PRIVATE LIMITED LIABILITY COMPANY "MOGO LT"
(UNIFIED REGISTRATION NUMBER 302943102)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

SEPARATE FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH INTERNATIONAL

FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Vilnius, 2022

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General Information

Name of the Company	"MOGO LT"
Legal status of the Company	PRIVATE LIMITED LIABILITY COMPANY
Unified registration number, place and date of registration	302943102, Lithuania, Vilnius, 31 December 2012
Registered office	Laisvės av. 10A, Vilnius, Lithuania
Major shareholders	Since 02.07.2014: ELEVING GROUP S.A.(100%) 8-10, Avenue de la Gare, Luxembourg, L-1610, Luxembourg
Financial year	01.01.2021 - 31.12.2021
Previous financial year	01.01.2020 - 31.12.2020
Auditors	UAB "KPMG Baltics" Lvivo st. 101, Vilnius Lithuania, LT – 08104 Domantas Dabulis, Licence number 000409

Management report

30 June 2022

General information

UAB mogo LT (hereinafter – the Company) is a leaseback and finance lease solutions company providing fast and convenient services to consumers and legal entities in Lithuania. Finance lease is a service where the customer wants to buy a vehicle and the Company finances this purchase. Vehicle leaseback is a service where the Company provides a loan to a customer against a vehicle that the customer owns. In both instances the vehicle is used as a collateral and hence all loans issued by the Company are secured. The Company offers sale and leaseback and finance leases up to EUR 10 000 with maturities ranging up to six years. Financing is offered at multiple branch offices as well as through a vast partners' network

The Company's strategy is to offer its customers accessible, convenient and affordable sales and leaseback and finance lease solutions. To reach this target the Company will continue to offer customer tailored solutions, high class service and a wide range of car dealerships cooperation, where customers can get UAB mogo LT provided financing for their vehicle purchase.

Company`s Director Laurynas Dzindzelėta does not hold any other positions in other related companies or non related companies.

The share capital of the Company is EUR 28 960 and consists of 1 000 shares. The par value of each share is EUR 28.96. All the shares are fully paid.

There were changes in amount of shares in reporting year, the numbers of shares was reduced from 86 320 shares to 1 000 units. Company' does not hold any own shares.

On March 8 of 2021, the Company acquired 100% of all shares of the Company UAB "Renti", a private limited liability company incorporated and existing under the laws of the Republic of Lithuania, legal entity's code: 305653232, registered office address: A. Vivulskio St 7-101, Vilnius, Lithuania.

Future plans for Companys development

Further activities at mogo LT, UAB are focused on ensuring growth of sales improving and automating internal sales/customer service processes, expanding partner network, implementing both internal and external IT solutions. At the same time, aiming to improve profitability through more effective underwriting process and additional tools for customer risk evaluation.

Mission, vision and values

Mission

The Company's mission is to offer accessible and affordable leasing services to clients who need quick and simple way of getting financing or would like to purchase a vehicle.

Vision

The Company's vision is to be the market leading, customer friendly and accessible sale and leaseback and finance lease solution company in Lithuania.

Values

▪ Quick assistance without unnecessary formalities - the Company will provide the required funding within a couple of hours.
▪ Open communication and adaptation – the core value of the Company is an open communication and an adaptive approach to each and every customer, which results in a mutually beneficial outcome in every situation.
▪ Long term relationship – the Company values and creates mutually beneficial long term relationship with all its customers, it welcomes feedback and suggestions for improvement.

Operations and Financial Results

During 2021 the Company transferred part of its business to its subsidiary, which affected the company's results.

Turnover amounted to EUR 9.4 million (-15% decrease, compared to 2020) and net profit was EUR 3.3 million (-35.3% increase, compared to 2020).

At the end of 31 December gross value of the lease portfolio reached 14.8 million euro (-35% decrease, compared to 31 December 2020).

The results of 2021 have proven, that the Company's services are favored by the customers, partners and the market in general. The Company continued to invest significant resources in the development of information system solutions, development and calibration of clients' scoring models and efficiency of internal processes in order to optimize the costs and maximize the net profit.

The Company has a long-term credit facility from related parties for a total amount of EUR 21,6 million to support its business operations and further growth. Company also has been very successfully collaborating with Mintos peer-to-peer lending marketplace where investors can invest in Company's loans this way ensuring additional source of financing.

By the end of 2021 the Company had 8 own branches in 7 cities in Lithuania covering most areas with the highest density and economic activity. The Company's services are also accessible at a number of other places in regions (intermediaries and car dealers).

In addition to servicing clients at its own customer service centers the Company further works on expanding its network of car dealerships cooperation across the country.

In 2021 the Company continued the execution of various marketing activities on radio, internet advertisements and outdoor ads thus helping to promote the brand and to strengthen the Company's positions in terms of brand recognition in the leaseback and non-banking finance lease solutions sector.

2021 on March 8, the Company acquired 100% of all shares of the Company UAB "Renti", a private limited liability company incorporated and existing under the laws of the Republic of Lithuania, legal entity's code:305653232, registered office address: A. Vivulskio St 7-101, Vilnius, Lithuania.

Information on significant events that have occurred after the end of the financial year

On April 30, 2022 the Company has concluded credit line issued by AS Citadele banka together with other related companies "mogo" OU and AS "mogo" on the 13 million line of credit from 20, April, 2022 until 30, September 2023 as result, the Company's credit line limit increasing to 7,4 million euros. As a result of this agreement, the Company's credit line limit was increased to LTL 7.4 million euros.

2022 on February 24 the beginning of the Russian invasion of Ukraine did not have a significant impact on the Company's business, as the Company has no business directly related to Russia, Belarus and Ukraine or others authorized entities.

Information on the Company's research and development activities

The Company has no research and development activities.

Financial risk management is disclosed in note 37 and events after statement of financial position date are described in note 41 to these separate financial statements.

Signed on behalf of the Company on 30 June 2022 by:

Laurynas Dzindzelėta
Director

"KPMG Baltics", UAB
Lvivo str. 101
LT 08104 Vilnius
Lithuania

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Independent Auditor's Report

To the Shareholders of UAB mogo LT

Qualified Opinion

We have audited the separate financial statements of UAB mogo LT ("the Company"). The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2021,
- the separate statement of comprehensive income for the year then ended,
- the separate statement of changes in equity for the year then ended,
- the separate statement of cash flows for the year then ended, and
- the notes to the separate financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, except for effects of the matters described in point 1 and point 2 of the Basis fo*r Qualified Opinion section*, the accompanying separate financial statements give a true and fair view of the non-consolidated financial position of the Company as at 31 December 2021, and of its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Basis for Qualified Opinion

1) As at 31 December 2021, the Company recognized trade receivables amounting to 1,598 thousand EUR (1,865 thousand EUR as at 31 December 2020), resulting from a credit default swap (CDS) agreement. As at 31 December 2021, expected credit losses of 200 thousand EUR (0 EUR as at 31 December 2020) were recognized in relation to the said balance. We have determined that expected credit loss for the trade receivable amount resulting from credit default swap agreement should be increased by 430 thousand EUR as at 31 December 2021 and by 630 thousand EUR as at 31 December 2020. Had the Company accounted the expected credit losses in accordance with IFRS 9 '*Financial Instruments*' as at 31 December 2021, the Company's trade receivables and retained earnings, respectively, would have been decreased by 430 thousand EUR and 365 thousand EUR, deferred tax asset increased by 65 thousand EUR (as at 31 December 2020, trade receivables and retained earnings, respectively, decreased by 630 thousand EUR and 535 thousand EUR, deferred tax asset increased by 95 thousand EUR). In addition, impairment expenses for 2021 would have been decreased by 200 thousand EUR, income tax and net result for 2021 would have been increased respectively by 30 thousand EUR and 170 thousand EUR.

2) Included in loans and advances, the Company carried at amortised cost its sale-and-leaseback receivables portfolio, part of which amounting to 2,083 thousand EUR as at 31 December 2021 (2,212 thousand EUR as at 31 December 2020) should have been measured at fair value through profit or loss, as required by IFRS 9 'Financial Instruments'. Had the portfolio been properly measured at fair value, amounts receivable from sale-and-leaseback portfolio, deferred tax liabilities and retained earnings, respectively, would have been increased by 389 thousand EUR, 58 thousand EUR and 331 thousand EUR as at 31 December 2021 (774 thousand EUR, 116 thousand EUR and 658 thousand EUR as at 31 December 2020). In addition, decrease in fair value of 385 thousand EUR in 2021 (339 thousand EUR in 2020), as well as income tax expense and net income would have been decreased, respectively, by 58 thousand EUR and 327 thousand EUR in 2021, and decreased by 51 thousand EUR and 288 thousand EUR in 2020.

Company code: 111494971
VAT code: LT114949716

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 Separate 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 (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The other information comprises the information included in the Company's annual management report, but does not include the separate financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *Basis for Qualified Opinion* section above, the Company failed to account for the sufficient impairment of certain receivables and to measure its sale-and-leaseback receivables at fair value, as prescribed by the relevant requirements of EU IFRS. We concluded that the other information is materially misstated for the same reason with respect to amounts and other items included in the other information affected by the above matters.

In addition, our responsibility is to consider whether information included in the Company's annual management report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements and whether annual management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of separate financial statements, in our opinion, in all material respects:

- The information given in the Company's annual management report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- The Company's annual management report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

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

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

In preparing the separate 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 Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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.

On behalf of KPMG Baltics, UAB

DOMANTAS DABULIS

Digitally signed by DOMANTAS DABULIS
Date: 2022.06.30 21:23:59 +03'00'

Domantas Dabulis
Partner pp
Certified Auditor

Vilnius, the Republic of Lithuania
30 June 2022

The electronic auditor‘s signature applies only to the Independent Auditor‘s Report on pages 5 to 7 of this document.

Separate Financial Statements

Separate Statement of Comprehensive Income

		2021 EUR	2020 EUR
Interest revenue calculated using the effective interest method	4	9 434 278	11 097 355
Interest expense calculated using the effective interest method	5	(3 100 926)	(2 293 519)
Net interest income		**6 333 352**	**8 803 836**
Fee and commission income related to finance lease activities	6	140 883	228 495
Impairment expense	7	(678 070)	(576 031)
Gain (Loss) arising from cession of financial lease receivables	8	461 314	1 487
Expenses related to peer-to-peer platforms services	9	(116 471)	(172 715)
Revenue from car sales	10	11 400	28 018
Expenses from car sales	10	(12 202)	(27 775)
Selling expense	11	(172 434)	(202 326)
Administrative expense	12	(2 421 577)	(2 660 586)
Other operating income	13	482 532	602 840
Other operating expense	14	(62 087)	(183 229)
Profit before tax		**3 966 640**	**5 842 014**
Tax expense	15	(625 546)	(783 529)
Net profit for the period		**3 341 094**	**5 058 485**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**3 341 094**	**5 058 485**

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

Signed on behalf of the Company on 30 June 2022 by:

Laurynas Dzindzelėta	Sonata Šablinskaitė-Braškienė
Director	Chief accountant

Separate Statement of Financial Position

ASSETS

NON-CURRENT ASSETS		31.12.2021. EUR	31.12.2020. EUR
Intangible assets			
Licenses	16	11	11
Other intangible assets	16	782	2 318
Total intangible assets		**793**	**2 329**
Tangible assets			
Right-of-use assets	18	72 327	140 668
Property and equipment	17	109 078	111 439
Leasehold improvements	17	5	1 454
Total tangible assets		**181 410**	**253 561**
Non-current financial assets and lease receivables			
Finance lease receivables	19	9 592 676	16 206 775
Loans and advances to customers	20	1 327 282	2 737 962
Loans to related parties	32	8 011 000	-
Deferred tax	15	13 104	12 148
Investments in subsidiaries	34	2 500	-
Other non-current financial assets	26	15 503	-
Total non-current financial assets and lease receivables		**18 962 065**	**18 956 885**
TOTAL NON-CURRENT ASSETS		**19 144 268**	**19 212 775**
CURRENT ASSETS			
Inventories			
Other inventories	21	-	16 898
Total inventories		**-**	**16 898**
Receivables and other current assets			
Finance lease receivables	19	5 463 289	6 990 404
Loans and advances to customers	20	813 155	1 085 086
Trade receivables	24	2 220 849	1 865 204
Corporate income tax receivables	15	411 541	-
Loans to related parties	32	85 782	-
Other receivables	25	4 644	231 185
Contract assets	26	24 124	-
Loans to non related parties		1 920	36 726
Prepaid expense	23	20 883	14 826
Cash and cash equivalents	27	145 335	31 390
Accrued revenue		-	12 599
Total receivables and other current assets		**9 191 522**	**10 267 420**
Non-current assets held for sale	22	162 342	334 000
Total assets held for sale		**162 342**	**334 000**
TOTAL CURRENT ASSETS		**9 353 864**	**10 618 318**
TOTAL ASSETS		**28 498 132**	**29 831 093**

