EMMA ALPHA HOLDING LTD

Auditors' report
and consolidated financial statements
for the year ended 31 December 2021

Contents

Officers and Professional Advisors

Board of Directors	Radka Blažková Demetrios Aletraris Andri Pangalou
Secretary	Cyproman Services Limited 5 Esperidon Street 4th floor 2001 Nicosia Cyprus
Independent Auditors	KPMG Limited Certified Public Accountants and Registered Auditors 14 Esperidon Street 1087 Nicosia Cyprus
Bankers	PPF Banka a.s. Hellenic Bank Public Company Ltd BRD Groupe Société Générale First Bank s.a. (ex-Piraeus Bank România) Banca Comercială Română (BCR) Air Bank a.s. J&T Banka a.s. Zagrebačka Banka D.D. Erste&Steiermarkische Bank D.D. Unicredit Bank SA Alpha Bank Romania SA National Bank of Greece Eurobank Ltd Piraeus Bank Česká spořitelna a.s.
Registered Office	48 Themistokli Dervi Athienitis Centennial Building, 3rd floor, Office 303 1066 Nicosia Cyprus
Registration number	HE313347

Consolidated Management Report

The Board of Directors of EMMA ALPHA HOLDING LTD (the "Company") presents to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiary companies (together referred to as the "Group") for the year ended 31 December 2021.

INCORPORATION

The Company was incorporated in Cyprus on 12 October 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

PRINCIPAL ACTIVITIES

The activities of the Group are the holding of investments, trading of securities, sale and distribution of gas and electricity, the provision of betting activities and casino games, the provision of medical services, trading in pharmaceuticals, the provision of insurance related consultancy services, logistic services and operating of marinas.

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2021 are set out on page 12 in the consolidated financial statements. The net loss for the year 2021 amounted to TEUR 21,943 (2020: net loss amounted to TEUR 34,724).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

The Group's net loss attributable to equity holders of the Company for the year ended 31 December 2021 amounted to TEUR 43,340 (2020: net loss amounted to TEUR 54,203). The loss for the year reflects the continuous negative impact of the COVID-19 pandemic on the Group's investment in its associate, HOME CREDIT GROUP B.V, from which a share of loss of TEUR 31,320 (2020: TEUR 49,037) was recognised. Management expects that the results of the Group will improve.

REVENUE

The Group's revenue (including finance income, gain from sale of investments and excluding gain on bargain purchase, dividend income and share of profit from associates) for the year ended 31 December 2021 amounted to TEUR 715,586 (2020: TEUR 532,264).

DIVIDENDS

During 2021, interim dividends in the total amount of TEUR 18,776 were distributed to minority shareholders of subsidiaries.

During 2020, the Group distributed interim dividends to EMMA CAPITAL LIMITED in the total amount of TEUR 20,000. Interim dividends in the total amount of TEUR 19,359 were distributed to minority shareholders of subsidiaries.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks are described in Note 4 of the consolidated financial statements.

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

SHARE CAPITAL

There were no changes in the ordinary share capital of the Company during the year.

Consolidated Management Report (continued)

SHARE CAPITAL (continued)

During 2021, the Company redeemed 336 redeemable preference shares held by MEF HOLDINGS LIMITED (2020: 1,881 redeemable preference shares) for total redemption value of TEUR 29,524 (2020: TEUR 165,280).

On 21 May 2020, the Company issued an additional 170 redeemable preference shares of nominal value of EUR 1 each and a premium value of EUR 101.872,53 each, amounting to TEUR 17,318.

In December 2020, the Company transferred part of its share premium in total amount of TEUR 250,000 to retained earnings.

BRANCHES

During the year ended 31 December 2021 and 31 December 2020, the Group did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 3. All of them were members of the Board of Directors during the year ended 31 December 2021.

In accordance with the Company's Articles of Association, all directors presently members of the Board continue in their office.

There were no significant changes in the composition, assignment of responsibilities and remuneration of the Board of Directors.

ACCOUNTING RECORDS

The books of the Group for the year 2021 were maintained internally.

RECENT VOLATILITY IN GLOBAL FINANCIAL MARKETS

Any significant events that relate to the operating environment of the Group are described in Notes 4 and 5 of the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in Note 34 of the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 31 of the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Andri Pangalou

Director

Nicosia, 24 June 2022

KPMG Limited
Chartered Accountants
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Independent Auditors' report

to the Members of

EMMA ALPHA HOLDING LTD

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of EMMA ALPHA HOLDING LTD (the "Company") and its subsidiaries (the "Group"), which are presented on pages 10 to 90 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap. 113 ("Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditors' report

to the Members of

EMMA ALPHA HOLDING LTD

Report on the audit of the consolidated financial statements *(continued)*

Other information

The Board of Directors is responsible for the other information. The other information comprises the consolidated Management report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap. 113.

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

With regards to the management report, our report in this regard is presented in the *"Report on other legal requirements*" section.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

Independent Auditors' report

to the Members of

EMMA ALPHA HOLDING LTD

Report on the audit of the consolidated financial statements *(continued)*

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

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

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

We communicate with the Board of Directors 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.

Independent Auditors' report

to the Members of

EMMA ALPHA HOLDING LTD

Report on the audit of the consolidated financial statements *(continued)*

Report on other legal requirements

Pursuant to the additional requirements of the Auditors Law 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the consolidated management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Haris A. Kakoullis, CPA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

24 June 2022

	Note	2021 TEUR	2020 TEUR
ASSETS			
Non-current assets			
Goodwill	7	521,842	491,294
Intangible assets	7	103,221	89,821
Property, plant and equipment	8	223,330	191,148
Investments in equity-accounted investees	15	314,485	298,346
Loans receivable	11	10,932	59,096
Trade receivables	12	516	435
Other assets	14	7,689	664
Restricted deposits	10	141	--
Restricted cash	10	4,446	--
Financial assets at fair value through other comprehensive income	10	7,489	--
Financial assets at amortised cost – other deposits	10	1,122	1,381
Financial assets at fair value through profit or loss	10	1,011	--
Deferred tax assets	21	2,996	969
Total non-current assets		**1,199,220**	**1,133,154**
Current assets			
Loans receivable	11	48,224	28,420
Current income tax assets		106	360
Trade receivables	12	119,489	89,060
Inventories	13	19,163	22,723
Contract assets	23	1,051	889
Other assets	14	23,663	14,765
Restricted deposits	10	778	--
Financial assets at amortised cost – other deposits	10	1,472	1,399
Financial assets at fair value through profit or loss	10	6,341	9,288
Financial assets at amortised cost – promissory notes	10	--	29,693
Cash and cash equivalents	9	82,873	99,418
Total current assets		**303,160**	**296,015**
Total assets		**1,502,380**	**1,429,169**

	Note	2021 TEUR	2020 TEUR
EQUITY			
Share capital	22	10	10
Redeemable preference shares	22	204,923	204,923
Revaluation reserves	22	6,156	6,067
Translation reserve	22	(63,398)	(85,125)
Other reserves	22	(201,389)	(20,863)
Retained earnings		650,269	736,553
Loss for the year		(43,340)	(54,203)
Equity attributable to owners of the Company		**553,231**	**787,362**
Non-controlling interests	22	**53,186**	**44,854**
Total equity		**606,417**	**832,216**

	Note	2021 TEUR	2020 TEUR
LIABILITIES			
Non-current liabilities			
Provisions		1,224	1,360
Due to non-banks	16	197,505	188,543
Due to banks and other financial institutions	16	164,681	101,079
Bonds issued	17	89,061	88,673
Financial liabilities at fair value through profit or loss	18	4,870	--
Trade payables	19	27	48
Lease liabilities	8	10,790	6,543
Other liabilities	20	19,326	13,060
Deferred tax liabilities	21	22,106	21,843
Total non-current liabilities		**509,590**	**421,149**
Current liabilities			
Provisions		576	641
Bank overdrafts	9	8,728	19,118
Due to non-banks	16	4,710	23,415
Due to banks and other financial institutions	16	72,109	54,446
Bonds issued	17	392	392
Financial liabilities at fair value through profit or loss	18	641	--
Current income tax liabilities		10,296	3,962
Trade payables	19	51,833	38,737
Contract liabilities	23	6,501	4,238
Lease liabilities	8	4,134	2,983
Other liabilities	20	226,453	27,872
Total current liabilities		**386,373**	**175,804**
Total liabilities		**895,963**	**596,953**
Total liabilities and equity		**1,502,380**	**1,429,169**

On 24 June 2022, the Board of Directors of EMMA ALPHA HOLDING LTD authorised these consolidated financial statements for issue.

Radka Blažková
Director

Andri Pangalou
Director

The notes on pages 18 to 90 are an integral part of these consolidated financial statements.

	Note	2021 TEUR	2020 TEUR
Sales revenues from core operations	23	678,350	493,248
Cost of goods sold/cost of services provided	23	(466,242)	(284,275)
Other income related to core operations	23	23,358	17,820
Services and material expenses	24	(70,694)	(66,270)
Personnel expenses	25	(50,184)	(37,605)
Reversal of impairment/(impairment loss) on loans and receivables	26	1,451	(872)
Depreciation and amortisation	7,8	(18,520)	(14,307)
Gain on bargain purchase	1	1,205	1,181
Other operating income	27	6,345	5,297
Other operating expenses	28	(6,646)	(15,774)
Profit from operations		**98,423**	**98,443**
Finance income	29	6,082	15,918
Finance expense	29	(76,301)	(26,283)
Net finance expense		**(70,219)**	**(10,365)**
Dividends from financial instruments – FVTPL	10	370	163
Loss from sale of investments in equity-accounted investees and subsidiaries	1,15	--	(19)
Equity-accounted investees - impairment loss	15	--	(54,695)
Equity-accounted investees – share of loss	15	(31,320)	(49,037)
Loss before tax		**(2,746)**	**(15,510)**
Income tax expense	30	(19,197)	(19,214)
Loss after tax		**(21,943)**	**(34,724)**
Other comprehensive income / (expense):			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		5,736	(14,328)
Equity-accounted investees – share of OCI	15	16,197	(31,102)
Other comprehensive income/(expense) for the year		**21,933**	**(45,430)**
Total comprehensive income/(expense) for the year		**(10)**	**(80,154)**
Total loss attributable to:			
Owners of the Company		(43,340)	(54,203)
Non-controlling interests	22	21,397	19,479
		(21,943)	**(34,724)**
Total comprehensive income/(expense) attributable to:			
Owners of the Company		(22,186)	(98,162)
Non-controlling interests	22	22,176	18,008
		(10)	**(80,154)**

The notes on pages 18 to 90 are an integral part of these consolidated financial statements.

	Note	Share capital	Redeemable shares	Revaluation reserves	Translation reserve	Other reserves	Retained earnings	Total – Owners of the Company	Non-controlling interest	Total
		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as at 1 January 2021		**10**	**204,923**	**6,067**	**(85,125)**	**(20,863)**	**682,350**	**787,362**	**44,854**	**832,216**
Comprehensive income										
(Loss)/profit for the year		--	--	--	--	--	(43,340)	**(43,340)**	21,397	**(21,943)**
Translation reserve changes		--	--	--	4,957	--	--	**4,957**	779	**5,736**
Equity-accounted investees – share of OCI		--	--	89	16,375	(267)	--	**16,197**	--	**16,197**
Total comprehensive income for the year		--	--	**89**	**21,332**	**(267)**	**(43,340)**	**(22,186)**	**22,176**	**(10)**
		--	--							
Transactions with owners recognised directly in equity		--	--							
Contributions by and distributions to owners										
Redemption of redeemable shares	22	--	--	--	--	--	(29,524)	**(29,524)**	--	**(29,524)**
Capital contributions		--	--	--	--	--	--	--	1,915	**1,915**
Dividends	22	--	--	--	--	--	--	--	(18,776)	**(18,776)**
Non-proportional dividends				--	--	--	(391)	**(391)**	--	**(391)**
Net contribution to legal reserve		--	--	--	--	1,852	(1,852)	--	--	--
Transactions with NCI without a change in control	22	--	--	--	395	(182,111)	(122)	**(181,838)**	1,276	**(180,562)**
Effect from acquisitions through business combinations		--	--	--	--	--	--	--	1,740	**1,740**
Total transactions with owners		--	--	--	**395**	**(180,259)**	**(31,889)**	**(211,753)**	**(13,845)**	**(225,598)**
Other movements		--	--	--	--	--	(192)	**(192)**	**1**	**(191)**
Balance as at 31 December 2021		**10**	**204,923**	**6,156**	**(63,398)**	**(201,389)**	**606,929**	**553,231**	**53,186**	**606,417**

The notes on pages 18 to 90 are an integral part of these consolidated financial statements.

	Note	Share capital	Redeemable shares	Revaluation reserves	Translation reserve	Other reserves	Retained earnings	Total – Owners of the Company	Non-controlling interest	Total
		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as at 1 January 2020, as previously reported		**10**	**437,370**	**14,394**	**(42,124)**	**(19,295)**	**647,434**	**1,037,789**	**81,314**	**1,119,103**
Adjustments				(8,593)	727	493	13,007	5,634	5,970	11,604
Adjusted balance as at 1 January 2020		**10**	**437,370**	**5,801**	**(41,397)**	**(18,802)**	**660,441**	**1,043,423**	**87,284**	**1,130,707**
Comprehensive income										
(Loss)/profit for the year		--	--	--	--	--	(54,203)	**(54,203)**	19,479	**(34,724)**
Translation reserve changes		--	--	--	(12,857)	--	--	**(12,857)**	(1,471)	(14,328)
Associates – share of OCI		--	--	266	(31,368)	--	--	**(31,102)**	--	(31,102)
Total comprehensive income for the year		--	--	**266**	**(44,225)**	--	**(54,203)**	**(98,162)**	**18,008**	**(80,154)**
Transactions with owners recognised directly in equity										
Contributions by and distributions to owners										
Issue of share capital	22	--	17,318	--	--	--	--	**17,318**	--	**17,318**
Redemption of redeemable shares	22	--	--	--	--	--	(165,280)	**(165,280)**	--	**(165,280)**
Capital contributions and distributions		--	--	--	--	--	--	--	184	**184**
Dividends	22	--	--	--	--	--	(20,000)	**(20,000)**	(19,359)	**(39,359)**
Other distributions	22	--	--	--	--	--	(587)	**(587)**	--	**(587)**
Transfer of share premium to retained earnings	22	--	(250,000)	--	--	--	250,000	--	--	--
Other transfers to/from retained earnings	22	--	235	--	--	--	235	--	--	--
Net contribution to legal reserve		--	--	--	--	(1,042)	1,042	--	--	--
Transactions with NCI without a change in control		--	--	--	497	277	10,675	**11,449**	(45,912)	**(34,463)**
Effect from acquisitions through business combinations		--	--	--	--	--	--	--	4,649	**4,649**
Total transactions with owners		--	**(232,447)**	--	**497**	**(765)**	**75,615**	**(157,100)**	**(60,438)**	**(217,538)**
Other movements		--	--	--	--	(1,296)	497	**(799)**	--	**(799)**
Balance as at 31 December 2020		**10**	**204,923**	**6,067**	**(85,125)**	**(20,863)**	**682,350**	**787,362**	**44,854**	**832,216**

The notes on pages 18 to 90 are an integral part of these consolidated financial statements.

	Note	2021 TEUR	2020 TEUR
Cash flows from operating activities			
Loss for the year after tax		**(21,942)**	**(34,724)**
Adjustment for:			
Depreciation and amortisation	7,8	18,520	14,307
Impairment loss on property, plant and equipment	28	--	10
Impairment losses on GW	28	3,343	--
Impairment losses on equity-accounted investees	15	--	54,695
(Reversal of)/impairment losses on trade and other receivables	26,28	(147)	18,053
Reversal of impairment losses on loans receivable	26,28	(1,304)	(1,561)
Revaluation of assets/liabilities at FVTPL	10,18	270	(542)
Change in fair value of assets at FVTPL	10,29	1,297	(2,594)
Change in fair value of contingent consideration	18,29	145	--
Share of loss of equity-accounted investees, net of tax	15	31,320	49,037
Loss on disposal of investment	15	--	19
(Gain)/loss on sale of PPE and intangibles assets	27,28	(578)	143
Loss / (gain) from sale of financial instruments	29	45,172	(2,674)
Dividend income	10	(370)	(163)
Gain on bargain purchase	1	(1,205)	(1,181)
Net interest expense	29	22,237	15,212
Unrealised foreign exchange loss/(gains)		(6,879)	4,740
Income tax expense	30	19,197	19,214
Operating profit before changes in working capital and provisions		**109,076**	**131,992**
Decrease in inventories		4,551	1,362
(Increase) /decrease in contract assets		(162)	59
(Increase) /decrease in trade and other receivables		(35,457)	9,141
Increase in restricted deposits related to operating activities		(813)	--
Increase /(decrease) in trade and other payables		28,351	(4,466)
Increase /(decrease) in contract liabilities		2,263	(375)
Decrease in provisions		(201)	(52)
Cash from operating activities		**107,608**	**137,661**
Interest paid		(16,354)	(21,945)
Interest received		500	9,524
Income tax paid		(15,944)	(19,571)
Net cash generated from operating activities		**75,810**	**105,669**
Cash flows from investing activities			
Proceeds from the sale of assets FVTPL		7,569	9,546
Proceeds from deposits	10	262	510
Dividends received	10	370	130
Proceeds from loans assigned		3,258	--
Proceeds from sale of intangible assets		1	--
Proceeds from sale of property, plant and equipment		2,152	384
Proceeds from sale of equity-accounted investee	10	30,000	90,000
Net cash outflow from acquisition of subsidiaries, net of cash acquired	1	(30,461)	(13,851)
Net cash outflow from dissolution of subsidiary	1	--	(23)
Loans provided		(94,825)	(19,956)
Loans repaid		77,241	99,282
Acquisitions of investments in equity-accounted investees	15	(31,262)	(1,686)
Acquisitions of financial assets at amortised cost	10	--	(567)
Acquisition of financial assets at FVTPL	10	(6,043)	(12,854)
Acquisition of financial asset at FVOCI	10	(7,489)	--
Acquisitions of intangible assets	7	(10,055)	(5,774)
Acquisitions of property, plant and equipment	8	(19,778)	(19,001)
Net cash (used in)/generated from investing activities		**(79,060)**	**126,140**
Cash flows from financing activities			
Other changes in equity		1,357	(16,701)
Repayment of interest-bearing loans and borrowings received	16	(26,881)	(220)
Proceeds from interest-bearing loans and borrowings received	16	79,046	7,633
Proceeds from lease liabilities	16	(3,468)	(1,907)
Redemption of shares	22	(29,524)	(165,280)
Dividends paid	22	(19,167)	(39,946)
Change in cash held on restricted bank accounts		(4,446)	--
Change in cash held on restricted deposits related to financing activities		(106)	--
Net cash used in financing activities		**(3,189)**	**(216,421)**
Net movement in cash and cash equivalents		**(6,439)**	**15,388**
At the beginning of the year*	9	**80,300**	**66,059**
Effects of movements in exchange rates on cash held		284	(1,147)
At the end of the year*	9	**74,145**	**80,300**

* Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes on pages 18 to 90 are an integral part of these consolidated financial statements

1. Description of the Group

EMMA ALPHA HOLDING LTD (the "Company") was incorporated in Cyprus on 12 October 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 48 Themistokli Dervi Avenue, Athienitis Centennial Building, 3rd Floor, office 303, 1066 Nicosia, Cyprus.

The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise of the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates.

Shareholders

The owners of the Company are as follows:

Shareholders	Country of incorporation	Type of shares	Ownership interest (%) 2021	2020
MEF HOLDINGS LIMITED	Cyprus	Redeemable preference shares	93.77	94.63
SPRINGROCK LIMITED	Cyprus	Redeemable preference shares	1.50	1.23
ALIMENTOR LIMITED	Cyprus	Redeemable preference shares	1.45	1.19
DOROMEA LIMITED	Cyprus	Redeemable preference shares	0.52	0.43
MENGENO LIMITED	Cyprus	Redeemable preference shares	0.32	0.28
ALEDENCO LIMITED	Cyprus	Redeemable preference shares	0.23	0.18
MERALOS LIMITED	Cyprus	Redeemable preference shares	0.06	--
DAVID HAVLÍN	--	Redeemable preference shares	0.03	0.02
JOSE MARTIN GARZA	--	Redeemable preference shares	2.12	2.04
EMMA CAPITAL LIMITED	Cyprus	Ordinary shares	100.00	100.00

Principal activities

The activities of the Group are the holding of investments, trading of securities, sale and distribution of gas and electricity, the provision of betting activities and casino games, the provision of medical services, trading in pharmaceuticals, the provision of insurance related consultancy services, logistic services and operating of marinas.

