

---

**Ecofinance Technologies SRL**  
**Financial Statements**

For the year ended December 31, 2022

**Prepared in accordance with**  
**International Financial Reporting Standards**

---

**CONTENT**

|                                   |        |
|-----------------------------------|--------|
| Independent auditor's report      |        |
| Statement of comprehensive income | 3      |
| Statement of financial position   | 4      |
| Statement of changes in equity    | 5      |
| Statement of cash flow            | 6      |
| Notes to the financial statements | 7 – 27 |

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of OCN Ecofinance Technologies SRL

#### *Opinion*

We have audited the financial statements of OCN Ecofinance Technologies SRL (the Company), which comprise the statement of financial position as of December 31, 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. Financial statements relate to:

- |                        |                |
|------------------------|----------------|
| • Net Assets:          | MDL 11,558,936 |
| • Profit for the year: | MDL 7,765,797  |

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

#### *Basis for Opinion*

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

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

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

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

#### *Other information*

This report, including the opinion, has been prepared and is intended solely for the information and use of the Company's members as a body. To the fullest extent permitted by the law, our audit work has been undertaken so that we might report those matters that we are required to report in a financial Auditor's Report and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purposes or to any other person to whose knowledge this report may come to.



**Moore Stephens KSC SRL**  
Chisinau, Moldova

July 25, 2023  
Chisinau, Republica Moldova



**Elena Panainte,**  
Auditor's Qualification Certificate  
Series AG No. 000278 of April 15, 2011  
No. Certificate of qualification of the auditor  
of financial institutions Series AIF No. 0016  
of August 24, 2012

**ECOFINANCE TECHNOLOGIES SRL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

|                                                                                                  | Note | December 31,<br>2022 | December 31,<br>2021 |
|--------------------------------------------------------------------------------------------------|------|----------------------|----------------------|
| Interest and commission income                                                                   | 5    | 58,582,224           | 44,513,237           |
| Interest and commission expenses                                                                 | 7    | (5,003,720)          | (3,143,652)          |
| <b>Profit from interest and commissions, net</b>                                                 |      | <b>53,578,504</b>    | <b>41,369,585</b>    |
| Impairment losses                                                                                |      | (10,266,965)         | (867,385)            |
| <b>Net profit on interest and commissions less impairment losses on the value of receivables</b> |      | <b>43,311,540</b>    | <b>40,502,200</b>    |
| Other income                                                                                     | 6    | 5,550,179            | 1,847,290            |
| Selling and distribution                                                                         | 8    | (29,751,598)         | (24,964,439)         |
| Administrative expenses                                                                          | 9    | (7,728,076)          | (9,609,886)          |
| Other operating expenses                                                                         | 10   | -                    | (5,417)              |
| <b>OPERATING PROFIT</b>                                                                          |      | <b>11,382,045</b>    | <b>7,769,748</b>     |
| Finance income (loss)                                                                            | 12   | (3,500,918)          | (1,500,771)          |
| Profit/loss from investing activities                                                            |      | -                    | -                    |
| Exceptional results                                                                              |      | -                    | -                    |
| <b>PROFIT BEFORE TAX</b>                                                                         |      | <b>7,881,126</b>     | <b>6,268,977</b>     |
| Income tax                                                                                       | 13   | (115,330)            | (552,433)            |
| <b>NET PROFIT FOR THE PERIOD</b>                                                                 |      | <b>7,765,797</b>     | <b>5,716,544</b>     |

The financial statements were authorized for issue on July 25, 2023, by the Management of the Company represented by:

**Ciprian Postaru**  
**Administrator**




**Natalia Tovcaci**  
**Chief Accountant**

**ECOFINANCE TECHNOLOGIES SRL**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

| ASSETS                              | Notes | 2022              | 2021              |
|-------------------------------------|-------|-------------------|-------------------|
| Intangible assets                   | 16    | 24,591            | 36,523            |
| Property, Plant and Equipment       | 15    | 157,048           | 220,755           |
| Right-of-use asset                  | 14    | 2,210,698         | 2,295,687         |
| Deferred expenses                   |       | 368,232           | 138,287           |
| Loans and advances to customers     | 17    | 73,164,582        | 47,406,229        |
| Deferred tax asset                  | 13    | 1,439,048         | 1,554,378         |
| Inventories and work in progress    | 18    | 61,249            | 21,655            |
| Trade and other receivables         | 19    | 1,962,846         | 634,363           |
| Cash and Cash equivalents           | 20    | 2,680,542         | 5,306,602         |
| <b>Total assets</b>                 |       | <b>82,068,835</b> | <b>57,614,479</b> |
| <b>EQUITY AND LIABILITIES</b>       |       |                   |                   |
| Share capital                       | 21    | 23,000,000        | 23,000,000        |
| Retained earning                    |       | (19,206,860)      | (24,150,573)      |
| Profit and loss for the period      |       | 7,765,797         | 5,716,544         |
| <b>Total equity</b>                 |       | <b>11,558,936</b> | <b>4,565,971</b>  |
| <b>Liabilities</b>                  |       |                   |                   |
| Borrowings                          | 22    | 64,314,938        | 47,011,248        |
| Lease liabilities                   |       | 2,319,197         | 1,986,563         |
| Trade and other payables            | 23    | 3,077,494         | 3,268,924         |
| Provisions                          | 24    | 798,270           | 781,773           |
| <b>Total liabilities</b>            |       | <b>70,509,899</b> | <b>53,048,508</b> |
| <b>Total equity and liabilities</b> |       | <b>82,068,835</b> | <b>57,614,479</b> |

The financial statements were authorized for issue on July 25, 2023, by the Management of the Company represented by:

**Ciprian Postaru**  
**Administrator**



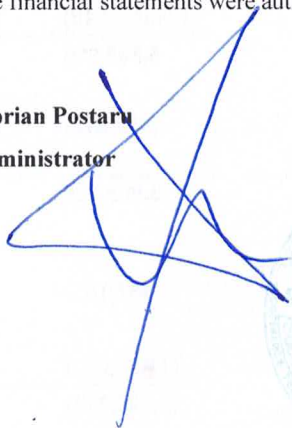
**Natalia Tovcaci**  
**Chief Accountant**

**ECOFINANCE TECHNOLOGIES SRL**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

|                                                             | Share capital     | Retained earnings   | Total               |
|-------------------------------------------------------------|-------------------|---------------------|---------------------|
| <b>Balance as of December 31, 2020</b>                      | <b>1,000,000</b>  | <b>(24,150,573)</b> | <b>(23,150,573)</b> |
| Profit or loss                                              | -                 | 5,716,544           | 5,716,544           |
| Correction of PY returned earnings                          | -                 | -                   | -                   |
| Other elements of comprehensive income                      | -                 | -                   | -                   |
| <b>Total comprehensive income</b>                           | <b>1,000,000</b>  | <b>(18,434,029)</b> | <b>(17,434,029)</b> |
| <b>Transactions with the owners of the company</b>          |                   |                     |                     |
| Issues of ordinary shares                                   | 22,000,000        | -                   | 22,000,000          |
| Dividends                                                   | -                 | -                   | -                   |
| <b>Total transactions with owners of the Company</b>        | <b>22,000,000</b> | <b>-</b>            | <b>22,000,000</b>   |
| <b>Balance as of December 31, 2021/<br/>January 1, 2022</b> | <b>23,000,000</b> | <b>(18,434,029)</b> | <b>4,565,971</b>    |
| Profit or loss                                              | -                 | 7,765,797           | 7,765,797           |
| Correction of PY returned earnings                          | -                 | (772,831)           | (772,831)           |
| Other elements of comprehensive income                      | -                 | -                   | -                   |
| <b>Total comprehensive income</b>                           | <b>23,000,000</b> | <b>(11,441,064)</b> | <b>11,558,936</b>   |
| <b>Transactions with the owners of the company</b>          |                   |                     |                     |
| Issues of ordinary shares                                   | -                 | -                   | -                   |
| Dividends declared                                          | -                 | -                   | -                   |
| <b>Total transactions with owners of the Company</b>        | <b>-</b>          | <b>-</b>            | <b>-</b>            |
| <b>Balance as of December 31, 2022</b>                      | <b>23,000,000</b> | <b>(11,441,064)</b> | <b>11,558,936</b>   |