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

Signed on behalf of the Company on 30 June 2022 by:

Laurynas Dzindzelėta	Sonata Šablinskaitė-Braškienė
Director	Chief accountant

Separate Statement of Financial Position

EQUITY AND LIABILITIES

		31.12.2021.	31.12.2020.
EQUITY		**EUR**	**EUR**
Share capital	**28**	28 960	2 499 827
Legal reserve		249 983	249 983
Retained earnings			
brought forward	**36**	(1 324 339)	(1 530 896)
for the period		3 341 094	5 058 485
TOTAL EQUITY		**2 295 698**	**6 277 399**
LIABILITIES			
Non-current liabilities			
Loans from related parties	**33**	21 638 143	8 488 143
Funding attracted through peer-to-peer platforms	**29**	1 204 625	7 966 567
Borrowings	**18, 28**	35 810	59 990
Total non-current liabilities		**22 878 578**	**16 514 700**
Provisions for financial guarantees	**36**	545 082	272 518
Other provisions	**37**	590 848	478 422
Total provisions for liabilities and charges and financial guarantees		**1 135 930**	**750 940**
Current liabilities			
Funding attracted through peer-to-peer platforms	**29**	1 119 906	3 319 929
Loans from related parties	**29**	197 360	-
Borrowings	**18, 28**	37 861	1 479 487
Provisions for financial guarantees	**36**	191 166	519 195
Corporate income tax payable	**15**	-	463 340
Accrued liabilities	**32**	253 399	316 267
Taxes payable	**31**	24 375	115 186
Trade payables		106 027	52 579
Prepayments and other payments received from customers	**30**	46 692	21 539
Other liabilities	**38**	191 732	532
Payables to related companies	**33**	19 408	-
Total current liabilities		**2 187 926**	**6 288 054**
TOTAL LIABILITIES		**26 202 434**	**23 553 694**
TOTAL EQUITY AND LIABILITIES		**28 498 132**	**29 831 093**

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

Signed on behalf of the Company on 30 June 2022 by:

Laurynas Dzindzelėta	Sonata Šablinskaitė-Braškienė
Director	Chief accountant

Separate Statement of Changes in Equity

	Share capital EUR	Legal reserve EUR	Retained earnings/ (Accumulated loss) EUR	**Total EUR**
Balance at 01.01.2020.	**2 499 827**	**249 983**	**6 753 310**	**9 503 120**
Net profit for the period	-	-	5 058 485	5 058 485
Total comprehensive income for the period	-	-	5 058 485	5 058 485
Dividends distribution (Note 28)			(8 288 143)	(8 288 143)
Net result of original guarantee derecognition and recognition of modified guarantee (Note 36)	-	-	3 937	3 937
Balance at 31.12.2020.	**2 499 827**	**249 983**	**3 527 589**	**6 277 399**

	Share capital EUR	Legal reserve EUR	Retained earnings/ (Accumulated loss) EUR	**Total EUR**
Balance at 01.01.2021.	**2 499 827**	**249 983**	**3 527 589**	**6 277 399**
Profit for the reporting year	-	-	3 341 094	3 341 094
Total comprehensive income	-	-	3 341 094	3 341 094
Dividends distribution (Note 28)	-	-	(4 500 000)	(4 500 000)
Share capital decrease	(2 470 867)	-	-	(2 470 867)
Net result of original guarantee derecognition and recognition of modified guarantee (Note 36)	-	-	(351 928)	(351 928)
Balance at 31.12.2021.	**28 960**	**249 983**	**2 016 755**	**2 295 698**

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

Signed on behalf of the Company on 30 June 2022 by:

Laurynas Dzindzelėta Director	Sonata Šablinskaitė-Braškienė Chief accountant

Separate Statement of Cash Flows

		2021	2020
Cash flows to/from operating activities		**EUR**	**EUR**
Profit before tax from continuing operations		3 966 640	5 842 014
Adjustments for:			
Amortisation and depreciation	**16, 17**	128 069	115 659
Interest expense	**5**	2 351 414	1 771 147
Interest income	**4**	(9 434 278)	(11 097 355)
Disposals of property, equipment and intangible assets		-	47 375
Increase/ (decrease) of impairment	**7**	678 070	576 031
Financial guarantees	**36**	(407 393)	(590 630)
Operating profit before working capital changes		**(2 717 479)**	**(3 335 759)**
Decrease/ (increase) in inventories		16 898	(12 587)
Decrease/ (increase) in finance lease receivables, loans and advances to customers, trade and other receivables		9 556 709	282 666
Decrease/ (increase) in advances received and trade payables and guarantees		(270 954)	(536 946)
Cash generated to/from operations		**6 585 175**	**(3 602 626)**
Interest received		9 349 216	11 096 635
Interest paid	**29**	(2 168 765)	(1 749 811)
Corporate income tax paid		(1 389 971)	(644 606)
Net cash flows to/from operating activities		**12 375 655**	**5 099 592**
Cash flows to/from investing activities			
Purchase of property and equipment and other intangible assets	**16, 17**	(39 353)	(229 006)
Investments in subsidiaries		(2 500)	-
Loan repayments received from related parties		73 000	-
Loans issued to related parties		(8 084 000)	-
Loans repayments from non-related parties		34 086	63 994
Net cash flows to/from investing activities		**(8 018 767)**	**(165 012)**
Cash flows to/from financing activities			
Proceeds from borrowings	**29**	34 593 370	29 316 141
Repayments for borrowings	**29**	(36 289 214)	(34 312 111)
Repayment of liabilities for right-of-use assets	**29**	(76 231)	(64 322)
Reduction of share capital		(2 470 867)	-
Net cash flows to/from financing activities		**(4 242 942)**	**(5 060 292)**
Change in cash		**113 945**	**(125 712)**
Cash at the beginning of the year		31 390	157 102
Cash at the end of the year	**27**	**145 335**	**31 390**

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

Signed on behalf of the Company on 30 June 2022 by:

Laurynas Dzindzelėta
Director

Sonata Šablinskaitė-Braškienė
Chief accountant

Notes to the Separate Financial Statements

1. Corporate information

UAB "mogo LT" (hereinafter – the Company) was registered with the Registry Center of Republic of Lithuania on 31 December 2012. The registered office of the Company is at Laisvės av. 10A, Vilnius, Lithuania. The Company's shareholders are Eleving Group S.A. incorporated in Luxembourg, registration number B 174457, which acquired 100% equity of the Company on 11 April 2019.

2021 on March 8, the Company acquired 100% of all shares of the Company UAB "Renti", a private limited liability company incorporated and existing under the laws of the Republic of Lithuania, legal entity's code:305653232, registered office address: A. Vivulskio St 7-101, Vilnius, Lithuania.

The core business activity of the Company comprises of providing finance lease services, leaseback services and consumption loans.
These separate financial statements have been approved for issue by the Board on 30 June 2022

The Company does not prepare consolidated financial statements, uses the exception of the Law on Consolidated Financial Statements of Enterprises of the Republic of Lithuania.
Consolidated financial statements are not prepared as the Company meets all the following criteria:
-the company is a wholly owned subsidiary (all shares of the Company are owned by its parent company Eleving Group S.A);
-the company's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
-the company has not filed, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
-the ultimate or any intermediate parent of the company produces financial statements that are available for public use and comply with the Standards, such that subsidiaries are either consolidated or measured at fair value through profit or loss in accordance with IFRS 10.
Consolidated financial statements is prepared on Eleving Group S.A level (incorporated in Luxembourg, registration number B 174457), translated into Lithuanian language financial statements will be available on Eleving Group web site (https://eleving.com/investors/)

The total number of employees at the end of the December 2021 was 46 (2020: 44).

The shareholders have the right to approve the separate financial statements or not approve them and require the management to prepare a new version of separate financial statements.

2. Summary of significant accounting policies

a) Basis of preparation

These annual separate financial statements as of and for the year ended 31 December 2021 are prepared in accordance with International Financial Reporting Standards as adopted in the European Union.

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

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

The Company's presentation currency is euro (EUR). The separate financial statements cover the period from 01.01.2021 till 31.12.2021. Accounting policies and methods are consistent with those applied in the previous years, except as described below.

Business management does not use segmental approach to operational decision-making. All of the Company's economic activities are carried out in one geographical segment - Lithuania.

b) Changes in accounting policy disclosures and presentation

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

Adoption of new and revised standards and interpretations

A number of new standards (or amendments) are effective from 1 January 2021 but they do not have a material effect on the Company's separate financial statements.
– COVID-19-Related Rent Concessions (Amendment to IFRS 16);
– Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

c) Standards issued but not yet effective and not early adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new and amended standards in preparing these separate financial statements.
– Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

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

Other standards

The following new and amended standards are not expected to have a significant impact on the Company's separate financial statements.
— Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
— Reference to Conceptual Framework (Amendments to IFRS 3).
— Cost of Fulfilling a Contract (Amendments to IAS 37).
— Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
— Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
— IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

d) Significant accounting policies

Licenses and other intangible assets

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

Other intangible assets mainly consists of acquired computer software products.

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

Concessions, patents, licences and similar rights	- over 1 year;
Other intangible assets - acquired IT Systems	- over 2, 3 and 5 years.

2. Summary of significant accounting policies (continued)

Property and equipment

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

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

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

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

Financial assets

Financial instruments – initial recognition

Date of recognition

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

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described further in the accounting policies. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Other receivables are measured at the transaction price.

Classification of financial assets

From 1 January 2018, the Company only measures Loans and advances to customers, Loans to related parties, Receivables from related parties, cash equivalents and Other loans and receivables at amortized cost if both of the following conditions are met:

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

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective - the risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed. The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. The assessed business model is with the intention to hold financial assets in order to collect contractual cash flows.

SPPI test

As a second step of its classification process the Company assesses the contractual terms of the financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset a second step of its classification process the Company assesses the contractual terms of the financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Company has performed the SPPI assessment and assessed its financial assets to be compliant with SPPI criteria.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument. From 1 January 2018, with the introduction of IFRS 9, the Company accounts in this way for derivatives embedded in financial liabilities and non-financial host contracts. Financial assets are classified based on the business model and SPPI assessments as outlined above.

Reclassification of financial assets

From 1 January 2018, the Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

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

Derecognition of financial assets and finance lease receivables

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

Derecognition due to substantial modification of terms and conditions

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

When assessing whether or not to derecognize a financial asset, amongst others, the Company considers the following qualitative factors:

• Change in currency of the loan
• Change in counterparty
• If the modification is such that the instrument would no longer meet the SPPI criterion
• Whether legal obligations have been extinguished.
• Furthermore, for loans and advances to customers and financial lease receivables the Company specifically considers the purpose of the modifications. It is evaluated whether modification was entered into for commercial (business) reasons or for credit restructuring reasons. Modification is considered to occur for a commercial reasons if the DPD (days past due) of the counterparty immediately prior the modification is less than 5 DPDs.In such cases the respective modification is considered to be performed for commercial reasons and results in derecognition of the initial lease/loan receivable.

2. Summary of significant accounting policies (continued)

Other modifications resulting in derecognition include increase in the lease amount and increase in lease term, which are agreed upon with customers for a specific commercial reason s (i.e.-, customers and the Company are both interested in substantially modifying the scope of the lease/loan transaction). Whenever such an agreement to modify is reached the old agreement and respective receivable is derecognized. Other modifications to the agreement terms are treated as modifications that do not result in derecognition (see section on Modifications below).

Derecognition other than for substantial modification

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

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

Pass-through arrangements are transactions when the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
- Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates;
- Company cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows;
- Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

A transfer only qualifies for derecognition if either:
- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Modifications

The Company sometimes makes modifications to the original terms of loans/lease as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a lease/loan restructured when such modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include default or having at least 5 DPDs prior to the modifications. Such modifications may involve renewing (in the case of renewal of a terminated agreement) or extending (in case of customer having at least 5 DPD) the payment arrangements. Other modifications treated as non-substantial include modification of agreement conditions such as term or principal decrease or changes in payment dates, which are typically implemented due to customers' initiative.