Description of the Ownership Structure

The Company controls, directly or indirectly, other companies in Cyprus, the Czech Republic, Slovakia, Romania, Croatia, Moldova, Greece and Austria. Subsidiary companies are controlled by the Company and they are fully consolidated, whereas the results of the associated companies are included in the consolidated financial statements using the equity method.

1. Description of the Group (continued)

Consolidated subsidiaries	**Country of incorporation**	**Effective ownership interest (%)**	
		2021	**2020**
BELLVILLE SERVICES LIMITED [1)]	Cyprus	100.00	100.00
TONALA LIMITED	Cyprus	100.00	100.00
MARJOLENDO LIMITED	Cyprus	100.00	100.00
EMMA EPSILON LTD	Cyprus	100.00	--
EMMA LAMBDA LIMITED	Cyprus	100.00	--
RIXO a.s.	Czech Republic	97.30	100.00
PREMIER ENERGY PLC (former CHAPALACO LIMITED) [2), 3)]	Cyprus	99.99	100.00
• LIGATNE LIMITED	Cyprus	99.99	100.00
• PREMIER ENERGY SRL [4)]	Romania	99.96	99.97
• PREMIER ENERGY TRADING S.R.L.	Romania	99.96	99.97
• LIGATNE GAS S.R.L.	Romania	99.95	99.96
• AMARAD DISTRIBUTIE S.R.L. [4)]	Romania	--	99.97
• B.E.R.G. SISTEM GAZ S.A.	Romania	99.63	99.65
• JOSECO HOLDINGS CO. LIMITED	Cyprus	92.73	92.74
• NAVITAS ENERGY S.R.L.	Moldova	92.73	92.74
• ICS PREMIER ENERGY S.R.L.	Moldova	92.73	92.74
• ICS PREMIER ENERGY DISTRIBUTION S.A.	Moldova	92.73	92.74
EMMA OMEGA LTD	Cyprus	100.00	100.00
• EMMA OMEGA FINANCE a.s.	Czech Republic	100.00	100.00
EMMA GAMMA LIMITED	Cyprus	100.00	100.00
• EMMA GAMMA FINANCE a.s.	Slovakia	100.00	100.00
• EMMA GAMMA ADRIATIC d.o.o.	Croatia	100.00	100.00
• SUPER SPORT d.o.o. [5)]	Croatia	65.45	65.45
• MINUS5 d.o.o.	Croatia	51.00	51.00
• PUNI BROJ d.o.o. [5)]	Croatia	65.45	65.45
• VOX-ZAGREB d.o.o. [6)]	Croatia	45.00	--
EMMA KAPPA LIMITED	Cyprus	100.00	100.00
• PROFARM S.A.	Greece	60.00	60.00
• EL-PHARM A.E.	Greece	60.00	60.00
• PER SE PHARMACEUTICALS A.E. [7)]	Greece	33.00	33.00
• INTEGRIS PHARMA LTD [8)]	Greece	29.94	--
DANDELION HEALTHCARE, a.s.	Czech Republic	78.00	80.00
• EUROPE IVF INTERNATIONAL s.r.o.	Czech Republic	78.00	80.00
EMMA SIGMA LTD	Cyprus	100.00	--
• NAUTICA POINT GmbH	Austria	100.00	--
• SIGMA POSLOVODSTVO d.o.o.	Croatia	100.00	--
BOX NOW S.A.	Greece	95.80	--
MAIL STEP a.s.	Czech Republic	70.00	--

1. Description of the Group (continued)

1) On 30 August 2021, BELLVILLE SERVICES LIMITED was put into voluntary liquidation.

2) CHAPALACO LIMITED was renamed to PREMIER ENERGY PLC in 2021

3) From a legal perspective, the current shareholding equals to 99.99%. As a result of contractual arrangements, the Group consolidates an additional shareholding of 0.01% in PREMIER ENERGY PLC and its subsidiaries.

4) AMARAD DISTRIBUTIE S.R.L. was merged to PREMIER ENERGY S.R.L. with effective date 31 December 2020

5) From a legal perspective, the current shareholding equals to 65.45%. For the reasons explained in Note 31, the Group consolidate an additional shareholding of 1.55% in SUPER SPORT d.o.o. and PUNI BROJ d.o.o.

6) On 1 June 2021, the Group acquired shares in VOX-ZAGREB d.o.o. representing 60.00% of its share capital. Right after the acquisition, 15 % of the shares was sold, thus the shareholding decreased to 45.00%. The Group still holds the control, as it holds 60.00% of the voting rights in VOX-ZAGREB d.o.o. For further information refer to section "Acquisition and disposals in 2021" in Note 1.

7) direct ownership interest of PROFARM S.A. in PER SE PHARMACEUTICALS A.E. equals 55.00%, therefore the entity is controlled by the Group and consolidated as a subsidiary.

8) direct ownership interest of PROFARM S.A. in INTEGRIS PHARMA LTD equals 49.99% and PROFARM S.A. exercises control over this entity, therefore INTEGRIS PHARMA LTD is controlled by the Group and consolidated as a subsidiary.

Equity-accounted investees (associates)	**Country of incorporation**	**Ownership interest (%) 2021**	**2020**
HOME CREDIT GROUP B.V.	Netherlands	8.88	8.88
HOME FURNITURE GROUP GmbH [1]	Germany	46.06	--
HUDDLE GAMING, INC. [2,3]	United States of America	23.33	21.88
PHARMANET A.E.	Greece	17.40	17.40

1) On 3 August 2021, the Group acquired 40.77% shareholding in Home Furniture Group GmbH by subscription of new shares for the total subscription amount of TEUR 27,531. On 23 August 2021, the Group increased its shareholding in Home Furniture Group GmbH to 46.06% by purchase of shares from group of original shareholders for the purchase price of TEUR 3,592. Home Furniture Group GmbH fully-owns three subsidiaries: Kiveda Holding GmbH, Island Labs GmbH and Küchen Quelle GmbH. All entities reside in Germany.

2) The ownership interest increased by the reduction of shares. For further information, refer to Note 15.

3) In 2021, HUDDLE GAMING, INC. founded its three fully-owned subsidiaries: HUDDLE GAMING d.o.o. (Croatia), Huddle Gaming Ltd (Great Britain) and Huddle Gaming IOM Ltd (Isle of Man).

Acquisitions and disposals in 2021

On 15 May 2021, the consolidated subsidiary of the Group, PREMIER ENERGY S.R.L., acquired part of business (including certain intangible assets and property, plant and equipment), comprised of natural gas pipes and connections, and assumed the rights and obligations attributable to 2 natural gas infrastructure concession arrangements in Romania for the aggregate consideration of TEUR 283.

The following table summarises the recognised amounts of assets acquired under the business definition in accordance with IFRS 3 as of the date of acquisition:

	Note	**TEUR**
Intangible assets	7	1,416
Property, plant and equipment	8	72
Total identifiable net assets acquired		**1,488**
Consideration, paid in cash		(283)
Gain on bargain purchase		**1,205**
Cash effect on acquisition		
Consideration, paid in cash		(283)
Cash acquired		--
Net cash outflow		**(283)**

1. Description of the Group (continued)

Acquisitions and disposals in 2021 (continued)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of VOX-ZAGREB d.o.o.:

	Note	TEUR
Property, plant and equipment	8	293
Current income tax assets		36
Loans receivable	11	468
Trade receivables	12	379
Other assets	14	16
Cash and cash equivalents	9	272
Trade payables	19	(386)
Lease liabilities	8, 16	(46)
Due to banks and other financial institutions	16	(37)
Total identifiable net assets acquired		**995**
Non-controlling interest (on fair value of net assets)		(398)
Consideration, paid in cash		(2,566)
Goodwill	**7**	**(1,969)**
Cash effect on acquisition		
Consideration, paid in cash		(2,566)
Cash (acquired)		272
Net cash outflow		**(2,294)**

On 1 June 2021, the consolidated subsidiary of the Group, EMMA GAMMA ADRIATIC d.o.o., entered into the share purchase agreement with key shareholders of VOX-ZAGREB d.o.o, a sport marketing company which is located in Zagreb, Croatia. According to the agreement, EMMA GAMMA ADRIATIC d.o.o. acquired 60.00% of shares in VOX-ZAGREB d.o.o. for the consideration of TEUR 2,566. The total amount of TEUR 2,566 was paid in cash.

Right after the acquisition, 15.00% of the shares was sold for the selling price of TEUR 527, thus the shareholding decreased to 45.00%. Under the terms of the agreement signed, the 15% shareholder is obliged to use its voting rights in the same manner as EMMA GAMMA ADRIATIC d.o.o. and therefore, EMMA GAMMA ADRIATIC d.o.o. still holds the majority of the voting rights and consequently the control over VOX-ZAGREB d.o.o.

1. Description of the Group (continued)

Acquisitions and disposals in 2021 (continued)

On 30 June 2021 the consolidated subsidiary of the Group, EMMA SIGMA LTD., acquired 100.00% shareholding in Croatian company SIGMA POSLOVODSTVO d.o.o. and Austrian company NAUTICA POINT GmbH for the aggregate consideration of TEUR 10,599. The Croatian entity operates a marina and a hotel in Croatia.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of SIGMA POSLOVODSTVO d.o.o. and NAUTICA POINT GmbH:

	Note	**TEUR**
Intangible assets	7	4,575
Property, plant and equipment	8	8,431
Loans receivable	11	1,116
Trade receivables	12	591
Other assets	14	26
Income tax receivable		20
Inventories	13	42
Cash and cash equivalents	9	254
Interest-bearing loans and borrowings due to related parties	16	(9,894)
Trade payables	19	(1,381)
Other liabilities	20	(29)
Lease liabilities	8,16	(880)
Current income tax liabilities		(1)
Deferred tax liabilities	21	(797)
Total identifiable net assets acquired		**2,073**
Consideration, paid in cash		(10,599)
Discount on assignment of receivables		2,680
Goodwill	**7**	**(5,846)**
Cash effect on acquisition		
Consideration, paid in cash		(10,599)
Cash (acquired)		254
Net cash outflow		**(10,345)**

1. Description of the Group (continued)

Acquisitions and disposals in 2021 (continued)

As at 31 August 2021, the consolidated subsidiary of the Group, PROFARM S.A., acquired 49.99 % shareholding in Greek company INTEGRIS PHARMA LTD operating within the pharmaceutical business segment.

The capital contributions from subscriptions and resulting acquisition consideration could be summarized as follows:

	Total (TEUR)	Contributed cash attributable to the Group (TEUR)	Contributed cash attributable to former owners (NCI)= acquisition considerations (TEUR)
Contribution to share capital	600	300	300
Contribution to share premium	300	150	150
Total contribution in 2021	**900**	**450**	**450**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of INTEGRIS PHARMA LTD.

	Note	TEUR
Property, plant and equipment	8	275
Trade receivables	12	2,911
Inventories	13	592
Cash and cash equivalents	9	1,350
Deferred tax assets	21	15
Trade payables	19	(4,983)
Lease liabilities	8,16	(271)
Current income tax liability		(243)
Total identifiable net assets		**(354)**
Non-controlling interest acquired		177
Total identifiable net assets acquired		**(177)**
Consideration through capital contribution attribution to non-controlling interest		(450)
Goodwill	**7**	**(627)**

Cash effect on acquisition	
Cash (acquired)	1,350
Net cash inflow	**1,350**

1. Description of the Group (continued)

Acquisitions and disposals in 2021 (continued)

On 5 November 2021, the Group acquired 70% shareholding in MAIL STEP a.s. The entity provides logistical services in the Czech Republic.

The acquisition consideration comprised:

1) Purchase price, satisfied in cash, for the shares acquired amounted to TEUR 18,675 (TCZK 472,000) plus deferred consideration of TEUR 133 (TCZK 3,349) and contingent consideration of TEUR 4,994 (TCZK 124,965).

2) Subscribing to new ordinary shares in total nominal value of TEUR 40 (TCZK 1,000) and share premium in total value of TEUR 1,227 (TCZK 31,000), for a total subscription price of TEUR 1,267 (TCZK 32,000); out of which TEUR 380 was attributable to non-controlling interest of MAIL STEP a.s.

The capital contributions from subscriptions and resulting acquisition consideration could be summarized as follows:

	Total (TEUR)	**Contributed cash attributable to the Group (TEUR)**	**Contributed cash attributable to former owners (NCI) = acquisition considerations (TEUR)**
Contribution to share capital	40	28	12
Contribution to share premium	1,227	859	368
Total contribution in 2021	**1,267**	**887**	**380**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition MAIL STEP a.s.:

	Note	**TEUR**
Intangible assets	7	1,205
Property, plant and equipment	8	5,842
Trade and other receivables	12	2,535
Other assets	14	14
Inventories	13	357
Cash and cash equivalents	9	55
Bank overdrafts	9	(269)
Interest-bearing loans and borrowings – bank	16	(681)
Trade payables	19	(2,137)
Other liabilities	20	(459)
Lease liabilities	8, 16	(3,841)
Current income tax liabilities		(180)
Deferred tax liabilities	21	(144)
Total identifiable net assets		**2,297**
Non-controlling interest acquired		**(689)**
Total identifiable net assets acquired		**1,608**
Consideration, paid in cash		(18,675)
Consideration through capital contribution attributable to non-controlling interests		(380)
Deferred consideration		(133)
Contingent consideration		(5,233)
Total consideration		**(24,421)**
Goodwill	7	**(22,813)**

1. Description of the Group (continued)

Acquisitions and disposals in 2021 (continued)

The Group calculated the amount of contingent consideration as the present value of the expected future payments, discounted using a risk-adjusted discount rate of 6.22%.

	TEUR
Cash effect on acquisition	
Consideration, paid in cash	(18,675)
Cash (acquired)	(214)
Net cash outflow	**(18,889)**

On 15 January 2021, the Group sold its 7.39% shareholding in RIXO a.s. for the total purchase price of TEUR 759 (TCZK 19,685). Completion (transfer of shares) occurred on 25 January 2021. On 12 November 2021, the Group increased its shareholding in RIXO a.s. to 96.71% by subscription of new shares for total subscription amount of TEUR 779 (TCZK 19,893) and share premium in total value of TEUR 12,216 (TCZK 311,808), for a total subscription price of TEUR 12,995 (TCZK 331,701). On 1 December 2021, the Group increased its shareholding to 97.30% through purchase of shares from minority shareholder for a total purchase price of TEUR 143.

On 26 January 2021, the Group's shareholding in PREMIER ENERGY PLC decreased from 100% to 99.99% as a result of new shares issued and subscribed by minority shareholders. Even though, from a legal perspective, the current shareholding of the Group equals to 99.99%, there are contractual arrangements in place, which enables the Group to consolidate a total shareholding of 100.00% in PREMIER ENERGY PLC and its subsidiaries.

On 15 February 2021 the Group founded the new Cypriot company, EMMA SIGMA LTD.

On 28 April 2021, the Group founded the new Greek company BOX NOW S.A. On 15 June 2021, EMMA ALPHA HOLDING LTD sold its 4.2% shareholding in BOX NOW S.A. to non-controlling shareholders for the total sales price of TEUR 4.

On 22 April 2021, the Group founded the new Cypriot company EMMA EPSILON LTD.

On 2 July 2021, the Group founded the new Cypriot company EMMA LAMBDA LIMITED.

On 8 September 2021, EMMA ALPHA HOLDING LTD sold its 2% shareholding in DANDELION HEALTHCARE, a.s. to non-controlling shareholder for the total sales price of TEUR 273 (TCZK 6,942). Completion (transfer of shares) occurred on 14 September 2021.

On 3 August 2021, the Group acquired 40.77% shareholding in Home Furniture Group GmbH (including its fully owned subsidiaries Kiveda Holding GmbH, Island Labs GmbH and Küchen Quelle GmbH) by subscription of new shares for the total subscription amount of TEUR 27,531. On 23 August 2021, the Group increased its shareholding in Home Furniture Group GmbH to 46.06% by purchase of shares from group of original shareholders for the purchase price of TEUR 3,592. The Home Furniture Group GmbH group operates within the segment of production and sale of furniture in Germany.

The acquisition of Home Furniture Group GmbH could be summarised as follows:

	TEUR
Value of share on net assets of associated group acquired (without goodwill recognized in the financial statements of the subgroup)	2,741
Consideration, subscription of new shares	27,531
Consideration, shares purchased	3,592
Acquisition related cost	139
Total consideration	**31,262**
Goodwill included in the value of the equity-accounted investee	28,521
Net cash outflow	**(31,262)**

1. Description of the Group (continued)

Acquisitions and disposals in 2020

On 26 February 2020, the Group acquired 100% shareholding in Czech entity RIXO a.s. (formerly RIXO s.r.o.) for the aggregate consideration of TEUR 5,057 (TCZK 126,600). The entity provides insurance related consultancy services in the Czech Republic.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of RIXO a.s.

	Note	TEUR
Intangible assets	7	1,057
Property, plant and equipment	8	17
Financial assets at amortized cost – deposits	10	789
Trade and other receivables	12	141
Income tax receivable		18
Cash and cash equivalents	9	257
Trade and other payables	19	(181)
Provisions		(293)
Total identifiable net assets acquired		**1,805**
Consideration, paid in cash		(5,057)
Goodwill	7	**(3,252)**
Cash effect on acquisition		
Consideration, paid in cash		(5,057)
Cash (acquired)		257
Net cash outflow		**(4,800)**

On 3 April 2020, the consolidated subsidiary PREMIER ENERGY S.R.L. acquired 99.68% shareholding in Romanian company B.E.R.G. SISTEM GAZ S.A. for the aggregate consideration of TEUR 56.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of B.E.R.G SISTEM GAZ S.A.

	Note	TEUR
Intangible assets	7	2,405
Property, plant and equipment	8	7
Trade and other receivables	12	1,256
Cash and cash equivalents	9	147
Trade and other payables	19	(1,795)
Interest bearing loans and borrowings – related parties	16	(562)
Current income tax liabilities		(101)
Deferred tax liabilities	21	(116)
Total identifiable net assets		**1,241**
Non-controlling interest (on fair value of net assets)		(4)
Total identifiable net assets acquired		**1,237**
Consideration, paid in cash		(56)
Gain on bargain purchase		**1,181**
Cash effect on acquisition		
Consideration, paid in cash		(56)
Cash (acquired)		147
Net cash inflow		**91**

1. Description of the Group (continued)

Acquisitions and disposals in 2020 (continued)

On 13 May 2020, the Group founded a new holding entity, EMMA KAPPA LIMITED.

On 10 November 2020, the consolidated subsidiary of the Group, EMMA KAPPA LIMITED, acquired 60.00% shareholding in the Greek company PROFARM S.A. (including its subsidiary PER SE PHARMACEUTICALS A.E.). The direct ownership interest held by PROFARM S.A. in PER SE PHARMACEUTICALS A.E. is 55.00%.

The acquisition was carried out by subscribing to a total of 224,999 ordinary shares of nominal value EUR 5.00 each and share premium EUR 30.00 per share, for a total subscription price of TEUR 7,875; out of which TEUR 3,150 was attributable to non-controlling interests of PROFARM S.A. Furthermore, EMMA KAPPA LIMITED is obliged to increase the share capital of PROFARM S.A. in 2021 by subscribing to 1 ordinary share of nominal value EUR 5.00 each and share premium EUR 4,125,035.00 per share, for a total subscription price of TEUR 4,125; out of which TEUR 1,650 is attributable to non-controlling interests of PROFARM S.A.