The financial statements were authorized for issue on July 25, 2023, by the Management of the Company represented by:

**Ciprian Postaru**  
**Administrator**





**Natalia Tovcaci**  
**Chief Accountant**

**ECOFINANCE TECHNOLOGIES SRL**  
**STATEMENT OF CASH FLOW**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                   | <b>Note</b> | <b>2022</b>        | <b>2021</b>         |
|--------------------------------------------------------------|-------------|--------------------|---------------------|
| <b>Profit before tax</b>                                     |             | <b>7,765,797</b>   | <b>5,716,544</b>    |
| <b>Adjustments for:</b>                                      |             |                    |                     |
| Depreciation of tangible assets                              | 15          | 94,873             | 117,466             |
| Depreciation of right of use assets                          | 14          | 1,552,042          | 1,552,834           |
| Depreciation of intangible assets                            | 16          | 11,932             | 17,686              |
| Impairment losses on loans portfolio                         | 17          | 1,659,813          | (1,626,712)         |
| Deferred expenses                                            |             | (229,945)          | (77,101)            |
| Interest expenses                                            |             | 175,080            | 1,613,336           |
| Deferred tax charge for the year                             |             | (115,330)          | 169,988             |
| Correction of PY returned earnings                           |             | (772,831)          | -                   |
| Foreign exchange differences                                 |             | 3,500,918          | 1,577,344           |
| <b>Changes in:</b>                                           |             |                    |                     |
| Inventories and work in progress                             |             | (39,594)           | 1,773               |
| Trade and other receivables                                  |             | (1,328,483)        | 501,538             |
| Trade and other payables                                     |             | 191,430            | 640,941             |
| Provisions                                                   |             | (16,497)           | -                   |
| Lease liabilities                                            |             | 157,555            | (1,492,111)         |
| Borrowings                                                   |             | 17,352,757         | (10,959,853)        |
| Loans granted                                                |             | (24,098,540)       | (15,574,038)        |
| <b>Cash flow generated from operating activities</b>         |             | <b>5,860,975</b>   | <b>(17,820,363)</b> |
| Interest paid                                                |             | (488,815)          | (3,176,665)         |
| Income tax paid                                              |             | -                  | -                   |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                    |             | <b>3,905,108</b>   | <b>(20,997,028)</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                   |             |                    |                     |
| Acquisition of property, plant and equipment                 |             | (31,165)           | (37,800)            |
| Acquisition of intangible assets                             |             | -                  | -                   |
| Acquisition of investments (right-of-use assets)             |             | (1,467,052)        | -                   |
| <b>Net cash flows used in investing activities</b>           |             | <b>(1,498,217)</b> | <b>(37,800)</b>     |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                   |             |                    |                     |
| Proceeds from issue of share capital                         |             | -                  | 22,000,000          |
| Proceeds from loans and borrowings                           |             | (6,500,000)        | (23,390)            |
| Issue of share capital                                       |             | -                  | -                   |
| Dividends paid                                               |             | -                  | -                   |
| <b>Net cash flows from financing activities</b>              |             | <b>(6,500,000)</b> | <b>21,976,610</b>   |
| <b>Net increase/ (decrease) in cash and cash equivalents</b> |             | <b>(2,626,057)</b> | <b>941,782</b>      |
| Cash and cash equivalents at 1 January                       |             | 5,306,599          | 4,364,817           |
| <b>Cash and cash equivalents at year end</b>                 |             | <b>2,680,542</b>   | <b>5,306,599</b>    |

The financial statements were authorized for issue on July 25, 2023, by the Management of the Company represented by:

**Ciprian Postaru**  
**Administrator**



**Natalia Tovcaci**  
**Chief Accountant**

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

---

**1. General information**

Ecofinance Technologies SRL ("Company"), 1018600034829 was registered in July 2018 and works as a microfinance entity, offering a diverse range of financing conditions on the loans market of the Republic of Moldova, targeting all categories of clients.

The actual number of employees of the Company as of December 31, 2022, is 62 (67 staff employees during the year ended December 31, 2021).

The legal address of the Company is located at: 31, Dacia Street, Chisinau, Republic of Moldova.

The company has accounts opened at the following banks:

- BC VICTORIABANK SA
- BC MOLDOVA-AGROINDBANK SA
- BC MOLDINDCONBANK SA

The key management of the Company are:

• The General Assembly of the Associates, the supreme governing body of the Company, which has the power to decide on all aspects related to the administration and management of the Company, in accordance with its Articles of Incorporation and with the law of the applicable companies. The convening of the GMS, the competences and responsibilities, the conditions for quorum and the decision making is regulated by the legislation in force.

The Company's associates at 31 December 2021 are:

- "AB NATUR INVEST"- 9,200,000 MDL, 40%;
- "DYNINNO FINTECH HOLDING LIMITED"- 13,800,000 MDL, 60% .

Administrator - deals with the current activity of the company. The administrator is responsible for maintaining the financial accounting and performing all the duties assigned to him under the Statute. The administrator reports annually about the company's activity, the inventory of goods and services act that is submitted to the General Assembly.

**2. Basis of Financial Statements Preparation**

**2.1 The Declaration of Conformity**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), issued by International Accounting Standards Board.

**2.2 Principles of Evaluation**

The financial statements have been prepared under the historical cost convention and available-for-sale financial investments that are measured at fair value.

The preparation of financial statements in conformity with going concern principle requires the use of certain critical accounting estimates, judgments, and assumptions about income, expenses, assets, liabilities, cash flow, liquidity and capital requirement.

Uncertainties about these assumptions and estimates could lead to results that require significant adjustments to assets, liabilities and capital requirements in future periods.

The financial statements were prepared based on the principle of business continuity. For the current year, the company had a profit of 5,716,544 MDL.

Based on the above, the Company's management has evaluated the Company's ability to continue its activity in the near future and concluded that the Company will ensure its activity in the foreseeable future (at least 12 months as of December 31, 2021, under normal conditions and, therefore, the financial statements as of December 31, 2021 were prepared based on the principle of continuity of activity.

### 2.3 Functional and presentation Currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in MDL, which is the Company's presentation currency.

### 2.4 Significant reasoning and estimates

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities for the following year. Estimates and assumptions are reviewed periodically and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable as a result of current circumstances.

Estimates and assumptions are reviewed. Revisions of accounting estimates are recognized in the period in which the estimate is reviewed and affect only this period, either during the review period or in future periods, if the review affects both the current period and future periods.

