees and Other reserves

If a contract corresponds to the definition of a financial guarantee contract, the Company, as the issuer, applies the specific accounting and valuation requirements provided by IFRS 9. These valuation requirements of IFRS 9 are applied to all guarantee contracts, including the guarantees issued between entities under common control, as well as guarantees issued by a subsidiary on behalf of a parent entity. If the guarantee is issued for the Company's shareholders in their capacity as owners, the Company treats such transactions as an increase in Provisions for financial guarantees and an equal decrease in equity (as distribution of equity). The reduction of equity as a result of the issuance of financial guarantees for the parent company is recognized in Other reserves.

Financial guarantees are initially recognized at fair value. Subsequently, with the exception of the case in which the financial guarantee contract is initially designated as at fair value through comprehensive income, the Company's liability under each guarantee is valued at the highest value initially recognized minus the cumulative depreciation recognized in the statement of comprehensive income and the provisions for the loss of expected credit determined in accordance with IFRS 9 (as stipulated in Note 3). Amortization is recognized in the statement of the overall result under the heading "Other operational income" in a straight-line manner during the warranty period.

Financial guarantees are derecognized if the terms of the guarantee are significantly modified. Changing the warranty limit is treated as a denial. In this case, the initial guarantee is derecognized and a new guarantee is recognized at fair value. The change in fair value is recognized as a decrease or increase in Provisions for financial guarantees and an equal decrease or increase in Other reserves. Other reserves are transferred to the profits obtained upon the repayment of the obligations within the financial guarantee.

3.10 Financial leasing - Company as lessor

Financial leasing contracts, which generally transfer all the risks and benefits related to ownership of the assets, are recognized as assets at amounts equal to the net investment in the lease at the beginning of the lease. The financial income is allocated over a period of time in accordance with the term of the lease to produce a constant return on the net leasing investments in the balance.

Financial leasing receivables are recognized and measured according to the provisions of IFRS16. The provisions of IFRS9 apply to the following situations:
(1) derecognition,
(2) requirements regarding "expected credit loss",
(3) the relevant provisions that apply to derivative instruments incorporated in leasing.

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3. Summary of significant accounting policies (continued)
3.10 Financial leasing - Company as lessor (continued)

The company is engaged in financial leasing transactions by selling vehicles to its customers through financial leasing contracts.

When concluding a contract, the Company evaluates whether the contract is or contains a leasing contract. The starting date of the leasing contract is the first between the date of the rental contract and the date of the commitment of the parties to the main provisions of the leasing contract. From this date:
• a leasing contract is classified as a financial leasing contract; and
• the amounts to be recognized at the beginning of the lease term are determined.

The beginning of the lease is the date from which the lessee has the right to exercise the right to use the leased asset. It is the date of the initial recognition of the rental contract (that is, the recognition of assets, liabilities, income or expenses resulting from the rental contract, as the case may be).

A lease is classified as a finance lease at the inception of the lease if it transfers substantially all the risks and rewards of ownership. The beginning of the rental contract is the first between the date of the rental contract and the date of the commitment of the parties to the main provisions of the rental contract. From this date:

- the leasing contract transfers ownership of the asset to the lessee at the end of the leasing period;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently low compared to the fair value on the date the option becomes exercisable, so that, at the beginning of the leasing contract, it is sufficiently certain that the option will be exercised;
- the duration of the leasing contract is for most of the economic life of the asset, even if the ownership is not transferred;
- at the beginning of the leasing contract, the updated value of the minimum leasing payments is at least substantially equal to the fair value of the leased asset.
- the leasing assets are of a specialized nature, so that only the lessee can use them without making major changes.

Other indicators that, individually or in combination, would also lead to the classification of a leasing contract as a financial leasing contract are:
- the lessee can cancel the rental contract, the lessor's losses associated with the cancellation are borne by the lessee;
- the gains or losses from the fluctuation of the fair value of the residual value are transferred to the lessee.
- the lessee has the ability to continue the lease for a later period at a rent that is substantially lower than the market rent.

a) <u>Initial assessment</u>

At the beginning of the lease, the Company records a financial leasing contract, as follows:
- derecognizes the accounting value of the underlying asset;
- recognizes the net investment in leasing;
- recognizes, in profit or loss, any profit from the sale or loss from the sale

At the beginning of the financial leasing contract, the Company records the net investment in leasing contracts, which consists of the sum of the minimum lease payments to be received by the lessor and the gross investment reduced by the income from the uncollected leasing interest. The difference between the gross investment and its discounted value is recorded as uncollected financial leasing income. Initial direct costs, such as customer commissions and commissions paid by the Company to automobile dealers, are included in the initial valuation of lease receivables. Calculations are made using the effective interest method.

Advance payments and other payments received from customers are normally recorded in the statement of financial position upon receipt and settled in relation to the financial leasing contract of the respective customer at the time of issuing the next monthly invoice in accordance with the payment schedule.

b) <u>Subsequent evaluation</u>

Revenues from financial leasing consist of the amortization of uncollected financial leasing revenues. Financial leasing revenues are recognized based on a model that reflects a constant periodic rate of return on the net investment depending on the effective interest rate regarding financial leasing.

The company recognizes income from variable payments that are not included in the net investment (e.g. variable payments based on performance, such as penalties or income from debt collection) separately in the period in which the income is obtained, under the line "Income from taxes and commissions" in accordance with IFRS 15.

The company applies the derecognition and depreciation requirements of IFRS 9 on the net investment in leasing.

3. Summary of significant accounting policies (continued)
3.11 Operational leasing – The company as lessor

Leasing in which the Company does not transfer substantially all the risks and benefits of ownership over an asset are classified as operational leasing. Rental income is accounted for on a straight-line basis under the terms of the rental contract and is included in the income from the profit and loss account. The initial direct costs incurred in the negotiation and conclusion of an operational leasing contract are added to the accounting value of the leased asset and recognized during the lease term on the same basis as the rental income. Contingent rents are recognized as income in the period in which they are earned.
The company is not engaged in operational leasing as a Lessor.

3.12 Operational leasing – Company as lessee

a) Leasing debt

Initial recognition
At the start date of the leasing contract, the Company evaluates the leasing debt at the present value of the lease payments that are not paid on that date in accordance with the lease term. Leasing payments included in the assessment of the leasing debt include:

- fixed payments (including fixed payments in the fund), minus any leasing incentives to be received;
- variable leasing payments that depend on an index or a rate, initially evaluated on the basis of the index or the rate from the start date;
- the expected amounts owed by the lessee based on guarantees related to the residual value;
- the exercise price of a purchase option if the lessee has reasonable certainty that he will exercise the option; and
- payments of the penalties for termination of the leasing contract, if the duration of the leasing contract reflects the exercise by the lessee of an option to terminate the leasing contract.

The company has chosen for all asset classes not to separate components other than leasing from the leasing components in the leasing payments. Instead, the Company accounts for each leasing component and any other components than the leasing ones as a single leasing component. Lease payments are updated using the interest rate implicit in the lease contract, if this rate can be easily determined. If this rate cannot be easily determined, the Company uses the incremental loan rate for similar contracts.

The term of the leasing contract is the irrevocable period for which the Company has the right to use the underlying asset, together with:

a) the periods covered by an option to extend the leasing contract if the lessee has reasonable certainty that he will exercise that option; and
b) the periods covered by an option to terminate the leasing contract if the lessee has reasonable certainty that he will not exercise that option.

At the start of leasing, the Company estimates whether it has reasonable certainty that it will exercise the option to extend the leasing contract or that it will acquire the underlying asset or that it will not exercise the option to terminate the leasing contract.

Subsequent evaluation
After the start date, the Company evaluates the leasing debt by:

- increasing the accounting value to reflect the interest related to the leasing debt;
- reducing the book value to reflect the lease payments made; and
- revaluation of the carrying amount to reflect any revaluation or specified lease changes, or to reflect substantially revised fixed lease payments.

b) Assets related to the right of use

Initial recognition

At the start date of the lease contract, the Company recognizes the right-of-use asset at cost. The cost of a right-of-use asset includes:

- the amount of the initial assessment of the leasing debt;
- any lease payments made on or before the contract start date, minus any lease incentives received;
- any initial direct costs borne by the Company; and
- an estimate of the costs that the Company must bear for the dismantling and removal of the supporting asset, the restoration of the territory on which it is located or the restoration of the supporting asset up to the conditions provided by the terms and conditions of the leasing contract, with the exception of the case where these costs are to generate inventories.

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3. Summary of significant accounting policies (continued)
3.12 Operating lease – Company as lessee (continued)

b) Assets related to the right of use (continued)

Subsequent evaluation

The company values the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses; and adjusted according to any revaluations of the debt arising from the leasing contract. Depreciation of the right-of-use asset is recognized on a straight-line basis in profit or loss.

The Company's approach to the supporting asset before the start date of the leasing contract:

If a Company incurs costs related to the construction or design of a supporting asset, the lessee accounts for those costs applying other IFRS, such as IAS16. The costs related to the construction or design of a supporting asset do not include the payments made by the lessee for the right to use the supporting asset.

The company applies IAS36 to determine whether the right-of-use asset is impaired and to account for any identified impairment loss.

Initial recognition exceptions applied
As an exception to recognition, the Company chooses not to apply the requirements for recognizing the right-of-use asset and the leasing liability for:
(a) Short-term leasing contract - for all classes of supporting assets; and
(b) Leasing contracts of low-value assets - on each separate lease contract.

In the case of leasing that qualifies as short-term leasing and/or leasing of low-value assets, the Company does not recognize any leasing debt or asset related to the right of use. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

(a) Short-term leasing contract
A short-term leasing contract is a leasing contract which, at the start date, has a term of 12 months or less. A leasing contract that contains a purchase option is not a short-term leasing contract. This leasing exception applies to all classes of underlying assets.

(b) Leasing contracts of low value assets
The Company defines a low-value asset as one that:
1) has a value, in new condition, of EUR 5,000 or less. The company evaluates the value of a supporting asset based on the value of the asset in new condition, regardless of the age of the asset offered for leasing.
2) The Company may benefit from the use of separate assets or together with other resources that are available to the Company; and
3) the supporting asset can be used separately from other assets

c) Sale and leaseback transactions

The company is also engaged in financing vehicles already owned by customers. In these leasing transactions, the Company acquires the underlying asset and then leases it to the same customer. The vehicle serves as a guarantee to secure all rental contracts. The Company applies the requirements to determine when a performance obligation is satisfied under 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 meet the requirements of IFRS 15 to be accounted for as a sale of the asset, the buyer's lessee will not recognize the transferred asset and will recognize a financial asset equal to the proceeds from the transfer. It will account for the financial asset as loans and advances to customers by applying IFRS 9.

The company performed the SPPI test for its sale and leaseback agreements. The vehicle serves as collateral to secure all these loans. Sale and leaseback agreements include contractual terms that may vary the contractual cash flows in a way that is not related to an underlying credit agreement. Such cash flows occur in the case or default of the debtors and are related to the sales of returned vehicles for which any excess earnings may be retained by the Company and commissions and other fees charged to the customer that are not directly related to the principal / interest (for example , external debt recovery costs that are charged to customers with marking). Other relevant contractual elements for SPPI evaluation include options to buy back the leased assets, if the value of the option is below the market value of the car at the time of exercise and significant termination penalties for certain contracts.

3. Summary of significant accounting policies (continued)
3.12 Operating lease – Company as lessee (continued)

c) Sale and leaseback transactions (continued)

The company made relevant assessments and concluded that the SPPI test is met in all the above circumstances, as:
1) the repossession fees and commissions charged by the Company are intended to cover the costs incurred by the Company in the debt servicing process according to the crediting model;
2) the fact that, in certain circumstances, the Company maintains proceeds from the sale of the repossessed car, in excess of the recovered exposure (if applicable) is not proof that the risk assumed by the Company is actually the price risk of the car and not the credit risk. The company is able to sell the guarantee and keep any surplus only in case of non-payment, and the occasional profits from the transaction are only a tool to minimize credit losses;
3) the termination penalties for non-recoverable sales and leaseback transactions charged to customers are also contractual elements intended to compensate for credit risk and do not result in any significant gains for the Company.

3.13 Cash and cash equivalents

Cash includes cash in bank accounts.

3.14 Assets held for sale

The company classifies fixed assets as held for sale if their book value is to be recovered through a sale transaction, rather than through their continued use.

Until December 31, 2021, the Company recognized assets held for the sale of vehicles obtained through forced recovery, in case the customers do not fulfill their obligations related to the existing leasing contracts. Such recovered pledges were classified as held for sale and valued at the lower of book value and fair value, minus selling costs. Selling costs are the additional costs, directly attributable to the sale of an asset, with the exception of financial costs and income tax expenses.

The criteria for classification as 'held for sale' are considered to be met only when the sale is highly probable and the asset is available for immediate sale in its current condition. The actions necessary to complete the sale should indicate that it is unlikely to make significant changes to the sale transaction or to withdraw the sale decision. Management must undertake the plan to sell the asset, and the sale must be expected to be completed within one year from the date of classification.

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

Starting with the year 2022, forcibly recovered pledges are no longer classified as "assets held for sale" and are not presented separately in the statement of financial position.
The reclassification of recovered pledges for the situation on December 31, 2021 is presented in Note 3.2

3.15 Reserves for vacation pay

The reserve for the payment of holidays is calculated based on the requirements of the legislation of the Republic of Moldova.

