TIGO FINANCE DOOEL Skopje

Financial Statements prepared in accordance with International Financial Reporting Standards

Year Ended December 31, 2021

CONTENTS

Independent Auditor's Report

Grant Thornton DOO
Sv.Kiril i Metodij 52b-1/20
1000 Skopje
North Macedonia

T +389 (0)2 3214 700
F +389 (0)2 3214 710
E Contact@mk.gt.com
VAT No. 4030003475973

To the Sharehoders of

Tigo Finance LLC Skopje

We have audited the accompanying financial statements of Tigo Finance LLC Skopje (further referred to as "the Company"), which comprise the Statement of financial position as of 31 December 2021, and the Statement of comprehensive income, the Statement of changes in equity and the Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, included on pages 2 to 35.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing stadards accepted in the Republic of North Macedonia[1]. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tigo Finance LLC Skopje as of 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Other matters

The financial statements as of and for the year ended 31 December 2020 are not audited and are included in these financial stetements for comperative purpose only.

Друштво за ревизија ГРАНТ ТОРНТОН ДОО Скопје

Suzana Stavrikj
Director
Grant Thornton DOO, Skopje

Suzana Stavrikj
Certified Auditor

Skopje, 27 June 2023

[1] International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board ("IAASB"), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia no.79 from 2010.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(In thousands of Denars)

	Note	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Interest income		472,235	70,264
Interest expense		(32,539)	(6,376)
Net interest income	5	439,696	63,888
Fee and commission income	6	65,618	18,154
Impairment losses	7, 24.6	(126,661)	(15,885)
Expenses related to peer-to-peer platform services	8	(3,741)	(810)
Selling expenses	9	(33,602)	(1,048)
Administrative expenses	10	(176,802)	(24,129)
Other operating expenses	11	(11,493)	(106)
Net foreign exchange result		(266)	(248)
Profit before income tax		152,749	39,816
Corporate income tax for the year	12	(20,287)	(3,945)
Deferred corporate income tax	12	(5,230)	-
Profit for the year		127,232	35,871
Other comprehensive income		-	-
Total comprehensive income for the year		127,232	35,871

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

These financial statements were approved by the management of the Company on May 10, 2023.

Approved by,

Oskars Dzalbs through proxy
Darko Stojanovski
Managing Director

Финансиско друштво ФИНТЕК 3 ДОО Скопје

Prepared by,

Hristina Nasevska

Chief accountant

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(In thousands of Denars)

	Note	December 31, 2021	December 31, 2020 not audited
ASSETS			
Non-current assets			
Intangible assets	13	34,858	16,389
Right-of-use assets	13	18,073	5,041
Plant and equipment	13	4,998	6,508
Leasehold improvements	13	684	445
Loans to related parties		-	12,339
Loans and advances to customers	14	130,639	6,059
		189,252	**46,781**
Current assets			
Loans and advances to customers	14	525,754	246,343
Trade receivables	15	3,577	38
Prepaid expense		591	1,356
Other receivables	16	26,238	11,347
Cash and cash equivalents	17	36,121	29,700
		592,281	**288,784**
TOTAL ASSETS		**781,533**	**335,565**
LIABILITIES			
Non-current liabilities			
Liabilities for rights-of-use assets		8,976	2,375
Long-term borrowings	18	188,581	6,094
		197,557	**8,469**
Current liabilities			
Short-term borrowings	19	248,432	160,198
Liabilities for rights-of-use assets		10,071	2,766
Trade payables	20	8,334	2,135
Payables to related parties	21	5,119	26
Corporate income tax payable		11,020	1,584
Other liabilities	22	19,486	8,290
Accrued liabilities		3,442	1,257
		305,904	**176,256**
Total liabilities		**503,461**	**184,725**
EQUITY			
Paid-in capital	23	101,622	101,622
Statutory reserves		4,009	2,086
Reserves from reinvested profit		9,244	-
Retained earnings		163,197	47,132
		278,072	**150,840**
TOTAL EQUITY AND LIABILITIES		**781,533**	**335,565**

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

These financial statements were approved by the management of the Company on May 10, 2023.

Approved by,

Oskars Dzalbs through proxy
Darko Stojanovski
Managing Director

Финансиско друштво ФИНТЕК 3 ДОО Скопје

Prepared by,

Hristina Nasevska

Chief accountant

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(In thousands of Denars)

	Note	Paid-in capital	Reserves	Retained earnings	Total Equity
Balance as of January 1, 2020 (not audited)		55,351	-	13,347	68,698
Profit for the year		-	-	35,871	35,871
Other comprehensive income		-	-	-	-
Total comprehensive income		**55,351**	**-**	**49,218**	**104,569**
Increasing paid-up capital		46,271	-	-	46,271
Allocation for legal reserve		-	2,086	(2,086)	-
Total transactions with shareholders		**46,271**	**2,086**	**(2,086)**	**46,271**
Balance as of December 31, 2020 (not audited)	24	**101,622**	**2,086**	**47,132**	**150,840**
Balance as of January 1, 2021		101,622	2,086	47,132	150,840
Profit for the year		-	-	127,232	127,232
Other comprehensive income		-	-	-	-
Total comprehensive income		**101,622**	**2,086**	**174,364**	**278,072**
Increasing paid-up capital		-	-	-	-
Allocation for legal reserve		-	11,167	(11,167)	-
Total transactions with shareholders		**-**	**11,167**	**(11,167)**	**-**
Balance as of December 31, 2021	24	**101,622**	**13,253**	**163,197**	**278,072**

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

These financial statements were approved by the management of the Company on May 10, 2023.

Approved by,

Oskars Dzalbs through proxy
Darko Stojanovski
Managing Director

Prepared by,

Hristina Nasevska

Chief accountant

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In thousands of Denars)

	Note	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Cash flows from operating activities			
Profit before tax		127,232	35,871
Adjustments for:			
Losses from impairment of loans		126,661	15,885
Depreciation and amortization		17,270	423
Interest expense		32,539	6,376
Interest income		(472,235)	(70,264)
Operating loss before working capital changes		*(168,533)*	*(11,709)*
(Increase) / decrease of loan receivables and other current assets		(519,695)	69,706
Increase / (decrease) of trade payables and other liabilities		39,881	(59,290)
Operating loss after working capital changes		*(648,347)*	*(1,293)*
Interest received		455,413	70,592
Interest paid		(31,237)	(10,850)
Income tax paid		(10,851)	(16,454)
Net cash flows (used in) / from operating activities		**(235,022)**	**41,995**
Cash flows from invsting activities			
Purchase of equipment and intangible asset		(27,976)	(2,628)
Net cash flows used in investing activities		**(27,976)**	**(2,628)**
Cash flows from financing activities			
Infolows from / (repayments of) borrowings		269,419	(77,065)
Paid in capital		-	46,271
Net cash flows from / (used in) financing activities		**269,419**	**(30,794)**
Increase in cash and cash equivalents during the period		6,421	8,573
Cash and cash equivalents at the beginning of the period	17	29,700	21,127
Cash and cash equivalents at the end of the period	17	**36,121**	**29,700**

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

These financial statements were approved by the management of the Company on May 10, 2023.