The capital contributions from subscriptions and resulting acquisition consideration could be summarized as follows:

	TOTAL (TEUR)	Contributed cash attributable to the Group (TEUR)	Contributed cash attributable to former owners (NCI) = acquisition consideration (TEUR)
The first contribution (2020):			
Contribution to share capital	1,125	675	450
Contribution to share premium	6,750	4,050	2,700
Total contribution in 2020	**7,875**	**4,725**	**3,150**
The second contribution (2021):			
Contribution to share capital	--	--	--
Contribution to share premium	4,125	2,475	1,650
Total contribution in 2021	**4,125**	**2,475**	**1,650**
Total amount of capital contributions	**12,000**	**7,200**	**4,800**

1. Description of the Group (continued)

Acquisitions and disposals in 2020 (continued)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of PROFARM S.A. Group:

	Note	TEUR
Intangible assets	7	24
Property, plant and equipment	8	1,808
Investments in associates	15	50
Loans provided	11	97
Trade and other receivables	12	23,673
Inventories	13	7,507
Cash and cash equivalents	9	2,561
Deferred tax receivables	21	751
Trade and other payables	19	(15,736)
Bank overdraft	16	(5,662)
Interest bearing loans and borrowings – bank	16	(11,002)
Current income tax liabilities		(157)
Provisions		(287)
Total identifiable net assets		**3,627**
Non-controlling interest acquired		(75)
Non-controlling interest (on fair value of net assets)		(1,421)
Total identifiable net assets acquired		**2,131**
Consideration, paid in cash		--
Consideration through capital contribution attributable to non-controlling interests in 2020		(3,150)
Deferred consideration through capital contribution attributable to non-controlling interests in 2021		(1,650)
Goodwill	7	**(2,669)**
Cash effect on acquisition		
Consideration, paid in cash		--
Cash (acquired) – including bank overdraft		(3,101)
Net cash outflow		**(3,101)**

1. Description of the Group (continued)

Acquisitions and disposals in 2020 (continued)

On 18 November 2020, the consolidated subsidiary PROFARM S.A. acquired 100.00% shareholding in Greek company EL-PHARM A.E. for the aggregate consideration of TEUR 7,850.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of EL-PHARM A.E.

	Note	TEUR
Intangible assets	7	1
Property, plant and equipment	8	1,944
Trade and other receivables	12	12,129
Cash and cash equivalents	9	1,809
Trade and other payables	19	(7,650)
Interest bearing loans and borrowings – bank	16	(5,885)
Current income tax liabilities		(288)
Provisions		(170)
Deferred tax liabilities	21	(79)
Total identifiable net assets acquired		**1,811**
Consideration, paid in cash		(7,850)
Goodwill	7	**(6,039)**
Cash effect on acquisition		
Consideration, paid in cash		(7,850)
Cash (acquired)		1,809
Net cash outflow		**(6,041)**

On 18 November 2020, the Group entered into a Series A Preferred Stock Purchase Agreement, to acquire 20,000 shares of the Series A Preferred Stock in HUDDLE GAMING, INC. with acquisition price of USD 100 per share. Under the terms of the agreement the total purchase price was TEUR 1,686. Principal activities of HUDDLE GAMING, INC. are gaming, software development, product development, and sports betting.

On 30 December 2020, the Group sold 2,500 shares in HUDDLE GAMING, INC. to an individual for a sales price of TEUR 211.

The following table provides the detail of the transactions:

	Note	TEUR
18 November 2020		
Purchase of 20,000 shares	15	1,686
30 December 2020		
Sale of 2,500 shares to an individual – carrying value	15	(207)
Consideration, receivable	15	211
Net gain from sale of 2,500 shares in HUDDLE GAMING, INC.	15	**4**

1. Description of the Group (continued)

Acquisitions and disposals in 2020 (continued)

On 10 February, the Group founded the new Czech entity, EMMA OMEGA FINANCE, a.s.

On 19 February 2020, the Group acquired an additional 24.17% shareholding in JOSECO HOLDINGS CO. LIMITED for the consideration of TEUR 16,112, increasing its holding to 92.74%. The Company also repaid the deferred consideration relating to acquisition in the whole amount. The payment was made in the form of a repayment of a loan payable amount.

On 11 August 2020, the Group increased its holding in DANDELION HEALTHCARE, a.s. to 80%.

On 27 March 2020, the entity SERENITY RESOURCES LIMITED was put into voluntary liquidation, resulting to a net loss of TEUR 24.

On 21 May 2020, the Group increased its holding in LIGATNE LIMITED to 100%.

On 7 December 2020, the Group founded the new Moldovan entity NAVITAS ENERGY S.R.L. to focus on liberalized (unregulated) electricity sales to large businesses in Moldova.

On June 2020, EMMA OMEGA LTD's share premium was reduced by TEUR 50,000.

2. Basis of preparation

The consolidated financial statements for the year ended 31 December 2021 comprise of the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 as amended from time to time.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historic cost convention basis, except in the case of financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI), which are measured at fair value and investments in equity-accounted investees which are accounted for using the equity method. Financial assets and liabilities and non-financial assets and liabilities, which are valued at historic cost are stated at amortised cost or historic cost, as appropriate, net of any relevant impairment.

(c) Presentation and functional currency

The consolidated financial statements are presented in Euro (EUR), which is the Company’s functional currency and Group’s presentation currency. The functional currency of the Company’s Croatian subsidiaries is the Croatian Kuna, for the Romanian subsidiaries is the Romanian Leu, for the Moldovan subsidiaries is the Moldovan Leu and for the Czech subsidiaries is the Czech Crown. Financial information presented in EUR has been rounded to the nearest thousand (TEUR).

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

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

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

In particular, information about significant areas of estimation, uncertainty and critical judgements made by management in preparing these consolidated financial statements in respect of impairment recognition is described in Note 3 (c) (vii) and Note 26.

Information about judgements whether the Group has significant influence over an investee is included in Note 15 "Investments in associates".

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes: - Note 21 "Deferred tax liability and asset": recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used. - Note 30 "Income tax expense/credit": to determine any provision for income taxes. - Note 4 "Financial risk management": measurement of ECL allowance for trade receivables - key assumptions in determining the weighted average loss rate. - Acquisition of a subsidiary: fair value measured on a provisional basis. – Note 7 "Intangible assets": the assessment whether the Group's service concession contracts are in scope of IFRIC 12 "Service Concession Arrangements", amortization of concession intangible assets, assessments made in relation to connection and extension to gas network paid by third parties, payments made under service concession agreements and gas sale-purchase contracts.

(e) Basis of consolidation

The Group consolidated financial statements comprise the financial statements of the parent company EMMA ALPHA HOLDING LTD and the financial statements of its subsidiaries as stated in Note 1. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date on which control effectively commences until the date on which control effectively ceases.

Legal restructuring and mergers involving companies under common control are accounted for using consolidated net book values, consequently no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises on such transactions.

(ii) Equity-accounted investees

Equity-accounted investees are enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date on which significant influence effectively commences until the date on which significant influence effectively ceases. Under equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

2. Basis of preparation (continued)

(e) Basis of consolidation (continued)

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Changes in the Company's ownership interests in existing subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(v) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 Income Taxes; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

2. Basis of preparation (continued)

(e) Basis of consolidation (continued)

(v) Business combinations (continued)

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in stating the financial position of the Company. The accounting policies have been consistently applied by all Group entities.

a) Foreign currency

(i) Foreign currency transactions

A foreign currency transaction is a transaction that is denominated in or requires settlement in a currency other than the functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. For initial recognition purposes, a foreign currency transaction is translated into the functional currency using the foreign currency exchange rate ruling at the date of the transaction. The exchange rate as published by the European Central Bank is used.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date on which the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are retranslated using the exchange rate ruling at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of equity investments designed at FVOCI which are recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

3. Significant accounting policies (continued)

a) Foreign currency (continued)

(ii) Financial information of foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at exchange rates ruling at the reporting date. Income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to EUR at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences arising on translation are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of so that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

b) Cash and cash equivalents

The Group considers cash in hand, unrestricted balances with banks and other financial institutions due within one month to be cash and cash equivalents.

c) Financial assets and liabilities

(i) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; debt investments measured as fair value through other comprehensive income (FVOCI), equity investments measured as FVOCI; or financial assets measured as fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment´s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised costs or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. Significant accounting policies (continued)

c) Financial assets and liabilities (continued)

(i) Classification (continued)

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management´s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the asset;
- how the performance of the portfolio is evaluated and reported to the Group´s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for its purpose, consistent with the Group´s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ´principal´ is defined as the fair value of the financial asset on initial recognition. ´Interest´ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of the time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs) as well as profit margin.

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group´s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent which this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading, it is a derivative or it is designed as such on initial recognition.

3. Significant accounting policies (continued)

c) Financial assets and liabilities (continued)

(ii) Recognition

Trade receivables and debt securities issued are initially recognised in the statement of financial position when they are originated. All other financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividend are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iv) Fair value measurement

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (such as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other parameters used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm’s length.

3. Significant accounting policies (continued)

c) Financial assets and liabilities (continued)

(v) Amortised cost measurement principles

The amortised cost of a financial asset or liability is the amount in which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, net of any relevant impairment.

(vi) Gains and losses on subsequent measurement

Gains and losses on financial instruments classified at fair value through profit or loss are recognised in profit or loss. Gains and losses on FVOCI financial assets are recognised in other comprehensive income (including for impairment losses but except foreign exchange gains and losses) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised or impaired, and through the amortisation process.

(vii) Identification and measurement of impairment

The Group has developed a provisioning policy, which describes in detail the procedures and methodology of the impairment measurement, and a write-off policy. The impairment measurement is dealt with as follows:

The Group uses for the recognition and measurement of impairment losses of financial assets measured at amortised costs and debt investments measured at FVOCI the "expected credit loss" model (ECLs).

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to the lifetime ECLs.

The Group assesses on a regular basis whether there is objective evidence that financial assets carried at amortised costs and debt securities at FVOCI are credit impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of credit impairment exists for an individually assessed financial assets, whether significant or not, it includes the assets in a group of financial assets with similar risk characteristics and collectively assesses them for credit impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

A significant increase in credit risk (SICR) represents a significant increase in the risk of default in respect of a financial assets as at the reporting date compared with the risk as at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group´s historical experience and informed credit assessment and including forward-looking information.

3. Significant accounting policies (continued)

c) Financial assets and liabilities (continued)

(vii) Identification and measurement of impairment (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the trade or other receivable is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

In some cases the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Group uses its experience and judgement to estimate the amount of any credit impairment loss.

All impairment losses in respect of financial assets are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount of the asset that would have been determined, net of amortisation, if no impairment loss had been recognised.

(viii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognised a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(ix) Offsetting

Financial assets and liabilities are off set and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

3. Significant accounting policies (continued)

d) Intangible assets

Software and other intangible assets

Software and other intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss (as a part of "Other operating expenses") on a straight line basis over their estimated useful lives (1 - 3 years), from the date that they are available for use. Amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible asset in service concession arrangements (gas distribution networks)

Effective 1 January 2020, the Group accounts for the concession contracts for natural gas distribution services in accordance with IFRIC 12. The change in accounting policy was applied retrospectively from 1 January 2019. Distribution networks reflecting the concessions received by the governmental bodies to operate gas infrastructure for public services are recognized as intangible assets as they do not convey the right to control the use of the public service infrastructure to the operator (therefore, should not be recognized within property, plant and equipment), but they represent the access to operate the infrastructure to provide public service on behalf of the governmental bodies.

The consideration for the provision of construction of services are recognised in line with IFRS 15 (refer to Note 3 (k)). The consideration may represent the rights to:

- the intangible asset that is recognised to the extent that the Group receives a right (a licence) to charge users of the public service, a right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service;

- The financial assets that are recognized to the extent that the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the governmental bodies for the construction services, therefore, there is a little discretion to avoid payment.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, it is necessary to account them separately. A level of judgement may be required in the process (refer to Note 6).

The contractual obligations to maintain the infrastructure to a specified level of serviceability or to restore the infrastructure to a specified condition before it is handed over to the governmental bodies are recognised and measured in accordance with IAS 37, ie at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

The borrowing costs attributable to the arrangement are recognised as an expense in the period in which they are incurred unless the Group has a contractual right to receive an intangible asset (a right to charge users of the public service). In this case borrowing costs attributable to the arrangement are capitalised during the construction phase of the arrangement.

The distribution networks are reflected as intangible assets when the concession contract establishes a duration and a determined value for the concession. The amortization of the concession is to be recorded for the duration of its use, determined according to the contract.

Recognition and measurement

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge the users for use of the infrastructure. An intangible asset received as consideration for providing construction or upgrade services is measured at fair value on initial recognition with reference to the actual construction costs incurred by the Group plus a margin considered as industry average. Subsequent to initial recognition, the intangible asset is measured at cost, less accumulated amortization and accumulated impairment losses.

3. Significant accounting policies (continued)

d) Intangible assets (continued)

Intangible asset in service concession arrangements (gas distribution networks) (continued)

Amortization

The intangible asset is amortized from the date of its initial recognition until the end of the concession period using a straight-line method.

To the extent that a newly constructed distribution network are put into use in stages, or in cases where expenditures related to subsequent network asset construction are recognised as increases to the carrying value of the concession intangible at a later date (e.g. in case of network upgrades or extensions), each addition to the intangible asset is recognised as portion of the overall intangible asset with a different useful life, being the period from its initial recognition as an increase in the concession intangible asset until the end of the concession period.

In respect of network assets that are to be transferred to the grantor at the end of the concession in exchange for consideration, the Group determines the residual value of the intangible asset at the end of the concession, which is not amortized over the concession period.

e) Property, plant and equipment

The property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

The cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use.

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

Depreciation on assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated economic useful lives, as follows:

	Years
Electricity lines	35 – 45
Electro-energetic equipment	15 – 25
Meters	18
Other tangible assets	1 – 16
Vehicles	3 – 8
Land and buildings	5 – 50

Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The depreciation and impairment losses are charged to profit or loss.

3. Significant accounting policies (continued)

f) Leases – the entity acting as a lessee

The Entity applies IFRS 16 – Leases, since 1 January 2019. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

IFRS 16 brought changes in the recognition and disclosures for lessees. The Entity acting as a lessee recognizes a right-of-use asset and the related lease liability in the balance sheet with exceptions where:

- the lease term does not exceed 12 months or;

- the underlying asset has a low value.

Right-of-use asset

At the commencement date, a right-of-use asset is measured at cost which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

A right-of-use asset is recognized in the statement of financial position in line Property, plant and equipment and is depreciated over the shorter of economic useful life of the underlying asset or the lease term. The related depreciation is recognized in the profit or loss in line Other operating expenses.

Lease liability

At the commencement date, a lease liability is initially measured at the present value of the lease payments which that are not paid at that date. The lease payments are discounted using an interest rate which a lessee would have to pay, if a lessee borrowed cash to acquire the underlying asset taking into consideration the terms relating to a lease (i.e. lease/loan term, amount of loans, etc.).

Subsequently, the lease liability is remeasured when there is change in future lease payment (e.g. due to a change in an assessment whether and when it will exercise extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is recognized in the statement of financial position and presented in line Lease liabilities.

Interest expense on lease liability are recognized in profit or loss and presented in line Finance expense using the effective interest rate.

g) Impairment for non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

3. Significant accounting policies (continued)

g) Impairment for non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

h) Trade and other receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are stated after deducting the appropriate allowances for any impairment.

Adjustments are made for impairment when there is evidence that the Group will not be able to collect receivables originally agreed maturity.

Special financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, failure to pay on time or delays in payments (more than 60 days maturity) are considered indicators of impairment claims. Also, it is a provision for doubtful debts total values older than 180 days. The carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognised in profit or loss.

Uncollectible accounts receivable are recorded as expenses when they are identified.

The impairment loss related to a receivable is reversed if the subsequent increase in recoverable amount can be related to an event occurring after the impairment loss was recognised.

i) Equity

i. Share capital

Share capital represents the nominal value of shares issued by the Company. To the extent such shares remain unpaid as of the end of the reporting period a corresponding receivable is presented in other assets.

ii. Dividends

Dividends on share capital are recognised as a liability provided they are declared before the end of the reporting period. Dividends declared after the end of the reporting period are not recognised as a liability but are disclosed in the notes.

iii. Non-controlling interests

Non-controlling interests consist of the minority shareholders' proportion of the fair values of a subsidiary's net assets, at the date of the original combination, plus or minus their share of changes in the subsidiary's equity since that date.

iv. Translation reserve

The translation reserve includes exchange differences relating to the translation of the results and net assets of the Group's foreign operations from functional to the Group's presentation currency. Exchange differences previously accumulated in the translation reserves are reclassified to profit or loss on the disposal of the foreign assets and operations.

v. Capital reserve

The Capital reserve represents other capital contributions by shareholders of the Company out of the share capital (without issue of new shares).

vi. Redeemable preference shares

The redeemable preference shares are classified as equity. Any dividends are discretionary only at the Company's option.

3. Significant accounting policies (continued)

j) Other payables

Accounts payable arise when the Group has a contractual obligation to deliver cash or another financial asset. Accounts payable are measured at amortised cost, which is normally equal to their nominal or repayment value.

k) Revenues

In accordance with IFRS 15, the Group has adopted a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) the Group transfers control of goods or services
to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The Clarifications to IFRS 15 clarify some of the Standard's requirements and provide additional transitional relief for companies that are implementing the new Standard.

The amendments clarify how to:

- identify a performance obligation - the promise to transfer a good or a service to a customer in a contract;
- determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
- determine whether the revenue from granting a license should be recognised at a point in time or over time.

The amendments also provide entities with two additional practical expedients:

- An entity need not restate contracts that are completed contracts at the beginning of the earliest period presented (for entities that using the full retrospective method only);
- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract but shall instead reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented (also for entities recognising the cumulative effect of initially applying the standard at the date of initial application).

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018).

Revenues from sale and distribution of electricity

Supply and distribution of electricity

The invoicing of electricity sales is performed on a monthly basis. Monthly electricity invoices are based on meter readings or on estimated consumptions based on the historical data of each consumer.

Electricity delivered which is not yet billed at the reporting date is accrued on the basis of recent average consumption. Differences between estimated and actual amounts are recorded in subsequent periods.

Revenue is recognized over time, because the client simultaneously receives and consumes the benefits provided by the performance of the Group as the Group delivers electricity.

Advance payments received from customers for future electricity sales are recognized as contract liabilities.

Revenues related to supply of electricity to final consumers include transportation tariffs. These services are provided by the electricity transportation operator.

The Group assessed whether it is a principal or an agent in relation to transport cost passed to the end users and it concluded that it acts as a principal.

3. Significant accounting policies (continued)

k) Revenues (continued)

Revenues from the sale and distribution of natural gas

Supply and distribution of natural gas

Invoices for natural gas supply are issued monthly based on meter readings and based on estimates of natural gas delivered for which no readings have been made, communicated by the distribution operators.

Revenue is recognized over time, because the client simultaneously receives and consumes the benefits provided by the performance of the Group as the Group delivers gas.

Advance payments received from customers for future gas sales are recognized as contract liabilities.

Revenues related to supply of gas to final consumers include transportation tariffs. These services are provided by the gas transportation operators. The Group recognizes revenue as it provides natural gas transportation services to the users of its infrastructure (the consumers) with the delivery of each unit of gas delivered. Revenue is measured based on the volume of gas delivered to the customer during the reporting period at the regulatory tariff.

The Group assessed whether it is a principal or an agent in relation to transport cost passed to the end users and it concluded that it acts as a principal.

The revenues from the sale and distribution of natural gas also include construction-related revenue earned based on grid construction, upgrades and expansions.

The customer for the construction services and network upgrades and expansion is the grantor based on the service concession agreements (refer to Note 6).

The construction revenue is recognized into revenue over time during the construction phase.

A cash advance is sometimes invoiced and received at the beginning of the construction contract. The Group recognizes a contract liability for any advance received at the beginning of the contract, which is offset against construction services rendered. Final invoices are due when construction works are completed.

The Group recognizes construction revenue (against receivable/cash from grantor) and construction costs (against cash/payables) and does not recognize any IFRIC 12 intangible asset.

The Group recognizes a contract asset during the construction period against construction revenue. When the grid, or part of the grid, is put into use (when the operator begins delivery of gas and is able to charge the user of the infrastructure for its delivery services), the contract asset, or the relevant part of the contract asset is reclassified to the intangible asset.

Revenues from betting activities and casino games

Revenues from betting activities represent amounts staked by the customers less betting payouts and betting taxes payable to the state. The amount paid by customers is deducted by 5% (transaction cost) and only remaining 95% of ticket amount is used to calculate the potential winning. Revenue is recognised when the result of the performance obligation is known, i.e. immediately after the bet event result occurs ("at a point in time").

Revenues from casino games represent net wins in respect of bets placed on casino games less gaming tax and amounts accrued for prize pools. Revenues from the online poker business reflect the net income (rake) earned from poker games completed by the year end. Revenue is recognised when the result of the performance obligation is known, i.e. immediately after the game result occurs ("at a point in time").

l) Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

3. Significant accounting policies (continued)

m) Fee and commission income and expenses

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income and expense relate mainly to transaction and service fees, which are recognised as the services are rendered or received.