3.16 Other investments

a) Transactions with Peer-to-Peer platforms
General information

The parent company and the branch, as loan originators, signed cooperation agreements with the operator of a Peer-to-Peer internet investment platform. The given cooperation agreements are in force until the parties agree to terminate them. The purpose of the cooperation agreement for the Company is to attract financing through the Peer-to-Peer platform.

The Peer-to-Peer platform allows individual and corporate investors to obtain cash flows with fully proportional interest and the main cash flows from debt instruments (financial leasing receivables or loans and advances to customers) issued by the Company in exchange for an advance payment . These rights are established by assignment agreements between investors and the Peer-to-Peer platform, which acts as an agent on behalf of the Company. Assignment agreements are of two types:

1) Agreements with recourse rights that require the Company to guarantee the full reimbursement of the funds invested by the investor in case of non-fulfillment of payment obligations by the Company's client (repurchase guarantee);
2) Agreements without recourse rights that do not require the Company to guarantee the reimbursement of the funds invested by the investor in case of non-fulfillment of the payment obligations by the Company's client (without guarantee of redemption).

3. Summary of significant accounting policies (continued)
3.16 Other investments (continued)

a) Transactions with Peer-to-Peer platforms (continued)

In April 2022, the Company redeemed all the contracts related to the Agreement without redemption guarantee and this agreement was terminated.

The company retains legal title to its debt instruments (including collection of payments), but transfers part of the equity and interest to investors through the Peer-to-Peer platform.

b) Claims and payments from/to the Peer-to-Peer platform

The Peer-to-Peer platform acts as an agent in the transfer of cash flows between the company and investors. The receivable for the financing attracted from investors through the Peer-to-Peer platform corresponds to the payments due to the Peer-to-Peer platform.

The receivable results from placements made through the Peer-to-Peer platform where the related investment is not yet transferred to the Company (Note 22).
The fees of the Peer-to-Peer platform and the service fees borne by the Company are fees charged by the Peer-to-Peer platform for servicing the financing attracted through the Peer-to-Peer platform and are presented in Note 8.

c) Funding attracted through the Peer-to-Peer platform

Obligations arising from assignments with or without recourse rights are initially recognized at cost, which is the fair value of the consideration received from investors, without the issuance costs associated with the loan.

Commitments to investors are recognized in the statement of financial position in the chapter Financing attracted through the Peer-to-Peer platform (Note 23) and are treated as loans received.

After the initial recognition, the Funding raised through the Peer-to-Peer platform is subsequently valued at amortized cost using the effective interest rate method. The amortized cost is calculated taking into account any issue costs and any discount or settlement premium.

The Company must return to the investor the proportional share of the financing attracted for each debt instrument, in accordance with the term indicated in the individual agreement with the Company's client, which can be up to 72 months.

d) Attributions with appeal rights (redemption guarantee)

Assignments with recourse rights provide for direct recourse to the Company.

Therefore, the Company's respective debt instruments do not qualify to be considered for partial derecognition and the interest expenses paid to investors are presented in gross value under Interest income calculated using the effective interest method.

e) Attributions without appeal rights (without redemption guarantee)

Non-recourse attributions are agreements that transfer substantially all the risks and rewards of ownership to the investors, equal to a fully proportional share of the cash flows to be received from the Company's debt instruments. Therefore, these arrangements are classified as transfer agreements in accordance with IFRS 9.
The fully proportional share, equal to the investor's claim in connection with the related debt instrument, is derecognized.

3.17 Reserves

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

3. Summary of significant accounting policies (continued)

3.18 Provisions

Provisions are recognized when the Company has a present obligation (legal or implied) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to fulfill the obligation and a reliable estimate of the amount of the obligation can be made . If the Company's provisions are expected to be partially or fully reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is practically certain. The expenses related to any provision are presented in the Statement of profit or loss, net of any reimbursement. If the effect of the time value of money is significant, 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, specific debt risks. If discounting is used, the increase in provisions due to the passage of time is recognized as a borrowing cost.

3.19 Contingent Liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed, except in the case where an outflow of resources is possible that includes economic benefits. A contingent asset is not recognized in the financial statements, but disclosed when a flow of economic benefits is probable.

3.20 Income and expenses

Expenses are recognized when they are incurred. Expenses are recognized without value added tax. In certain situations, the value added tax incurred for a service received or calculated in accordance with the requirements of the legislation cannot be fully recovered from the fiscal authority. In such cases, the value added tax is recognized as part of the item related to the corresponding expenses, as the case may be.

Revenues are recognized in accordance with the requirements of the related standard and to the extent that there is a probability of receiving the economic benefits by the Company and the possibility of evaluating the revenues reliably.

Effective interest rate method

Interest income or expenses using the amortized cost method are recorded at the effective interest rate, which is the rate that exactly updates the future cash payments or receipts over the expected duration of the financial instrument to the net book value of the financial asset or financial liability. The calculation takes into account all the contractual terms of the financial instrument and includes any commissions or additional costs that are directly attributable to the instrument and constitute an integral part of the effective interest rate, but not future credit losses.

When a financial asset depreciates and is classified in "Stage 3", the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset is restored and is no longer considered depreciated, the Company reverts to calculating interest income on a gross basis.

Income from the assignment of bad debts

The gain or loss from the sale of bad debts from financial leasing and loans and advances to customers is presented on a net basis under "Net gain/loss from the derecognition of financial assets valued at amortized cost". Gains or losses resulting from assignment transactions are recognized in the statement of comprehensive income on the date of the transaction as the difference between the receipts received and the accounting value of the derecognized leasing/loan receivables assigned through assignment contracts.

3.21 Expenses related to raising financing

The expenses related to attracting funding consist of the administration fee for using the Peer-to-peer platform. The expenses are charged monthly and recognized in the overall result of the Company at the time of their occurrence.

3.22 Revenues and expenses from contracts with clients

The revenues obtained from the contracts with the customers that come under the incidence of IFRS 15 include goods or services sold as a result of the Company's ordinary activities. The company uses the following criteria to identify contracts with clients:

- the contracting parties have approved the contract (in writing, orally or in accordance with other usual commercial practices) and undertake to fulfill their respective obligations;
- the rights of each party regarding the goods or services to be transferred can be identified;
- the payment conditions for the goods or services to be transferred can be identified;
- the contract is of a commercial nature (that is, the risk, term or value of the Company's future cash flows are expected to change, as a result of the contract)
- it is likely that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the client.

3. Summary of significant accounting policies (continued)
3.22 Revenues and expenses from contracts with customers (continued)

Performance obligations are promises in contracts (expressly or implicitly) with the Company's clients to transfer distinct goods or services to the clients. The 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 separately or with other readily available resources (that is, individually distinct), and the good or service is identified separately from other promises in the contract (distinct within the context of the contract). Both criteria must be met to conclude that the good or service is distinct.

The company examines whether there are other promises in the contract that represent separate performance obligations to which a part of the transaction price must be allocated. In determining the transaction price, the Company takes into account the effects of variable payments, the existence of significant financing components, non-cash payments and payments owed to the client (if any).

The company recognizes revenues when (or once) they correspond to a performance obligation to transfer a promised good or service to the client. Revenues are recognized when the customer obtains control over the respective good or service. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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

- the client simultaneously receives and consumes the benefits;
- the customer controls the asset as it is created or improved;
- the Company's performance creates an asset and is entitled to payment for the completed performance.

The terms of payment for goods or services transferred to customers according to the contractual conditions are within 45 to 60 days from the provision of services or the sale of goods. The price of the transaction is, in general, determined by the conditions agreed by the contract. Invoices are usually issued after the goods have been sold or services rendered.

In 2022 and 2021, the Company did not conclude contracts with rights of return, financing components, non-cash consideration or consideration payable to the customer.
The Company has generally concluded that it is itself the primary party to revenue arrangements, except for debt collection activities and agency services below, because it normally controls the goods or services before transferring them to the customer.

When another party is involved in the provision of goods or services to the Company's customers, the Company considers this to be the principal party, if it obtains control over any of the following:

a) a good or other asset from the other party, which he then transfers to the client.
b) a right to a service that must be performed by the other party, which gives the Company the opportunity to direct that party to provide the service to the client on behalf of the Company .
c) a good or service from the other party which he then combines with other goods or services to provide the customer with the specified good or service.

3.23 Income from fees and commissions

Revenues from debt collection and penalty activities are recognized in the statement of comprehensive income only when the actual payment for the services rendered is received.

Revenues from penalties arise when customers violate the contractual conditions related to financial leasing receivables and liabilities and advances granted to customers, such as exceeding the payment date. In these situations, the Company has the right to charge customers in accordance with the terms of the agreement. The company recognizes income from penalties when the cash is received, because the probability and timing of the settlement are uncertain. If the customers do not pay the penalty amount, the Company has the right to initiate the recovery of the pledge.

Revenue from debt collection activities usually arises when customers are late in making their due payments. As a lessor, the Company has the right to protection within the leasing contracts with the clients, which requires the clients to preserve and maintain the condition of the vehicle, because it serves as insurance for the leasing contract. The company's income includes a compensation of the internal and external costs incurred by the company in connection with debt management, legal fees, as well as the recovery of the vehicle in case of termination of the leasing contract, which are charged from the customers in accordance with the terms of the leasing contract.

3. Summary of significant accounting policies (continued)
3.23 Income from fees and commissions (continued)

Revenue from debt collection is recognized on a net (agent) basis, as these amounts are collected from clients in accordance with contractual terms, and the Company does not control these services before they are transferred to a client. The performance obligation is fulfilled when the respective service has been provided.

3.24 Income Tax

The profit tax includes the current and deferred tax. The current profit tax was applied at a legal rate of 12%. The same rate of 12% was applied for the withheld tax.

3.25 Receivables and debts related to the withheld tax

Withheld tax is calculated using the balance sheet method for all temporary differences that occur between the tax bases of assets and liabilities and their accounting value. Receivables and liabilities with deferred tax are assessed at the tax rates that are expected to apply to the period in which the asset is realized or when the debt is settled, based on the tax rates that have been substantially adopted up to the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available for deductible temporary differences. Deferred tax receivables are reviewed at each reporting date and are reduced to the extent that it is no longer likely that the related tax benefit will be realized.

3.26. Distribution of dividends

The distribution of dividends to the Company's shareholders is recognized as a debt based on the decision approved by the shareholders.

3.27 Related Parties

The parties are considered affiliated when one party has the possibility to control the other party or has a significant influence on the other party in making financial and operational decisions. The affiliated parties of the Company are the shareholders who could control or have a significant influence on the Company in accepting operating decisions, the management staff of the Company, including the members of the supervisory body - the Audit Committee and the close family members of any of the persons mentioned above , as well as entities over which these persons have significant control or influence, including subsidiaries and associates.

3.28 Subsequent Events

The events after the end of the period, which provide additional information about the position of the Company at the date of the financial position situation (adjustment events) are reflected in the financial statements. Events after the end of the period that are not adjusting events are disclosed in the notes, if they are significant.

4. Use of significant estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingents. The significant areas of estimation used in the preparation of the financial statements refer to the assessment of impairment, the fair value of financial guarantees, the assessment of the fair value of recovered guarantees and the lease term and the determination of the incremental loan rate in accordance with IFRS 16. Although these estimates are is based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimated.

In the process of applying the Company's accounting policies, the management made the following estimates and judgments that have a significant effect on the amounts recognized in the financial statements:

The principle of continuity of activity
These financial statements are drawn up on the basis of the going concern principle. In light of the events related to Covid-19, the Company's management assessed the impact of the coronavirus outbreak on the Company's ability to comply with the principle of business continuity.

4. Use of significant estimates and judgments (continued)

The company's performance in the ongoing situation of Covid-19 and the war in Ukraine
The company successfully evolved in the crisis caused by Covid-19 and the impact of the military conflict in Ukraine, all of which left a minimal impact on the operational performance for the company. The company had a relatively stable quality of the portfolio during this period and comfortably enters 2023 both from the operational perspective and from the perspective of the future availability of financing.

The company controls its liquidity by managing the amount of financing it attracts through the Mintos P2P platform and other sources. The Mintos P2P platform offers management greater flexibility to manage the level of loans and available cash balances. Despite the current uncertainty in the global economy, the value of loans financed through Mintos has remained stable, demonstrating that investors trust Mogo as a stable company and continue to invest in Mogo loans.

In the management's opinion, the above factors and the measures taken support the statement that the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date and that there are no material uncertainties related to events or conditions that could generate significant doubts about the Company's ability to continue as a going concern.

The management cannot however exclude the possibility that the prolonged blocking periods, an escalation of the severity of such measures or a consequent negative impact of these measures on the economic environment in which the Company operates will not have a negative effect on the Company and on the operational position and results, in the medium and long term. The Company's management continues to closely monitor the identified risks and will respond accordingly to mitigate the impact of such events and circumstances as they arise.

Impairment of financial assets
The assessment of impairment losses in accordance with IFRS 9 for all categories of financial assets in the scope of application requires judgment, in particular, the estimation of the value and timing of future cash flows and the values of guarantees when determining impairment losses and assessing an increase significant credit risk. These estimates are determined by a number of factors, changes that can lead to different levels of odds. The Company's ECL calculations are the result of complex models with a series of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include the probability of default and default date loss, the judgment is also applied when the significant increase in credit risk is determined.

Probability of Default (PD)
The probability of default is an estimate of the possibility of non-payment in a certain period of time, where the period of non-payment is defined as: 61 DPD.

To estimate PD, the Company uses the Markov chain methodology. This methodology involves a statistical analysis of historical transitions between delinquent debts in order to estimate the probability that the loan will eventually reach the state of default.