Approved by,

Oskars Dzalbs through proxy
Darko Stojanovski
Managing Director

Prepared by,

Hristina Nasevska

Chief accountant

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. GENERAL INFORMATION

TIGO FINANCE DOOEL Skopje ("the Company") is a limited liability company, registered on September 11, 2017 in the Central Register of Republic of North Macedonia under registration number 7229712. The seat and the management address is Skopje, Str. Aminta Treti, No. 37/1/floor 1, Skopje, North Macedonia.

The Company is start-up company which is licensed as a financial company by the Ministry of Finance of the Republic of North Macedonia on 25 August 2017 with license number 13-6093/4 under Article 13 of the Law on Financial Companies.

The Company's main activity is other loan mediation, with focus on consumer loans lending.

The Company's majority owner is AS Eleving Consumer Finance Holding with 100% ownership (2020: 100.00%). The ultimate controlling owner is SIA APPLES Capital, a limited liability company registered in Liepaja, Latvia.

As of December 31, 2021 the Company has 128 employees (2020: 62 employees).

During 2021 and 2020 and on the approval date of these financial statements, the Company was managed and led by Mr. Filip Dimitrovski.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board (the "IASB").

The IFRS accounting policies set out below have been consistently applied by the Company to all periods presented in these financial statements. The accompanying financial statements are the Company's stand-alone financial statements. The Company has no subsidiaries and therefore do not prepare consolidated financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for fair value through other comprehensive income financial assets and financial assets held at fair value through profit or loss which have been measured at fair value.

These financial statements have been also prepared under the going concern assumption.

2.3 Impact of Covid 19

Although the COVID-19 pandemic is not over and there remain some uncertainty in global events, the management is sure that have all the necessary resources at its disposal to address to the challenges the future can bring.

As a result of this, it can be concluded that the application of the assumption of continuity, on the basis of which these financial reports are made, is appropriate.

2.4 Functional and reporting currency

The financial statements are presented in Denars, which is the Company's reporting and functional currency. All financial information is presented in Denars, rounded to the nearest thousand.

Upon initial recognition, foreign currency transactions are reported in the functional currency, applying the exchange rate as of the date of the transaction. Cash and cash equivalents, loans and receivables, investments in securities, loans and other payables as monetary reporting items, denominated in foreign currency, are reported in the functional currency at the exchange rate, daily published by the National Bank of the Republic of North Macedonia.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Functional and reporting currency (Continued)

As of December 31, 2021, all items denominated in foreign currency are measured using the official exchange rates of the National Bank of the Republic of North Macedonia applicable on that day. As of December 31, the exchange rates that have the most significant impact on the Company's activities are:

Foreign Currency	December 31, 2021	December 31, 2020
1 EUR	MKD 61.6270	MKD 61.6940

Non-monetary reporting items in the statement of financial position initially denominated in foreign currency are reported in the functional currency at the historical exchange rate as of the date of the transaction and are not subsequently measured at closing exchange rate.

Foreign exchange gains and losses, related to the settlement of foreign currency transactions or accounting of foreign currency transactions initially recognized at different exchange rates are reported in the statement of comprehensive income as "Other operating income", when they arise.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.6 Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) are effective for the current reporting period:

Amendments to IFRS 16 "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual reporting periods beginning on or after 1 April 2021. Earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued),

Amendments to IFRS 16 "Leases" - Covid-19-Related Rent Concessions are effective for annual periods beginning on or after 1 June 2020 but earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020 (the amendment is also available for interim reports),

Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" - Interest Rate Benchmark Reform — Phase 2 (effective for annual periods beginning on or after 1 January 2021).

The adoption of these amendments to the existing standards has not led to any material changes in the Company's financial statements.

2.7 New standards and amendments to existing standards in issue not yet adopted

At the date of authorisation of these financial statements, the following new standard and amendments to existing standards were in issue, but not yet effective:

IFRS 17 "Insurance Contracts" including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),

Amendments to IFRS 3 "Business Combinations" - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022),

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 New standards and amendments to existing standards in issue not yet adopted (Continued)

Amendments to IFRS 4 "Insurance Contracts" – Extension of the Temporary Exemption from Applying IFRS 9 (the expiry date for the temporary exemption from IFRS 9 was extended to annual periods beginning on or after 1 January 2023),

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),

Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),

Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),

Amendments to IAS 16 "Property, Plant and Equipment" - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022),

Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022),

Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.)

The Company has elected not to adopt the new standard and amendments to existing standards in advance of their effective dates. The Company anticipates that the adoption of the standard and amendments to existing standards will have no material impact on the financial statements of the Company in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Comparative Information

The Company presents comparative information in its financial statements for one prior reporting period.

When reported items and transactions need to be reclassified and present as a separate component of the financial statements, in order to give truer and fairer view, comparative information for prior year is reclassified to achieve comparativeness to the current reporting period. When the accounting policy is changed, an error from prior period is corrected or the presentation of financial information is changed the adjustment is recognized retrospectively and the Company presents additionally a statement of financial position as of the beginning of the comparative period.

3.2 Interest Income and Expense

Interest income and expenses are recognized in the statement of comprehensive income in accordance with the accrual principle based on the effective interest rate method. Interest income and expenses include amortization of discount and premiums, as well as of other differences between the initial carrying amount and the amount on maturity of the financial assets and liabilities, estimated on effective interest rate basis.

The effective interest rate method is a method of determining the amortized cost of a financial instrument and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the interest that exactly discounts the estimated future cash proceeds or payments (including all fees and other allowances and discounts received) through the expected life of the financial instrument.

At determining the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and commissions, paid to or received from the contractual parties, as well as the transaction costs, however, it does not include costs the customer is directly responsible for, e.g. taxes, notary fees, insurance instalments, registration fees, etc.

Once a loan has been impaired, interest income is recognized using the effective interest rate at loan granting. Interest income and expense related to financial instruments are stated in “Interest income” and “Interest expense” in the statement of comprehensive income.

3.3 Fees and Commissions Income and Expense

Income and expenses on fees and commissions from financial services are recognized in the statement of comprehensive income when the relevant service is provided.

Fees and commissions are recognized on accrual basis when the service is provided/received, except for fees that are directly related to the granting/receiving of loans (together with the relevant direct costs) and are recognized (amortized) over the respective loan term in the statement of comprehensive income as a component of the effective interest – see note 3.2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Employee Benefits

The Company, in the normal course of business, makes payments on behalf of its employees for pensions, health care, employment and personnel tax that are calculated on the basis of gross salaries and wages according to the local legislation. The Company makes these contributions to the Government's health and retirement funds, at the statutory rates in force during the year, based on gross salary payments. The cost of these payments is charged to the statement of comprehensive income in the same period as the related salary cost.

The Company pays benefits upon retirement in an amount equal to two average monthly salaries earned in the Republic of North Macedonia. The management believes that the present value of the future obligations to employees, with respect to retirement benefits, is not materially significant and hence, it has not recognized a provision for the aforementioned payments.