The Group acts as an agent for insurance providers offering their insurance products to consumer loan borrowers. Commission income from insurance represents commissions for such agency services received by the Group from such partners. It is not considered to be integral to the overall profitability of consumer loans because it is determined and recognised based on the Group's contractual arrangements with the insurance provider rather than with the borrower, the borrowers have a choice whether to purchase the policy, the interest rates for customers with and without the insurance are the same. The Group does not participate on the insurance risk, which is entirely borne by the partner. Commission income from insurance is recognised in profit or loss when the Group provides the agency service to the insurance company.

n) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries, branches and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o) Adoption of new and revised IFRS and Interpretations as adopted by the EU

Several new standards, amendments to standards and interpretations have not become effective at 31 December 2021 and have not been applied in the preparation of these consolidated financial statements. Listed below are those that may impact the Group's operations. The Group plans to introduce these provisions when they become effective.

(i) Standards and Interpretations adopted by the EU effective for annual periods beginning on or after 1 January 2021

- *Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform Phase 2"*
- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use*
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*
- *Amendments to IAS 8 – Definition of Accounting Estimate*
- *Amendments to IAS 1 and IFRS Practice Statement 2*
- *Amendments to IFRS 3 – Reference not the Conceptual Framework*
- *Annual Improvements to IFRS Standards 2018–2020*

3. Significant accounting policies (continued)

o) Adoption of new and revised IFRS and Interpretations as adopted by the EU (continued)

(i) Standards and Interpretations adopted by the EU effective for annual periods beginning on or after 1 January 2021 (continued)

A. Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform Phase 2" (applicable for annual periods beginning on or after 1 January 2021)

Interest Rate Benchmark Reform Phase 2 addresses issues that might affect financial reporting during the reform of interest rate benchmark, including the effects of changes to contractual cash flow or hedging relationship arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues).

The objectives of the Phase 2 amendments are to assist companies in:

- applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements

B. Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023)

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the entity's right to defer settlement at the end of the reporting period. The entity's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the Entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

C. Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

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

In determining costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. Paragraph 68A clarifies that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

E. Amendments to IAS 8 – Definition of Accounting Estimate (applicable for annual periods beginning on or after 1 January 2023);

Based on the amendment, the definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are *"monetary amounts in financial statements that are subject to measurement uncertainty"*.

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

3. Significant accounting policies (continued)

o) Adoption of new and revised IFRS and Interpretations as adopted by the EU (continued)

(i) Standards and Interpretations adopted by the EU effective for annual periods beginning on or after 1 January 2021 (continued)

E. Amendments to IAS 8 – Definition of Accounting Estimate (applicable for annual periods beginning on or after 1 January 2023) (continued)

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

F. Amendments to IAS 1 and IFRS Practice Statement 2 (applicable for the annual periods beginning on or after 1 January 2023);

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.
- In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

G. Amendments to IFRS 3 – Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)

The changes in the Amendments to IFRS 3 Reference to the Conceptual Framework:

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

H. Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)

Amendment to IFRS 9 Financial Instruments

The improvements clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender are on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Amendment to Illustrative Examples accompanying IFRS 16 Leases

The improvements remove from illustrative Example 13 accompanying IFRS 16 reference to a reimbursement by the lessor to the lessee for leasehold improvements as well as an explanation of a lessee's accounting for such reimbursement.

3. Significant accounting policies (continued)

o) Adoption of new and revised IFRS and Interpretations as adopted by the EU (continued)

(i) Standards and Interpretations adopted by the EU effective for annual periods beginning on or after 1 January 2021 (continued)

The risk management committee monitors and manages the transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The committee reports to the Company´s board of directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from IBOR reform.

The Group does not expect that these amendments, when initially applied, will have material impact on the consolidated financial statements for the Group.

(ii) Standards and Interpretations not adopted by the EU

- *Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an Investor and its Associate or Joint venture*

A. Amendments to IFRS 10 and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

IFRS 10 (Amendments) and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective date postponed indefinitely).

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Group does not expect that the Interpretation, when initially applied, will have material impact on the consolidated financial statements for the Group.

4. Financial risk management

The risk management function within the Group is carried out in respect of financial risks (credit, market and liquidity risk), operational risks and legal risks. 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 to minimise operational and legal risks.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk
- legal risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and are responsible for developing and monitoring risk management policies in their specified areas.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Risks related to pandemic COVID 19

Despite the fact, that the main impact resulting from COVID 19 has influenced the Group during the year 2020, there is still continuing uncertainty about potential future impact on the Group. In order to ensure its operations, the Group adopted a series of measures.

Since the Company's subsidiaries in Romania and Moldova operate in the regulated electricity distribution and supply sector, it has not been significantly affected by the outbreak of COVID-19 and the Company's subsidiaries realized relatively stable sales and their operations, including supplies, were uninterrupted. The main estimated impact relates to increase in expected credit losses, due to late payments and/ or defaults of some customers.

In addition, the Company's associate, HOME CREDIT GROUP B.V. belongs to a group, which the largest component is based in China. China was also affected during the year 2020, however, HOME CREDIT GROUP B.V. and HOME CREDIT CHINA took all the necessary steps to mitigate any short term impact from market situation and conditions. Due to the impact of COVID-19 during the year 2020, management assessed the recoverable amount of the associate and recorded an impairment loss. For further information, refer to Note 15.

Risks related to business operations, results and liquidity:

- Regarding potential Government preventive measures, such as complete lock-down of some of the premises in the countries where the Group operates, and general macroeconomic projections, there is a risk of a general decrease in the revenues from all sales channels;
- The Group was facing limited number of sport events in March, April and May of 2020, which has influenced its 2020 results. The risk of a decline in certain revenues, such as revenue from sport betting activities, continues to exist, however, after the first wave the sports environment become adapted to the new situation, which significantly limited this type of risk;
- The Group is prepared to apply certain measures in respect of operating expenses, should the government preventive measures are once again enforced;
- The Group is also monitoring the covenants related to the bonds issued by the Company and through effective cash management at the Group level, can ensure that the covenants are met.

4. Financial risk management (continued)

Risks related to pandemic COVID 19 (continued)

Risk related to operational activities:

- To manage operational risk, the Group follows the business continuity protocols. The Group continues to run the operations using remote access where applicable and taking measures to protect the health of the employees working on-site;
- The Group regularly communicates with its business partners, who have also implemented the necessary measures while providing contractual services without currently identified limitations;
- The Group's operational safeguards mainly includes ensuring its operations within maximized restriction of the occurrence of employees in the workplace;
- The Company and the Group have identified its key processes that would be prioritized in the event of limited options, but at the time of preparation of these consolidated financial statements, the Company and the Group have not identified any significant constraints and expects to be able to continue to operate in the long term.

The Company and the Group have analyzed all the risks and severe but plausible scenarios and concluded that there is no material uncertainty related to going concern.

Risks related to Ukraine crisis

After the reporting date, Russia invaded Ukraine on 24 February 2022. Based on currently available information and based on our analysis carried out, we do not expect significant direct impact of the war conflict on the Group, its business operations, its financial position, results and liquidity. However, it is extremely difficult to predict impact of the war conflict in the long-term perspective. Therefore, the Group monitors the situation carefully and is prepared to adopt the necessary measures for mitigation of potential risks. Refer also to Note 32, for further details.

Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The majority of the Group's exposure to credit risk arises in connection with the provided loans and financial assets which is the Group's principal business. The remaining part of the Group's exposures to credit risk is related to due from banks and other financial institutions, financial assets available-for-sale and other assets.

Credit risk results from business transactions (receivables from counterparties) and from the transactions in financial markets (money market, currency exchange, derivatives transactions, etc.). Several criteria are applied when assessing the level of credit risk.

Credit terms for individual transactions are assessed by the Group's specialists, including middle and top management of the Group. Experts from both law firms and financial institutions were also consulted on the risks related to the transactions. Publicly available information and information from external agencies were used for ongoing monitoring of the credit quality of the counterparties.

The receivables are divided by counterparties and are allocated to the responsible person overseeing each case. The counterparties are allocated to category classes based on allocation criteria such that the first class included low risk counterparties and the third class included higher risk counterparties.

The Group has a credit limit policy including new credit terms and credit limits. The Group has continued in a process of monitoring counterparties and their payment morale on regular basis.

The Group also continuously monitors the performance of individual credit exposures using a number of criteria. The Group has an active fraud prevention and detection program. Credit risk developments are reported by the Group Credit Risk Department to the Board of Directors on a regular basis.

As a result of recent negative development on financial markets, the credit environment in certain countries in which the Group operates has deteriorated. The Group has taken strict measures in its underwriting and collection policies in order to limit the negative impact of such market changes.

4. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk

The Group has provided loans in the amount of TEUR 59,156 (2020: TEUR 87,516). The tables below provide a detailed analysis of the Group's exposure to credit risk.

	Loans – due from non-banks	Loans – due from non-banks
	2021	2020
	TEUR	TEUR
Stage I – Carrying amount carrying amount	59,155	87,503
Stage III – Credit impaired – carrying amount	1	13
Total carrying amount	**59,156**	**87,516**

<u>Credit quality of financial assets</u>

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings of Moody's (if applicable):

	2021	2020
Cash at bank	**TEUR**	**TEUR**
A2	182	--
Aa3	423	669
B1	--	6
B2	--	2,867
B3	--	3,930
Ba1	3,230	--
Ba2	1,591	--
Ba3	1,947	--
Baa1	33	492
Baa2	1,906	6,251
Caa1	--	136
Non-rated	69,698	83,913
Total cash at bank	**79,010**	**98,264**
Cash on restricted accounts		
Non-rated	4,446	--
Total cash on restricted accounts	**4,446**	**--**
Deposits with restricted access		
Ba3	813	--
Non-rated	106	--
Total deposits with restricted access	**919**	**--**
Term bank deposits		
Non-rated	2,594	2,780
Total term bank deposit	**2,594**	**2,780**
Total cash at bank and term bank deposits	**86,969**	**101,044**

4. Financial risk management (continued)

Credit risk (continued)

Classification of financial assets by credit risk

The following table presents an analysis of the credit quality of provided loans at amortised cost. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and if they were credit-impaired.

2021	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(Stage I)	(Stage II)	(Stage III)	
	TEUR	TEUR	TEUR	TEUR
Gross provided loans	59,463	--	163	59,626
Loss allowances	(308)	--	(162)	(470)
Net provided loans	**59,155**	**--**	**1**	**59,156**

2020	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(Stage I)	(Stage II)	(Stage III)	
	TEUR	TEUR	TEUR	TEUR
Gross provided loans	88,978	--	309	89,287
Loss allowances	(1,475)	--	(296)	(1,771)
Net provided loans	**87,503**	**--**	**13**	**87,516**

An analysis of the credit quality of financial assets at amortised cost were as follows. It indicates whether assets measured at amortised cost were subject to a Stage I - III of lifetime ECL allowance and if they were credit-impaired.

2021	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(Stage I)	(Stage II)	(Stage III)	
	TEUR	TEUR	TEUR	TEUR
Gross financial assets at amortised cost – deposits	2,594	--	--	2,594
Loss allowances	--	--	--	--
Net promissory notes and deposits	**2,594**	**--**	**--**	**2,594**

4. Financial risk management (continued)

Credit risk (continued)

Classification of financial assets by credit risk (continued)

2020	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(Stage I)	(Stage II)	(Stage III)	
	TEUR	TEUR	TEUR	TEUR
Gross financial assets at amortised cost - promissory notes	29,696	--	--	29,696
Gross financial assets at amortised cost – deposits	2,780	--	--	2,780
Loss allowances	(3)	--	--	(3)
Net promissory notes and deposits	**32,473**	**--**	**--**	**32,473**

An analysis of the credit quality of trade receivables and other assets were as follows. It indicates whether assets measured at amortised cost were subject to a Stage I - III of lifetime ECL allowance and if they were credit-impaired.

2021	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(Stage I)	(Stage II)	(Stage III)	
	TEUR	TEUR	TEUR	TEUR
Gross trade receivables	120,142	--	16,578	136,720
Gross contract assets	1,051	--	--	1,051
Gross other assets*	5,039	--	1,257	6,296
Loss allowances	(1,687)	--	(16,333)	(18,020)
Net trade receivables, contract assets	**124,545**	**--**	**1,502**	**126,047**

* Other receivables include only financial assets (for the detail refer to Note 14).

4. Financial risk management (continued)

Credit risk (continued)

Classification of financial assets by credit risk (continued)

2020	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(Stage I)	(Stage II)	(Stage III)	
	TEUR	TEUR	TEUR	TEUR
Gross trade receivables	88,642	--	14,499	103,141
Gross contract assets	889	--	--	889
Gross other assets*	4,039	--	3,656	7,695
Loss allowances	(397)	--	(16,950)	(17,347)
Net trade receivables, contract assets	**93,173**	**--**	**1,205**	**94,378**

* Other receivables include only financial assets (for the detail refer to Note 14).

The Group measures loss allowance to financial assets at an amount equal to lifetime ECLs, as described in Note 3 (c) (vii). As at 31 December 2021 and 31 December 2020, loss allowances were calculated based on a lifetime expected credit loss (ECL) corresponding to Stage 2 or 3. Loss allowances to trade receivables and other assets are calculated based on following principles:

- 180-360 days after due date – 37-80% impairment loss allowance;
- more than 360 days after due date – 87-100% impairment loss allowance.

For additional information about the Group´s accounting policies relating to financial instruments in accordance with IFRS 9, refer to Note 3 (c).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk is managed by ensuring that there are sufficient financial resources to meet the obligations associated with financial liabilities. Cautious liquidity risk management assumes maintenance of a sufficient amount of cash and the availability of required external financing in terms of loans and borrowings.

The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Group’s Treasury collects information regarding the liquidity profile of the financial assets and liabilities and details of other projected cash flows arising from projected future business. Portfolio of short-term liquid assets is maintained to ensure sufficient liquidity. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

In order to monitor the current trends in liquidity and to manage other associated risks (exchange rate risk, interest rate risk, foreign exchange risk, payment conditions, tax legislation, etc.), a meeting is held on a monthly basis in attendance with representatives of the Finance Department and with specialists and managers from other departments, if needed. In regular meetings, the Finance Director then reports to the Group management on the liquidity status and its developments. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing as at the reporting date. Foreign currency payments are translated using the spot exchange rate as at the balance sheet date.

4. Financial risk management (continued)

Liquidity risk (continued)

Contractual maturity analysis

The following table shows financial assets and liabilities by remaining maturity dates.

2021

TEUR	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Cash and cash equivalents	82,873	--	--	--	--	82,873
Restricted cash	--	--	4,446	--	--	4,446
Restricted deposits	778	--	141	--	--	919
Financial assets at FVOCI	--	--	--	--	7,489	7,489
Financial assets – deposits	1,472	--	1,122	--	--	2,594
Financial assets at FVTPL	--	6,341	1,011	--	--	7,352
Loans - Due from non-banks	8	48,216	2,208	8,721	3	59,156
Trade receivables	113,079	6,410	516	--	--	120,005
Other assets*	3,633	612	534	--	212	4,991
Total financial assets	**201,843**	**61,579**	**9,978**	**8,721**	**7,704**	**289,825**
Bank overdrafts	8,728	--	--	--	--	8,728
Due to non-banks	2	4,708	197,505	--	--	202,215
Due to banks and other financial institutions	9,727	62,382	161,180	3,501	--	236,790
Lease liabilities	1,064	3,070	10,182	608	--	14,924
Bonds issued	392	--	89,061	--	--	89,453
Financial liabilities at FVTPL	--	641	4,870	--	--	5,511
Trade payables	50,875	958	27	--	--	51,860
Other liabilities*	20,583	182,863	2,807	348	4,242	210,843
Total financial liabilities	**91,371**	**254,622**	**465,632**	**4,457**	**4,242**	**820,324**
Net position	**110,472**	**(193,043)**	**(455,654)**	**4,264**	**3,462**	**(530,499)**

* Other assets include only financial assets (for more details, refer to Note 14). Other liabilities include only financial items (for more details, refer to Note 20).

The cumulative negative Net Position with maturity shorter than 1 year relates mainly to the amount payable of TEUR 182,111 to the non-controlling shareholder of SUPER SPORT d.o.o. in relation to the future acquisition of the remaining 33% in SUPER SPORT d.o.o. by the Group (refer also to Note 34). In March 2022, the Group entered into a new bank loan agreement for the total facility amount of TEUR 230,000 for the purpose of financing the liability to the non-controlling shareholder as well as to refinance the existing bank financing.

2020

TEUR	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Cash and cash equivalents	99,418	--	--	--	--	99,418
Financial assets – deposits	1,399	--	1,381	--	--	2,780
Financial assets at FVTPL	257	9,031	--	--	--	9,288
Financial assets at amortised cost	29,693	--	--	--	--	29,693
Loans – Due from non-banks	15,199	13,221	57,051	2,045	--	87,516
Trade receivables	82,779	5,788	370	65	493	89,495
Other assets*	1,256	1,814	544	--	380	3,994
Total financial assets	**230,001**	**29,854**	**59,346**	**2,110**	**873**	**322,184**
Bank overdrafts	19,118	--	--	--	--	19,118
Due to non-banks	1,112	22,303	188,543	--	--	211,958
Due to banks and other financial institutions	8,663	45,783	95,600	5,479	--	155,525
Lease liabilities	830	2,153	6,133	410	--	9,526
Bonds issued	392	--	88,673	--	--	89,065
Trade payables	37,941	777	48	--	19	38,785
Other liabilities*	6,001	3,090	1,498	--	22	10,611
Total financial liabilities	**74,057**	**74,106**	**380,495**	**5,889**	**41**	**534,588**
Net position	**155,944**	**(44,252)**	**(321,149)**	**(3,779)**	**832**	**(212,404)**

* Other assets include only financial assets (for the details, refer to Note 14). Other liabilities include only financial items (for the details, refer to Note 20).

4. Financial risk management (continued)

Liquidity risk (continued)

Contractual cash flows of financial liabilities (gross undiscounted cash flows)
The following table shows gross undiscounted cash flows including estimated interest payments and therefore may not agree with the carrying amounts in the statement of financial position.

2021

TEUR	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total	Carrying amount
Bank overdraft	8,852	--	--	--	8,852	8,728
Due to non-banks	1,645	9,636	207,188	-	218,469	202,215
Due to banks and other financial institutions	13,597	73,488	187,896	5,175	280,156	236,790
Lease liabilities	1,112	3,202	10,435	612	15,361	14,924
Bonds issued	392	4,364	99,971	--	104,727	89,453
Financial liabilities at FVTPL	--	648	5,484	--	6,132	5,511
Trade and other payables	50,875	958	27	--	51,860	51,860
Other liabilities*	24,825	182,863	2,807	348	210,843	210,843
Total	**101,298**	**275,159**	**513,808**	**6,135**	**896,400**	**820,324**

2020

TEUR	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total	Carrying amount
Bank overdraft	19,309	--	--	--	19,309	19,118
Due to non-banks	2,005	24,983	197,478	--	224,466	211,958
Due to banks and other financial institutions	9,299	47,148	98,012	5,479	159,938	155,525
Lease liabilities	830	2,153	6,133	6,133	15,249	9,526
Bonds issued	392	4,345	108,225	--	112,962	89,065
Trade and other payables	37,960	777	48	--	38,785	38,785
Other liabilities*	6,023	3,090	1,498	--	10,611	10,611
Total	**75,818**	**82,496**	**411,394**	**11,612**	**581,320**	**534,588**

* Other liabilities include only financial items, such as accrued expenses and other liabilities (see also Note 20).

Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The majority of the Group's exposure to market risk arises in connection with the funding of the Group's operations with liabilities denominated in foreign currencies and to the extent the term structure of interest bearing assets differs from that of liabilities.

Market risk includes currency risk and interest rate risk. Management's objectives are to use natural hedging only. The borrowings are secured by the majority of the Group's receivables.

<u>Interest rate risk</u>

The principal risk to which the Group is exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. As part of its management of this position, the Group may use interest rate derivatives.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

4. Financial risk management (continued)

Market risk (continued)

Foreign currency risk

The Group has assets and liabilities denominated in several foreign currencies. It invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in EUR, USD, CZK, RON, HRK and MLD.

Foreign currency risk arises when the actual or forecast assets in a foreign currency are either greater or less than the liabilities in that currency. Foreign currency risk is managed principally through monitoring foreign currency mismatches in the structure of assets and liabilities in the individual Group's country operations.

Net investments in foreign operations are not hedged. As a result, the Group's financial position is adequately sensitive on movements of the relevant foreign exchange rates. Impact of such exchange rate changes on the Group's net investment in foreign operations is presented as currency translation in the consolidated statement of changes in equity.