The Company uses a continuous transition period of 12 months (or less if the actual life of the product is shorter or if historical data representative of a shorter period is available), and the lifetime estimate has been defined as "n"-th power of the 12-month matrix (n-depends on the estimated lifetime, for example, if the lifetime is 36 months, then n = 3).

The exposures are grouped in groups depending on (DPD) the due dates for loans/leasing.

The company uses the transition period of 6 months (continuous horizon) and the lifetime estimate is defined as the "n" power of the 6-month matrix. The approach improves the consistency of PD calculations, i.e. it represented the effect of 6-month seasonality and improved the unstable impact of regular changes in business processes.
The calculations are applied at the product level (leasing products and loans).

Model of anticipatory macroeconomic indicators for portfolio depreciation assessment
In 2021, the company changed the approach of the hierarchical Bayes model to the simplified approach, based on the analysis of the relationship between changes in input variables and changes in PD. The description of the new macro model is provided below, as follows:

The macro model uses the expected changes of macroeconomic indicators from year to year and assumes the same or similar change as Stage 1 PD.

The following variables are used:
1. GDP growth (GDP)
2. Changing the unemployment rate (UR);
3. Change in the inflation rate (IR)

The Company's management concluded that these variables proved to have a significant correlation with PD.

4. Use of significant estimates and judgments (continued)

Model of anticipatory macroeconomic indicators for portfolio depreciation assessment (continued)

The model includes indicators that, based on the opinions of the Company's experts and the practice used in the industry, could have a significant impact on the default rates of financial products. Such indicators are also widely used by the banking and non-banking industry around the world. The model assumes the relationship between changes in macro indicators and the change in PD from stage 1. If there is a strong correlation between stage 1 PD and the change in the macro indicator, then the linear regression equation is used to determine the impact on PD due to changes in macro indicators. If there is no visible correlation between PD stage 1 and the change in macro indicators, then the impact on PD is evaluated based on the qualitative analysis of the available data and the reasonable assumptions of the experts.

To take into account possible economic fluctuations and uncertainty, three scenarios are considered and used for the final calculation to arrive at the weighted average probability:

1. base scenario - based on real data and forecasts from the external source.
2. pessimistic scenario - based on the assessment of experts regarding the potential worsening of macroeconomic indicators.
3. the optimistic scenario - based on the experts' judgment regarding the potential improvement of macroeconomic indicators.

The pessimistic and optimistic scenario is obtained from the basic scenario of increase or decrease depending on the confidence interval of the macro forecast of the given indicator. Confidence intervals are available for each macroeconomic indicator forecast and are easy to read from the chart. Each scenario also has a specific probability of occurring. The company applies a probability of 15% for the worst case scenario and only 5% for the best case.

To obtain the final effect on PD, from the change of the macro indicator, the weights applied for each macro indicator and the final result is taken as the weighted average of the PD effect of the macro indicator. The weights are modified according to their significance in affecting the default rate in general. For Moldova, the weighted averages are the following: UR: 50%, IR: 35%, GDP: 15%.

To take into account the future uncertainty in case the model generates a positive PD correction, the Company decided to be cautious and not apply the PD improvement effect for the impairment correction. In this case, an improvement ceiling of 0% for 2022 is established.

The result of the macro model is then applied to PDs from stage 1 for each month closing starting with December 2022. The macro perspective is consistently updated once a quarter; thus, the macro model is expected to be updated in 2023, once per quarter.

The tables below show optimistic and pessimistic macro variable assumptions as of December 31, 2022

	2021 Q4	2022 Q4	2023 estimate
The basic scenario			
GDP growth (GDP)	6.00%	1.30%	-6.80%
Change in inflation rate (IR)	12.40%	23.40%	21.90%
Change in the unemployment rate (UR)	3.10%	2.80%	3.70%
The optimistic scenario			
GDP growth (GDP)	6.00%	1.30%	15.00%
Change in inflation rate (IR)	12.40%	23.40%	0.00%
Change in the unemployment rate (UR)	3.10%	2.80%	3.50%
The pessimistic scenario			
GDP growth (GDP)	6.00%	1.30%	-38.00%
Change in inflation rate (IR)	12.40%	23.40%	41.00%
Change in the unemployment rate (UR)	3.10%	2.80%	5.50%

The default distribution vector (DDV)

The default distribution vector ensures the PD distribution during a 12-month life period. It is calculated from samples of historical data of all unpaid loans.

Loss Given Default (LGD)

Finance lease receivables The company closely monitors recoveries from unpaid finance lease receivables and reviews the LGD rates each month for portfolios based on actual recoveries received.

- The sample used to calculate LGD consists of all financial leasing receivables that have historically been unpaid. If the termination of the contract occurs before reaching the state of non-payment, then the loan is considered unpaid (not paid in advance) and is included in the LGD sample. Subsequent recoveries for such loans are monitored monthly. They are followed by recoveries from the usual collection process, car sales, assignments and the court process.

4. Use of significant estimates and judgments (continued)

Loans and advances to customers (unsecured loans)
For unsecured loans, LGD is determined based on the activity of the debt sales market and the prices offered. For later stages (DPD 360) LGD is set to 100%.

Exposure to default (EAD) model
Default exposure is modeled by adjusting the unpaid balance of leasing receivables and loans and advances granted on the reporting date with future repayments expected in the next 12 months. On December 31, 2021, it is applied only to Stage 1 exposures. This is done on the basis of contractual repayment schedules, adjusted for the observed prepayment rate. Historical prepayment patterns are considered to be a reliable estimate of future prepayment activity.

Financial guarantees
Determination of fair value and initial recognition
The company chose to determine the fair value of the guarantee, using the valuation of the expected loss approach. The fair value of the collateral is calculated as a product of exposure to default (EAD), probability of default (PD) and loss given default (LGD). EAD is determined based on the guaranteed contractual amount in the guarantee agreement and taking into account the company's proportional share of the estimated guaranteed amount taking into account the total assets of the guarantors (the Company and other subsidiaries of Eleving Group SA) at the end of the reporting period included in the respective contract of guarantee.

According to the guarantee agreement, the Company, among other important entities of the group, irrevocably guarantees the payment of the debts of the Eleving Group towards its bondholders, in case of non-compliance by the Eleving Group in accordance with the provisions of the bond prospectus. However, considering that the obligations are mainly guaranteed by multiple pledges of shares, assets and bank accounts granted by several other significant entities of the group, the Company re-evaluated the fair value of this guarantee by evaluating the value of all unencumbered assets of each significant entity in the group which guarantees the payment of the Elevating Group's debts to its bondholders, as well as the potential liability exposure of each guarantor under the bonds and considers that the fair value of this financial guarantee is insignificant.

Determining the expected credit loss for the subsequent evaluation
In order to estimate the fair value, the Company uses the latest credit rating of Eleving Group SA, as established by the rating agency Fitch Ratings. Since the initial recognition, the Company has assessed the fact that the last credit risk of the Mother Company has not increased and, therefore, the guarantee debt, when it exists, is considered as Stage 1 exposure.

Determination of the lease term according to IFRS 16 (Company as lessee)

IFRS 16 provides that, in determining the lease term and evaluating the duration of the continuous period of a lease contract, an entity must apply the definition of a contract in accordance with IFRS 15 and establish the period for which the contract is enforceable. To estimate the term of the rental contract, the Company takes into account the rights and enforceable obligations of both parties. If both the lessee and the lessor can terminate the contract only by incurring insignificant sanctions 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 rental contracts without a fixed duration and contracts that are "rolled" monthly until notifying any of the parties, the Company considers that it has enforceable rights and obligations based on these agreements, therefore a reasonable estimate of the evaluation of the rental term is made.

Taking into account the Company's options to extend or not to finish the rental contract, the Company evaluates what are its rights and those of the lessor within these options. The company examines whether the options included in the rental contracts:
(1) give a unilateral right for a party (eg the Company) and
(2) creates an obligation to comply with the other party (ie lessor).
If none of the parties to the contract has an obligation, then the Company's conclusion is that such options should not be taken into account in the context of evaluating the term of the rental contract. In such situations, the rental contract will not exceed the contractual term that cannot be cancelled. In determining the lease term, the Company evaluated the sanctions in the lease contracts, as well as the economic incentives to extend the lease contracts, such as the underlying asset being strategic.

Gradual determination of the loan rate of the leasing debt in accordance with IFRS 16 (Company as lessee)
The lease liability is initially valued at the present value of the lease payments that are not paid at the start of the contract, updated using the implicit interest rate in the lease or, if this rate cannot be easily determined, the Company's incremental loan rate. In general, the Company uses the incremental loan rate as the discount rate.
The company used the rates of the National Bank of Moldova as incremental loan rates. The Company considers the rates of the National Bank of Moldova used as the appropriate measure for incremental lending rates, as they correctly reflect the ability to finance a specific asset acquisition.

NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are indicated in MDL, except when it is mentioned otherwise)

4. Use of significant estimates and judgments (continued)

Sale and leaseback transactions

In sale and leaseback transactions, the Company acquires the underlying asset and then leases it back to the same client. To determine how to account for a sale and leaseback transaction, the Company first analyzes whether the transfer of the underlying asset from the seller-lessee (Client) to the buyer-lessor (Company) is a sale. The company applies IFRS 15 to determine if a sale transaction has taken place. Key indicators that check whether control has been passed to the company include:

- a current payment obligation;
- physical possession (of the purchased asset);
- a legal title (for the purchased asset);
- the risks and benefits of the property (acquired asset);
- The company accepted the asset;
- the borrower can or must redeem the asset for a lower amount than the initial sale price.

To assess whether the contractual cash flows correspond to the SPPI, the Company considers the contractual conditions of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or value of the contractual cash flows so that it does not meet this condition. In carrying out the evaluation, the Company takes into account:

- contingent events that would change the amount and timing of cash flows;
- usage levers;
- the deadlines for early payment and extension;
- conditions that limit the Company's claim to cash flows from specified assets (for example, non-recourse loans); and
- characteristics that change the consideration of the time value of money (for example, the periodic reset of interest rates).

Please refer to Note 2 for further detailed descriptions of the decisions made by management to assess whether the conventional loan, non-recourse loan and sale and lease finance agreements meet the SPPI criteria.

5. Adoption of new or revised standards and interpretations

The following new standards and interpretations entered into force on January 1, 2022:

Reference to the conceptual framework - Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018, without significantly changing its requirements. The Board also added an exception to the IFRS 3 recognition principle to avoid issuing potential "day 2" gains or losses arising for contingent liabilities and liabilities that would fall within the scope of IAS 37 or IFRIC charges 21, if they were supported separately. At the same time, the Board decided to clarify the existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the preparation and presentation of financial statements. The respective amendment did not have a significant impact on the Company's financial statements.

Property, plant and equipment: receipts before intended use - Amendments to IAS 16.

In May 2020, the IASB issued Property, plant and equipment - Revenue before intended use, which prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of items produced while bringing that asset to location and the condition that it can function in the desired driving mode. Instead, an entity recognizes revenue from the sale of those items and the costs of producing those items in profit or loss. The respective modification did not have a significant impact on the Company's financial statements.

IAS 16 Property, plant and equipment (amendment – Receipts before intended use)

In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from the sale of manufactured items while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognize such sales revenue and any related costs in profit or loss. The respective amendment did not have a significant impact on the Company's financial statements.

Onerous contracts - Costs to fulfill a contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity must include when assessing whether a contract is onerous or loss-making. The changes apply a "direct cost approach". Costs that relate directly to a contract for the supply of goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
The respective changes did not have a significant impact on the Company's financial statements.

5. Adoption of new or revised standards and interpretations (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards - Branch as a first-time adopter
As part of the 2018-2020 annual improvements to the IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment allows a branch that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using amounts reported by the parent based on the parent's transition date to IFRS. This amendment also applies to an association or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendments do not apply to the Company.

IFRS 9 "Financial instruments" - Fees in the "10%" test for derecognition of financial liabilities (2014)
As part of its 2018-2020 annual improvements to IFRS standards, the IASB issued the amendment to IFRS 9. The amendment clarifies the fees an entity includes when assessing whether the terms of a new or amended financial liability are materially different from the terms of the financial liability initial. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or the lender on behalf of the other. An entity applies the amendment to financial liabilities that are amended or changed on or after the beginning of the annual reporting period in which the entity applies the amendment for the first time. The respective changes did not have a significant impact on the Company's financial statements.

6. New or revised standards and interpretations that will apply for periods beginning on January 1, 2023

The following new and amended standards are effective for annual periods beginning after January 1, 2023, and application prior to this date is permitted. The Company has not pre-adopted any of these new or amended standards and it is not expected that they will have a significant impact on the Company's financial statements when they become effective.

IFRS 17 Insurance contracts
(Initially effective for annual periods beginning on or after January 1, 2021, which was later extended and determined to be on or after January 1, 2023; applicable prospectively. Earlier application is permitted)
IFRS 17 replaces IFRS 4, which was introduced as an interim standard in 2004. IFRS 4 gave companies the freedom to account for insurance contracts using national accounting standards, resulting in a multitude of different approaches.
IFRS 17 solves the comparability problems created by IFRS 4, requiring that all insurance contracts be accounted for consistently, to the benefit of both investors and insurance companies. Insurance obligations will be accounted for using current value instead of historical cost.
The company expects that the new standard will not have a material impact on the financial statements when it is first applied.

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

The amendments clarify:
- What is meant by the right to postpone settlement;
- That a right of deferment must exist at the end of the reporting period;
- This classification is not affected by the probability that an entity will exercise its right of deferment;
- That only if a derivative embedded in a convertible debt is itself an equity instrument, the terms of a debt would not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company expects that the amendments will not have a material impact on the financial statements when first applied.

