

Independent Auditor's Report*

(*This represents a non-official English translation of the original audit report issued in Romanian language)

To the Shareholders of ECOFINANCE IFN S.A.

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of ECOFINANCE IFN S.A. ("the Company"), with registered office in 54A Av. Popisteanu Street, Expo Business Park, Building 1, 1st district, Bucharest, Romania, registered with the Bucharest Trade Registry under no. J40/5634/2017 and having sole registration code 37423620, which comprise the statement of financial position as at 31 December 2024, the related statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and cash flow statement for the financial year then ended, and explanatory notes to the financial statements, prepared in accordance with the International Financial Reporting Standards, as adopted by European Union ("IFRS") and Order 27/2010 issued by the National Bank of Romania for the approval of accounting regulations in accordance with International Financial Reporting Standards and subsequent modifications (NBR Order 27/2010).

Financial Statements mentioned above present the following:

- Equity: RON 19,174,033
- Total comprehensive income for the financial year: RON 11,280,063

2. In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended, in accordance with IFRS, with NBR Order 27/2010 and with the accounting policies described in the notes to the financial statements.

Basis for Opinion

3. We conducted our audit in accordance with the International Standards on Auditing ("ISA"), with the EU Regulation no. 537/2014 of the European Parliament and of the Council of the European Union ("Regulation no. 527/2014") and with Law no. 167/2017 ("the Law"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and in accordance with other ethical requirements relevant for an

audit of financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the audited period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	Audit procedures performed to address the key audit matter
Expected credit losses for loans to customers	
As disclosed in Note 3 i) and Note 7 to the accompanying financial statements, the Company records expected credit losses for the loans to customers. The methodology for computation of these expected credit losses is detailed in Note 3 i). The value of the expected credit losses for loans to customers as at 31 December 2024 is RON 4,744,817. In the process of determining these expected credit losses, the management of the Company uses numerous assumptions and modeling techniques and estimates the probability of default, exposure at default and loss given default. Also, the management of the Company uses various assumptions regarding the most adequate segmentation of the loans to customers, the identification of significant increase in credit risk and the inclusion of forward looking elements. Due to inherent risk of uncertainty and the complexity of the expected credit losses computation process, as well as the numerous assumptions used, we consider this matter to be a key audit matter.	The procedures performed to obtain a reasonable assurance regarding the expected credit losses for loans to customers are as follows: • a thorough understanding of the loans classification process and the computation of expected credit losses; • testing the design and operating effectiveness of relevant manual and automated controls (where applicable); • assessment of the significant assumptions and estimates used by management to calculate expected credit losses, considering the explanations provided by the management; • for a sample of loans, we have assessed the relevance and accuracy of data used in computation of expected credit losses, such as loan exposure, days past due, existence of legal proceedings against the debtors; • performing analytical and substantive procedures: - verify the adequate contamination at client level; - verify the correct classification of the loans to customers in the 3 stages of depreciation, in accordance with the internal methodology;

Key audit matter	Audit procedures performed to address the key audit matter
	- for loans to customers classified in stage 3, assess the significant assumptions used by management regarding the probability of payment and expected future cash flows; - assess the key models developed by the Company in respect of expected credit losses for loans to customers for which the credit risk did not increase significantly after the initial recognition (classified in stage 1) and for the loans to customers for which there was a significant increase in the credit risk after initial recognition (stage 2); - recomputation of the expected credit losses based on exposure amounts as at 31 December 2024 and classification of the loans in the 3 stages of depreciation, in accordance with the internal procedure; • obtaining confirmation letters from the lawyers who collaborated with the Company during 2024.
Revenue recognition	
As disclosed in the Notes 3b) and 19 to the accompanying financial statements, the Company records revenues from interest on loans and advances to customers. The total value of these revenues is significant in the total revenues recorded by the Company in the audited period. Due to the significance of these revenues, we consider this matter to be a key audit matter.	The procedures performed to obtain a reasonable assurance regarding the revenue recognition are as follows: • a thorough understanding of the loans granting process, including the interest set up process; • testing the design and operating effectiveness of relevant controls (where applicable); • inspection of relevant supporting documents, based on samples; • recomputation of interest revenue for a sample of loans; • performing other analytical and substantive procedures (reasonableness tests, data validation tests, analysis of the monthly variations of interest

Key audit matter	Audit procedures performed to address the key audit matter
	income and examination of the unusual or significant variations); analysis of the transactions and estimates recorded by the Company at the end of the audited period, to assess if the estimates used by the Company are reasonable and if the revenues are properly reflected in the period they relate to.

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

- The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, NBR Order 27/2010, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.
- In preparing the 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 consolidated 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. As part of the audit process, 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.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Conformity of the Administrators' Report with the Financial Statements

The Company's Administrators are responsible for the preparation and presentation, in accordance with the requirements of articles 12 - 16 of the Accounting Regulations in accordance with IFRS approved by NBR Order 27/2010, of an Administrators' Report which is free from significant misstatements, and for such internal control as the Management considers necessary to enable the preparation of the Administrators' Report which shall be free from material inconsistencies, whether due to fraud or error.

The Administrators' Report is not part of the Company's financial statements.

Our opinion on the accompanying financial statements does not cover the Administrators' Report.

In connection with our audit of the financial statements of the Company as at 31 December 2024, we have read the Administrators' Report attached to the financial statements and we report the following:

- a) we have not identified in the Administrators' Report any information which is not consistent, in all material respects, with the information presented in the accompanying financial statements;
- b) the Administrators' Report identified above includes, in all material respects, the information required by articles 12 - 16 of the Accounting Regulations in accordance with IFRS approved by NBR Order no. 27/2010;
- c) based on our knowledge and understanding acquired during the audit of the financial statements for the year ended 31 December 2024 regarding the Company and its environment, we have not identified in the Administrators' Report any information that would be significantly misstated.

The Report on the Information related to Income Tax for the year 2023

In connection with our audit of the financial statements of the Company as at 31 December 2024, we analysed whether, for the financial year prior to the financial year for which the financial statements that are subject of the audit were prepared, the Company had the obligation, pursuant to articles 57⁴-57¹³ of the Accounting Regulations approved by NBR Order 27/2010, to publish a report on the information related to income tax and, if so, if the report was published in accordance with article 57¹⁴ of the Accounting Regulations approved by NBR Order 27/2010, and we report that, based on the information available at the local level:

- a) The Company did not have the obligation to publish a report on the information related to income tax;
- b) The Company provided additional information in the Administrators' Report regarding the obligation to prepare and publish the report on the information related to income tax.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were reappointed as auditors of the Company by the General Meeting of Shareholders ("GMS") on 5 October 2020 to audit the financial statements of the Company for the financial years ended from 31 December 2020 until 31 December 2026. Our uninterrupted engagement is of 8 years, covering the financial years ended from 31 December 2017 until 31 December 2024.

Consistency with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements of the Company expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 6 May 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014.

Provision of Non-Audit Services

We declare that no prohibited non-audit services, as referred to in Article 5(1) of Regulation (EU) No. 537/2014, were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the Company.

Bucharest, 9 May 2025

Vasile Andrian

Auditor registered in the Public Electronic Register under no. 1554 / 2004

On behalf of FORVIS MAZARS ROMANIA SRL

Audit firm registered in the Public Electronic Register under no. 699 / 2007

4B Ing. George Constantinescu street, 5th floor,
Globalworth Campus, Building B
Bucharest, Romania
Tel: +031 229 2600
<https://www.forvismazars.com/ro/en>

ECOFINANCE IFN SA

FINANCIAL STATEMENTS

**PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING
STANDARDS ADOPTED BY THE EUROPEAN UNION AND THE ORDER OF THE NATIONAL
BANK OF ROMANIA NO. 27/2010 APPROVING THE ACCOUNTING REGULATIONS
ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS,
SUBSEQUENTLY AMENDED AND SUPPLEMENTED**

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ECOFINANCE IFN S.A.
FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
(All amounts are expressed in RON unless otherwise indicated)

	Notes	31.12.2024	31.12.2023
Cash and cash equivalent	6	3,352,076	4,067,819
Loans and advances granted to clients	7	43,756,197	32,690,214
Intangible assets	8	15,338	25,700
Tangible assets	9	187,187	475,597
Right-of-use assets from operational leasing		387,583	894,551
Deferred income tax assets	10	41,854	6,881
Other financial assets	11	6,985,041	3,134,157
Other assets	12	1,079,127	738,467
Total assets		55,804,403	42,033,386
Liabilities to banks	13	7,346,147	7,092,390
Liabilities to other financial creditors	13	5,887,411	412,419
Operational leasing liabilities		401,290	924,047
Other financial liabilities	14	907,411	1,939,473
Other liabilities	15	1,847,884	3,078,429
Provisions regarding employees	16	247,881	790,723
Current profit tax	10	1,427,392	548,997
Subordinated loans	17	18,564,954	16,552,938
Total Liabilities		36,630,370	31,339,416
Share capital	18	940,000	940,000
Reserves		188,000	188,000
Result carried forward		18,046,033	9,565,970
Total equity		19,174,033	10,693,970
Total Equity and Liabilities		55,804,403	42,033,386

The financial statements have been prepared by the executive management and signed on behalf of the Company by:

Raducan Andrei-Georgian
General Manager

[electronic signature]
Digitally signed by
RADUCAN ANDREI-GEORGIAN

Paraschiv Ana Alexandra
CFO

[electronic signature]
Digitally signed by
PARASCHIV ANA-ALEXANDRA

ECOFINANCE IFN S.A.
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
(All amounts are expressed in RON unless otherwise indicated)

	Notes	31.12.2024	31.12.2023
Interest and similar income	19	68,789,592	53,433,420
Expenditure on interest and related	19	(3,831,385)	(2,216,374)
Interest and similar net income		64,958,207	51,217,046
Adjustments for impairment for financial assets	20	(943,845)	(549,412)
Net margin from interest and related. after the adjustment for impairment of financial assets		64,014,362	50,667,634
Fee and commission expenses	21	(141,028)	(286,852)
Net gain / loss from foreign exchange differences	22	(136,884)	(391,467)
<i>Other operating income</i>		269,742	416,864
Gain / loss from sale of financial assets measured at amortised cost	23	(11,514,341)	(9,772,546)
Staff costs	24	(20,776,846)	(19,170,575)
Expenditure on depreciation and impairment of non-financial assets		(848,961)	(680,349)
Other operating expenditure	25	(15,968,987)	(12,839,352)
Result before tax		14,897,058	7,943,357
Profit tax / Income tax	10	(3,616,995)	(2,214,924)
Net result of period		11,280,063	5,728,433
Other comprehensive income		-	-
Total comprehensive income of the period		11,280,063	5,728,433

The financial statements have been prepared by the executive management and signed on behalf of the Company by :

Raducan Andrei-Georgian
General Manager

Ana Alexandra Paraschiv
CFO

[electronic signature]
Digitally signed by
RADUCAN ANDREI-GEORGIAN

[electronic signature]
Digitally signed by
PARASCHIV ANA-ALEXANDRA

ECOFINANCE IFN S.A.
STATEMENT OF CHANGES IN THE SHAREHOLDER'S EQUITY
FOR THE FINANCIAL YEAR ENDED 31 December 2024
(All amounts are expressed in RON unless otherwise indicated)

	Share capital	Statutory reserves and other reserves	Result carried forward	Total equity
Balance as at 31 December 2022	940,000	188,000	8,811,793	9,939,793
Net profit related to 2023	-	-	5,728,433	5,728,433
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	14,540,226	15,668,226
Distributed and paid dividends	-	-	(4,974,256)	(4,974,256)
Balance as at 31 December 2023	940,000	188,000	9,565,970	10,693,970
Net profit related to 2024	-	-	11,280,063	11,280,063
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	20,846,033	21,974,033
Distribution to statutory reserves	-	-	-	-
Distributed and paid dividends	-	-	(2,800,000)	(2,800,000)
Balance as at 31 December 2024	940,000	188,000	18,046,033	19,174,033