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

Treatment of non-substantial modifications (IFRS 9)

If expectations of fixed rate financial assets' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset on the statement of financial position with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.
The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. If modification of a financial asset or liability measured at amortized cost does not result in the derecognition a modification gain/loss is calculated. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.
Changes in the contractual cash flows of the asset are recognized in statement of comprehensive income and any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified instrument. Therefore, the original EIR determined at initial recognition is revised on modification to reflect any costs or fees incurred.

Impairment of finance lease receivables and loans and advances to customers (according to IFRS 9)

Upon the adoption of IFRS 9 the Company's loss impairment calculation method for finance lease receivables and loans and advances to customers approach with IFRS 9 forward-looking expected credit loss (ECL) approach. The Company has not recorded the allowance for ECL for finance lease receivables and loans and advances to customers due to Credit Default Swap (CDS) agreement.

The Company has entered into CDS agreement with related party to insure its lease and loan portfolio. This transaction is considered as credit enhancement. Monthly CDS fee is calculated and charged to the Company until the agreement is repaid or terminated. CDS fee consists of projected credit losses of a lease agreement and a mark-up. All leasing and loan agreements are transferred to the issuer of CDS, if the client of leasing or loan agreement is late in paying the debt for more than 125 days. The Company has transferred its credit risk to the issuer, therefore no impairment is calculated.

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

Finance lease receivables (lease):

1) Not past due
2) Days past due up to 30 days
3) Days past due 31 up to 60 days
4) Days past due over 60 days

Loans and advances to customers (loan):

1) Not past due
2) Days past due up to 30 days
3) Days past due 31 up to 75 days
4) Days past due over 75 days

Based on the above process, the Company applies the Group's policy (as described below) and groups its leases and loans into Stage 1, Stage 2, and Stage 3 despite the fact that no impairment losss is calculated:

• Stage 1: When loans/leases are first recognized, the Company recognizes an allowance based on 12mECLs. The Company considers leases that are current or with DPD up to 30 as Stage 1. A healing period of 1 month is applied before an exposure previously classified as Stage 2 can be transferred to Stage 1 and such an exposure must meet the general Stage 1 DPD criteria above. Exposures are classified out of Stage 1 if they no longer meet the criteria above.
• Stage 2: When a loan/lease has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The Company generally considers leases that have a status of 31-60 DPD to be Stage 2 loans. A loan is considered Stage 2 if DPD is in range of 30 to 75 days. Exposures remain in Stage 2 for a healing period of 1 month, even if they otherwise would meet Stage 1 criteria above during this period.
• Stage 3: Leases and loans considered credit-impaired and at default. The Company records an allowance for the LTECLs.
The Company considers a finance lease agreement defaulted and therefore Stage 3 in all cases when the borrower becomes 60 DPD on its contractual payments or the lease agreement is terminated.
The Company considers a loan agreement defaulted and therefore Stage 3 in all cases when the borrower becomes 75 days past due on its contractual payments.
Exposures remain in Stage 3 for a healing period of 2 months, even if they otherwise would meet Stage 2 criteria above during this period.

Due to the nature of credit exposures of the Company qualitative assessment of whether a customer is in default is not performed and primary reliance is placed on the above criteria.

2. Summary of significant accounting policies (continued)

Impairment for loans to related

Receivables from related parties inherently are subject to the Company's credit risk. Therefore, a benchmarked PD and LGD rate - based on Moody's corporate statistics studies has been applied in determining the ECLs. For related party exposures for the Stage 2 and lifetime ECL calculation is applied based on 30 day back stop and 90 day back stop is applied to Stage 3 determination.

Impairment of cash and cash equivalents

For cash and cash equivalents default is considered as soon as balances are not cleared beyond conventional banking settlement timeline, ie., a few days.

Therefore, transition is straight from Stage 1 to Stage 3 given the low number of days that it would take the exposure to reach Stage 3 classification, meaning default. For cash and cash equivalents no Stage 2 is applied given that any past due days would result in default.

Financial guarantees

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

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

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

Financial liabilities designated upon initial recognition at fair value through the statement of comprehensive income are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through statement of comprehensive income.

- Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

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

Modification of financial liabilities

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

Treatment of non-substantial modifications (IFRS 9)

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

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

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

Derecognition

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

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

Loans and borrowings

All loans, borrowings and funding attracted through peer-to-peer platforms are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, loans, borrowings and funding attracted through peer-to-peer platforms are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the statement of comprehensive income as interest income/ expense when the liabilities are derecognized through the amortization process.

Provisions for financial guarantees and equity

Where a contract meets the definition of a financial guarantee contract the Company, as an issuer, applies specific accounting and measurement requirements of IFRS 9. These IFRS 9 measurement requirements are applied for all guarantee contracts, including guarantees issued between entities under common control, as well as guarantees issued by a subsidiary on behalf of a parent. If a Company gives a guarantee on behalf of an entity under common control, a respective provision is recognised in the separate financial statements. Where transaction is driven by the Company's shareholders in their capacity as owners, Company treats such transactions as an increase in Provisions for financial guarantees and an equal and opposite decrease in equity (as a distribution of equity). Distributions of equity under financial guarantees are recognized in equity.

Financial guarantees are initially recognised in at fair value. Subsequently, unless the financial guarantee contract is designated at inception as at fair value through comprehensive income, Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of comprehensive income, and ECL provision determined in accordance with IFRS 9 (as set out in Note 3). Amortisation is recognised in the statement of comprehensive income under Other operating income on a straight line basis over the term of the guarantee.

2. Summary of significant accounting policies (continued)

Financial guarantees are derecognized if the terms of the guarantee are substantially changed. Changes in guarantee limit are treated as a derecognition. In such cases the original guarantee is derecognized and a new guarantee is recognized at fair value. Change in the fair value is recognized as a decrease or increase in Provisions for financial guarantees and an equal and opposite decrease or increase to equity. Equity are transferred to retained earnings upon extinguishment of liabilities under the financial guarantee.

Finance lease – Company as lessor

Whilst financial lease receivables that represent financial instruments and to which IAS 17 or IFRS 16 applies are within the scope of IAS 32 and IFRS 7, they are only within the scope of IFRS 9 to the extent that they are (1) subject to the derecognition provisions, (2) 'expected credit loss' requirements and (3) the relevant provisions that apply to derivatives embedded within leases.

The Company is engaged in financial lease transactions by selling vehicles to its customers through financial lease contracts. the Company also engages in financing of vehicles already owned by the customers. Under such leaseback transactions the Company purchases the underlying asset and the leases it back to the same customer. Vehicle serves as a collateral to secure all leases. In order to assess whether such leaseback transactions are to classified as finance leases, the Company applies the same indicators of a lease classification, as for finance leases.

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. The inception of the lease is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As of this date:

- a lease is classified as a finance lease; and
- the amounts to be recognized at the commencement of the lease term are determined.

The commencement of the lease is the da+B4136te from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, income or expenses resulting from the lease, as appropriate).

A lease is classified as a finance lease at the inception of the lease if it transfers substantially all the risks and rewards incidental to ownership. The inception of the lease is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As of this date:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the lease assets are of a specialized nature such that only the lessee can use them without major modifications being made.

Further indicators that individually or in combination would also lead to a lease being classified as a finance lease are:
- the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee;
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

Initial measurement

At lease commencement, the Company accounts for a finance lease, as follows:
- derecognises the carrying amount of the underlying asset;
- recognises the net investment in the lease; and
- recognises, in profit or loss, any selling profit or selling loss. Such profit or loss is recognized under "Revenue from leases" (Note 10).

Upon commencement of finance lease, the Company records the net investment in leases, which consists of the sum of the minimum lease term payments, and gross investment in lease less the unearned finance lease income. The difference between the gross investment and its present value is recorded as unearned finance lease income. Initial direct costs, such as client commissions and commissions paid by the Company to car dealers, are included in the initial measurement of the lease receivables. The calculations are done using effective interest method.

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

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term.

Prepayments received from customers are presented in separate financial statements separately as part of liabilities due to uncertainty of how they will be utilized.

Prepayments received from customers are recorded in statement of financial position upon receipt and settled against respective client's finance lease receivables.

Subsequent measurement

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

The Company recognises income from variable payments that are not included in the net investment in the lease (e.g. performance based variable payments, such as penalties or debt collection income) separately in the period in which the income is earned. Such income is recognized under "Fee and commission income" (Note 6) in accordance with IFRS 15.

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

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

Operating lease – Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Loans and advances to customers

Loans and advances to customers are recognized at present value of minimum loan payments receivable at the statement of financial position date. Difference between gross and net loan receivables is unearned finance income and impairment allowance. Income from loans and advances to customers is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the loans.

Advances received from customers are presented in financial statements separately as part of liabilities due to uncertainty of how they will be utilized (Note 29]).

Renegotiated finance lease receivables and loans and advances to customers

Where possible, the Company seeks to restructure financial lease receivables and loans and advances to customers rather than to take possession of the collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Typically, the renegotiation has been caused by the borrower's financial difficulty and results in reviewing cash flows using conditions which are favorable for the borrower. In these case the loan is not derecognized, but a new effective interest rate is determined based on the cash flows until maturity according to the terms of the contract.

Sale and leaseback transactions

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

2. Summary of significant accounting policies (continued)

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

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

Inventories

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

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

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

Value of inventories is measured on a stock item by item basis. Write-off of each individual stock item is performed on sale of respective individual stock item.

Cash and cash equivalents

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

Assets held for sale

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

Assets held for sale includes vehicles which are obtained by enforcement of repossession in case clients default on existing lease agreements. Such repossessed collaterals are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell (FVLCTS). Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

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

Vacation pay reserve

Vacation pay reserve is calculated by multiplying the average daily salary of an employee for the last six months with the number of unused vacation days as at the end of the financial reporting period.

Investments in subsidiaries

Investments in subsidiaries (i.e. where the Company holds more than 50% interest of the share capital or otherwise controls the company) and associates (i.e. an entity over which the Company has significant influence without control over the financial and operating policy decisions of the investee) are recognised at cost according to IAS 27. Following initial recognition, investments in subsidiaries and associates are carried at cost less any accumulated impairment losses. The carrying values of investments are reviewed for impairment at each statement of financial position date. The Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary or associate and its carrying value, then, recognises the loss in the statement of comprehensive income.
Dividends received from subsidiaries and associates are recognised in statement of comprehensive income when the Company's right to receive the dividend is established.
The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Transactions with peer-to-peer platforms

Background

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

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

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

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

Receivables and payables from/to P2P platform

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

Receivable is arising from assignments made through P2P platform where the related investment is not yet transferred to the Company (Note 25).

P2P platform commissions and service fees incurred by the Company are fees charged by P2P platform for servicing the funding attracted through peer-to-peer platform and are disclosed in Note 9.

Funding attracted through peer-to-peer platform

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

Liabilities to investors are recognized in statement of financial position caption Funding attracted through peer-to-peer platform (Note 29) and are treated as loans received.

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

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

Assignments with recourse rights (buy back guarantee)

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

2. Summary of significant accounting policies (continued)

Therefore, the Company's respective debt instruments do not qualify to be considered for partial derecognition and interest expense paid to investors is shown in gross amount under Interest revenue calculated using effective interest method (Note 4).

Assignments without recourse rights (no buy back guarantee)

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

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

The derecognized part is accounted as an off-balance sheet item (Note 29) and interest income is recognized to the extent of being the residual interest. Residual income is the difference between the interest earned on the respective debt instrument by the Company and the respective share of interest earned by the investor.

Reserves

Other reserves is used to record the effect of transactions with owners in their capacity as owners.

Provisions

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

Accruals and deferrals

Accruals and deferrals are recorded to recognise revenues and costs as they are earned or incurred.

Contingencies

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

Income and expenses

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

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

The effective interest rate method (IFRS 9)

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

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

Income from cession of bad debt

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

Expenses related to attracting funding

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

Revenue and expenses from contracts with customers (according to IFRS 15)

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

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

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

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

In 2020 and 2021 the Company did not enter into contracts with variable considerations, rights of return, financing components, non cash considerations or consideration payable to the customer.

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

2. Summary of significant accounting policies (continued)

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

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

The Company has generally concluded that it is the principal in its revenue arrangements, except for the debt collection activities and agency services below, because it typically controls the goods or services before transferring them to the customer.

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

a) a good or another asset from the other party that it then transfers to the customer.

b) a right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf.

c) a good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.

Management judgment on transactions where the Company acts as agent is disclosed in Note 3.

Fee and commission income (Note 6)

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

Income from debt collection activities and penalties is recognized in the Company's statement of comprehensive income at the moment when the likelihood of consideration being settled for such services is high, therefore income is recognized only when actual payment for provided services is actually received.