#### *(i) Impairment losses on loans and borrowings*

The company reviews the loans portfolio and monthly loans to estimate its depreciation. In determining whether a loss on impairment of loans should be reflected in the income statement, the Company estimates that there is measurable data to lower expected future cash flows in the portfolio of loan before this decrease is identified with individual loan from the portfolio. These issues may indicate observable data of worsening service of a debtor in a group, national or economic conditions and correlates with asset losses in a group.

Management uses estimates based on the historical impairment of assets related to credit risk characteristics and objective impairment records similar to those in the portfolio in the forecast of future cash flows. The methodology and assumptions used to estimate both the magnitude and the maturity of future cash flows are reviewed to reduce the differences between estimates and current losses on loans.

### 2.4 Significant reasoning and estimates

When the final result of these factors is different from the initially reflected values, they may materially affect the provision for losses for the period in which that determination occurred. Depreciation of loans is calculated for individual loans on a portfolio basis. For individually assessed loans, the depreciation factors are determined first.

Depreciation factors are financial difficulties of the client, disputes with the respective client, extension or modification of the repayment schedule due to the impossibility of payment.

For overdue payments exceeding 90 days, it will be automatically considered that the loan are impaired.

For assessing the depreciation amount, the table of monthly cash flows expected from the credit performance, is made and the flows are updated using the effective interest rate.

For collectively loans, the prediction matrix is calculated based on the Company's statistical data. The forecast matrix is compiled separate for loans, grouped according to credit risk. The provision for collective impairment is calculated as  $EAD * PD * LGD * EIR$ ,

Where EAD -Exposure at default of loan balance

PD – Probability of default

LGD – Loss given. Default loss.

The default loss ratio (LGD) is calculated according to the loans performance, portfolio structure, and the recoverable amount using the discount rate.

#### *(ii) Going concern*

The management has assessed the company's capacity to continue its business and considers that the company has resources to continue its business in the foreseeable future. Moreover, the management does not have information on the existence of significant uncertainty that may cause significant doubts about the company's capacity to continue its activity. Thus, the financial statements are prepared in accordance with the going concern principle.

## 2.4 Significant reasoning and estimates (continued)

### (iii) The fair value of financial instruments

The fair value of financial instruments that are not traded on the active market is determined using the valuation techniques. Based on reasonable estimates, management chooses the valuation method considering the fact that these are made based on the existing circumstances at the reporting date.

## 3. Significant accounting policies

### 3.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. The adoption of new standards and interpretations effective for the company from 1 January 2021 did not have any impact on the accounting policies, financial position or performance of the Company. Where necessary, the comparative figures have been reclassified according to the presentation changes for the current period.

### 3.2 Summary of significant accounting policies

#### a. Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments. The Management determines the classification of its investments at initial recognition.

#### (i) Financial assets at fair value through profit or loss account

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss account on initial recognition.

A financial asset is considered held for trading if it is acquired or registered mainly for the purpose of selling or redeeming it in the short term, or it is part of identified financial instruments portfolio, that are managed together and for which there is evidence regarding the actual model of collecting short-term benefits.

Derivative instruments are also classified as held for trading except the cases they are designated as hedging instruments.

Gains and losses arising from changes in the fair value of derivatives that are managed in relation to the designated financial assets or financial liabilities are included in the net income from financial instruments designated at fair value. As at 31 December 2021 and 2020, the company does not have financial assets at fair value through profit or loss account.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

#### (iii) Held-to-maturity

Held-to-maturity investments (HTM) are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. If the company would sell a significant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

At December 31, 2021 and December 31, 2020, the Company does not have any held-to-maturity financial assets.

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

---

**3.2 Summary of significant accounting policies (continued)**

*a. Financial assets (continued)*

*(IV) Derecognition of financial assets and liabilities*

Financial assets are derecognized in the following cases:

- The rights to receive cash flows from the asset have expired;
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- The company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control of the asset.

*c. Financial liabilities*

The company classifies financial liabilities as other liabilities, which are valued at amortized cost.

*d. Offsetting financial instruments*

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

*e. Interest income and expense*

Interest income and expense for all interest-bearing financial instruments are recognized in the income statement using the effective interest rate method.

The effective interest rate method is a method of calculation the amortized cost of a financial asset or financial liability and of allocation interest income or interest expenses over the relevant period.

The effective interest rate is the rate that updates exactly the payments or future cash receipts expected over the financial instrument estimated life, or, where appropriate, a shorter period at the net book value of the financial asset or financial liability. When calculating the effective interest rate, the company estimates cash flows taking into consideration all the contractual terms of the financial instrument, without considering future credit losses. The calculation includes all commissions paid or charged between the contract parties, which are an integral part of the effective interest rate, transaction costs or other premiums or discounts.

Once the value of a financial asset or group of financial assets has been reduced as a result of an impairment loss, interest income is recognized using the effective interest rate used to reduce future cash flows in order to value the impairment losses.

*f. Fee and commission income*

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan.

Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-apportionment basis.

**3.2 Summary of significant accounting policies (continued)**

*g. Tangible assets*

All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized 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 are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings and rooms - 35-50 years;
- Production equipment and installations - 7-20 years;
- Tools, systems and other equipment - 3-5 years;
- Computers - 3-5 years.

Assets under construction are not depreciated until they are brought in use.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount. These are included in their operating expenses in the income statement.

*h. Intangible assets*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized using the straight-line method on the basis of the expected useful lives (two to twenty years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

*i. Borrowings*

Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently, borrowings are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

*J. Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity of the assets at acquisition dates including: cash, non-restricted balances.

*k. Provisions*

Provisions and legal claims are recognized when the company has a present legal or constructive obligation to transfer economic benefits as a result of past events and it is more likely that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

---

**3.2 Summary of significant accounting policies (continued)**

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

*l. Employee benefits*

The company, in the normal course of business makes payments to the Moldovan State funds on behalf of its employees for pension, health care and unemployment benefit. All employees of the company are members of the State pension plan. The company does not operate any other pension scheme and, consequently, has no further obligation in respect of pensions. The company does not operate any other defined benefit plan or postretirement benefit plan. The company has no obligation to provide further services to current or former employees.

*m. Taxation*

Income tax payable on profits, based on the applicable Moldovan tax law, is recognized as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of equipment, provisions for loans and advances to customers, other assets and other liabilities. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized. The standard rate of income tax for 2021 of 12% (2020: 12%).

*n. Investment property*

Investment properties are properties held to earn rentals and/or for capital appreciation. After initial recognition investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Rental income and operating expenses from investment property are reported within other revenue and other expenses respectively.

Company's accounting policies do not expressly provide materiality of accounting elements. In order to ensure consistency of revenue and operating expenses related to investment properties materiality is determined based on professional judgment, taking into account the legal framework in force.

*o. Contingent assets and liabilities*

Contingent liabilities are not recognized in the financial statements, but are submitted, except the cases when there is a probability of a resources outflow to settle the current liabilities.

A contingent asset is not recognized in the financial statements but is submitted when it is probable that an outflow of economic benefits will occur.

*p. Related entities*

The parties are considered related with the company when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to control or significantly influence, directly or indirectly, the other party in making financial and operational decisions.

Transactions with related entities represent a transfer of resources or liabilities between related parties, regardless of whether a price is charged.

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

---

**3.2 Summary of significant accounting policies (continued)**

*q. Events subsequent to the balance sheet date*

Events subsequent to the balance sheet date are reflected in the financial statements if they provide additional information about the Company's situation on the balance sheet date (events requiring adjustments), or indicate that the assumption of continuity of operation is not appropriate. Subsequent events that do not require adjustments are presented in the notes, if they are significant.