The financial statements have been prepared by the executive management and signed on behalf of the Company by:

Raducan Andrei-Georgian

General Manager

[electronic signature]

Digitally signed by

RADUCAN ANDREI-GEORGIAN

Ana Alexandra Paraschiv

CFO

[electronic signature]

Digitally signed by

PARASCHIV ANA-ALEXANDRA

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(All amounts are expressed in RON unless otherwise indicated)

	Notes	2024	2023
Operating activities			
<i>Net profit</i>		11,280,063	5,728,433
Adjustments for non-monetary items			
Impairment expenditure for buildings and equipment, right-of-use assets and intangible assets		1,063,630	680,349
Net adjustment recorded for receivables from loans granted to clients		943,845	549,412
Net expenditure from revaluation adjustments of items in currencies		136,884	391,467
Net expenditure / write-off of provisions for other risks and expenditure		(542,842)	375,036
Interest income		(810,654)	(285,921)
Interest expenditure		3,831,385	2,216,374
Profit tax		3,616,995	2,214,924
Operating profit before change of operating assets and liabilities		19,519,306	11,870,074
(Increases)/Decreases in receivables from loans granted to clients		(12,009,828)	(10,726,365)
(Increases)/Decreases in other assets		(3,548,926)	(2,141,848)
(Increase)/Decrease in trade payables and other liabilities		(2,193,177)	1,385,910
Net change in operating assets and liabilities		(17,715,930)	(11,482,302)
Collected interests		168,036	286,631
Paid profit tax		(2,773,573)	(2,334,412)
Net cash flows from / (used in) operating activities		(838,162)	(1,660,010)
Investment activities			
Purchase of buildings, equipment and intangible assets		(144,710)	(319,139)
Proceeds from sales of buildings, equipment and intangible assets		-	-
Net cash flows from/(used in) investment activity		(144,710)	(319,139)

CASH FLOW STATEMENT**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****(All amounts are expressed in RON unless otherwise indicated)**

	Notes	2024	2023
The financing activity			
Drawdowns / (Repayments) of loans from banks and other creditors		(19,951,885)	(1,344,758)
Drawdowns / (Repayments) of loans from banks and other creditors		25,675,180	2,509,276
Drawdowns / (Repayments) of subordinated loans		1,987,993	10,046,496
Paid interests		(3,801,908)	(2,329,016)
Operating lease payments		(635,937)	(513,749)
Paid dividends		(3,006,314)	(4,587,941)
Net cash flows from/(used in) financing activity		267,129	3,780,309
Net increases / (decreases) in cash and cash equivalents		(715,743)	1,801,160
Cash and cash equivalents at beginning of period		4,067,819	2,266,659
Cash and cash equivalents at end of period		3,352,076	4,067,819

The financial statements have been prepared by the executive management and signed on behalf of the Company by:

Raducan Andrei-Georgian

General Manager

Ana Alexandra Paraschiv

CFO

[electronic signature]

Digitally signed by

RADUCAN ANDREI-GEORGIAN

[electronic signature]

Digitally signed by

PARASCHIV ANA-ALEXANDRA

ECOFINANCE IFN S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 December 2024
(All amounts are expressed in RON unless otherwise indicated)

Translation from Romanian language

1. Reporting Entity

S.C. ECOFINANCE IFN S.A. (the “Company”), with registered seat in Bucharest, District 1, str. Av. Popisteanu nr 54A, Expo Business Park, Cladirea 1, District 1, registered at the Trade Register with No. J40/5634/2017, Unique Registration Code No. 37423620, main NACE code 6492 Other credit granting, was established in April 2017, as a joint-stock company with foreign private equity, in accordance with the Romanian regulations in force.

The Company is a Romanian legal entity authorised by the National Bank of Romania (“NBR”) to carry out lending activities both with natural person and with legal entities, registered in the General Register of Non-bank Financial Institutions No. RS - PJR - 41- 110087 / 16.02.2018.

The structure of the Board of Directors is:

Position	31.12.2024
President	Dmitrijs Cimbers
Member	Vadim Vodeaniuc
Member	Stanciu Rucsandra-Larisa

The structure of the Executive Management is:

Position	31.12.2024
General Manager	Raducan Andrei-Georgian

2. Basis of Preparation

Declaration of conformity

These financial statements are the responsibility of the management of the Company and have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (“IFRS”) and with the provisions of the Order of the National Bank of Romania No. 27/2010 approving the accounting regulations according to the International Financial Reporting Standards.

In accordance with the provisions of the Order of the National Bank of Romania No. 27/2010 approving the accounting regulations according to the International Financial Reporting Standards, starting from 1 January 2023, the Company applies the IFRS standards adopted by the European Union as the legal basis for financial reporting. The transition from the financial statements prepared in accordance with the Romanian accounting standards in force as at 31 December 2022 (NBR Order 6/2015) to the IFRS standards relied on the information from the financial statements prepared by the Company as at 31 December 2022, in accordance with the IFRS standards adopted by the European Union. The relevant IFRS standards for the Company were the same as those adopted by the European Union for both years, therefore the accounting policies of the Company at the time of the change in the legal basis for financial reporting were not affected.

b) Basis of assessment

The main accounting policies applied in the preparation of these financial statements are presented below. They have been applied consistently to all periods presented, unless otherwise indicated.

The standalone financial statements have been prepared on the basis of principles of assessment permitted by IFRS standards.

The management of the Company prepared these financial statements based on the the on going concern.

The Company prepared IFRS financial statements that include the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the financial year ended 31 December 2024, notes containing an abstract of the significant accounting policies, as well as other explanatory information.

c) Functional and presentation currency

The items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The Romanian Leu “RON” is the Company’s functional currency. The financial statements are submitted in Lei.

d) Use of significant estimates and judgments

The preparation of financial statements in accordance with IFRS requires the use of estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenditure. These estimates and judgments rely on the management’s experience and other factors, including expectations about future events that are believed to be reasonable in these circumstances. Although estimates and assumptions are evaluated continuously, actual results may differ from estimates.

Changes in accounting estimates are recorded in the period in which the estimate is revised, if the revision affects only that period, or in the period in which the estimate is revised and in future periods, if the revision affects both the current and future periods. The information about the most significant judgments employed in the application of accounting policies which bear a significant effect on the financial statements, as well as the estimates that include a significant degree of uncertainty, are presented in note 4.

e) The on going concern

As at 31.12.2024, the statutory net assets are higher than half of the share capital subscribed of Lei 940,000. In preparing the financial statements, the management of the Company took under consideration the applicability of the on going concern based on the estimates on the future activity, incorporated in the medium-term business plan (2023-2024).

In addition, the Company has financial support from its majority shareholder in the form of a subordinated loan, as presented in Note 16.

Having this support, the management of the Company consider that these financial statements should be prepared relying on the on going concern. It has thus not been made any adjustment of the attached financial statements that would have otherwise been necessary had the Company been unable to continue its activity in the foreseeable future.

A scrupulous monitoring of the financial performance of the Company during 2024 enabled a positive trend compared to last year, with a significant increase of the result (profit), income and cash flow. Consequently, the available information showed that there are not significant threats on the on going concern with respect to the Company for a period covering at least 12 months from the date of these financial statements.

3. Significant Accounting Principles

The accounting policies presented below have been applied consistently to all periods presented in these financial statements, as explained in the relevant notes to the accounting policies below.

The Company did not adopt any standard, interpretation of change issued but not still in force on 31 December 2024.

a) Foreign currency transactions

Foreign currency transactions are recorded in RON at the official exchange rate of the transaction day. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the official exchange rate of the last day of the relevant reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost are translated in the functional currency using the transaction day exchange rates (initial recognition) and are not again converted subsequently. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Resulted exchange differences are recognised as profit or loss, except for the investments in equity measured at fair value through other comprehensive income, for which exchange gains and losses are recorded in equity (through other comprehensive income (OCI)) as part of the change in the fair value.

Exchange rates for major foreign currencies were:

Currency	31 December 2024	31 December 2023	Variation %
Euro ("EUR")	4.9741	4.9746	-0.01%

b) Interest income and expenditure

Interest income and expenditure are recorded for all receivable instruments (assets measured at amortised cost and fair value through other comprehensive income (FVOCI) and liabilities measured at amortised cost on an accrual basis using the effective interest method. This method differentiates, as part of interest income or expenditure, all commissions paid or received between the contracting parties which form an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees that are an integral part of the effective interest rate include origination fees received or paid by the Company for the creation or acquisition of a financial asset or the issuance of a financial liability, for example commissions for assessing the borrower's creditworthiness, valuing guarantees if applicable, negotiating the terms of the instrument and processing transaction documents.

Commitment fees received by the Company to provide financing at market interest rates are an integral part of the effective interest rate if it is likely that the Company will enter into the loan agreement (which is the Company's policy) and it is not expected to sell the resulting contract shortly after initiation.

Interest income is calculated by applying the effective interest rate to the gross book value of the financial assets, except for (i) financial assets that have become impaired (stage 3), for which interest income is calculated by applying the effective interest rate to amortised cost net of the expected credit risk loss provision (ECL); and (ii) POCI financial assets, for which the loan-adjusted effective interest rate is applied to their amortised cost.

c) Charges and commissions income

Charges and commissions income is recognised over time through straight-line method as services are rendered, when the client simultaneously receives and consumes the benefits of the Company's performance. Such income includes recurring commissions for account management, account management fees, premium service packages fees, other consulting fees, portfolio management or asset management services. Variable commissions are recognised only to the extent that management determines that a subsequent significant reversal is unlikely to occur. Commission expenditure includes expenses related to services provided by third parties, in particular: commissions for the payment of commercial operations and other expenses or income related thereto.

d) Net gain / (loss) from currency conversion

Net gain / loss on currency conversion is the difference between gain and loss as a result of currency conversion.

e) Dividend income

Dividend income is recognised in the statement of profit or loss at the date of declaration of the dividend by the issuing entity and when the Company's right to receive dividends is established. Dividend income is reflected as a component of other operating income.

f) Net gain / (loss) from sale of assets recovered from leases or foreclosures

If the Company can sell assets that are recovered from defaulting debtors, such assets are transferred to assets recovered at fair value.

Income from sale of recovered assets is recognised when the Company transfers to the buyer the risks and rewards of ownership of the asset and is presented at "Proceeds from the sale of recovered assets" in the statement of comprehensive income. The cost of goods sold is recognised on the same date in the "Cost of recovered assets sold" in the statement of comprehensive income.

g) Net expenditure for impairment of financial assets

The loans and receivables from finance leases are presented in the statement of financial position, net of impairment expenses. Impairment expenses are recognised as an expense in the statement of profit or loss.

Impairment is determined using the expected credit loss model, which is described in this note.

h) Profit tax

Profit tax for the relevant year includes the current tax and the deferred tax.

Profit taxes have been covered in the financial statements in accordance with the legislation adopted by the end of the reporting period. The profit tax expenditure / income includes the current tax and the deferred tax and is recognised in the profit or loss of the current year, except when is recognised in other comprehensive income or directly in equity, as it refers to transactions that are also recognised in the same period or a different period, in other comprehensive income or directly in equity.

The current tax is the amount expected to be paid or recovered to (from) the tax authorities for the taxable profits or losses of the current and previous periods, and is determined based on the percentage applicable on the date of the financial position and all adjustments related to the previous periods. The adjustments that influence the tax base of the current tax are non-deductible expenses, non-taxable income, other items assimilated to tax as expenses and income, as well as other tax deductions. Taxable profits or losses are based on estimates if the financial statements are authorised before calculating and filing tax returns.