Income from penalties arise in case customers breach the contractual terms of financial lease receivables and loans and advances to customers agreements, such as exceeding the payment date. In those situations the Company is entitled to charge the customers in accordance with the agreement terms. The Company recognizes income from penalties at the moment of cash receipt as likelihood and timing of settlement is uncertain. In case customers does not settle the penalty amount, the Company is entitled to enforce repossession of the collateral.

Debt collection activities revenue typically arises when customers delay the payments due. As a lessor, the Company has protective rights in the lease agreements with customers that require the customers to safeguard and maintain the condition of the vehicle, as it serves as a collateral to the lease. Company's revenue encompasses a compensation of internal and external costs incurred by the Company in relation to debt management, legal fees as well as repossession of vehicle in case of lease agreement termination and are recharged to the customers in accordance with the agreement terms. Debt collection income is recognized on net (agent) basis as it these amounts are recharged to the customers in accordance with agreement terms and the Company does not control these services before they are transferred to a customer. The performance obligation is satisfied when respective service has been provided.

Revenue from car sales (Note 10)

Sale of motor vehicles (point in time)

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

Contract balances

Contract assets

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

At 31 December the Company did not have any contract assets in its statement of financial position.

Trade receivables

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

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

Contract liabilities

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

At 31 December the Company had no contract liabilities in its statement of financial position.

Income taxes

Corporate Income tax includes current and deferred tax. Current Corporate Income tax is applied at the rate of 15% on taxable income generated by the Company during the taxation period.

Deferred Corporate Income tax arising from temporary differences in the timing of the recognition of items in the tax returns and these separate financial statements is calculated using the liability method. The Deferred Corporate Income tax asset and liability are determined on the basis of the tax rates that are expected to apply when the timing differences reverse. The principal temporary timing differences arise from differing rates of accounting and tax amortization and depreciation on the Company's non-current assets, the treatment of provisions and accruals.

Related parties

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

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

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

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

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

2. Summary of significant accounting policies (continued)

Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability and distribution of retained earnings in the separate financial statements in the period in which the dividends are approved by the shareholders. (Note 27)

Subsequent events

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

3. Significant accounting judgments, estimates and assumptions

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

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

Deferred tax assets and liabilities

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

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

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

Principal versus agent assessment

In provision of debt collection services (Note 6) the Company has assessed that it does not obtain control of these services before they are transferred to customers, as these services or goods are acquired on their behalf. Therefore, it is considered agent in these transactions.

The Company is also acting as an agent (Note 13 and Note 33) in purchasing specific goods and services from 3rd parties on behalf of customers and related parties - mainly legal, recruitment and similar services.

The Company does not obtain control of the service, does not incur inventory risk nor has discretion in determining the sales price.

Impairment of financial assets

The measurement of impairment losses under IFRS9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and the interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include Probability of Default and Loss Given Default, judgment is applied also when determining significant increase in credit risk.

A related party has issued CDS for all lease portfolio of the Company. Management of the Company has made judgement that financial guarantee contract (CDS) held by the Company is an integral element of another financial instrument in the scope of IFRS 9. Factors considered by the management whether a financial guarantee contract is integral to the debt instrument are as follow:

- the guarantee is implicitly part of the contractual terms of the debt instrument as the loan/lease agreement refers to it;
- the financial guarantee contract is entered at the same time as and in contemplation of the debt instrument;
- business purpose - the guarantee and the loan have been contracted in contemplation of one another, i.e., the loan would not have been contracted without the guarantee and the Company would not have FGC expenses, if the loan would not have been issued.
- the fee is calculated taking into account projected losses and a mark-up, the counterparty has ensured its profitability in a long run

Company concludes, that CDS is an integral element of a debt instrument and is accounted for as a component of that instrument (is not recognised separately). As. The Company has transferred its credit risk to the issuer, therefore no impairment has been calculated. Maximum exposure to the credit risk of the Company is 14 835 348 EUR in 2021 (see Note 19). This is the amount, for which the impairment would have been calculated, if the credit risk has not been transferred to the CDS issuer.

Recoverability of accounts receivable from CDS issuer

A related party has issued CDS for all lease portfolio of the Company. The Company has assessed that accounts receivable due from CDS issuer are recoverable as the fee is calculated taking into account projected losses and a mark- up, the issuer has ensured its profitability in long run. Additionally it has regular cash inflow from debt purchase companies.

Impairment for loans to and receivables from related parties

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

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

Determination of the FVLCTS of assets held for sale

Determination of the FVLCTS for repossessed vehicles is made collectively due to the varying condition of vehicles at the moment of the repossession, which sometimes is not readily determinable.

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

Provisions

Significant Company judgement is used for estimating provisions in relation to tax amounts when there is no certainty as to the basis on which the tax was be calculated.

Financial guarantees

Fair value (FV) determination and initial recognition

The Company has elected to determine the FV of guarantee using the credit spread method. FV of guarantee is calculated as multiple of EAD, PD and LGD. EAD is the contractual commitment or guaranteed amount per guarantee agreement (Note 36). Guarantee issued to secure the bond issuance of the ultimate parent of th Company, Mogo Finance S.A. The Company would incur loss in case Mogo Finance S.A. defaults on obligations towards its bondholders. Accordingly, PD of Mogo Finance S.A. is determined using benchmarking of a comparable similar credit risk entity with reference to the market transactions and default rates obtained from credit rating agencies.

ECL determination for subsequent measurement

For the purposes of FV estimation the Company is using benchmarking of a similar credit risk entity such as the ultimate parent of the Company. Since initial recognition the Company has assessed that ultimate parent's credit risk has not increased and guarantee liability is therefore considered as Stage 1 exposure.

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

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

3. Summary of significant accounting policies (continued)

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

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

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

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

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

Sale and leaseback transactions

Under sale and leaseback transactions the Company purchases the underlying asset and then leases it back to the same customer. To determine how to account for a sale and leaseback transaction, the Group first considers whether the initial transfer of the underlying asset from the seller-lessee (Customer) to the buyer-lessor (the Company) is a sale.

The Company applies IFRS 15 to determine whether a sale has taken place. The key indicators that control has passed to the Company include the Company having:

• a present obligation to pay;

• physical possession (of the purchased asset);

• a legal title (to the purchased asset);

• the risks and rewards of ownership (of the purchased asset);

• the Company has accepted the asset;

• the borrower can or must repurchase the asset for an amount that is less than the original selling price of the asset.

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

• contingent events that would change the amount and timing of cash flows;

• leverage features;

• prepayment and extension terms;

• terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse loans); and

• features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

4. Interest revenue calculated using the effective interest method

	2021 EUR	2020 EUR
Interest income from finance lease receivables	8 995 852	11 106 739
Interest income from intercompany loans	465 476	-
Interest income from loans and advances to customers	(27 050)	(9 384)
TOTAL:	**9 434 278**	**11 097 355**

Interest income contains earned interest on portfolio derecognized from Company's assets (see Note 19).

Gross and net earned interest are as follows:

	2021 EUR	2020 EUR
Gross interest income	9 434 246	11 097 314
Interest derecognized due to derecognition of portfolio from Company's assets*	32	41
TOTAL NET INTEREST:	**9 434 278**	**11 097 355**

*Interest derecognized due to derecognition of portfolio from Company's assets relates to P2P interest for loans without buy back guarantee.

Part of interest revenue is derecognized as the Company has assigned to P2P investors part of its finance lease receivables and loans and advances to customer. In case the assignment is done without a buy back obligation the related interest revenue earned on such agreements is derecognized from Company's interest revenue in amount equal to investor's claim towards the interest earned.

5. Interest expense calculated using the effective interest method

	2021 EUR	2020 EUR
Interest expenses on financial liabilities measured at amortised cost:		
Interest expenses for loans from P2P platform investors	638 540	970 983
Credit Default Swap fee*	749 512	522 372
Interest expenses for loans from related parties	1 412 329	620 913
Interest expenses for loans from banks**	298 421	175 454
Interest expenses for lease liabilities	2 124	3 797
TOTAL:	**3 100 926**	**2 293 519**

* At the 2017 January 1 the Company entered a Credit Default Swap (CDS) with an a related party (Risk Management Services OU) for all its leasing and loan agreements (agreements). Risk Management Services OU provides insurance cover to these agreements represented by a credit default swap fee. The Insurance Company acquires the agreements in case of customer default. There were no payments between the parties until the beginning of 2021 except fee is received only in case of default. See additional information on the credit default swap fee calculation in Note 2. Summary of significant accounting policies.

In 2020, Risk Management Services OU has been transferred to an unrelated party and on 31.12.2021 is no longer a related party with mogo LT.

** On 8 July 2019 mogo LT UAB has concluded a Credit line agreement with JSC Citadele banka.

See Note 29 for additional information.

6. Fee and commission income related to finance lease activities

	2021	2020 EUR
Revenue from contracts with customers recognised point in time where the Company acted as an agent:		
Gross income from debt collection activities	644	83 148
Gross expenses from debt collection activities	(142 466)	(221 609)
Total net debt collection income (expenses)	**(141 822)**	**(138 461)**

In 2020 and 2021, as the repair costs of repossessed assets increased, the total net debt collection income (expenses) was negative.

Revenue from contracts with customers recognised at point in time:	2021 EUR	2020 EUR
Income from penalties received	282 605	358 392
Income from commissions	100	8 564
TOTAL:	**282 705**	**366 956**
Total fees and commissions income:	**140 883**	**228 495**

7. Impairment expense

	2021 EUR	2020 EUR
Written off debts	233 145	233 592
Sold of loans and advances to customers to Rato credit union*	418 637	-
Change in impairment in loans and advances to customers (see Note 20)	3 204	-
Change in assets held for sale (see Note 22)	(176 464)	173 077
Change in Trade receivables (see Note 24)	199 548	169 362
TOTAL:	**678 070**	**576 031**

* In 2021, the agreement was signed with Rato credit union that they would take over loans and advances to customers when the customers installment agreements are still active.

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

Financial lease		2021 EUR	2020 EUR
(Loss)/Income arising from cession of financial lease receivables to related parties		-	-
Income/(Loss) arising from cession of financial lease receivables to related parties		-	-
Net (gain)/loss arising from cession of financial lease receivables to related parties		-	-
Net gain/(loss) arising from cession of financial lease receivables to non related parties		-	1 487
	TOTAL:	**-**	**1 487**
Loans and advances to customers			
Income arising from cession of loans and advances to customers receivables to non related parties		461 314	-
Loss arising from cession of loans and advances to customers receivables to non related parties		-	-
Net gain arising from cession of loans and advanaces to customers receivables to non related parties		461 314	-
Net Gain arising from cession of financial lease and loans and advances to customers receivables	**TOTAL:**	**461 314**	**1 487**

During the years 2021 and 2020 the Company performed cessions with Risk Management Services OU and Rato credit union.

9. Expenses related to peer-to-peer platforms services

		2021 EUR	2020 EUR
Service fee for using P2P platform		116 471	172 715
	TOTAL:	**116 471**	**172 715**

10. Revenue from car sales

Revenue from contracts with customers recognised at point in time:		2021 EUR	2020 EUR
Income from sale of vehicles		11 400	28 018
	TOTAL:	**11 400**	**28 018**

Expenses from contracts with customers recognised at point in time:		2021 EUR	2020 EUR
Expenses from sale of vehicles		(12 202)	(27 775)
	TOTAL:	**(12 202)**	**(27 775)**
	Total Net profit (+)/losses (-) from car sales:	**(802)**	**243**

11. Selling expense

		2021 EUR	2020 EUR
TV and radio marketing expenses		53 839	55 257
Online advertising		16 452	96 620
Marketing services		100 884	42 454
Marketing fees		-	1 336
Total marketing expenses		**171 175**	**195 667**
Other selling expenses		1 259	6 659
	TOTAL:	**172 434**	**202 326**

12. Administrative expense

		2021 EUR	2020 EUR
Employees' salaries		853 398	1 070 394
Management fee**		939 538	930 145
Amortization and depreciation		128 069	115 659
Credit database expenses		24 903	82 395
Professional services*		79 841	106 953
Other administration expenses		141 994	141 908
Office and branches' maintenance expenses		55 688	73 069
Donations		967	-
Other non business related expenses		72 782	38 628
IT services		65 046	33 225
Bank commissions		11 347	13 483
Communication expenses		15 204	16 226
Transportation expenses		4 938	9 113
Recruitment fees		4 419	3 803
Business trips		3 951	3 831
Low value equipment expenses		9 686	19 925
Other personnel expenses		9 806	1 829
	TOTAL:	**2 421 577**	**2 660 586**

*Audit fees for Company 2021 separate financial statements audit amounts to - 25 000 EUR (2020: EUR 25 000)

**Starting from 1st July 2018 The Company also received management services from related companies Mogo Baltics and Caucasus, AS, Mogo Group, AS and Mogo Eastern Europe, AS. The nature of provided services ralates to IT systems support and development, financial, marketing, research and business development strategic services.