**3.3 New and revised standards.**

There are several standards, amendments to standards and interpretations that have been issued by the IASB that are effective in future accounting periods that the Company has decided not to early adopt.

The following amendments are in force for the period beginning on January 1, 2023:

- Presentation of accounting policies (Amendments to IAS 1 and to the Statement of IFRS 2).
- Definition of accounting estimates (Amendments to IAS 8);
- Deferred tax relating to assets and liabilities arising from a single transaction (Amendments to IAS 12).

The following amendments are in force for the period beginning on 1 January 2024:

- IFRS 16 Leases (Amendment - Obligation under a sale and leaseback)
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Long-Term)
- IAS 1 Presentation of Financial Statements (Amendment - Long-term liabilities with covenants).

The Company is currently assessing the impact of these new accounting standards and amendments. The enterprise does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore does not affect the classification of its convertible debt as non-marketable debt.

The Company does not expect any other standards issued by the IASB but not yet effective to have a significant impact on the business.

[The following is a list of other new and amended standards that, at the time of writing, have been issued by the IASB but are effective in future periods. The amount of quantitative and qualitative detail to be provided about each of the standards will depend on each entity's own circumstances.

- IFRS 17 Insurance Contracts (effective January 1, 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to January 1, 2023].

**4. Financial risk management**

**Financial risk factors**

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk, compliance risk, litigation risk, reputation risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

**4.1 Market price risk**

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale financial assets and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

**4.2 Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

|                               | 2022<br>MDL       | 2021<br>MDL    |
|-------------------------------|-------------------|----------------|
| <b>Fixed rate instruments</b> |                   |                |
| Financial assets              | 73,164,582        | 47,406,229     |
| Financial liabilities         | (60,830,472)      | (47,011,248)   |
|                               | <b>12,334,110</b> | <b>394,981</b> |

**Sensitivity analysis**

Any increase / decrease in the interest rate will have effect on the Company's results and capital because all financial instruments have a floating rate.

**4.3 Credit risk for financial leasing portfolio and loans**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

**Concentration of credit risk**

In the context of credit risk, the share in the total portfolio of leasing and loans was analyzed, the top 10 clients were analyzed, their exposure was 0.6% of the total portfolio or MDL 513,929 (2020: 0.93% or MDL 499,658).

Classification of financial assets by stages and impact of IFRS 9:

| Stage        | Balance of financial<br>assets as of December<br>31, 2022 | Weight, %      | Impairment of assets in<br>accordance with IFRS 9<br>at December 31, 2022 | Weight, %  |
|--------------|-----------------------------------------------------------|----------------|---------------------------------------------------------------------------|------------|
| 1            | 64,190,403                                                | 76%            | 561,525                                                                   | 1%         |
| 2            | 6,062,596                                                 | 7%             | 2,126,447                                                                 | 35%        |
| 3            | 14,088,304                                                | 17%            | 8,488,750                                                                 | 60%        |
| <b>Total</b> | <b>84,341,303</b>                                         | <b>100.00%</b> | <b>11,176,721</b>                                                         | <b>13%</b> |

| Stage        | Balance of financial<br>assets as of December<br>31, 2021 | Weight, %      | Impairment of assets in<br>accordance with IFRS 9<br>at December 31, 2021 | Weight, %  |
|--------------|-----------------------------------------------------------|----------------|---------------------------------------------------------------------------|------------|
| 1            | 45,488,240                                                | 76%            | 729,314                                                                   | 2%         |
| 2            | 2,062,522                                                 | 3%             | 1,190,830                                                                 | 58%        |
| 3            | 12,692,001                                                | 21%            | 10,916,390                                                                | 86%        |
| <b>Total</b> | <b>60,242,763</b>                                         | <b>100.00%</b> | <b>12,836,534</b>                                                         | <b>21%</b> |

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

**4.3 Structure of the leasing portfolio**

Over time, the Company has financed different types of loans- PDL -credit from 4 till 45 days, Credit Line – from 3-24 months. Compared to the previous year, the structure of the portfolio held by the company and the financed amount of the contractual objects evolved as follows:

| Type         | 2022              | 2022         | 2021              | 2021        |
|--------------|-------------------|--------------|-------------------|-------------|
|              | Net value,<br>MDL | Weight,<br>% | Net value,<br>MDL | Weight, %   |
| PDL          | 1,981,101         | 2%           | 1,888,469         | 3%          |
| Credit lines | 82,360,203        | 98%          | 58,354,294        | 97%         |
| <b>Total</b> | <b>84,341,303</b> | <b>100%</b>  | <b>60,242,763</b> | <b>100%</b> |

\* The loans are not secured or pledged.

The financing was granted only in Moldovan Lei. Comparing the figures in the initial currency of the financing grant, we observe that the value of the loan portfolio decreased significantly compared to the previous year.

**4.4 Liquidity risk**

Liquidity risk is the risk that occurs when the maturity of assets and liabilities does not match. An uncompensated position potentially improves profitability but may also increase the risk of loss. The company has loss minimization procedures such as maintaining sufficient cash and other very liquid circulating assets and having an adequate amount of committed credit facilities available.

The tables below detail the remaining contractual maturity of the Company for financial liabilities. The tables were prepared on the basis of non-current cash flows of financial liabilities based on the earliest date the company may be required to pay. The table includes both the interest and the principal cash flows.

**For the year ended 31 December 2022**

|                                | Carrying<br>amounts | Contractual<br>cash flows | Up to 3<br>months  | 3-12<br>months      | 1-5 years         | More than<br>5 years |
|--------------------------------|---------------------|---------------------------|--------------------|---------------------|-------------------|----------------------|
| Amounts due from loans granted | 84,341,303          | 84,341,303                | 18,089,828         | 4,369,159           | 61,875,541        | 6,775                |
| Non-current loans receivables  | -                   | -                         | -                  | -                   | -                 | -                    |
| Investments                    | -                   | -                         | -                  | -                   | -                 | -                    |
| Trade and other receivables    | 1,962,846           | 1,962,846                 | 1,962,846          | -                   | -                 | -                    |
| Cash at bank and in hand       | 2,680,542           | 2,680,542                 | 2,680,542          | -                   | -                 | -                    |
| Borrowings                     | (64,314,938)        | (64,314,938)              | (22,762,362)       | (28,736,803)        | (12,815,772)      | -                    |
| Trade and other payables       | (3,077,494)         | (3,077,494)               | (3,077,494)        | -                   | -                 | -                    |
| <b>Total</b>                   | <b>21,592,260</b>   | <b>21,592,260</b>         | <b>(3,106,640)</b> | <b>(24,367,644)</b> | <b>49,059,768</b> | <b>6,775</b>         |