According to IAS 12, profit tax, deductible or taxable temporary differences arise when the fiscal values and the carrying values of assets and liabilities are different. They give rise to the recognition of deferred tax receivables and liabilities. When the carrying amount of an asset exceeds its tax base, the amount of taxable economic rewards will exceed the amount that will be allowed as a deduction for tax purposes. This difference is a taxable temporary difference and the obligation to pay the resulting income taxes in future periods is a deferred tax liability. As the entity recovers the carrying amount of the asset, the taxable temporary difference will reverse and the entity will have taxable profit. This makes it probable that economic rewards will flow from the entity in the form of tax payments.

If the carrying amount of an asset is less than its tax base, the difference gives rise to a deferred tax asset in respect of the profit taxes that will be recoverable in future periods.

In accordance with the initial recognition exemption, deferred tax liabilities shall not be recognised for temporary

differences at the initial recognition of an asset or liability in a transaction unless a combination of of undertakings if the transaction, when initially recorded, affects neither accounting nor taxable profit. The Company applied the initial recognition exemption for the lease liability and right-of-use asset recognised in accordance with IFRS 16 for leases in which the Company is a lessee in 2020. In 2024, the Company recognised both a deferred right-of-use asset and liability and related to the lease liability. The tax deduction for lease payments is allocated to the depreciation of the right-of-use asset and the cost of interest on the lease liability. No temporary differences therefore arise at the initial revival of a new lease.

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Deferred tax receivables and liabilities are measured at tax rates adopted at the end of the reporting period, which are expected to be applied to the period in which the temporary differences will reverse or the tax loss carried forward will be used.

Deferred tax receivables for deductible temporary differences and the carrying forward of tax losses from previous years are recorded only to the extent that it is probable that future taxable profit will be available for the deductions to be used.

The tax rate used to calculate the current and deferred tax position as at 31 December 2024 is 16% (31 December 2023: 16%).

i) Financial assets and liabilities

Adopting IFRS 9 resulted in the change of the accounting policies of the Company in terms of recognition, classification and measurement of the financial assets and liabilities, as well as the impairment of financial assets. For the purposes of these financial statements, the Company assessed the classification of financial assets and liabilities, including assessing the business model and determining the extent to which contractual cash flows meet the SPPI condition (Solely Payments of Principal and Interest) for financial assets, based on facts and circumstances existing on 1 January 2019 (the date of transition to IFRS for the Company). Where the classification of financial instruments led to revaluation, the necessary adjustment was calculated retrospectively. The impairment requirements were applied retrospectively.

Key assessment terms

Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in absence, in the most advantageous market to which the Company has access at that date. The fair value of a liability reflects the effect of the risk of default (risk of default).

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. If the Company determines that fair value at initial recognition is different from the transaction price and the fair value is proven neither by a quoted price in an active market for an identical asset or liability nor by a measurement technique that only uses data from observable markets, then the financial instrument is initially measured at fair value.

Further on, such difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the measurement is fully supported by observable market data or the transaction is closed.

Transaction costs are marginal costs directly attributable to the acquisition, issue or disposal of a financial instrument. A marginal cost is a cost that would not have been incurred had the transaction not occurred. Transaction costs include fees and commissions paid to agents (including employees acting as salespeople), consultants, brokers and dealers, fees charged by regulatory agencies and stock exchanges, transfer fees and other obligations. Transaction costs do not include premiums or discounts on the debt instrument, financing costs or internal administrative or storage costs.

Amortised cost is the amount at which the financial asset or the financial liability is measured at initial recognition less principal repayments, plus or minus the related interest using the effective interest method for each difference between the initial amount and the amount at maturity, and for financial assets, less the adjustment for expected credit risk losses.

The effective interest method is a method of allocating interest income or interest expenditure over the relevant period so as to obtain a constant periodic interest rate (effective interest rate) related to the carrying amount. The effective interest rate is the rate that discounts the estimated future cash payments or collections over the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset.

Initial recognition

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Normal purchases and sales of financial assets are recognised on the transaction date, i.e. the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value, plus or minus transaction costs that are marginal and directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, an adjustment for expected credit risk losses on financial assets measured at amortised cost is recognised, which results in a recognised accounting loss in profit or loss.

Subsequent classification and measurement

Measurement categories

According to IFRS 9, financial assets are classified in the following categories:

- Financial assets recognised at fair value through profit and loss (“FVTPL”);
- Financial assets measured at fair value through other comprehensive income (“FVOCI”); and
- Financial assets measured at amortised cost (“AC”).

Subsequent classification and measurement of financial assets for debt instruments

- (i) the Company’s business model for managing the related portfolio of assets; and
- (ii) Asset cash flow characteristics.

Business model

The business model reflects how the Company manages assets in order to generate cash flows - regardless of whether the Company’s objective is:

- to only collect contractual cash flows from assets (“hold-to-collect contractual cash flows”), or
- to collect both contractual cash flows from assets and cash flows resulting from the sale of assets (held to collect and sell contractual cash flows) or
- if none of the above is applicable, financial assets are classified as part of “other” business model and measured at fair value through profit or loss (FVTPL).

The business model is determined for a pool of assets at portfolio level based on all relevant evidence of the activities undertaken by the Company to achieve the objective set for the portfolio available at the measurement date. Factors considered by the Company in determining the business model include the purpose and composition of the portfolio, previous experience with how cash flows for those assets were collected,

how risks are assessed and managed, how asset performance is assessed and how managers are compensated. According to the business model applied by the Company, financial assets support the consistency with the business model “hold-to-collect contractual cash flows”, sales of financial assets being rare and concerning only impaired assets.

Cash flow characteristics (SPPI test)

If the business model is “hold-to-collect contractual cash flows” or “hold to collect and sell contractual cash flows”, the Company assesses whether the cash flows are solely payments of principal and interest (“SPPI”). According to the analysis carried out by the Company, the contractual cash flows of loans granted by the Company are solely payments of principal and interest related to the amount of the principal due, i.e. interest only includes consideration for credit risk, the time value of money, other underlying credit risks (e.g. liquidity risk) and profit margin.

Therefore, the Company’s financial assets are valued at amortised cost.

Impairment

IFRS 9 is based on the expected credit risk loss (ECL) model and involves an early recognition of expected future credit losses for assets measured at amortised cost. The company determines and recognise the ECL at least at each reporting date.

ECL measurement reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

Reasonable and acceptable information is that which is reasonably available without undue cost or effort, including information about prior events, current conditions and

forecasts of future economic conditions.

The measurement of expected credit losses related to the financial assets measured at amortised cost is an area that requires the use of complex models and multiple scenarios regarding future economic conditions and behaviour of financial assets (e.g. probability of default of customers and loss resulting from default).

Three-stage impairment model

IFRS 9 recommends as a standard model a three-phase impairment model based on changes in credit quality since initial recognition. A financial instrument (other than POCI) is classified in the stage 1 at the time of the initial recognition. For the financial assets of stage 1 the model recognises 12-month expected credit losses or until the contractual due date, if this is shorter (“12-month ECLs”).

If a significant increase in credit risk (“SICR”) is identified compared to the initial recognition date, the asset is transferred to stage 2, and the expected credit loss is measured throughout the lifetime of the respective asset, that is until the contractual due date, but taking into consideration the early payments, if any (“lifetime ECLs”).

The model considers that a financial instrument has experienced a significant increase in credit risk when one or more quantitative, qualitative or default criteria are met, such as delay by more than 30 days, relative threshold defined on an individual basis for products with existing scoring models: increase in remaining PD lifetime, compared to the estimated remaining lifetime at the date of initial recognition by 2.5 times.

If the Company determines that a financial asset is impaired as a result of the credit risk, the asset is transferred to stage 3 and the expected credit loss is measured throughout its lifetime.

For disclosure purposes, the Company has fully aligned the definition of default with the definition of impaired assets due to credit risk. The Company defines default status as a situation where the exposure meets one or more of the following criteria:

- the debtor has exceeded its contractual payments by more than 90 days;
- the Company sold the debt to the debtor and recorded loss due to credit deterioration;
- the debtor meets the improbability of payment criteria (criteria indicating the significant financial distress of the debtor) listed below:
 - the Company had to restructure the debt; the debtor has deceased;
 - the debtor is insolvent or bankrupt;
 - a single distinct event may not be identified - instead, the combined effect of several events may have led to impairment of financial assets due to an increase in credit risk.

The Company opted to use a simplified model allowed by IFRS 9, as the risk analysis model used by the Company is simplified. Thus, the Company also applies the estimate based on expected lifetime losses for receivables classified in stage 1.

Measurement of expected credit losses (ECLs)

Expected credit losses are a probability-weighted estimate of the present value of future cash shortfalls. The measurement of expected credit losses is based on four components used by the Company: probability of default (PD), exposure at default (EAD), loss given default (LGD) and discount rate.

ECLs are determined by designing PD, LGD and EAD for the next 12 months and each individual exposure.

EAD is based on the amounts that the Company expects to be owed at the time the default occurs. Cash flows from the reporting date until the date of default (including repayments and prepayments) are incorporated into the calculation of the EAD through the probability of default component, as it is calculated based on the principal amount at the time of default.

LGD is the estimated amount of loss of the Company in case of impaired exposure. LGD varies depending on the type of counterparty and the availability of collateral or other collateral elements.

The loss given default consists of two parts: recoveries from defaulted loans recorded in accounting and recoveries from the sale of receivables.

The recovery rate (RR) is calculated as cash inflows over the next 24 months from the date of payment default. External debt collection costs should be deducted from the cash inflows received based on system data. The recovery observation period may be extended if significant recoveries are observed after 24 months from the date of payment default.

To eliminate RR fluctuation, the weighted average of the discounted LGD value is used over a 6-month period. The diagonal (vintage) method is used to calculate the recovery rate.

Step 1: The amount (principal, interest, and fees) of loans in “default” is calculated for each month. The effective net recovery (total payments received) is calculated from the next 24 months after the loan enters default.

Step 2: Recoveries from the first month after Default are aggregated for the most recent 6 months of recovery. The receivables collection process includes the regular receivables sale process, so the actual realised price is included in the recovery rate calculation for the reporting date.

The price value from the receivables sale process is adjusted monthly in the final LGD calculation.

Recoveries from the sold portfolio are used to estimate ECL for loans marked for sale and for loans in the performing portfolio. The same approach applies to regular receivables sale events (DS) on the non-amortised portfolio.

$LGD(DS) = 1 - RR - 'DS Price'$

The loss given default rate for products without historical data should be based on an analysis considering the country's specifics, the product, the debt collection process flow, and assumptions about portfolio performance. The decision must be approved by management.

PD is the probability that a debtor will default on its financial obligations (according to definitions of default and impairment) either within the next 12 months (“12-month PD”) or during the remaining lifetime of the loan (“PD for the remaining lifetime of loan”).

Considering the structure of the portfolio and the dynamics of the “Credit Line” product, the history used in modelling was chosen starting with January 2022 – December 2023, the parameters could be considered PIT (Point in Time). The parameters will not be adjusted for FL (forward looking) due to the average use of 6 months – the average life of the loans being irrelevant for the adjustment of macroeconomic indicators (inflation rate, reference interest, unemployment rate, etc.).

In the PD estimation process, the Markovian approach was also tested, but it was concluded that the migration process between risk classes (built on intervals given by the days of delay) cannot be explained by a homogeneous first-order Markov process in discrete or continuous time. This conclusion was drawn from the analysis of the own values of the cumulative transition matrices, so the final proposal is based on the survival analysis.

It is important to mention the two main types of PD used in the calculation of expected losses.

The point-in-time probability of default (PIT) is based on all relevant information available during the period in which the assessment is made and has an “expected value” character - i.e. it integrates all relevant cyclical changes.

Instead, the **through-the-cycle probability of default (TTC)** rather reflects the long-term average of the business cycle, being robust to its fluctuations. This method is not used in the calculation of the probability of default because the average duration of the credit agreements analysed in the period January 2022 - December 2023 is 6 months.