Presentation of accounting policies (Amendment to IAS 1 and IFRS Practice Statement 2)
In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements on accounting policies from "significant accounting policies" to "material accounting policy information". The amendments provide guidance on when accounting policy information may be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2. The amendments are not expected to have a significant impact on the Company.

Deferred tax on assets and liabilities arising from a single transaction (amendments to IAS 12)
In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognized simultaneously (for example, a lease within the scope of IFRS 16) . The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15 whereby the exemption does not apply to the initial recognition of an asset or liability that, at the time of the transaction, gives rise to equal taxable and deductible temporary differences. The changes are not expected to have a material impact on the Company.

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7. Interest income, net

	2022 MDL	2021 MDL
Interest and similar revenue		
Interest income from loans and advances to customers	114,884,957	100,655,318
Interest income from finance lease receivables	5,551,800	5,428,542
Interest income from loans to related parties	998,588	114,542
Interest income from P2P platform investors	485,361	3,129,571
Interest revenue calculated using the effective interest rate method	**121,920,706**	**109,327,973**
Other revenue from interest	18,653	25,608
Total interest revenue	**121,939,359**	**109,353,581**
Interest and similar expenses		
Interest expenses for loans from P2P platform investors	(12,821,686)	(13,400,920)
Interest expenses for obligations from related parties	(15,507,905)	(9,649,943)
Interest expenses for lease liabilities	(79,314)	(145,856)
Total interest expenses	**(28,408,905)**	**(23,196,719)**
Net interest income	**93,530,454**	**86,156,862**

Part of the interest income can be derecognized as the Company allocated to Peer-to-Peer investors a part of the receivables regarding the financial leasing and the receivables regarding loans and advances to customers. In case the allocation is made without the redemption obligation, the interest income obtained accordingly from such contracts is derecognized from the Company's interest income in an amount equal to the investor's claim against the interest earned.
In April 2022, the contract for transactions without redemption obligation was terminated.

In the current financial year, the Company continued to benefit from financing through peer-to-peer platforms. The interest expenses from the peer platform decreased compared to the previous year due to the reduction of the financed amount used from the peer-to-peer platforms.

8. Net fee and commission income/(loss), net

	2022 MDL	2021 MDL
Income from fees and commissions		
Commissions for early repayment of loans	513,641	891,164
Income from other expenses and commissions	982,506	1,268,944
Total income from fees and commissions	**1,496,147**	**2,160,108**
Expenses with fees and commissions		
Vehicle assessment fee	(121,720)	(112,860)
Total expenses with fees and commissions	**(121,720)**	**(112,860)**
Net income from fees and commissions	**1,374,427**	**2,047,248**

9. Net foreign exchange gain/(loss)

	2022 MDL	2021 MDL
Income/(expenses) from foreign currency conversion operations	132,518	(307,379)
Revaluation of foreign currency balances	(865,944)	5,074,103
Total	**(733,426)**	**4,766,724**

NOTES TO THE FINANCIAL STATEMENT
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10. Other operational income

	2022 MDL	2021 MDL
Penalties for late repayment of loans	4,438,839	3,993,557
Income from the recovery of legal expenses	1,415,047	1,131,961
Provisions for financial guarantees (Note 25)	1,064,159	2,601,238
Other operating income (i)	521,445	415,872
Total	**7,439,490**	**8,142,628**

(i) The line Other operational income includes the following types of income: recoveries of debt recovery expenses and net income from the sale of repossessed assets.

11. Impairment expense

	2022 MDL	2021 MDL
Change in impairment in finance lease (Note 29.3)	142,518	699,836
Change in impairment in loans and advances to customers (Note 29.3)	26,074,135	11,728,075
Written off debts	5,329,610	5,431,516
Expenses/ (recoveries) from the Impairment	(63,805)	6,175
Total	**31,482,458**	**17,865,602**

12. Personnel expenses

	2022 MDL	2021 MDL
Employees' salaries	11,906,328	12,598,610
Social security contributions	3,102,485	3,323,397
Empoyees' bonuses	589,083	845,612
Total	**15,597,896**	**16,767,619**

13. General and administrative expenses

	2022 MDL	2021 MDL
Management fee	17,198,901	14,921,132
Court expenses	2,146,170	1,860,692
Marketing, advertising and entertainment expenses (ii)	1,792,403	2,297,079
P2P platform service charges	1,371,454	1,167,798
Debt collection expenses	1,208,894	786,529
Communications and IT expenses	1,117,336	1,004,997
Office and branches' maintenance expenses	811,553	764,501
GPS equipment expenses	787,330	952,709
Legal, consulting and audit services expenses (i)	663,175	1,033,491
Contributions and taxes expenses (iii)	478,669	400,601
Credit database expenses	417,803	523,294
Bank commissions	197,234	196,555
Lease expenses	126,651	141,042
Transportation expenses	91,542	106,205
Other personnel expenses	57,848	-
Low value equipment expenses	38,726	99,652
Other administrative expenses	1,669,135	1,012,775
Total	**30,174,824**	**27,269,052**

NOTES TO THEFINANCIAL STATEMENT
FOR THE MANAGEMENT PERIOD ENDED ON DECEMBER 31, 2022
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13. General and administrative expenses (continued)

(i) Audit services for the year 2022 - 326 thousand MDL (2021 – 680 thousand MDL)
(ii) In 2022, marketing costs were reduced compared to 2021 due to the cost limitation policy in the context of the world situation (armed conflict in Ukraine).
(iii) Expenses related to contributions and taxes include expenses with local land development tax, tax for commercial units, CNPF taxes and other taxes.

14. Depreciationexpenses

	2022 MDL	2021 MDL
Depreciation of tangible assets	1,813,370	1,812,325
Depreciation of intangible assets	72,525	17,156
Total	**1,885,895**	**1,829,481**

15. Income Tax Expenses

	2022 MDL	2021 MDL
Current tax	3,913,076	4,296,086
Tax exempted	331,333	661,453
Total	**4,244,409**	**4,957,539**

Since 2012, the profit tax rate is 12%. Consult Note 19 for the calculation of the tax on current and deferred profits

16. Cash and cash equivalents

	December 31, 2022 MDL	December 31, 2021 MDL
Cash at bank	1,321,437	3,979,059
Total	**1,321,437**	**3,979,059**

This financial asset is not depreciated on December 31, 2022.

The company does not operate with cash in the cash register, all transactions are carried out by bank transfer.

The company has not created ECL provisions for cash and cash equivalents based on the fact that the placement destinations with the banks have a short-term character and the life of these assets in accordance with IFRS 9 is so short that the low probability of non-payment would result in insignificant amounts of ECL.

17. Loans and advances to clients

Analysis by sector	December 31, 2022 MDL	Weight %	December 31, 2021 MDL	Weight %
Individuals	380,069,415	99%	334,311,344	94%
Legal entities	3,505,814	1%	22,459,046	6%
Total portfolio before provisions	**383,575,229**	**100%**	**356,770,390**	**100%**
Impairment	(57,253,162)		(54,208,526)	
Total portfolio, net of provisions	**326,322,067**		**302,561,864**	

17. Loans and advances granted to customers (continued)

	December 31, 2022 MDL	December 31, 2021 MDL
Loans and advances granted to clients:	**383,575,229**	**356,770,390**
Up to 1 year	142,191,670	145,661,453
More that 1 and less than 5 years	230,645,748	182,750,057
More than 5 years	10,737,811	28,358,880
Unrealized financial income	308,764,292	323,536,305
Loans and advances granted to clients	383,575,229	356,770,390
Impairment	(57,253,162)	(54,208,526)
Net investment in loans and advances granted to clients	**326,322,067**	**302,561,864**

18. Finance lease receivables

Analysis by sector	December 31, 2022 MDL	Weight %	December 31, 2021 MDL	Weight %
Individuals	4,136,756	100%	9,341,964	100%
Total portfolio before provisions	**4,136,756**	**100%**	**9,341,964**	**100%**
Impairment	(2,350,846)		(4,137,719)	
Total portfolio, net of provisions	**1,785,910**		**5,204,245**	

	December 31, 2022 MDL	December 31, 2021 MDL
Gross investment in financial leasing:	**4,136,756**	**9,341,964**
Up to 1 year	2,970,484	6,163,817
More that 1 and less than 5 years	1,166,272	3,178,147
More than 5 years	-	-
Unrealized financial income	1,222,376	3,522,174
Gross investment in financial leasing	4,136,756	9,341,964
Impairment	(2,350,846)	(4,137,719)
Net investment in leasing	**1,785,910**	**5,204,245**

Transactions with P2P platforms

Contracts sold on peer-to-peer platforms are offered with a redemption guarantee, which means that all the risks of such agreements are borne by the Company and, in case of non-payment by the client, the Company has the obligation to reimburse the entire remaining capital and accrued interest to the Peer-to-Peer investor. By using the same platform, the company also offers loans without a redemption guarantee, which means that all the risks related to the client's non-payment have been transferred to the Peer-to-Peer investor. Part of the contracts are purchased by investors, therefore they are considered eligible financial assets for derecognition from the financial position of the Company.

The gross portfolio and related liabilities for the portfolio derecognized from the company's financial assets were:

	December 31, 2022 MDL	December 31, 2021 MDL
Finance lease receivables	-	22,316
Related liabilities	-	(22,316)

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19. Deferred tax asset

The reconciliation of the expense with the income tax is presented in the table below, as follows:

a. Amounts recognized in the statement of profit or loss and other comprehensive income

	2022 MDL	2021 MDL
Current tax		
Current tax expenses	3,913,076	4,296,085
Correction of the previous year's income tax	-	-
	3,913,076	**4,296,085**
Expenditure/(savings) with tax amortized		
Related to the origin and cancellation of temporary differences	347,309	703,524
Derecognition of temporary differences	(15,976)	(42,070)
	331,333	**661,454**
Total	**4,244,409**	**4,957,539**

The deferred income tax is calculated for all temporary differences by the liability method using an effective tax rate of 12% (2021: 12%).

b. Reconciliation of the effective tax rate

	2022 %	2022 MDL	2021 %	2021 MDL
Profit before taxation		**19,706,274**		**28,832,306**
Income tax calculated at the rate of 12% (2021: 12%)	12%	2,364,753	12%	3,459,877
The fiscal effect of permanent differences				
Other non-taxable income	-1.2%	(232,379)	-0.6%	(186,747)
Permanent differences and non-deductible expenses:				
Accelerated depreciation tax	0.0%	(966)	0.0%	(1,392)
Provisions and commitments	-1.8%	(358,048)	1.1%	312,929
Other non-deductible expenses	5.1%	995,891	-0.1%	(19,170)
Interest expenses	5.8%	1,143,825	2.5%	730,588
Current income tax expenses	**19.9%**	**3,913,076**	**14.9%**	**4,296,085**

	2022 MDL	2021 MDL
Income tax liabilities for the current year	-	-
Advance payments regarding income tax	307,204	820,813
Income tax in the Statement of Financial Position	**307,204**	**820,813**

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19. Deferred/current tax receivables (continued)

c. Amortized receivables regarding income tax

	January 1, 2022 MDL	Recognized in profit and loss MDL	December 31, 2022 MDL
Assets			
Tangible assets	(27,486)	26,716	(770)
Loans and advances granted to clients	575,587	(366,369)	209,218
Other Assets	12,719	(7,657)	5,062
Amortized income tax claims	**560,820**	**(347,310)**	**213,510**
Liabilities			
Deferred expenses	115,873	(17,901)	97,972
Accruals for bonuses	70,737	18,779	89,516
Accrued unused vacation	147,362	15,099	162,461
Amortized income tax claims	**333,972**	**15,977**	**349,949**
Net receivables regarding deferred income tax	**894,792**	**(331,333)**	**563,459**

	January 1, 2021 MDL	Recognized in profit and loss MDL	December 31, 2021 MDL
Assets			
Tangible assets	(8,764)	(18,722)	(27,486)
Loans and advances granted to clients	1,261,130	(685,543)	575,587
Other assets	11,978	741	12,719
Amortized income tax claims	**1,264,344**	**(703,524)**	**560,820**
Liabilities			
Deferred expenses	88,596	27,277	115,873
Accruals for bonuses	63,020	7,717	70,737
Accrued unused vacation	140,286	7,076	147,362
Amortized income tax claims	**291,902**	**42,070**	**333,972**
Net receivables regarding deferred income tax	**1,556,246**	**(661,454)**	**894,792**

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20. Intangible assets

On December 31, 2022	programmer MDL	Other intangible assets MDL	Total MDL
Cost			
On January 1, 2022	**199,342**	**113,878**	**313,220**
Additions	179,651	98,208	277,859
Disposals	(47,444)	(189,929)	(237,373)
On December 31, 2022	**331,549**	**22,157**	**353,706**
Accumulated depreciation			
On January 1, 2022	**(54,460)**	**(3,205)**	**(57,665)**
Depreciation expenses	(70,595)	(1,929)	(72,524)
Disposals	47,444	-	47,444
On December 31, 2022	**(77,611)**	**(5,134)**	**(82,745)**
Net book value			
Balance on December 31, 2022	**253,938**	**17,023**	**270,961**
Balance as of December 31, 2021	**144,882**	**110,673**	**255,555**

On December 31, 2021	programmer MDL	Other intangible assets MDL	Total MDL
Cost			
On January 1, 2021	**62,022**	**4,929**	**66,951**
Additions	137,320	108,949	246,269
Disposals	-	-	-
On December 31, 2021	**199,342**	**113,878**	**313,220**
Accumulated depreciation			
On January 1, 2021	**(38,291)**	**(2,218)**	**(40,509)**
Depreciation expenses	(16,169)	(987)	(17,156)
Disposals	-	-	-
On December 31, 2021	**(54,460)**	**(3,205)**	**(57,665)**
Net book value			
Balance as of December 31, 2021	**144,882**	**110,673**	**255,555**
Balance as of December 31, 2020	**23,731**	**2,711**	**26,442**

On December 31, 2022, the cost of fully amortized intangible assets, but still used by the Company, amounted to MDL 14,578 (December 31, 2021: MDL 25,235).