3.5 Income Tax

Current Income Taxes

Income tax payable is calculated and paid pursuant to the provisions of Income Tax Law. The payment of monthly income tax liability is made in advance as determined by the tax authorities. The final income tax for 2021 and 2020 is calculated at rate of 10% based on the profit as determined from the statement of comprehensive income, adjusted for certain not tax-deductible expenses in accordance with local regulations.

Deferred Income Tax

Deferred income taxes are provided using the statement of financial position liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The currently enacted tax rates at the statement of financial position date are used to determine the deferred income tax. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for deductible temporary differences and the tax effects of income tax losses are carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the tax loss carry forwards may be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to appy in the period in which the liability is to be settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

3.6 Right-of-use-asset

The details of accounting policies in accordance with IFRS 16 are presented separately below.

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Rignt-of-use asset (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described below in “Property and Equipment”.

3.7 Property, plant and equipment

Equipment is carried at cost, less accumulated depreciation and any accumulated impairment loss. The initial cost of an item comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Cost also comprises the cost of replacement of fixed asset components when incurred if the recognition criteria are met.

Subsequent expenditures, such as repair or maintenance costs, are expensed in the reporting period in which they were incurred.

Depreciation is charged on a straight-line basis at prescribed rates over the estimated useful life. No depreciation is provided on construction in progress until the constructed assets are put into use.

The depreciation rates for the year 2021 and 2020 applied to the various classes of property and equipment are as listed below:

	2021	**2020**
Furniture and other equipment	10-33,33%	10-33,33%
Leasehold improvements	15%	15%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Intangible Assets

Intangible assets with a definite useful life that are acquired separately are recorded at cost, net of accumulated amortization and impairment losses. Amortization is recognized on a straight-line basis over the useful life. The useful life and amortization methods are reviewed at the end of each reporting period, taking into account any changes in the prospective basis.

An intangible asset is derecognized when it is disposed of or when there are no expected future economic benefits from its use. The gain or loss arising from the derecognition of the intangible asset, measured as the difference between the net sales value and the current carrying value of the asset, is recognized as income or expense when it is derecognized. When an impairment is subsequently reversed, the current carrying value is increased to the revised estimated recoverable amount, but not exceeding the carrying value that would have been determined if the impairment had not been recognized previously. The reversal of impairment is recognized in the income statement immediately.

The Company's intangible assets consist of computer software for internal use. The depreciation rate, based on the estimated useful life for 2021, is 7 years (2020: 7 years useful life)

3.9 Financial Assets

The Company classifies its financial assets in the category loans and receivables. Upon initial recognition in the statement of financial position, the Company's management determines the designation and classification of each financial asset.

Generally, the Company recognizes its financial assets in the statement of financial position on the trade date - the date on which it commits (undertakes an ultimate engagement) to purchase the respective financial assets. All financial assets are initially measured at their fair value plus the directly attributable transaction costs.

Financial assets are derecognized from the statement of financial position of the Company when the rights to receive cash (cash flows) from these assets expired or transferred, and the Company has transferred substantially all risks and rewards of ownership of the asset to another person.

If the Company retains substantially all risks and rewards associated with the ownership of a particular transferred financial asset, it continues to recognize the asset on its statement of financial position, but also recognizes a secured liability (loan) in respect of the consideration received.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at current accounts with commercial banks and cash collected by payment institutions - partners of the Company that at the end of the reporting period had not been transferred to Company's account. Cash and cash equivalents for the purposes of the statement of cash flows comprise cash in hand and cash at bank accounts – on demand and/or with original maturity up to 3 months, not restricted (not blocked).

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or identifiable payments that are not quoted on an active market. This group of financial assets includes loans granted and advances to customers, and other receivables.

Receivable from a customer arises and is recognized in the statement of financial position upon payment of the loan amount to the customer and/or the execution of certain procedures, including the presentation and verification of the documents required. The Company grants consumer loans to physical persons with good credit history. Loans and receivables are subsequently recognized at amortized cost by applying the effective interest rate method.

Wherever possible, the Company measures the fair value of an instrument using an active market quoted prices for such instrument. The market is considered to be active if quoted prices are readily and regularly available and represent actually and regularly execution of direct market transactions. If there is no active market for a financial instrument, the Company measures the fair value using other valuation techniques.

Valuation techniques include the use of recent arm's length transactions between knowledgeable, willing parties (if any), reference to the current fair value of other essentially similar instruments, discounted cash flows methods and analyses and option pricing models. The valuation approach is, as follows: (a) to use maximum objective market data and rely as little as possible on specific to the Company estimates and effects; (b) to incorporate all factors that market participants would consider in price settings, and (c) measurement compatibility with the generally accepted methodologies and practices with regard to the financial instruments pricing methods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial Assets (Continued)

Loans and Receivables (Continued)

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions with the same instrument (i.e. with no modification or re-grouping) or based on other valuation techniques, which variables include only publicly available data. When transaction price provides the best evidence of the fair value at initial recognition, the financial instrument is initially measured at that transaction price and any difference between that price and the value initially obtained from a valuation model is subsequently recognized through current profit or loss for the year, depending on the consolidated transaction facts and circumstances, but not later than the time when the valuation is fully supported by observable market data or the transaction is completed.

Fair value reflects the credit risk of the instrument by adjustments to assess the credit risk of the Company.

Impairment of Financial Assets

The Company uses the general approach and estimates expected credit losses (ECLs) on a collective basis. Collective approach for ECL calculation is justified by homogenous nature and shared credit risk characteristics of portfolios. Within each segment, portfolios further are segmented by days past due (DPD) and other qualitative factors and all ECL model's elements are estimated for each delinquency bucket. ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). Macroeconomic indicators and its dynamic are forward looking components used by the Company to improve ECL estimation.

Debt collection process

Nature of the Company's products implies delay of the payments for some part of the portfolio. The Company monitors DPD daily and has constant communication with the clients via e-mails, calls, or SMS. At later stages the Company may decide to proceed with involvement of external parties and legal proceedings for more efficient collections. The Company's debt collections policy is an integral part of daily operations. Given that debt collections process triggers important milestones that affect recoverability of the receivable, elements of ECL model are aligned with Company's debt collections process.

Default definition

Default occurs when agreement reaches 90 DPD. Until then extensive in-house debt collections process is executed with the aim to cure the account. Debt collection activities normally are outsourced after 90 DPD and at this point the Company does not expect respective agreements to cure but rather expect maximal recovery.

Staging

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

The Company's experience in lending suggests that DPD is a strong predictor of a credit default, thus DPD is the main quantitative factor for the backstop identification for Stage 2.

The Company applies the following definition:

- Stage 1: Loans with no significant increase in credit risk since origination. It is defined as no delay or low DPD loans and leases (see Stage 2 DPD backstop above).
- Stage 2: Loans with a significant increase in credit risk since origination.
- Stage 3: Loans that are in default, according to default definition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial Assets (Continued)

Impairment of Financial Assets (Continued)

Staging (Continued)

In the case of consumer portfolio due to unsecured nature, the Company uses only DPD for the grouping:

Bucket	Stage	Loss allowance
Current (DPD =0)	Stage 1	12mECLs or LTECLs if lifetime is less than 12 months
1-30 DPD	Stage 1	12mECLs or LTECLs if lifetime is less than 12 months
31-60 DPD	Stage 2 (SICR)	LTECLs
61-90 DPD	Stage 2 (SICR)	LTECLs
Default (90+ DPD)	Stage 3 (default)	LTECLs

Transfer between stages is based on DPD for consumer portfolios. It is quite unlikely event to move from Stage 2 to Stage 1 and almost impossible to move from Stage 3, thus no individual assessment is performed.