The two concepts have different purposes. We usually associate PIT PDs with a more accurate reflection of a portfolio’s current risk, while TTC PDs allow for a better understanding of portfolio risk over time. The non-cyclicality of the TTC is relevant for identifying business opportunities against the economic cycle.

Portfolio dynamics in discrete time, annual default rate.

Starting from a classic definition of the default event (+90DPD in 12 consecutive months), the evolution of the portfolio is given by the time series that describes the default rate in a year (more precisely how a loan granted in January 2022 will perform, for example, in the next 12 consecutive months) and we define the 12mDR series, as follows:

$$12mDR(t, t + 12) = \frac{\text{Defaulted clients in } (t, t + 12] \text{ out of Performings at time } t}{\text{Performing clients at time } t}$$

where “t” is an index for the reference date (reporting date).

Observed cumulative default rate, CDR

Starting from the concept of conditional probability observed over a short time interval (t, t+1) – in this case, one month – by composition, the cumulative probability of default over a time horizon, CDR, is obtained. Since the CDR is an empirical probabilistic curve, we want to obtain an estimator, a deterministic function that approximates the CDR at the portfolio level, or at the level of risk classes.

This calibration function is not dictated by any mathematical consideration, but is intended to approximate as closely as possible using a relatively small number of parameters.

The PD curve will be designed as an invariant risk parameter at the reference date (or reporting date), as the time elapsed since the origin of the exposure will be absorbed by the average of several cohorts formed at different points in time. In other words, the MPD at time “t” theoretically represents the mean of the distribution PD conditioned by “age” at time “t” (the time elapsed since the origin of exposure).

The MDR observed in the monthly time interval (t, t+1) is formalised in the following way:

$$MDR(t, t + 1) = \frac{\text{Defaulted clients at time } t + 1 \text{ out of Performings at time } t}{\text{Performing clients at time } t}, (1)$$

It should be noted that the unobservable exposures at time t+1 will not be eliminated from the performance set formed at time t: the effect of this unforeseen event is significantly minimised by rolling the MDR over the short time intervals, (t, t+1).

We will consider 12mDR as a representative probability for the annual default rate of a portfolio.

Having a number N of performing clients on date T, of which M will reach default status during the next year and P will leave the portfolio during the same time frame.

We will say that the annual default rate is given by M/N and not by M/(N – P).

Finally, the CDR over a period of time is obtained by composing the MDR rates, as follows:

$$CDR(T) = 1 - \prod_{1 \leq t \leq T} (1 - MDR(t)) \quad (2)$$

CDR calculation

In order to obtain the CDR regardless of the time of reporting, we will use the following aggregation algorithm: A cohort will be formed on each reporting date, composed of high-performing customers on that date. If we refer to PDs at the level of rating class, the cohorts will consider all performing clients and having the same rating on the date of formation of the cohorts.

For each cohort formed at a given time t, the clients that enter the MDR component in the consecutive monthly intervals will be considered. MDR in the monthly interval is defined by the ratio (1), but the time series will not be fixed at the cohort level, but aggregated.

Regardless of the position in time of the cohort formation, we will be able to define the moment t0 as the universal point of origin and the moments t, t+1, t+2, etc. representing consecutive months after the moment of formation.

For any t, MDR(t) is calculated as the weighted average obtained by quantifying all cases performing at time t and cases defaulting at time t+1, so that MDR(t) is interpreted as the marginal default rate at time t from the reporting date.

The **PD(t) curve** is calibrated so that the mean PD(12) equals the mean of the 12mDR time series.

The PD curve will be estimated both at portfolio level and at the level of risk classes A1, A2, A3 and A4.

- **A1 = 0 DPD**
- **A2 = 1 - 30 DPD**
- **A3 = 31 - 60 DPD**
- **A4 = 61 - 90 DPD**

At the risk class level, all high-performing clients with the same rating at the time of cohort formation are fixed. PD will be updated annually and will be used in the calculation of the ECL every month. The default default rate after 90+DPD will remain fixed as 100%.

In calculating ECLs at the reporting date, the effective interest rate established at initial recognition or an approximation thereof shall be used. Where a financial asset has a variable interest rate, ECLs are determined using the current effective interest rate.

ECL – expected credit loss

In a simplified version,

$ECL = EAD(t) \times PD(t, T) \times LGD$

where EAD(t) is the exposure at time t, PD(T) is the cumulative PD at the T>t moment.

For exposures classified in stage 1, the PD is given by the min time interval (12 months, residual maturity), while for exposures classified in stage 2, the PD is considered for the entire remaining maturity.

This simplified approach is recommended in the absence of modelling the impact given by the macroeconomic hypothesis.

According to IFRS9, the ECL must be calculated using the formula:

$$LtECL = \sum_{t=1}^T EAD_t \times MPD_t \times LGD_t \times D_t$$

where:

- EAD(t) – represents the EAD projection at the future time in time, t (in general, for non-revolving exposures EAD(t) is given by the contractual schedule; for revolving exposures EAD = EAD(t) is kept constant over the entire residual maturity).
- MPD(t) is the marginal PD at time t that also absorbs a macro scenario,
- LGD(t)=LGD
- D(t) is the discount factor for EAD(t), given by the EIR at time t, $(1+EIR/12)^{-t}$.

Modifications

The Company occasionally renegotiates or modifies the contractual conditions of the financial assets. The Company assesses whether the modification in contractual cash flows is substantial by considering, *inter alia*, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g., profit share or equity return), substantial change in interest rate, currency change, new collateral that substantially affects the credit risk related to the asset or a substantial extension of a loan when the debtor is not in financial distress.

If the newly modified terms are substantially different, the rights to cash flows from the original asset expire and the Company extinguishes the original financial asset and recognises a new asset at its fair value. The date of renegotiation is deemed to be the date of initial recognition for subsequent impairment calculation purposes, including to determine whether a significant increase in credit risk has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the derecognised original asset and the fair value of the new substantially modified asset is recognised in profit or loss.

In the event that the renegotiation was determined by the financial distress of the counterparty and the inability to make the payments originally agreed, the Company compares the original and revised cash flows with the assets, in order to measure whether the risks and benefits of the assets are substantially different than as a result of the contractual modification. If risks and rewards are not modified, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates gross carrying amount by discounting modified contractual cash flows with the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets) and recognises a gain or loss change in profit or loss.

In accordance with the requirements of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, in particular those relating to the presentation of material assumptions and uncertainties, the Company provides the following information to illustrate how changes in key credit risk parameters may affect the ECL amount recognised in the financial statements.

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In order to assess the sensitivity of the ECL estimates to the variation of these parameters, the Company conducted a series of stress tests and scenario analyses.

As part of the valuation process of expected impairment losses (ECL), the Company uses macroeconomic scenarios, with one of the most important indicators used, real GDP, which has a direct impact on the probability of default (PD) and, implicitly, on the value of the credit loss adjustment.

In order to assess the sensitivity of the ECL value to changes in GDP, the Company designed two alternative scenarios, starting from the baseline estimates:

- i. **Pessimistic scenario:** in which GDP suffers a contraction compared to the current value, as a result of a combination of domestic factors, such as: prolonged political crisis, legislative bottlenecks and massive social tensions, poor economic policies: accelerated growth of public debt and fiscal imbalances, but also external: severe recession in the Euro area, affecting exports and external demand, the escalation of the conflict in Ukraine or regional tensions.

The increase in uncertainty in the aforementioned contexts leads to an increase in the probabilities of default, especially in vulnerable sectors.

Considering three scenarios for a macroeconomic variable, e.g. GDP - PESSIMISTIC, BASE and OPTIMISTIC — each with a probability of realization A, B and C respectively, and the values corresponding to these scenarios being x, y and z, then the estimated average value for the expected evolution of GDP, $E\{GDP\}$ is given by the formula:

$$E(PIB)=x \times A + y \times B + z \times C$$

Considering the probabilities of realization of this scenario, it will ultimately result in a decrease in GDP by 2.40%. The new GDP is introduced in the calculation of the PDs, as follows:

- if the GDP decreases, the PD increases, but does not exceed a maximum ceiling;
- if the GDP increases, the PD decreases, but does not reach zero.

The final result of the PD in a negative scenario will be as follows:

Initial PD * (1 + difference in GDP growth or decrease).

In our case, the PD will have an increase of 26%, the final value in the predominantly pessimistic scenario being 3.42%, thus, the picture of the net portfolio as of 31.12.2024 being as follows:

<i>- in RON -</i>	<u>31.12.2024</u>
Stage 1	
Gross exposure	31,998,255
Adjustments for the impairment	<u>(463,975)</u>
Stage 2	
Gross exposure	6,410,864
Adjustments for the impairment	<u>(92,958)</u>
Stage 3	
Gross exposure	10,091,895
Adjustments for the impairment	<u>(4,294,933)</u>
Net exposure	<u>43,649,148</u>

- ii. The **optimistic scenario**: in which the GDP may experience an appreciation under favourable internal and external factors, such as: increase in household consumption (higher wages, increased confidence in the economy), public investments in infrastructure and digitalisation, tax cuts and efficient absorption of European funds, European economic growth, foreign direct investments.

Considering the probabilities of realization of this scenario, it will ultimately result in an increase in GDP by 1.7%.

In our case, the PD will have a decrease of 15.5%, the final value in the predominantly optimistic scenario being 2.29%. The picture of the portfolio in the optimistic scenario is presented in the following table:

- in RON -	31.12.2024
Stage 1	
Gross exposure	31,998,255
Adjustments for the impairment	(320,764)
Stage 2	
Gross exposure	6,410,864
Adjustments for the impairment	(64,890)
Stage 3	
Gross exposure	10,091,895
Adjustments for the impairment	(4,294,933)
Net exposure	43,820,427

The results of the sensitivity analysis show that the simulated changes in the macroeconomic scenarios do not lead to significant variations in the expected impairment losses (ECL).

At the same time, the Company continues to monitor potential adverse developments and reserves the ability to adjust the scenarios and parameters of the model, if systemic risks intensify.

Derecognition of financial assets

The company derecognises financial assets in accordance with the derecognition requirements of IFRS 9 when (a) the assets are redeemed or the rights to the cash flows from the assets have expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into an eligible pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets, or (ii) does not substantially transfer or retain all

risks and rewards of ownership, but does not retain control over the asset. Control is maintained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without restrictions on the sale being imposed.

Derecognition of financial liabilities

A financial liability is removed when, and only when, the obligation is discharged or cancelled or expires. If an existing financial liability is replaced by another liability to the same creditor under different conditions or if the terms of an existing obligation are substantially different, such exchange or modification is treated as a derecognition of the original liability together with the recognition of a new liability and the difference between the corresponding net amounts is recognised in the statement of profit or loss.

Changes in liabilities that do not give rise to derecognition are accounted for as a change in estimate using a cumulative recovery method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying amounts is attributed to a capital transaction with the Company's shareholders.

j) Cash and cash equivalent

Cash liquidities and other values are represented by cash and cash equivalents, cash at sight. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost in the statement of financial position because they are held to collect contractual cash flows and those cash flows represent SPPI.

k) Accounting policies for leases as a lessee

For the purposes of these financial statements, the Company applied IFRS16 for leases in cases where the Company is a lessee by exemption from retrospective application permitted by IFRS. With regard to the exemption, the Company:

- i. measured the lease liability at the present value of the remaining lease payment using the incremental loan ratio at the IFRS transition date;
- ii. measured right-of-use assets at an amount equal to the lease liability adjusted by the amount of any accrued or prepaid lease payments recognised in the statement of financial position immediately before the transition date; and
- iii. applied IAS 36 (Impairment measurement) to right-of-use assets at the date of transition to IFRS.

Details of the transition to IFRS16 are presented in Note 27.