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21. Tangible assets

On December 31, 2022	Assets related to the right of use MDL	Improvements of the goods received in the lease MDL	Means of transport MDL	IT technique MDL	Furniture MDL	Other assets MDL	Total MDL
Cost							
On January 1, 2022	**4,750,942**	**190,078**	**263,054**	**831,806**	**251,630**	**350,175**	**6,637,685**
Additions	981,627	-	-	14,528	5,497	17,176	1,018,828
Disposals	(3,123,597)	-	-	-	-	(40,284)	(3,163,881)
On December 31, 2022	**2,608,972**	**190,078**	**263,054**	**846,334**	**257,127**	**327,067**	**4,492,632**
Accumulated depreciation							
On January 1, 2022	**(2,997,346)**	**(160,552)**	**(13,153)**	**(465,317)**	**(127,090)**	**(284,574)**	**(4,048,032)**
Depreciation expenses	(1,452,235)	(19,344)	(52,611)	(184,638)	(49,628)	(54,914)	(1,813,370)
Disposals	3,031,084	-	-	-	-	40,284	3,071,368
On December 31, 2022	**(1,418,497)**	**(179,896)**	**(65,764)**	**(649,955)**	**(176,718)**	**(299,204)**	**(2,790,034)**
Net book value							
Balance on December 31, 2022	**1,190,475**	**10,182**	**197,290**	**196,379**	**80,409**	**27,863**	**1,702,598**
Balance as of December 31, 2021	**1,753,596**	**29,526**	**249,901**	**366,489**	**124,540**	**65,601**	**2,589,653**

On December 31, 2022, the cost of fully depreciated tangible assets, but still used by the Company, amounted to MDL 922,878 (December 31, 2021: MDL 598,085).

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21. Tangible assets (continued)

On December 31, 2021	**Assets related to the right of use**	**Improvements of the goods received in the lease**	**Means of transport**	**IT technique**	**Furniture**	**Other assets**	**Total**
	MDL	**MDL**	**MDL**	**MDL**	**MDL**	**MDL**	**MDL**
Cost							
On January 1, 2021	**5,030,819**	**151,390**	**122,976**	**582,389**	**210,573**	**301,447**	**6,399,594**
Additions	395,841	38,688	263,054	249,417	41,057	48,728	1,036,785
Disposals	(675,718)	-	(122,976)	-	-	-	(798,694)
On December 31, 2021	**4,750,942**	**190,078**	**263,054**	**831,806**	**251,630**	**350,175**	**6,637,685**
Accumulated depreciation							
On January 1, 2021	**(1,977,565)**	**(139,442)**	**(10,248)**	**(325,637)**	**(80,262)**	**(200,019)**	**(2,733,173)**
Depreciation expenses	(1,492,675)	(21,110)	(27,500)	(139,657)	(46,828)	(84,555)	(1,812,325)
Disposals	472,894	-	24,595	(2. 3)	-	-	497,466
On December 31, 2021	**(2,997,346)**	**(160,552)**	**(13,153)**	**(465,317)**	**(127,090)**	**(284,574)**	**(4,048,032)**
Net book value							
Balance as of December 31, 2021	**1,753,596**	**29,526**	**249,901**	**366,489**	**124,540**	**65,601**	**2,589,653**
Balance as of December 31, 2020	**3,053,254**	**11,948**	**112,728**	**256,752**	**130,311**	**101,428**	**3,666,421**

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22. Other assets

	December 31, 2022 MDL	December 31, 2021 MDL
Financial		
Peer-to-peer platform clearing accounts*	(518,119)	3,173,171
Receivables regarding payments from customers	236,939	103,138
Guaantee deposit for the location of the premises	65,355	71,258
Other receivables	282,768	331,984
Impairment	(42,186)	(105,991)
Total other financial assets	**24,757**	**3,573,560**
Non financial		
Deferred expenses	113,924	39,146
Stocks and consumables	195,032	136,163
Advances paid for goods and services	148,058	253,836
Total other non-financial assets	**457,014**	**429,145**
Total other assets	**481,771**	**4,002,705**

*The debt of several loans placed in the Peer-to-Peer platform at the end of 2022. The company has a debt to the Peer-to-Peer platform on December 31, 2022.

Movement of allowances for expected losses from credit risk for other financial assets:

	2022 MDL	2021 MDL
	Stage 1	**Stage 1**
Balance on January 1st	**105,991**	**99,816**
Increases due to initiation and acquisition	-	12,977
Decreases due to derecognition	(63,805)	(6,802)
The net change due to the increase/decrease in credit risk	-	-
Balance as of December 31	**42,186**	**105,991**

23. Borrowings

Loans from:	December 31, 2022 MDL	December 31, 2021 MDL
Funding attracted through peer-to-peer platforms	127,537,491	110,732,687
Loans from related parties	173,747,205	152,807,326
Total	**301,284,696**	**263,540,013**

23.1 Funding attracted through peer-to-peer platforms

	The interest rate %	Maturity	December 31, 2022 MDL	December 31, 2021 MDL
Mintos peer-to-peer platform	8% - 14%	31.12.2026	126,710,747	110,249,414
Increased interest			826,744	483,273
Total funds borrowed on peer-to-peer platforms			**127,537,491**	**110,732,687**

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23. Borrowings (continued)

23.1 Funding attracted through peer-to-peer platforms (continued)

Funding attracted from the Peer-to-Peer platform is transferred to the company's bank accounts once a week.

On May 28, 2018, Mogo Loans SRL signed with Mintos OU "Movable Assets Pledge Agreement. In accordance with this Pledge Agreement, the Company pledges the assets in favor of Mintos OU with priority claim rights, guaranteeing full payments, in term, as well as the fulfillment of all guaranteed obligations. The pledge includes all improvements, additions and other extensions of the pledged goods, existing, future or those used in connection with it, and any goods arising from the transformation of the pledged goods.

The total value of the pledged assets is and will be at any time during the term of the Contract 12,000,000 EUR.

23.2 Loans from related parties

	The interest rate %	Maturity	December 31, 2022 MDL	December 31, 2021 MDL
Eleving Grup AS	11%	31.12.2025	8,151,680	137,019,622
Elevating Stella AS	11%	27.10.2024	16,011,943	15,787,704
Primero Finance AS	11.75%	21.12.2027	148,951,573	-
Increased interest Primero Finance AS			632,009	-
Total funds borrowed from related parties			**173,747,205**	**152,807,326**

On October 27, 2021, the Company contracted a Subordinated Loan from the Founder of Eleving Stella AS, at an annual interest rate of 11%.

On December 19, 2022, the loan from Eleving Grup AS in the amount of EUR 7,309,000 was assigned to Primero Finance AS. Simultaneously, on December 19, 2022, the Company signed a loan agreement in the form of a credit line with Primero Fiance AS, with an annual interest rate of 11.75%.

24. Lease liabilities

24.1 Lease liabilities for right-of-use assets

The assets with the right of use are presented as follows in the annual statement of financial position and in the statement of profit or loss and other elements of the overall result:

	Lands and buildings MDL	Means of transport MDL	Total MDL
On January 1, 2021	**2,553,633**	**499,621**	**3,053,254**
Additions	225,049	170,792	395,841
Disposals	(96,548)	(106,276)	(202,824)
Depreciation expenses	(1,172,858)	(319,817)	(1,492,675)
On December 31, 2021	**1,509,276**	**244,320**	**1,753,596**
On January 1, 2022	**1,509,276**	**244,320**	**1,753,596**
Additions	20,047	961,580	981,627
Disposals	-	(92,513)	(92,513)
Depreciation expenses	(1,087,259)	(364,976)	(1,452,235)
On December 31, 2022	**442,064**	**748,411**	**1,190,475**

24. Lease liabilities **(continued)**

24.1 Lease liabilities for right-of-use assets (continued)

Maturity analysis of leasing debts, not updated

The non-discounted contractual cash flows after maturity are presented in the table below:

	December 31, 2022 MDL	December 31, 2021 MDL
Up to 1 month	95,022	120,385
Between 1 month and 3 months	190,045	242,281
Between 3 and 12 months	654,068	1,078,805
Between 1 year and 5 years	324,539	464,025
Value of leasing liabilities, gross	**1,263,674**	**1,905,496**

24.2 Amounts recognized in the Statement of profit or loss and other elements of the overall result

	2022 MDL	2021 MDL
Interest expenses regarding operational leasing	79,314	145,856
Total	**79,314**	**145,856**

24.3 Amounts recognized in the Statement of cash flows

	2022 MDL	2021 MDL
Liabilities regarding operational leasing	-	-
Cash outflows related to leasing contracts	2,071,284	2,272,959

For the calculation, the weighted average rate of the NBM for new loans granted, for a month prior to the month in which the rental contract was signed, was used.

On December 31, 2022, the Company recognizes four spaces with right of use and six cars with right of use.

25. Provisions and reserve for financial guarantees

Movement in reserve for financial guarantees	2022 MDL	2021 MDL
Balance on January 1	6,074,225	8,718,136
Issuance of new guarantees	-	6,523,800
Guarantees derecognition	(5,046,955)	(9,136,433)
Re-evaluation of the financial guarantee	(1,027,270)	(31,278)
Balance on December 31	-	**6,074,225**

Movement in the provision for financial guarantees	2022 MDL	2021 MDL
Balance on January 1	(5,783,895)	(4,591,389)
Issuance of new guarantees	-	(6,523,800)
Guarantee amortization	1,064,159	2,601,238
Guarantees derecognition	3,768,003	2,623,241
Re-evaluation of the financial guarantee	-	31,278
The impact of exchange rate fluctuations	951,733	75,537
Balance on December 31	-	**(5,783,895)**

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25. Provisions for financial guarantees(continued)

On November 13, 2018, Eleving Group SA (ex. Mogo Finance SA), as issuer, on the one hand, and its branches as Guarantor, on the other hand, signed a guarantee agreement. It is dated July 9, 2018, modified and adjusted on November 13, 2018. In accordance with this agreement, the Guarantors unconditionally and irrevocably guarantee each Eleving Group bondholder SA, by means of an independent payment obligation, the timely payment of principal and interest due and any other amounts payable within the bond prospectus of Eleving Group TO.

The company did not receive compensation for the warranty granted. The fair value of the financial guarantee is recognized as a liability and as a distribution of equity in Reserves for financial guarantees. The liabilities under the financial guarantee contract are recognized in income (Note 10) linearly until the maturity of the obligation.

OCN Mogo Loans SRL is one of the Guarantors according to the "Movable Property Pledge Agreement" dated October 15, 2021. Based on the provisions of Article 2, point 20.2, the OCN Mogo Loans SRL Guarantee is limited at any time to a total amount that does not exceed EUR 150,000,000 .

The liabilities according to the new financial guarantee contract are recognized as income (Note 10) according to the straight-line method until the maturity of the obligation, which is October 2026.

After initial recognition, the liability for the guarantee is valued at the higher of the initially recognized amount minus the accumulated depreciation recognized through straight-line depreciation and the ECL provision. The ECL provision for the financial guarantee is a Stage 1 exposure, as described in Note 4. The ECL for the guarantees issued by the company is lower than their book value on December 31, 2021 and therefore no ECL has been recognized .

On October 14, 2021, the Company, among other important entities of the group, concluded a financial guarantee agreement issued in favor of the bondholders of Eleving Group. The guarantee was issued to ensure the exposure of the Eleving Group after the issuance of corporate bonds, ISIN XS2393240887 (on December 31, 2022 the total nominal value of the bonds is EUR 150,000,000), which are listed on the open market of the Frankfurt Stock Exchange. The obligations are additionally guaranteed by several pledges of shares, assets and bank accounts granted by several other important entities in the group.

According to the guarantee agreement, the Company, among other important entities of the group, irrevocably guarantees the payment of the debts of the Eleving Group to its bondholders in case of non-compliance of the Eleving Group in accordance with the provisions of the bond prospectus. Considering that the obligations are mainly guaranteed by multiple pledges of shares, assets and bank accounts granted by several other significant entities of the group, the Company re-evaluated the fair value of this guarantee by evaluating the value of all unencumbered assets of each significant entity in the group that guarantees the payment of the Eleving Group's debts to its bondholders, as well as the potential liability exposure of each guarantor.

According to Management's estimate, on December 31, 2022, the provision/reserve for financial guarantees related to the bonds issued by Eleving Group SA is zero.

26. Other liabilities

	December 31, 2022 MDL	December 31, 2021 MDL
Financial		
Settlements with natural and legal persons	515,613	752,678
Accrued unused vacation	1,353,846	1,228,013
Accruals for bonuses	745,967	589,473
Accruals for employee's salaries	-	2,233
Amounts being settled / Deferred expenses	762,205	970,955
Amounts being settled with affiliated parties	1,377,367	908,450
Total other financial liabilities	**4,754,998**	**4,451,802**
Non-financial		
Debts regarding other taxes and fees	1,919,158	611,114
Debts related to employee contributions	584,305	516,592
Total other non-financial liabilities	**2,503,463**	**1,127,706**
Total other debts	**7,258,461**	**5,579,508**

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27. Equity

a) Share capital

The Company's share capital is MDL 1,000,000 as of December 31, 2022 (December 31, 2021: MDL 1,000,000).