For trannser from Stage 2 to Stage 1, recoveries during middle stage of collection might indicate increase in credit risk from 31-60 DPD. In such cases should an exposure be triggered to have moved to Stage 2, then a healing period of 2 months is applied for a move to Stage 1.

For transfers from Stage 3 to Stage 2 and 1, It is determined to have two healing periods – one-month period to Stage 2 and further two-month period to Stage 1. This is considered appropriate in context of a prudent default definition of 61 DPD.

Generally, transfers to Stage 3 will happen based on DPD at day 61. However, transfer to Stage 3 may happen before default state is reached. This would be the case when debt collection processes undertaken by the Company indicate of unwillingness for the customer to cooperate.

ECL model

The measurement of ECL should reflect:

- Probability-weighted amount determined by evaluating a range of possible outcomes even if the probability of default is very low,
- Time value of money,
- Relevant information about past events, current conditions, and future macroeconomic forecasts.

The calculation of ECL is based on 5 parameters:

1. PD – an estimate of default likelihood over a given time horizon.
2. EAD – an estimate of the exposure at the future default date considering the expected changes in the exposure after the reporting period (e.g., repayments, drawdowns on committed facilities).
3. LGD – an estimate of loss arising if default event occurs. It is based on the difference between the contractual cash flows and cash flows that are expected to be collected after the default event.
4. Distribution vector – an estimate of the share of PD to materialize in each period over 12 month /lifetime horizon.
5. Discount rate – effective interest rate that is used to discount the expected credit losses to a present value at the reporting date.

ECL of portfolio is calculated as sum of ECL in each respective delinquency bucket across all delinquency buckets as per grouping of exposures.

Stage 1 and Stage 2 delinquency buckets ECL are calculated in the following way:

$$\boldsymbol{ECL = PD * LGD * EAD * \frac{\sum_{t=1}^{T} V_t}{D_t}},$$

For Stage 3 assets, since default has taken place already, PD, EAD, distribution vector are not modelled as opposed to Stage 1 and Stage 2 assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial Assets (Continued)

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in equity instrument that the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.10 Financial Liabilities

All financial liabilities, including borrowings and trade payables, are recognized initially at fair value, net of transaction costs incurred. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

3.11 Transactions with Peer-to-Peer Platforms

The Company, as a lender, has entered into a cooperation agreement with an internet-based peer-to-peer investment platform operator (Mintos Marketplace AS, hereinafter referred to as "Mintos"). The cooperation agreement and related receivable purchase agreements remain in effect until the parties agree to terminate them. The purpose of the cooperation agreement for the Company is to attract funds through the P2P platform. The P2P platform enables individuals and corporate investors to acquire rights to proportional cash flows for interest and principal from debt instruments (loans and advances to customers) issued by the Company in exchange for upfront payments. These rights are established through receivable purchase agreements between investors and Mintos, which acts as an agent on behalf of the Company

The company retains the right to its debt instruments (including collection), but transfers a portion of legal ownership and interest to investors through Mintos.

Mintos Receivables and Payables

Mintos 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 Mintos.

Receivable is arising from assignments made through P2P platform where the related investment is not yet transferred to the Company (Note 16).

Funding Attracted through Peer-to-Peer Platform

Liabilities arising from assignments 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 18 and 19) and are treated as loans received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Transactions with Peer-to-Peer Platforms (Continued)

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 considering any issue costs, and any discount or premium on settlement. Gains and losses are recognized in the statement of profit or loss as interest income/ expense when the liabilities are derecognized.

The Company has to repay to the investors 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 12 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.

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 and similar expenses (Note 5).

3.12 Paid-in Capital, Reserves, and Retained Earnings

Share capital represents the paid-up capital of the Company that is not subject to distribution and represents the nominal value of the shares.

Reserves are recorded at nominal value on separate accounts based on their purpose or obligation for allocation and include legal reserves, statutory reserves, and other reserves. Reserves are created during periods by allocating retained earnings in accordance with legal regulations and decisions of the Company's shareholders.

Retained earnings include the losses/profits from the current and previous periods.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The presentation of the financial statements requires the Company's management to make best estimates and reasonable assumptions that influence the assets and liabilities amounts, the disclosure of contingent liabilities and receivables as of the date of preparation of the financial statements, as well as the income and expenses arising during the accounting period. These estimations and assumptions are based on information available to us, as of the date of preparation of the financial statements. However, actual results may vary from these estimates.

Basic assumptions relating to the future events and other significant sources of uncertainties in rendering an estimate as of the balance sheet date, which bears the risk that may lead to significant restatement of the net book value of assets and liabilities in the ensuing financial year, were as follows:

Fair Value

In the Republic of North Macedonia, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not readily available. As a result, the fair value cannot readily or reliably be determined in the absence of an active market. The Management assesses its overall risk exposure, and in instances in which it estimates that the value of assets stated in its books may have not been realized, it recognizes a provision. In the opinion of management, the reported carrying amounts are the most valid and useful reporting values under the present market conditions.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The carrying value less impairment provision of short-term trade and other receivables and the carrying value of trade and other payables and short-term borrowings are assumed to approximate their fair values, based on historical data and their relative short maturities. The fair value of other financial assets and liabilities for disclosures purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Company for similar financial instruments.

Useful Life of Assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic, industry factors or local market. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions.

Impairment of Financial Assets

The allowance for impairment of doubtful loans and receivables is formed based on the estimated losses arising from customer's default. The management's assessment is based on the ageing analysis of accounts receivable, historical write-offs, customer creditworthiness and changes in the terms of payments, identified upon determining the adequacy of allowance for impairment of doubtful receivables. This includes the assumptions on future customer behavior and future collections arising therefrom. The management believes that no allowance for impairment, except for the imapirment already included in the financial statements, is necessary. The impairment for doubtful accounts is based on estimated losses resulting from the inability of the third parties to comply with their contractual obligations. These estimations are based on the ageing of the account receivables balance and the historical write-off experience, customer credit-worthiness and changes in the customer payment terms when evaluating the adequacy of the impairment loss for doubtful accounts. These involve assumptions about future customer behavior and the resulting future cash collections. If the financial condition of the customers were to deteriorate, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far. The management believes that there is no further impairment provision required in excess of the allowance for doubtful debts already recognized in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

5. NET INTEREST INCOME

	In thousands of Denars	
	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Interest income		
Interest income from loans and advances to customers	468,801	69,963
Other interest income	3,434	301
	472,235	**70,264**
Interest expense		
Interest expenses for loans from P2P platform investors	(30,217)	(6,314)
Interest expenses for bank liabilities and related parties	(1,658)	-
Interest expenses for lease liabilities	(664)	(62)
	(32,539)	**(6,376)**
Net interest income	**439,696**	**63,888**