The company rents office spaces and cars. Leases are recognised as a right-of-use asset and a corresponding liability at the date the leased asset is available for use by the Company. Each lease payment is allocated between the principal and interest of the lease liability. The financing cost is charged to profit or loss over the lease period so that a constant periodic rate of interest occurs on the remaining balance of the liability for each period. The right-of-use asset is recognised at cost and depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term.

Lease liabilities are initially measured on the basis of present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payment that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising this option.

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Lease payments are discounted using the interest rate implicit in the lease. If such rate cannot be determined, the lessee's incremental lending rate is used, which is the rate the lessee would have to pay to borrow the funds needed to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost and comprise:

- the amount at initial measurement of the lease liability;
- any lease payments made at or before the signing date, less any lease incentives received;
- any initial direct costs directly attributable; and
- restoration costs.

The right-of-use asset is recognised at cost and depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. As an exception to the foregoing, the Company accounts for short-term leases and leases of low-value assets by recognising lease payments as operating expense on a straight-line basis.

In determining the lease term, the Company's management considers all factors and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are included in the lease term only if there is reasonable certainty that the lease will be extended (or will not be terminated).

The lease term is remeasured if there is a significant event or change in circumstances affecting that measurement that is under the lessee's control.

I) Tangible assets

a) Recognition and measurement

Tangible assets are carried at cost, less accumulated depreciation and impairment adjustments.

On initial recognition, the cost of an asset shall consist of:

- a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

(ii) Subsequent costs

The Company recognises in the carrying amount of tangible assets the cost of replacing those assets when that cost is incurred or if it is probable that the economic rewards included in those assets will be passed on to the Company and the cost of those assets can be measured reliably. All other costs are recognised as an expense in the result of the year at the time they are executed.

(iii) Depreciation

Depreciation is calculated using the straight-line method during the estimated lifetime of each item in the category of tangible assets.

The estimated lifetime by category is as follows:

<i>Computers, IT equipment</i>	<i>3-5 years</i>
<i>Furniture, office equipment, other assets</i>	<i>9 years</i>

m) Intangible assets

Intangible assets are carried at cost at initial recognition. Subsequently, intangible assets are measured at purchase value less any subsequent accrued amortisation or impairment.

The Company's intangible assets have a defined lifetime and mainly include capitalised computer software. The purchased computer licenses are registered based on the costs incurred for the purchase and use of the specific software. Development costs that are directly related to the unique software identifiable and controlled by the Company are capitalised as intangible assets if the incremental future stream of economic benefits is likely to exceed the costs. Capitalised costs include personnel costs of the software development team and a corresponding portion of relevant overheads. All other costs related to the software, for example, its maintenance, are recorded when incurred. Capitalised software are depreciated linearly over the estimated lifetime of 3 years.

n) Other assets and their impairment

Other assets include current tax receivables, value added tax receivables and other non-financial assets.

Impairment of non-financial assets

The company measures at each reporting date or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired, if there is any indication that a non-financial asset may be impaired. If there is such an indication or when annual impairment testing of an asset is required, the Company makes an estimate of the recoverable amount of the asset.

If the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and capitalised at the recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generate cash flows that are largely independent of other assets or groups of assets. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in profit and loss. Impairment losses recognised during prior periods are assessed at each reporting date. An impairment loss is reversed if there has been favourable changes in the estimates used to determine the recoverable amount.

o) Loans from banks and other financial institutions

Loans from banks and other financial institutions are recorded when money or other assets are advanced to the Company by credit institutions. These liabilities are recorded at amortised cost.

p) Other provisions for risks and expenditure

Provisions are recognised in statement of the financial position if, as a result of a past event, the Company has a present obligation, and it is probable that an outflow of economic resources will be required to settle the obligation. If these conditions are not met, no provision will be recognised. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market conditions and the risks specific to that payable.

The company assesses the potential risks arising from litigation in which it is involved. If there is a probability that the Company will lose is greater than 50% and the amount of possible related losses can be estimated reliably, a provision for litigation and associated costs is recognised. The provision is recognised and remeasured, as appropriate, until the litigation is concluded, either by gain or payment of the obligation.

q) Dividends

Dividend income is recorded in equity in the period in which it is declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note. The Company's statutory accounting reports form the basis for profit distribution and other similar allocations.

r) Employee benefits

(i) Short-term benefits

Short-term employee benefits include salaries, compensations and social security contributions. Short-time employee benefits are recognised as expenses as the services are provided.

(ii) Defined contribution plans

The Company makes payments on behalf of its own employees to the social securities system, health insurance and state budget, during the performance of its usual activities. All Company's members and employees are also legally bound to specific contributions (through social contributions) to the Romanian state pension fund (a state defined contribution plan). All contributions are recognised in the statement of profit and loss for the period they are incurred.

s) **New standards and interpretations**

Initial application of new amendments to existing standards in force for the current reporting period

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are in force for the current reporting period.

a) **New IFRS accounting standards and amendments to existing standards that are in force in the current year**

- **Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current, issued by the IASB on 23 January 2020, and Amendments to IAS 1 “Presentation of financial statements” - Long-term payables** with financial indicators issued by the IASB on 31 October 2022. The amendments issued in January 2020 provide a more general approach to the classification of liabilities under IAS 1 based on contractual arrangements in place at the reporting date. The amendments issued in October 2022 clarify how the conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability and set the effective date for both amendments to the annual periods beginning on or after 1 January 2024.

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Financing Arrangements with Suppliers** issued by IASB on 25 May 2023. The amendments add requirements on the information to be provided, as well as “indicators” within the existing requirements on the information to be provided for the provision of qualitative and quantitative information on financing agreements in relation to suppliers.

- **Amendments to IFRS 16 Leases - Lease Liabilities in a Sale and Leaseback Transaction**, issued by IASB on 22 September 2022. The amendments to IFRS 16 require the seller-lessee to subsequently assess the leasing liabilities arising from a leaseback transaction so that it does not recognise any gains or losses related to the retained right of use. The new requirements do not prevent the seller-lessee from recognising in the profit or loss account gains or losses from the partial or total termination of a leasing contract.

b) **New IFRS accounting standards and amendments to existing standards issued by the UE but not yet adopted by the EU**

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability issued by the IASB** on 15 August 2023, published in the OJEU on 13 November 2024, and effective from 1 January 2025 (early application is permitted). The amendments contain guidance for entities to mention when a currency is convertible and how to determine the exchange rate when it is not convertible.

c) **New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU**

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability** issued by IASB on 15 August 2023. The amendments contain guidance for entities to mention when a currency is convertible and how to determine the exchange rate when it is not convertible.

- **Amendments to IFRS 9 and IFRS 7 - Amendments to Classification and Measurement of Financial Instruments** issued by IASB on 30 May 2024. The amendments clarify the classification of financial assets

with environmental, social and corporate governance (ESG) and similar features. The amendments also clarify the date on which a financial asset or liability is derecognized and introduce additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 si IAS 7 - Annual Improvements to IFRS Accounting Standards – Volume 11** issued by IASB on 18 July 2024. These amendments include clarifications, simplifications, corrections and amendments in the following areas: (a) hedging accounting adopted by an entity adopting the standards for the first time (IFRS 1); (b) the gain or loss on disposal (IFRS 7); (c) the disclosure of the deferred difference between fair value and transaction price (IFRS 7); (d) the introduction and presentation of credit risk information (IFRS 7); (e) the derecognition of leasing liabilities by the lessee (IFRS 9); (f) the trading price (IFRS 9); (g) the establishment of a 'de facto representative' (IFRS 10); (h) the cost-based method (IAS 7).

- **IFRS 18 Presentation and Disclosure in Financial Statements** issued by IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. The standard introduces three sets of new requirements for companies to improve their financial performance reporting and to give investors a better basis for analysing and comparing companies. The main changes in the new standard compared to IAS 1 refer to: (a) introduce categories (operating, investment, financing, corporate income tax and discontinued operations) and sub-totals defined in the statement of profit or loss; (b) the introduction of requirements to improve aggregations and disaggregations; (c) introduce information on Established Management Performance Measures (MPCs) in the notes to the financial statements

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** issued by IASB on 9 May 2024. The standard allows subsidiaries to provide restricted information when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for eligible subsidiaries and sets out the disclosure requirements for subsidiaries that choose to apply it.

- **IFRS 14 Regulatory Deferral Accounts** issued by IASB on 30 January 2014. This standard is intended to enable entities that are first-time adopters of IFRS, and that currently recognise deferral accounts for activities regulated under previous generally accepted accounting policies, to continue to do so when transitioning to IFRS.

- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**, issued by IASB on 11 September 2014. The amendments reconcile the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, gains or losses are recognised when the assets sold or contributed represent an enterprise. This change could be applied only if the entity had not developed an accounting policy to this effect.

Having adopted these amendments to existing standards did not lead to significant changes in the Company's financial statements.

The company has decided not to adopt these standards in advance. The Company do not expect that the adoption of these new standards and amendments to existing standards will have a material impact on the financial statements of the Company during the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities the principles of which have not been adopted by the EU remains unregulated.

4. Significant Accounting Estimates and Judgments

The Company makes estimates and significant judgments that affect the value of assets and liabilities from the financial statements. Significant estimates and judgments are revised on an ongoing basis and rely on the management experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Management also makes certain judgments in the process of applying accounting policies. The judgments that have the greatest effect on the amounts recognised in the financial statements and the estimates that may trigger a material adjustment to the carrying amounts of assets and liabilities for the next financial year include:

Expected credit losses from receivables from financing granted to customers

Measuring credit losses expected from financial lease receivables / loans granted to customers is a significant estimate that involves determining the methodology, models and data used in calculations. Details of the methodology used to determine expected credit losses are included in Note 7.

The following components have a major impact on the provision for credit losses:

- segmentation of financial assets for the purpose of measuring expected impairment losses; the definition of default applied by the Company;
- development and application of PDs;
- developing and applying internal models used to estimate exposure at default ("EAD");
- measurement of loss given default ("LGD"), including judgments made in measurement of collateral;
- criteria to measure whether there has been a significant increase in credit risk; selection of future macroeconomic scenarios and weighting of their probability.

The company periodically reviews and validates the models and data used in calculating expected impairment losses to reduce differences between expected credit loss estimates and actual credit risk losses, and calculations for expected credit losses are performed on a monthly basis.

5. Financial Risk Management Policies

a) Introduction

The Company has exposure to the following risks as a result of using financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk as well as the methods applied to quantify the risks. The most important financial risks to which Company has exposure are: credit risk, liquidity risk and market risk. The market risk includes the foreign currency risk and the interest risk.

b) The Credit Risk

Credit risk is the risk of financial loss of the Company if a client or other counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is generated by financing activities.

The credit risk associated with the financing activity is managed through the Company's risk management processes. Maximum exposure to credit risk is represented by the carrying amount of assets in the statement of financial position.

Assets	Credit risk exposure	Adjustment s for expected loss	31.Dec.24		Adjustment s for expected loss	31.Dec.23	
			Net book exposure	Credit risk exposure		Net book exposure	Credit risk exposure
Cash and cash equivalent	3,352,076	-	3,352,076	4,067,819	-	4,067,819	
Receivables against Clients	48,501,014	4,744,817	43,756,197	36,545,836	3,855,622	32,690,214	
Other financial assets	7,039,692	54,651	6,985,041	3,118,164	-	3,118,164	
Total Assets	58,892,782	4,799,468	54,093,314	43,731,819	3,855,622	39,876,197	

In order to minimise the risk, the Company has certain procedures designed to assess the credit risk of clients before approving financing contracts, to establish exposure limits, to monitor their ability to repay the principal and related interest during the contract.

Following initial recognition, the expected loss model is applied to reflect credit risk, as detailed in Note 7.

c) The Liquidity Risk

Liquidity risk is the risk that can negatively affect profit and capital, it being determined by the inability of the Company to fulfil its obligations related to the financial liabilities when they are due.