On June 28, 2022, by the Decision of the Shareholders, it was decided to sell 4% of the share capital to 3 employees of the Company.

On September 5, 2022, the Shareholders decided to reduce the legal reserve by MDL 541,713 and to simultaneously increase the Share Capital from its account. On October 6, 2022, Shareholders decided to reduce the share capital by 541,713 MDL and the proportional restitution to the associates.

On December 31, 2022 and December 31, 2021, the structure of associates is as follows:

Share capital	December 31, 2022		December 31, 2021	
	Share in the capital %	Share in the capital MDL	Share in the capital %	Share in the capital MDL
Eleving Stella AS	96%	960,000	100%	1,000,000
Employees of OCN Mogo Loans SRL	4%	40,000	-	-
Voting capital	100%	1,000,000	100%	1,000,000
Capital without voting rights	-	-	-	-
Total	**100%**	**1,000,000**	**100%**	**1,000,000**

b) Reserve capital

In accordance with local legislation, 5% of the Company's net profit must be transferred to a non-distributable legal reserve until this reserve represents at least 10% of the Company's share capital. According to the statute, the reserve capital can only be used to cover losses and/or to increase its share capital. In 2020, the Company formed reserve capital in the amount of 5% of the previous years' profit in the amount of MDL 641,713. In 2021, the reserve capital was not changed. On September 5, 2022, the Shareholders decided to reduce the Reserve Capital by MDL 541,713 and simultaneously increase the Share Capital from its account.

28. Transactions with related parties

All transactions with the companies in the group are carried out under the same conditions as for similar transactions with third parties, including interest rates and pledge.

The Company's affiliated parties are:

- ElevingGroup SA	Company Group
- Eleving Stella AS	Associate who owns 96% of the share capital
- Primero Finance AS	Company part of the Group
- UAB LT	Company part of the Group
- Eleving Vehicle Finance AS	Company part of the Group
- OCN Sebo Credit SRL	Company part of the Group
- Veaceslav Luchianenco	Administrator, associate who owns a share of 3% of the social capital

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28. Transactions with related parties (continued)

Financial statement			December 31, 2022					December 31, 2021
	Eleving Group AS	**Eleving Stella AS**	**Other companies in the Mogo Group**	**Basic management**	**Eleving Group AS**	**Eleving Stella AS**	**Other companies in the Mogo Group**	**Basic management**
	MDL	**MDL**	**MDL**	**MDL**	**MDL**	**MDL**	**MDL**	**MDL**
Liabilities								
Given loans	-	-	-	-	-	-	22,100,077	-
Loans received	135,542,520	16,011,943	148,951,573	-	137,019,622	15,787,704	-	-
Provisions for financial guarantees	-	-	-	-	5,783,895	-	-	-
Other liabilities	-	1,377,367	-	-	-	908,450	-	-

Profit or loss situation				2022				2021
	Eleving Group AS	**Eleving Stella AS**	**Other companies in the Mogo Group**	**Basic management**	**Eleving Group AS**	**Eleving Stella AS**	**Other companies in the Mogo Group**	**Basic management**
	MDL	**MDL**	**MDL**	**MDL**	**MDL**	**MDL**	**MDL**	**MDL**
Interest income and expenses								
Interest income	-	-	998,588	-	-	-	114,542	-
Interest expenses	13,129,304	1,743,627	634,973	-	9,331,481	318,462	-	-
General and administrative expenses	-	**746,904**	-	**1,949,527**	-	**12,896,198**	**288,938**	**3,163,857**
- Management fee*	-	715,940	-	-	-	12,444,163	-	-
- Other fee	-	30,964	-	-	-	452,035	288,938	-
- Expenses related to the remuneration of work	-	-	-	1,949,527	-	-	-	3,163,857

*During 2022, the Company benefited from management services only from Eleving Stella AS.

29. Risk management

29.1 Risk strategy and general risk profile of the Company

The risk management function within the Company refers to financial risks, operational risks and legal risks. Financial risk includes market risk including currency risk, interest rate risk, credit risk and liquidity risk. The main objectives of the financial risk management function are to establish risk limits, then to ensure the maintenance of risk exposure within these limits. The operational and legal risk management functions (compliance, regulation) are intended to ensure the proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Operational risks
The Company's operational risks are managed by successful risk underwriting procedures in the process of granting loans, as well as efficient debt collection procedures.

Legal risks
Legal risks arise mainly from changes in legislation, which the Company successfully manages with the help of the internal legal department and external legal advisors, who help to address any current or future changes in legislation that could have an impact on the Company's commercial activities.

Compliance risk
Compliance risk refers to the risk of business process losses or interruptions resulting from inadequate or failed internal processing systems that have resulted in a violation of applicable law or other regulations currently in force.

Regulatory risks
The company's operations are subject to regulation by several authorities, such as: consumer protection, financial services and other state authorities, including, but not limited to, laws and regulations related to consumer loans and the protection of consumer rights, collection debts and the processing of personal data.

Risks related to compliance with the money laundering prevention policy and the Know Your Customer procedure
The company must comply with money laundering legislation and related compliance obligations. The company issued the Internal Regulation on combating money laundering.

As a result, the Company carries out checks to prevent money laundering. In the "Know your customer" procedure, the verification is done by the customers' banks when these customers open new bank accounts. At the same time, the Company has implemented additional internal policies to minimize these risks. The company has established an internal control framework for the identification and reporting of all suspicious transactions with a combination of IT solutions and the involvement of the human factor. The internal policies of the Company include, as a rule, the verification of the presence of clients in the sanctioned lists and other public sources, as provided by local legislation and the Center for the Protection of Consumer Rights.

Confidentiality, the risk related to the protection of personal data
The Company's activity is subject to a variety of laws and regulations at the national level involving user confidentiality, personal data protection, advertising, marketing, disclosures, distributions, electronic contracts and other communications, consumer protection and online payment services. The company has implemented an internal control framework consisting of a combination of IT-based solutions and business procedures that are designed to catch any potential non-compliance issue before it occurs and to ensure compliance with these requirements.

The significant risks monitored within the Company are: credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk and interest rate risk.

29.2 Individual risk management

The company places a special emphasis on understanding the risk factors and on a continuous analysis and discussion at the institution level about the possible developments / scenarios and their potential negative impact. The main objectives of risk management include ensuring that all significant risks are recognized in a timely manner, are fully understood and appropriately described.

29.3 Credit risk

Credit risk represents the risk that the Company will record a financial loss if a client or partner in a transaction with financial instruments does not fulfill its contractual obligations.

The company is exposed to credit risk through its financial leasing receivables, loans and advances granted to customers and other receivables, as well as cash and cash equivalents. The maximum exposure to credit risk is represented by the gross accounting value of the respective financial assets.

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29. Risk management (continued)

29.3 Credit risk (continued)

Maximum exposure to credit risk
The table below shows the maximum credit risk exposure of the Company on December 31, 2022 and December 31, 2021, without taking into account the guarantees held. For balance sheet assets, exposures are presented at net book value.

	December 31, 2022 MDL	December 31, 2021 MDL
Cash and cash equivalents	1,321,437	3,979,059
Loans and advances to customers (Note 17)	326,322,067	302,561,864
Finance lease receivables (Note 18)	1,785,910	5,204,245
Other financial assets (Note 22)	24,757	3,573,560
Total	**329,454,171**	**315,318,728**

The key areas of the credit risk policy cover the process of granting the lease, including the verification of the solvency of the lease), the monitoring methods, as well as the decision-making principles. The company uses financed vehicles as guarantees to significantly reduce credit risks and offers loans worth up to 85% of the market value of the guarantee.

The company operates by applying a clear set of criteria for granting financial leasing contracts/loans. This criterion includes the evaluation of the customer's credit history, the means of repayment of the lease/loan and the understanding of the object of the lease/loan. The company takes into account both quantitative and qualitative factors when evaluating the customer's creditworthiness. Based on this analysis, the Company sets the credit limit for each customer.

After signing the lease/loan contract, the Company monitors the object of the lease/loan and the solvency of the client. The company has developed a contract monitoring process, in order to help quickly identify any non-compliance with the provisions of the agreement. Debt balances are continuously monitored to ensure that the Company's exposure to bad debts is minimized and, if necessary, sufficient provisions are made.

The company does not have a significant exposure to credit risk towards a single counter-agent, but it has a risk for the group of co-counter-agents with similar characteristics.

The following tables present information on the quality of financial assets evaluated at amortized cost, Loans and advances granted to clients and Finance lease receivables contracts from the perspective of credit risk. Except where otherwise specified, for all financial asset positions mentioned, the exposures in the tables below are presented at the net book value.

The tables below show the credit quality and the maximum exposure to credit risk based on the internal credit rating system and the classification by Stages at the end of the management period.

Loans and advances to clients				**December 31, 2022**
	12-month ECL (-) Stage 1 MDL	**Undepreciated lifetime ECL (-) Stage 2 MDL**	**Lifetime ECL depreciated (-) Stage 3 MDL**	**Total MDL**
Unexpired	268,216,967	10,183,666	184,386	278,585,019
Expires 1-30 days	29,963,190	6,878,341	-	36,841,531
Expires 31-60 days	-	9,817,371	556,376	10,373,747
Expired >=61 days	-	-	57,774,932	57,774,932
Discounts for expected losses from credit risk	(7,377,767)	(6,526,343)	(43,349,052)	(57,253,162)
Total Net Exposure	**290,802,390**	**20,353,035**	**15,166,642**	**326,322,067**

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29. Risk management (continued)

29.3 Credit risk (continued)

Loans and advances to clients				**December 31, 2021**
	12-month ECL (-)	**Undepreciated lifetime ECL (-)**	**Lifetime ECL depreciated (-) Stage 3**	**Total**
	Stage 1	**Stage 2**		
	MDL	**MDL**	**MDL**	**MDL**
Unexpired	257,827,886	7,818,701	6,757	265,653,344
Expires 1-25 days	16,088,868	8,171,400	22,848	24,283,116
Expires 26-34 days	-	-	4,417,627	4,417,627
Expired >=35 days	-	-	62,416,303	62,416,303
Discounts for expected losses from credit risk	(3,783,674)	(2,331,588)	(48,093,264)	(54,208,526)
Total Net Exposure	**270,133,080**	**13,658,513**	**18,770,271**	**302,561,864**

Re Finance lease receivables **ceivables from financial leasing contracts**				**December 31, 2022**
	ECL for 12 months (-)	**12-month ECL (-)**	**12-month ECL (-)**	**Total**
	Stage 1	**Stage 2**	**Stage 3**	
	MDL	**MDL**	**MDL**	**MDL**
Unexpired	825,529	131,610	-	957,139
Expires 1-30 days	414,244	170,865	-	585,109
Expires 31-60 days	-	64,116	-	64,116
Expired >=61 days	-	-	2,530,392	2,530,392
Discounts for expected losses from credit risk	(65,857)	(80,710)	(2,204,279)	(2,350,846)
Total Net Exposure	**1,173,916**	**285,881**	**326,113**	**1,785,910**

Finance lease receivables				**December 31, 2021**
	ECL for 12 months (-)	**12-month ECL (-)**	**12-month ECL (-)**	**Total**
	Stage 1	**Stage 1**	**Stage 1**	
	MDL	**MDL**	**MDL**	**MDL**
Unexpired	3,468,620	178,727	-	3,647,347
Expires 1-25 days	498,286	485,316	-	983,602
Expires 26-34 days	-	-	-	-
Expired >=35 days	-	-	4,711,015	4,711,015
Discounts for expected losses from credit risk	(81,669)	(104,735)	(3,951,315)	(4,137,719)
Total Net Exposure	**3,885,237**	**559,308**	**759,700**	**5,204,245**

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29. Risk management (continued)

29.3 Credit risk (continued)

Movement in the portfolio of loans and advances granted to clients:

Loans and advances to clients	**Stage 1 MDL**	**Stage 2 MDL**	**Stage 3 MDL**	**2022 Total MDL**
Balance on 01 January 2022	**273,916,754**	**15,990,101**	**66,863,535**	**356,770,390**
Transfer to Stage 1	6,223,524	(5,856,660)	(366,864)	-
Transfer to Stage 2	(12,690,069)	12,880,249	(190,180)	-
Transfer to Stage 3	(19,863,864)	(5,454,359)	25,318,223	-
Increases due to initiation and acquisition	156,248,718	12,665,257	10,779,334	179,693,309
Decreases due to derecognition	(59,276,204)	(1,916,433)	(6,917,453)	(68,110,090)
The decrease in the account of adjustments for depreciation due to removals from the balance sheet	(179,802)	(117,117)	(27,086,244)	(27,383,163)
The net change due to the increase/decrease in credit risk	(49,196,245)	(1,643,153)	(10,293,362)	(61,132,760)
Net change due to exchange rate fluctuations	2,997,345	331,493	408,705	3,737,543
Balance on December 31, 2022	**298,180,157**	**26,879,378**	**58,515,694**	**383,575,229**