Interest rate gap position based on re-pricing dates

2021

TEUR		**Floating interest rate**				
	Effective interest rate	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**Fixed interest rate or Non specified**	**Total**
Interest bearing financial assets						
Cash and cash equivalents	0.00%	82,873	--	--	--	**82,873**
Restricted cash	0.00%	--	--	--	4,446	**4,446**
Restricted deposits	0.00%	--	--	--	919	**919**
Financial assets – deposits	1.17%	--	--	--	2,594	**2,594**
Loans - Due from non-banks	3.70%				59,156	**59,156**
Total interest bearing financial assets		**82,873**	**--**	**--**	**67,115**	**149,988**
Interest bearing financial liabilities						
Bank overdraft	5.66%	7,607	--	--	1,121	**8,728**
Due to non-banks	6.22%	--	114,399	--	87,816	**202,215**
Due to banks and other financial institutions	4,00%	10,344	15,738	--	210,708	**236,790**
Lease liabilities	3.62%	--	--	--	14,924	**14,924**
Bonds issued	4.90%	--	--	--	89,453	**89,453**
Total interest bearing financial liabilities		**17,951**	**130,137**	**--**	**404,022**	**552,110**

4. Financial risk management (continued)

Market risk (continued)

Interest rate gap position based on re-pricing dates (continued)

2020 TEUR		**Floating interest rate**				
	Effective interest rate	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**Fixed interest rate or Non specified**	**Total**
Interest bearing financial assets						
Cash and cash equivalents	0.00%	99,418	--	--	--	99,418
Financial assets – deposits	0.05%	--	--	--	2,780	2,780
Financial assets at amortised cost	5.15%	--	--	--	29,693	29,693
Loans - Due from non-banks	2.17%	--	32	--	87,484	87,516
Total interest bearing financial assets		**99,418**	**32**	**--**	**119,957**	**219,407**
Interest bearing financial liabilities						
Bank overdraft	3.99%	19,118	--	--	--	19,118
Due to non-banks	6.09%	--	114,293	--	97,665	211,958
Due to banks and other financial institutions	3.55%	13,432	39,449	--	102,644	155,525
Lease liabilities	3.77%	--	--	--	9,526	9,526
Bonds issued	4.90%	--	--	--	89,065	89,065
Total interest bearing financial liabilities		**32,550**	**153,742**	**--**	**298,900**	**485,192**

Interest rate sensitivity analysis

An analysis of sensitivity of the Group's equity to changes in interest rates based on positions existing as at 31 December 2021 and 31 December 2020 and a simplified scenario of a 100bp change in interest rates is shown:

	Total effect on equity 2021 TEUR	**Total effect on equity 2020 TEUR**
Effect of 100bp decrease in interest rate	2,069	1,211
Effect of 100bp increase in interest rate	(2,069)	(1,211)

4. Financial risk management (continued)

Market risk (continued)

Foreign currency position

2021

TEUR	EUR	USD	CZK	RON	HRK	MDL	Other	Total
Cash and cash equivalents	28,309	7	379	3,724	48,659	1,691	104	82,873
Restricted cash	--	--	--	4,446	--	--	--	4,446
Restricted deposits	448	--	--	471	--	--	--	919
Financial assets at FVOCI	7,446	--	--	--	43	--	--	7,489
Financial assets - deposits	--	--	1,408	64	1,122	--	--	2,594
Financial assets at FVTPL	3,494	--	--	--	--	--	3,858	7,352
Loans - Due from non-banks	42,055	--	16,492	1	327	281	--	59,156
Trade and other receivables	36,443	--	3,344	58,411	6,242	15,565	--	120,005
Other assets*	677	--	108	2,525	--	1,681	--	4,991
Total financial assets	**118,872**	**7**	**21,731**	**69,642**	**56,393**	**19,218**	**3,962**	**289,825**
Bank overdraft	609	--	512	7,607	--	--	--	8,728
Due to non-banks	160,793	41,400	22	--	--	--	--	202,215
Due to banks and other financial institutions	126,657	11,868	347	24,340	68,293	5,285	--	236,790
Financial liabilities at FVTPL	--	--	5,511	--	--	--	--	5,511
Lease liabilities	9,467	--	3,824	324	1,309	--	--	14,924
Bonds issued	89,453	--	--	--	--	--	--	89,453
Trade and other payables	26,135	403	3,049	6,595	1,584	14,094	--	51,860
Other liabilities*	2,430	--	483	8,074	189,388	10,468	--	210,843
Total financial liabilities	**415,544**	**53,671**	**13,748**	**46,940**	**260,574**	**29,847**	**--**	**820,324**
Net position	**(296,672)**	**(53,664)**	**7,983**	**22,702**	**(204,181)**	**(10,629)**	**3,962**	**(530,499)**

2020

	EUR	USD	CZK	RON	HRK	MDL	Other	Total
Cash and cash equivalents	51,546	678	596	3,599	38,133	4,865	1	99,418
Financial assets - deposits	--	--	1,334	65	1,381	--	--	2,780
Financial assets at FVTPL	7,817	999	--	--	--	472	--	9,288
Financial assets at amortised cost	29,693	--	--	--	--	--	--	29,693
Loans - Due from non-banks	67,680	--	19,527	--	77	232	--	87,516
Trade and other receivables	29,974	--	21	39,015	4,793	15,692	--	89,495
Other assets*	2,109	33	8	1,844	--	--	--	3,994
Total financial assets	**188,819**	**1,710**	**21,486**	**44,523**	**44,384**	**21,261**	**1**	**322,184**
Bank overdraft	14,362	--	--	4,756	--	--	--	19,118
Due to non-banks	176,383	35,546	29	--	--	--	--	211,958
Due to banks and other financial institutions	28,489	14,008	--	33,076	79,952	--	--	155,525
Lease liabilities	7,390	--	228	1,364	544	--	--	9,526
Bonds issued	89,065	--	--	--	--	--	--	89,065
Trade and other payables	21,235		220	3,358	1,233	12,739	--	38,785
Other liabilities*	3,555	25	23	4,045	2,817	107	39	10,611
Total financial liabilities	**340,479**	**49,579**	**500**	**46,599**	**84,546**	**12,846**	**39**	**534,588**
Net position	**(151,660)**	**(47,869)**	**20,986**	**(2,076)**	**(40,162)**	**8,415**	**(38)**	**(212,404)**

* Other assets include only financial assets, for the detail, see Note 14. Other liabilities include only financial items such as accrued expenses and other liabilities. For the detail, see Note 20.

4. Financial risk management (continued)

Market risk (continued)

Foreign currency risk sensitivity analysis

An analysis of sensitivity of the Group's equity to changes in currency exchange rates based on positions existing as at 31 December 2021 and 31 December 2020 and a simplified scenario of a 5% change in USD, CZK, RON, HRK and MDL to EUR exchange rates is shown below:

	Total effect on equity 2021 TEUR	Total effect on equity 2020 TEUR
Effect of 5% USD depreciation against EUR	2,683	2,393
Effect of 5% USD appreciation against EUR	(2,683)	(2,393)
Effect of 5% CZK depreciation against EUR	(399)	(1,049)
Effect of 5% CZK appreciation against EUR	399	1,049
Effect of 5% RON depreciation against EUR	(1,135)	104
Effect of 5% RON appreciation against EUR	1,135	(104)
Effect of 5% HRK depreciation against EUR	10,209	2,008
Effect of 5% HRK appreciation against EUR	(10,209)	(2,008)
Effect of 5% MDL depreciation against EUR	531	(421)
Effect of 5% MDL appreciation against EUR	(531)	421

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure supporting the activities with financial instruments, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the limiting of financial losses and damage to the Group's reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk is assigned to senior management of the Group. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Legal risk

Legal risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

4. Financial risk management (continued)

Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through strive for improving the debt-to-equity ratio.

5. Operating environment

Volatility in global financial markets

Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

Operating environment of the Group

The Company currently operates in Croatia, Romania, Moldavia, Greece, Slovakia and the Czech Republic through its investments in subsidiaries and associates. Consequently, the Company is exposed to risks that originate from the operating and economic environments in these jurisdictions.

The Group’s main source of revenue originates from its investments in the betting and casino games sector in Croatia, in the gas and electricity sector in Romania and Moldavia and in the consumer credit sector in emerging markets, including China.

Gambling industry in Croatia is fully regulated. The Croatian government has set clear and understandable rules and enacted relevant legislation. The gambling regulation allows both land-based gambling and online gambling and the individual operators are subject to strict regulatory limitations as well as taxation.

The supply and distribution of electricity and gas is a highly regulated activity by the National Energy Regulatory Authority (ANRE). Effective 1 July 2020, the natural gas market has been liberalized, which means that the prices for the supply of natural gas to household customers will no longer be regulated by ANRE. Thus, the supply of natural gas will be based on competition and on the contract concluded between the household customer and the supplier.

Moldova lacks domestic sources of fossil energy and must import substantial amounts of petroleum, coal, natural gas, and other energy resources. Renewable energy is used in the country, primarily for electricity generation or heating. The projected share of renewable energy in the gross final consumption of energy in 2020 is 20%. Currently, the consumption of electrical energy in Moldova is greater than the production of local suppliers. Due to the inability to meet electricity demand through domestic production, Moldova is a significant net importer of electricity.

The operations in the consumer credit sector are through the Group’s associate, which holds equity stakes in leading consumer finance companies in a number of countries. As a result, the group’s business is subject to the general economic conditions in each of the countries it operates. The operating entities are regulated companies, fully licensed by a national government regulatory body and compliant with respective local laws. In 2020, the group had to cope with a very challenging environment with the unprecedented ongoing COVID-19 global health crisis, lockdowns and regulatory measures, which affected all of their markets. However, during this period, the Group remained fully operational and adapted to the reality of the pandemic. During 2020, the world and all of their markets (except China) have had a significant GDP contraction due to the pandemic. In addition, consumption and retail patterns also influence the demand for their products. The lockdown measures imposed in their various countries directly impacted consumer demand by limiting access to brick-and mortar stores across their markets as well as creating spending constraints, but also impacted sentiment from their customer base during the year.

Within the EU, and in spite of the significant steps towards economic recovery, a degree of uncertainty still exists, as certain issues in some or all EU countries remain to be resolved, such as the high index of non-performing loans, unemployment, implementation of privatisation and reforms in the public services sector. The above could affect, among others, the Group’s ability to obtain new loans on favourable terms and conditions or/and its ability to achieve satisfactory turnover. The Group’s management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment.

6. Fair values of financial instruments

Fair values of financial instruments

The Group has performed an assessment of fair values of its financial instruments to determine whether it is practicable within the constraints of timeliness and cost to determine their fair values with sufficient reliability.

The fair value of financial instruments traded in active markets, such as publicly traded trading and equity investments at FVOCI, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

Financial instruments recorded at fair value are valued as follows: Financial instruments whose fair value is based on quoted market prices (Level 1) or calculated using valuation techniques where all the model inputs are observable in the market, typically interest rates and foreign exchange rates (Level 2), or calculated using valuation techniques where significant model inputs are not observable in the market (Level 3).

7. Intangible assets

2020	**Goodwill**	**Software**	**Trademark**	**IFRIC 12**	**Right-of-use-assets**	**Other intangible assets**	**Total**
	TEUR	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Acquisition cost							
Balance as at 1 January 2020	480,093	2,819	59,168	28,241	--	184	570,505
Acquisitions through business combinations	11,960	1,046	--	2,404	12	25	15,447
Additions	--	4,595	--	1,174	4	1	5,774
Disposals	--	(42)	--	--	--	--	(42)
Translation difference	(759)	(364)	(738)	(540)	--	7	(2,394)
Balance as at 31 December 2020	**491,294**	**8,054**	**58,430**	**31,279**	**16**	**217**	**589,290**
2021							
Balance as at 1 January 2021	491,294	8,054	58,430	31,279	16	217	589,290
Acquisitions through business combinations	31,255	1,198	--	1,416	1,903	2,679	38,451
Additions	--	7,016	1	3,030	306	8	10,361
Disposals	--	(1,195)	--	(70)	--	--	(1,265)
Translation difference	2,636	338	166	(763)	(2)	--	2,375
Balance as at 31 December 2021	**525,185**	**15,411**	**58,597**	**34,892**	**2,223**	**2,904**	**639,212**
2020							
Balance as at 1 January 2020	--	(967)	--	(6,134)	--	(1)	(7,102)
Charge for the year	--	(697)	--	(739)	(2)	(3)	(1,441)
Disposals	--	42	--	--	--	--	42
Translation difference	--	206	--	119	(1)	2	326
Balance as at 31 December 2020	**--**	**(1,416)**	**--**	**(6,754)**	**(3)**	**(2)**	**(8,175)**
2021							
Balance as at 1 January 2021	--	(1,416)	--	(6,754)	(3)	(2)	(8,175)
Charge for the year	--	(2,846)	--	(837)	(106)	(122)	(3,911)
Impairment loss	(3,343)	--	--	--	--	--	(3,343)
Disposals	--	1,194	--	70	--	--	1,264
Translation difference	--	(38)	--	54	3	(3)	16
Balance as at 31 December 2021	**(3,343)**	**(3,106)**	**--**	**(7,467)**	**(106)**	**(127)**	**(14,149)**
Carrying amount							
As at 31 December 2020	**491,294**	**6,638**	**58,430**	**24,525**	**13**	**215**	**581,115**
As at 31 December 2021	**521,842**	**12,305**	**58,597**	**27,425**	**2,117**	**2,777**	**625,063**

7. Intangible assets (continued)

The goodwill of TEUR 31,255 recognised as a result of business combinations in 2021 (refer to Note 1) comprised:
- Goodwill of TEUR 1,969 resulting from acquisition of VOX-ZAGREB d.o.o.
- Goodwill of TEUR 5,846 resulting from acquisition of SIGMA POSLOVODSTVO d.o.o. and NAUTICA POINT GmbH
- Goodwill of TEUR 22,813 resulting from acquisition of MAIL STEP a.s
- Goodwill of TEUR 627 resulting from acquisition of INTEGRIS PHARMA LTD

The goodwill of TEUR 11,960 recognised as a result of business combinations in 2020 (refer to Note 1) comprised:
- Goodwill of TEUR 3,252 resulting from acquisition of RIXO a.s.
- Goodwill of TEUR 2,669 resulting from acquisition of PROFARM S.A.
- Goodwill of TEUR 6,039 resulting from acquisition of EL-PHARM A.E.

In 2021, acquisition through business combination of gas distribution infrastructure networks amounting to TEUR 1,416 relates to the acquisition of 2 natural gas infrastructure concession arrangements in Romania, described in Note 1.

In 2020, acquisition through business combination of gas distribution networks amounting to TEUR 2,404 related to the acquisition of B.E.R.G SISTEM GAZ S.A., described in Note 1. The acquired assets comprised mainly gas distribution network located in Romania and classified as intangible assets under IFRIC 12.

Trademark is treated as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely.

The Group carried out the assessment of estimated remaining useful lives and amortization rates of intangible assets with finite useful life as at 31 December 2021 and 31 December 2020 and no adjustment is required.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units of the Group on which the goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value. The key assumptions in determining value in use are the free cash flows of the CGU and the pre-tax discount rate (WACC). The values used are generally based on past experience and 5-year business plans of relevant Group entities.

The Group carried out the impairment indicators analysis and recognised an impairment to goodwill resulted from acquisition of EUROPE IVF INTERNATIONAL s.r.o. in total value of TEUR 3,343 as at 31 December 2021. The value-in-use was calculated using a 9.00% pre-tax WACC.

No impairment indicators were identified as at 31 December 2020.

8. Property, plant and equipment

2020	Land and buildings	Distribution networks	Vehicles and Other tangible assets and equipment	Tangible assets under construction	Right-of-use assets	Advance payments	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Acquisition cost							
Balance as at 1 January 2020	6,551	172,404	13,021	5,206	11,099	347	208,628
Acquisitions through business combinations	2,069	--	250	3	1,452	2	3,776
Additions	353	2,242	1,406	14,743	2,771	257	21,772
Disposals	(198)	(1,888)	(6,527)	(1,014)	(1,460)	(316)	(11,403)
Transfers	588	13,671	854	(15,242)	--	-	(129)
Translation differences	289	(16,453)	(627)	(482)	(166)	95	(17,344)
Balance as at 31 December 2020	**9,652**	**169,976**	**8,377**	**3,214**	**13,696**	**385**	**205,300**
2021							
Balance as at 1 January 2021	9,652	169,976	8,377	3,214	13,696	385	205,300
Acquisitions through business combinations	7,544	--	3,281	--	4,088	--	14,913
Additions	217	9,440	7,341	2,477	3,936	303	23,714
Disposals	(354)	(1,317)	(1,834)	(187)	(1,962)	(345)	(5,999)
Transfers	4,337	(1,514)	(997)	(1,849)	--	23	--
Translation differences	501	9,022	441	141	1,015	(3)	11,117
Balance as at 31 December 2021	**21,897**	**185,607**	**16,609**	**3,796**	**20,773**	**363**	**249,045**
2020							
Accumulated depreciation							
Balance as at 1 January 2020	(4)	(1,841)	(8,095)	(1,065)	(1,909)	--	(12,914)
Charge for the year	(467)	(7,974)	(1,852)	--	(2,573)	--	(12,866)
Reversal of impairment loss/(impairment loss)	--	--	49	(59)	--	--	(10)
Disposals	83	1,831	6,492	1,010	846	--	10,262
Transfers	--	--	113	--	--	--	113
Translation difference	(44)	846	309	114	38	--	1,263
Balance as at 31 December 2020	**(432)**	**(7,138)**	**(2,984)**	**--**	**(3,598)**	**--**	**(14,152)**
2021							
Balance as at 1 January 2021	(432)	(7,138)	(2,984)	--	(3,598)	--	(14,152)
Charge for the year	(1,174)	(7,838)	(2,244)	--	(3,353)	--	(14,609)
Disposals	100	1,288	1,075	--	1,548	--	4,011
Transfers	--	(21)	829	(588)	(220)	--	--
Translation difference	(55)	(652)	73	(5)	(326)	--	(965)
Balance as at 31 December 2021	**(1,561)**	**(14,361)**	**(3,251)**	**(593)**	**(5,949)**	**--**	**(25,715)**
Carrying amount							
As at 31 December 2020	**9,220**	**162,838**	**5,393**	**3,214**	**10,098**	**385**	**191,148**
As at 31 December 2021	**20,336**	**171,246**	**13,358**	**3,203**	**14,824**	**363**	**223,330**

8. Property, plant and equipment (continued)

In 2021, acquisitions through business combinations of TEUR 14,913 relate to acquisition of VOX-ZAGREB d.o.o, Vega 93 S.R.L, SIGMA POSLOVODSTVO d.o.o., MAIL STEP a.s. and INTEGRIS PHARMA LTD, as described in Note 1.

In 2020, acquisitions through business combinations of TEUR 3,776 relate to acquisitions of PROFARM S.A., EL-PHARM A.E., B.E.R.G SISTEM GAZ S.A. and RIXO a.s., as described in Note 1.

Distribution networks relate to construction of electricity networks (power stations, transformers etc.) and modernization of the distribution power lines in Moldova.

The Group carried out the assessment of estimated remaining useful lives and depreciation rates of property, plant and equipment as at 31 December 2021 and 31 December 2020 and no adjustment was required.

For pledges on property, refer to Note 16, Loans and borrowings.

Leases

The right-of-use assets are recognised in accordance with IFRS 16 and are mainly represented by leased premises for betting shops in Croatia and by leased premises of Romanian offices. As at 31 December 2021, the Group disclosed lease liabilities related to right-of-use assets for the total amount of TEUR 14,924 (2020: TEUR 9,526). For more information, refer to Note 3 (f). For effective interest rate used and undiscounted cash flows, refer to Note 4. For reconciliation of movements of lease liabilities to cash flows arising from financing activities, refer to Note 16. For interest on lease liabilities, refer to Note 29.

These leases typically run for a period of 1 to 10 years.

Some leases provide for additional rent payments that are based on a development of inflation rate in the following years and some of them are defined in EUR, although payable in functional currencies of the entities (HRK or RON).

Some leases contain extension options exercisable by a lessee, typically up to 10 years before the end of lease term. The Group assesses at lease commencement whether it is reasonably certain to exercise the options and subsequently if there is a significant event or significant change in circumstances related to the shop performance.

Short term leases and low value leases recognised as expenses in profit or loss for the year and disclosed in Note 24, Services and material expenses.