Liquidity risk has two main components: either difficulties in procuring funds at maturities, necessary to refinance current assets, or the inability to convert an asset into liquidity at an amount close to its fair value within a reasonable period of time.

The company has access to diversified funding sources. Funds are attracted through a range of instruments such as loans from shareholders (or Group), banks and financial institutions, as well as equity. Access to a variety of sources of funding improves flexibility in attracting funds, limits dependence on one type of financing and one type of partner and leads to an overall decrease in financing costs.

Liquidity risk is generated by the management policy of attracted resources. This includes the risk that the Company will experience difficulties from its inability to collect an asset at an amount close to its fair value within a reasonable period of time. The company tries to maintain a balance between continuity and flexibility of attracting funds, by contracting debts with different maturities. The company permanently controls the liquidity risk by identifying and monitoring funding sources and diversifying the funding base.

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The following are the contractual maturities of financial assets and liabilities at carrying out, except for readily marketable assets, if it were necessary to obtain cash outflows from financial liabilities. Such financial assets are included in the maturity analysis based on the expected disposal date. Impaired loans are included in net carrying amounts of impairment adjustments and are based on the expected cash flow collection date.

Statement as at 31.12.2024:

<i>- in RON -</i>	Up to 3 months	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Financial assets							
Cash and cash equivalent	3,352,076	-	-	-	-	-	3,352,076
Loans and advances granted to clients	43,756,197	-	-	-	-	-	43,756,197
Other financial assets	(2,148)	199,203	6,779,748	8,238	-	-	6,985,041
Total financial assets	47,106,125	199,203	6,779,748	8,238	-	-	54,093,314
Financial liabilities							
Liabilities to banks	7,346,147	-	-	-	-	-	7,346,147
Liabilities to other financial creditors	5,887,411	-	-	-	-	-	5,887,411
Leasing liabilities	214,117	187,173	-	-	-	-	401,290
Subordinated loans	-	-	-	-	-	18,564,954	18,564,954
Other financial liabilities	907,411	-	-	-	-	-	907,411
Total financial liabilities	14,355,086	187,173	-	-	-	18,564,954	33,107,213
Inconsistencies in cash flows generated by financial instruments	32,751,039	12,030	6,779,748	8,238	-	(18,564,954)	20,986,101

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Statement as at 31.12.2023:

<i>-in RON-</i>	<u>Up to 3 months</u>	<u>3-6 months</u>	<u>6-12 months</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial assets							
Cash and cash equivalent	4,067,819	-	-	-	-	-	4,067,819
Loans and advances granted to clients	32,690,214	-	-	-	-	-	32,690,214
Other financial assets	289,596	248,730	2,565,404	30,427	-	-	3,134,157
Total financial assets	37,047,629	248,730	2,565,404	30,427	-	-	39,892,190
Financial liabilities							
Liabilities to banks	7,092,390	-	-	-	-	-	7,092,390
Liabilities to other financial creditors	412,419	-	-	-	-	-	412,419
Leasing liabilities	128,634	126,799	241,447	427,167	-	-	924,047
Subordinated loans	-	-	-	-	-	16,552,938	16,552,938
Other financial liabilities	1,939,473	-	-	-	-	-	1,939,473
Total financial liabilities	9,572,916	126,799	241,447	427,167	-	16,552,938	26,921,267
Inconsistencies in cash flows generated by financial instruments	27,474,713	121,931	2,323,957	(396,740)	-	(16,552,938)	12,970,923

d) The Market Risk

The company has exposure to market risk. Market risk arises from positions opened in (a) foreign currencies, (b) interest rates and price risk associated with equity products, all of which are exposed to general and specific market changes. Management sets limits to the amount of risk that can be accepted, which are monitored daily. However, the use of this approach will not prevent losses outside these limits in the event of significant market movements.

d1) The Interest Rate Risk

The company calibrates exposure according to the effects of fluctuations in the predominant levels of interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but they may reduce or create losses if unexpected movements occur. Management monitors daily and sets limits on the level of inconsistency on the reassessment of the interest rate that can be accepted.

The loans granted are at fixed medium and short-term interest rates, which limits the exposure to interest rate variations on the asset side. On the liabilities side, the financing comes both from internal Group sources, with fixed interest rates, and from bank loans with 3-month variable interest rates, which are sensitive to market changes (e.g. ROBOR / EURIBOR).

Quantitative presentation 2024 - interest-bearing assets and liabilities classified by time of interest rate change or maturity (whichever is earlier):

Type of financial instrument	Up to 1 month	1-3 months	3-12 months	1 - 5 years	Over 5 years	Total
Interest-bearing assets						
Fixed interest rate loans	-	43,756,197	-	-	-	43,756,197
Other fixed interest financial assets	-	-	6,978,951	-	-	6,978,951
Interest-bearing creditors						
Bank credit lines (variable interest)	-	7,346,147	-	-	-	7,346,147
Credit lines (fixed interest)	-	5,887,411	-	-	18,564,954	24,452,365
Total assets	-	43,756,197	6,978,951	-	-	50,735,148
Total Liabilities	-	13,233,558	-	-	18,564,954	31,798,512

The company has limited exposure to short- and medium-term interest rate risk due to fixed-interest assets. Also, fixed-interest debts offer medium-term stability, as the interest rate does not change during that period, thus reducing exposure to interest rate risks.

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d2) The Foreign Currency Risk

The Company has exposure to the foreign currency risk through its open positions generated by the foreign exchange transactions. There is also a risk related to the possibility of variation in net monetary assets or liabilities in foreign currency as a result of exchange rate fluctuations.

The management of the currency risk of the Company is done by real-time monitoring, as well as by financing loan agreements originated in foreign currency, with loans in the same currencies.

The Company's monetary assets and liabilities denominated in RON and foreign currency as at 31 December 2024 are presented below:

Statement as at 31.12.2024:

- in RON -

	EUR	USD	RON	Total
Financial assets				
Cash and cash equivalent	411,945	57,382	2,882,749	3,352,076
Loans and advances granted to clients	-	-	43,756,197	43,756,197
Other financial assets	6,978,951	-	6,090	6,985,041
Total financial assets	7,390,896	57,382	46,645,036	54,093,314
Financial liabilities				
Liabilities to banks	4,304,710	-	3,041,437	7,346,147
Liabilities to other financial creditors	5,887,411	-	-	5,887,411
Operational leasing liabilities	401,290	-	-	401,290
Subordinated loans	18,564,954	-	-	18,564,954
Other financial liabilities	-	-	907,411	907,411
Total financial liabilities	29,158,365	-	3,948,848	33,107,213
Net balance sheet position	(21,767,468)	57,382	42,696,188	20,986,101

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Statement as at 31.12.2023:

- in RON –

	EUR	USD	RON	Total
Financial assets				
Cash and cash equivalent	1,140,740	25,453	2,901,626	4,067,819
Loans and advances granted to clients	-	-	32,690,214	32,690,214
Other financial assets	3,087,737	-	46,420	3,134,157
Total financial assets	4,228,477	25,453	35,638,260	39,892,190
Financial liabilities				
Liabilities to banks	4,051,633	-	3,040,758	7,092,390
Liabilities to other financial creditors	412,419	-	-	412,419
Subordinated loans	924,047	-	-	924,047
Operational leasing liabilities	16,552,938	-	-	16,552,938
Other financial liabilities	-	-	1,939,473	1,939,473
Total financial liabilities	21,941,037	-	4,980,231	26,921,267
Net balance sheet position	(17,712,560)	25,453	30,658,029	12,970,923

e) The Tax Risk

The Company is committed to ensuring a sustainable development of management of tax risk by building and maintaining a transparent, effective and efficient tax function within the organisation. The Company strictly observes and applies the tax legislation in force for all categories of taxes and duties.

The Romanian tax laws provide detailed and complex rules and have experienced various changes during the recent years. The interpretation of the text and the procedures for implementing the tax legislation may vary, and there is a risk that certain transactions may be construed differently by the tax authorities compared to how the Company has handled them.

At the level of the National Agency for Fiscal Administration there are specialised structures that can conduct tax inspections of all companies operating in Romania, and these inspections can cover both tax compliance aspects and other legal and regulatory aspects. The Company may further be subject to tax inspections while new tax regulations are issued.

6. Cash and cash equivalent

- in RON -

	31.12.2024	31.12.2023
Cash in hand	0	47
Current accounts and overnight investments at banks	3,352,076	4,067,772
Total cash and cash equivalent	3,352,076	4,067,819

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For the purpose of measuring the expected loss on credit risk (ECL), balances of cash and cash equivalents are included in Stage 1. The expected credit risk loss on these balances is an insignificant amount, therefore the Company did not recognise any impairment adjustment for cash and cash equivalents.

7. Loans and advances granted to clients

The loans granted to clients are intended for natural persons domiciled in Romania. All loans are granted in RON. The debtors are not exposed to foreign currency risk, as their income is denominated in the currency of the loan. Loans granted to clients do not present guarantees.

<i>- in RON -</i>	31.12.2024	31.12.2023
Stage 1		
Gross exposure	31,998,255	27,118,818
Adjustments for the impairment	(374,468)	(427,592)
Stage 2		
Gross exposure	6,410,864	4,288,853
Adjustments for the impairment	(75,416)	(1,035,991)
Stage 3		
Gross exposure	10,091,895	5,138,165
Adjustments for the impairment	(4,294,933)	(2,392,039)
Net exposure	43,756,197	32,690,214

Impairment adjustments related to loans and advances granted to clients:

<i>- in RON -</i>	2024	2023
Balance on 1 January	(3,855,622)	(3,306,572)
Increases	4,162,278	3,611,232
Diminutions	(3,273,082)	(3,062,181)
Balance as at 31 December	(4,744,817)	(3,855,622)

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Changes and transfers related to amounts owed to clients:

	Stage 1	Stage 2	Stage 3	Total
Gross book value as at 01 January 2024	27,118,818	4,288,853	5,138,165	36,545,836
Increases due to new contracts	25,902,670	5,894,062	8,320,714	40,117,446
Decreases due to derecognition	(20,316,219)	(4,250,039)	(4,835,406)	(29,401,664)
Increases/decreases for outstanding loans without stage transfer	436,864	(5,357)	(13,819)	417,688
Transfer from Stage 1 to Stage 2	(360,198)	514,657	-	154,460
Transfer from Stage 1 to Stage 3	(786,223)	-	1,467,521	681,298
Transfer from Stage 2 to Stage 1	2,542	(17,166)	-	(14,624)
Transfer from Stage 2 to Stage 3	-	(14,146)	14,720	574
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Net book value as at 31 December 2024	31,998,254	6,410,864	10,091,895	48,501,013

	Stage 1	Stage 2	Stage 3	Total
Gross book value as at 01 January 2023	20,101,342	3,112,199	2,605,931	25,819,472
Increases due to new contracts	23,102,756	3,717,915	4,144,275	30,964,946
Decreases due to derecognition	(15,612,727)	(3,085,674)	(2,316,752)	(21,015,153)
Increases/decreases for outstanding loans without stage transfer	190,264	(2,239)	(46,050)	141,976
Transfer from Stage 1 to Stage 2	(338,124)	570,310	-	232,187
Transfer from Stage 1 to Stage 3	(329,703)	-	734,283	404,580
Transfer from Stage 2 to Stage 1	5,009	(11,122)	-	(6,113)
Transfer from Stage 2 to Stage 3	-	(12,536)	16,478	3,942
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Net book value as at 31 December 2023	27,118,818	4,288,853	5,138,165	36,545,836

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Adjustments for impairment of client receivables:

	Stage 1	Stage 2	Stage 3	Total
Balance on 1 January 2024	427,592	1,035,991	2,392,039	3,855,622
Increases due to new contracts	304,358	69,454	3,542,022	3,915,834
Increases/decreases due to changes in credit risk and transfers	(2,111)	(1,504)	610,932	607,317
Decreases due to derecognition	(355,372)	(1,028,525)	(2,250,060)	(3,633,957)
Balance as at 31 December 2024	374,467	75,416	4,294,933	4,744,815