12. Administrative expense (continued)

Key management personnel compensation	2021	2020
	EUR	EUR
Remuneration	220 730	178 861
Social security contribution expenses	3 907	3 166
TOTAL:	**224 637**	**182 027**

13. Other operating income

	2021	2020
	EUR	EUR
Income recognised from amortization of financial guarantee (Note 36)	407 393	590 630
Other operating income	75 139	12 210
TOTAL:	**482 532**	**602 840**

14. Other operating expense

	2021	2020
	EUR	EUR
Withholding tax expenses	61 915	92 434
Other operating expenses*	172	90 795
TOTAL:	**62 087**	**183 229**

* On November 25, 2020 the Bank of Lithuania conducted an investigation and found that the Company did not comply with some of the essential provisions of the Law on Consumer Credit of the Republic of Lithuania and was decided to impose a fine of EUR 90 000 to the Company.

15. Tax expense

	2021	2020
	EUR	EUR
Current corporate income tax charge for the reporting year	626 501	785 282
Deferred corporate income tax due to changes in temporary differences	(955)	(1 753)
Corporate income tax charged to the income statement:	**625 546**	**783 529**

	31.12.2021.	31.12.2020.
	EUR	EUR
Corporate income tax receivables (+) / liabilities (-)	411 541	(463 340)
TOTAL:	**411 541**	**(463 340)**

Deferred corporate income tax:

	Statement of financial position		**Statement of profit or loss**	
	31.12.2021.	31.12.2020.	2021	2020
	EUR	EUR	EUR	EUR
Deferred corporate income tax liability				
Accelerated depreciation for tax purposes	929	409	520	393
Gross deferred corporate income tax liabilities	**929**	**409**	**520**	**393**
Deferred corporate income tax asset				
Unused vacation accruals	(14 033)	(12 557)	(1 475)	(2 146)
Accelerated depreciation for tax purposes	-	-	-	-
Gross deferred corporate income tax assets	**(14 033)**	**(12 557)**	**(1 475)**	**(2 146)**
Net deferred corporate income tax assets prior to the reversal of deferred tax	**(13 104)**	**(12 148)**	**(955)**	**(1 753)**

The Company did not have tax losses at 31 December 2021.
Actual corporate income tax charge for the reporting year, if compared with theoretical calculations:

	2021	2020
	EUR	EUR
Profit before tax	**3 966 640**	**5 842 014**
Income tax rate	**15%**	**15%**
Tax calculated at the applicable tax rate	**594 996**	**876 302**
Income tax effect from profit taxable with 0% rate		
Permanent differences:		
Tax effect of non-taxable income	(87 920)	(101 533)
Tax effect on CDS fee	112 428	78 356
Tax effect on impairment	6 042	25 404
Tax losses transferred from the group	-	(95 000)
Actual corporate income tax for the reporting year:	**625 546**	**783 529**
Corporate income tax charged to the statement of comprehensive income:	**625 546**	**783 529**
Effective income tax rate	15.77%	13.41%

16. Intangible assets

	Licenses	Other intangible assets	Total intangible assets
Cost	24 610	41 811	66 421
Accumulated amortization	(23 398)	(35 987)	(59 386)
As at 1 January 2020	1 212	5 824	**7 036**
2020			
Additions	-	348	348
Reclassification	-	-	-
Amortization charge	(1 201)	(3 854)	(5 055)
Cost	24 609	42 159	66 770
Accumulated amortization	(24 598)	(39 841)	(64 441)
As at 31 December 2020	**11**	**2 318**	**2 329**
2021			
Additions	-	-	-
Amortization charge	-	(1 536)	(1 536)
Cost	24 609	42 159	66 770
Accumulated amortization	(24 598)	(41 377)	(65 977)
As at 31 December 2021	**11**	**782**	**793**

17. Property and equipment, Advance payments for tangible assets and Right-of-use assets

	Property and equipment	Leasehold improve-ments	Rights-of-use assets		TOTAL
Cost	191 025	11 764	241 758	**241 758**	**444 547**
Accumulated depreciation	(150 034)	(11 759)	(123 424)	**(123 424)**	**(285 217)**
As at 1 January 2020	**40 991**	**5**	**118 334**	118 334	**159 330**
2020					
Additions	105 832	1 581	121 244	**121 244**	**228 657**
Disposals (cost)	(53 467)	-	(33 435)	**(33 435)**	**(86 902)**
Depreciation charge	44 678	-	20 352	**20 352**	**65 030**
Disposals (depreciation)	(26 595)	(132)	(85 827)	**(85 827)**	**(112 554)**
Cost	243 390	13 345	329 567	**329 567**	**586 302**
Accumulated depreciation	(131 951)	(11 891)	(188 899)	**(188 899)**	**(332 741)**
As at 31 December 2020	**111 439**	**1 454**	**140 668**	140 668	**253 561**
2021					
Additions	37 941	1 412	28 270	**28 270**	**67 623**
Disposals (cost)	(1 279)	(1 412)	(19 408)	**(19 408)**	**(22 099)**
Depreciation charge	(39 023)	(1 449)	(86 061)	**(86 061)**	**(126 533)**
Disposals (depreciation)	-	-	8 858	**8 858**	**8 858**
Cost	**280 052**	**13 345**	**338 429**	338 429	**631 826**
Accumulated depreciation	**(170 974)**	**(13 340)**	**(266 102)**	(266 102)	**(450 415)**
As at 31 December 2021	**109 078**	**5**	**72 327**	72 327	**181 410**

18. Right-of-use assets and lease liabilities

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

ASSETS		31.12.2021 **EUR**	31.12.2020. **EUR**
Non-current assets			
Right-of-use assets - premises		72 327	140 668
Right-of-use assets - motor vehicles		-	-
	TOTAL:	**72 327**	**140 668**
EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities for right-of-use assets		(35 810)	(59 990)
Current liabilities			
Lease liabilities for right-of-use assets		(37 861)	(82 539)
	TOTAL:	**(73 671)**	**(142 529)**

18. Right-of-use assets and lease liabilities (continued)

Leases in the statement of comprehensive income	**31.12.2021 EUR**	**31.12.2020. EUR**
Revenue from operating leasing		
Operating lease income		
Administrative expense		
Expenses relating to leases of low-value assets and short-term leases	(14 639)	(17 049)
Depreciation of right-of-use premises	(86 061)	(84 930)
Depreciation of right-of-use vehicles	-	-
Net finance costs		
Interest expense for right-of-use premises	(2 124)	(3 797)
Interest expense for right-of-use vehicles	-	-
Total cash outflow from leases	**(102 824)**	**(105 776)**

The weighted average borrowing rate for lease liabilities in 2021 was 2.66% (2020: 2.88%)

19. Finance Lease Receivables

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	31.12.2020.			
Finance lease receivables	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Not past due	17 088 926	654 733	20 950	17 764 609
Days past due up to 30 days	2 609 732	1 637 387	10 062	4 257 181
Days past due up to 60 days	-	393 887	17 781	411 668
Days past due over 60 days	-	-	333 039	333 039
TOTAL, GROSS:	**19 698 658**	**2 686 007**	**381 832**	**22 766 497**

Finance lease receivables	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Not past due	11 263 208	385 899	20 043	11 669 150
Days past due up to 30 days	2 025 223	600 417	9 996	2 635 636
Days past due up to 60 days	-	379 884	11 361	391 245
Days past due over 60 days	-	-	139 317	139 317
TOTAL, GROSS:	**13 288 431**	**1 366 200**	**180 717**	**14 835 348**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to finance lease receivables are, as follows:

Finance lease receivables	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2020	18 858 312	2 524 742	990 111	22 373 165
Transfer to Stage 1	643 786	(631 581)	(12 205)	-
Transfer to Stage 2	(1 785 320)	1 824 181	(38 860)	-
Transfer to Stage 3	(798 594)	(344 387)	1 142 981	-
New financial assets acquired	8 608 988	528 224	140 176	9 277 388
Receivables settled	(2 910 360)	(384 381)	(400 015)	(3 694 755)
Receivables from Risk Management Services OU	(1 013 418)	(483 363)	(346 202)	(1 842 983)
Receivables partially settled	(1 904 737)	(347 427)	(1 094 154)	(3 346 318)
Balance at 31 December 2020	**19 698 657**	**2 686 008**	**381 832**	**22 766 497**

Finance lease receivables	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2021	19 698 657	2 686 008	381 832	22 766 497
Transfer to Stage 1	1 269 817	(1 258 335)	(11 482)	-
Transfer to Stage 2	(893 518)	907 330	(13 812)	-
Transfer to Stage 3	(204 009)	(71 131)	275 140	-
New financial assets acquired	1 043 957	130 593	25 319	1 199 869
Receivables settled	(3 730 407)	(315 473)	(72 932)	(4 118 812)
Receivables from Risk Management Services OU	(1 010 128)	(470 854)	(252 666)	(1 733 648)
Receivables partially settled	(2 885 939)	(241 936)	(150 683)	(3 278 558)
Balance at 31 December 2021	**13 288 430**	**1 366 202**	**180 716**	**14 835 348**

	Minimum lease payments	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
	EUR	EUR	EUR	EUR
Finance lease receivables	31.12.2021.	31.12.2021.	31.12.2020.	31.12.2020.
Up to one year	10 541 670	5 242 672	15 237 158	6 559 721
Years 2 through 5 combined	15 105 080	8 571 913	28 363 719	14 482 202
More than 5 years	1 114 913	1 020 763	2 235 026	1 724 574
TOTAL, GROSS:	**26 761 662**	**14 835 348**	**45 835 903**	**22 766 497**

	31.12.2021.	31.12.2020.
Unearned finance income	EUR	EUR
Up to one year	5 298 998	8 677 437
Years 2 through 5 combined	6 533 167	13 881 517
More than 5 years	94 150	510 452
TOTAL, GROSS:	**11 926 314**	**23 069 406**

	31.12.2021.	31.12.2020.
Finance lease receivables	EUR	EUR
Non-current finance lease receivables	9 592 676	16 206 776
Current finance lease receivables	4 925 945	5 900 939
Accrued interest	316 727	658 782
TOTAL, GROSS:	**14 835 348**	**22 766 497**

Analysis by credit quality of finance lease receivables outstanding is as follows:

	Corporate 31.12.2021. EUR	**Individuals 31.12.2021.** EUR	**TOTALS 31.12.2021.** EUR	**Corporate 31.12.2020.** EUR	**Individuals 31.12.2020.** EUR	**TOTALS 31.12.2020.** EUR
Finance lease receivables collectively determined to be impaired (gross)						
Not overdue	313 074	9 849 316	**10 162 390**	480 448	15 114 875	**15 595 323**
Less than 30 days overdue	204 594	2 592 191	**2 796 785**	313 972	3 978 006	**4 291 978**
31 to 60 days overdue	29 585	494 066	**523 651**	45 401	758 199	**803 600**
Terminated agreements	38 052	1 314 470	**1 352 522**	58 395	2 017 201	**2 075 596**
Total loans to customers	**585 305**	**14 250 043**	**14 835 348**	**898 216**	**21 868 281**	**22 766 497**

19. Finance Lease Receivables (continued)

	Non-Current	Current	Non-Current	Current
Finance lease receivables, net	31.12.2021. EUR	31.12.2021. EUR	31.12.2020. EUR	31.12.2020. EUR
Finance lease receivables	9 592 676	4 925 945	16 206 775	5 900 939
Accrued interest	-	316 727	-	658 783
Fees paid and received upon loan disbursement	-	220 617	-	430 682
	9 592 676	**5 463 289**	**16 206 775**	**6 990 404**

Transactions with peer-to-peer platforms

From year 2016 Company started placing lease agreement receivables on peer-to-peer lending platform based in Latvia. In 2018 Company started also placing loans and advances to customers receivables on peer-to-peer lending platform. Agreements are offered with buy back guarantee, which means that all risks of such agreements remain with the Company and in case of client default the Company has the liability to repay the whole remaining principal and accrued interest to P2P investor. By using the same platform Company also offer loans without buy back guarantee, which means that all risks related to client default were transferred to P2P investor. Portions of agreements purchased by investors therefore are considered as financial assets eligible for derecognition from Company statement of financial position.