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

**4. Financial risk management (continued)**

**4.4 Liquidity risk (continued)**

**For the year ended 31 December 2021**

|                                | <b>Carrying<br/>amounts</b> | <b>Contractual<br/>cash flows</b> | <b>Up to 3<br/>months</b> | <b>3-12<br/>months</b> | <b>1-5 years</b>  | <b>More than<br/>5 years</b> |
|--------------------------------|-----------------------------|-----------------------------------|---------------------------|------------------------|-------------------|------------------------------|
| Amounts due from loans granted | 60,242,763                  | 60,641,280                        | 40,657,960                | 19,556,553             | 426,767           | -                            |
| Non-current loans receivables  | -                           | -                                 | -                         | -                      | -                 | -                            |
| Investments                    | -                           | -                                 | -                         | -                      | -                 | -                            |
| Trade and other receivables    | 634,363                     | 634,363                           | 634,363                   | -                      | -                 | -                            |
| Cash at bank and in hand       | 5,306,602                   | 5,306,602                         | 5,306,602                 | -                      | -                 | -                            |
| Borrowings                     | (47,011,248)                | 47,011,248                        | 6,140,394                 | 18,421,181             | 22,449,674        | -                            |
| Trade and other payables       | (4,050,697)                 | (4,050,697)                       | (4,050,697)               | -                      | -                 | -                            |
| <b>Total</b>                   | <b>15,121,784</b>           | <b>109,542,797</b>                | <b>48,688,622</b>         | <b>37,977,734</b>      | <b>22,876,441</b> | <b>-</b>                     |

**4.5 Risk of compliance**

Compliance risk is the risk of financial loss, including fines and other sanctions, arising from non-compliance with state laws and regulations. The risk is limited to a significant extent, due to the supervision applied by the compliance system, as well as the monitoring of the company's controls.

**4.6 Litigation risk**

The risk of litigation is the risk of financial loss, disruption of the Company's activity, or any other situation arising out of the possibility of non-execution or breach of legal contracts and consequently of legal proceedings. The risk is minimized through the contracts used by the Company.

**4.7 Reputational risk**

The risk of loss of reputation that may result from negative advertising related to the Company's operations (whether true or false) may result in a reduction in customer, revenue, and lawsuits against the Company. The company applies procedures to minimize this risk.

**4.8 Risk of capital management**

The Company's objectives in managing capital are to protect the Company's ability to continue, based on the business continuity principle, in order to provide quality services for public profitability and to ensure that it is up to the founders and to maintain an optimal structure of capital to reduce the cost of capital.

The company monitors the capital on the basis of the leverage ratio. This ratio is calculated as a net debt divided by total capital. Net debt is calculated as the total of loans. Total capital is calculated as "capital" as shown in the statement of financial position plus net debt.

The Company's debt ratio is calculated as follows:

|                                 | <b>2022</b>       | <b>2021</b>       |
|---------------------------------|-------------------|-------------------|
| Total borrowings                | 64,314,938        | 47,011,248        |
| Less: Cash and cash equivalents | 2,680,542         | 4,364,817         |
| <b>Net debt</b>                 | <b>61,634,395</b> | <b>41,704,646</b> |
| Total equity                    | 11,356,703        | 4,565,971         |
| <b>Total capital</b>            | <b>72,991,099</b> | <b>46,270,617</b> |
| Gearing ratio                   | <b>84.44%</b>     | <b>90.13%</b>     |

#### 4. Financial risk management (continued)

##### 4.8 Risk of capital management (continued)

|                                | 2022       | 2021         |
|--------------------------------|------------|--------------|
| Total long-term borrowings     | 64,314,938 | 47,011,248   |
| Total equity                   | 11,356,703 | (23,150,573) |
| <b>Financial gearing ratio</b> | <b>5.7</b> | <b>10.3</b>  |

##### 4.9 Critical accounting estimates and professional judgments

Estimates and professional judgments are continually evaluated and are based on historical experience and other factors including future events that are considered reasonable under certain circumstances.

The company makes estimates and assumptions about the future. The results of the accounting estimates will rarely be equal to the current results. Estimates and assumptions that present a significant risk of a material adjustment in the carrying amount of assets and liabilities over the next financial year are presented below:

- **Income Tax**

Significant professional judgment is required to determine the income tax provision. There are transactions and calculations for which the determination of the final income tax is uncertain during the normal course of business. The Company recognizes in advance the liabilities that may arise in the case of fiscal control, based on estimates of whether additional charges will be due. If the final tax outcome is different from the initially recorded amounts, such differences will affect the income tax and deferred tax provisions for the period in which such determination is made.

- **The fair value of financial assets**

The fair value of financial instruments that are not traded on an active market is determined using valuation techniques. The company uses its judgment on the variety of methods and makes assumptions based primarily on market conditions existing at each reporting date. The fair value of available-for-sale financial assets was estimated based on the fair value of these individual assets.

- **Impairment of non-financial assets**

The impairment test is carried out using the updated cash flows expected to be generated by using non-financial assets using an update rate that reflects current market estimates and risks associated with the asset. When it is not possible to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

- **Impairment of loans**

If there is objective evidence that the company will not be able to recover all outstanding amounts (financed amount and interest) according to the initial contractual terms of the loan, these receivables are considered impaired.

The amount of the impairment loss is the difference between the balance sheet value of the loan and the present value of future cash flows discounted at the initial effective interest rate.

Impairment and non-recoverability are valued and recognized separately for significant loans and receivables from an individual point of view, and at portfolio level for a group of loans and similar receivables that are not individually identified as impaired.

If the amount of the impairment loss decreases and the decrease can be objectively correlated with an event that occurs after the impairment has been recognized (such as an improvement in the borrower's credit rating), the previously recognized impairment loss is reversed by adjusting the impairment account. provision for depreciation.

Future cash flows for a group of financial assets that are collectively evaluated for impairment are estimated based on past experience with assets with credit risk characteristics similar to those in the group. The methodology and assumptions used to estimate future cash flows are reviewed periodically to reduce any differences between the estimated loss and the actual loss.

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

**5. Interest and commission income**

|                     | <b>2022</b>       | <b>2021</b>       |
|---------------------|-------------------|-------------------|
| Interest income     | 54,335,118        | 43,659,932        |
| Commissions income  | 4,247,106         | 853,305           |
| <b>Total income</b> | <b>58,582,224</b> | <b>44,513,237</b> |

**6. Other Income**

|                           | <b>2022</b>      | <b>2021</b>      |
|---------------------------|------------------|------------------|
| Income from penalties     | 2,821,416        | 1,385,627        |
| Income from restructuring | 512,477          | 284,990          |
| Income from debt recovery | 1,011,440        | -                |
| Other operating income    | 1,204,847        | 176,673          |
| <b>Total</b>              | <b>5,550,179</b> | <b>1,847,290</b> |

**7. Interest and commissions expenses**

|                             | <b>2022</b>      | <b>2021</b>      |
|-----------------------------|------------------|------------------|
| Interest expense (Note 7.1) | 3,514,354        | 2,014,662        |
| Bank commission             | 1,416,982        | 1,077,950        |
| Regulatory fees             | 72,383           | 51,040           |
| <b>Total</b>                | <b>5,003,720</b> | <b>3,143,652</b> |

**7.1 Interest expense:**

|                          | <b>2022</b>      | <b>2021</b>      |
|--------------------------|------------------|------------------|
| Interest from borrowings | 2,829,876        | 1,756,526        |
| Interest from bank loans | 509,398          | -                |
| Interest from leases     | 175,080          | 258,136          |
| <b>Total</b>             | <b>3,514,354</b> | <b>2,014,662</b> |

**8. Selling and distribution**

|                             | <b>2022</b>       | <b>2021</b>       |
|-----------------------------|-------------------|-------------------|
| Salary expenses             | 10,981,734        | 8,453,953         |
| Advertising services        | 4,056,095         | 485,501           |
| Marketing services          | -                 | 1,529,169         |
| Consulting services         | 5,253,774         | 3,709,609         |
| Commissions                 | 1,152,262         | 1,658,848         |
| Communication expenses      | 1,085,972         | 595,655           |
| Principal adjustment        | 6,734,162         | 8,126,261         |
| Payment collection services | 351,438           | 251,260           |
| Other expenses              | 136,161           | 154,182           |
| <b>Total</b>                | <b>29,751,599</b> | <b>24,964,439</b> |