	Stage 1	Stage 2	Stage 3	Total
Balance on 1 January 2023	720,444	1,126,369	1,459,398	3,306,211
Increases due to new contracts	361,713	897,580	1,929,895	3,189,188
Increases/decreases due to changes in credit risk and transfers	(40,359)	128,075	300,204	387,919
Decreases due to derecognition	(614,205)	(1,116,033)	(1,297,458)	(3,027,696)
Balance as at 31 December 2023	427,592	1,035,991	2,392,039	3,855,622

8. Intangible assets

- in RON -

Software licenses

Value as at 01.01.2024	177,062
Incoming	4
Outgoing	3,731
Transfers	-
Value as at 31.12.2024	173,335
Amortisation as at 01.01.2024	151,362
Incoming	10,366
Outgoing	3,731
Transfers	-
Amortisation as at 31.12.2024	157,997
Net value as at 01.01.2024	25,700
Net value as at 31.12.2024	15,338

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- in RON -

Software licenses

Value as at 01.01.2023	147,397
Incoming	29,665
Outgoing	-
Transfers	-
Value as at 31.12.2023	177,062
Amortisation as at 01.01.2023	138,329
Incoming	13,033
Outgoing	-
Transfers	-
Amortisation as at 31.12.2023	151,362
Net value as at 01.01.2023	9,068
Net value as at 31.12.2023	25,700

9. Tangible assets

- in RON -

Offices and IT equipment

Value as at 01.01.2024	887,247
Incoming	154,870
Outgoing	438,558
Value as at 31.12.2024	603,559
Amortisation as at 01.01.2024	411,651
Incoming	218,446
Outgoing	213,725
Amortisation as at 31.12.2024	416,372
Net value as at 01.01.2024	475,597
Net value as at 31.12.2024	187,186

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- in RON -

Offices and IT equipment

Value as at 01.01.2023	596,337
Incoming	290,911
Outgoing	-
Transfers	0
Value as at 31.12.2023	887,247
Amortisation as at 01.01.2023	218,989
Incoming	192,662
Outgoing	-
Transfers	-
Amortisation as at 31.12.2023	411,651
Net value as at 01.01.2023	377,347
Net value as at 31.12.2023	475,597

10. Current and deferred profit tax

Current profit tax is calculated based on taxable profit, according to tax returns.

	2024	2023
Expenditure on current profit tax	(3,651,968)	(2,317,772)
Expenditure / (Income) on deferred profit tax	34,973	102,847
Total	(3,616,995)	(2,214,924)

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Additional information on the determination of the current profit tax is presented as follows:

<i>- in RON -</i>	31.12.2024	31.12.2023
Net profit	11,280,063	5,728,433
Tax impact on the current profit tax of the following items:		
(-) Non-taxable income	34,973	-
(+) Non-deductible expenses	13,364,471	10,081,143
(-) Tax loss of the prior years	-	-
(-) Other deductions	1,162,712	857,795
Taxable profit / (Taxable loss)	23,446,849	14,951,781
Sponsorship deductions	99,528	74,514
(Expenditure) on current profit tax	(3,651,968)	(2,317,771)

	31.12.2024	31.12.2023
Expenditure / (receivable) on current profit tax		
Deferred profit tax receivables	41,854	6,881
Deferred profit tax liabilities	-	-
Deferred profit tax - net receivable / (liability)	41,854	6,881

Deferred profit tax receivables of Lei 41,854 (2023: liability of Lei 6,881) are mainly attributable to temporary differences arising from the restatement of items in the statement of financial position according to the Tax Code.

	31 December 2024	Recognised in profit and loss	31 December 2023
Tax effect of deductible/(taxable) temporary differences arising from:			
Right-of-use assets	(62,013)	81,116	(143,129)
Other financial assets	0	(2,162)	2,162
Operational leasing liabilities	64,206	(83,642)	147,848
Accrual for unused leave	39,661	39,661	0
Net receivable / (liability) on deferred tax	41,854	34,973	6,881

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11. Other financial assets

Other financial assets are mainly loans granted to Group entities for the purpose of financing current activities, in accordance with the consolidated strategy regarding the distribution of surplus cash. The following table presents the loan balances as of 31 December 2023, and 31 December 2024, as follows:

Related party	Currency	Agreement date	Fixed interest rate	31 December 2023	31 December 2024	31 December 2023	31 December 2024
				Loan balance EUR	Loan balance EUR	Loan balance RON equivalent	Loan balance RON equivalent
O.C.N.	EUR	2023-03-29	15%	55,000	-	273,603	-
O.C.N.	EUR	07.12.2023	16%	50,000	-	248,730	-
DIL	EUR	2023-10-01	14%	515,701	1,373,684	2,565,404	6,832,840
SIA	EUR	2024-12-09	15%	-	40,362	-	200,763

Key:

O.C.N. – O.C.N. Ecofinance Technologies S.R.L.

DIL – Dynamic Innovations Limited

SIA – SIA Ecofinance Latvia

12. Other assets

- in RON -

Accrued expenses

Other assets

Total

31.12.2024 **31.12.2023**

320,941 348,113

758,186 390,354

1,079,127 **738,467**

13. Liabilities to banks and other financial creditors

- in RON -

Liabilities to banks (*)

Liabilities to other financial creditors (**)

Total

31.12.2024 **31.12.2023**

7,346,147 7,092,390

5,887,411 412,419

13,233,558 **7,504,809**

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(*) Term loans from banks represent at the date of reporting, two lines of credit to TBI Bank. The first credit line is in RON national currency in the amount of Lei 3,000,000 with a contractual maturity of 12 months from the date of the first draw and an annual interest rate of approximately 16% composed of the fixed margin of 10.49% + ROBOR3M (6.22%), fully used at the balance sheet date. The second credit line is in EUR, contracted during 2022, in the initial amount of EUR 804,000 with an annual interest rate of approximately 16% composed of the fixed margin of 12.21% + 3M Euribor (3.893%). Both credit facilities were extended in 2024 for a further 12 months and the limit on the EUR lending facility was increased to EUR 1,204,000. At the balance sheet date, the EUR currency line was used in the amount of EUR 854,000.

(**) Liabilities from other financial creditors represent a credit facility received from the Group in November 2023, respectively from Dyninno Fintech Holding Limited, which subsequently sold the liability to another Group company, i.e. SIA Nectaro Alpha.

The balance of loans from entities within the group increased compared to the previous year, amid implementation of the sales expansion strategy and the related financing needs. This financing structure reflects the group's continued support and alignment of common strategic objectives, helping to provide the necessary resources to support operational development.

A summary of the evolution of these debts can be consulted in the table below:

Creditor	Original currency	Agreement date	Maturity	31 Dec. 2023 (EUR)	31 Dec. 2024 (EUR)	31 Dec. 2023 (RON)	31 Dec. 2024 (RON)
				Loan balance	Loan balance	Loan balance	Loan balance
TBI BANK	EUR	01.08.2022	2025-02-01	814,464	865,425	4,051,633	4,304,710
TBI BANK	RON	2020-09-30	2025-02-01	3,040,758	3,041,437	3,040,758	3,041,437
SIA Nectaro Alpha	EUR	2023-09-20	2028-09-01	82,905	1,183,613	412,419	5,887,409

14. Other financial liabilities

- in RON -

	31.12.2024	31.12.2023
Liabilities to clients (amounts to be refunded to clients)	192,272	1,244,109
Liabilities to suppliers	535,139	309,050
Dividends payable	180,000	386,314
Total	907,411	1,939,473

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15. Other liabilities

<i>- in RON -</i>	31.12.2024	31.12.2023
Salaries payable	967,741	1,372,570
Income tax withheld payable to the state budget	30,292	35,732
Social contributions withheld payable to the state budget	273,350	589,107
Other taxes and dues	125,961	94,313
Other liabilities	450,540	986,707
Total	1,847,884	3,078,429

16. Provisions

<i>- in RON -</i>	31.12.2024	31.12.2023
Other provisions related to employees of Romania branch	31,846	38,295
Other provisions related to employees of Latvia branch	0	573,478
Other provisions related to employees of Moldova branch	216,035	178,950
Total	247,881	790,723

Provisions related to registered employees represent provisions for leave not taken and refer to the days of leave related to the years 2023 and 2024, which will be taken in future periods.

17. Subordinated loans

<i>- in RON -</i>	31.12.2024	31.12.2023
Subordinated loans from shareholders	18,564,954	16,552,938
Total	18,564,954	16,552,938

On 03.05.2017, the Company concluded a subordinated loan agreement with the majority shareholder DYNINNO FINTECH HOLDING LIMITED, worth EUR 500,000 with a maturity of 5 years from the date of the last drawdown. The loan can be drawn down in a single instalment or in multiple instalments. Subsequently, in 2018, under the addendum of 21.06.2018, the loan amount was raised to EUR 1,000,000 and the maturity extended by 10 years from the date of the last drawdown. Under two subsequent addenda, the loan amount was raised to EUR 1,200,000 (addendum dated 12.08.2019) and then to EUR 1,600,000 (addendum dated 06.09.2019).

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During 2023, new loan limits were approved, the final amount approved on 31 December 2023 being EUR 3,600,000. Also in 2023, the value of the interest rate was changed as follows: for the balance amounts used until the date of the change, namely for EUR 1,269,092, the interest remains 9% and for all amounts drawn subsequent to the change, the interest is 14%.

The loan limit was revised and increased to EUR 4,000,000 on 16.08.2024. On 31.12.2024 the amount of EUR 3,693,793 was used (31.12.2023: EUR 3,293,793), the equivalent of Lei 18,373,295 (31.12.2023: RON 16,385,302), to which the related interest is added amounting to RON 191,659 (31.12.2023: Lei 167,637).

18. Share capital

The share capital of the Company as at 31.12.2024 and 31.12.2023 is represented by 9,400 shares with a nominal value of Lei 100/share. All issued shares are paid in full and bestow the right to one vote each. The Company's shareholding as at 31.12.2024 and 31.12.2023 is as follows:

STOCKHOLDER	Number of shares	Percentage held (%)	Nominal amount (Lei)
Dyninno Fintech Holding Limited	8,460	90%	846,000
Dyninno Group Limited	940	10%	94,000
Total	9,400	100%	940,000

19. Income and expenditures from interests

- in RON -

Interest income

Income from loans granted to clients	68,707,977	53,370,411
Income from items assimilated to cash (current accounts)	81,615	63,009
Total interest income	68,789,592	53,433,420

Interest expenditure

Interest expenditure on loans from banks and other financial institutions	(1,553,332)	(1,077,890)
Interest expenditure on loans from shareholders	(2,165,011)	(1,020,874)
Interest expenditure assimilated to long-term leases	(113,041)	(117,610)
Total interest expenditure	(3,831,384)	(2,216,374)

Net interest income

64,958,208	51,217,046
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20. Adjustments for impairment for financial assets

<i>- in RON -</i>	31.12.2024	31.12.2023
Expenditure on impairment of receivables from loans and financial leases granted to clients	(4,216,929)	(3,611,232)
Income from reduction of impairment of receivables from loans and financial leases granted to clients	3,273,084	3,061,820
Net gain (loss) from impairment of assets	(943,845)	(549,412)

21. Commission expenditure

<i>- in RON -</i>	31.12.2024	31.12.2023
Commission expenditure		
Bank commission expenditure	(141,028)	(286,852)
Total	(141,028)	(286,852)

22. Foreign exchange differences

<i>- in RON -</i>	31.12.2024	31.12.2023
Gains from exchange rate differences	36,939	23,829
Losses from exchange rate differences	(173,823)	(415,296)
Net income / (loss) from exchange rate differences	(136,884)	(391,467)

23. Gain / loss from sale of financial assets measured at amortised cost

<i>- in RON -</i>	31.12.2024	31.12.2023
Expenditure from sale of non-performing portfolios	(21,466,908)	(17,784,547)
Income from sale of non-performing portfolios*	9,952,567	8,012,001
Total loss from sale of financial assets measured at amortised cost	(11,514,341)	(9,772,546)

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(*) During 2023 and 2024, the Company sold part of the non-performing loans portfolio to debt recovery companies. Considering the quality of this portfolio, at the date of sale, the receivables were provisioned 100%. Also, the effect of this reversal can be found in the note presented above, item "Expenditure from sale of non-performing portfolios".