6. FEE AND COMMISSION INCOME

	In thousands of Denars	
	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Income from penalties received	68,493	19,041
Income from commissions	2,600	423
	71,093	**19,464**
Gross expenses from debt collection activities	(5,475)	(1,310)
	(5,475)	**(1,310)**
	65,618	**18,154**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

7. IMPAIRMENT LOSSES

In thousands of Denars

	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Change in impairment	221,951	34,449
Release for the year	(95,290)	(18,564)
Written off debts	-	-
	126,661	**15,885**

8. EXPENSES RELATED TO PEER-TO-PEER PLATFORM SERVICES

In thousands of Denars

	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Service fee for using P2P platform	3,741	810
	3,741	**810**

9. SELLING EXPENSES

In thousands of Denars

	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Online marketing expenses	10,037	622
TV advertising	12,271	-
Radio advertising	874	-
Other marketing expenses	10,420	426
	33,602	**1,048**

10. ADMINISTRATIVE EXPENSES

In thousands of Denars

	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Employees' salaries	65,284	12,241
Expenses from management fee	57,960	-
Amortization and depreciation	17,270	423
Professional services	2,273	930
Office and branches' maintenance expenses	11,975	2,314
IT services	3,305	4,580
Credit database expenses	6,234	1,722
Employee recruitment expenses	225	36
Communication expenses	3,772	1,064
Business trip expenses	567	60
Donations	96	35
Bank commissions	2,244	551
Low value equipment expenses	1,143	24
Other personnel expenses	334	55
Transportation expenses	2,245	75
Insurance expenses	-	-
Other administration expenses	1,875	19
	176,802	**24,129**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

11. OTHER OPERATING EXPENSES

	In thousands of Denars	
	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Non-deductible VAT from management services	10,444	-
Provision expenses for possible withholding tax liabilities	38	-
Other operating expenses	1,011	106
	11,493	**106**

12. CORPORATE INCOME TAX

For the year ended December 31, 2021 the income tax is calculated at a rate of 10% to the profit determined in the Statement of Comprehensive Income, adjusted for certain items in accordance with the law provisions and the amount of expenses which are not recognized for tax purposes.

	In thousands of Denars	
	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Current corporate income tax charge for the reporting year	20,287	3,945
Deferred corporate income tax due to changes in temporary differences	5,230	-
Corporate income tax charged to the income statement:	**25,517**	**3,945**

The relation between the tax expense and the accounting profit is as follows:

	In thousands of Denars	
	Year ended December 31, 2021	Year ended December 31, 2020 not audited
Profit before tax	152,749	39,816
Non-deductible expense:		
Uncollected loans	-	12,338
Impairment losses	145,796	84,730
Other non-deductible expenses	3,086	796
Decrease of tax basis:		
Collected receivables and loans, for which the tax basis was decreased in previous years	(38,044)	(20,637)
Losses carried forward from previous years	(23,667)	(6,185)
Reinvested profit	(9,244)	-
Temporary difference in portfolio due to difefrent local accounting standards	(27,810)	(71,410)
Tax basis	202,866	39,448
Effective tax rate 13.28% (2020: 9.91%)	**20,287**	**3,945**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

13. EQUIPMENT AND INTANGIBLE ASSETS

	Furniture and other office equipment	Leasehold improvement	Rights-of-use assets	Intangible assets
Cost				
Balance as of January 1, 2020 (not audited)	14,469	4,042	8,794	24,024
Additions	111	591	1,217	1,926
Disposal	(121)	(251)	-	-
Balance as of December 31, 2020 (not audited)	**14,459**	**4,382**	**10,011**	**25,950**
Additions	2,019	739	19,531	25,218
Disposal	(20)	-	-	-
Balance as of December 31, 2021	**16,458**	**5,121**	**29,542**	**51,168**
Accumulated depreciation/amortization				
Balance as of January 1, 2020 (not audited)	6,693	3,479	4,192	11,432
Charge for the year / reversal	929	588	778	(1,871)
Disposal	(48)	(130)	-	-
Other reconciliations	377	-	-	-
Balance as of December 31, 2020 (not audited)	**7,951**	**3,937**	**4,970**	**9,561**
Charge for the year	3,522	500	6,499	6,749
Disposal	(13)	-	-	-
Correction from previous years	-	-	-	-
Balance as of December 31, 2021	**11,460**	**4,437**	**11,469**	**16,310**
Carrying amount as of				
- December 31, 2020 (not audited)	**6,508**	**445**	**5,041**	**16,389**
- December 31, 2021	**4,998**	**684**	**18,073**	**34,858**

During 2021, the Company sold equipment with a net carrying value totalling 7 thousand denars. The capital gain from the sale of the equipment amounted to 1 thousand denars. During 2020, the Company sold equipment with a net carrying value totalling 555 thousand denars. The net capital loss from the sale of the equipment amounts to 35 thousands denars i.e. capital gain in the amount of 15 thousands denars and capital loss in the amount of 50 thousands denars.

During 2021, the Company did not make any write-offs of equipment and leasehold improvements. During 2020, the Company wrote off equipment and leasehold improvements with a net carrying value totalling 2,555 thousand denars. The loss from the write-off of equipment and leasehold improvements amounted to 2,086 thousand denars.

As of December 31, 2021, and 2020, the Company did not have any liens on equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

14. LOANS AND ADVANCESTO CUSTOMERS

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Loans and advances to customers, gross		
Non-current loans and advances to customers	145,342	7,775
Current loans and advances to customers	805,600	403,837
Accrued interest (current)	67,876	51,054
	1,018,818	**462,666**

	In thousands of Denars			
	December 31, 2021		December 31, 2020 not audited	
Loans and advances to customers, net	**Non-Current**	**Current**	**Non-Current**	**Current**
Loans and advances to customers	145,342	784,647	7,775	403,837
Accrued interest	-	67,876	-	51,054
Fees paid and received upon loan disbursment	-	(7,361)	-	(2,814)
Impairment allowance	(14,703)	(319,475)	(1,716)	(205,734)
	130,639	**525,754**	**6,059**	**246,343**

The movement of the account for provisions for impairment of loans to customers during 2021 and 2020 is as follows:

	In thousands of denars	
	2021	**2020**
On January 1	207,517	100,521
Additional impairment provision	262,855	207,415
Release of impairment provision	(136,194)	(100.521)
On 31 December	**334,178**	**207,415**

15. TRADE RECEIVABLES

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Accrued interest receivable from Eleving Group S.A.	3,472	-
Other receivables	105	38
	3,577	**38**

16. OTHER RECEIVABLES

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Receivable for attracted funding through P2P platform	25,543	10,701
Advances to employees	174	-
Other debtors	521	646
	26,238	**11,347**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

17. CASH AND CASH EQUIVALENTS

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Cash in banks:		
- local currency	11,972	16,565
- foreign currencies	18,736	11,804
Cash in hand:		
- local currency	5,413	1,331
	36,121	**29,700**

18. LONG-TERM BORROWINGS

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Loan from related party, with maturity up to October 6, 2025 and interest at the rate of 12% p.a.	138,661	-
Financing received from P2P investors, with maturity up to December 31, 2022 and interest at the rate from 7.45% p.a.	49,920	6,094
	188,581	**6,094**

The short-term and long-term borrowings are unsecured.