Loans and advances to clients	**Stage 1 MDL**	**Stage 2 MDL**	**Stage 3 MDL**	**2021 Total MDL**
Balance on 01 January 2021	**205,182,039**	**17,366,494**	**69,746,402**	**292,294,935**
Transfer to Stage 1	6,877,656	(6,364,019)	(513,637)	-
Transfer to Stage 2	(8,627,459)	9,339,558	(712,099)	-
Transfer to Stage 3	(10,824,294)	(5,681,337)	16,505,631	-
Increases due to initiation and acquisition	194,630,295	6,163,410	15,009,573	215,803,278
Decreases due to derecognition	(74,554,360)	(2,474,423)	(749,369)	(77,778,152)
The decrease in the account of adjustments for depreciation due to removals from the balance sheet	(1,207,404)	(284,855)	(21,657,791)	(23,150,050)
The net change due to the increase/decrease in credit risk	(31,961,401)	(1,911,108)	(10,458,735)	(44,331,244)
Net change due to exchange rate fluctuations	(5,598,318)	(163,619)	(306,440)	(6,068,377)
Balance as of December 31, 2021	**273,916,754**	**15,990,101**	**66,863,535**	**356,770,390**

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29. Risk management (continued)

29.3 Credit Risk (continued)

Movement in the receivables portfolio from financial leasing contracts:

Finance lease receivables	**Stage 1 MDL**	**Stage 2 MDL**	**Stage 3 MDL**	**2022 Total MDL**
Balance on 01 January 2022	**3,966,906**	**664,043**	**4,711,015**	**9,341,964**
Transfer to Stage 1	54,965	(54,965)	-	-
Transfer to Stage 2	(266,214)	266,214	-	-
Transfer to Stage 3	(251,438)	(164,070)	415,508	-
Increases due to initiation and acquisition	-	-	-	-
Decreases due to derecognition	(1,339,096)	(180,759)	(44,428)	(1,564,283)
The decrease in the account of adjustments for depreciation due to removals from the balance sheet	(32,272)	-	(2,075,520)	(2,107,792)
The net change due to the increase/decrease in credit risk	(893,078)	(163,872)	(476,183)	(1,533,133)
Net change due to exchange rate fluctuations	-	-	-	-
Balance on December 31, 2022	**1,239,773**	**366,591**	**2,530,392**	**4,136,756**

Finance lease receivables	**Stage 1 MDL**	**Stage 2 MDL**	**Stage 3 MDL**	**2021 Total MDL**
Balance on 01 January 2021	**5,632,682**	**1,384,537**	**11,112,222**	**18,129,441**
Transfer to Stage 1	450,586	(306,554)	(144,032)	-
Transfer to Stage 2	(369,485)	421,735	(52,250)	-
Transfer to Stage 3	(399,622)	(418,241)	817,863	-
Increases due to initiation and acquisition	140,698	-	-	140,698
Decreases due to derecognition	(1,902,029)	(241,332)	(246,436)	(2,389,797)
The decrease in the account of adjustments for depreciation due to removals from the balance sheet	(146,414)	-	(6,433,453)	(6,579,867)
The net change due to the increase/decrease in credit risk	560,490	(176,102)	(342,899)	41,489
Net change due to exchange rate fluctuations	-	-	-	-
Balance as of December 31, 2021	**3,966,906**	**664,043**	**4,711,015**	**9,341,964**

Transfers between Stages capture the annual movement of financial assets that are in a different Stage at the closing balance than at the opening balance. Transfers between each Stage are based on opening balances.

Receivables partially derecognized upon transfer between Stages are reported in the Stage in which the assets are transferred. This represents the period until the date when the modification of financial leasing receivables is transferred to a particular Stage.

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29. Risk management (continued)

29.3 Credit Risk (continued)

Movement of discounts for expected losses from the credit risk of loans and advances:

Impairment	Stage 1 MDL	Stage 2 MDL	Stage 3 MDL	2022 Total MDL
Balance on 01 January 2022	**3,783,674**	**2,331,588**	**48,093,264**	**54,208,526**
Transfer to Stage 1	935,309	(831,779)	(103,530)	-
Transfer to Stage 2	(256,783)	310,452	(53,669)	-
Transfer to Stage 3	(661,867)	(785,509)	1,447,376	-
Increases due to initiation and acquisition	3,789,007	3,202,262	6,034,944	13,026,213
Decreases due to derecognition	(221,388)	(39,651)	(127,685)	(388,724)
The decrease in the account of adjustments for depreciation due to removals from the balance sheet	(488,552)	(211,343)	(28,102,777)	(28,802,672)
The net change due to the increase/decrease in credit risk	409,949	2,468,937	15,887,370	18,766,256
Net change due to exchange rate fluctuations	88,418	81,386	273,759	443,563
Balance on December 31, 2022	**7,377,767**	**6,526,343**	**43,349,052**	**57,253,162**

Impairment	Stage 1 MDL	Stage 2 MDL	Stage 3 MDL	2021 Total MDL
Balance on 01 January 2021	**6,526,443**	**2,417,585**	**44,581,576**	**53,525,604**
Transfer to Stage 1	991,083	(872,893)	(118,190)	-
Transfer to Stage 2	(420,301)	584,158	(163,857)	-
Transfer to Stage 3	(557,031)	(810,351)	1,367,382	-
Increases due to initiation and acquisition	2,467,990	884,748	7,153,527	10,506,265
Decreases due to derecognition	(2,202,520)	(319,662)	161,917	(2,360,265)
The decrease in the account of adjustments for depreciation due to removals from the balance sheet	(256,695)	(125,123)	(15,902,201)	(16,284,019)
The net change due to the increase/decrease in credit risk	(2,682,145)	596,913	11,098,823	9,013,591
Net change due to exchange rate fluctuations	(83,150)	(23,787)	(85,713)	(192,650)
Balance as of December 31, 2021	**3,783,674**	**2,331,588**	**48,093,264**	**54,208,526**

29. Risk management (continued)

29.3 Credit Risk (continued)

The movement of discounts for expected losses from the credit risk of finance lease receivables:

Finance lease receivables impairment of receivables from financial leasing contracts	Stage 1 MDL	Stage 2 MDL	Stage 3 MDL	2022 Total MDL
Balance on 01 January 2022	**81,669**	**104,735**	**3,951,315**	**4,137,719**
Transfer to Stage 1	6,505	(6,505)	-	-
Transfer to Stage 2	(12,534)	12,534	-	-
Transfer to Stage 3	(2,526)	(28,257)	30,783	-
Increases due to initiation and acquisition	-	-	-	-
Decreases due to derecognition	(22,321)	(31,132)	(36,624)	(90,077)
The decrease in the account of adjustments for depreciation due to removals from the balance sheet	(533)	-	(1,928,858)	(1,929,391)
The net change due to the increase/decrease in credit risk	15,597	29,335	187,663	232,595
Net change due to exchange rate fluctuations	-	-	-	-
Balance on December 31, 2022	**65,857**	**80,710**	**2,204,279**	**2,350,846**

Finance lease receivables impairment	Stage 1 MDL	Stage 2 MDL	Stage 3 MDL	2021 Total MDL
Balance on 01 January 2021	**245,720**	**199,802**	**7,687,274**	**8,132,796**
Transfer to Stage 1	73,961	(40,819)	(33,142)	-
Transfer to Stage 2	(9,835)	21,858	(12,023)	-
Transfer to Stage 3	(23,400)	(62,895)	86,295	-
Increases due to initiation and acquisition	1,414	-	-	1,414
Decreases due to derecognition	(69,888)	(33,358)	(170,349)	(273,595)
The decrease in the account of adjustments for depreciation due to removals from the balance sheet	(3,897)	-	(4,691,016)	(4,694,913)
The net change due to the increase/decrease in credit risk	(132,406)	20,147	1,084,276	972,017
Net change due to exchange rate fluctuations	-	-	-	-
Balance as of December 31, 2021	**81,669**	**104,735**	**3,951,315**	**4,137,719**

Transfers between Stages include the annual movement of the loss rates of financial assets that are in different stages in the closing balance compared to the opening balance. Transfers between Stages are based on the ECL at the beginning of the period.

The net revaluation of the loss rate on the transfer of the Stages is reported in the stage in which the assets are transferred. This represents the period until the date when the change in the loss rate is transferred to a particular Stage.

29. Risk management (continued)

29.3 Credit Risk (continued)

Income / (expense) net of allowances for credit risk losses

The following table shows the reconciliation between:
- the amounts presented in the tables above that reconcile the opening and closing balances of the reductions for depreciation per class of financial instruments; and
- the heading "Net income/(expenses) from reductions for credit risk losses" from the profit or loss statement.

2022	Finance lease receivables MDL	Loans and advances to clients MDL	Other financial assets MDL	Total MDL
Net movement in the impairment loss	142,518	18,377,532	(63,805)	18,456,245
Increases due to initiation and acquisition	-	13,026,213	-	13,026,213
	142,518	**31,403,745**	**(63,805)**	**31,482,458**
Recovery of previously derecognized amounts	-	-	-	-
The discounting effect of cash flows	-	-	-	-
Total	**142,518**	**31,403,745**	**(63,805)**	**31,482,458**

2021	Finance lease receivables MDL	Loans and advances granted to clients MDL	Other financial assets MDL	Total MDL
Net movement in the impairment loss	698,422	6,653,326	(6,802)	7,344,946
Increases due to initiation and acquisition	1,414	10,506,265	12,977	10,520,656
	699,836	**17,159,591**	**6,175**	**17,865,602**
Recovery of previously derecognized amounts	-	-	-	-
The discounting effect of cash flows	-	-	-	-
Total	**699,836**	**17,159,591**	**6,175**	**17,865,602**

Excessive concentration of risk

Concentrations occur when a number of counterparties are engaged in similar commercial activities, or activities in the same geographic region, or have similar economic characteristics that would make their ability to fulfill contractual obligations be similarly affected by changes in economic, political conditions or of another nature. Concentrations indicate the relative sensitivity of the company's performance to developments that affect a certain industry or geographic location.

The company monitors the risk of concentration on geographical regions. The concentration risk is presented as follows:

	December 31, 2022				December 31, 2021			
	North	Center	South	Total	North	Center	South	Total
% Total exposure	28%	55%	17%	**100%**	26%	58%	16%	**100%**
% NPL	15%	15%	14%	**15%**	17%	17%	17%	**17%**

29. Risk management (continued)

29.3 Credit Risk (continued)

The analysis of loans and advances to clients, as well as receivables from financial leasing contracts by fields of use is reflected as follows:

Loans and advances to clients	December 31, 2022 MDL	December 31, 2021 MDL
Beneficiary		
Individuals	322,816,254	280,102,818
Legal persons	3,505,813	22,459,046
Total	**326,322,067**	**302,561,864**

Finance lease receivables	December 31, 2022 MDL	December 31, 2021 MDL
Beneficiary		
Individuals	1,785,910	5,204,245
Total	**1,785,910**	**5,204,245**

Additional warranties held

The tables below show the cumulative amounts for loans and advances granted to clients and receivables from financial leasing contracts:

		December 31, 2022			December 31, 2021	
LTV	**Stage 1 and Stage 2 MDL**	**Stage 3 MDL**	**Total MDL**	**Stage 1 and Stage 2 MDL**	**Stage 3 MDL**	**Total MDL**
less than 50%	5,012,248	55,850	5,068,098	26,704,303	99,904	26,804,207
51%-70%	15,761,324	383,948	16,145,272	16,344,977	811,540	17,156,517
71%-90%	88,204,832	3,734,150	91,938,982	95,112,900	8,203,664	103,316,564
91%-100%	121,543,638	6,571,727	128,115,365	113,597,769	9,650,912	123,248,681
more than 100%	82,093,180	4,747,080	86,840,260	36,476,189	763,951	37,240,140
Total	**312,615,222**	**15,492,755**	**328,107,977**	**288,236,138**	**19,529,971**	**307,766,109**

The table below shows the accounting value and the value of identifiable guarantees (automobiles) held in relation to loans and advances granted to customers and Finance lease receivables:

		December 31, 2022		December 31, 2021
	Accounting Value MDL	**Guarantee MDL**	**Accounting Value MDL**	**Guarantee MDL**
Stage 1 and Stage 2	312,615,222	405,747,290	288,236,138	357,873,004
Stage 3	15,492,755	207,121,442	19,529,971	163,935,848
Total	**328,107,977**	**612,868,732**	**307,766,109**	**521,808,852**

29.4 Market risk

The company assumes exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks affect products involving interest rates and foreign exchange products. All this being exposed to the evolution of the market and changes in the level of market rates or prices, such as interest rates.

29. Risk management (continued)

29.5 Interest rate risk

The company is not exposed to interest rate risk, because all interest-bearing assets and liabilities have a fixed interest rate.