Total gross portfolio and associated liabilities for the portfolio derecognised from Company financial assets were:

	31.12.2021. EUR	31.12.2020. EUR
Non-current		
Finance lease receivable	1 829	8 621
Associated liabilities	(1 829)	(8 621)
NET POSITION:	**-**	**-**
Current	EUR	EUR
Finance lease receivable	1 000	3 489
Associated liabilities	(1 000)	(3 489)
NET POSITION:	**-**	**-**
Total gross portfolio derecognized from Company's financial assets	2 829	12 110
Total associated liabilities	(2 829)	(12 110)
TOTAL NET POSITION:	**-**	**-**

As at end of reporting year 0% of all gross portfolio was purchased by P2P investors without buyback guarantee (0.1% in 2020).
See more information in Note 2b.

20. Loans and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	31.12.2020.			
Loans and advances to customers	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Not past due	2 140 294	196 967	1 452	2 338 713
Days past due up to 30 days	675 042	445 555	4 756	1 125 353
Days past due up to 75 days	-	135 189	7 094	142 283
Days past due over 75 days	-	-	134 496	134 496
TOTAL, GROSS:	**2 815 336**	**777 711**	**147 798**	**3 740 845**

	31.12.2021.			
Loans and advances to customers	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Not past due	1 432 356	44 096	500	1 476 952
Days past due up to 30 days	456 304	121 122	1 022	578 448
Days past due up to 75 days	-	75 458	355	75 813
Days past due over 75 days	-	-	21 423	21 423
TOTAL, GROSS:	**1 888 660**	**240 676**	**23 300**	**2 152 636**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers are, as follows:

Loans and advances to customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2020	4 835 561	855 620	257 931	5 949 112
Transfer to Stage 1	257 466	(252 983)	(4 483)	-
Transfer to Stage 2	(518 762)	538 536	(19 774)	-
Transfer to Stage 3	(231 685)	(94 846)	326 531	-
New financial assets acquired	464 727	92 791	12 923	570 441
Receivables settled	(944 736)	(167 008)	(88 441)	(1 200 185)
Receivables from Risk Management Services OU	(119 729)	(50 849)	(52 462)	(223 040)
Receivables partially settled	(927 506)	(143 551)	(284 426)	(1 355 483)
Foreign exchange movements	-	-	-	-
Balance at 31 December 2020	**2 815 336**	**777 710**	**147 799**	**3 740 845**

Loans and advances to customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2021	2 815 336	777 710	147 799	3 740 845
Transfer to Stage 1	373 984	(349 254)	(24 730)	-
Transfer to Stage 2	(121 698)	141 464	(19 766)	-
Transfer to Stage 3	(32 636)	(17 315)	49 951	-
New financial assets acquired	337 452	-	-	337 452
Receivables settled	(930 121)	(151 297)	(25 675)	(1 107 093)
Receivables from Risk Management Services OU	(91 375)	(83 729)	(66 777)	(241 881)
Receivables partially settled	(462 281)	(76 903)	(37 503)	(576 687)
Foreign exchange movements	-	-	-	-
Balance at 31 December 2021	**1 888 661**	**240 676**	**23 299**	**2 152 636**

20. Loans and advances to customers (continued)

	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	EUR	EUR	EUR	EUR
	31.12.2021.	31.12.2021.	31.12.2020.	31.12.2020.
Finance lease receivables				
Up to one year	1 534 191	819 412	2 492 398	1 064 249
Years 2 through 5 combined	1 972 856	1 191 355	4 280 203	2 391 778
More than 5 years	150 322	141 869	336 272	284 818
TOTAL, GROSS:	**3 657 369**	**2 152 636**	**7 108 873**	**3 740 845**

	31.12.2021.	31.12.2020.
Unearned finance income	EUR	EUR
Up to one year	714 779	1 428 149
Years 2 through 5 combined	781 501	1 888 425
More than 5 years	8 453	51 454
TOTAL, GROSS:	**1 504 733**	**3 368 028**

	31.12.2021.	31.12.2020.
Loans and advances to customers	EUR	EUR
Non-current loans and advances to customers	1 333 224	2 676 596
Current loans and advances to customers	685 132	908 774
Accrued interest	134 280	155 475
TOTAL, GROSS:	**2 152 636**	**3 740 845**

Analysis by credit quality of loans and advances to customers outstanding is as follows:

	Non-Current	Current	Non-Current	Current
	31.12.2021.	31.12.2021.	31.12.2020.	31.12.2020.
Loans and advances to customers, net	EUR	EUR	EUR	EUR
Loans and advances to customers	1 333 224	685 133	2 676 596	908 774
Accrued interest	-	134 280	-	155 476
Fees paid and received upon loan disbursment	(5 942)	(3 054)	61 366	20 835
Impairment allowance	-	(3 204)	-	-
	1 327 282	**813 155**	**2 737 962**	**1 085 085**

Due to the signed Credit Default Swap with Risk Management Services OU there is no movement in impairment allowance for loans and advances to customers. The loan agreements are insured and in case of customer insolvency, the Company receives a payment from Risk Management Services OU.

In 2021, a new type of loan agreement was started to be issued which are not insured. Therefore, movement in impairment allowance is visible for such loan agreements.

21. Finished goods and goods for resale

	31.12.2021.	31.12.2020.
	EUR	EUR
Cars for sale	-	16 898
TOTAL:	**-**	**16 898**

22. Assets held for sale

	31.12.2021.	31.12.2020.
Other non-current assets held for sale, net	EUR	EUR
Impairment allowance	(135 795)	(312 259)
Repossessed collateral	298 137	646 259
TOTAL:	**162 342**	**334 000**

Changes in other assets held for sale

	01.01.2021.	Additions during the year	Disposals during the year	31.12.2021.
Repossessed collateral	334 000	1 794 064	(1 965 722)	162 342
TOTAL, NET:	**334 000**	**1 794 064**	**(1 965 722)**	**162 342**

Repossessed collaterals are vehicles taken over by the Company in case of default by the Company's clients on the related lease agreements. After the default of the client, the Company has the right to repossess the vehicle and sell it to third party. The Company does not have the right to repossess, sell or pledge the vehicle in the absence of default by Company's clients. The Company usually sells the repossessed vehicles within 90 days after repossession.

23. Prepaid Expense

	31.12.2021.	31.12.2020.
	EUR	EUR
Prepaid Mintos service fee	-	7 806
Other prepaid expenses	20 883	7 020
TOTAL:	**20 883**	**14 826**

24. Trade receivables

	31.12.2021. EUR	31.12.2020. EUR
Receivables from related parties	821 241	-
Receivables from non related parties	1 435	-
TOTAL:	**822 676**	**-**
Receivables from the transferred portflio under Credit Default Swap (CDS) agreement	1 597 719	1 865 204
Impairment allowance	(199 546)	
TOTAL, NET:	**1 398 173**	**1 865 204**
TOTAL:	**2 220 849**	**1 865 204**

An analysis of Trade and other receivable stageing at the year end are as follows:

2021	Current	1-30	31-90	> 90 days	**Total**
Receivables from the transferred portflio under Credit Default Swap (CDS) agreement	-		355 599	1 042 573	1 398 172
Receivables from non related parties	-	1 435	-	-	1 435
Receivables from related parties	-	-	821 241	-	821 241
Total trade receivables	**-**	**1 435**	**1 176 840**	**1 042 573**	**2 220 849**

2020	Current	1-30	31-90	> 90 days	**Total**
Receivables from related parties	-	-	-	1 865 204	1 865 204
Total trade receivables	**-**	**-**	**-**	**1 865 204**	**1 865 204**

25. Other receivables

	31.12.2021. EUR	31.12.2020. EUR
Receivable for attracted funding through P2P platform (Note 29)	-	226 289
Other debtors	59 492	29 417
Advances paid for goods and services	4 286	8 334
Overpaid VAT	(59 134)	(32 855)
TOTAL:	**4 644**	**231 185**

All receivables are expected to be paid within the following year.

26. Contract assets

Non-Current	31.12.2021. EUR	31.12.2020. EUR
Contract asset from non related parties*	15 503	-
TOTAL:	**15 503**	**-**

Current	31.12.2021. EUR	31.12.2020. EUR
Contract asset from non related parties*	24 124	-
TOTAL:	**24 124**	**-**

* - Contract asset representing the accrued revenue from non related party Rato credit union as a result of revenue variable consideration recognition.

The Company assesses material amounts recovery individually. The Company's management decides on the performance assessment on an individual basis, reflecting the possibility of obtaining information on a particular contract asset and a significant increase in the credit risk of that particular contract asset. As at year end ECLs are as well assessed based on the expected settlements. The contract assets, which are settled shortly after end of reporting period, have no ECL recognised. The management has performed an assessment of the contract assets and concluded there is no significant credit risk increase. Accordingly, no ECL is recognized as at the end of the reporting period (2020: EUR 0 as well).

27. Cash and cash equivalents

	31.12.2021.	31.12.2020.
Cash at bank	140 335	31 390
Cash on hand*	5 000	-
TOTAL:	**145 335**	**31 390**

*The cash on hand is held in regional offices and is kept there to ensure daily cash transactions.

28. Share capital

The share capital of the Company was decreased from EUR 2 499 827 to EUR 28 960 during 2021, due to the decreased number of shares from 86 320 to 1 000 shares. The nominal value of each share remained the same at EUR 28.96. All shares are fully paid.

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 1/20 of net profit are compulsory until the reserve reaches 1/10 of the share capital. According to the legislation this reserve can be used only for covering losses. The Company fully formed legal reserve in 2019 year. As at 2021 legal reserve is fully formed and amounts to EUR 249 983.

The Company's shares consist of ordinary shares. All ordinary shares confers the right to vote and the right to receive dividends.

The movements on the Share capital caption during the year are as follows:

	Share capital EUR
Opening balance as at 1 January 2020	**2 499 827**
Subscriptions	-
Redemptions	-
Closing balance as at 31 December 2020	**2 499 827**
Opening balance as at 1 January 2021	**2 499 827**
Reductions	(2 470 867)
Subscriptions	-
Redemptions	-
Closing balance as at 31 December 2021	**28 960**

	2021 EUR	2020 EUR
Cash dividends paid	-	-
Non-cash dividends*	4 500 000	8 288 143
Total dividends paid:	**4 500 000**	**8 288 143**

*During 2020 and 2021 dividends were converted to the loan from the parent company.

29. Borrowings

Non-current	*Interest rate per annum (%)*	*Maturity*	31.12.2021. EUR	31.12.2020. EUR
Funding attracted through peer-to-peer platforms*	8-14%	29.12.2023.	1 209 013	7 986 555
Liabilities acquisition costs for funding attracted through peer-to-peer platform			(4 388)	(19 988)
		TOTAL:	**1 204 625**	**7 966 567**
Lease liabilities for right-of-use assets - premises**	3.11%	up to 2 years and 7 months	35 810	59 990
		TOTAL:	**35 810**	**59 990**
Loans from related parties	12,5-13%	31.12.2025, 31.12.2026	21 638 143	8 488 143
		TOTAL:	**21 638 143**	**8 488 143**
		TOTAL NON CURRENT BORROWINGS:	**22 878 578**	**16 514 700**

Current	*Interest rate per annum (%)*	*Maturity*	31.12.2021. EUR	31.12.2020. EUR
Funding attracted through peer-to-peer platforms*	8-14%	29.12.2023.	1 112 429	3 280 697
Accrued interest for funding attracted through peer-to-peer platforms			7 477	39 232
		TOTAL:	**1 119 906**	**3 319 929**
Lease liabilities for right-of-use assets - premises**	3.11%	up to 1 year 1 months	37 861	1 479 487
		TOTAL:	**37 861**	**1 479 487**
Accrued interest expense from related parties	12,5-13%	31.12.2025, 31.12.2026	197 360	-
		TOTAL:	**197 360**	**-**
		TOTAL CURRENT BORROWINGS:	**1 355 127**	**4 799 416**

* Attracted funding from P2P platform is transferred to the Company's bank accounts once per week. The Company repurchased more loans back than put in P2P platform in December 2021 than in December 2020.

**The Company has entered into several lease agreements for office premises and branches rent agreements.

***On 2nd August 2019 AS "Citadele banka" granted to UAB “mogo LT” the credit line in the amount of EUR 3.9 million for refinancing of existing indebtedness. Maturity of agreement - September 2021. The credit line agreement specifies the financial requirements that the Company must comply with. The credit limit has risen to EUR 4.7 million in 2021, but at the end of 2021 the loan from AS "Citadele banka" was fully repaid.