19. SHORT-TERM BORROWINGS

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Financing received from P2P investors, with maturity up to December 31, 2023 and interest at the rate od 7.45 % p.a.	245,775	158,843
Accrued interest for borrowing from related parties	1,657	-
Accrued interest for financing received from P2P investors	1,000	1,355
	248,432	**160,198**

Attracted funding from P2P platform is transferred to Company's bank account once per week. Total receivables for attracted funding not yet received from P2P platform as at statement of financial position dates were:

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Receivables for attracted funding through P2P platform (Note 16)	25,543	10,701
	25,543	**10,701**

20. TRADE PAYABLES

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Domestic trade payables	8,211	1,594
Foreign trade payables	123	567
	8,334	**2,161**

21. PAYABLES TO RELATED PARTIES

Payables to related parties in the amount of Denar 5,119 thousand relate to trade payables to Eleving Consumer Finance.

22. OTHER LIABILITIES

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Liabilities for value added tax	2,983	937
Liabilities to employees	3,906	2,136
Liabilities for loan activation	5,578	4,188
Liabilities for personal income tax	321	198
Liabilities for social contributions	1,463	831
Deferred income tax	5,230	-
Witholding tax	5	-
	19,486	**8,290**

23. EQUITY

As of December 31, 2021 the paid-in and registered capital of the Company amounts to 1,650,000 Euros (2020: 1,650,000 Euros) or Denar 101,622 thousand (2020: Denar 101,622 thousand). The Company's ownership structure as of December 31, 2021 and 2020 is as follows:

	In Euros		In %	
	2021	December 31 2020 not audited	2021	December 31 2020 not audited
AS Eleving Consumer Finance Holding	101,622	101,622	100.00%	100.00%
	101,622	101,622	100.00%	100.00%

24. FINANCIAL RISKS

24.1 Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders.

The Company's management reviews the capital structure on an annual basis. As part of this review, the Management considers the cost of capital and the risks associated with each class of capital. The gearing ratio at the year-end was as follows:

	In thousands of Denars	
	December 31, 2021	December 31, 2020 not audited
Total loans payables	437,013	166,292
Liabilities for rights-of-use assets	19,047	5,141
Less: Cash and cash equivalents	(36,121)	(29,700)
Net debt	419,939	141,733
Total equity	278,072	150,840
Gearing ratio	**1.51**	**0.94**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

24.2 Financial Risk Management Objectives

The financial risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The financial risks are monitored on a timely basis and are mitigated primarily through the reduction of the Company's exposure to those risks. The Company does not use any special financial instruments to hedge against these risks since such instruments are not in common use in the Republic of North Macedonia.

24.3 Market Risks

The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures are supplemented by sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

24.4 Foreign Currency Risk Management

The Company enters into transactions denominated in foreign currencies related to the purchases, receivables and payables and loans and borrowings as well. The Company does not use any special financial instruments to hedge against these risks since such instruments are not in common use in the Republic of North Macedonia. Therefore, the Company is potentially exposed to market risk related to possible foreign currency fluctuations, which is however mitigated to some extent by the set off from credit and debit balances in the same currencies.

The exposure of the Company to foreign currencies is mainly in EUR and therefore, the currency risk of the Company is assessed at minimum.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL RISKS (Continued)

24.4 Foreign Currency Risk Management (Continued)

				In thousands of Denars
	ASSETS		LIABILITIES	
EUR	December 31, 2021	December 31, 2020 not audited	December 31, 2021	December 31, 2020 not audited
Cash and cash equivalents	18,736	11,804	-	-
Receivables from P2P platform Investors	25,543	11,081	-	-
Trade receivables - Accrued interest receivable from Eleving Group SA	3,577	38	-	-
Advances receivable	131			
Loans to related parties	-	-	-	-
Short-term borrowings	-	-	248,432	160,198
Long-term borrowings	-	-	188,581	6,094
Payables to related parties	-	-	5,119	26
Trade payables and other payables	-	-	123	541
	47,987	22,923	442,255	166,859

Foreign Currencies Sensitivity Analysis

The following table details the Company’s sensitivity to a 10% increase and decrease in Denars against foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit and other equity where Denar weakens 10% against the foreign currency. For a 10% strengthening of Denar against the foreign currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be positive.

		In thousands of Denars
	2021	December 31, 2020 not audited
Expense	(39,440)	(14,432)
Profit/(loss)	(39,440)	(14,432)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL RISKS (Continued)

24.5 Interest Rate Risk Management

The Company's exposure to market risk for changes in interest rates relates to the Company's short-term and long-term borrowings at variable interest rate. This risk depends on the financial markets and the Company does not have any practical means to mitigate it.

	December 31, 2021	December 31, 2020 not audited
Financial assets		
Non-interest bearing		
- Accrued interest from loans and advances to customers	67,876	51,054
- Trade receivables	3,577	38
- Cash and cash equivalents	36,121	29,700
	107,574	**80,792**
Fixed interest rate		
- Loans and advances to customers, gross	950,942	411,612
- Receivables P2P platform Investors	25,543	10,701
	976,485	422,313
	1,084,059	**503,105**
Financial liabilities		
Non-interest bearing		
- Payables to related parties	5,119	26
- Trade payables and other liabilities	8,334	2,135
	13,453	**2,161**
Fixed interest rate		
-Long-term borrowings	188,581	6,094
- Short-term borrowings	248,432	160,198
- Liabilities for rights-of-use assets	19,047	5,141
	456,060	**171,433**
	469,513	**173,594**

As of 31 December 2021 and 2020, loans granted by the Company and the received funds for operating are at fixed rates. Therefore, the Management of the company considers the future cash flows risk from changes in interest rates as minimum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL RISKS (Continued)

24.6 Credit Risk

Credit Risk Measurement

Credit risk arises from money and cash, deposits with banks and financial institutions, as well as from credit exposure to corporate and retail clients, including receivables and liabilities. The exposure of the Company to credit risk arises from the inability to collect the placements and receivables in a timely manner. The Company has no significant concentration of credit risk. The Company has policies to ensure that service sales are made to customers with adequate credit history and pre-defined criteria that ensure a regular collection of receivables.

Risk Limitation Controls and Management Policy

The Company applies limits and controls for areas and items where a large concentration of credit risk is identified and in particular to individual customers or group of customers, trade counterparts, industries and regions, which are formed on the basis of the geographical regions in the countries where the company operates.