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

**9. Administrative expenses**

|                                     | <b>2022</b>      | <b>2021</b>      |
|-------------------------------------|------------------|------------------|
| Salary expenses                     | 3,317,520        | 2,912,530        |
| Depreciation of right-of-use assets | 1,552,042        | 1,552,834        |
| VAT import of services              | 1,581,541        | 1,327,364        |
| Bank services                       | 8,471            | 66,098           |
| Consulting services                 | 302,564          | 2,992,697        |
| Other expenses                      | 331,396          | 431,820          |
| Depreciation of non-current assets  | 106,805          | 135,152          |
| Travel expenses                     | 88,895           | 18,702           |
| Communication expenses              | 46,134           | 52,942           |
| Utilities                           | 168,902          | 78,620           |
| Fuel expenses                       | 55,083           | 15,958           |
| Staff training                      | 31,114           | -                |
| Taxes                               | 114,262          | 24,367           |
| Advertising services                | 22,885           | -                |
| Marketing services                  | -                | 500              |
| Commissions                         | 462              | 303              |
| <b>Total</b>                        | <b>7,728,076</b> | <b>9,609,886</b> |

**10. Other operating expenses**

|                | <b>2022</b> | <b>2021</b>  |
|----------------|-------------|--------------|
| Other expenses | -           | 5,417        |
| <b>Total</b>   | <b>-</b>    | <b>5,417</b> |

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

**11. Expenses by nature**

|                                                    | <b>2022</b>       | <b>2021</b>       |
|----------------------------------------------------|-------------------|-------------------|
| Impairment losses                                  | 10,266,965        | 867,385           |
| Wages and salaries (Note 11.1)                     | 11,517,921        | 7,941,905         |
| Advertising services                               | 4,078,980         | 485,501           |
| Interest expenses                                  | 5,003,720         | 3,143,652         |
| Marketing services                                 | -                 | 1,529,668         |
| Consulting services                                | 5,556,338         | 6,702,306         |
| Social insurance costs and other funds (Note 11.1) | 2,741,502         | 2,805,423         |
| Commissions                                        | 1,152,724         | 1,659,151         |
| Depreciation of right-of-use assets                | 1,552,042         | 1,552,834         |
| Communication expenses                             | 1,132,106         | 648,597           |
| VAT import of services                             | 1,581,541         | 1,327,364         |
| Bank services                                      | 8,471             | 66,098            |
| Other expenses                                     | 467,556           | 452,136           |
| Principal adjustment                               | 6,734,162         | 8,126,261         |
| Provision for unused leaves (Note 11.1)            | 39,830            | 758,439           |
| Payment collection services                        | 351,438           | 251,260           |
| Depreciation of non-current assets                 | 106,805           | 135,152           |
| Travel expenses                                    | 88,895            | 18,702            |
| Utilities                                          | 168,902           | 78,620            |
| Fuel expenses                                      | 55,083            | 15,958            |
| Staff training                                     | 31,114            | -                 |
| Taxes                                              | 114,262           | 24,367            |
| <b>Total</b>                                       | <b>52,750,359</b> | <b>38,590,779</b> |

**11.1 Staff costs**

|                                        | <b>2022</b>       | <b>2021</b>       |
|----------------------------------------|-------------------|-------------------|
| Wages and salaries                     | 11,517,921        | 7,941,905         |
| Social insurance costs and other funds | 2,741,502         | 2,805,423         |
| Provision for unused leaves            | 39,830            | 758,439           |
| <b>Total</b>                           | <b>14,299,254</b> | <b>11,505,767</b> |

**12. Finance costs .**

|                          | <b>2022</b>        | <b>2021</b>        |
|--------------------------|--------------------|--------------------|
| Finance income           | 471,866            | 656,626            |
| Financial losses         | (3,972,785)        | (2,157,397)        |
| <b>Net finance costs</b> | <b>(3,500,918)</b> | <b>(1,500,771)</b> |

ECOFINANCE TECHNOLOGIES SRL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2022  
(All amounts are presented in Moldavian Lei)

13. Income tax

|                            | 2022             | 2021             |
|----------------------------|------------------|------------------|
| Income tax                 | (382,445)        | (382,445)        |
| Deferred tax               | (169,988)        | (169,988)        |
| <b>Charge for the year</b> | <b>(552,433)</b> | <b>(552,433)</b> |

The Company's income tax differs from the theoretical tax applied to the tax rates as presented:

|                                            | 2022      | 2021      |
|--------------------------------------------|-----------|-----------|
| Profit before tax                          | 7,881,126 | 6,268,977 |
| Tax calculated at the applicable tax rates | -         | -         |
| Deductions and tax exemptions              | -         | (382,445) |
| Deferred tax expense                       | (115,330) | (169,988) |

The income tax rate was 12% (2021: 12%)

| As of December 31, 2021                | Fiscal base | Financial base | Temporary difference | Income tax rate | Balance            |
|----------------------------------------|-------------|----------------|----------------------|-----------------|--------------------|
| Fixed assets                           | 213,455     | 213,455        | -                    | 12%             | -                  |
| Provision for unused leaves            | -           | (758,439)      | (758,439)            | 12%             | (91,013)           |
| Provisions for doubtful receivables    | -           | (12,194,707)   | (12,194,707)         | 12%             | (1,463,365)        |
| <b>Deferred tax receivable balance</b> |             |                |                      |                 | <b>(1,554,378)</b> |

| As of December 31, 2022                | Fiscal base | Financial base | Temporary difference | Income tax rate | Balance            |
|----------------------------------------|-------------|----------------|----------------------|-----------------|--------------------|
| Fixed assets                           | 94,873      | 77,794         | (17,079)             | 12%             | (2,049)            |
| Provision for unused leaves            | -           | (773,493)      | (773,493)            | 12%             | (91,013)           |
| Provision for guarantees granted       | -           | (24,777)       | (24,777)             | 12%             | (2,973)            |
| Provisions for doubtful receivables    | -           | (11,176,721)   | (11,176,721)         | 12%             | (1,341,207)        |
| <b>Deferred tax receivable balance</b> |             |                |                      |                 | <b>(1,439,048)</b> |

ECOFINANCE TECHNOLOGIES SRL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2022  
(All amounts are presented in Moldavian Lei)

14. Right-of-use assets

|                                | Real Estate      | Plant and machinery | Motor vehicle | Other equipment | Total            |
|--------------------------------|------------------|---------------------|---------------|-----------------|------------------|
| <b>As of January 1, 2021</b>   | <b>3,848,521</b> | -                   | -             | -               | <b>3,848,521</b> |
| Additions                      | -                | -                   | -             | -               | -                |
| Depreciation expenses          | (1,552,834)      | -                   | -             | -               | (1,552,834)      |
| <b>As of December 31, 2021</b> | <b>2,295,687</b> | -                   | -             | -               | <b>2,295,687</b> |
| <b>As of December 31, 2021</b> | <b>2,295,687</b> | -                   | -             | -               | <b>2,295,687</b> |
| Additions                      | 1,467,052        | -                   | -             | -               | 1,467,052        |
| Depreciation expenses          | (1,552,042)      | -                   | -             | -               | (1,552,042)      |
| <b>As of December 31, 2022</b> | <b>2,295,687</b> | -                   | -             | -               | <b>2,295,687</b> |