P2P platform payables/receivables position at the year end dates were:

	31.12.2021. EUR	31.12.2020. EUR
Receivable from attracted funding through P2P platform (Note 25,37)*	-	226 289
TOTAL:	**-**	**226 289**

* At the end of 2020, the amount receivable was formed from P2P platform after settlemeent from the investments received from investors through P2P platform and the liabilities for the redeemed contracts and at the end of 2021, the amount was payable to P2P after settlemeent from the investments received from investors through P2P platform.

Total accrued expenses for services for attracted funding through P2P platform as at statement of financial position dates were:

	31.12.2021. EUR	31.12.2020. EUR
Accrued for expenses from attracted funding through peer-to-peer platform (Note 32)	-	-
TOTAL:	**-**	**-**

Changes in liabilities	01.01.2021.	Incoming cash flow	Outgoing cash flow	Other	31.12.2021.
Funding attracted through peer-to-peer platforms	11 267 252	10 758 017	(19 703 827)	-	2 321 442
Lease liabilities for right-of-use assets	142 529	-	(76 231)	7 373	73 671
Loans from related parties	8 488 143	20 390 000	(11 740 000)	4 500 000*	21 638 143
Loan from bank	1 396 948	3 445 353	(4 842 301)	-	-
TOTAL BORROWINGS PRINCIPAL:	**21 294 872**	**34 593 370**	**(36 362 359)**	**4 507 373**	**24 033 256**
Funding attracted through peer-to-peer platforms acquisition costs	(19 988)	-	(3 086)	18 686	(4 388)
TOTAL BORROWINGS ACQUISITION COSTS:	**(19 988)**	**-**	**(3 086)**	**18 686**	**(4 388)**
Accrued interest for funding attracted through peer-to-peer platforms	39 232	-	(653 251)	621 496	7 477
Lease liabilities for right-of-use assets interest	-	-	(2 124)	2 124	-
Loans from related parties interest	-	-	(1 214 969)	1 412 329	197 360
Loan from bank interest	-	-	(298 421)	298 421	-
TOTAL INTEREST LIABILITIES:	**39 232**	**-**	**(2 168 765)**	**2 334 370**	**204 837**
TOTAL BORROWINGS:	**21 314 116**	**34 593 370**	**(38 534 210)**	**6 860 429**	**24 233 705**

29. Borrowings (continued)

*Other movement Loans from related parties is dividends for 2020, amounting to EUR 4 500 000 was converted into a loan from the parent company of Eleving Group S.A during 2021 years.

	01.01.2020.	Incoming cash flow	Outgoing cash flow	Other	31.12.2020.
Funding attracted through peer-to-peer platforms	12 847 972	23 819 193	(25 399 913)	-	11 267 252
Lease liabilities for right-of-use assets	120 665	-	(64 322)	86 186	142 529
Loans from related parties	2 250 000	4 100 000	(6 150 000)	8 288 143	8 488 143
Loan from bank	2 752 629	1 396 948	(2 752 629)	-	1 396 948
TOTAL BORROWINGS PRINCIPAL:	**17 971 266**	**29 316 141**	**(34 366 864)**	**8 374 329**	**21 294 872**
Funding attracted through peer-to-peer platforms acquisition costs	(57 032)	-	(9 569)	46 613	(19 988)
TOTAL BORROWINGS ACQUISITION COSTS:	**(57 032)**	**-**	**(9 569)**	**46 613**	**(19 988)**
Accrued interest for funding attracted through peer-to-peer platforms	64 509	-	(949 647)	924 370	39 232
Lease liabilities for right-of-use assets interest	-	-	(3 797)	3 797	-
Loans from related parties interest	-	-	(620 913)	620 913	-
Loan from bank interest	-	-	(175 454)	175 454	-
TOTAL INTEREST LIABILITIES:	**64 509**	**-**	**(1 749 811)**	**1 724 534**	**39 232**
TOTAL BORROWINGS:	**17 978 743**	**29 316 141**	**(36 126 244)**	**10 145 476**	**21 314 116**

30. Prepayments and other payments received from customers

	31.12.2021. EUR	31.12.2020. EUR
Unrecognized payments received*	30 336	21 539
Overpayments from historical customers	16 356	-
TOTAL:	**46 692**	**21 539**

* Advances received from customers are recorded in Statement of Financial Position and settled against finance lease receivables at the moment of issuing next monthly invoice according to agreement schedule.

31. Taxes payable

	31.12.2021. EUR	31.12.2020. EUR
Social security contributions	22 494	30 575
Other taxes	1 881	84 498
TOTAL:	**24 375**	**115 186**

32. Accrued liabilities

	31.12.2021. EUR	31.12.2020. EUR
Accrued liabilities for sevices from non related parties	98 348	189 930
Accrued unused vacation	93 545	83 712
Accruals for bonuses	61 506	42 625
TOTAL:	**253 399**	**316 267**

33. Related parties disclosures

Related parties are defined as subsidiaries and associates of the Company as well as shareholders that have the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions, members of the key management personnel of the Company or its parent company, and close members of the families of any individual referred to previously and entities over which these persons exercise significant influence or control.

Receivables and payables incurred are not secured with any kind of pledge.
Transactions with related parties for years 2021 and 2020 were as follows:

	31.12.2021.	31.12.2020.
Services provided		
- Fundraising for customers	**19 408**	**-**
- Renti UAB [4]	19 408	-
Services received		
- Management services (Note 12)	**939 538**	**930 145**
- Eleving Stella, AS	939 538	930 145
- Other services received	**45 249**	**-**
- Eleving Stella, AS	40 451	-
- mogo AS	598	1 849
- Other related companies	4 200	-
Assets purchased	**-**	**35 080**
- Assets purchased from Renti AS [2]	-	35 080
Assets sold	**407 887**	**-**
- Repossessed collaterals sold to Renti UAB [1]	407 887	-
Acquired vehicles for sale through finance leases	**25 933**	**-**
- Cars from Renti UAB [3]	25 933	-
Interest expenses (Note 5)	**1 412 329**	**620 913**
- Eleving group S.A.	1 392 322	620 913
- Mogo IFN S.A.	20 007	-
Interest income (Note 4)	**465 476**	**-**
- Renti UAB	465 476	-

1) The Company has sold repossessed vehicles from customers with terminated agreements to related party Renti UAB. Sales proceeds reduces the respective customer's debt towards the Company and is recorded as a reduction in financial lease receivable upon sales.

2) The Company has sold and purchased equipment at their net book values.

3) The Company has acquired vehicles from related party Renti UAB and these vehicles were sold to customers through finance lease (Note 19). No gain or loss occurred on these transactions.

4) The Company through its divisions performs the function of collecting money from customers to the related party UAB Renti.

33. Borrowings (continued)

Receivables from related companies

Non-current	Interest rate per annum (%)	Maturity	31.12.2021. EUR	31.12.2020. EUR
Loan receivable from subsidiary company [1)]	13	10.11.2025	8 011 000	-
Accrued interest			**8 011 000**	-
		TOTAL:	**8 011 000**	**-**

Current	31.12.2021. EUR	31.12.2020. EUR
Accrued interest from subsidiary company 1)	85 782	-
Receivables from subsidiary company, UAB Renti 2)	783 143	-
Receivables from Primero Finance, UAB	38 098	-
TOTAL:	**907 023**	**-**
TOTAL RECEIVABLES:	**8 918 023**	**-**

1) In 2021 the Company has signed the loan agreement with its subsidiary company. Loan agreement allows both parties to agree on flexible loan payout and loan repayment arrangement with maximum loan amount of 15 million EUR.

An analysis of loan receivable staging and the corresponding ECL allowances at the year end are as follows:

2021	Stage 1	Stage 2	Stage 3	**Total**
Loan receivable from Subsidiary company	8 011 000	-	-	8 011 000

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

Current	31.12.2021. EUR	31.12.2020. EUR
Receivables from subsidiary	783 144	-
Receivables from related companies	38 098	-
TOTAL:	**821 241**	**-**
TOTAL RECEIVABLES:	**821 241**	**-**

Ageing of receivables from related companies is disclosed in Note 24.

Payables to related companies

	31.12.2021. EUR	31.12.2020. EUR
Payables to other related companies	19 408	-
TOTAL:	**19 408**	**-**

34. Investments in subsidiaries

The Company's investments in subsidiaries as of 31 December 2021 and 31 December 2020 are set out below:

			Company's investment	
Company	Business	Shareholding	31.12.2021. EUR	31.12.2020. EUR
Renti UAB	Consumer leasing	100%	2 500	-
		Impairment:	**-**	**-**
		Total Net Investments in subsidiaries:	**2 500**	**-**

Impairment testing of the investments in subsidiary has been performed by the management of the Company using valuation methods and based on assumptions described in section impairment testing. As a result of performed impairment test calculations there is no additional impairment recognised in the year ended 31 December 2021.

Income from investments

There were no dividends received from Company's subsidaries during years 2021.

Additional investments in subsidaries

The following settlements for the new equity shares were made by the Company:

	31.12.2021. EUR	31.12.2020. EUR
Establishment / increase of Renti UAB	-	-
TOTAL:	**-**	**-**

Impairment testing

The recoverable amount of Renti UAB is determined based on a value in use calculation using cash flow projections from financial budgets approved by the management. As a result of performed calculations the management has not identified impairment for Company's investment in Renti UAB for the year ended 31 December, 2021.

Please refer to the Note 3 for more details on sensitivity of key assumptions used.

Operating results of Renti UAB are presented below:	31.12.2021 (not audited) EUR	31.12.2020 (not audited) EUR
Interest revenue calculated using the effective interest method	1 381 833	-
Loss	(400 143)	(1 502)

	31.12.2021 EUR	31.12.2020 EUR
Current assets	1 769 728	-
Non-current assets	6 840 038	-
Curent liabilities	(997 911)	(1 502)
Non-curent liablities	(8 011 000)	-
Net assets	**(399 145)**	**(1 502)**

35. Commitments and contingencies

Starting from 14 October 2021 Eleving Group and certain of its Subsidiaries (including Mogo JSC) entered into several pledge agreements with TMF Trustee Services GmbH, establishing pledge over shares of those Subsidiaries, pledge over present and future loan receivables of those Subsidiaries, pledge over trademarks of those Subsidiaries, general business pledge over those Subsidiaries, pledge over primary bank accounts if feasible, in order to secure Eleving Group obligations towards bondholders deriving from Eleving Group bonds (ISIN: XS2393240887). The value of the assets pledged in accordance with the commercial pledge agreement concluded with TMF Trustee Services GmbH is estimated to be 53.2 million EUR as of 31/12/2021.
Starting from 14 July 2018 Eleving Group S.A. as Issuer and its Subsidiaries (including Mogo JSC) as Guarantors have entered into a guarantee agreement dated 14 Octoberly 2021 (as amended and restated from time to time) according to which the guarantors unconditionally and irrevocably guaranteed by way of an independent payment obligation to each holder of the Eleving Groupe S.A. bonds (ISIN: XS2393240887) the due and punctual payment of principal of, and interest on, and any other amounts payable under the Eleving Group S.A. bonds (ISIN: XS2393240887) offering memorandum (Note 36).

Starting from 9 July 2018 Mogo Finance S.A. and its Subsidiaries (including Mogo JSC) entered into several pledge agreements with Greenmarck Restructuring Solutions GmbH, establishing pledge over shares of the Subsidiaries, pledge over present and future loan receivables of the Subsidiaries, pledge over trademarks of the Subsidiaries, general business pledge over the Subsidiaries, pledge over primary bank accounts if feasible, in order to secure Mogo Finance S.A. obligations towards bondholders deriving from Mogo Finance S.A. bonds. Subsequently additional pledgors were added who became material (Subsidiaries with net loan portfolio of more than EUR 7 500 000) according to terms and conditions of the bonds. The value of the assets pledged in accordance with the commercial pledge agreement concluded with Greenmarck Restructuring Solutions GmbH is estimated to be 46.6 million EUR as of 31/12/2020.

On November 13, 2018 the Mogo Finance S.A. as Issuer and its subsidiaries (including mogo LT UAB) as Guarantors signed a guarantee agreement dated 9 July 2018 as amended and restated on 13 November 2018 according to which the guarantors unconditionally and irrevocably guaranteed by way of an independent payment obligation to each holder of the Mogo Finance S.A. bonds the due and punctual payment of principal of, and interest on, and any other amounts payable under the Mogo Finance S.A. bonds prospectus (Note 34).