Maximum Credit Risk Exposure

		In thousands of Denars
	December 31, 2021	**December 31, 2020 not audited**
Credit risk exposure by items in the statement of financial position:		
Cash and cash equivalents	30,708	28,369
Loans to customers	656,393	252,402
Trade receivables	3,577	38
Receivables P2P platform Investors	25,543	10,701
	716,221	**291,510**

Loans to Customers

The above table shows the credit risk exposure of the Company as of December 31, 2021, and as of December 31, 2020. Regarding the assets in the statement of financial position, the credit risk exposure set out above is based on net carrying amounts as recognized in the statement of financial position of the Company as of the respective period. As of December 31, 2021, 92% (December 31, 2020: 87%) of the maximum exposure to credit risk is related to the loan portfolio. The Company's cash and cash equivalents and settlement operations are concentrated in different first-class banks. Upon distribution of cash flows among them, the Company's management considers number of factors, such as the amount of equity, reliability, liquidity, credit potential of the bank, etc.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL RISKS (Continued)

24.6 Credit Risk (Continued)

The distribution of the loans granted to customers is as follows:

In thousands of Denars
December 31, 2021

Loans and advances to customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	245,971	11,843	204,852	462,666
Transfer to Stage 1	446	(186)	(260)	-
Transfer to Stage 2	(2,210)	2,210	-	-
Transfer to Stage 3	(31,883)	(8,008)	39,891	-
New financial assets acquired	640,597	29,237	74,501	744,335
Receivables settled	(168,506)	(3,629)	(21,152)	(193,287)
Receivables written off	-	-	-	-
Receivables partially settled	(8,225)	(585)	13,914	5,104
Foreign exchange movements	-	-	-	-
	676,190	**30,882**	**311,746**	**1,018,818**

In thousands of Denars
December 31, 2021

Impairment allowance	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	(19,713)	(6,935)	(180,802)	(207,450)
Transfer to Stage 1	(284)	104	180	-
Transfer to Stage 2	193	(193)	-	-
Transfer to Stage 3	4,155	4,682	(8,837)	-
Impairment for new financial assets acquired	(31,033)	(17,108)	(53,060)	(101,201)
Reversed impairment for settled receivables	12,410	2,139	17,858	32,470
Reversed impairment for written off receivables	-	-	-	-
Net remeasurement of loss allowance	613	(741)	(57,806)	(57,934)
Foreign exchange movements	-	-	-	-
	(33,660)	**(18,052)**	**(282,467)**	**(334,178)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL RISKS (Continued)

24.6 Credit Risk (Continued)

The following table represents analysis of impaired and overdue loans by days past due:

				In thousands of Denars December 31, 2021
Loans and advances to customers, gross	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	624,144	-	-	624,144
Days past due up to 35 days	52,047	-	-	52,047
Days past due up to 60 days	-	30,882	-	30,882
Days past due over 60 days	-	-	311,745	311,745
	676,191	**30,882**	**311,745**	**1,018,818**

				In thousands of Denars December 31, 2020 not audited
Loans and advances to customers, gross	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	218,988	-	-	218,988
Days past due up to 35 days	26,983	-	-	26,983
Days past due up to 60 days	-	11,843	-	11,843
Days past due over 60 days	-	-	204,852	204,852
	245,971	11,843	204,852	462,666

As of December 31, 2021 and 2020, all overdue loan receivables from customers are impaired according to Company's Loan Impairment Policy. The credit risk concentration of the Company is limited due to its diversification among significant number of small unrelated customers in the countries where it operates.

The credit and loan receivables are unsecured.

24.7 Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they become due. The Company is exposed to liquidity risk arising from objective mismatch of the maturities of its assets and liabilities.

The Company follows the general principles of the Group's liquidity policy. The Board of Directors of the Group approves liquidity assessments and management procedures, determines liquidity requirements and sets the necessary minimum cash levels and liquid assets and maturity mismatches.

The main objective of Company's liquidity risk management is to secure stable growth of its loan portfolio and to manage liquid efficiency by ensuring funds for the needs of its credit products and maintaining a minimum surplus of cash.

The Company's management estimates that the matching and the controlled mismatching of undiscounted cash flows and risk of change in the interest rate are significant for maximizing the return. It is usual for companies operating in consumer financing area to have good matching in cash flows in short-term periods due to the quick liquidity. The mismatching in cash flows and lack of surplus in cash potentially leads to increase in profitability, but also to increase in risk of loss. The mismatching of cash flows with surplus of cash decreases profitability due to the inefficient use of funds, but at the same time leads to stability in liquidity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL RISKS (Continued)

24.7 Liquidity Risk (Continued)

Financial Liabilities Cash Flows

The table below includes discounted cash flows due by the Company from financial liabilities as at the end of the reporting period summarized by outstanding maturity period.

Maturity of Financial Liabilities

December 31, 2021

	Less than 3 months	3-6 months	6 months to 1 year	1-5 years	Over 5 years	Total
Borrowings	125,878	58,193	70,373	190,197	-	444,641
Liabilities for rights-of-use	4,453	5,231	6,027	3,336	-	19,047
Trade payables	8,334	-	-	-	-	8,334
Payables to related parties	5,119	-	-	-	-	5,119
	143,784	**63,424**	**76,400**	**193,533**	**-**	**477,141**

December 31, 2020
not audited

	Less than 3 months	3-6 months	6 months to 1 year	1-5 years	Over 5 years	Total
Borrowings	103,116	47,486	23,419	6,676	-	180,697
Liabilities for rights-of-use	409	2,056	1,121	1,555	-	5,141
Trade payables	2,135	-	-	-	-	2,135
Payables to related parties	26	-	-	-	-	26
	105,686	**49,542**	**24,540**	**8,231**	**-**	**187,999**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL RISKS (Continued)

24.8 Fair Value Measurement

The fair values of financial assets and financial liabilities are determined as follows:

the fair value of financial assets and financial liabilities with standard terms and conditions, and traded on active liquid markets is determined with reference to quoted market prices;

the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Carrying Amount to Fair Value

Carrying amount to fair value for the year ended December 31, 2021 and 2020 is as follows:

	In thousands of Denars December 31, 2021		In thousands of Denars December 31, 2020 not audited	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	36,121	36,121	29,700	29,700
Loans to customers	656,393	656,393	252,402	252,402
Trade receivables	3,577	3,577	38	38
Receivables for attracted funding through P2P platform	25,543	25,543	10,701	10,701
	721,634	721,634	292,841	292,841
Financial liabilities				
Payables to related parties	5,119	5,119	26	26
Trade payables	8,334	8,334	2,135	2,135
Liabilities for rights-of-use assets	19,047	19,047	5,141	5,141
Long-term borrowings	188,581	188,581	6,094	6,094
Short-term borrowings	248,432	248,432	160,198	160,198
	469,513	469,513	173,594	173,594

Assumptions Used in Determining Fair Value of Financial Assets and Liabilities

Considering that sufficient market experience, stability and liquidity do not exist for the purchase and sale of financial assets or liabilities, given that published market information is not readily available for the purposes of disclosure the fair value information of the aforementioned financial assets and liabilities, the Company used the valuation technique using discounted cash flow analyses. Such valuation technique applied interest rate for the financial instruments with similar characteristics in order to provide reliable estimates of prices obtained in actual market. There is no significant disparity between the carrying value of the financial instruments and its fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

25. RELATED PARTY TRANSACTIONS

During 2021, there was a change in the ownership structure of Tigo Finance by transferring of 100% of the shares of the company, in a way that the stockholder AD Finitera from Riga, Latvia, which had a 100% shares in Tigo Finance stand out, and as the only stockholder with the takeover of 100% of the shares approched AS Mogo Consumer Finance (now as AS (JSC) Eleving Finance) from Riga Latvia, for which a Decision was obtained to grant consent to change the ownership structure no. 13-531/3 on date 15.03.2021 by the Ministry of Finance, and the change was recorded in the Central Registry in the Central Regiter of North Macedonia on date 25.03.2021.