15. Property, plant and equipment

|                                 | Special constructions | Vehicles and machinery | Office supplies | Assets under construction | Total   |
|---------------------------------|-----------------------|------------------------|-----------------|---------------------------|---------|
| <i>Cost</i>                     |                       |                        |                 |                           |         |
| <b>As of January 1, 2021</b>    | -                     | -                      | 428,386         | 23,600                    | 451,986 |
| Additions                       | -                     | -                      | -               | 37,800                    | 37,800  |
| Disposals                       | -                     | -                      | -               | -                         | -       |
| Transfers                       | -                     | -                      | 54,100          | (54,100)                  | -       |
| <b>As of December 31, 2021</b>  | -                     | -                      | 482,486         | 7,300                     | 489,786 |
| Additions                       | -                     | -                      | -               | 31,165                    | 31,165  |
| Disposals                       | -                     | -                      | -               | -                         | -       |
| Transfers                       | -                     | -                      | 14,855          | (14,855)                  | -       |
| <b>As of December 31, 2022</b>  | -                     | -                      | 497,341         | 23,610                    | 520,951 |
| <i>Accumulated depreciation</i> |                       |                        |                 |                           |         |
| <b>As of January 1, 2021</b>    | -                     | -                      | 151,565         | -                         | 151,565 |
| Charge for the year             | -                     | -                      | 117,466         | -                         | 117,466 |
| Disposals                       | -                     | -                      | -               | -                         | -       |
| <b>As of December 31, 2021</b>  | -                     | -                      | 269,031         | -                         | 269,031 |
| Charge for the year             | -                     | -                      | 94,873          | -                         | 94,873  |
| Disposals                       | -                     | -                      | -               | -                         | -       |
| <b>As of December 31, 2022</b>  | -                     | -                      | 363,904         | -                         | 363,904 |
| <i>Net book value</i>           |                       |                        |                 |                           |         |
| <b>As of December 31, 2020</b>  | -                     | -                      | 276,821         | 23,600                    | 300,421 |
| <b>As of December 31, 2021</b>  | -                     | -                      | 213,455         | 7,300                     | 220,755 |
| <b>As of December 31, 2022</b>  | -                     | -                      | 133,437         | 23,610                    | 157,047 |

The entity at the end of the reporting period has no unused property, plant and equipment in its operating activities, all property, plant and equipment are serviceable and are not pledged or mortgaged or pledged as security for certain of the entity's debts.

ECOFINANCE TECHNOLOGIES SRL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2022  
(All amounts are presented in Moldavian Lei)

16. Intangible assets

|                                 | Trademarks | Software programs | Industrial designs | Total  |
|---------------------------------|------------|-------------------|--------------------|--------|
| <i>Cost</i>                     |            |                   |                    |        |
| As of January 1, 2021           | 4,842      | 27,700            | 44,140             | 76,683 |
| Additions                       | -          | -                 | -                  | -      |
| Disposals                       | -          | -                 | -                  | -      |
| Transfers                       | -          | -                 | -                  | -      |
| As of December 31, 2021         | 4,842      | 27,700            | 44,140             | 76,683 |
| Additions                       | -          | -                 | -                  | -      |
| Disposals                       | -          | -                 | -                  | -      |
| Transfers                       | -          | -                 | -                  | -      |
| As of December 31, 2022         | 4,842      | 27,700            | 44,140             | 76,683 |
| <i>Accumulated depreciation</i> |            |                   |                    |        |
| As of January 1, 2021           | 565        | 13,142            | 8,767              | 22,473 |
| Charge for the year             | 484        | 9,233             | 7,969              | 17,686 |
| Disposals                       | -          | -                 | -                  | -      |
| As of December 31, 2021         | 1,049      | 22,375            | 16,736             | 40,160 |
| Charge for the year             | 484        | 4,367             | 7,081              | 11,932 |
| Disposals                       | -          | -                 | -                  | -      |
| As of December 31, 2022         | 1,533      | 26,742            | 23,817             | 52,092 |
| <i>Net book value</i>           |            |                   |                    |        |
| As of December 31, 2020         | 4,277      | 14,558            | 35,374             | 54,209 |
| As of December 31, 2021         | 3,793      | 5,325             | 27,405             | 36,523 |
| As of December 31, 2022         | 3,309      | 958               | 20,323             | 24,591 |

As of December 31, 2021, and as of December 31, 2022, the intangible assets were not pledged.

17. Loans and advances to customers

|                                   | December 31, 2022 | December 31, 2021 |
|-----------------------------------|-------------------|-------------------|
| Gross value                       | 84,341,303        | 60,242,763        |
| Less: Allowance for impairment    | (11,176,721)      | (12,836,534)      |
| Net value                         | 73,164,582        | 47,406,229        |
| <b>Balance as of December 31,</b> | <b>73,164,582</b> | <b>47,406,229</b> |

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

**18. Inventories and work in progress**

|                                  | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|----------------------------------|--------------------------|--------------------------|
| Materials                        | 2,078                    | -                        |
| Spare parts and other consumable | 56,146                   | 21,655                   |
| Other materials                  | 3,026                    | -                        |
| <b>Total</b>                     | <b>61,249</b>            | <b>21,655</b>            |

Inventories are recorded at the lowest in terms of cost and market value. The largest share of the stocks represents the Spare parts and other consumables.

**19. Trade and other receivables**

|                            | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|----------------------------|--------------------------|--------------------------|
| Trade receivables          | 1,125,048                | -                        |
| Advances to subcontractors | 231,471                  | 347,931                  |
| Advances to state budget   | 584,326                  | 17,484                   |
| Other receivables          | 22,001                   | 268,948                  |
| <b>Total</b>               | <b>1,962,846</b>         | <b>634,363</b>           |

**20. Cash and cash equivalents**

Cash and cash equivalents balances are presented as following:

|              | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|--------------|--------------------------|--------------------------|
| Cash at bank | 2,079,222                | 4,716,964                |
| Cash in hand | -                        | -                        |
| Deposits     | 601,321                  | 589,638                  |
| <b>Total</b> | <b>2,680,542</b>         | <b>5,306,602</b>         |

**21. Share capital**

|                                   | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|-----------------------------------|--------------------------|--------------------------|
| <i>Issued and fully paid</i>      |                          |                          |
| Balance as of January 1,          | 23,000,000               | 1,000,000                |
| Increase in share capital         | -                        | 22,000,000               |
| <b>Balance as of December 31,</b> | <b>23,000,000</b>        | <b>23,000,000</b>        |

**22. Borrowings**

|                                      | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|--------------------------------------|--------------------------|--------------------------|
| Short term bank loans                | 5,024,263                | -                        |
| Other short-term borrowings          | 46,474,902               | 24,561,574               |
| <b>Total short-term borrowings</b>   | <b>51,499,165</b>        | <b>24,561,574</b>        |
| Long term bank loans                 | 1,496,320                | -                        |
| Other long-term borrowings           | 11,319,452               | 22,449,674               |
| <b>Total borrowings on long term</b> | <b>12,815,772</b>        | <b>22,449,674</b>        |
| <b>Total borrowings</b>              | <b>64,314,938</b>        | <b>47,011,248</b>        |

Loans are not secured by assets under lease, they were received from shareholders.