The sale price of the non-performing portfolio was fully collected on 31.12.2024 and 31.12.2023.

The gross amount of receivables sold, the amount of provisions and the selling income were as follows:

<i>- in RON -</i>	31.12.2024		
	Gross value	Adjustments for the impairment	Sale price
Receivables representing outstanding capital, outstanding interest and other related receivables	21,466,908	(9,088,486)	9,952,567
Total receivables sold	21,466,908	(9,088,486)	9,952,567

<i>- in RON -</i>	31.12.2023		
	Gross value	Adjustments for the impairment	Sale price
Receivables representing outstanding capital, outstanding interest and other related receivables	17,784,547	(8,661,498)	8,012,001
Total receivables sold	17,784,547	(8,661,498)	8,012,001

24. Gains/losses from the sale of tangible fixed assets:

<i>- in RON -</i>	31.12.2024	31.12.2023
Expenditure related to revaluation of tangible assets	(214,670)	-
Income from revaluation of tangible assets	247,097	-
Net gain from the sale of tangible real estate	(32,427)	-

25. Staff costs

<i>- in RON -</i>	31.12.2024	31.12.2023
Wages and allowances	(17,532,874)	(16,259,310)
Expenditure on social contributions	(3,243,972)	(2,911,265)
Total staff costs	(20,776,846)	(19,170,575)

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The amount of Lei 1,876,409 that was included in the category of salaries represents the total expenditure with gross salaries related to the members of the Company's management during the financial year 2024 (for 2023: Lei 1,601,592). As at 31.12.2023 and 31.12.2024 there were no credit facilities granted to managers and directors of the Company.

During 2024, the Company had an average number of 109 employees, of which an average number of 13 employees within Ecofinance IFN SA Romania, an average number of 68 employees within Ecofinance IFN SA - Chisinau Branch and an average number of 28 employees within Ecofinance IFN SA - Riga Branch (2023: 120 employees, of which 12 employees within Ecofinance IFN SA Romania and 66 employees within Ecofinance IFN SA – Chisinau Branch and an average number of 42 employees within Ecofinance IFN SA – Riga Branch).

26. Other operating expenditure

- in RON -

	31.12.2024	31.12.2023
Expenditure on rental of low-value goods	(209,943)	(80,206)
Utilities, repairs, maintenance	(57,884)	(51,671)
Advertising, publicity, marketing	(4,740,237)	(3,507,071)
Protocol, sponsorship	(191,939)	(220,170)
Post, courier, telecommunications	(836,940)	(548,284)
Consumables and inventory items consumed	(29,902)	(85,365)
Expenditure on other taxes and dues	(1,175,035)	(988,243)
Transport and travel	(214,746)	(126,542)
Other operating expenditure	(8,512,361)	(7,231,800)
Total staff costs	(15,968,987)	(12,839,352)

In order to grow the activity and extend the clients' portfolio, the Company has set up several campaigns to promote the products offered. These marketing actions generated an increase in advertising expenses compared to 2023, an increase that was also reflected in the positive evolution of the client portfolio and the volume of loans granted.

The operating expenses related to the lending activity increased in line with the general development of the company. The expansion of the business was supported by the implementation of new growth strategies, which naturally implied a higher level of operating costs. Thus, more significant increases were recorded in the categories of IT expenses, telecommunications, bank commissions, other operating costs and taxes, increases directly correlated with the positive dynamics of the activity and with a higher level of profit achieved in 2024 compared to 2023.

27. Right-of-use assets and operating lease liabilities

Long-term rights of use acquired through rentals or operating leases are presented (in accordance with IFRS 16) as financial assets, being included in the fixed asset categories by the nature of the goods used. The rights of use were related to the rental of office space in which the company carries out its activities, both at the head office and at the branch offices.

- in RON -

	Right-of-use assets from operational leasing
Cost as at 31.12.2023	1,535,383
Incoming	548,167
Outgoing	(845,806)
Cost as at 31.12.2024	1,237,745
Amortisation as at 31.12.2023	640,832
Increases	620,148
Decreases	(410,818)
Amortisation as at 31.12.2024	850,162
Net book value as at 31.12.2023	894,551
Net book value as at 31.12.2024	387,583

The detailed statement of amounts recorded as operating lease liabilities under IFRS16, including rent, interest expense and operating lease payments in 2023 and 2024 relating to the operating lease, is reflected in the table below.

- in RON -

	31.12.2024	31.12.2023
Interest expenditure on liabilities from the right of use	(113,041)	(117,610)
Liability related to the operating lease, of which:	401,290	924,047
Long-term	401,290	427,167
Short-term	0	496,880
Operating lease payments	206,790	556,444

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28. Fair value

		31.12.2024		31.12.2023	
- in RON -	Fair value hierarchy	Carrying amount	Total carrying amount	Carrying amount	Total carrying amount
Financial assets					
Cash and cash equivalent	Level 1	3,352,076	3,352,076	4,067,819	4,067,819
Loans and advances granted to clients *	Level 3	43,756,197	43,756,197	32,690,214	32,690,214
Other financial assets **	Level 3	6,985,041	6,985,041	3,134,157	3,134,157
Total financial assets		54,093,314	54,093,314	39,892,190	39,892,190
Financial liabilities					
Liabilities to banks	Level 3	7,346,147	7,346,147	7,092,390	7,092,390
Liabilities to other financial creditors	Level 3	5,887,411	5,887,411	412,419	412,419
Subordinated loans	Level 3	18,564,954	18,564,954	16,552,938	16,552,938
Operational leasing liabilities	Level 3	401,290	401,290	924,047	924,047
Total financial liabilities		32,199,802	32,199,802	24,981,794	24,981,794

Level 1 - fair value determined on the basis of quoted prices on active markets for identical assets and liabilities;
Level 2 - fair value determined on the basis of data other than the quoted prices included in Level 1 and which are observable for assets and liabilities directly (e.g. prices) or indirectly (determined by price derivation);
Level 3 - fair value determined on the basis of other data that is not based on observable market data (unobservable factors).

* The carrying amount is the nominal amount of receivables from customers adjusted to reflect credit risk (under IFRS 9); this is also considered to be their fair value.

** Other financial assets include: other financial assets (guarantees paid for short-term leases) and advances paid for financial assets. They do not include current and deferred profit tax receivables, other assets (e.g.: advance expenditure, other receivables related to personnel, advances for settlement, debtors from commercial operations).

29. Transactions with related parties

A number of transactions with entities in special relationships took place in the ordinary course of operations. These transactions were concluded on the basis of commercial contracts at market rates.

Entities are considered to be in special relationships if one of them has the ability to control the other or to exert significant influence over the other entity in making financial or operational decisions. When evaluating each possible transaction with entities in special relationships, we paid attention to the substance of the transaction and not to the legal form.

The nature of relationships with those entities in special relationships with which the Company has carried out significant transactions or had significant balances as at 31 December 2024 is set out below. Transactions with entities in special relationships were carried out in the normal course of the Company's activity at market prices.

Abbreviation	Related party name	Country of origin	Type of transaction
DFHL	Dyninno Fintech Holding Limited	Cyprus	Loans received
DGL	Dyninno Group Limited	Malta	Dividends
OCN	OCN Ecofinance Technologies SRL	Moldova	Loans granted
DIL	Dynamic Innovations Limited	Malta	Loan granted
ITN	International Travel Network	SUA	Travel expenses
SIA	SIA Ecofinance	Latvia	Received loan
Dynatech (MD)	Dynatech SIA	Moldova	DPO services
Dynatech (LV)	Dynatech SIA	Latvia	Services
SIA NECTARO (LV)	SIA NECTARO	Latvia	Services
DTS	Dyninno Travel Services	Romania	Rents and leases
WCLC	Warm Cash lending Corp.	Philippines	Services

Balances and transactions with Group companies as at 31 December 2023 and 2024 are disclosed below:

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<i>- in RON - 2024</i>	Stockholders	O.C.N.	DIL	SIA Nectaro Alpha (LV)	ITN	Dynatech (MD)	SIA NECTARO (LV)	SIA	Dynatech (LV)	DTS	WCLC
Assets:											
Loans granted and related liabilities	-	-	6,832,840	-	-	-	-	200,763	-	-	-
Other assets	-	-	-	207,752	-	-	-	247,019	-	-	99,482
Total assets	-	-	6,832,840	207,752	-	-	-	447,782	-	-	99,482
Liabilities:											
Loans received and related liabilities	-	-	-	5,887,411	-	-	-	-	-	-	-
Subordinated loans and related liabilities	18,564,954	-	-	-	-	-	-	-	-	-	-
Other service liabilities	-	-	-	-	10,447	27,666	19,673	-	2,487	73,873	-
Dividends to be paid (Dyninno Group Limited)	180,000	-	-	-	-	-	-	-	-	-	-
Total debts	18,744,954	-	-	5,887,411	10,447	27,666	19,673	-	2,487	73,873	-
Transactions:											
Interest expenditure	2,165,011	-	-	375,275	-	-	-	-	-	-	-
IT services costs	1,207,314	-	-	-	-	49,507	133,092	-	-	-	-
Data protection services	-	-	-	-	-	-	-	-	29,840	-	-
Travel expenses	-	-	-	-	121,749	-	-	-	-	-	-
Rents and leases	-	-	-	-	-	-	-	-	-	280,376	-
Total expenditure	3,372,325	-	-	375,275	121,749	49,507	133,092	-	29,840	280,376	-
Interest income	-	86,251	640,988	-	-	-	-	1,800	-	-	-
Support services income	-	-	-	-	-	-	-	-	-	-	99,482
Total income	-	86,251	640,988	-	-	-	-	1,800	-	-	99,482

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- in RON - 2023	Stockholders	OCN	DIL	Nectaro Alpha
Assets:				
Loans granted and related liabilities	-	522,333	2,565,404	-
Other assets	155,848	-	-	-
Total assets	155,848	522,333	2,565,404	-
Liabilities:				
Loans received and related liabilities	-	-	-	412,419
Subordinated loans and related liabilities	16,552,938	-	-	-
Other service liabilities	89,841	-	-	-
Dividends payable	386,314	-	-	-
Total debts	17,029,093	-	-	412,419
Transactions:				
Interest expenditure	1,158,819	-	-	2,641
IT services costs	1,072,670	-	-	-
Support services expenditure	320,120	-	-	-
Total expenditure	2,551,609	-	-	2,641
Interest income		134,896	88,018	
Total income	-	134,896	88,018	-

29. Events After the Reporting Period

There are no material statements to be presented in these financial statements.

The financial statements have been prepared by the executive management and signed on behalf of the Company by:

Raducan Andrei-Georgian
General Manager

[electronic signature]
Digitally signed by
RADUCAN ANDREI-GEORGIAN

Alexandra Ana Paraschiv
CFO

[electronic signature]
Digitally signed by
PARASCHIV ANA-ALEXANDRA

END OF TRANSLATION

I, the undersigned, **BUȘE ROXANA-GABRIELA**, sworn translator and interpreter of the foreign languages **English, Spanish**, according to the License no. **22970** of **09/09/2008**, issued by the Romanian Ministry of Justice, do hereby certify the accuracy of the translation performed from **ROMANIAN** language into **ENGLISH** language.

SWORN TRANSLATOR AND INTERPRETER