On the date 29.12.2021, the transfer of a shares of AS Eleving Consumer Finance Holding was registered. The transfer of the shares was made on the based on the Decision for approval of a change in ownership structure no. 13-107541/1 from 06.12.2021 issued by the Ministry of Finance. AS ELEVING Consumer Finance Holding fully assumes the shares of the company AS (JSC- ELEVING Finance, in total amount of 100% of the company's stock of the company TIGO FINANANCE LLC Skopje.

Related parties of the Company are:

Company/Individual	Type of Relationship
Parent Company	Parent Company
Related Party 1 (company)	Jointly Controlled Entity
Management	Manager

The volume of transactions with related parties of the Company is as follows:

Related Party	Type of Transaction	December 31, 2021	Year ended December 31, 2020 not audited
Parent Company	Purchase of software	6,973	-
Parent Company	Purchase of software	16,658	13,763
Parent Company	Expenses	58,704	-
Parent Company	Expenses	114	33,743
Related party 2	Expenses	-	2,757
Parent Company	Interest expenses	1,658	-
Related party 1	Service fee for using P2P platform	3,741	3,765
		87,848	54,028
Parent Company	Interest income	3,434	-
Parent Company	Interest income	-	1,956
		3,434	1,956

The balances of related party transactions of the Company are as follows:

Related Party	Type of Balance	December 31, 2021	December 31, 2020 not audited
Parent Company	Loan receivables, including accrued interest	3,472	-
Related party 1	Pre-paid expenses	-	75
Parent company	Pre-paid expenses	-	42
		3,472	117
Parent Company	Trade payables	5,119	-
parent company	Trade payables	-	26
Parent Company.	Loan payable, including accrued interest	140,318	-
Related Party 1	Deferred revenue	359	145
Parent company	Deferred revenue	-	134
		145,796	305

All transactions with related parties arise in the normal course of business at mutually agreed terms and their value is not materially different from the terms and conditions that would prevail in arm's length transactions.

The total short-term benefits paid to Management board amounted to Denar 5,407 thousand (2021: Denar 1,452 thousand).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

26. CONTINGENCIES AND COMMITMENTS

Court cases

As of December 31, 2021, and 2020, no legal proceedings have been initiated against the Company. There is no provision for the date of disclosure as professional legal advice indicates that there is no likelihood of significant losses occurring. However, various legal actions and claims may arise in the future against the Company as part of its regular business operations. The associated risks are analyzed based on the likelihood of occurrence. While the outcome of these issues cannot always be determined with certainty, the management of the Company believes that they will not result in materially significant obligations.

Tax risks

In the Republic of North Macedonia, there are currently several tax laws in force, introduced by the Ministry of Finance of the Republic of North Macedonia. These taxes include value-added tax, profit tax, personal income tax, and other taxes. Furthermore, the regulations related to these taxes have not been in force for an extended period, contrary to similar legislation in developed market economies. Additionally, the regulations defining the implementation of these laws are often unclear or non-existent. Conflicting opinions regarding the legal interpretation of the regulations exist among different ministries and government organizations. This creates uncertainties and legal conflicts. Tax balances, including all other fields of tax regulation (such as customs duties), may be subject to review and control by several relevant tax authorities, which may impose significant fines and penalties.

The Company engages in transactions with related parties. In accordance with the amendments to the profit tax law in 2019 and the Regulation on the Format and Content of the Transfer Pricing Report (Official Gazette of the Republic of North Macedonia no. 59/2019), the Company is required to prepare a transfer pricing report for 2021 and 2020 no later than September 30, 2022, and 2021, respectively. The transfer pricing report for 2020 was prepared in September 2021. As of the date of this report, the Company has not prepared a transfer pricing report for 2022. Although the management of the Company possesses appropriate and adequate documentation regarding transfer pricing, there is uncertainty regarding the requirements and interpretations of the tax and other authorities, which may differ from those of the management. The Company's management believes that any different interpretations will not have material effects on the financial statements of the Company.

The interpretation of tax legislation by tax authorities applied to the Company's transactions and activities may not coincide with the management's interpretations. As a result, transactions may be challenged by tax authorities, and the Company may be required to pay additional taxes, penalties, and interest, which could be significant. The Company's documentation remains subject to inspection by tax and customs authorities for a period of five years. This practically means that tax authorities can determine additional obligations to be paid within a five-year period from the occurrence of the tax liability. The above explanations create tax risks in the Republic of North Macedonia, which are substantially different from those customary in countries with more developed tax systems.

Guarantees

On October 18, 2021, TIGO FINANS DOO Skopje entered into a joint guarantee as a joint guarantor, along with several other companies, to guarantee the faithful and timely fulfilment of payment obligations for the issued corporate bonds by Eleving Group S.A. to the bondholders. According to the signed share pledge agreement, the Company's total shareholding is provided as security in favor of the pledge creditor.

Eleving Group S.A., a limited liability public company established and existing under the laws of the Grand Duchy of Luxembourg, has issued priority (senior) secured bonds with a nominal value of 150.000.000 euros, maturing from October 18, 2021, to October 18, 2026, with an interest rate of 9,50%, with ISIN XS2393240887, payable to the bearer and ranking pari passu, with a nominal value of 1.000 euros per bond.

The bonds are unconditionally and irrevocably jointly and severally guaranteed by several companies (guarantors).

On October 12, 2021, TIGO FINANS DOO Skopje entered into a Release Agreement from the Guarantee Agreement concluded on December 9, 2020, between 1) Multiple guarantors, 2) Greenmark Restructuring Solutions DOO from Munich, Germany, as the provider of the security, and 3) Mogo Finance SA from Luxembourg, as the issuer, where Mogo Finance SA had issued secured bonds with an interest rate of 9.50%, maturing on July 10, 2022, for a total amount of 100.000.000 EUR.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

27. EVENTS AFTER THE REPORTING PERIOD

On date 13.04.2022, AS Elevating Consumer Finance Holding, the sole partner of the Financial Company Tigo Finance DOOEL Skopje, paid funds in the amount of 350.000 euros in the name of increasing the principal. After the increasing , the basic capital of the Company will be amount of 2.000.000 euros.

The need to increase the Company's share capital is the result of an increased volume of activity, great interests for approvements of loans, development of fintech services and the need to organize new subsidiaries (expositories).

The war conflict in Ukraine, up to this point has no direct implication nor is there any doubt that it will directly affect any part of the operational activities of Tigo Finance DOOEL Skopje.

Apart from the above, until the date of approval of these financial statements, no other events occurred after the balance sheet date that require additional disclosures or adjustments in the Company's financial statements.