The terms and conditions of the loans to be paid are as following:

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

**22. Borrowings (continued)**

The terms and conditions of the loans to be paid are as following:

| Borrower                        | Nr. Contr. of credit | Currency | Interest rate | Final maturity | Outstanding balance |                   |
|---------------------------------|----------------------|----------|---------------|----------------|---------------------|-------------------|
|                                 |                      |          |               |                | December 31, 2022   | December 31, 2021 |
| Dyninno Fintech Holding Limited | HE 347548            | USD      | 2.61%         | 17-Oct-23      | 29,230,019          | 27,647,921        |
| Dyninno Fintech Holding Limited | Facility agreement   | EUR      | 14.00%        | 5-Dec-25       | 922,692             | -                 |
| Dyninno Fintech Holding Limited | Facility agreement   | EUR      | 17.00%        | 10-Feb-25      | 455,275             | -                 |
| Dyninno Fintech Holding Limited | Facility agreement   | EUR      | 17.00%        | 23-Aug-25      | 487,384             | -                 |
| Dyninno Fintech Holding Limited | Facility agreement   | EUR      | 17.00%        | 24-Feb-25      | 1,026,836           | -                 |
| Dyninno Fintech Holding Limited | Facility agreement   | EUR      | 17.00%        | 29-Apr-25      | 1,111,598           | -                 |
| Dyninno Fintech Holding Limited | Facility agreement   | EUR      | 17.00%        | 30-Nov-25      | 619,919             | -                 |
| AB Natur Invest SRL             | 2736                 | USD      | 1.00%         | 17-Oct-23      | 13,407,548          | 12,426,014        |
| AB Natur Invest SRL             | 51066                | EUR      | 15.00%        | 14-Dec-24      | 2,167,077           | 2,123,722         |
| AB Natur Invest SRL             | 41598                | EUR      | 12.50%        | 15-Mar-24      | 2,817,660           | 2,778,612         |
| AB Natur Invest SRL             | 48982                | EUR      | 15.00%        | 28-Sep-24      | 2,063,882           | 2,034,979         |
| Ecofinance IFN S.A.             | Facility agreement   | EUR      | 15.00%        | 26-Feb-23      | 1,015,163           | 880,384           |
| Ecofinance IFN S.A.             | Facility agreement   | EUR      | 15.00%        | 26-Feb-23      | 1,068,755           | -                 |
| Ecofinance IFN S.A.             | Facility agreement   | EUR      | 15.00%        | 26-Feb-23      | 1,063,831           | -                 |
| Ecofinance IFN S.A.             | Facility agreement   | EUR      | 15.00%        | 26-Feb-23      | 336,716             | -                 |
| BC Comerbank SA                 | CR1-2983/OC          | MDL      | 21.00%        | 14-Jun-25      | 3,020,583           | -                 |
| BC Victoriabank SA              | 202200098            | MDL      | 11.90%        | 25-Feb-23      | 3,500,000           | -                 |
| <b>Total</b>                    |                      |          |               |                | <b>64,314,938</b>   | <b>47,891,632</b> |

**23. Trade and other payables**

|                          | December 31, 2022 | December 31, 2021 |
|--------------------------|-------------------|-------------------|
| Trade payables           | 342,852           | 1,433,416         |
| Prepayments from clients | 1,002,050         | 651,827           |
| Preliminary debts        | -                 | (53)              |
| Other creditors          | 1,732,592         | 1,183,734         |
| <b>Total</b>             | <b>3,077,494</b>  | <b>3,268,924</b>  |

**24. Provisions**

|                             | December 31, 2022 | December 31, 2021 |
|-----------------------------|-------------------|-------------------|
| Provision for unused leaves | 773,493           | 758,439           |
| Provision for guarantees    | 24,777            | 23,333            |
| <b>Total</b>                | <b>798,270</b>    | <b>781,772</b>    |

**ECOFINANCE TECHNOLOGIES SRL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(All amounts are presented in Moldavian Lei)**

**25. Related Party Transactions**

Below are presented the balances of transactions with related parties as of December 31, 2021 as well as revenues, expenses resulting during 2021 from transactions. Thus, given the nature of the relation, it is not objectively possible to determine whether these transactions would have been carried out on the same terms and conditions if the parties had not been related. Thus, Management monitors the performance of these transactions.

**25.1 Remuneration of management personnel**

Remuneration of the Administrator and other members of the management took place as follows:

|                        | <b>2022</b>      | <b>2020</b>    |
|------------------------|------------------|----------------|
| Key staff remuneration | 1,030,653        | 709,941        |
|                        | <b>1,030,653</b> | <b>709,941</b> |

**25.2 Loans received from Related parties**

|                                 | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|---------------------------------|--------------------------|--------------------------|
| Dyninno Fintech Holding Limited | 33,853,722               | 27,647,921               |
| AB Natur Invest SRL             | 20,456,167               | 19,363,327               |
| Ecofinance IFN S.A.             | 3,484,465                | 803,752                  |
| <b>Total</b>                    | <b>57,794,354</b>        | <b>47,815,000</b>        |

**25.3 Related party balances**

| <b>Account</b> | <b>Related party</b>            | <b>Agreement No</b>          | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|----------------|---------------------------------|------------------------------|--------------------------|--------------------------|
| Trade Payables | Dyninno Fintech Holding Limited | Services agreement 1/03-2019 | 312,280                  | 305,511                  |
| <b>Total</b>   |                                 |                              | <b>312,280</b>           | <b>305,511</b>           |

**26. Contingent liabilities**

The Company had no capital commitments or other commitments as of December 31, 2022.

**27. Going concern**

The financial statements have been prepared on a going concern basis and the following events and conditions occurred for the year ended December 31, 2022:

- The Company incurred second year in a row a profit of MDL 7,765,797 as of December 31, 2022 and a profit of MDL 5,716,544 as of December 31, 2021;
- The Company has recorded an increasing net asset in value of MDL 11,558,936 as of December 31, 2022 compared to MDL 4,565,971 as of December 31, 2022.

The company is in developing stage and has a steady increase in total portfolio by 54% comparing 2022 to 2021, therefore the management considers that the above conditions do not cast doubt on the Company's ability to continue as going concern and expects to enhance the operational cash flows through further financial support provided by the shareholders.

**28. Subsequent events of the reporting period**

**a) Military conflict in the region**

The world economy is currently facing exceptional challenges. The military conflict in the region, which began on February 24, 2022, has caused geopolitical instability and volatility in the energy and financial markets, and the economic consequences have already manifested themselves in energy and food price increases.

Individual economic sanctions imposed on Russia mainly by the European Union, the United States and the United Kingdom are expected to spill over into multiple economic sectors, with an immediate effect felt in increased volatility in capital markets and exchange rates, as well as in energy and commodity prices.

Although OCN Finance Leasing Company SRL's direct exposure is insignificant, the impact of these measures is not currently known, and possible Russian responses to them, an impact on OCN Finance Leasing Company SRL's business cannot be accurately estimated at this time.

The long-term impact may also affect the quality of the debt and receivables portfolio and their profitability. However, at the date of these financial statements, the Company meets its obligations as they fall due and therefore continues to apply the going concern basis.

**b) New commitments, loans**

On March 23, 2023, the loan agreement with Ecofinance IFN Romania in the amount of EUR 55,000 was concluded. This contract as well as the tranche received were notified to the NBM in accordance with the legislation in force.