9. Cash and cash equivalents

	2021 TEUR	**2020 TEUR**
Current accounts	79,010	98,264
Cash on hand	2,274	636
Other cash equivalents	1,589	518
Cash and cash equivalents in the statement of financial position	**82,873**	**99,418**
Bank overdrafts	(8,728)	(19,118)
Cash and cash equivalents in the statement of cash flows	**74,145**	**80,300**

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to cash and cash equivalents is described in Note 4.

10. Financial assets

Financial assets at amortised cost – deposits

	2021 TEUR	2020 TEUR
At 1st January	2,780	1,958
Acquisitions through business combinations	--	789
Additions	--	567
Withdrawals	(262)	(510)
Translation differences	76	(24)
Balance at 31st December	**2,594**	**2,780**
Non-current position	1,122	1,381
Current position	1,472	1,399
Balance at 31st December	**2,594**	**2,780**

Part of deposits is used as bank loan collateral (refer to Note 16).

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to financial assets at amortised cost - deposits is described in Note 4. The fair value of deposits approximates to their carrying amounts as presented above.

Financial assets at fair value through profit or loss - derivatives

As at 31 December 2021, the Group held no derivative instruments at fair value through profit or loss (2020: TEUR 257). All outstanding exposure was settled on 31 March 2021 when the derivatives expired.

The Group holds derivatives to manage future cash flows from the payments of principal and interest according to the loan agreements (cross currency interest rate swaps and interest rate floor swaps). The derivative instruments are not classified as hedging derivatives.

All financial derivatives were stated at fair value as at 31 December 2021 and 2020 based on price quotation by the bank and categorised to Level 2 in the fair value hierarchy.

	2021 TEUR	2020 TEUR
At 1st January	257	33
Settlement of derivatives	13	(5)
Change in fair value of derivatives	(270)	229
Balance at 31st December	**--**	**257**

Financial assets at fair value through profit or loss – equity and debt instruments

As at 31 December 2021, the Group held equity and debt instruments at fair value through profit or loss of TEUR 7,352 (2020: TEUR 9,031).

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Equity securities measured at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date. During the year, the Group made a profit from trading of equity securities at the total amount of TEUR 2,807 (2020: TEUR 2,674) and received total dividends of TEUR 370 (2020: TEUR 163) from its investment in equity securities.

During the year, the Group derecognised an amount of TEUR 1,681 in respect to its investment in equity securities in ENERGBANK S.A. held by the subsidiary I.C.S. “PREMIER ENERGY DISTRIBUTION” S.A. after the decision of the National Bank of Moldova to cancel the shares. For more information, refer to Note 34, Events after the reporting period.

10. Financial assets (continued)

Financial assets at fair value through profit or loss – equity and debt instruments (continued)

	2021 TEUR	2020 TEUR
At 1st January	**9,031**	**518**
Additions	6,030	12,854
Disposals	(4,762)	(6,867)
Net change in fair value of financial instruments (Note 29)	(1,297)	2,594
Accrued interests (Note 29)	42	--
Derecognition	(1,681)	--
Translation differences	(11)	(68)
Balance at 31st December	**7,352**	**9,031**
Equity instruments	6,335	9,031
Debt instruments	1,017	--
Balance at 31st December	**7,352**	**9,031**

Financial assets at fair value through other comprehensive income

The Group designated the investment shown below as equity securities at FVOCI because the Group intends to hold this investment for strategic purposes for more than twelve months and therefore does not include it in the trading portfolio of equity and debt instruments.

The fair value of this investment was categorised as Level 3 at 31 December 2021 (for information see 3 (c) (iv)). This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares. As at 31 December 2021, the fair value of the investment amounted to TEUR 7,489 as presented below.

	2021 TEUR	2020 TEUR
At 1st January	**--**	**--**
Acquisition	7,489	--
Revaluation through other comprehensive income	--	--
Balance at 31st December	**7,489**	**--**

On 3 August 2021, EMMA ALPHA HOLDING LTD acquired 4.66% shareholding in PRATI ME d.o.o. (including its fully owned subsidiaries NAZOVI ME d.o.o. and BAZZAR MARKETPLACE RZ d.o.o.). On 6 August 2021, the Group increased its shareholding in PRATI ME d.o.o. to 16.18% by subscription of new shares. Total acquisition value including additional capital contribution paid in cash amounted to TEUR 7,489. Subsequently, the Group could be obliged to an additional payment based on final financial results of PRATI ME d.o.o. for 2021 or could be entitled to subscribe additional shares in this entity for nominal value.

During the year, there was no disposal of the investments and there were no transfers of any cumulative gain or loss within equity relating to this investment.

Information about the Group's exposure to credit and market risks is included in Note 4.

10. Financial assets (continued)

Financial assets at amortised cost – promissory notes

Financial assets held-to-maturity were represented by promissory notes from KKCG AG related to the sale of SAZKA Group a.s., for the amounts of TEUR 30,000 and TEUR 90,000. The maturity dates of the promissory notes were 14 March 2021 and 14 March 2020.

The promissory note for the amount TEUR 90,000 was repaid on 14 March 2020 and the promissory note for the amount TEUR 30,000 was repaid on 14 March 2021.

	2021 TEUR	2020 TEUR
At 1st January	29,693	117,252
Disposals	(30,000)	(90,000)
Unwinding discount on promissory notes (interest income)	303	2,416
Net remeasurement of loss allowance (IFRS 9)	4	25
Balance at 31st December	**--**	**29,693**
Non-current portion	--	--
Current portion	--	29,693
Balance at 31st December	**--**	**29,693**

The promissory notes were measured at amortised cost under IFRS 9. Loss allowances were calculated based on a 12-month expected credit loss (ECL).

The promissory notes were pledged as a security for the Loan Facility agreement. On 9 March 2020 and 11 March 2021, the pledge over the promissory notes was released due to their repayment.

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to financial assets at amortised cost – promissory notes is described in Note 4. The fair value of financial assets at amortised cost approximates to their carrying amounts as presented above.

Restricted deposits and restricted cash

Restricted deposits

	2021 TEUR	2020 TEUR
Deposits with restricted access – current	778	--
Deposits with restricted access – non-current	141	--
Total	**919**	**--**

Restricted cash

	2021 TEUR	2020 TEUR
Cash on restricted bank accounts – current	--	--
Cash on restricted bank accounts – non-current	4,446	--
Total	**4,446**	**--**

Restricted deposits are used as bank loan collateral or as collateral for letters of guarantees.

The exposure of the Group to financial risks in relation to restricted cash and restricted deposits is described in Note 4. The fair value of restricted cash and restricted deposits approximates to their carrying amounts.

11. Loans receivable

The Group has provided loans receivable to its related parties of TEUR 18,996 (2020: TEUR 18,587) and third parties of TEUR 40,160 (2019: TEUR 68,929) which are repayable as follows:

2021	**Average interest rate**	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5**	**Non-specified**	**Total TEUR**
Loans receivable	3.70%	8	48,216	2,208	8,721	3	**59,156**

2020	**Average interest rate**	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5**	**Non-specified**	**Total TEUR**
Loans receivable	2.17%	15,199	13,221	57,051	2,045	--	**87,516**

As at 31 December 2021 and 31 December 2020, loans receivables are measured at amortised cost under IFRS 9. Loss allowances were calculated based on a 12-month or a lifetime expected credit loss (ECL). As at 31 December 2021, loss allowances related to loans receivable amounted to TEUR 475 (31 December 2020: TEUR 1,771).

During the year, the Group sold a loan receivable amount realising a loss on disposal of TEUR 47,979, which was recognised in profit or loss (Note 29).

As at 31 December 2021, loan receivable total balances from third parties of TEUR 34,920 (2020: TEUR 2,045) were secured over shares, receivables, debenture notes, real estate and maritime structures (vessels).

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to loan receivables is described in Note 4. The fair value of loan receivables approximates to their carrying amounts as presented above.

12. Trade receivables

	2021	**2020**
	TEUR	**TEUR**
Current	119,489	89,060
Non-current	516	435
Total	**120,005**	**89,495**

The trade receivables refer mainly to distribution and sales of gas and electricity and workings performed (connections, utility installations and network extension partially financed by customers) by the Romanian and Moldovan companies. In addition, include receivable amounts from credit card transactions performed by the Croatian companies, receivables resulting from trading in pharmaceuticals carried out by the Greek companies and receivables resulting from logistical services provided by the Czech entity.

The contractual maturity analysis of trade receivables is included in Note 4.

As at 31 December 2021 and 2020, all trade and other receivables are measured at amortised cost under IFRS 9. Loss allowances were calculated based on a lifetime expected credit loss (ECL), for detailed classification of financial assets by credit risk see Note 4.

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to trade receivables is described in Note 4. The fair value of trade and other receivables approximates to their carrying amounts as presented above.

13. Inventories

Inventories of TEUR 19,163 (2020: TEUR 22,723) are mainly represented by goods and materials related to gas distribution of Romanian companies (including gas stored at third parties) and to pharmaceutical goods inventory of Greek entities.

The Romanian entities pledged gas in storage as security for liabilities in amount TEUR 5,020 (2020: TEUR 7,015) (refer to Note 16).

In 2021 and 2020, the operating activities of the Group in gas and electricity segments are performed according to license for distribution of energy. The Group fulfilled the ANRE obligations of gas stocked in underground storage in 2021 and 2020.

For details regarding expenses for raw materials and consumables, please refer to Note 24, information related to impairment loss is included in note 28, Other operating expenses.

14. Other assets

	2021 TEUR	2020 TEUR
Financial assets		
Other assets	4,991	3,994
Subtotal financial assets	**4,991**	**3,994**
Non-financial assets		
Advances to suppliers	1,218	1,056
Other tax receivables	2,468	1,376
Deferred expenses and prepayments	19,467	9,003
Other assets - non-financial	3,208	--
Subtotal non-financial assets	**26,361**	**11,435**
Total	**31,352**	**15,429**
Current	23,663	14,765
Non-current	7,689	664
Total	**31,352**	**15,429**

The exposure of the Group to credit risk and foreign exchange risk in relation to other financial assets is described in Note 4. The fair value of other financial assets approximates to their carrying amounts as presented above.

Deferred expenses and prepayments represent mainly advances paid to suppliers. In 2020, the Group recognized total impairment losses on advances paid and guarantees for gas purchases of TEUR 15,620 (refer to Note 28, Other operating expenses).

Other assets mainly include guarantees for payment retained by gas suppliers.

15. Investments in equity-accounted investees

The Group has the following investments which were accounted for using the equity method:

	Type of equity method investment	Country of incorporation	Ownership interest (%) 2021	Ownership interest (%) 2020	Carrying amount TEUR 2021	Carrying amount TEUR 2020
PHARMANET A.E. [1)]	Associate	Greece	17.40	17.40	50	50
HOME CREDIT GROUP B.V.	Associate	Netherlands	8.88	8.88	286,024	296,858
HUDDLE GAMING, INC. [2)]	Associate	United States of America	23.88	21.88	1,009	1,438
HOME FURNITURE GROUP GmbH [3)]	Associate	Germany	46.06	--	27,402	--
					314,485	**298,346**

1) Entity acquired as a part of business combination – acquisition of PROFARM S.A. in 2020 (refer also to Note 1).
2) Including its three fully-owned subsidiaries (refer also to Note 1).
3) Including its three fully-owned subsidiaries (refer also to Note 1).

Gains and losses related to equity-accounted investees recognised in profit or loss 2021 and 2020 could be summarized as follows:

	2021 TEUR	2020 TEUR
Net gain from sale of investments in equity-accounted investees and subsidiaries	--	(19)
Equity-accounted investees – impairment loss	--	(54,695)
Equity-accounted investees – share of loss *	(31,320)	(49,037)
	(31,320)	**(103,751)**

* The amount TEUR 31,320 consist of the share of loss in total amount of TEUR 31,344 and the effect of the increase of ownership interest in HUDDLE GAMING, INC. to 23.33 % in total amount of TEUR 24.

Movements of equity-accounted investees in 2021 and 2020 could be summarized as follows:

	2021 TEUR	2020 TEUR
Balance as at 1st January	298,346	432,894
Additions (Note 1)	31,262	1,686
Acquisitions through business combinations (Note 1)	--	50
Disposal (Note 1)	--	(207)
Impairment loss on associates [1)]	--	(54,695)
The effect of decrease of total number of shares in HUDDLE GAMING, INC.	24	--
Group's share of loss	(31,344)	(49,037)
Group's share of Other comprehensive income – translation reserve	16,375	(31,368)
Group's share of Other comprehensive income – other components of OCI	89	266
Group's share of other net assets changes (other)	(267)	(1,243)
At 31st December	**314,485**	**298,346**

Impairment loss on associates recognized in 2020 related to HOME CREDIT GROUP B.V., non-bank financial institution specialized in provision of loans and related products. Due to the impact of COVID-19 during the year 2020, the management assessed the value of equity-accounted investee and recorded the impairment loss in total amount of TEUR 54,695. For further information, refer to Note 4.

15. Investments in equity-accounted investees (continued)

The financial information relating to investments in equity-accounted investees is summarised below:

TEUR	HOME CREDIT GROUP B.V.		HUDDLE GAMING, INC.		PHARMANET A.E.		HOME FURNITURE GROUP GMBH	
	associate (8.88%) 2021	**associate** (8.88%) 2020	**associate** (23.33%)[1)] 2021	**Associate** (21.88%)[2)] 2020	**associate** (17.40%) 2021	**associate** (17.40%) 2020	**associate** (46.06%) 2021	**associate** -- 2020
Summarised balance sheet								
Non-current assets	4,006,000	7,754,000	102	--	101	107	78,066	--
Current assets	12,256,000	10,764,000	783	2,382	4,847	4,975	16,687	--
Non-current liabilities	(2,107,000)	(2,490,000)	--	--	(2,139)	(2,233)	(11,970)	--
Current liabilities	(12,339,000)	(14,092,000)	(519)	(7)	(2,855)	(2,875)	(23,513)	--
Net assets (100%)	**1,816,000**	**1,936,000**	**366**	**2,375**	**(46)**	**(26)**	**59,270**	--
Net assets attributable to equity holders	**1,806,000**	**1,928,000**	**366**	**2,375**	**(46)**	**(26)**	**59,270**	--
Group's share on net assets	160,373	171,207	85	514	(8)	(5)	27,300	--
Goodwill	125,651	125,651	924	924	58	55	102	--
Carrying amount of investments in equity-accounted investees	**286,024**	**296,858**	**1,009**	**1,438**	**50**	**50**	**27,402**	**--**
Summarised income statement								
Revenues	2,763,000	4,642,000	--	--	9,840	9,598	91,050	--
Operating profit/(loss)	1,919,000	3,199,000	(2,119)	(77)	70	113	(9,079)	--
Profit/(loss) before tax	(423,000)	(719,000)	(2,119)	(77)	(54)	4	(9,526)	--
Income tax	42,000	135,000	--	--	(2)	(1)	--	--
Profit/(loss) for the year	**(381,000)**	**(584,000)**	**(2,119)**	**(77)**	**(56)**	**3**	**(9,526)**	--
Net profit for the period from discontinued operation, net of tax	78,000	--	--	--	--	--	--	--
Net profit/(loss) for the year	**(303,000)**	**(584,000)**	**(2,119)**	**(77)**	**(56)**	**3**	**(9,526)**	**--**
- *out of which profit attributable to equity holders*	**(304,000)**	**(552,000)**	**(2,119)**	**(77)**	**--**	**--**	**(9,526)**	**--**
Other comprehensive income	**195,000**	**(364,000)**	**154**	**--**	**--**	**--**	**--**	**--**
Total comprehensive income	***(108,000)***	***(948,000)***	***(1,965)***	***(77)***	***(56)***	***3***	***(9,526)***	**--**
Group's share on loss for the year	(26,995)	(49,018)	(489)	(19)	--	--	(3,860)	--
Group's share on other comprehensive income	16,161	(31,102)	36	--	--	--	--	--
Group's share on total comprehensive income	**(10,834)**	**(80,120)**	**(453)**	**(19)**	**--**	**--**	**(3,860)**	**--**

[1)] The Group's share in HUDDLE GAMING, INC. increased from 21.88% to 23.33% in April 2021. Group's share on loss for the year was calculated using the share of 21.88% for the period from January to March 2021 and share of 23.33% for the period from April to December 2021.

[2)] In 2020, Group's share on loss for the year for HUDDLE GAMING, INC. was calculated using the share of 25.00% before sale of 2,500 shares.

16. Loans and borrowings

Liabilities due to non-banks

The contractual terms of the Group's non-bank loans are summarised below. For more information about the Group's exposure to liquidity risk, interest rate and foreign currency risk, please refer to Note 4.

	2021 TEUR	2020 TEUR
Loans from associates and associated groups	46,197	46,100
Loans from other related parties	155,997	165,831
Loans from third parties	21	27
	202,215	**211,958**

Non-bank loans are payable as follows:

TEUR	Amount as at 31 December 2021	Payable in 1 year	Payable in more than 1 year
Loans from related and third parties	202,215	4,710	197,505
Total	**202,215**	**4,710**	**197,505**

TEUR	Amount as at 31 December 2020	Payable in 1 year	Payable in more than 1 year
Loans from related and third parties	211,958	23,415	188,543
Total	**211,958**	**23,415**	**188,543**

As at 31 December 2021, the Group's non-bank loans were secured as follows:

- 3.679.958.130 shares of HOME CREDIT GROUP B.V. in favour of AIR BANK a.s.
- 5.432.750.597 shares of HOME CREDIT GROUP B.V. in favour of PPF Banka a.s.

As at 31 December 2020, the Group's non-bank loans were secured as follows:

- 3.590.751.919 shares of HOME CREDIT GROUP B.V. in favour of PPF Banka a.s.. On 30 July 2020, EMMA OMEGA LIMITED increased its loan with PPF Banka a.s. by TEUR 20,.000 in order to repay part of the loan with HOME CREDIT GROUP B.V. (TEUR 20,000). The additional loan proceeds from PPF Banka a.s. required an increase on the shares pledged in HOME CREDIT GROUP B.V. by 763.245.191 shares.
- 2.432.246.085 shares of HOME CREDIT GROUP B.V. in favour of AIR BANK a.s.

The fair value of liabilities due to non-banks approximates to their carrying amounts as presented above. The exposure of the Group to liquidity risk, interest rate risk and foreign exchange risk in relation to non-bank loans is described in Note 4.

Liabilities due to banks and other financial institutions

The Group's liabilities due to banks and other financial institutions as of 31 December 2021 amount to TEUR 236,790 (2020: TEUR 155,525). The details are described below.

	2021 TEUR	2020 TEUR
Non-current bank loans	164,681	101,079
Current bank loans	72,109	54,446
	236,790	**155,525**

16. Loans and borrowings (continued)

Liabilities due to banks and other financial institutions (continued)

2021	Currency	Maturity	Outstanding principal and interest TEUR
Secured bank loans	RON	2022	24,340
Secured bank loans	MDL	2022	5,485
Secured bank loans	HRK	2022	160
Secured bank loans	CZK	2022	8
Secured bank loans	EUR	2023-2025	87,143
Secured bank loans	USD	2025	11,668
Secured bank loans	HRK	2025	68,133
Secured bank loans	CZK	2025	338
Secured bank loans	EUR	2027-2031	39,515
			236,790

2020	Currency	Maturity	Outstanding principal and interest TEUR
Secured bank loans	RON	2021	33,076
Secured bank loans	EUR	2025	5,797
Secured bank loans	USD	2025	14,008
Secured bank loans	HRK	2025	79,952
Secured bank loans	EUR	2027	22,692
			155,525

The interest rates on bank loans are variable or fixed, all interest rates are market based. The exposure of the Group to liquidity risk, to interest rate risk and to foreign exchange risk in relation to bank loans is described in Note 4.

There are covenants to be fulfilled related to secured bank loans. As at 31 December 2021 and 2020 there were no breaches of covenants conditions.

As at 31 December 2021, the Group's bank loans were secured by pledge on receivables, bank accounts and deposits, pledge on defined movable and immovable assets, pledge on part of shares of PREMIER ENERGY S.R.L., pledge of shares in SUPER SPORT d.o.o. and PREMIER ENERGY PLC, pledge on gas in storage (refer to Note 12, Inventories), by blank promissory note, by pledge on receivables due from defined customers and by corporate guarantees provided by the parent company EMMA ALPHA HOLDING LTD.

As at 31 December 2020, the Group's bank loans were secured by pledge on receivables, bank accounts and deposits, pledge on defined movable and immovable assets, pledge on part of shares of PREMIER ENERGY S.R.L., pledge on gas in storage (refer to Note 12, Inventories), secured by the shareholding in SUPER SPORT d.o.o., by blank promissory note and by corporate guarantees provided by the parent company EMMA ALPHA HOLDING LTD.