According to the non-binding opinion of the Bank of Lithuania, released in third quarter of 2018 regarding the interest charged on a commission fee, mogo LT UAB at the respective clients` request should compensate interest charged on its commission fee. Since in accordance with the recommendations of the Bank of Lithuania the Company has made the necessary amendments and is not adding commission fee to the loan amount starting from the end of 2017, and has not received any requests by affected consumers. However, for the purpose of transparency, the grand total material adverse effect could be up to EUR 479 414.

36. Provisions for financial guarantees

	2021	2020
Movement in equity	EUR	EUR
	Movement in equity	**Movement in equity**
Outstanding as at 1 January	**(1 530 896)**	**(1 534 833)**
Net result of original guarantee derecognition and recognition of modified guarantee (1), (2)	387 254	3 937
Outstanding as at 31 December	**(1 143 642)**	**(1 530 896)**

	2021	2020
Financial guarantees movement	EUR	EUR
	Financial guarantees	**Financial guarantees**
Outstanding as at 1 January	**940 266**	**1 386 281**
Fair value of the original guarantee recognized 1)	955 831	-
Amortised as income	(407 393)	(590 630)
Outstanding provisions before derecognition	**1 488 703**	**795 651**
Fair value of the modified guarantee recognized 2)	736 249	940 266
Difference recognized in equity under Retained Earnings	387 254	3 937
Outstanding provisions after increase in guarantee limit		
Fair value of the modified guarantee recognized 2)	**736 249**	**940 266**
Amortised as income	-	-
Outstanding as at 31 December	**736 249**	**940 266**
Non-current provisions for financial guarantees	545 082	272 518
Current provisions for financial guarantees	191 166	519 195
Total recognized as income (Note 13)	**(407 393)**	**(590 630)**

(1) On 14 October 2021 the Company entered a financial guarantee agreement issued in favor of bondholders of Eleving Group. The guarantee was issued to secure Eleving Group exposure after issuing corporate bonds, ISIN XS2393240887 (as of 31 December 2021 the total nominal value of bonds is EUR 150 million), which are listed on the Open Market of the Frankfurt Stock Exchange. Under the guarantee agreement the Company irrevocably guarantees the payment of Eleving Group liabilities towards its bondholders in case of default of Eleving Group under the provisions of bond prospectus.
The Company did not receive compensation for the guarantee provided. Fair value of financial guarantee is recognized as liability and as a distribution of equity under "Retained Earnings". Liabilities under the financial guarantee agreement are recognized in income (Note 13) on straight line basis till bond maturity, which is July 2022.

2) On 11 November 2019 original guarantee agreement in (1) was revised following Mogo Finance S.A. tap bond issue of further 25 million EUR. The Company did not receive compensation for the guarantee provided. The amended guarantee agreement increases the total exposure of the Company under the amended guarantee agreement. Similar Mogo Finance S.A. tap bond issue of 25 million EUR occured during 2018 which led to derecogntion of initial guarantee.

After initial recognition, the liability under the guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised through linear amortisation and an ECL provision. ECL provision for financial guarantee is a Stage 1 exposure as described in Note 3. Throughout 2021 ECL provision for the guarantee did not exceed its carrying amount.
As at year end ECL provision amounts to 191 166 EUR (2020: 519 195 EUR) which is lower than guarantee carrying amount of 736 248 (2020: 940 266 EUR) EUR therefore no adjustment to the carrying amount is required.

Financial guarantee is a Stage 1 exposure as described in Note 3.

37. Other provisions

Non-current	31.12.2021.	31.12.2020.
	EUR	EUR
Provision for Corporate income tax liabilities*	590 848	478 422
TOTAL:	**590 848**	**478 422**
TOTAL LIABILITIES:	**590 848**	**478 422**

* Provisions for CIT in Lithuania is recognized due to uncertainty related to application of CIT for an intra-group agreement concluded.

Changes in provisions

	01.01.2021	Increase (decrease) in provisions	31.12.2021
	EUR	EUR	EUR
Provision for possible Corporate income tax liabilities	478 422	112 426	590 848
TOTAL:	**478 422**	**112 426**	**590 848**

38. Other liabilities

	31.12.2021.	31.12.2020.
	EUR	EUR
Payable for attracted funding through P2P platform*	191 420	-
Liabilities against employees for salaries	-	268
Other liabilities	312	264
TOTAL:	**191 732**	**532**

* Due to more repurchased loans from P2P platform in December 2021 than in December 2020 the Company has payables to P2P platform.

39. Financial risk management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises interest rate risk, credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks.

Operational risks

Compliance risk

Compliance risk refers to the risk of losses or business process disruption resulting from inadequate or failed internal processes systems, that have resulted in a breach of applicable law or other regulation currently in place.

Regulatory risks

The Company's operations are subject to regulation by a variety of consumer protection, financial services and other state authorities in various jurisdictions, including, but not limited to, laws and regulations relating to consumer loans and consumer rights protection, debt collection and personal data processing. The Company closely monitors all the changes in regulatory framework. The Company employs both in-house as well as outsourced legal specialists to assist in addressing any current or future regulatory developments that might have an impact on Company's business activities.

Anti-money laundering and Know Your Customer laws compliance risk

As a result, the Company often relies on anti-money laundering and know your customer checks performed by our customers' banks when such customers open new bank accounts, however Company has implemented further internal policies to minimise these risks. The Company has put in place internal control framework to identify and report all suspicious transactions with a combination of IT based solutions and human involvement. Internal policies of the Company typically include customers' background check against sanctioned lists and other public sources as required by local law and Consumer Rights Protection Centre.

Privacy, data protection compliance risk

The Company's business is subject to a variety of laws and regulations internationally that involve user privacy, data protection, advertising, marketing, disclosures, distribution, electronic contracts and other communications, consumer protection and online payment services. The Company has put in place an internal control framework consisting from a combination of IT based solutions and business procedures that are designed to capture any potential non-compliance matter before it has occurred and to ensure compliance with these requirements.

Market risks

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

Financial risks

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

Interest rate risk

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

Capital risk management

The Company considers both equity capital as well as borrowings a part of overall capital risk management strategy.
The Company manages its capital to ensure that it will be able to continue as going concern. In order to maintain or adjust the capital structure, the Company may attract new credit facilities or increase its share capital.

Liquidity risk

The Company manages its liquidity risk by arranging an adequate amount of committed credit facilities with related parties and by issuing bonds and P2P platforms.

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

		Contractual cash flows				
	Carrying value	**On demand**	**Up to 1 year**	**1-5 years**	**More than 5 years**	**Total**
As at 31.12.2021.	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Assets						
Cash and cash equivalents	145 335	145 335	-	-	-	**145 335**
Loans and advances to customers	2 140 437	-	1 534 191	1 972 855	150 323	**3 657 369**
Loans to non related parties	1 920	-	1 920	-	-	**1 920**
Loans to related companies	8 096 782	-	1 029 384	10 026 877	-	**11 056 261**
Trade receivables	2 220 849	-	2 220 849	-	-	**2 220 849**
Other financial assets	39 627	-	24 124	15 503	-	**39 627**
Finance lease receivables	15 055 965	-	10 541 670	15 105 079	1 114 913	**26 761 662**
Total undiscounted financial assets	27 700 915	145 335	15 352 138	27 120 314	1 265 236	**43 883 023**
Liabilities						
Funding attracted through peer-to-peer platforms	(2 324 531)	-	(1 368 127)	(1 740 979)	-	**(3 109 106)**
Lease liabilities for right-of-use assets	(73 671)		(39 776)	(39 534)	-	**(79 311)**
Loans from related parties	(21 835 503)	-	(2 368 324)	(26 614 874)	-	**(28 983 198)**
Other current liabilities	(378 834)	-	(378 834)	-	-	**(378 834)**
Total undiscounted financial liabilities	(24 612 539)	-	(4 155 062)	(28 395 387)	-	**(32 550 449)**
Net undiscounted financial assets / (liabilities)	3 088 376	145 335	11 197 076	(1 275 073)	1 265 236	**11 332 574**

39. Financial risk management continued

As at 31.12.2020.

		Contractual cash flows				
	Carrying value	On demand	Up to 1 year	1-5 years	More than 5 years	Total
As at 31.12.2020.	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Assets						
Cash and cash equivalents	31 390	31 390	-	-	-	**31 390**
Loans and advances to customers	3 823 048	-	2 492 398	4 280 203	336 272	**7 108 872**
Loans to non related parties	36 726	-	37 824	-	-	**37 824**
Trade receivables	1 865 204	-	1 865 204	-	-	**1 865 204**
Finance lease receivables	23 197 179	-	15 237 158	28 363 718	2 235 026	**45 835 902**
Total undiscounted financial assets	28 953 547	31 390	19 632 584	32 643 921	2 571 298	**54 879 192**
Liabilities						
Funding attracted through peer-to-peer platforms	(11 286 496)	-	(4 133 041)	(9 031 493)	(9 111)	**(13 173 645)**
Lease liabilities for right-of-use assets	(142 530)	-	(86 245)	(66 229)	-	**(152 474)**
Loans from non related parties	(1 396 947)	-	(1 508 704)	-	-	**(1 508 704)**
Loans from related parties	(8 488 143)	-	(1 103 459)	(10 032 985)	-	**(11 136 444)**
Other current liabilities	(484 032)	-	(484 295)	-	-	**(484 295)**
Total undiscounted financial liabilities	(21 798 148)	-	(7 315 744)	(19 130 707)	(9 111)	**(26 455 561)**
Net undiscounted financial assets / (liabilities)	7 155 399	31 390	12 316 840	13 513 214	2 562 188	**28 423 631**

Credit risk

The Company is exposed to credit risk through its finance lease receivables, loans and advances to customers and related parties as well as cash and cash equivalents.

The key areas of credit risk policy cover lease granting process (including solvency check of the lease), monitoring methods, as well as decision making principles.

The Company operates by applying a clear set of finance lease granting criteria. This criteria includes assessing the credit history of customer, means of lease repayment and understanding the lease object. The Company takes into consideration both quantitative and qualitative factors when assessing the creditworthiness of the customer. Based on this analysis, the Company sets the credit limit for each and every customer.

When the lease agreement has been signed, the Company monitors the lease object and customer's solvency. The Company has developed lease monitoring process so that it helps to quickly spot any possible non-compliance with the provisions of the agreement. The receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimized, and, where appropriate, provisions are being made (Note 19 and 20).

The Company does not have a significant credit risk exposure to any single counterparty, but has risk to group of counterparties having similar characteristics.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company is maintaining a diversified portfolio. It's main product is subprime lease, however it is offering also near prime lease, as well as loans and advances to customers.

40. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Company.

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

The Company does not have any assets or liabilities classified within Level 1 or Level 2.

Company has not presented in separate disclosure classification levels of fair value information for the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Trade and other receivables, cash and cash equivalents, and trade and other payables carrying amount is reasonable approximation of fair value. Further, the fair value disclosure of lease liabilities is also not required.

Fair value of finance lease and loan receivables is not smaller from the carrying value, which is present value of minimum lease and loan payments discounted using effective agreement interest rate and adjusted for impairment allowance.

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

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

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

41. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company considers total capital under management to be equity as shown in the statement of financial position.
The amount of capital that the Company managed as of 31.12.2021 was 2 295 698 EUR (2020: 6 277 399 EUR).

Management reviews its capital position on a regular basis to maintain sufficient funds in order to support the medium and long-term strategic goals of the Company.

42. Legal claims

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, the Company is involved in various litigation, arbitration and regulatory proceedings, in the ordinary course of its business. The Company has formal controls and policies for managing legal claims. At year end, the Company had several unresolved legal claims, none of them individually neither in aggregate are significant to the Company.

43. Events after reporting period

Since the last day of the reporting year several significant events took place:

1) On April 30, 2022 the Company has concluded credit line issued by AS Citadele banka together with other related companies "mogo" OU and AS "mogo" on the 13 million line of credit from 20, April, 2022 until 30, September 2023 as result, the Company's credit line limit increasing to 7,4 million euros. As a result of this agreement, the Company's credit line limit was increased to LTL 7.4 million euros.

2) 2022 on February 24 the beginning of the Russian invasion of Ukraine did not have a significant impact on the Company's business, as the Company has no business directly related to Russia, Belarus and Ukraine or others authorized entities.

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

Signed on behalf of the Company on 30 June 2022 by:

Laurynas Dzindzelėta Director	Sonata Šablinskaitė-Braškienė Chief accountant