The tables below show the Company's exposure to interest rate risk as of December 31, 2022 and December 31, 2021. Included in the table are the Company's financial assets and financial liabilities at their carrying amounts, classified according to the closest date between the date of the contractual interest rate change and due date:

December 31, 2022	Book value MDL	Until 3 months MDL	3-12 months MDL	1-5 years MDL	More than 5 years MDL
Financial assets					
Cash and cash equivalent	1,321,437	1,321,437	-	-	-
Loans and advances to clients	326,322,067	23,719,559	71,885,208	221,838,699	8,878,601
Finance lease receivables	1,785,910	270,255	643,340	872,315	-
Total financial assets	**329,429,414**	**25,311,251**	**72,528,548**	**222,711,014**	**8,878,601**
Financial liabilities					
Borrowings	301,284,696	-	63,966,799	237,317,897	-
Lease liabilities	1,223,423	271,332	632,884	319,207	-
Total financial liabilities	**302,508,119**	**271,332**	**64,599,683**	**237,637,104**	-
Net interest rate exposure	**26,921,295**	**25,039,919**	**7,928,865**	**(14,926,090)**	**8,878,601**

December 31, 2021	Book value MDL	Until 3 months MDL	3-12 months MDL	1-5 years MDL	More than 5 years MDL
Financial assets					
Cash and cash equivalent	3,979,059	3,979,059	-	-	-
Loans and advances to clients	302,561,864	40,123,091	51,341,778	188,425,991	22,671,004
Lease liabilities	5,204,245	572,639	1,602,865	3,028,741	-
Total financial assets	**311,745,168**	**44,674,789**	**52,944,643**	**191,454,732**	**22,671,004**
Financial liabilities					
Borrowings	263,540,013	-	26,419,573	237,120,440	-
Lease liabilities	1,831,865	-	1,372,114	459,751	-
Total financial liabilities	**265,371,878**	-	**27,791,687**	**237,580,191**	-
Net interest rate exposure	**46,373,290**	**44,674,789**	**25,152,956**	**(46,125,459)**	**22,671,004**

29.6 Capital Risk Management

The company considers both equity and loans to be part of the general capital risk management strategy. The company manages its capital to ensure that it will be able to continue as a going concern. To adjust the capital structure, the Company can attract new Loans, borrowed in the Peer to Peer platform, increase the share capital or sell the assets to reduce the debts. Loan management is done by monitoring and complying with the requirements imposed by the creditor as well as planning the subsequent loan needs to ensure the further development of the Company.

According to the CNPF requirements, the non-bank lending organization is obliged to hold and maintain its own capital in relation to the value of the assets at any time in the amount of at least 5%.

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29. Risk management (continued)

29.7 Currency Risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate as a result of changes in the exchange rate. The company is exposed to the effects of exchange rate fluctuations on the side of the financing sources it receives from non-residents and on the side of financial assets - Loans granted to clients in foreign currency at the NBM exchange rate.

	December 31, 2022			December 31, 2021		
	than EUR MDL	MDL MDL	Total MDL	than EUR MDL	MDL MDL	Total MDL
Financial assets						
Cash and cash equvalents	93,850	1,227,587	**1,321,437**	1,346,751	2,632,308	**3,979,059**
Loans and advances to clients	217,348,237	108,973,830	**326,322,067**	130,428,717	172,133,147	**302,561,864**
Finance lease receivables	-	1,785,910	**1,785,910**	131,280	5,072,965	**5,204,245**
Other financial assets	(498,484)	523,241	**24,757**	3,216,678	356,882	**3,573,560**
Total financial assets	**216,943,603**	**112,510,568**	**329,454,171**	**135,123,426**	**180,195,302**	**315,318,728**
Financial liabilities						
Borrowings	301,284,696	-	**301,284,696**	263,540,013	-	**263,540,013**
Lease liabilities	1,045,778	177,645	**1,223,423**	1,438,293	393,572	**1,831,865**
Provisions for financial guarantees	-	-	-	5,783,895	-	**5,783,895**
Other financial liabilities	2,073,819	2,681,179	**4,754,998**	1,598,833	2,852,969	**4,451,802**
Total financial liabilities	**304,404,293**	**2,858,824**	**307,263,117**	**272,361,034**	**3,246,541**	**275,607,575**
Net Position	**(87,460,690)**	**109,651,744**	**22,191,054**	**(137,237,608)**	**176,948,761**	**39,711,153**

The table below shows the impact of the change in exchange rates against the national currency on the Company's profit, if other market variables remain constant:

Estimated change in exchange rates, (%)	**Currency**	**December 31, 2022 Impact, Profit/(Loss) MDL**	**December 31, 2021 Impact, Profit/(Loss) MDL**
+10%	than EUR	(8,746,069)	(13,723,761)
-10%	than EUR	8,746,069	13,723,761
+15%	than EUR	(13,119,104)	(20,585,641)
-15%	than EUR	13,119,104	20,585,641

29.8 Liquidity risk

Liquidity risk is the risk when the Company encounters difficulties in fulfilling the obligations associated with its financial debts that are extinguished by cash payment or the sale of another financial asset. The company's approach to managing liquidity is to ensure, as much as possible, that it will have sufficient liquidity to meet its debts when they fall due, both under normal conditions and under stress conditions, without incurring unacceptable losses or the risk of damaging the company's reputation. The company controls its liquidity risk by managing the amount of financing it attracts through Peer to Peer platforms, which offer management greater flexibility to manage loan sizes and cash levels.

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29. Risk management (continued)

29.8 Liquidity risk (continuation)

The tables below show the cash flows payable by the Company in the form of non-derivative financial liabilities and assets held for liquidity risk management, remaining at the contractual maturity date of the financial position situation. The amounts presented in the tables represent the undiscounted contractual cash flow. The cash flow payable for the loans includes the estimated interest payments assuming that the principal is paid in full on the due date.

December 31, 2022	Accounting value				Contractual cash flows	
		On demand	Up to 1 year	From 1 to 5 years	More than 5 years	Total
	MDL	MDL	MDL	MDL	MDL	MDL
Assets						
Cash and cash equvalents	1,321,437	1,321,437	-	-	-	1,321,437
Loans and advances to clients	326,322,067	-	256,274,420	429,209,081	17,208,279	702,691,780
Finance lease receivables	1,785,910	-	3,708,524	1,673,853	-	5,382,377
Other assets	24,757	-	24,757	-		24,757
Total assets	**329,454,171**	**1,321,437**	**260,007,701**	**430,882,934**	**17,208,279**	**709,420,351**
Liabilities						
Borrowings	301,284,696	-	74,414,304	257,256,477	686,282	332,357,063
Lease liabilities	1,223,423	-	939,135	324,539	-	1,263,674
Provisions for financial guarantees	-	-	-	-	-	-
Other liabilities	4,754,998	-	4,754,998	-	-	4,754,998
Total liabilities	**307,263,117**	**-**	**80,108,437**	**257,581,016**	**686,282**	**338,375,735**
surplus / (deficit) of liquidity	**22,191,054**	**1,321,437**	**179,899,264**	**173,301,918**	**16,521,997**	**371,044,616**

December 31, 2021	Accounting value				Contractual cash flows	
		On demand	Up to 1 year	From 1 to 5 years	More than 5 years	Total
	MDL	MDL	MDL	MDL	MDL	MDL
Assets						
Cash and cash equvalents	3,979,059	3,979,059	-	-	-	3,979,059
Loans and advances to clients	302,561,864	-	239,314,246	401,840,639	48,348,587	689,503,472
Finance lease receivables	5,204,245	-	7,998,214	4,933,130	-	12,931,344
Other assets	3,573,560	-	3,573,560	-	-	3,573,560
Total assets	**315,318,728**	**3,979,059**	**250,886,020**	**406,773,769**	**48,348,587**	**709,987,435**
Liabilities						
Borrowings	263,540,013	-	49,852,141	293,161,988	-	**343,014,129**
Lease liabilities	1,831,865	-	1,441,471	464,025	-	**1,905,496**
Provisions for financial guarantees	5,783,895	-	-	5,783,895	-	**5,783,895**
Other liabilities	4,451,802	-	4,451,802	-	-	**4,451,802**
Total liabilities	**275,607,575**	**-**	**55,745,414**	**299,409,908**	**-**	**355,155,322**
surplus / (deficit) of liquidity	**39,711,153**	**3,979,059**	**195,140,606**	**107,363,861**	**48,348,587**	**354,832,113**

29. Risk management (continued)

29.9 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 participants at the valuation date. The determination of the fair value is based on the presumption that the sale transaction of the asset or the transfer of the liability takes place either:
- on the main market of its asset or liability
- in the absence of a main market, on the most advantageous market for the asset or debt.

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

The fair value of an asset or a liability is assessed based on the assumptions that market participants would use to set the prices of the asset or liability, assuming that market participants act in their economic interest. A determination of the fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits by using the asset in the best and most efficient way or by selling it to another market participant who would use the asset in the best way and more efficient measure. The Company uses appropriate valuation techniques 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 the fair value is evaluated or disclosed in the financial statements, are classified in the hierarchy of fair values, described as follows, based on the lowest level of value, which is significant for the evaluation of the fair value as a whole:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level that is significant to the fair value measurement can be directly or indirectly observed
Level 3 - Valuation techniques for the lowest level input that is significant to the fair value measurement is unobservable.

Level 1 includes highly liquid assets such as Cash or cash items. Management recognizes that the fair value of cash and cash equivalents is the same as their accounting value, therefore the risk of changing the fair value is insignificant.

Level 2 instruments include assets, for which there is no active market, such as financial instruments traded outside the stock exchange, bonds. The company has no assets or liabilities classified in Level 2.

Level 3 instruments include Finance lease receivables, Receivables regarding credits and advances to customers, Long-term and current loans, trade debts, trade receivables.

The fair value of current and non-current loans is based on discounted cash flows using the effective interest rate.

The fair value of the finance lease and loan receivables is equal to the book value, which is the discounted value of the minimum lease and loan payments discounted using the effective interest rate of the agreement and adjusted for depreciation.

The fair value of lease receivables and loan receivables and customer advances is determined based on the discounted cash flow model, consisting of contractual loan cash flows, which are adjusted to expectations regarding possible variations in value and timing of cash flows using the methodology compatible with the expected determination of the credit loss on December 31, 2022 to determine the cash flows expected to be received without impairment losses. The pre-tax weighted average cost of capital WACC of the entity that owns the respective financial assets is used as the basis for the discount rate. The WACC is based on the actual estimated cost of equity capital and the cost of debt that reflects any other relevant risks for the loan contracts that do not were taken into account for the adjustment of the impairment loss described above and also includes compensation for the opportunity cost of establishing a similar loan agreement. An additional 1.5% is added to the discount rate as an adjustment to account for portfolio service costs not captured by cash flow adjustments

The annual discount rate was set at 12.47% (2021: 13.39%). The impairment loss is estimated by applying the PD and LGD rates, which are in accordance with the ECL methodology described in "Calculation of ECL" (Note 3).

The management recognizes that, if a fair value of these assets/liabilities would be evaluated as an amount at which an asset could be exchanged or a debt could be settled under conditions of independent competition with known third parties, the obtained fair values of the assets and liabilities would not be materially different.

29. Risk management (continued)

29.9 Fair value of financial assets and liabilities (continued)

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization based on the lowest entry level that is significant to the fair value measurement as a whole at the end of each reporting periods. for the purpose of presenting information on fair value, the Company has determined classes of assets and liabilities depending on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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

December 31, 2022	The balance sheet value				Fair value
	MDL	Level 1 MDL	Level 2 MDL	Level 3 MDL	Total MDL
Assets					
Cash and cash equvalents	1,321,437	1,321,437	-	-	1,321,437
Loans and advances to clients	326,322,067	-	-	408,752,174	408,752,174
Finance lease receivables	1,785,910	-	-	2,570,342	2,570,342
Other financial assets	24,757	-	-	24,757	24,757
Total assets	**329,454,171**	**1,321,437**	**-**	**411,347,273**	**412,668,710**
Liabilities					
Borrowings	301,284,696	-	-	301,284,696	301,284,696
Lease liabilities	1,223,423	-	-	1,223,423	1,223,423
Provisions for financial guarantees	-	-	-	-	-
Other financial liabilities	4,754,998	-	-	4,754,998	4,754,998
Total liabilities	**307,263,117**	**-**	**-**	**307,263,117**	**307,263,117**

December 31, 2021	The balance sheet value				Fair value
	MDL	Level 1 MDL	Level 2 MDL	Level 3 MDL	Total MDL
Assets					
Cash and cash equvalents	3,979,059	3,979,059	-	-	3,979,059
Loans and advances to clients	302,561,864	-	-	422,712,438	422,712,438
Finance lease receivables	5,204,245	-	-	6,840,808	6,840,808
Other financial assets	3,573,560	-	-	3,573,560	3,573,560
Total assets	**315,318,728**	**3,979,059**	**-**	**433,126,806**	**437,105,865**
Liabilities					
Borrowings	263,540,013	-	-	263,540,013	263,540,013
Lease liabilities	1,831,865	-	-	1,831,865	1,831,865
Provisions for financial guarantees	5,783,895	-	5,783,895	-	5,783,895
Other financial liabilities	4,451,802	-	-	4,451,802	4,451,802
Total liabilities	**275,607,576**	**-**	**5,783,895**	**269,823,680**	**275,607,575**

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30. Events subsequent to the reporting period

In 2022 and 2023, many significant sanctions were imposed by the European Union and various countries on Russia and Belarus, certain Russian and Belarusian companies, companies from other jurisdictions, officials, businessmen and other individuals in connection with the ongoing war in Ukraine, which began on February 24, 2022. The imposed sanctions and restrictions and military actions create economic uncertainty in the world and in Moldova.
The total impact of the sanctions and restrictions and military actions on the Company's operations in 2023 cannot be fully anticipated, but the Company considers that the sanctions and restrictions imposed and the military actions after the date of the financial statements will not significantly affect the Company's operations, both directly and indirectly. The Company's hypothesis is based on the information available at the time of signing the financial statements, and the impact of future events on the Company's future operations may be different from the Company's assessment.

There were no other significant events subsequent to the reporting date.

Signed on behalf of the Company by

Luchianenco Veaceslav
Administrator

SOCIETATEA CU RĂSPUNDERE LIMITATĂ ORGANIZAȚIA DE CREDITARE NEBANCARĂ "MOGO LOANS" mogo S.R.L. IDNO 1017600033216 REPUBLICA MOLDOVA, mun. CHIȘINĂU