The fair value of liabilities due to banks and other financial institutions approximates to their carrying amounts as presented above.

16. Loans and borrowings (continued)

Reconciliation of movements of liabilities

Reconciliation of movements of liabilities to cash flows arising from financing activities in 2021 and 2020 is described below.

	Loans and borrowings	Lease liabilities	Bonds issued	Equity	Total
Balance at 1 January 2021	**367,483**	**9,526**	**89,065**	**832,216**	**1,298,290**
Changes from financing cash flows					
Other changes in equity	--	--	--	1,357	1,357
Dividends paid	--	--	--	(19,167)	(19,167)
Proceeds from interest-bearing loans and borrowings	79,046	--	--	--	79,046
Repayments of interest-bearing loans and borrowings	(26,881)	--	--	--	(26,881)
Payment of lease liabilities	--	(3,468)	--	--	(3,468)
Total changes from financing cash flows	**52,165**	**(3,468)**	**--**	**(17,810)**	**30,887**
Changes arising from obtaining or losing control of subsidiaries or other businesses	**10,612**	**5,038**	**--**	**1,740**	**17,390**
The effect of changes in foreign exchange rates	--	--	--	5,736	5,736
Other changes					
Interest expense	20,366	323	4,798	--	25,487
Interest paid	(11,621)	(323)	(4,410)	--	(16,354)
New lease agreements	--	4,242	--	--	4,242
Termination of lease agreements	--	(414)	--	--	(414)
Total liability-related other changes	**8,745**	**3,828**	**388**	--	**12,961**
Total equity-related other changes	--	--	--	**(215,465)**	**(215,465)**
Balance at 31 December 2021	**439,005**	**14,924**	**89,453**	**606,417**	**1,149,799**

16. Loans and borrowings (continued)

Reconciliation of movements of liabilities (continued)

	Loans and borrowings	Lease liabilities	Bonds issued	Equity	Total
Balance at 1 January 2020	**339,654**	**9,276**	**88,677**	**1,130,707**	**1,568,314**
Changes from financing cash flows					
Other changes in equity	--	--	--	(16,701)	(16,701)
Dividends paid	--	--	--	(39,946)	(39,946)
Proceeds from interest-bearing loans and borrowings	7,633	--	--	--	7,633
Repayments of interest-bearing loans and borrowings	(220)	--	--	--	(220)
Payment of lease liabilities	--	(1,907)	--	--	(1,907)
Total changes from financing cash flows	**7,413**	**(1,907)**	**--**	**(56,647)**	**(51,141)**
Changes arising from obtaining or losing control of subsidiaries or other businesses	**17,449**	**--**	**--**	**4,649**	**22,098**
The effect of changes in foreign exchange rates	**--**	**--**	**--**	**(14,328)**	**(14,328)**
Other changes					
Interest expense	20,266	236	4,798	--	25,300
Interest paid	(17,299)	(236)	(4,410)	--	(21,945)
New lease agreements	--	2,771	--	--	2,771
Termination of lease agreements	--	(614)	--	--	(614)
Total liability-related other changes	**2,967**	**2,157**	**388**	**--**	**5,512**
Total equity-related other changes	**--**	**--**	**--**	**(232,165)**	**(232,165)**
Balance at 31 December 2020	**367,483**	**9,526**	**89,065**	**832,216**	**1,298,290**

17. Bonds issued

	2021 TEUR	2020 TEUR
Nominal value of bonds issued	90,000	90,000
Expenses related to the issue of bonds – amortized	(939)	(1,327)
Accrued interest	392	392
Total amount as at 31 December	**89,453**	**89,065**

On 29 May 2019, the Group issued bonds EMG 4.90/2024 (ISIN SK4000015210) at a total nominal value of TEUR 90,000. The bonds will mature as at 29 May 2024. Bonds bear fixed interest rate of 4.90% p.a. Bonds were accepted for trading on the Bratislava Stock Exchange. The Bonds are secured by a corporate guarantee provided by the consolidated entity EMMA GAMMA LIMITED, for the maximum amount of TEUR 115,000.

The interest expense related to bonds issued is TEUR 4,410 in 2021 (2020: TEUR 4,410) and the effective interest expense related to the issue of bonds is TEUR 388 in 2021 (2020: TEUR 388). For further information, refer to Note 29.

17. Bonds issued (continued)

The prospectus of the bond sets the maximum values of selected financial indicators (covenants). In the event of persistent non-compliance with these financial indicators, each bondholder has the right to demand early repayment of the bonds held. In this context, the Group monitors the fulfilment of financial indicators in accordance with the determination of the prospectus. According to the Prospectus, the Group should maintain the Net Debt Ratio of EMMA GAMMA LIMITED subgroup at a level below 4. The Group calculates this ratio twice a year, on 30 June and 31 December of each year based on the consolidated financial information of the EMMA GAMMA LIMITED subgroup. On 31 December 2021, the Group exceeded the Net debt ratio due to the liability booked in respect to the future acquisition of SUPER SPORT d.o.o. The acquisition of the remaining 33% was made on 4 March 2022 and the liability was settled. As at the date of issue of these consolidated financial statements, the compliance of the covenant was remedied.

The fair value of bonds issued approximates to their carrying amounts as presented above. The exposure of the Group to liquidity risk, interest rate risk and foreign exchange risk in relation to bonds issued is described in Note 4.

18. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss - derivatives

The Group holds derivatives to manage future cash flows from the payments of principal and interest according to the loan agreements (cross currency interest rate swaps).

All financial derivatives were stated at fair value as at year end based on price quotation by the bank and categorised to Level 2 in the fair value hierarchy.

	2021	2020
	TEUR	**TEUR**
At 1st January	--	313
Change in fair value	--	(313)
Balance at 31st December	**--**	**--**

Financial liabilities at fair value through profit or loss – contingent consideration

	2021	2020
	TEUR	**TEUR**
At 1st January	--	--
Contingent and deferred consideration for business combinations (Note 1)	5,366	--
Change in fair value (Note 29)	145	--
Balance at 31st December	**5,511**	**--**

Contingent and deferred consideration was recognized in connection with acquisition of MAIL STEP a.s. through business combination in 2021. For more information, refer to Note 1. The amount of contingent consideration depends on business performance of MAIL STEP a.s. in 2021, 2022 and 2023 and is payable in 2022, 2023 and 2024.

The exposure of the Group to liquidity risk, interest rate risk and foreign exchange risk in relation to contingent consideration is described in Note 4.

19. Trade payables

The Group's trade payables as of 31 December 2021 amounting TEUR 51,860 (2020: TEUR 38,785) consist mainly of payables related to trading in pharmaceuticals, payables of gas supply of Romanian companies, distribution of electricity of Moldovan companies and payables related to betting and casino activities of Croatian companies.

The fair value of trade payables approximates to their carrying amounts as presented above. Information about the Group's exposure to currency and liquidity risks is included in Note 4.

20. Other liabilities

	2021 TEUR	2020 TEUR
Financial liabilities		
Accrued expenses	18,399	3,176
Other liabilities	192,444	7,435
Subtotal financial liabilities	**210,843**	**10,611**
Non-financial liabilities		
Deferred income	14,338	12,839
Other tax payable	15,207	11,338
Advances received	497	1,751
Wages and salaries	3,598	2,237
Social security and health insurance	1,296	2,156
Subtotal non-financial liabilities	**34,936**	**30,321**
Total	**245,779**	**40,932**
Current	226,453	27,872
Non-current	19,326	13,060
Total	**245,779**	**40,932**

As at 31 December 2021, the Group disclosed the financial liability resulting from transaction with non-controlling shareholder of SUPER SPORT d.o.o. in the total amount of TEUR 182,111 with the corresponding entry to other reserves in equity (refer also to Note 22, Equity). The Group has contractually agreed the future acquisition of 33% in SUPER SPORT d.o.o. from the non-controlling shareholder of SUPER SPORT d.o.o. The transaction was finalized in 2022 (refer also to Note 34, Events after the reporting period).

Accrued expenses are represented notably by liabilities related to gas purchases by Romanian subsidiaries.

As at 31 December 2021 and 31 December 2020, the balance of deferred income is notably represented by liabilities related to the electricity activity of Moldovan subsidiaries, and of gas by Romanian subsidiaries.

The fair value of other liabilities approximates to their carrying amounts as presented above. For more information about the Group’s exposure to liquidity and foreign currency risk refer to Note 4.

21. Deferred tax liability and asset

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2021 TEUR	2020 TEUR
Deferred tax assets	2,996	969
Deferred tax liabilities	(22,106)	(21,843)
Net deferred tax liabilities	**(19,110)**	**(20,874)**

The recognised deferred tax assets and liabilities are attributable mainly to property, plant and equipment and to intangible assets (gas distribution networks accounted for based on IFRIC 12 and trademark). Deferred tax asset is attributable also to tax losses carried forward.

	2021 TEUR	2020 TEUR
Property, plant and equipment	(9,033)	(7,336)
Intangible assets	(13,076)	(14,365)
Tax losses carried-forward	1,989	--
Other items	1,010	827
Net deferred tax liabilities	**(19,110)**	**(20,874)**

Movements in temporary differences during the period were as follows:

2021	**Balance at 1 January**	**Recognized in profit or loss**	**Additions resulting from business combinations**	**Effect of movements in foreign exchange rate**	**Balance at 31 December**
Property, plant and equipment	(7,336)	(379)	(941)	(377)	(9,033)
Intangible assets	(14,365)	1,258	--	31	(13,076)
Tax losses carried-forward	--	1,921	--	68	1,989
Other items	827	167	15	1	1,010
	(20,874)	**2,967**	**(926)**	**(277)**	**(19,110)**

2020	**Balance at 1 January**	**Recognized in profit or loss**	**Additions resulting from business combinations**	**Effect of movements in foreign exchange rate**	**Balance at 31 December**
Property, plant and equipment	(7,170)	(800)	(197)	831	(7,336)
Intangible assets	(13,880)	(761)	(68)	344	(14,365)
Other items	122	740	821	(856)	827
	(20,928)	**(821)**	**556**	**319**	**(20,874)**

22. Equity

Share capital

Upon incorporation on 12 October 2012, the Company issued to the subscribers of its Memorandum of Association 10,000 ordinary shares of EUR 1 each at par.

At 31 December 2021, the share capital of the Group comprised 10,000 ordinary shares with nominal value of EUR 1 each, all of which were issued and fully paid.

The Company's ordinary shares are pledged by EMMA CAPITAL LIMITED, in favour of J&T Banka a.s.

The Ordinary Shares shall confer on their holders the following rights:

a) The right to receive notice, attend and vote at any proposed General Meeting and/or proposed resolution of the General Meeting and/or any proposed unanimous written resolution of the General Meeting.

b) The right to receive dividends in accordance with Regulations 112-114A.

c) On a return of assets on liquidation of the Company, reduction of capital or otherwise, the right to receive assets corresponding to (i) the nominal value of the Ordinary Shares and (ii) to the amount remaining payable as provided for in Regulation 114A (c).

Redeemable shares

	2021 Number of shares	2021 TEUR	2020 Number of shares	2020 TEUR
Authorised				
Redeemable shares of EUR 1 each	10,225	10	10,225	10
Issued and fully paid (Total)				
Opening balance	8,344	204,923	10,055	437,370
Newly issued redeemable shares	--	--	170	17,318
Redemptions of shares *	(336)	--	(1,881)	--
Transfer of share premium to retained earnings	--	--		(250,000)
Other transfer to/from retained earnings	--	--	--	235
Balance as at 31 December	**8,008**	**204,923**	**8,344**	**204,923**

* redemption value of TEUR 29,524 (2020: TEUR 165,280) was settled from retained earnings after transfer from redeemable preference shares reserve to retained earnings.

During 2021, MEF HOLDINGS LIMITED sold 51 redeemable preference shares to minority shareholders (2020: 183 redeemable preference shares).

During 2021, the Company redeemed 336 redeemable preference shares held by MEF HOLDINGS LIMITED (2020: 1,881 redeemable preference shares) for a total redemption value of TEUR 29,524 (2020: TEUR 165,280).

On 21 May 2020, the Company's authorised and issued share capital were increased from EUR 10,055 divided into 10.055 redeemable preference shares of nominal value of EUR 1 each to EUR 10,225 divided into 10,225 redeemable preference shares of nominal value of EUR 1 each by the creation of 170 additional redeemable preference shares of nominal value of EUR 1 each. The new shares were issued at a premium value of EUR 101.872,53 each, amounting to TEUR 17,318.

On 18 September 2020, 2,208 redeemable preference shares out of the 9,553 shares which were pledged during 2019, under the Deed of Pledge Agreement, were released. As at 31 December 2021 and 31 December 2020, 7,345 redeemable preference shares remain pledged.

In December 2020, the Company transferred part of its share premium in total amount of TEUR 250,000 to retained earnings.

22. Equity (continued)

Redeemable shares (continued)

The Redeemable Preference Shares shall confer on their holders the following rights:

a. The right to redeem such shares in accordance with the procedure set out in the present Regulations.
b. The right to receive dividends in accordance with Regulations 112 - 114A.
c. On a return of assets on liquidation of the Company, reduction of capital or otherwise, the right to receive any surplus assets remaining after the distribution to the holders of Ordinary Shares as provided for in Regulation 5A (c).

Translation reserve

The translation reserve balance as at 31 December 2021 of negative TEUR 63,398 (2020: negative TEUR 85,125) represents notably foreign exchange differences arising from translation of the financial statements of the companies forming a group in which the associate (HOME CREDIT GROUP B.V.) is the parent company.

In 2020, the negative change of TEUR 44,225 in the translation reserve is primarily caused by movements in equity of equity-accounted investees and by movements of foreign exchange rates in Moldova and Romania.

Revaluation reserves

The revaluation reserve represents effects of revaluation gains/(losses) of the Group's share on revaluation gains/(losses) from associates.

	Note	TEUR
On 1st January 2020		5,801
Current year share on revaluation gain from associates	15	266
On 31st December 2020		**6,067**
On 1st January 2021		6,067
Current year share on revaluation gain from associates	15	89
On 31st December 2021		**6,156**

Other reserves

The balance of other reserves as at 31 December 2021 of TEUR negative 201,389 (2020: TEUR negative 20,863) represents notably the effect of the transaction with non-controlling shareholder of SUPER SPORT d.o.o. (described in the separate paragraph below) and the Group's share on associate's HOME CREDIT GROUP B.V. changes in net assets other than associates' profit or loss or associates' other comprehensive income (refer to Note 15).

The Group has contractually agreed (refer also to Note 31) the future acquisition of 33% in SUPER SPORT d.o.o. from the non-controlling shareholder of SUPER SPORT d.o.o. in 2022. As it was agreed before 31 December 2021, the transaction was accounted for in accordance with the present-access method and the financial liability in total amount of TEUR 182,111 was recognised with the corresponding entry to other reserves in equity (refer also to Note 20, Other liabilities). The transaction was finalized in 2022 (refer also to Note 34, Events after the reporting period).

Dividends and other distributions paid

During 2021, the Group did not distribute any dividends to EMMA CAPITAL LIMITED (2020: TEUR 20,000). Dividends and other distributions in the amount of TEUR 19,167 were distributed to minority shareholders of subsidiaries (2020: TEUR 19,946).

22. Equity (continued)

Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI in 2021.

TEUR	RIXO A.S.	MAIL STEP A.S.	*Subtotal*	*TOTAL*
NCI percentage	**2.70%**	**30.00%**		
Non-current assets	1,991	7,701		
Current assets	2,126	4,336		
Non-current liabilities	(63)	(3,621)		
Current liabilities	(1,180)	(4,473)		
Net assets	**2,874**	**3,943**		
Net assets attributable to NCI	**78**	**1,183**	**1,261**	**53,186**
Revenue	2,028	4,169		
Profit / (loss)	(11,108)	313		
OCI	(37)	97		
Total comprehensive income	**(11,145)**	**410**		
Profit / (loss) allocated to NCI	**(700)**	**85**	**(615)**	**21,397**
OCI allocated to NCI	**(1)**	**29**	**28**	**779**

TEUR	EMMA GAMMA ADRIATIC Group[1)]	DANDELION HEALTH-CARE Group	PROFARM Group[2)]	BOX NOW S.A.	*Subtotal*
NCI percentage	**33%; 49%; 55%**	**22.00%**	**40.00%**	**4.20%**	
Non-current assets	75,140	24,189	2,536	4,443	
Current assets	58,619	781	66,031	1,267	
Non-current liabilities	(15,654)	(9,231)	(13,007)	(291)	
Current liabilities	(25,572)	(2,834)	(37,636)	(6,290)	
Net assets	**92,533**	**12,905**	**17,924**	**(871)**	
Net assets attributable to NCI	**30,884**	**2,840**	**7,510**	**(37)**	**41,197**
Revenue	130,090	4,445	155,590	--	
Profit / (loss)	65,320	(16)	2,324	1,124	
OCI	245	650	--	--	
Total comprehensive income	**65,565**	**634**	**2,324**	**1,124**	
Profit / (loss) allocated to NCI	**21,660**	**(3)**	**739**	**(41)**	**22,355**
OCI allocated to NCI	**81**	**143**	**--**	**--**	**224**

TEUR	JOSECO HOLDINGS Group	B.E.R.G SISTEM GAZ S.A.	LIGATNE GAS S.R.L.	*Subtotal*
NCI percentage	**7.26%**	**0.32%**	**0.04%**	
Non-current assets	192,303	2,410	1,325	
Current assets	26,922	1,858	141	
Non-current liabilities	(31,590)	--	(4,289)	
Current liabilities	(40,017)	(504)	(79)	
Net assets	**147,618**	**3,764**	**(2,902)**	
Net assets attributable to NCI	**10,717**	**11**	**--**	**10,728**
Revenue	191,747	3,579	207	
Profit / (loss)	(4,751)	2,592	435	
OCI	7,287	(313)	--	
Total comprehensive income	**2,536**	**2,279**	**435**	
Profit / (loss) allocated to NCI	**(345)**	**2**	**--**	**(343)**
OCI allocated to NCI	**529**	**(2)**	**--**	**527**

1) Only subsidiaries of EMMA GAMMA Adriatic d.o.o. included. NCI percentage of SUPER SPORT d.o.o. and PUNI BROJ d.o.o. is 33.00%, NCI percentage of MINUS5 d.o.o. is 49.00% and NCI percentage of VOX-ZAGREB d.o.o. is 55.00%.

2) NCI percentage of PROFARM S.A. and EL-PHARM A.E. is 40.00%, NCI percentage of PER SE PHARMACEUTICALS A.E. is 67.00%, NCI percentage of INTEGRIS PHARMA LTD is 70.04%.

22. Equity (continued)

Non-controlling interests (continued)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI in 2020.

TEUR	**EMMA GAMMA ADRIATIC Group**[1)]	**DANDELION HEALTH-CARE Group**	**PROFARM Group**[2)]	***Subtotal***	**Total**
NCI percentage	**33.00%; 49.00%**	**20.00%**	**40.00%**		
Non-current assets	58,357	23,301	10,496		
Current assets	41,439	1,476	50,147		
Non-current liabilities	(4,940)	(10,813)	(9,195)		
Current liabilities	(12,971)	(2,185)	(39,768)		
Net assets	**81,885**	**11,779**	**11,680**		
Net assets attributable to NCI	**27,022**	**2,220**	**4,720**	***33,962***	***44,854***
Revenue	106,008	6,816	1,391		
Profit / (loss)	50,753	(1,030)	171		
OCI	15	648	--		
Total comprehensive income	**50,768**	**(382)**	**171**		
Profit / (loss) allocated to NCI	**16,748**	**(207)**	**74**	***16,615***	***19,479***
OCI allocated to NCI	**5**	**(128)**	**--**	***(123)***	***(1,471)***

TEUR	**LIGATNE LIMITED Group**[3)]	**JOSECO HOLDINGS Group**	**B.E.R.G SISTEM GAZ S.A.**	**LIGATNE GAS S.R.L.**	***Subtotal***
NCI percentage	**0.00%**	**7.26%**	**0.32%**	**0.04%**	
Non-current assets	--	177,095	2,349	624	
Current assets	--	29,285	1,276	14	
Non-current liabilities	--	(26,620)	--	(4,306)	
Current liabilities	--	(29,853)	(219)	(49)	
Net assets	--	**149,907**	**3,406**	**(3,717)**	
Net assets attributable to NCI	--	**10,883**	**10**	**(1)**	***10,892***
Revenue	--	224,485	1,101	207	
Profit / (loss)	--	38,453	539	435	
OCI	--	(18,567)	--	--	
Total comprehensive income	--	**19,886**	**539**	**435**	
Profit / (loss) allocated to NCI	**(819)**	**3,683**	**--**	**--**	***2,864***
OCI allocated to NCI	--	**(1,348)**	**--**	**--**	***(1,348)***

1) Only subsidiaries of EMMA GAMMA ADRIATIC included. NCI percentage of SUPER SPORT d.o.o. and PUNI BROJ d.o.o. is 33.00%, NCI percentage of MINUS5 d.o.o. is 49.00%.
2) NCI percentage of PROFARM S.A. and EL-PHARM A.E. is 40.00%, NCI percentage of PER SE PHARMACEUTICALS A.E. is 67.00%.
3) On 21 May 2020, the Group increased its holding in LIGATNE LIMITED to 100%. Therefore, the table above includes only loss allocated to non-controlling interests of LIGATNE LIMITED Group before this transaction.

23. Revenues and expenses related to core operations

Revenue streams and related expenses

	2021	2020
	TEUR	TEUR
Revenue from electricity distribution and supply	191,747	224,483
Revenue from gas distribution and supply	212,575	158,927
Revenue from betting activities	45,011	38,314
Revenue from casino games	60,411	47,571
Revenue from sale of pharmaceuticals	155,590	20,463
Other revenues	13,016	3,490
Revenues from core operations	**678,350**	**493,248**
Other income related to gaming	22,990	17,820
Other income related to marinas	368	--
Other income related to core operations	**23,358**	**17,820**
Cost of gas sold	(151,640)	(105,744)
Cost of electricity sold	(148,579)	(135,611)
Transportation of electricity	(20,389)	(20,252)
Cost of pharmaceuticals sold	(143,167)	(19,092)
Other cost	(2,467)	(3,576)
Costs of goods sold	**(466,242)**	**(284,275)**

In 2020 and 2021, the revenue from sale and distribution of electricity is generated by the Moldovan companies.

In 2020 and 2021, the revenue from sales and distribution of gas is generated by the Romanian companies. The selling price of gas sold on the regulated market as well as the distribution tariff are controlled by ANRE (Romanian Energy Regulatory Authority).

The costs of gas sold comprise the acquisition price of the gas sold and the transportation tariffs charged by Transgaz.

Revenue from betting activities is generated by providing betting services via betting shops throughout Croatia as well as via betting machines and online betting. Casino revenues are generated by providing physical (land based) and online casino services. Betting and casino activities are provided by Croatian entities.

23. Revenues and expenses related to core operations (continued)

Revenue from sale of pharmaceuticals is generated by entities operating in trading of pharmaceuticals in Greece acquired through a business combination in 2020 (refer also to Note 1).

Other revenue comprises revenue generated from medical services, insurance related consultancy services, logistical services (all of them provided in the Czech Republic), marketing services and operating of marinas (both of them provided in Croatia). Increase in other services is attributable to entities acquired through business combinations in 2021 (refer also to Note 1).

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	2021 TEUR	2020 TEUR
Trade receivables	120,005	89,495
Contract assets	1,051	889
Contract liabilities	(6,501)	(4,238)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The exposure of the Group to credit risk in relation to contract assets is described in Note 4. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers. The amount of TEUR 4,238 included in contract liabilities as at 31 December 2020 has been recognised as revenue in 2021 (2020: TEUR 4,613).

24. Services and material expenses

	2021 TEUR	2020 TEUR
Professional services	(23,447)	(16,434)
Independent auditor's remuneration	(735)	(610)
Advertising and marketing	(9,994)	(4,404)
Taxes other than income tax	(3,557)	(4,673)
Rental, maintenance and repair expenses	(8,578)	(2,306)
Telecommunication and postage	(1,791)	(1,399)
Travel expenses	(679)	(527)
Information technologies	(1,385)	(3,759)
Distribution, transport and storage of goods	(2,343)	(20,203)
Material consumption	(6,919)	(3,228)
Energy consumption	(1,331)	(811)
Other	(9,935)	(7,916)
Services and material expenses	**(70,694)**	**(66,270)**

Professional services expenses represent administration expense, accounting services expense, advisory expense, betting and casino concession charge, professional and management fees and incorporation expenses.

Amount paid for Audit services totals TEUR 647 (2020: TEUR 523) and other non-audit services provided by auditors TEUR 88 (2020: TEUR 88).

25. Personnel expenses

	2021 TEUR	2020 TEUR
Employee compensation	(43,095)	(32,376)
Payroll related taxes (including social and pension contribution)	(7,089)	(5,229)
Personnel expenses	**(50,184)**	**(37,605)**

The average number of employees in the Group for the year 2021 was 2,847 employees (2020: 2,498 employees).

26. Impairment losses on loans and receivables

	2021 TEUR	2020 TEUR
Net reversal of/(impairment losses) on loans and other financial assets	1,451	(872)
	1,451	**(872)**

In 2021, net reversal of impairment losses is mainly attributable to reversal of impairment of TEUR 1,391 to loans provided by EMMA ALPHA HOLDING LTD to third parties.

In 2020, net impairment losses comprised also write-off of other financial assets held by TONALA LIMITED in total amount of TEUR 1,510.

Based on IFRS 9 requirements, net impairment losses on loans and receivables have been disclosed in separate line item in profit or loss.

27. Other operating income

	2021 TEUR	2020 TEUR
Rental income (other than from Investment property)	700	430
Gain on disposal of property, plant, equipment, and intangible assets	590	169
Net foreign currency gains	--	623
Other income	5,055	4,075
	6,345	**5,297**

In 2021 and 2020, other operating income is mainly attributable to Croatian subsidiaries and relates mainly to compensation received in connection with Covid-19 lockdown and to recognition of internally developed assets.

For the year ended 31 December 2021, the Group incurred net foreign currency losses which are disclosed under Other operating expenses.

28. Other operating expenses

	2021 TEUR	2020 TEUR
Net impairment losses on property, plant and equipment	--	(10)
Net impairment losses on goodwill recognized	(3,343)	--
Net impairment losses on advances to suppliers	--	(15,620)
Net impairment losses on other non-financial assets	(467)	(1)
Loss on disposal of property, plant, equipment and intangible assets	(12)	(143)
Net foreign currency losses	(2,824)	--
	(6,646)	**(15,774)**

In 2020, net impairment losses on advances to suppliers were recognized by PREMIER ENERGY S.R.L. operating in the gas segment in Romania, refer to Note 14, Other assets.

For the year ended 31 December 2020, the Group incurred net foreign currency gains which are disclosed under Other operating income.

29. Net finance income/expense

	2021 TEUR	2020 TEUR
Finance income		
Interest income	3,250	10,088
Net trading income from financial assets (Note 10)	2,807	2,674
Net change in fair value of equity and debt financial instruments at fair value through profit or loss	--	2,594
Gain on derivative financial instruments at fair value through profit or loss	--	542
Other finance income	25	20
Total finance income	**6,082**	**15,918**
Finance expense		
Interest expense	(25,487)	(25,300)
Fee and commission expense	(1,123)	(961)
Net realized losses from financial assets and liabilities (Note 11)	(47,979)	--
Net change in fair value of equity and debt financial instruments at fair value through profit or loss (Note 10)	(1,297)	
Change in fair value of contingent consideration	(145)	--
Loss on derivative financial instruments at fair value through profit or loss	(270)	--
Other finance expense	--	(22)
Total finance expense	**(76,301)**	**(26,283)**
Net finance expense	**(70,219)**	**(10,365)**

	2021 TEUR	2020 TEUR
Interest income		
Loans receivable	2,669	7,574
Due from banks, other financial institutions and holding companies	234	94
Financial instruments at amortised cost	303	2,416
Financial instruments at fair value through profit or loss held for trading	42	--
Other interest income	2	4
	3,250	**10,088**
Interest expense		
Due to non-banks	(12,785)	(12,103)
Due to banks and other financial institutions	(7,098)	(7,900)
Debt securities issued	(4,798)	(4,798)
Lease liabilities	(323)	(236)
Other interest expense	(483)	(263)
	(25,487)	**(25,300)**

30. Income tax expense

	2021 TEUR	2020 TEUR
Current tax expense	(22,164)	(18,393)
Deferred tax income / (expense) (Note 21)	2,967	(821)
Total income tax expense recognised in profit or loss	**(19,197)**	**(19,214)**

Reconciliation of effective tax rate	**2021 %**	**2021 TEUR**	**2020 %**	**2020 TEUR**
Profit / (loss) before tax		**(2,746)**		**(15,510)**
Income tax using the domestic tax rate (see below)	(12.5)	343	(12.5)	1,939
Effect of tax rates in foreign jurisdictions	30.8	(4,778)	17.8	(2,757)
Non-deductible costs	105.4	(16,341)	142.7	(22,139)
Non-taxable income	(26.4)	4,099	(32.8)	5,084
Items taxed at different tax rate	0.3	(52)	(0.0)	7
Adjustment to prior years	(0.3)	50	(0.3)	41
Tax loss carried forward not recognised	23.3	(3,609)	13.3	(2,069)
Utilised tax loss not previously recognised	0.0	(2)	--	--
Other	(7.0)	1,093	(4.4)	680
Total income tax expense	**113.6**	**(19,197)**	**123.8**	**(19,214)**

Corporate income tax rates for tax domiciles of entities in consolidated Group for fiscal years 2021 and 2020 can be summarized as follows:

	2021	**2020**
Cyprus	12.50%	12.50%
Slovakia	21.00%	21.00%
Croatia	18.00%	18.00%
Czech Republic	19.00%	19.00%
Romania	16.00%	16.00%
Moldova	12.00%	12.00%
Greece	24.00%	24.00%
Austria	25.00%	--

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

31. Related party transactions

The Group's parent company is MEF HOLDINGS LIMITED and the ultimate controlling party is Mr. Šmejc.

(a) Transactions with the parent company and the ultimate owner

	2021 TEUR	2020 TEUR
Loans received (principal payables)	--	(17,100)
Accrued interest (interest payable)	--	(25)
Loans provided (principal receivables)	11,103	10,517
Accrued interest (interest receivable)	3,111	2,627
Impairment allowance (IFRS 9)	(6)	(6)
Total balances	**14,208**	**(3,987)**
Interest income	518	5,952
Interest expense	(153)	(25)
Total transactions	**365**	**5,927**

The loan payable to Group's parent company (2020: TEUR 17,100) was repaid during the year along with the interest.

In 2021, the Group provided a loan to its parent at the amount of TEUR 14,104, which was repaid before the year end.

(b) Transactions with associated groups

	2021 TEUR	2020 TEUR
Loans received (principal payables)	(45,000)	(45,000)
Accrued interest (interest payable)	(1,197)	(1,100)
Total balances	**(46,197)**	**(46,100)**
Interest expense	(2,364)	(1,100)
Total transactions	**(2,364)**	**(1,100)**

(c) Transactions with other related parties

	2021 TEUR	2020 TEUR
Loans received (principal payables)	(147,530)	(140,970)
Accrued interest (interest payable)	(8,467)	(7,736)
Loans provided (principal receivables)	4,771	5,402
Accrued interest (interest receivable)	29	49
Impairment allowance (IFRS 9)	(12)	(2)
Total balances	**(151,209)**	**(143,257)**
Interest income	58	47
Interest expense	(9,741)	(9,809)
Total transactions	**(9,683)**	**(9,762)**

During the year, the Group provided loans to related companies at the total amount of TEUR 5,220 and received loans of TEUR 21,823. Both loans receivable and payable were settled before the year end.

During the year, the Group sold 15% of shares in VOX-ZAGREB d.o.o. to a related party. For further information refer to Note 1.

(d) Transactions with key management personnel

Amounts included in the statement of comprehensive income in relation to transactions with members of key management are benefits of TEUR 6 comprising directors' fees (2020: TEUR 6). The members of the Board of Directors of the Company and key management of its subsidiaries are considered as the key management of the Group.

31. Related party transactions (continued)

(d) Transactions with key management personnel (continued)

EMMA GAMMA ADRIATIC d.o.o. ("EGA"), a subsidiary of the Company has entered into agreements with key management of SUPER SPORT d.o.o., whereby EGA gave loans to them in the amount of HRK 48,434 thousand, while the management simultaneously acquired 1.55% of shares in SUPER SPORT d.o.o. for the same amount. EGA is contractually obliged to re-acquire the shares from key management after certain period of time, while the loans given to them are non-recourse. The substance of this share purchase arrangement is that it represents an equivalent of employee benefit as shares are used as a legal mechanism to pay the benefits in return of the increase of the SUPER SPORT d.o.o. investment value. Some of the agreements have additional call and put options, which carry an irrecoverable and unconditional unilateral right to sell or buy the shares at the exercise price which depends on the operating performance of SUPER SPORT d.o.o. and the year in which the right is exercised. The difference between the estimated exercise price and price at which the shares were sold, discounted at appropriate rate, represent the employee benefits, which will be recognised over the contracted service period as staff costs, while interest received on the loans will be deducted from staff costs.

(e) Shareholder agreements

EGA has contractually agreed the future acquisition of 33% in SUPER SPORT d.o.o. from its non-controlling shareholder in 2022. The total purchase price for such acquisition was partially depending on SUPER SPORT d.o.o. performance in 2021 and finally amounted to TEUR 182,111. The non-controlling shareholder had the unilateral right to partially cancel the sale which expired in 2021. The transaction was finalized in March 2022 (refer also to Note 34, Events after the reporting period).

32. Contingencies

(a) Litigation and claims

The Group is the subject of a number of court actions resulting from the normal course of business, in which it has the position of plaintiff or defendant. The list of litigations is analysed on a timely basis and based on the results of such analysis the Group recognises provisions for potential losses from litigations and claims. The Group considers that litigation and claims will not have a significant impact on the Group's operations and financial position, except for the amounts recorded in these financial statements.

(b) Environmental protection

The Group pays particular attention on the environmental protection and compliance with relevant environmental legislation. The purpose of the environmental legislation is to prevent pollution and deterioration of the environment, to apply the proper measures in this respect, to protect the population's health, to put to good use in a reasonable manner the renewable and non-renewable resources, and to preserve the natural ecological balance. During the 1st half of 2021, the Group implemented full scale Environmental, Social and Governance ("ESG") policies and guidelines throughout the organization. In the years 2021 and 2020, the Group was neither involved in major incidents related to environment pollution, nor sued for damages to the environment.

(c) Tax investigations

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded.

The Group considers that all taxes due were fully paid and on time. Adequate tax liabilities were recognized in the financial statements. The Group's management is not aware of any circumstances which may give rise to a potential material tax liability to the Group in this respect.

33. Commitments

(a) Capital commitments

According to ANRE decision No. 64 dated 22 February 2018 regarding the approval of methodology for electricity distribution tariff calculation, the Group carries out capital investments within the energy sector in order to improve or extend the infrastructure network.

According to certain service concession contracts, the Group has investment commitments for gas network construction in Romania. The company has analyzed the fulfilment of the obligations assumed by the concession contracts as at the date of these financial statements and considers that it has fulfilled its assumed obligations and there is no risk of penalties or termination of contracts.

(b) Letters of guarantee

As at 31 December 2021, the Group has issued letters of guarantee for payment, good execution and tender participation in total amount of TEUR 4,584 (2020: TEUR 3,189).

34. Events after the reporting period

On 20 January 2022, PREMIER ENERGY PLC acquired the entity ECOENERGIA SRL, a company operating a 34.5 MW wind farm near the town of Stejaru, Romania, for the total purchase price of TEUR 34,400, including the refinancing of TEUR 30,085 of shareholder loans provided to ECOENERGIA SRL by the previous owners. The Group received TEUR 25,000 of related party financing from MEF HOLDINGS LIMITED to help refinance the former shareholder loans. On 23 March 2022, the related party loans from MEF HOLDINGS LIMITED were fully repaid with cash flow generation within ECOENERGIA SRL and a new TEUR 22,000 loan provided by Vista Bank (Romania) S.A., Vista Leasing IFN (Romania) S.A., and Credit Agricole Bank Romania S.A.

On 26 January 2022, the remaining 49% of shares in entity MINUS5 d.o.o. were purchased by EMMA GAMMA ADRIATIC d.o.o. from non-controlling shareholders for the total purchase price of THRK 12,256.

On 28 January 2022, I.C.S. "PREMIER ENERGY DISTRIBUTION" S.A. received TMDL 33,787 as compensation for the shares previously held in commercial bank ENERGBANK S.A., which were cancelled by the Executive Board of the National Bank of Moldova.

On 1 February 2022, EMMA GAMMA LIMITED and Mr. Ertan Öksüz entered into a term sheet concerning an acquisition of 60% shareholding in Aressu Holding Ltd, which is the sole shareholder of Torro Tec Ltd. Torro Tec Ltd is a sports betting operator holding a valid German sports-betting license. The purchase price for the shares shall be TEUR 7,400. As part of the transaction, EMMA GAMMA LIMITED shall contribute additional TEUR 4,600 into capital reserves of Aressu Holding Ltd, which will in turn contribute the same amount into reserves of Torro Tec Ltd. Closing date of the acquisition was 17 May 2022.

Under the share purchase agreement dated 4 February 2022, EMMA GAMMA Adriatic d.o.o. acquired from Mr. Danko Ćorić 33% shareholding in Super Sport d.o.o. The purchase price paid for the shares amounted to THRK 1,368,677 (TEUR 182,111). Completion of the transaction took place on 4 March 2022. As at 31 December 2021, the transaction was accounted for in accordance with present-access method and the financial liability of TEUR 182,111 was recognised in the statement of financial position with the corresponding entry to other reserves within equity attributable to the owners of the Company, whereas the non-controlling interest of Mr. Danko Ćorić of TEUR 29,991 remained within total equity. After the completion of the transaction, the particular non-controlling interest was derecognized with corresponding entry (increase) in other reserves within equity attributable to the owners of the Company. No additional liability was recorded as the recognized liability of TEUR 182,111 corresponds with the total purchase price for the shares acquired in this transaction.

On 24 February 2022, the Group acquired a 51% stake in the entity ALIVE CAPITAL S.A., an asset manager for approximately 450 MW of renewable energy production in Romania, providing an extensive combination of services from distribution and maintenance of equipment to the sale of electricity and green certificates to fiscal and administrative operations. ALIVE CAPITAL generated approximately EUR 77 million of revenue in 2021 and the stake was acquired by the Group for EUR 9 million.

34. Events after the reporting period (continued)

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The United Nations, European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. While Romania and the Republic of Moldova both share borders with Ukraine, and there is an influx of immigrants coming daily from war-torn Ukraine, the Group's operations have not been impacted by the war. Furthermore, to the best of management's assessment, the current risk of the war in Ukraine spilling over to Romania or the Republic of Moldova is extremely remote. Romania is part of NATO and Moldova has its neutrality fixed in the Constitution and the country does not fit in any way Russia's narrative on so called "demilitarization" and "denazification" used as pretext to invade Ukraine.

Management will continue to assess the financial impact, as well as any risks and uncertainties that the crisis in Ukraine may have on the Group's operations.

On 18 March 2022, as a result of increasing energy costs and tariff deviation under-recoveries, ANRE in the Republic of Moldova approved an average 44% increase to the sale of electricity tariff for I.C.S. "PREMIER ENERGY" S.R.L. and an average 21% increase to the distribution of electricity tariff for I.C.S. "PREMIER ENERGY DISTRIBUTION" S.A. to be effective on 1 April 2022.

In March 2022, the Group entered into a new bank loan agreement for the total facility amount of EUR 230 million in order to repay the amount payable to Mr. Danko Ćorić of TEUR 182,111. According to the new loan agreement, the Group should make installments under the loan twice a year, every March and September, starting from September 2022. The maturity date of the loan extended to 2027.

On 31 May 2022 and on 2 June 2022, PREMIER ENERGY SRL signed 2 separate Stock Purchase Agreements to acquire a combined stake of 66.67% of ENERGIA MILENIULUI III SRL, a company focusing on production of wind energy in Romania, for EUR 7.0 million. The closing of the acquisition is expected during the month of June 2022. The Group is currently assessing the effects and consequences of this transaction.

On 2 June 2022, as a result of the transformation of HUDDLE GAMING, INC. into HUDDLE TECH Inc., the Group's direct share in this subgroup was diluted and decreased from 23.33% to 5.49%.

There were no other material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

On 24 June 2022, the Board of Directors of EMMA ALPHA HOLDING LTD authorized these consolidated financial statements for issue.